Annual Report 2023

noumi

Imagining a healthier tomorrow

Noumi has made significant progress in implementing its Reset, Transform and Grow strategy to deliver significant improvements during FY23

HIGHLIGHTS

$30.4m
Adj Op EBITDA[1,2,3]
▲ $23.1m

($0.5m)
Dairy & Nutritionals Adj Op EBITDA
▲ $20.1m

$37.4m
Plant-based Milks Adj Op EBITDA
▲ $4m

$551.6m
Net Revenue
▲ $29.3m

$389.2m
Dairy & Nutritionals Revenue
▲ $30.9m

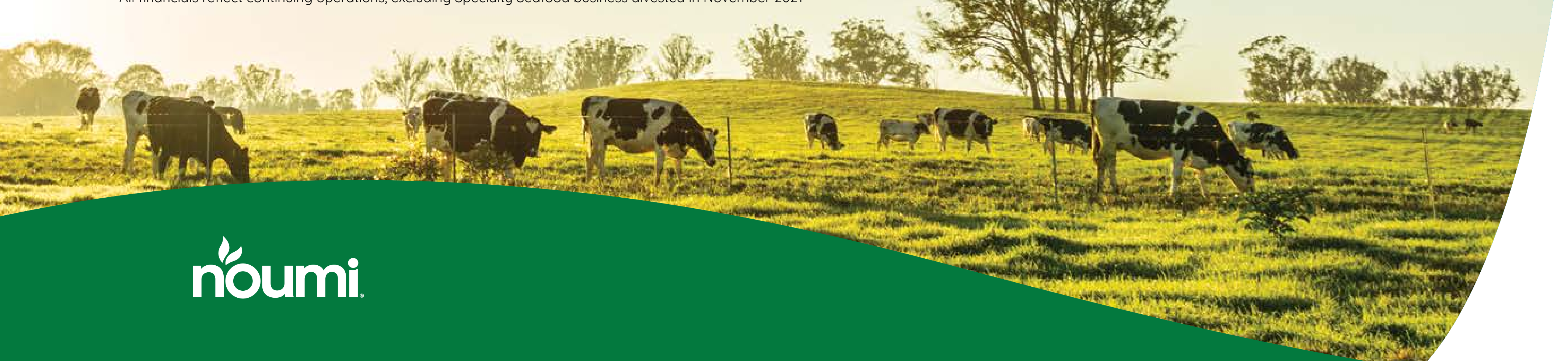
$162.4m
Plant-based Milks Revenue
▼ $1.6m

($46.9m)
Statutory net loss after tax
▲ $114.2m

[1] Adjusted for non-trading and non-recurring items (including restructuring costs and other litigation costs, the US litigation settlement and unrealised foreign exchange loss), pre AASB 16

[2] Group adjusted operating EBITDA includes Unallocated Shared Services costs of $6.6m

[3] All financials reflect continuing operations, excluding Specialty Seafood business divested in November 2021



noumi

Acknowledgment of Country

Noumi acknowledges the traditional custodians of Country throughout Australia and recognises their continuing connection to lands, waters and communities. We pay our respect to Aboriginal and Torres Strait Islander cultures, and to their ancestors and their descendants, who continue cultural and spiritual connections to Country. We extend that respect to First Nations peoples in all territories in which we operate.

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Message from the Chair

Dear Stakeholders,

It's my pleasure to present the 2023 Noumi Annual Report and to highlight the progress we have made in the past year in the transformation of your Company.

Two years ago, we laid out our three-phase **Reset, Transform and Grow** strategy to rebuild the Company and set it back on the path to long-term profitable and sustainable growth. While there is still work to be done, as we enter FY24 we have moved through the operational Reset and are firmly in the Grow phase for our Plant-based Milks business. We are also embedding the improvements we're making to the Dairy and Nutritionals business during the Transform phase.

Our Plant-based Milks business continues to grow, with a strong sales performance in FY23 and a record adjusted operating EBITDA, up 12.0% to $37.4 million. Milklab continues to be in high demand from baristas and consumers both here and overseas, with Plant-based sales of the flagship brand rising 10.3%.

In the Dairy and Nutritionals business, we have maintained our focus on turning around the performance. We have overcome a range of significant external challenges – including unprecedented farmgate milk price increases (+ 26% vs LY, across Victoria), the after-effects of COVID-19 on the supply chain and input costs, severe flooding around our Victorian operations in October 2022 and volatile demand in export markets. Against this challenging backdrop, Dairy and Nutritionals delivered an admirable positive adjusted operating EBITDA in H2 FY23, achieved by a forensic focus on operational improvements, recovery of higher farmgate milk prices and discipline in pursuing only profitable growth.

Pleasingly, Noumi has begun to deliver more consistent sales, margin and earnings improvement. Net revenue in FY23 is up 5.6% to $551.6 million, adjusted operating EBITDA margin is up 4.1 percentage points and adjusted operating EBITDA rose four-fold to $30.4 million. Our goal is to build on these solid foundations and continuously focus on delivering high quality products to our customers and consumers.

Environmental, Social and Governance

In FY22, the Company launched its Healthier Tomorrow Plan – a strategic Environmental, Social and Governance (ESG) framework for the business to 2025 and beyond. The plan encompasses three pillars – a Healthier Planet, a Healthier Workplace and Healthier Lifestyles. We will measure our performance as a business against the clear targets and milestones in the Healthier Tomorrow Plan, which are appropriately aligned to the interests of all stakeholders. You can read more about the Healthier Tomorrow Plan on page 16-25.

As previously communicated, the Company continues to manage legacy issues in the interests of securing a balanced outcome for all stakeholders. In the past year, we completed the sale of Noumi's interest in Australian Fresh Milk Holdings to help fund the US litigation settlement, and separately we settled the Sunday Collab dispute.

In February 2023, the Australian Securities and Investments Commission commenced Federal Court proceedings against Noumi and two former executives in relation to alleged historic breaches of continuous disclosure obligations and associated matters when Noumi was trading as Freedom Foods Group Limited.

In its defence filed in August, Noumi admitted, on a qualified basis, alleged breaches of its continuous disclosure obligations in connection with Freedom Foods' FY19 and H1 FY20 financial reports. The admissions are based on information that was known, or should have been known, by the former executives. While the case continues, it is not practicable to quantify any civil penalties or costs that may be imposed on the Company.

The Company continues to defend a separate shareholder class action, which also relates to its history as Freedom Foods.

Board and Management

Throughout FY23, the Board and executive team who were brought together to conceive and drive the transformation strategy at Noumi have remained unchanged, providing continuity and a shared purpose to delivering improved performance on behalf of all stakeholders.

In November last year, the Board was delighted to extend Michael Perich's term as Chief Executive Officer through to December 2024. Michael has been integral to the execution of the transformation strategy, which has been delivered against the backdrop of the COVID-19 pandemic and the challenging macroeconomic climate.

Across Noumi, Michael and the executive team have instilled a strong culture of integrity, accountability, and the pursuit of excellence. The Board believes that extending Michael's term will provide the Company with the leadership stability necessary to complete the transformation program and deliver long-term profitable and sustainable growth.

Looking ahead

As we enter FY24, the Board and management remain resolutely focused on improving our performance in respect of factors within the Company's control: continued operational improvement and the pursuit of profitable and sustainable growth. All of this work is building a more resilient company, better able to face short-term challenges, including the uncertain outlook for consumer spending and the Australian dairy industry's lack of international competitiveness. We believe that if current structural imbalances are not addressed there is the potential for further rationalisation of the dairy processing industry – a scenario that the Board and management are closely monitoring.

In the longer term, we believe Noumi is well positioned for the major trends shaping our industry, in particular the continued growth in demand for high-quality, healthy Australian food and beverage products, both domestically and overseas. We believe our portfolio of brands – Milklab, Crankt, PurenFerrin, Vital Strength and Australia's Own – are well positioned and on-trend in this environment, and Noumi's status as an important player in the Australian food production sector in a world increasingly anxious about food security is yet to be fully recognised.

While we cannot control external factors, with the improvements and strengthening resilience we have made in the past year, we believe Noumi is better placed to navigate external challenges and take advantage of the opportunities ahead.

Thank you

On behalf of the Board, I would like to extend our sincere thanks to everyone who has supported us through the past year, starting with the 530 talented people across our facilities in Australia and overseas. Your commitment, including through disruptions caused by COVID, flooding and relocations, are key reasons for our achievements to date and our confidence in the future.

Thank you to all our customers and suppliers, particularly our community of farmers. Finally, thank you to all our stakeholders – our shareholders, lenders and convertible note-holders – for your ongoing support as we continue to rebuild your Company.

We're proud of our achievements in the past year, and we remain focused on fulfilling our promise of building a leading Australian FMCG company that delivers long-term sustainable returns for all stakeholders.

Genevieve Gregor | Chair

Message from the CEO

The past year was one of meaningful progress for Noumi as we continued to pursue our **Reset, Transform and Grow** strategy against the backdrop of sometimes intense headwinds.

In spite of the external challenges – some old, some new – we have remained focused on the execution of our plan and can point to genuine achievements on the journey to long-term profitable and sustainable growth.

On top of the continued growth of our Plant-based Milks business, which delivered another record earnings performance, we're very pleased with the significant turnaround of Dairy and Nutritionals. This time last year, I expressed our deep disappointment with the performance of the Dairy and Nutritionals division; today, despite the challenges in the Australian dairy industry, it has achieved a significant turnaround, delivering positive adjusted operating EBITDA in the second half of FY23. We can see a pathway to the long-term sustainability of this business.

> **Our flagship Milklab brand trade mark grew strongly +11.1% to $124.1 million Net Revenue.**

FY23 Highlights

- **Group revenue** up 5.6% to $551.6 million, led by strong sales of Plant-based Milks, particularly the Milklab brand.
- **Group adjusted operating EBITDA up** four-fold to $30.4 million, reflecting improved performances across the Company.
- **Adjusted operating EBITDA margin up** 4.1 percentage points, with operational improvements, a focus on higher-margin sales and cost discipline more than offsetting the challenges of input cost inflation, farmgate milk price increases and weak consumer demand in overseas markets.
- Another strong year for the **Plant-based Milks** business with record adjusted operating EBITDA of $37.4 million up 12.0% and adjusted operating EBITDA margin expansion of 2.7 percentage points to 23.1%.
- A transformational turnaround in **Dairy and Nutritionals** from a $20.6 million adjusted operating EBITDA loss in FY22 to near breakeven for FY23, including $3.8 million positive adjusted operating EBITDA in H2 FY23.
- The continued focus on growing our own dairy brands in export markets, including the launch of **Australia's Own Mighty Milk range**.
- Our **Consumer Nutritionals** portfolio delivering 10.8% revenue growth through investment in brands such as Vital Strength and new product development.
- The consolidation of Noumi's NSW operations at our Ingleburn facility, delivering immediate savings and fostering an even greater **culture of collaboration and creativity**.
- **Cash** at bank and undrawn facilities up slightly to $36.6 million provide sufficient liquidity for day-to-day operations based on current market conditions and expectations.
- A **net profit** after tax loss of $46.9 million, which includes a combined $47.7 million of non-cash plant and equipment impairment and non-cash adjustments to the fair value of convertible notes.

Message from the CEO

Plant-based Milks

The FY23 results demonstrate that the investments we have made in our Plant-based Milks business in the past two years – in product innovation, marketing and our direct sales teams – are delivering. The business achieved another record result. While overall Plant-based Milks revenue was down 1.0% to $162.4 million due to discontinued products, our flagship Milklab brand grew strongly. A further improvement in margins, driven in part by the substitution of lower-margin sales with higher-margin sales of the Milklab range, was reflected in a 12.0% increase in adjusted operating EBITDA to $37.4 million.

Milklab Plant-based milks continued its growth trajectory, with domestic sales up 10.9% and international sales rising 4.1% as the Company sharpened its focus on priority markets across South East Asia. Overall plant-based export sales were flat after allowing for discontinued products and reflecting weaker demand in China.

Milklab Oat delivered outstanding sales growth of 89% as this category continued to grow among health-conscious and environmentally aware consumers. Sales growth accelerated in H2 FY23 with a delicious recipe delivered by our dedicated research and development team. Driving penetration of Milklab Oat will be a major focus for the coming year, including in South East Asia where demand for plant-based milks continues to grow.

Dairy and Nutritionals

We're proud of the turnaround in Dairy and Nutritionals in the past 12 months from a $20.6 million adjusted operating EBITDA loss in FY22 to positive adjusted operating EBITDA of $3.8 million in H2 FY23. What is particularly pleasing is that the turnaround was achieved in extremely challenging market conditions, with an unprecedented 26% rise in farmgate milk prices dramatically increasing our single biggest input cost – milk. The ongoing dislocation of the Australian farmgate milk price from global prices is further reducing the competitiveness of the Australian dairy industry in export markets. Coupled with a shrinking milk pool, this creates a challenging environment for a sector that would benefit from rationalisation.

The turnaround in Dairy and Nutritionals has been driven by a relentless focus on revenue management by exiting low-margin sales, growing own brands including Australia's Own and Milklab, and working hard with our domestic customers to deliver great service and product quality. We have also benefitted from the improved operational performance of our facilities, particularly around efficiencies, quality and reduced wastage at our Shepparton plant in Victoria. The Australian farmgate milk price is now significantly out of line with international pricing – particularly when compared with our nation's biggest export competitor, New Zealand. For this reason, and in the face of slowing consumer demand in China, it has been difficult to pass through higher prices in export markets. Asia export sales dropped 20.2% in FY23 as we took the decision to focus on products and markets with better margins.

Demand for lactoferrin remained healthy despite production disruptions caused by the ongoing effects of the Victorian floods in 2022 and temporary shortages of the high-quality resin required for the extraction process. Noumi continues to support a number of research projects examining the health benefits of lactoferrin, including in treating coronaviruses and rhinoviruses.

The Consumer Nutritionals segment delivered a significant improvement after a challenging FY22 caused in part by the shutdown of gyms during COVID-19. We saw a significant improvement in H2 FY23 compared to H1 FY23. We had a number of successful new product launches and invested in the Vital Strength and Crankt brands. We have further improved our operational efficiencies with the closure of the Marrickville site operations in NSW and the integration of the Consumer Nutritionals business into our Ingleburn site.

> **"Milklab Oat delivered outstanding sales growth of 89% in FY23."**

Our people

The achievements of the past 12 months would not have been possible without the hard work and dedication of our people. In return, we are absolutely committed to helping our team members grow through tools and support that empower their own development. Attracting, developing and retaining the best people is integral to the success of the business.

We continuously strive to improve employee engagement across all sites, with Noumi again this year engaging with the entire business to better understand our diverse team. A four percentage point increase in engagement in the past year demonstrates what can be achieved. I am proud of the team that I have around me to drive the changes we require, with our core values and the Healthier Workplace commitments guiding the actions we need to take together to be successful.

Looking ahead

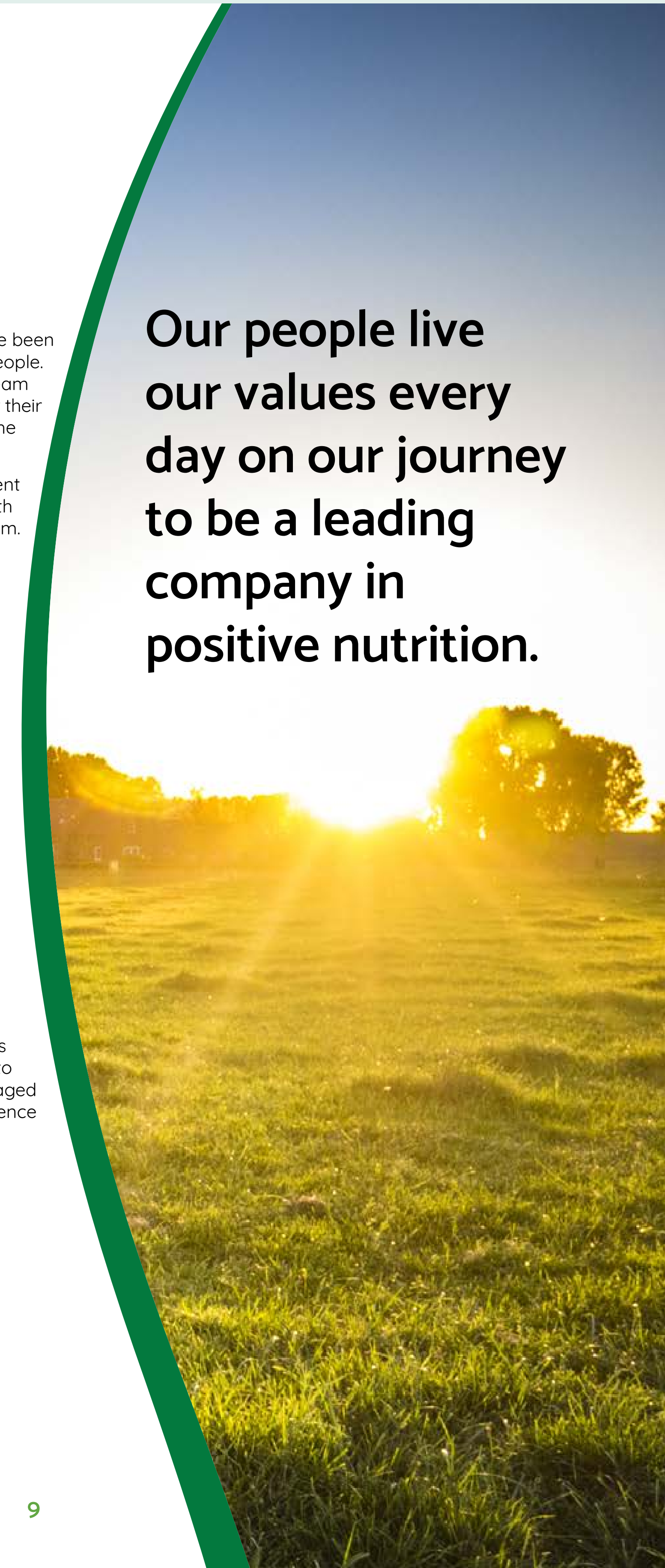
It is now clear that our Reset, Transform and Grow transformation program is making Noumi a more efficient, productive and resilient business – one that is better able to navigate unforeseen disruptions.

The coming year will see a continued focus on responding to external challenges, driving distribution of the Plant-based Milks business, domestically and internationally, and building on the turnaround in Dairy and Nutritionals. For the first time in several years, the Dairy and Nutritionals business is poised to stand on its own feet, freeing up capital to invest in future growth across the Company.

I would like to join with Genevieve and the Board in extending my thanks to everyone who has supported us on our transformation journey. We know there is more to do, but with a clear strategy and a committed and engaged team, the achievements of the past year give us confidence that we are heading in the right direction.

Michael Perich

Michael Perich | CEO



Our people live our values every day on our journey to be a leading company in positive nutrition.

Message from the Chair of People & Culture Committee

Dear Stakeholders,

On behalf of the Board of Noumi Limited, I am pleased to report on the substantial progress the Company continues to make towards the transformation of our culture and our focus on aligning people and performance.

Focus on Culture and Values

Our Noumi values remain an important guide to respect and integrity in the workplace and inform the behavioural standards for our team members. Our values are embedded through our performance and development framework Achieve and Grow and via our Values Immersion workshops for our production frontline team members which were run extensively in FY23.

We are pleased to advise that our FY23 employee engagement survey reported a four-percentage point improvement in team member engagement. While acknowledging there is room for improvement, we believe we will achieve this by remaining focused on listening to our people and improving engagement through our action plan that we are aligning across the Group.

The safety, health and wellbeing of our people remains our number one priority. The Noumi Board and Executive Leadership Team have supported wellbeing initiatives throughout FY23 – including support for RUOK?, sponsorship of our Employee Assistance Program and sponsoring initiatives that contribute to community wellbeing, such as Australia's Biggest Morning Tea and STEPtember.

Acknowledging the merit that comes from our leaders having greater skills in building engagement across our teams, in FY23 Noumi invested in leadership development and will continue this investment into FY24. For FY23, the investment in Frontline Leadership Development (FLD) gave our production team leaders in Shepparton, Ingleburn and our field sales team the benefit of participating in our FLD programs. In FY24, we will expand our FLD modules and start our senior leader competency and coaching workshops, which link to our performance and development framework.

Our Noumi Belonging philosophy is inspired by our objective of supporting diversity and inclusion. In FY24, our Belonging initiatives will continue to be supported through extension of our unconscious bias training, along with support for inclusion celebrations, such as Pride Month, International Women's Day, International Men's Day, and more. Our team members endorse our diversity and inclusion approach through our diversity positive perception score of 77% in our FY23 engagement survey (an uplift from 71% in FY22), which we aim to increase again in FY24.

Noumi Executive Key Management Personnel (KMP) Remuneration Framework

The remuneration framework, including business performance metrics / key performance indicators via our Balanced Scorecard and Executive Incentive Framework introduced in FY21, remains suitable to drive results and value for our investors. Previously the Board has indicated its intent to consider the merits of a potential equity instrument for Long Term Incentive Plan payments and this will be implemented in FY24 to support retention of our key leaders and further align with stakeholder value creation.

The Board acknowledges the substantial progress that has been made across the Company, noting also that the Board and Leadership team will continue their commitment to value creation and growth.

The Noumi Remuneration Report provides an overview of the KMP of Noumi and payments made to this cohort, as well as an overview of the executive remuneration framework and business performance metrics / key performance indicators.

I invite you to read the Remuneration Report and look forward to your feedback.

The Board extends our thanks to all our team members who bring their positive energy, dedication, and loyalty to reinforce our high-performance, high-integrity culture.

Jane McKellar

Jane McKellar | Independent Non-executive Director
Chair, People & Culture Committee

About Noumi

Noumi – born from 'nourish me' – is about a healthier approach to business, to the planet, and to our customers' lives.

Together – Imagining a Healthier Tomorrow.

7 Focus Brands
Milklab, Australia's Own, Vital Strength, Crankt, Uprotein, So Natural, Noumi Nutritionals (B2B)

150+
products sold into **24** Countries

530
talented team members around the globe

2 manufacturing sites in Australia

Leaders in
Long-life Dairy, Plant-based Milks, Sports Nutrition and Lactoferrin

Offices in 3 countries
(Australia, Singapore and China)

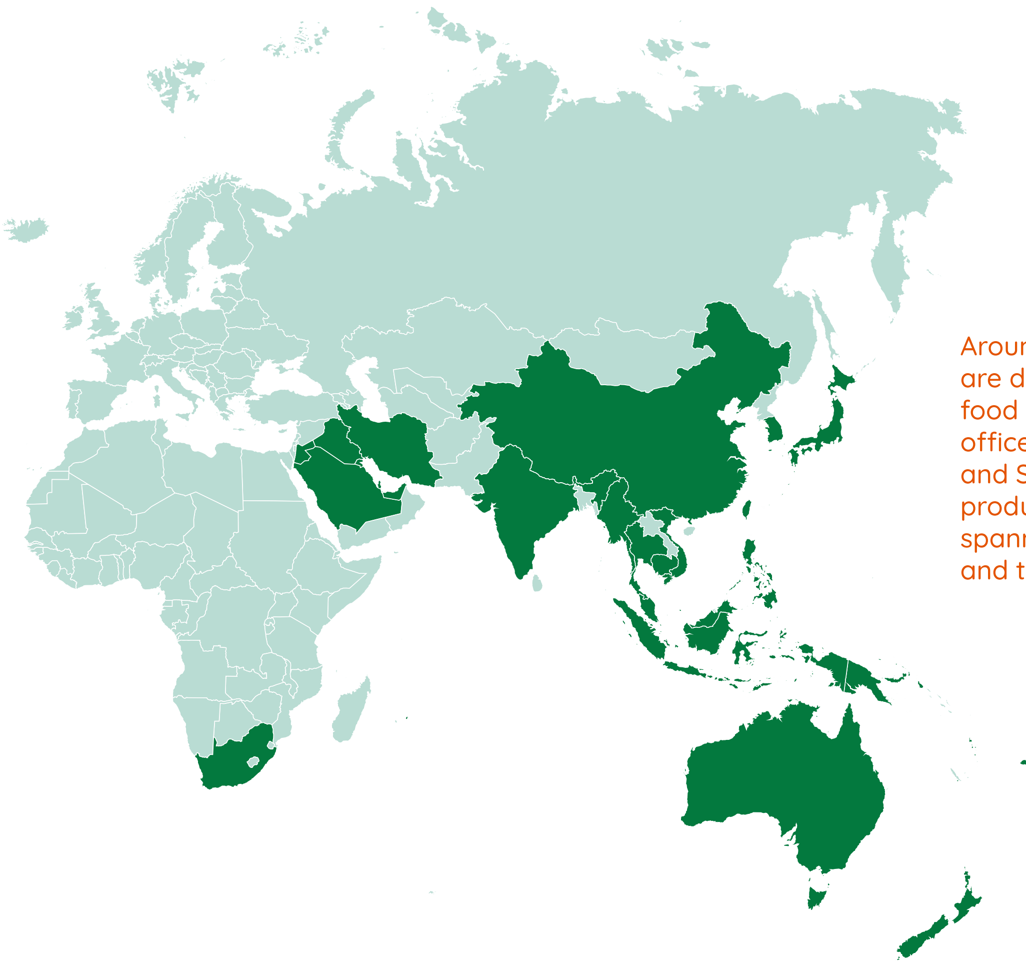
Our Purpose

We are an Australian company driven by our purpose of **Imagining a Healthier Tomorrow**.

From its beginnings in 1984 as a small business specialising in plant-based milks, Noumi has grown to become a global Australian-based company producing a diverse range of dairy and plant-based milks, as well as cutting-edge nutritional protein ingredients and sports supplements.

Noumi brings together world-class research & development, operations, and commercial teams to deliver Noumi-branded products as well as co-manufactured products to consumers in Australia and around the world.

State-of-the-art facilities across New South Wales and Victoria bring unique capabilities that add value to the highest quality ingredients that Australian primary producers have to offer. Our long-term partnerships with our Noumi farmers and suppliers enable us to secure, supply and ensure quality Australian ingredients for quality products, bringing healthier choices from Australian farms to consumers' plates.



Around the world, consumers are demanding healthier food options. Noumi now has offices in Sydney, Singapore and Shanghai and exports its products to **24 countries** – spanning across Asia Pacific and the Middle East.

Growth Strategy

Delivering a Healthier Tomorrow — **Healthier Planet, Healthier Lifestyles, Healthier Workplace**

Strategic Pillars	Complete the Dairy and Nutritionals turn-around	Accelerate Plant-based Milks growth	Deliver world class supply chain	Embed High Performance Culture	Future Growth Platforms
Strategic Priorities	Build Dairy into a profitable & growing business	Invest to strengthen and grow Milklab brand	Embed IWS (Integrated Work System)	Promote safety and quality in all we do	Clinical validation of Noumi's PURE*n*FERRIN® Lactoferrin
	Expand Lactoferrin customer base and usage applications	Invest to accelerate Global markets expansion	Deliver sustainability commitments	Embed Noumi Culture and Values	Develop precision fermentation capabilities
	Scale-up Consumer Nutritionals business	Deliver innovation pipeline to meet evolving consumer needs	Mitigate inflation through value creation	Invest in leadership development	Unlock Plant-based Milks growth through channel, range and geographic expansion

Key Enablers

Technology roadmap + Governance + People processes + Financial Discipline

ESG Strategy

Noumi's ESG strategy, the **Healthier Tomorrow Plan**, was introduced in FY22 following extensive consultation with stakeholders, and we are pleased to report on its continued progress in FY23.

The plan aims to deliver sustainable future growth across all aspects of our operations, for our planet, our people and our products.

The ESG strategy has been successfully integrated into our business as our teams work closely with our supply partners and customers to achieve these shared outcomes.

As we make progress in these focus areas our targets will continue to evolve.

Healthier planet

We aim to continuously improve our environmental footprint for future generations.

Focus areas

Waste and Packaging
- Our strategic mission is to minimise the waste we generate, maximise recyclable materials and encourage recycling.

Energy and Climate
- Our goal is to reduce our carbon footprint through investing in renewable energy and supporting our growers to tackle their emissions.

Sustainable water use
- We strive to conserve water across our business, supporting our suppliers to achieve water efficiency.

Sustainable agriculture
- We partner with our growers to protect the lands that we source from and the animals in our supply chain.

Healthier lifestyles

We aim to create products to improve consumers' and communities' nutritional and social outcomes.

Focus areas

Consumer health, nutrition and education
- We develop quality products that meet the nutritional, cultural and taste needs of our customers, across all life stages.

Community engagement and impact
- We support positive nutrition outcomes among targeted community groups.

Healthier workplace

Our people live our values and are supported through positive work experiences.

Focus areas

Diversity and inclusion
- We celebrate diversity and our business objective to reflect the diversity of the communities in which we operate.

Employee development and wellbeing
- We enable our people to thrive at work through engaging work experiences.

Foundations of success

Safety, health & wellbeing I Ethical business & governance I Financial sustainability across value chain

Healthier Planet

Noumi has made steady progress on its "Healthier planet" aims and has completed several of the packaging goals ahead of the 2025 target. We are actively engaging with suppliers and service providers to find alternative solutions on waste and sustainable energy. These potential solutions include the separation of our organic wastes for use in fertiliser production and/or biogas generation, the recycling of hard waste to process packaging materials and the introduction of new recycling streams within our manufacturing facilities.

Our farmers are key stakeholders in understanding and defining our Scope 3 emissions. We are working with farmers and the Department of Energy, Environment and Climate Action in Victoria to develop Greenhouse Gas (GHG) footprints and action plans for GHG emissions reductions.

We are collaborating with service providers to investigate potential solutions to reduce Scope 1 emissions, particularly in the space of biogas as an alternative to natural gas for steam generation. The 4MW solar system and battery installation at our Shepperton facility has reduced Scope 2 emissions by 3900 tonnes CO_2e. We are working towards a sustainable energy solution for the electricity requirements at our manufacturing facilities and will have this in place by our target date of 2025.

	Our Goals	Results
Waste & Packaging	100% of Noumi packaging is Australian Packaging Covenant Organisation (APCO) compliant (reusable, recyclable or compostable) by 2025	Milklab and Australia's Own packaging is compliant. Alternative packaging options are under review for Crankt and Vital Strength.
	100% of Noumi artwork to contain clear consumer recycling instructions by 2025	Milklab, Australia's Own and Crankt artwork contains ARL recycling instructions. A total of 148 products have been updated out of 314 products. Vital Strength is on target for ARL labelling by the end of the 2024 calendar year.
	50% of our packaging from sustainable sources and/or recycled content by 2025	All aseptic cartons and corrugated shippers are FSC certified paper and cardboard. Of our 314 product variants, 148 are recyclable or compostable at end-of-life. Crankt and Vital Strength packaging options are currently being investigated.
	Zero waste to landfill from our operations by 2030	Collaborating with our service providers to implement improved recycling waste streams from our operational facilities.

Healthier Planet

	Goal	Result
Energy & Climate	90% of dairy farmers partnering on carbon reduction initiatives by 2030	Collaborating with the Victorian Department of Energy, Environment and Climate Action to support farmers in understanding and improving their carbon footprint.
	Emissions reduction target ~ 50% in Scope 1 & 2 emissions by 2030	Further to the solar array installation at Shepparton, targeting 100% renewable electricity at Shepparton by the end of 2025.
	100% renewable electricity by 2030	We are actively pursuing options to move to 100% renewable electricity for the Shepparton and Ingleburn sites.
Sustainable Agriculture	Compliance to the Australian Dairy Sustainability Framework	The Australian Dairy Sustainability Framework has been developed by Dairy Australia to ensure long term viability of the Dairy industry. FY24 will be focused on understanding where our farmers are positioned within the Framework, and how we can collaborate with them on this initiative.
	Compliance to the Australian Agricultural Sustainability Framework	The Australian Agricultural Sustainability Framework has been developed by the National Farmers Federation. This framework is similar to the Australian Dairy Sustainability Framework; however, it is agriculture sector wide rather than Dairy sector specific. Our goal for FY24 is to benchmark compliance with the framework and collaborate with our farmers on this initiative.
	100% farmer compliance of the Noumi Food Safety Program	Our farmers are compliant with the Noumi Food Safety Program.
Sustainable Water Use	25% reduction in Noumi's water consumption per tonne of production within operations by 2030	With the introduction of the IWS Operational Excellence program across all sites, there will be expected savings in water and chemical use through the optimisation of our manufacturing processes. As we work towards the 2030 milestone, additional engineering solutions are being assessed.
	50% of discharge water from operations recycled by 2040	We are currently investigating the available technologies and feasibility of recycling water at our manufacturing sites.
	90% of farmers and growers implementing water efficiency measures on-site by 2030	As we partner with our farmers on understanding their environmental footprint, we will also work with them on water efficiency activities.

Healthier Workplace

Our people are the foundation of our ongoing business success, and we want our people to thrive at work, enjoying meaningful experiences at Noumi. To achieve this, we will continue to invest in employee engagement and development programs and wellbeing initiatives. Our ambition is for our business to reflect the communities in which we operate, so diversity and inclusion are fundamental to how we innovate and respond to the needs of our customers.

We continue to embed our Noumi Purpose and Values to our people, with a firm focus on engagement and career progression. Talent retention and acquisition is a priority, emphasising diversity, inclusion and belonging.

Our Goals

Employee Development & Wellbeing

We enable our people through engaging work experiences, empowering people to thrive at work.

- We are on track to achieve 100% employee participation in our employee performance and development framework – **Achieve & Grow** – for in-scope employees who will be empowered with their own development plan by the end of 2024.
- Achieved an 11-percentage point improvement in the Leadership Index across the total Company.
- A 4-percentage point improvement in employee engagement score was achieved in FY23. A further 4-percentage point improvement is our goal for FY24.
- The Company continues to invest in wellbeing initiatives via such programs as its Employee Assistance Program, RUOK Day and leader training. In addition, the Company generates wellbeing-focused materials for employees via regular newsletters and information available via the intranet, toolbox talks and noticeboards at site.
- Noumi is on track to have 75% of in-scope employees complete at least one development initiative via its Achieve & Grow initiative by 2024.

Diversity & Inclusion

We celebrate diversity and our business objective is to reflect the diversity of the communities in which we operate.

- The company continues to strive to achieve its 40:40:20 gender representation objective and Noumi aims to evolve its diversity metric with the objective of covering diversity beyond gender.
- Noumi achieved the FY23 objective to have all sites participate in four diversity events per annum. This objective will continue in FY24.
- Unconscious bias training for leaders was introduced in 2023. Additional programs will continue into 2024.
- Work is yet to commence on an apprenticeship program in regional areas for Aboriginal and Torres Strait Islander demographics by 2025. This remains an important initiative.

Healthier Workplace

Our Values

Noumi's core values continue to be an integral part of the Company's aim to have a positive impact on those with whom we interact, with Integrity, Respect, Creativity, Excellence, Collaboration and Accountability the foundation for all we do.

Leaders and team members continue to embrace these values as part of transforming the Company to sustain a high-performance, high-integrity culture.

In FY22, Noumi launched a training program to engage team members in the importance of pursuing a values-based operation. Team members across the business participated in targeted workshops to reinforce the importance of upholding these values in all aspects of the workplace. These programs continued into FY23.

The values also form an important part of the Noumi Performance and Development Framework: **Achieve & Grow.**

Noumi has also introduced Team Charter Workshops for its senior leadership teams, which are designed to engage leaders in discussions to build team commitments to how the Noumi Values will be role-modelled across Noumi.

Healthier Workplace

Supporting our leaders to support their team members

Noumi has continued to implement its framework for frontline leadership development. The design aligns with and supports our Noumi values and enables leaders to coach and mentor their team members to support success in their roles.

In FY23, Noumi trained Frontline Team Leaders and Frontline Team members in a key framework to embed feedback into everyday operations. This framework has a key focus on building company culture through our values and reinforcement of workplace safety.

In FY23, Noumi commenced implementation of workplace inclusion workshops to help people leaders recognise and work through any possible unconscious bias in their decision making and in their day-to-day work. These workshops will continue into FY24.

In FY24, Noumi will focus on training its senior leaders to further build their coaching competencies and will expand the Frontline Leadership Development Program with additional modules.

At the end of June 2023, 93% of our team are employed in permanent full-time roles

Our team – workforce composition at end of June 2023

Our collaborative team is driven by our purpose of **Imagining a Healthier Tomorrow**.

At the end of June 2023, Noumi employed more than 530 people (including casuals), with 93% of our team employed in permanent full-time roles.

The commitment to internal career development was reinforced in FY23 with 29% of vacancies being filled through internal promotions or movements, reinforcing Noumi's commitment to the career development of our people.

At the end of FY23, women comprised 26% of senior managerial roles and 29% of the overall workforce. The business will increase its investment in building initiatives that support the achievement of this gender representation.

Healthier Lifestyles

Providing people with healthy nourishment is core to our business, and our commitment to healthier lifestyles extends not only to our end-consumers but also to the communities in which we operate. We want to deliver the best-tailored nutrition to our consumers and to employ our people, business and brands to help our communities live better, healthier lifestyles.

	Our Goals	Results
Consumer Health & Nutrition	≥75% of Noumi branded products carry a nutrition and / or health claim by 2025	End of FY23, 70% of Noumi branded products carry a health claim and 95% carry a nutrient content claim.
	Achieve a minimum 4-HSR on ≥75% of eligible, Noumi branded products by 2025	End of FY23, 82% of Noumi branded products meet a 4-HSR.
	Fortify all Noumi branded plant-based dairy alternative products to match the calcium content of cow's milk by 2025	End of FY23, 11 of 17 (65%) plant-based beverages now fortified with calcium. All Noumi branded plant milks on-track for calcium addition by the end of FY24.
Community Engagement & Impact	Establish Food Rescue Partnerships by 2023	Noumi is working with food charities OzHarvest and Foodbank Australia to donate safe, quality excess food products to community groups in need.
	Participate in The George Institute for Global Health's Food Switch App by 2023	Noumi is currently participating and collaborating with **The George Institute** to evolve and better understand the environmental factors that influence the Planetary Health Rating (PHR) scores on its products and then improve Noumi product PHR.

Healthier Lifestyles

Our nutrition science partnerships

Noumi has partnered with leading Australian universities and CSIRO to scientifically develop the next generation of plant and dairy milk products and supplements.

Professor Nathan Bartlett
Viral Immunology and Respiratory Disease Group

The University of Newcastle and Hunter Medical Research Institute

PUREnFERRIN respiratory antiviral studies

Preclinical investigations on the respiratory antiviral effects of PUREnFERRIN® applied to airways via intranasal treatment (nasal spray). Current pilot data serves as proof of principle, demonstrating that PUREnFERRIN® has the potential to safeguard against respiratory virus infections, and provides support for further research.

Assoc. Prof. Victoria Haritos
Department of Chemical and Biological Engineering

Monash University

Precision Fermentation of Lactoferrin

Precision fermentation uses yeast to produce dairy proteins like lactoferrin, to sustainably produce lactoferrin. Noumi is researching the most productive yeast for the highest lactoferrin quality by precision fermentation with Monash University.

Professor Russell Keast
Consumer Analytical Safety Sensory (CASS) Food Research Centre

Deakin University

Next-generation plant and dairy milk

Noumi is collaborating on three PhD research programs to enhance plant-based milk alternatives and Long-life dairy milk flavour profile. One program involves joint research with CSIRO, and another is part of an Australian Research Council's Industrial Transformation Training Centre HyTECH project.

Our Brands

Noumi has a portfolio of strong brands that meet differing consumer needs and occasions across multiple markets.

Noumi's brands are sold across multiple channels including Retail, Food Service, e-commerce and B2B and are available in 24 countries including Australia, New Zealand, South East Asia and China.

MILKLAB®

Milklab is a remarkable Australian success story. Developed in colLABoration with experienced baristas and coffee professionals, Milklab complements the flavour of espresso coffee by delivering a delicious, creamy taste that elevates the coffee experience. **Milklab is a leading plant-based milk used by Australian cafés** and is available in cafés in more than 21 countries.

Australia's Own™ EST. 1995

Launched in 1995, Australia's Own brings the very best of Australia's natural goodness across a variety of quality dairy beverages, certified organic plant milks and premium barista plant milks. Australia's Own is one of the leading barista plant-based brands in Retail in Australia and sells in more than 10 countries.

VITAL STRENGTH®

For more than 25 years, Vital Strength has been one of Australia's leading protein powders and sports nutrition brands, providing outstanding quality designed to deliver results. Vital Strength includes a range of sports protein powders and specialised amino blends specifically targeted to individual fitness and lifestyle goals.

UPROTEIN .com.au

Uprotein offers customers premium bulk protein powder and sports supplements exclusively developed for the Australian direct-to-consumer market via e-commerce.

crankt

Crankt offers protein-rich alternatives to sugary drinks and snacks. Nutritious, convenient and ready-to-go, these protein products are perfect for anyone leading a busy active lifestyle. High protein, low carb, packed with vitamins, minerals and natural energy.

noumi nutritionals

Noumi Nutritionals combine the latest science and technology with the purest ingredients to develop high-performing lactoferrin, whey and casein protein ingredients and products. Using Noumi's state-of- the-art filtration system, Noumi's range of Native Proteins are ultra-filtered and gently extracted to maximise their biological value and functional property.

Our Operations

Overview

FY23 was the first uninterrupted year of the Integrated Work System (IWS) Operational Excellence program at Noumi, and we are seeing significant results across the key metrics of the sites.

The IWS Operational Excellence program will establish a disciplined and consistent approach in our operations and is targeting measurable improvements in safety, quality, service, yield and line efficiency. Across our operations, safety incidents have reduced by 40%, while yield improved by greater than 35%.

The program launched with two pilot lines at Shepparton in FY22 and has been extended to six lines and the processing area, as well as two lines at the Ingleburn site. The sites have developed a three-year roadmap to fully deploy the system to drive improvement.

Overall, after six months of challenges caused primarily by external factors including pallet shortages, transport shortages and the floods, the sites significantly turned around service to customers in the second half, achieving excellent results.

Shepparton

The Shepparton dairy milk and protein facility, located in the northern region of Victoria, uses Ultra Heat Treatment (UHT) technology to produce quality long-life products in aseptic packs for the domestic and international markets. The site offers a range of pack formats from 200mL to 1L. In the protein facility, the site produces lactoferrin, whey and micellar casein.

The dairy farms that supply the site are located nearby, giving close control over the quality of milk supplied. Our skilled staff are experienced in Long-life dairy milk production and our comprehensive management systems ensure the quality of all our products. Investments throughout the year continued to strengthen the capability of the site to deliver top-standard products. The site is well on its way to fulfilling our ambition of delivering the best products in the markets in which we operate. Investments included continuous improvement of the quality management system and improvements to processing and packaging lines. Tracking devices were also introduced for international freight to gain further insight to the environments that our products are subject to on the way to various markets.

A significant flood in the Shepparton region in FY23 had an impact on Noumi, many of our team members and supplier partners. Roads were cut, with Noumi employees' houses either cut-off from work or in the worst cases inundated by the flood waters. While the site itself is well situated and was not directly impacted, some of our farmers properties were inundated. The Noumi team worked collaboratively with freight providers and our dairy farmers to ensure that all businesses kept operating and everyone remained safe.

On the back of a significant price increase of farmgate milk at the start of FY23, the volume through the site reduced by around 20% due to a decline in export volume. Significant progress was made in reducing costs to offset the impact of the volume decline. Lactoferrin production increased by 8% from FY22, however, was constrained by milk throughput due to a decline in farmgate milk caused by the floods.

Despite the challenges caused by external factors, the site continued to deliver strong year-on-year performance improvement.

Ingleburn

The Ingleburn site is a state-of-the-art facility specialising in developing and manufacturing Long-life plant-based milks, including almond, oat, soy, macadamia and coconut. The site offers a variety of pack formats from 200mL to 1L.

Noumi has added capability of a 250mL resealable 'DreamCap' format providing the platform to drive our brands into new formats and new occasions.

In FY23, the Taren Point head office was relocated to Ingleburn, producing a closer relationship between all of Noumi's functions and driving a significant improvement in the value of our collaboration.

In April, we merged the Marrickville consumer nutritionals production into the Ingleburn facility, consolidating the group to two operating sites: Shepparton and Ingleburn. The new consumer nutritionals area at Ingleburn is purpose-built to cater for the powder handling and packaging of products such as whey proteins, creatine, pre-workout blends as well as others, under brands such as Vital Strength and UProtein.

Our Farmers

Our Plant-based Producers

Noumi partners with leading Australian primary producers to ensure our products are made with the highest quality Australian ingredients. Our vision for a healthier tomorrow starts today by selecting the very best ingredients from farms which work sustainably and with long-term consideration for the environment.

Oats
100% sourced from Australian farmers

Macadamias
100% sourced from Australian farmers

Almonds
88% sourced from Australian farmers

Our Dairy Farmers

Noumi's Shepparton dairy milk processing facility processes about 250 million litres of milk a year and boasts a fully integrated supply chain with around 40 dairy farms. Our state-of-the-art facility offers unique capabilities, making Noumi one of the most advanced dairy processors in Australia.

Our farmers are passionate about supplying milk of the highest quality, and animal welfare is a key focus. To achieve this, some of our farmers have embarked on a range of innovative programs aimed at improving cow comfort, cow health and welfare, and feeding efficiency.

> **"Our dairy business is underpinned by our strong and trusted relationships with our community of well-supported Australian dairy farmers."**

Image above courtesy of Unigrain.

Our Farmers

Dairy Farmer Supplier Spotlight

The Munzel family — Water efficiency helps milk to flow

Randy and Tina Munzel are the fourth generation to farm their 168-hectare irrigation property at the edge of the Gunbower river redgum forest in Victoria, milking 400 cows and sending 3.2 million litres of high-quality milk to Noumi's Shepparton factory annually.

Sustainability and improving water efficiency are key issues for the Munzels as climate change and competing interests mean the supply of irrigation water is becoming less reliable.

To improve irrigation efficiency, the Munzels installed dripper tape at root-level in a 40ha pasture and then sowed the block with lucerne. Previously, the block had been sown with rye grass and clover and watered using flood irrigation.

The new process more efficiently irrigates directly to the root zone of the plants, rather than applying water at the surface. Fertilisers and pesticides can also be delivered through the tapes.

The mature lucerne crop, harvested daily in the spring and summer, has more than tripled the feed yield from the block per megalitre of water used. The Munzels now rely less on purchasing high protein hay to feed their cows, with the efficiencies freeing capital to invest in other growth parts of their business. The outcome demonstrates both the commercial and environmental benefits that innovation can produce.

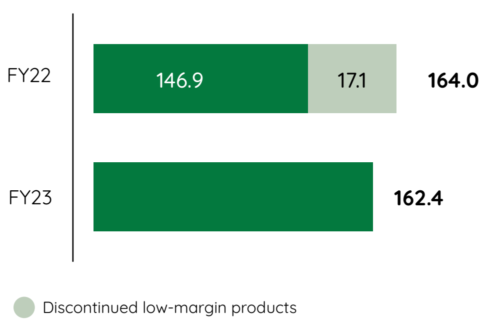
Plant-based Milks

Financial Performance

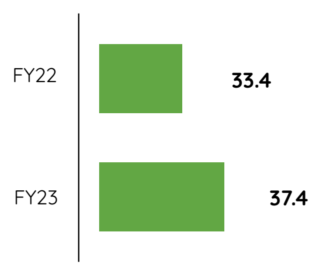
($m)	FY23	FY22	Change ($)	Change (%)
Net Revenue	162.4	164.0	(1.6)	(1.0)
Adjusted Operating EBITDA[4,5]	37.4	33.4	4.0	12.0
Adjusted Operating EBITDA Margin (%)[4,5]	23.1	20.4	-	2.7ppt

Plant-based Milks($m)

Net Revenue



Adjusted Operating EBITDA



Net revenue for the year reduced by 1.0% to $162.4 million but revenue rose 10.5% excluding deliberately discontinued low-margin products, that were included in FY22, but have now largely been replaced with higher-margin sales of the Company's own brands.

Adjusted Operating EBITDA rose 12.0% to $37.4 million, with Adjusted Operating EBITDA margin rising from 20.4% to 23.1%. Importantly, the resolution of US litigation in February 2022 has removed all restrictions on sales of Milklab and nut-based milk in Australia and overseas.

[4] Adjusted for non-trading and non-recurring items (including restructuring costs and other litigation costs, the US litigation settlement and unrealised foreign exchange loss), pre AASB 16
[5] Segment results are post allocation of group shared services overhead except for realised FX and Board/ASX related costs

MILKLAB

Total Milklab Plant Revenue growth **10.3%**

Milklab South East Asia Revenue growth **8.0%**

Milklab Oat Revenue growth **89.0%**

Australia's Own EST. 1995

Australia's Own Barista Plant revenue growth **16.6%**

Plant-based Milks

Noumi is one of Australia's leading manufacturers and marketers of plant-based milks, including almond, oat, soy and macadamia.

The Plant-based Milks segment has enjoyed strong sustained growth, both in Australia and globally, driven by key consumer trends of health, wellbeing and sustainability. Global plant-milk recorded a Compound Annual Growth Rate (CAGR) of 16% across 2018-2022.

In Australia, plant-based milk consumption was approximately 14% of dairy milk in 2022 (value sales). Within the café channel, it is estimated that one in four milk-based coffees are made with a plant milk.

To contest the plant-based milk segment, Noumi has a dual-brand strategy, with Milklab as a specialty 'for coffee' brand, and Australia's Own brand focusing on everyday usage occasions.

Under this strategy, Noumi has grown its branded plant-based milks by 7.2% compared with FY22.

Milklab is increasingly the plant-based milk of choice in Australia's burgeoning café culture, with strong growth in Australia and now across 20 international markets, with YOY revenue growing by an incremental $10m (up 10.3%).

Noumi's flagship brand, Milklab, continued strong double-digit growth of 10.3% over FY22. An increased marketing investment supported the launch of the new Milklab campaign — 'Made with. Made For. Baristas' — which reinforced Milklab's specialty coffee positioning.

Milklab Oat continues to go from strength to strength with sales almost doubling in FY23 (+89%) supported by a strong integrated marketing program.

Internationally, Milklab Plant continued to expand its presence in key markets, with Milklab growth in South East Asia of 8% over FY22.

Milklab also enjoyed strong growth in the direct-to-consumer e-commerce channel, with revenue up 40% compared with the previous year.

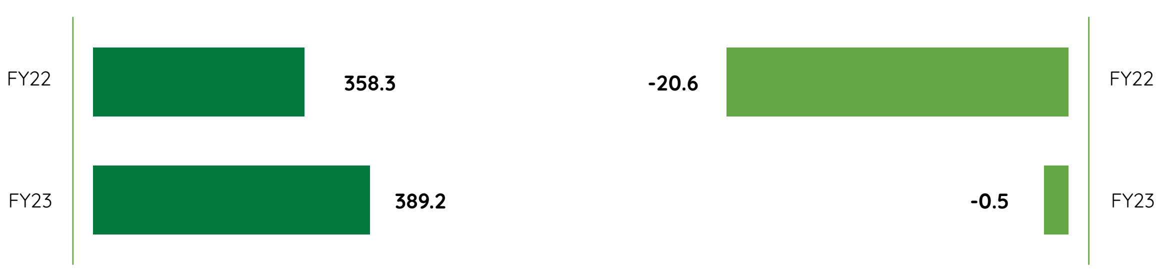
Dairy & Nutritionals

Financial Performance

($m)	FY23	FY22	Change ($)	Change (%)
Net Revenue	389.2	358.3	30.9	8.6
Adjusted Operating EBITDA[6,7]	(0.5)	(20.6)	20.1	97.7
Adjusted Operating EBITDA Margin (%)[6,7]	(0.1)	(5.8)	-	5.7 ppt

Dairy & Nutritionals ($m)

Net Revenue **Adjusted Operating EBITDA**



The Dairy and Nutritionals business delivered an improved financial performance in FY23, with net revenue up 8.6% to $389.2 million and the adjusted operating EBITDA loss reduced from $20.6 million to $0.5 million.

[6] Adjusted for non-trading and non-recurring items (including restructuring costs and other litigation costs, the US litigation settlement and unrealised foreign exchange loss), pre AASB 16
[7] Segment results are post allocation of group shared services overhead except for realised FX and Board/ASX related cost

Domestic Net Revenue **+28.2%**

Milklab Dairy Net Revenue **+16.0%**

Nutritional Ingredients Net Revenue **+26.2%**

Consumer Nutritionals Net Revenue **+10.8%**

Dairy & Nutritionals

Long-life Dairy Milk

Noumi is Australia's largest Long-life dairy milk processor, processing over 250 million litres of milk last year. The Company is also Australia's largest exporter of Long-life milk — more than 80ML of Noumi's quality Australian milk was enjoyed by millions of consumers across China and South East Asia in FY23.

Domestic sales of Long-life dairy milk grew $30.4 million, with the business able to recover significant rises in milk and other raw material input costs. The domestic sales increase offset a decline in export sales to deliver overall Long-life dairy milk revenue for the FY23 year of $274.5 million – in line with the prior year but on lower volumes. The export outcome reflected an overall softening of consumer demand in China, combined with higher Australian farmgate milk prices compared with international competitors.

Within Noumi's branded dairy milk portfolio, Milklab Lactose Free continued to enjoy strong growth with volume up 24%, primarily through the café channel. Australia's Own launched a number of new added-value dairy innovations, including Australia's Own Lower Cholesterol Milk and a range of fortified flavoured dairy milks for South East Asia consumers under Australia's Own Mighty Milk brand.

The underlying opportunity for dairy milk in Asia remains strong for internationally competitive products. Underpinned by increasing consumer understanding of the health benefits of dairy and growing household incomes in the region, per capita consumption of dairy milk is expected to increase.

Nutritional Ingredients

The Company's investment in a state-of-the-art protein filtration and drying plant enables Noumi to contest the premium protein ingredient market (B2B). Noumi's portfolio of premium specialised protein ingredients include PUREnFERRIN® Lactoferrin, PUREnWPI® Native Whey Protein Isolate, PUREnWPC® Native Whey Protein Concentrate and recently PUREnMCC® Native Micellar Casein.

PUREnFERRIN® Lactoferrin is Noumi's flagship B2B protein ingredient, delivering $24.3 million in revenue, recording growth of 15.1% over the prior year.

The global market for lactoferrin continues to show strong demand with increasing understanding of the powerful nutritional benefit of lactoferrin across consumers of all ages.

To further unlock the value of Noumi's PUREnFERRIN®, **Professor Lisa Wood** and the research team from the University of Newcastle and Hunter Medical Research Institute are conducting a human clinical trial. This research will evaluate the effect of oral PUREnFERRIN® Lactoferrin supplementation on immune function and systemic inflammation in people aged over 50 years. Results are expected in 2024.

Noumi also vertically integrates its quality proteins into its Consumer Nutritionals brands, including Noumi's Crankt Protein bars and the recently launched Vital Strength Lean Meal and UProtein Meal replacement products.

Consumer Nutritionals

Noumi's Consumer Nutritional portfolio enjoyed strong growth of 11%, driven by successful new product launches into a growing category.

Noumi increased marketing investment behind its Vital Strength brand, including a new consumer brand campaign and the successful launch of new Vital Strength Lean Meal and new Vital Strength High Protein.

Market estimates (*Fortune Business Insights*) outline the longer-term attractiveness of the Global Sports and Supplements market, with year-on-year growth estimated at 8% per year over the next seven years, driven by consumer awareness of the increased importance of staying healthy and active.

Company Leadership

Board of Directors

Ms Genevieve Gregor

Chair of the Board and Independent, Non-Executive Director (from March 2020)
Qualifications: B. Economics (UQ), Graduate Diploma Applied Finance & Investment (SIA), Honorary Doctorate of Letters (WSU), GAICD

Genevieve is a Senior Advisor to TPG Capital, Australia. TPG is a leading global alternative asset manager. In 2017 she co-founded Colinton Capital Partners, a mid-market private equity firm investing in Australian growth companies. She remains involved with Colinton Capital's Fund 1 investments. Prior to this, Genevieve was the Co-head and Managing Director of the Asia Special Situations Group in Australia for Goldman Sachs for eight years. Prior to joining Goldman Sachs, Genevieve was head of the Australian loan capital markets business at Citigroup and earlier worked at MIM Holdings, now Xstrata Australia Limited. Genevieve was previously the Deputy Chancellor of Western Sydney University, Chair of the Finance and Investment Committee and Trustee at WSU for over 10 years. She is Non-Executive Director of two public unlisted companies, Moneytech Group Limited and Monoova Limited.

Special responsibilities: Member of the Risk and Compliance Committee, Member of the Finance and Audit Committee and Member of the People and Culture Committee.

Mr Tony M. Perich AM

Deputy Chair and Non-Executive Director (from July 2006)

Tony is a Member of the Order of Australia. He is joint Managing Director of Arrovest Pty Limited, Leppington Pastoral Co Pty Ltd, one of Australia's largest dairy producers, and various other entities in the Perich Group. He is also a property developer, farmer and business entrepreneur. Memberships include Greater Narellan Chamber of Commerce, Narellan Rotary Club, Urban Development Institute of Australia, Urban Taskforce, Property Council of Australia, past President of Narellan Rotary Club and past President of Dairy Research at Sydney University.

Special responsibilities: Member of the Risk and Compliance Committee.

Mr Tim Bryan

Non-Executive Director (from January 2021)
Qualifications: BCom; CA, GAICD

Tim is the Chief Executive Officer of the Perich Group of companies, where he also holds numerous directorships across a diverse portfolio covering private equity, direct property, agriculture and manufacturing. Other relevant experience includes senior business advisory and board roles in the private sector. Tim also contributes his time as a director for charitable organisations in the health sector including the Kids of Macarthur Health Foundation and Ingham Institute for Applied Medical Research, where he also chairs the Finance and Audit Committee.

Special responsibilities: Member of the Finance and Audit Committee and Chair of the Risk and Compliance Committee and Member of the People and Culture Committee.

Company Leadership

Board of Directors

Ms Jane McKellar

Independent, Non-Executive Director (from May 2020)
Qualifications: MA (Hons) University of Aberdeen, GAICD, CISL

Jane is an experienced non-executive director in both public and private companies in Australia and the US, bringing deep experience in international consumer, digital, brand and marketing. Jane's executive experience as both a CEO and Chief Marketing Officer spans the consumer-focused FMCG, luxury and retail industries and she is one of the original 'digital natives' in Australia. She has held senior roles in Unilever, Microsoft, Elizabeth Arden and Stila Corporation. Jane has extensive global experience, particularly in Asia, Europe and North America, and she has built a strong reputation for leading teams and transforming businesses in difficulty back to profitability and growth. Her key contributions are in customer and consumer-focused business transformation, digital, brand and marketing performance and sustainability.

Special responsibilities: Chair of the People and Culture Committee, Member of the Finance and Audit Committee and Member of the Risk & Compliance Committee.

Mr Stuart Black AM

Independent, Non-Executive Director (from March 2021)
Qualifications: FCA, FAICD, BA (Accounting)

Stuart is a Chartered Accountant with extensive experience in business. He retired in 2013 as managing partner of an accounting practice specialising in agribusiness to concentrate his time on non-executive director roles and has over 20 years' experience as an ASX non-executive director. He is a Past President of the Institute of Chartered Accountants of Australia, the inaugural Chair and a past board member of the Accounting Professional and Ethical Standards Board and served as the Australian representative on the International Federation of Accountants SMP Committee. Stuart is former Chair of the Chartered Accountants Benevolent Fund Limited and a former director of the Country Education Foundation of Australia Limited. In 2012, Stuart was appointed a Member of the Order of Australia for services to the profession of accounting, to ethical standards, as a contributor to professional organisations and to the community.

Special responsibilities: Chair of the Finance and Audit Committee and a Member of the Risk and Compliance Committee.

Company Leadership

Executive Team

Mr Michael R. Perich

Chief Executive Officer
Qualifications: B AppSci (SysAg)

Michael is an experienced executive with over 25 years' experience working within the dairy industry. Michael currently holds directorships in Arrovest Pty Ltd and various other entities associated with Perich Entities. He held previous directorships in Leppington Pastoral Co. Pty Ltd as well as Contract Beverages Packers of Australia Pty Ltd, a joint venture controlled equally by the Company and Arrovest. Michael also had a previous role as joint Managing Director of Australian Fresh Milk Holdings, Australia's largest dairy producer. Michael is a graduate Member of the Australian Institute of Company Directors. He was appointed as an Alternative Director for Noumi in March 2009 and in August 2020 was appointed Interim Chief Executive Officer. Michael assumed the permanent position of Chief Executive Officer in March 2021.

Mr Peter Myers

Chief Financial Officer
Qualifications: Bachelor of Business, CPA

Mr Myers is an experienced chief financial officer of both ASX-listed companies and private enterprises. He brings extensive experience leading business turnarounds, financial restructuring, and corporate transformation across a variety of industries, including retailing, media, manufacturing and satellite and communication. Mr Myers' experience includes senior executive roles at Speedcast International Limited, Amart Furniture, Billabong International Limited, APN News & Media Limited, Network Ten Limited, Schroeders Australia and Century Yuasa Batteries.

Mr Justin Coss

Group General Counsel & Company Secretary
Qualifications: BA LLB, Dip CII, ANZIIF (Fellow) CIP, FGIA, FCIS, Adv Dip (Management)

Justin has over 25 years' experience as a legal practitioner in private practice and in-house, including over 15 years' experience as a company secretary. Justin holds Bachelor's degrees in Arts and Law from The University of Queensland and a postgraduate Diploma in Insurance from the Chartered Insurance Institute in the United Kingdom. He is a Fellow of the Australian and New Zealand Institute of Insurance and Finance, the Institute of Chartered Secretaries and Administrators and of the Governance Institute of Australia. Justin possesses a postgraduate Diploma in Applied Corporate Governance from the Governance Institute of Australia and an Advanced Diploma in Management from the Australian Institute of Management. Justin is an active participant in the legal industry and currently serves as a Director and Immediate Past President of the Association of Corporate Counsel Australia.

Company Leadership

Executive Team

Mr Stuart Muir

Chief Operating Officer
Qualifications: BE (Hons) Engineering. Master Engineering Management

Stuart leads Noumi's Operations team which covers the end-to-end supply chain, including procurement, planning, manufacturing and logistics. He is a senior operations executive with extensive dairy, FMCG and food manufacturing experience. His background spans end-to-end supply chain management and he is a proven leader of large multi-functional teams covering manufacturing, safety, planning, logistics, environment, quality, research, and development. Stuart has had an extensive career in both Unilever and most recently as Director of Supply Chain, Quality and Research & Development at Lion Dairy and Drinks.

Ms Fiona McGregor

Chief People & Culture Officer
Qualifications: Post Graduate Diploma (Distinction) Strategy and Innovation, BA

Fiona is a senior people and culture executive, with extensive experience leading culture change, organisation development and transformation initiatives across large multi-country organisations. Fiona was promoted to the role of Chief People & Culture Officer of the Company in September 2020 after joining Noumi in November 2019 to lead strategic organisation development and culture change initiatives. Fiona brings ASX-listed company experience across multiple industries and companies – including telecommunications, building products, branded consumer products (including dairy industry experience), and experience in multi-national companies across transport, logistics, international engineering, environmental science, and project management.

Mr Gerard Smith

Chief Marketing Officer
Qualifications: B. Business, MBA

Gerard leads Noumi's marketing, innovation, and sustainability strategies across the Company – bringing marketing for Australia, China, Middle East, New Zealand, and South East Asia under one team. Gerard brings extensive experience across several consumer goods organisations including Lion, PepsiCo, and Goodman Fielder. His prior experience includes strategic brand marketing, innovation, sales, and general management roles across multiple geographies, including Australia and New Zealand and leading PepsiCo's snack brands across Global Markets. Gerard also brings significant digital strategy experience for the enhancement of our digital strategy.

Mr Denis Phelps

Chief Customer Officer
Qualifications: B. Business

Denis leads the customer and category strategies for Noumi, responsible for all sales across Australia, China, Middle East, New Zealand, and South East Asia. His prior experience includes extensive strategic sales, marketing, and general management leadership roles in the developed and emerging markets of Australia, Malaysia, Cambodia, Japan, and New Zealand.

Financial Report 2023

Directors' Report

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Group') consisting of Noumi Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

The financial statements are presented in Australian Dollars.

1. Principal activities

Noumi Limited is a leading consumer branded beverage and nutritional group with 530 employees with facilities in two locations across Australia and two locations in Asia (Singapore and China).

The principal activities of the Group (on a continuing basis) during the financial year were developing, sourcing, manufacturing, marketing, selling and distributing plant-based and dairy beverages, dairy and nutritional products, to wholesale and consumer markets.

The Group also operates marketing, sales and distribution activities in Australia, China and South East Asia and sells products to retailers and distributors in Australia, China, South East Asia, New Zealand, South Africa and the Middle East.

2. Going concern

The Group has prepared the consolidated financial statements for the year ended 30 June 2023 on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Financial results

The Group made a loss after tax of $46.9m (FY22 loss of $160.7m). Net cash inflows from operating activities were $4.3m (FY22 outflows of $40.9m) which includes payments for US litigation settlement of $10.2m (FY22 payments of $31.8m). As set out in the operating segment note of the consolidated financial statements (note 3), operating results improved during FY23 compared to the prior year.

The Plant-based Milks business continued to perform well, with another period of strong growth for Milklab products. For the year ended 30 June 2023, Milklab sales increased by 10.3%.

In Dairy and Nutritionals segment, the recovery of significant increases in farmgate milk prices began to be reflected in the Group's improved financial performance, particularly through price increases agreed with the customers. However, some export markets have not been prepared to accept the price increases required to achieve positive margins and, accordingly, the Group has seen reduced volume and lower than expected margins in such markets.

The Group continued to adopt a stringent cost-management approach across all expense categories.

Financial Position

At 30 June 2023, the Group had net current assets of $29.1m (FY22: net current assets of $39.0m). The reduction in net current assets was impacted by the realisation of the asset held for sale, with $18.7m of the proceeds invested in a non-current term deposit.

At 30 June 2023, the Group had net liabilities of $203.5m (FY22: net liabilities of $149.0m) which includes $295.5m (FY22: $253.1m) in respect of convertible notes that are carried at fair value. The convertible notes will cease to be a liability in the event of the conversion of the notes into equity or upon repayment (refer to note 26 of the consolidated financial statements).

Future financial performance

At 30 June 2023, the Group's available cash position was $18.6m, plus an undrawn revolving credit facility of $18.0m. This undrawn revolving credit facility along with available cash balance, forecast operating cash flows and debtor financing facilities, are considered by management and the Directors to provide the Group with sufficient liquidity for the day-to-day operations of the business for a period of at least 12 months from the date of this financial report, based on current market conditions and expectations.

Included in the FY24 budget are further operating and margin improvements including the full year effect of price rises in the Plant-based Milks business, as well as price rises in the Dairy and Nutritionals business to offset the impact of increase in farmgate milk prices in FY24. In addition, litigation and restructuring costs are forecast to reduce in FY24.

Directors' Report

Litigation - Class Actions

Two Class Actions were filed against the Company in respect of alleged breaches of the Corporations Act 2001, the Australian Securities and Investments Commission Act and Australian Consumer Law. Those proceedings were consolidated in or around November 2021 by order of the Court, with a consolidated statement of claim filed on 16 December 2021. The Group is defending the litigation and has engaged legal counsel to assist in doing so. Pleadings have closed in the consolidated proceeding and the parties are engaged in the process of discovery which is currently scheduled to be completed in 2023. No evidence has been filed nor have the plaintiffs quantified their claims as yet so the proceeding is still in its early stages. Based on the information available at the date of this report, the Company cannot determine the likely outcomes and potential financial impact.

Litigation – ASIC Proceedings

Australian Securities and Investment Corporation (ASIC) commenced civil penalty proceedings on 24 February 2023 against Noumi and two of the Company's former officers in the Federal Court of Australia in relation to alleged historic breaches of continuous disclosure obligations. The proceedings concern alleged failures to disclose material information to the ASX regarding the value of Noumi's inventories in its Financial Report for the full year ended 30 June 2019 (FY19) and in its Financial Report for the half year ended 31 December 2019 (H1 FY20); and additionally regarding the value of Noumi's inventories, reported sales revenue, gross profit and profit before tax in its H1 FY20 Financial Report. ASIC is seeking declarations that, during the period from 29 August 2019 to 25 May 2020, Noumi contravened section 674(2) of the Corporations Act 2001, and orders for civil penalties and costs. The Company has filed its defence admitting, on a qualified basis, alleged breaches of its continuous disclosure obligations in connection with FY19 and H1 FY20 financial reports based on information that was known, or should have been known, by the former officers. The statement of claim does not detail the quantum of any penalties sought by ASIC and in light of amendments to the penalties framework under the Corporations Act 2001 there is an absence of any applicable decided cases on civil penalties by which the Company can estimate the quantum. Based on the information available at the date of this report, the Company cannot determine the quantum of any liability arising.

No liability has been recognised in the consolidated financial statements for any compensation, penalties and/or costs for which the Company may be liable in either of these litigations, other than for legal costs incurred as at 30 June 2023. Due to the uncertainty surrounding the outcomes of the above litigations, the quantum of compensation, penalties and/or costs for which the Group may be liable, and whether the Group will have access to sufficient funds to pay these amounts, a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it may be able to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, based on the current information and actions being taken, the Directors consider that it is appropriate for the financial report to be prepared on a going concern basis.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

3. Operating and financial review

The Group's continuing operations recorded a loss after income tax for the year ended 30 June 2023 attributable to the owners of Noumi Limited of $46.9m (FY22 loss of $161.1m). The losses in FY23 includes a fair value expense adjustment of $39.5m for the convertible notes and non-cash impairment of plant and equipment of $8.2m.

The Group's continuing operations recorded an adjusted operating EBITDA (pre-AASB 16) of $30.4m (FY22: $7.3m). For adjusted operating EBITDA (pre-AASB 16) refer to section 3.3.

Adjusted operating EBITDA (Earnings before interest, tax, depreciation and amortisation) is a non-IFRS measure as contemplated in ASIC Regulatory Guide 230 Disclosing non-IFRS financial information (RG230). Adjusted operating EBITDA excludes abnormal items, restructuring costs and other non-trading expenses. Adjusted operating EBITDA is used by management and the Directors as the primary measure of assessing the financial performance of the Group and individual segments absent any legacy issues.

The Group's continuing operations recorded an adjusted EBITDA profit of $40.6m (FY22 adjusted EBITDA loss of $41.8m). For adjusted EBITDA refer to note 3 of the consolidated financial statements.

Directors' Report

3.1 Overview of material matters during the year and material matters subsequent to 30 June 2023

This section describes:

- the significant events that have occurred in FY23; and
- the material matters, events, and decisions taken by the Group subsequent to 30 June 2023 and up to the publication of this report.

Operations

The Group has achieved significant progress during FY23 despite challenging macro-economic conditions.

During the year, the Group;

- grew adjusted operating EBITDA (pre-AASB 16) by $23.1m to $30.4m;
- achieved a record adjusted operating EBITDA (pre-AASB 16) for the Plant-based Milks business of $37.4m, up 12.0% on the prior year;
- reduced the adjusted operating EBITDA loss (pre-AASB 16) in Dairy and Nutritionals by $20.1m to $0.5m.

In the Plant-based Milks segment revenue was $162.4m, down 1% on FY22. After excluding certain discontinued products from the prior period revenue was up 10.5%. Sales of the Group's key Milklab brand grew 10.3% during the year compared to the prior year following the significant investment made in 2022 to expand the direct sales force for Milklab and reflecting the launch of an improved Milklab Oat formula which contributed to an 89% increase in Milklab Oat sales. Adjusted operating EBITDA (Pre-AASB 16) margin grew from 20.4% to 23.1%.

Dairy and Nutritionals business made significant recovery, from a $20.6 million adjusted operating EBITDA loss in FY22 to positive adjusted operating EBITDA of $3.8m in H2 FY23. For full year FY23, adjusted operating EBITDA loss of $0.5m was recorded. The turnaround was achieved in challenging market conditions, with an unprecedented 26% rise in farmgate milk prices, the after-effects of COVID-19 on the supply chain and input costs, severe flooding around Noumi's Victorian operations in October 2022 and softening demand in export markets.

Operational performance has improved during FY23. Service and quality operational efficiencies, reduced wastage at the Shepparton plant in Victoria and improving yields have contributed to the financial turnaround. The closure of the Marrickville site operations in NSW and the integration of the Consumer Nutritionals business into our Ingleburn site, delivered further efficiencies.

During H1 FY23, floods in regional Victoria caused some disruption to Group's dairy operations in Shepparton. While no material property losses were incurred, there was significant disruption to customer supply lines, site operations and supplier farms. Most of these disruptions have now been overcome, although there is likely to be extended pressure on milk volumes off farm in the region.

Demand for lactoferrin remained healthy despite production disruptions caused by the ongoing effects of the Victorian floods in 2022 and temporary shortages of the high-quality resin required for the extraction process.

Key transformation achievements during FY23 include further simplification of the business with the successful sale of the Group's non-core investment in Australian Fresh Milk Holdings (AFMH) to help fund the resolution of the Company's US litigation as well as settling the Sunday Collab dispute.

Macro-economic conditions

Noumi's business is also subject to the impact of various macro-economic factors. These factors include rising cost of inputs such as labour, transport and energy, supply chain disruptions, geopolitical instability and changing consumer preference. In addition, increases in farmgate milk prices, which have generally been able to be passed through to domestic customers during FY23, represent a structural shift that affects the competitiveness of the Australian dairy industry making it more difficult to pass on these cost increases to export customers and consequentially has had an impact on the volume of sales into export markets.

Directors' Report

ASIC Proceedings

As previously disclosed, the Group has cooperated with ASIC in relation to the investigations that ASIC commenced in 2020. ASIC commenced civil penalty proceedings on 24 February 2023 against Noumi and two of the Company's former officers in the Federal Court of Australia in relation to alleged historic breaches of continuous disclosure obligations. The proceedings concern alleged failures to disclose material information to the ASX regarding the value of Noumi's inventories in its Financial Report for the full year ended 30 June 2019 (FY19) and in its Financial Report for the half year ended 31 December 2019 (H1 FY20); and additionally regarding the value of Noumi's inventories, reported sales revenue, gross profit and profit before tax in its H1 FY20 Financial Report. ASIC is seeking declarations that, during the period from 29 August 2019 to 25 May 2020, Noumi contravened section 674(2) of the Corporations Act 2001, and orders for civil penalties and costs. On 24 May 2023, the court made orders for the progress of the proceedings. On 11 August 2023, Noumi filed its defence admitting, on a qualified basis, alleged breaches of its continuous disclosure obligations in connection with FY19 and H1 FY20 financial reports based on information that was known, or should have been known, by the former officers. The statement of claim does not detail the quantum of any penalties sought by ASIC and in light of amendments to the penalties framework under the Corporations Act 2001 there is an absence of any applicable decided cases on civil penalties by which the Company can estimate the quantum. Based on the information available at the date of this report, the Company cannot determine the quantum of any liability arising.

Class Actions

Two separate class action proceedings were commenced against the Company and its auditor at the time, Deloitte Touche Tohmatsu, alleging breaches of the Corporations Act 2001, the Australian Securities and Investments Commission Act and Australian Consumer Law. On 16 December 2021, the Company was served with a consolidated statement of claim following orders made by the Court that the two proceedings be consolidated and conducted as a single proceeding with Slater & Gordon and Phi Finney McDonald acting jointly as solicitors for the plaintiffs.

In November 2022, a group costs order was made by the Court permitting the legal costs payable to the class action law firms acting for the plaintiffs and group members to be paid as a percentage of any award or settlement that may be recovered, with that percentage fixed at 22% (inclusive). Based on information available at the date of this report, the Company cannot determine the likelihood and quantum of any liability arising.

Accordingly, no liability has been recognised in the consolidated financial statements for any compensation, penalties and/or costs for which the Group may be liable in either of these litigations, other than for legal costs incurred as at 30 June 2023.

For further details, refer to note 34 Capital commitments and contingent liabilities.

Divestments

The Group divested its non-core investment in AFMH on 23 August 2022 and used part of the funds for the US litigation settlement.

Except as disclosed above, no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

3.2 Business Strategy

As previously outlined, Noumi is pursuing a three-stage transformation strategy: Reset, Transform and Grow, which is designed to set the Company on a path to long-term profitable and sustainable growth.

The Group largely completed the Operational Reset phase and is now into the Grow phase for our Plant-based Milks business and is embedding the improvements being made in the Dairy and Nutritionals business during the Transform phase.

The Dairy and Nutritionals segment remains a significant focus of the board and executive team. In addition to the transformation work underway, focussed on production performance, margins need to be maintained or improved. The Australian dairy industry's lack of international competitiveness, arising from the ongoing dislocation of the Australian farmgate milk price from global prices creates the potential for rationalisation of the dairy processing industry.

The Plant-based Milks business strategy includes opportunities to grow sales both domestically and internationally. Following the launch of an improved Milklab Oat formula, driving penetration of Milklab Oat will be a major focus for the coming year. The Group currently generates 6.0% of its Plant-based Milks sales from export and plans to sharpen the focus on priority markets across South East Asia.

Directors' Report

3.3 Operating and financial review – continuing operations

Adjusted Operating EBITDA

Adjusted operating EBITDA is a non-IFRS measure as contemplated in ASIC Regulatory Guide 230 Disclosing non-IFRS financial information (RG230). Adjusted operating EBITDA excludes abnormal items, restructuring costs and other non-trading expenses. Adjusted operating EBITDA (pre-AASB16) is used by management and the Directors as the primary measure of assessing the financial performance of the Group and individual segments absent any legacy issues.

Set out below is a summary statement of profit or loss for the year ended 30 June 2023.

	Continuing Operations	
	30 June 2023 $'000	30 June 2022 $'000
Net sales	551,561	522,340
Adjusted Operating EBITDA (pre AASB 16)	**30,379**	**7,325**
Adjustment for rental expense	11,182	12,068
Adjusted Operating EBITDA (post AASB 16)	41,561	19,393
Onerous contracts provision	4,440	(4,683)
US litigation settlement related expenses	-	(55,621)
Restructuring expenses	(4,227)	(6,494)
Other litigation expenses	(1,384)	(1,327)
Fair value changes of assets held for sale	-	6,673
Reversal of FY20 debtor provision	-	1,128
Discount charge - limited recourse facility	-	(954)
Unrealised foreign exchange loss	(156)	(354)
Employee incentives	-	(547)
Other non-trading (income)/expenses	365	960
Adjusted EBITDA (after US litigation settlement related expenses)	40,599	(41,826)
Gain on remeasurement of leases	-	4,936
Share of associates profit	-	294
Depreciation and amortisation	(19,894)	(26,289)
Net finance costs	(19,893)	(17,449)
Fair value changes of convertible notes	(39,486)	9,461
Impairment of non-financial assets	(8,235)	(95,688)
Net loss before tax	(46,909)	(166,561)
Income tax benefit	4	5,466
Net loss after tax	(46,905)	(161,095)

Directors' Report

3.3.1 Commentary on specific items in the profit and loss account

Net sales increased by 5.6% year on year to $551.6m. Domestic net sales increased 16.7% year on year to $424.7m and export net sales decreased 20.0% year on year to $126.8m. Dairy and Nutritionals net sales increased 8.6% year on year to $389.2m largely due to price increases agreed with customers. Sales of lactoferrin products were higher following resolution of a pandemic-related interruption in sales momentum in FY22. Plant-based Milks net sales were $162.4m in FY23 compared to $164.0m in FY22. Excluding certain discontinued products, Plant-based Milks net sales increased by 10.5% compared to prior year.

Net losses after tax decreased from $161.1m to $46.9m. Current year net losses after tax reflect the impact of the fair value expense of $39.5m relating to the convertible notes and non-cash impairment of $8.2m relating to an item of plant and equipment. The fair value expense relating to the convertible notes increased from a $9.5m fair value gain in FY22 to a $39.5m fair value expense in FY23.

Adjusted Operating EBITDA (pre AASB 16) of $30.4m was higher than FY22 of $7.3m for reasons set out in section 3.4 of this Directors Report.

Impairment of non-financial assets of $8.2m was recognised during FY23 related to an item of a plant and equipment in Dairy and Nutritionals segment following the uncertainty associated with its use in the near future. No other impairment was recognised during FY23.

Depreciation and amortisation decreased by 24.3% from $26.3m to $19.9m. This variance is arising from reduced depreciation post impairment of non-financial assets recognised in FY22. The components of the depreciation charge are as follows:

Depreciation – buildings, plant and equipment: $15.3m (FY22: $20.0m)
Depreciation – AASB 16 related: $4.4m (FY22: $6.2m)
Amortisation – software: $0.2m (FY22: $0.1m)

Net finance costs increased by 14.4% from $17.4m to $19.9m because of an increase in borrowings arising from the drawdown of the revolver facility and higher interest rates. The breakdown of finance costs is as follows:

Interest – based on debt facilities: $10.6m (FY22: $7.0m)
Interest – AASB 16 related: $10.0m (FY22: $10.0m)
Transaction financing costs – convertible notes: $nil (FY22: $1.0m)
Interest income - $0.7m (FY22: $0.6m)

Fair value changes of convertible notes amounting to a net $39.5m resulted in a 16.8% an increase in the value of convertible notes from $253.1m (Tranche A: $227.3m and Tranche B: $25.8m) to $295.5m (Tranche A: $267.4m and Tranche B: $28.1m). This net change in fair value is recorded in profit or loss ($39.5m expense, an increase in fair value) and other comprehensive income ($2.9m expense, an increase in fair value) in accordance with the accounting standards but does not impact the redemption and conversion rights available to the investors under the terms of the convertible notes (refer to note 26 of the consolidated financial statements).

Since the Group has classified the convertible notes as fair value through profit or loss, capitalised interest of $27.9m for FY23 (FY22: $25.9m) is not recorded in profit and loss as interest expense although implied in the fair value approach. The face value of the convertible notes of $292.0m with capitalised interest to date of $53.8m equate to $345.8m which is fair valued at $295.5m on the balance sheet as at 30 June 2023.

Directors' Report

3.3.2 Segment performance of continuing operations

The Group measures its financial and operating performance by reference to the following segments:

- Dairy and Nutritionals - A range of Long-life dairy milk beverages, nutritional products and performance and adult nutritional powders. These products are manufactured in Australia and New Zealand and sold in Australia and overseas.
- Plant-based Milks - A range of Long-life beverage products including almond, oat, soy, coconut, macadamia and other plant-based milks and liquid stocks. These products are manufactured in Australia and sold in Australia and overseas.

Set out below is the segment performance for the **continuing operations** of the Group for the year ended 30 June 2023, together with a segment performance table for the year ended 30 June 2022.

Continuing Operations 30 June 2023	Dairy and Nutritionals $'000	Plant-based Milks $'000	Unallocated Shared Services $'000	Total Continuing Operations $'000
Revenue	389,204	162,357	-	551,561
Adjusted Operating EBITDA (pre AASB 16)	(471)	37,442	(6,592)	30,379
Adjustment for rental expense	4,585	6,597	-	11,182
Adjusted Operating EBITDA (post AASB 16)	4,114	44,039	(6,592)	41,561
Onerous contracts provision	4,440	-	-	4,440
Transformation expenses	(674)	(1,303)	(2,250)	(4,227)
Other litigation expenses	-	(60)	(1,324)	(1,384)
Unrealised foreign exchange loss	-	-	(156)	(156)
Other non-trading income	3	92	270	365
Adjusted EBITDA	7,883	42,768	(10,052)	40,599

Continuing Operations 30 June 2022	Dairy and Nutritionals $'000	Plant-based Milks $'000	Unallocated Shared Services $'000	Total Continuing Operations $'000
Revenue	358,331	164,009	-	522,340
Adjusted Operating EBITDA (pre AASB 16)	(20,626)	33,435	(5,484)	7,325
Adjustment for rental expense	5,126	6,942	-	12,068
Adjusted Operating EBITDA (post AASB 16)	(15,500)	40,377	(5,484)	19,393
Onerous contracts provision	(4,683)	-	-	(4,683)
Transformation expenses	-	-	(6,494)	(6,494)
US litigation settlement related expenses	-	(55,621)	-	(55,621)
Other litigation expenses	-	-	(1,327)	(1,327)
Fair value changes of asset held for sale	-	-	6,673	6,673
Reversal of FY20 debtor provision	-	-	1,128	1,128
Discounting charge - limited recourse facility	-	-	(954)	(954)
Unrealised foreign exchange gain	-	-	(354)	(354)
Employee incentives	-	-	(547)	(547)
Other non-trading income	-	-	960	960
Adjusted EBITDA (after US litigation settlement related expenses)	(20,183)	(15,244)	(6,399)	(41,826)

Directors' Report

3.4 Segment performance

Dairy and Nutritionals

12 Months to ('000)	June 2023	June 2022	Change $	Change %
Revenue	**389,204**	**358,331**	**30,873**	**8.6%**
Adjusted Operating EBITDA Pre AASB16	**(471)**	**(20,626)**	**20,155**	**97.7%**
Adjusted Operating EBITDA Pre AASB16 Margin %	(0.1%)	(5.8%)		
Adjusted Operating EBITDA Post AASB16	4,114	(15,500)	19,613	126.5%
Adjusted EBITDA	**7,883**	**(20,183)**	**28,065**	**139.1%**

The Dairy and Nutritionals business delivered an improved financial performance in FY23, with net revenue up 8.6% to $389.2m and the adjusted operating EBITDA loss reduced from $20.6m to $0.5m.

During the year, the Group was able to largely recover unprecedented industry-wide increases in farmgate milk costs through price rises agreed with customers. Some export markets have not been prepared to accept the price increases required to achieve positive margins and in response the Group chose to reduce unprofitable volumes. Accordingly, the Group has seen reduced volume and lower than expected margins in some export markets. Whilst Dairy and Nutritionals segment improved its financial performance in FY23, a lift in price to consumers is required to ensure long term sustainability for the industry.

In addition to improved retail pricing, the Group continued its operational and commercial improvement strategy and implemented a cost-reduction program. Together, these programs have streamlined support costs and driven improvements in yields and most key performance metrics.

Floods in regional Victoria caused some disruption to the Group's dairy operations in Shepparton in H1 FY23. While no material property losses were incurred, there was significant disruption to customer supply lines, site operations and supplier farms.

The Dairy and Nutritionals business delivered sales growth in all domestic channels, with retail sales up 17.8% and out-of home sales up 50.4%. Milklab Dairy sales rose 16.0%.

Nutritional Ingredients sales were up 26.2%, with sales of PUREnFERRIN® lactoferrin showing a growth of 15.1%. Sales of consumer nutritionals benefitted from the reopening of gyms post-COVID, improved pricing and effective marketing strategies, with sales of UPROTEIN powders and supplements up 40.3%, Crankt protein bars and shakes up 4.8% and Vital Strength protein powders up 10.2%.

Plant-based Milks

12 Months to ('000)	June 2023	June 2022	Change $	Change %
Revenue	**162,357**	**164,009**	**(1,652)**	**(1.0%)**
Adjusted Operating EBITDA Pre AASB16	**37,441**	**33,435**	**4,006**	**12.0%**
Adjusted Operating EBITDA Pre AASB16 Margin %	23.1%	20.4%		
Adjusted Operating EBITDA Post AASB16	44,039	40,377	3,662	9.1%
Adjusted EBITDA (after US litigation settlement related expenses)	**42,768**	**(15,244)**	**58,012**	**(n.m)**

Net revenue for the year reduced by 1.0% to $162.4m but revenue rose 10.5% excluding deliberately discontinued low-margin products, that were included in FY22, but have now largely been replaced with higher-margin sales of the Company's own brands.

Adjusted operating EBITDA rose 12.0% to $37.4m, with adjusted operating EBITDA margin rising from 20.4% to 23.1%. Importantly, the resolution of US litigation in February 2022 has removed all restrictions on sales of Milklab and nut-based milk in Australia and overseas.

Milklab continued its strong performance, with sales growth of 10.3% across domestic and international markets compared to FY22. The strong growth achieved reflects both the ongoing consumer demand for healthier lifestyle choices and Noumi's strategic investments in its market-leading brands and its out-of-home direct sales force, which has supplemented the Company's partnership with third-party distributors to promote its core brand Milklab.

Sales in the out-of-home channel grew by 4.7% compared to FY22 and in the South East Asian markets grew by 3.2%. In the fast-growing oat milk segment, Milklab Oat continued its strong performance, with sales up 22.4% in Asia export markets and up 93.0% domestically.

Directors' Report

3.5 Statement of financial position

Set out below is a summary balance sheet as at 30 June 2023 together with summary balance sheet as at 30 June 2022.

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Current assets	134,299	131,150
Assets held for sale	-	29,651
Non-current assets	243,647	259,327
Total assets	**377,946**	**420,128**
Current liabilities	(105,193)	(121,770)
Non-current liabilities	(476,296)	(447,369)
Total liabilities	**(581,489)**	**(569,139)**
Net liabilities	**(203,543)**	**(149,011)**
Share capital	598,712	598,712
Reserves	(57,767)	(50,140)
Accumulated losses	(744,488)	(697,583)
Total equity	**(203,543)**	**(149,011)**

3.5.1 Commentary on specific items in the statement of financial position

Cash and cash equivalents increased by $2.4m to $18.6m mainly arising from improved cash from operations.

Trade and other receivables decreased by 11.7% from $57.3m to $50.6m attributable to higher limited recourse debtor financing after changes in debtor finance facility limits and lower export sales.

Inventories increased by 1.9% from $53.0m to $54.0m reflecting increase in manufacturing costs.

Trade and other payables decreased by 12.5% from $68.0m to $59.5m due to timing of supplier payments amounting to $9.3m.

Financial assets at fair value through other comprehensive income decreased by 87.3% due to reassessment of fair value of investment in Shenzhen JiaLile Co. Limited at 30 June 2023. Accordingly, a fair value reduction of $4.7m is recorded in other comprehensive income.

Property, plant and equipment decreased by 11.5% from $183.3m to $162.2m, mainly representing depreciation ($15.3m) and impairment ($8.2m) partially offset by additions.

Right of use assets decreased by 12.5% from $63.2m to $55.3m, reflecting depreciation ($4.4m) and lease remeasurement ($8.8m) partially offset by additions.

Borrowings increased by 11.4% from $357.3m to $397.9m. Borrowings include fair value of convertible notes which increased by 16.8% from $253.1m to $295.5m. Further detail on cashflow and funding is provided in next section.

Net liabilities of $203.5m include unpaid portion of US litigation settlement liability of $19.0m and convertible note liability of $295.5m. The convertible notes will cease to be a liability in the event of the conversion of the notes into equity or upon repayment (refer to note 26 of the consolidated financial statements).

Shareholders' equity deficiency increased from $149.0m negative to $203.5m negative, reflecting primarily the loss incurred by the Group in FY23. The loss during the year includes the impact of fair value changes of convertible notes amounting to $39.5m.

Directors' Report

3.5.2 Commentary on cashflow and funding

	Consolidated	
	30 June 2023 $'000	30 June 2022 $'000
Cash flow from operations	**35,212**	**5,981**
Cash flow from operations including non-trading adjustments and financing costs	(30,904)	(46,840)
Cash flow from/(used in) operating activities	4,308	(40,859)
Cash flow from/(used in) investing activities	2,220	(3,928)
Cash flow (used in)/from financing activities	(4,178)	29,329
Net increase/(decrease) in cash and cash equivalents	2,350	(15,458)
Cash and cash equivalents at the beginning of the financial year	16,210	31,668
Cash and cash equivalents at the end of the financial year	**18,560**	**16,210**

	Continuing operations	
	30 June 2023 $'000	30 June 2022 $'000
Cash flow from operations	**35,212**	**3,580**
Cash flow from operations including non-trading adjustments and financing costs	(30,904)	(46,840)
Cash flow from/(used in) operating activities	4,308	(43,260)
Cash flow from/(used in) investing activities	2,220	(6,015)
Cash flow (used in)/from financing activities	(4,178)	29,329
Net increase/(decrease) in cash and cash equivalents	**2,350**	**(19,946)**

	Discontinued operations	
	30 June 2023 $'000	30 June 2022 $'000
Cash flow from operating activities	-	2,401
Cash flow from investing activities	-	2,087
Cash flow from financing activities	-	-
Net increase in cash and cash equivalents	**-**	**4,488**

Cash flow from continuing operations before financing and non-trading adjustments was $35.2m in the current year compared to $3.6m in the prior year.

Cash flow from investing activities were $8.2m higher primarily attributable to proceeds from disposal of the investment in AFMH partially offset by net investment in term deposit and payments for property, plant and equipment.

Cash flow from financing activities include repayment of borrowings ($12.6m) and leases ($2.5m) partially offset by drawdown from the revolver finance facility ($11.0m).

4. Dividends

There were no dividends declared for FY23 and FY22.

Directors' Report

5. Environmental, Social and Governance

The Group has developed a comprehensive Environmental, Social & Governance (ESG) strategy to improve its ESG performance, reporting and alignment with Company values. Noumi has developed its ESG plan to meet its aspirational goals and values. Noumi has met its FY23 targets for the Healthier Lifestyle (Labelling, Nutritional and Health Claims) and Healthier Workplace Pillar (Employee engagement and wellbeing). Our Healthier Planet target goals are tracking well with a key focus on sourcing renewable electricity in FY25.

Following APCO (Australian Packaging Covenant Organisation) Targets for 2025 have been completed in FY23 for MilkLab and Australia's Own:

- 100% packaging to be reusable, recyclable or compostable
- 70% of plastic packaging recycled or composted
- 50% average recycled content across all packaging
- Phase out problematic and unnecessary single-use plastic packaging

These strategic aspirations will continue to drive the ESG strategy and reporting going forward and enable the measurement and management of key ESG indicators such as carbon emissions, workforce diversity, and supply chain sustainability.

5.1 Environmental regulation

The Group's operations are subject to environmental regulation under the laws and regulations of the Commonwealth of Australia, and various Australian State and local regulatory bodies. The Group has complied with environmental laws, regulations, standards and other requirements such as site permits to operate or waste management with no material breaches in FY23.

5.2 Environment and Sustainability Statement

The Group is committed to making a distinctive and positive contribution to its communities and its operating environments. Sustainability is a business method that ensures safety, efficiency and responsibility in a manner that protects the Group's employees, communities, shareholders, and the environment, now and in the future. Daily operations align business performance with a commitment to environmental, social and community stewardship.

Some of the key targets for the business are set out below:

- 50% reduction in Scope 1 and Scope 2 emissions by 2030.
- 100% renewable electricity by 2025.
- 90% of farmers partnering on carbon reduction initiatives by 2030.
- 100% of all Noumi packaging APCO compliant (reusable, recyclable or compostable) by 2025.
- Zero Waste to landfill from operations by 2030.

Noumi is developing a roadmap for mandatory reporting in FY25 in relation to climate based financial disclosures as required by Australian Accounting Standards Board.

5.3 Quality and food safety

Quality and food safety is a critical foundation for the ongoing success of the Group. The Group strives to achieve high quality across the business through its products, services and people. Quality and food safety is intrinsic to the business philosophy and culture. The quality and safety of the products, as well as meeting the requirements of customers, are high priorities of the Group.

The Group has a range of certification and regulatory bodies independently auditing its sites based on standards including:

- State-based Food Authority audits and Export Registered Facilities audit via the Department of Agriculture, Fisheries and Forestry;
- Global Food Safety Initiative (GFSI) Standards such as Safe Quality Food (SQF) and British Retail Consortium (BRC);
- Hazard Analysis Critical Control Points (HACCP) Certification;
- Retailer and customer standards; and
- Product-specific standards, such as Australian Certified Organics

Certification requirements are continually reviewed for export markets. Noumi has a continuous improvement focus on quality processes and practices and continues to be in compliance with all food safety standards. The group has continued to improve in consumer complaints and first-time quality increasing to 93.8% across the 12 months of the reporting period.

Directors' Report

5.4 Safety

Statement of commitment

The Group is committed to providing a workplace that enables all work activities to be carried out safely. The Group achieved a significant reduction in its total recordable injuries from 15 in FY22 to 9 in FY23.

6. Risks

Approach

The Group considers risk management integral to the successful achievement of its mission, vision, and values. It is committed to protecting itself, its people, its customers, its suppliers, and the public while conducting its business activities. It recognises that effective risk management is critical for anticipating and managing situations or events that could prevent it from achieving its objectives.

Key to this is to ensure that the processes of risk identification, assessment and management are embedded in every aspect of the Group's businesses. The Risk and Compliance Committee has built on the comprehensive review in FY22 and continues to improve the operationalisation of risk following the reset of risk management practices in FY21 and FY22.

As an international beverage business with an integrated supply chain, Noumi faces various risks which could have a material impact on its future strategy and financial performance. The nature, likelihood, timing and potential impact of risks are not static and are impacted by the Company's ability to manage and mitigate these risks. We concentrate our risk planning on those risks relating to factors that management can measure and reasonably control with mitigation strategies if available. Noumi faces some material risks that cannot be mitigated by preventative strategies. In such instances the Company's approach is to recognise the risk and have action plans in place to respond effectively if or when the risk crystallises. Some risks may crystallise in ways which present opportunities to Noumi.

Measuring and Managing Risk

The Group's Risk Management Framework (RMF) aims to ensure that risk management is undertaken throughout the business and managed in a structured and systematic manner. The RMF describes the key elements that govern the Group's approach to managing risk and the strategy for managing its material risks. The RMF, together with the approved risk appetite, supporting policies and culture provide a consistent approach to managing risk to reasonably practicable levels which enables the achievement of the Group's strategy and business plans.

Risk appetite refers to the amount and type of risk that the Group considers reasonable to accept to achieve its objectives. It balances the benefits of change or innovation with the threats that the change may bring. It sets the boundaries for the risks that can be tolerated in the Group's activities and helps find the balance between risk taking and risk avoidance. Overall, the Group has a balanced approach to risk. Risk appetite is based on core values and aligned with strategic objectives.

Effective risk management is not purely about the avoidance of risk. Noumi's vision and strategic objectives require that risk is managed based on value. Noumi accepts that risk is commensurate with potential reward such as growth, transformation and innovation.

There are a number of material business risks that have the potential to impact the Group's ability to achieve its objectives. These risks are summarised below and are each accompanied by the details of how the Group responds to and manages the risk in each category.

Directors' Report

6. Risks (cont.)

Risk Type	Description of the risks	How risks are managed
Access to financial resources	The Group's business activities require access to equity and debt markets to finance its day to day working capital and invest in long term income producing assets. Access to these markets can change from time to time based on economic and financial markets conditions, geopolitical issues in the markets in which the Group operates in, the risk appetite of banks and other credit providers, the investment appetite of equity investors, and the view of the Group as a suitable party to extend credit to or invest in.	This Board and management are focused on delivering on Noumi's turnaround strategy in terms of earnings and financial management which will improve the Group's ability to obtain ongoing access to equity and debt markets to assist financing the Group's activities and to meet future needs. The Board has sought additional input from external advisors.
Changing consumer preferences in competitive markets	Consumer tastes and buying preferences in relation to the Group's products are constantly changing. These preference changes can be in response to a range of factors, including new products entering the market, environmental factors, health and nutritional advice, regulation, sales and marketing initiatives by the Group's competitors, and product price changes by the Group and its competitors. The capacity of the Group's competitors to introduce competing products with those of the Group is high. The Group can be at risk of its products being replaced in key channels by products produced by its competitors. Any reduction in the Group's product sales and market shares in each segment may impact its financial performance in the short, medium and long term.	The Group focuses on being a innovator in its chosen product and channel segments. This focus has, in recent years, seen the launch of products in existing and new segments. The Group seeks to maintain and grow market share by having consistently high-quality and consumer-relevant products. The Group strives to be at the forefront of changes in market trends at the consumer level and understanding the response from competitors to these changes. It uses consumer insights, research and data in its development of new products and optimising the existing portfolio. An updated new product development process has been implemented.
Commodity price risk	The Group has exposure to commodity price risk relating to the input costs for raw materials, packaging and utilities. In the Dairy and Nutritionals segment, the Group has risk regarding Australian farmgate milk price with the current dislocation from the global commodity price in dairy commodities.	The Group works with suppliers with longer-term agreements regarding pricing and supply. The tenure of these is designed to align to our domestic/international customer agreements. The Group works with customers to build and maintain relationships which enable it to manage the effect of higher domestic farm gate prices. The dislocation of the Australian farmgate milk price reduces the competitiveness of the export channel. The Group will opportunistically explore actions which improve it's profitability by partnering or via participating in industry consolidation trends as and when they arise.

Directors' Report

Risk Type	Description of the risks	How risks are managed
Impact of climate change and environmental risks	The Group is exposed to the short, medium, and long-term climate change and environment related risks. These risks include: • physical climate-related event risks, extreme weather events, increased volatility and change in weather patterns including drought, floods and bushfires; • restricted availability, use and pricing of water in manufacturing activities • the impact of climate change events on the supply and cost of milk and other agricultural products, • treatment and disposal of waste from manufacturing processes; and • increased energy costs, increased taxation and other environmental and climate related transactions costs as operating economics change and adapt to environmental and climate change impacts. These risks could adversely affect the Group's operations, business practices, financial performance and reputation if not adequately managed. Transitional risks (such as carbon economies) and regulatory changes in Australia and key markets may have a significant impact on Noumi's operating environment and strategy. The company recognises the potential of these changes to occur and have a high impact, however this is an emerging risk where we don't clearly perceive its full dimensions. The impact of the Australian Governments Global Methane Pledge to Noumi is not yet clear. There is uncertainty over the future carbon pricing mechanisms in important markets, and the extent to which this could be applied to agricultural product and supported by tariff barriers.	The Group has been proactive in its operational activities to reduce the impact on the environment through capital investment in chemical treatment and removal programs, factory site rooftop solar energy generation to replace electricity, and increasing efficiencies in production and reducing the amount of waste needing to be processed off site. Further projects are planned to increase the sustainability of the production sites. The Group developed a more comprehensive approach to sustainability and climate change strategy in 2022 and in 2023 launched our Healthier Tomorrow Plan. It also intends to include in its corporate disclosures climate and environment related risks and related financial impacts, in line with market practices. The climate change and environment strategy addresses a range of issues including emission reduction targets, benchmarks for business partnership agreements, and other initiatives.
Cultural	Among other things, poor corporate culture can lead to unethical practices, lack of trust, poor decision-making, increased employee turnover and reduced motivation	The Group's Board and management are continuing to focus on building a positive and inclusive culture. The remuneration structure is designed to align with business strategy and desired behaviours.
Biological risks	During the past few years there have been a number of issues regarding the bee varroa mite incursion into Australia as well as the heightened risk of Foot and Mouth Disease (FMD) and also Lumpy Skin Disease (LSD). With the recently introduced restrictions from Indonesia and Malaysian on importing cattle from Australia due to potential Lumpy Skin Disease infections. These risks can impact supply of the raw materials and may also impact Group's ability to sell due to restrictions, mainly in export markets.	The Group continues to work with suppliers and encourage the relevant government agencies to establish the highest standards of prevention and mitigation in respect of biological threats.

Directors' Report

Risk Type	Description of the risks	How risks are managed
Sustained disruption to operations resulting from external factors	External factors outside of the Group 's control, such as pandemics, disruption to supply chains, systemic utility failures or extreme weather events could materially impact the Group 's business.	The Group mitigates these risks by contingency planning as far as practicable, and its flexible model allows management to quickly take appropriate action to react to any such risks as they arise. The Group monitors the markets and geographic regions in which it distributes its products to assess the impacts of any disruptions.
Doing business in export markets	The Group is exposed to a range of risks doing business in international markets, particularly in China and Southeast Asian markets. Business practices and local laws and regulations differ greatly from country to country. There is also risk that changes in international circumstances or policies could impact Australian exporters, or more specifically, the Group's ability to operate in its key markets which may adversely affect the Group's business operations and financial performance. There are also personal risks to the Group's employees operating in or travelling to these countries that can include arbitrary detention, criminal or civil charges, or fines for alleged illegal business practices.	The Group seeks to manage these risks in a number or ways: • Employing experienced local personnel and working with long-established business partners and customers to assist, understand and navigate the local business environment in each market; • Ongoing monitoring for any adverse geopolitical, business and regulatory developments in each market; • Ensuring business decisions, business partnerships and other contractual arrangements do not place employees or the Group at risk; • Managing over reliance on one single customer or country by monitoring customer and country limits; and • Contracting with offshore buyers to take delivery of products within Australia as opposed to at the country of destination.
Quality and Food Safety	The Group supplies a range of food products for human consumption. As a result, the Group is inherently exposed to risks in the entire production chain from receipt of ingredients through to dispatch to the end consumer. Risks can include food safety, product or packaging quality and/or food integrity issues (including interference by third parties) that may result in injury or harm to consumers. In addition, any food quality or safety incidents may cause disruption to business activities, result in increased costs, lead to potential litigation, and damage the Group's reputation.	The Group has measures in place to manage and minimise food quality, packaging and safety risks using the latest technologies, including: • rigorous food safety and quality management systems, using the latest technologies, which are the subject of continuous review; • staff training and communication; • reputable third-party suppliers and partners; • compliance with food safety and standard laws and accreditation processes; and • established food safety incident and product recall policies and procedures (including trial runs).

Directors' Report

Risk Type	Description of the risks	How risks are managed
Legal action	Legal action arises from time to time in the normal business activities of the Group. Litigation can arise from commercial disputes between the Group and its business partners, suppliers, employees and other third parties, and government bodies for alleged or actual failures to adhere to government regulations. Litigation can, at times take a long time to emerge, such that reputational and other negative impacts can be experienced in the present in respect of issues that are not contemporary matters. Litigation is costly and consumes board and management time and resources. It creates reputational risk, brand damage and potential liabilities for the Group, its Directors and Officers, and employees.	The Group is conscious of the reputational and financial impacts that can arise from litigation and takes all practical measures to manage potential or actual legal disputes. This includes endeavouring to prevent disputes from escalating, ensuring advice is taken on matters to address a dispute, seeking to avoid the use of court processes and, where appropriate, having insurance in place to limit the financial impact. The Group actively manages the communication of disputes with the objective of minimising reputational impacts.
Manufacturing disruption	Production and sale of the Group's products rely on the continued operation of the Group's manufacturing facilities and consistent delivery of product volumes to meet the Group's contractual requirements and demand growth. Any material disruption to key parts of the manufacturing or supply chain process may result in a failure to meet contractual sales volumes, loss of sales and revenue, termination of contracts and business partnership agreements, litigation and reputation damage.	The Group seeks to manage these risks in a number or ways: • Employing experienced personnel; • Well-designed manufacturing plant and equipment; • Well-designed operating systems; and • Industry best practice in relation to maintenance and business continuity planning. Property and business interruption insurance is in place for operations.
Regulatory investigations and other action	The Group may be the subject of regulatory investigations that may result in an adverse impact on the Company and stakeholders. The outcomes of any such investigations can be litigation, civil or criminal prosecution and/or lead to fines, compensation, remediation expense and/or restrictions on the Group's ability to operate its businesses.	The Group seeks to manage all its risks to avoid adverse events that may lead to regulatory investigations and other actions. The Group's organisation structure includes specific operational teams focused on financial, quality, workplace health and safety and people and culture matters. The overall management of risk is governed by the Group's Risk Management Framework. The Risk and Compliance Committee has oversight of operation of the Risk Management Framework and the management of risk across the Group.
Technology and Security	This concerns the risk of a material cyber intrusion which could severely disrupt operations or otherwise compromise critical information. Noumi relies on internal resources and third party technology providers to support its IT operations. A cyber attack could disrupt operations and/or result in unauthorised exposure of personal and commercial data, potentially causing reputational damage.	The Group uses reputable providers of security services and regularly performs penetration testing. The group is increasing its cyber education and compliance testing to meet the changing cyber environment. The Group has a Crisis Manual with a Cyber Response Plan.
Insurance risk	Noumi maintains insurance coverage in respect of its business assets and operations. Some risks are not able to be insured at acceptable prices. Insurance coverage may not be sufficient and if there is an event causing loss, it may be that not all financial losses will be recovered.	Noumi structures its insurance program such that material risks closest to our customers and revenue are insured minimising the risk of unrecoverable financial loss arising from disruptions in the terminal end of the company's supply chain, where significant investment is concentrated from a cost of production perspective.

Directors' Report

7. Information on Directors

The Directors of Noumi in office at any time during the financial year and up to the date of this report together with information on their qualifications and experience are set out on pages 40 to 41. Directors interest in Noumi's shares and details of other directorship are set out below:

Name:	**Ms Genevieve Gregor**
Other current listed directorships:	None
Former listed directorships (last 3 years):	None
Interests in shares:	Indirect interest in 23,500 ordinary shares, 150,000 convertible notes and 7,291 listed options.
Name:	**Mr Tony M. Perich AM**
Other current listed directorships:	None
Former listed directorships (last 3 years):	None
Interests in shares:	Indirect interest in 145,556,000 ordinary shares and 126,142,300 convertible notes
Name:	**Mr Tim Bryan**
Other current listed directorships:	None
Former listed directorships (last 3 years):	None
Interests in shares:	Indirect interest in 54,126 ordinary shares and 25,000 convertible notes
Name:	**Ms Jane McKellar**
Other current listed directorships:	GWA Group Limited, McPhersons Limited and NRMA.
Former listed directorships (last 3 years):	None
Interests in shares:	Direct interest in 1,605 ordinary shares and 74,910 convertible notes.
Name:	**Mr Stuart Black AM**
Other current listed directorships:	Australian Agricultural Company Limited
Former listed directorships (last 3 years):	Palla Pharma Limited (appointed in 2016 and resigned in 2021)
Interests in shares:	Indirect interest in 25,000 convertible notes

Notes:
'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.
'Former directorships (last three years)' quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

8. Company secretary

Mr Justin Coss was appointed Group General Counsel and Company Secretary on 23 November 2020 and continues to perform that role.

Directors' Report

9. Meetings of Directors

The number of meetings of the Company's Board of Directors ('Board') and of each Board committee held during the year ended 30 June 2023 and the number of meetings attended by each Director were:

	Board		Finance and Audit Committee		Risk and Compliance Committee		People & Culture Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Genevieve Gregor	10	10	6	6	4	4	2	2
Tony Perich[1]	7	10	2	-	3	4	-	-
Jane McKellar	10	10	6	6	4	4	2	2
Tim Bryan	10	10	5	6	3	4	2	2
Stuart Black[2]	10	10	6	6	4	4	2	-

Held: represents the number of meetings held during the time the Director held office.

Notes:
[1] Tony Perich attended two Finance and Audit Committee meetings as an observer.
[2] Stuart Black attended two People and Culture Committee meetings as an observer.

10. Remuneration Report (Audited)

Overview

This remuneration report for the year ended 30 June 2023 details the remuneration arrangements of the Key Management Personnel (KMP) of the Company in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company. In the interests of investors and stakeholders, this Remuneration Report sets out the design for the Company's Executive KMP remuneration framework and governance in alignment with the Convertible Note arrangement and in support of stakeholder value creation.

This remuneration report is presented under the following sections:

- 10.1 Key Management Personnel (KMP) in this Report
- 10.2 KMP Remuneration Framework and Governance
- 10.3 KPIs and Balanced Scorecard – the Link Between Company Performance and Executive KMP Remuneration
- 10.4 Executive KMP Remuneration and STIP and LTIP outcomes
- 10.5 Executive KMP Remuneration Tables
- 10.6 Contractual Arrangements with Executive KMP at 30 June 2023
- 10.7 Non-executive Director Remuneration

10.1 Key Management Personnel (KMP) in this Report

The following persons acted as Directors and KMP of the Company during or since the beginning of FY23:

Name	Position	Period as KMP
Executive KMP		
Michael Perich	Chief Executive Officer	Full Year
Peter Myers	Chief Financial Officer	Full Year
Stuart Muir	Chief Operations Officer	Full Year
Non-executive Directors		
Genevieve Gregor	Chair and Independent Non-executive Director	Full Year
Tony Perich AM	Deputy Chair and Non-executive Director	Full Year
Jane McKellar	Independent Non-executive Director	Full Year
Timothy Bryan	Non-executive Director	Full Year
Stuart Black AM	Independent Non-executive Director	Full Year

Directors' Report

10.2 KMP Remuneration Framework and Governance

The People and Culture Committee Charter states that:

The People and Culture Committee makes recommendations to the Board, in line with the Board Charter, to ensure that the Company has effective remuneration policies and practices in order to attract and retain high calibre Directors, the CEO and KMPs for the Company.

Remuneration Principles

The Company remuneration strategy is designed to attract, engage, and retain talented people by aligning market competitive remuneration with sustainable business performance.

The People & Culture Committee reviews the performance measures, remuneration framework and associated guiding principles once per annum, or more frequently if required for a specific purpose.

The objectives are to have a remuneration framework that:

- Aligns with shareholder/stakeholder value creation;
- Aligns with strategy and goal achievement;
- Is clear and fit for purpose;
- Attracts, retains, and motivates talented executives;
- Is always subject to Board discretion and approval in the interests of strong governance.

Engagement of Independent Remuneration Advisors to the Board

During FY23, no independent remuneration advisors were engaged. The Company continues to operate under the remuneration framework outlined in its FY22 Annual Report. The remuneration framework was endorsed by shareholders at the Annual General Meeting (AGM) on 18 November 2021 and the framework has not been changed since this endorsement as it is still believed to be fit for purpose.

KMP Remuneration Framework and Executive Incentive Structure

The following table illustrates the structure of the Company's executive remuneration arrangements for the year ended 30 June 2023:

	OBJECTIVE			
	Attract and retain high calibre employees	Motivate and reward outstanding performance		Align to Shareholder returns
REMUNERATION COMPONENT	Total Fixed Remuneration	At risk remuneration		
			Short-term incentive plan (STIP)	Long-term incentive plan (LTIP)
Mechanism	Base salary, superannuation and any 'packaged' benefits including FBT grossed up on a Total Employment Cost (TEC) basis	Cash or equity	Assessed against operational and financial metrics	Assessed against value creation
Purpose	Reward for role size and complexity and external and internal relativities	Reward for contribution to achievement of business outcomes and individual KPIs	Reward for contribution to achievement of business outcomes and individual KPIs	Aligns remuneration of the Company's senior executives with the long-term strategic goals of the company, as well as retention
Link to Performance	No link to Company performance although reviewed annually with consideration given to the performance of the Company and business unit in the remuneration review	Incentive is calculated with a balance across financial, non financial and individual performance metrics	Linked to achievement of the Company's short-term goals as mentioned in STIP rules	Linked to achievement of the Company's long-term goals as mentioned in LTIP rules

Directors' Report

The executive incentive framework was reviewed in FY23 and remains unchanged.

The executive incentive framework establishes the link between executive KMP incentives with the Company's business plans and objectives. It provides discrete performance measures for the STIP and LTIP in line with market practice. This framework ensures short-term performance is assessed against operational and financial metrics and long-term performance is assessed against value creation.

The structure of the STIP and LTIP is targeted as follows:

Features	Description
Performance metrics	The performance metrics align with the strategic priorities at both a Company and business unit level. Performance hurdles for the STIP and LTIP are set at the commencement of Year 1 of each performance period. The STIP and LTIP are subject to discrete sets of performance metrics. Any award which does not vest lapses immediately and is not retested. Performance would be measured once over a one-year performance period for the STIP and LTIP. The general performance metrics for the KMP is that the performance would ordinarily be weighted across safety, quality, financial, operational and cultural metrics to create a balanced scorecard approach to assess remuneration.
Delivery of STIP and LTIP	STIP is paid in cash generally in the next financial year except CFO whose 50% STIP is deferred by 12 months. LTIP can be awarded in cash and/or an equity instrument. A vesting period of a maximum of three years ("service period") applies to the LTIP and is subject to standard terms.
Board discretion	The Board has discretion to adjust remuneration outcomes up or down to appropriately align outcomes.

KMP Remuneration Mix

Position	Fixed Remuneration (FR) - at target	Short Term Incentive Plan (STIP) – at target	Long Term Incentive Plan (LTIP) – at target
Chief Executive Officer	50%	25% of Potential (50% of Fixed Remuneration)	25% of Potential (50% of Fixed Remuneration)
Chief Financial Officer	50%	30% of Potential (60% of Fixed Remuneration)	20% of Potential (40% of Fixed Remuneration)
Chief Operating Officer	62%	19% of Potential (30% of Fixed Remuneration)	19% of Potential (30% of Fixed Remuneration)

In all cases the remuneration payable at target equals the maximum remuneration payable. No minimum Incentive provision applies.

This framework remains in place for FY24 without change. The Board has decided to issue an equity instrument to complement the cash based Long Term Incentive Plan payments and this will be implemented in FY24 in support of stakeholder value creation.

Governance

Board discretion is exercised for performance-based awards, and the objectives are for:

- Any STIP or LTIP payment to be approved by the Board and subject to audited accounts.
- Both STIP and LTIP may be subject to malus and/or clawback in cases of employee misconduct including but not limited to fraud; gross misconduct; and solicitation of employee and/or customer for 12 months following termination. In addition, the LTIP may only be paid if the executive remains employed by the business and is not under notice, usually three years after the LTIP is initially granted.

Directors' Report

10.3 KPIs and Balanced Scorecard – the Link Between Company Performance and Executive KMP Remuneration

STIP and LTIP performance measures are designed to support stakeholder value creation and to drive the Company's financial, operational and cultural transformation in the short, medium and long term.

The design for the Executive KMP STIP and LTIP enables an arrangement where metrics would not be replicated between short-term and long-term incentives to avoid the potential for "double dipping" on performance outcomes. The objective is for each metric to be assessed individually, with threshold, target, and stretch outcomes paid on each line item in the scorecard and subject to the achievement of minimum gateways. The Company has adopted the balanced scorecard framework to set performance targets and measure performance, with KPIs adopted across the following metrics:

- Financial (50% of target): Includes cash conversion, EBITDA, NPAT and return on assets.
- Non-Financial (50% of target): Includes safety and quality targets, customer service and employee engagement.

Independence

The Board is satisfied that any recommendations on the remuneration framework as adopted by the People and Culture Committee and the Board in FY23 and as carried through to FY24 were made free from undue influence from any member of the KMP to whom the recommendations related.

Performance

For the period up to 30 June 2023, KMPs received fixed annual remuneration and variable performance-based remuneration in the form of cash linked to key milestones achieved by the business. These key milestones included variable remuneration awards to KMP who have contributed significant effort and expertise to the performance of the organisation during challenging conditions for the Company. The tables below provide the notations regarding any such Executive KMP awards.

The earnings of the Company for the five years to 30 June 2023 are summarised below:

	2023 $'000	2022[1] $'000	2021[1] $'000	2020 restated $'000	2019 restated $'000
Net sales revenue	551,561	522,340	547,294	516,651	461,768
Adjusted Operating EBITDA[2]	30,379	7,325	22,541	(53,988)	(88,482)
Loss after income tax	(46,905)	(160,742)	(38,634)	(136,361)	(145,827)

Notes:
[1] Earnings from continuing operations.
[2] Adjusted for non-trading and non-recurring items (including restructuring costs, product recall claim and unrealised foreign exchange loss), pre AASB 16. It is a non-IFRS measure as contemplated in ASIC Regulatory Guide 230 Disclosing non-IFRS financial information (RG230). Operating EBITDA is a term defined in the offer letters to employees which is used by management and Directors as a key measure of assessing the financial performance of the Company and individual segments. The Operating EBITDA is equivalent to the Adjusted Operating EBITDA as set out in the Directors' report excluding AASB16 adjustments i.e. Adjusted Operating EBITDA (pre-AASB16).

Directors' Report

10.4 Executive KMP Remuneration and STIP and LTIP outcomes

In assessing the KMP, a review of the roles performed by KMP is undertaken by the People and Culture Committee and Board. This review takes into consideration KMP ability to plan, direct and control the principle activities of the Company.

The statutory disclosures required by the Corporations Act 2001, as amended, and its regulations are set out below.

The tables below set out the total cash value of remuneration realised for the KMP and provide shareholders with details of the amount received/receivable during the year. These earnings include cash salary, and where applicable, other benefits, Directors' fees, bonus, superannuation and the value of shares issued to, or acquired on behalf of KMP following the vesting and exercise of options during the financial year.

10.5 Executive KMP Remuneration Tables

Statutory disclosures are as follows:

	Short Term Benefits			Post-employment benefits	Long Term Benefits	Long Term incentives		
Executive KMP FY2023	Salary $	Leave benefits $	Short Term Incentives $	Super-annuation $	Long Service Leave $	Cash (paid in 3 yrs) $	Total $	Performance related proportion (variable) %
Key Management Personnel:								
Michael Perich[1]	743,343	8,024	-	25,292	-	-	776,659	-
Peter Myers[2,3,4]	550,054	34,717	165,826	25,292	-	42,115	818,004	25
Stuart Muir[2,4,5]	433,369	5,110	138,678	25,292	-	62,043	664,492	30
	1,726,766	47,851	304,504	75,876	-	104,158	2,259,155	

Notes:
[1] While CEO performance and accountability remains aligned with the business performance metrics of the Company, the Chief Executive Officer, Michael Perich, elected not to participate in the STIP and LTIP in FY22 and FY23.
[2] STIP and LTIP amounts for FY23 were awarded at Board discretion having regard to improved financial and operational performance.
[3] The STIP amount awarded to Peter Myers was $331,652, representing a 100% payout post confirmation of audited accounts. The STIP is subject to a 1-year service period being met and hence an amount of $165,826 being the component attributable to FY23 service is recorded.
[4] In FY23, the LTIP amounts awarded to Peter Myers and Stuart Muir are: $168,458 and $110,942 respectively, representing a 80% payout post confirmation of audited accounts. The LTIP is subject to the 3-year service period being met and hence amounts of $42,115 and $27,735 being the component attributable to FY23 service are recorded.
[5] In FY22, the LTIP amount awarded to Stuart Muir was: $137,230, representing a 100% payout post confirmation of audited accounts. The LTIP was subject to the 3-year service period being met and hence an amount of $34,308 being the component attributable to FY23 service is recorded.

No share options were awarded or exercised in the period, however, the introduction of an equity instrument for Long Term Incentive Plan payments to complement the cash based Long Term Incentive Plan will be implemented in FY24 in support of stakeholder value creation.

Directors' Report

10.5 Executive KMP Remuneration Tables (cont.)

Executive KMP FY2022	Short Term Benefits: Salary $	Short Term Benefits: Other benefits $	Short Term Benefits: Short Term Incentives $	Post-employment benefits: Super-annuation $	Long Term Benefits: Long Service Leave $	Long Term incentives: Cash (paid in 3 yrs) $	Total $	Performance related proportion (variable) %
Key Management Personnel:								
Michael Perich[1]	739,584	-	-	23,568	-	-	763,152	-
Josée Lemoine[2,3]	555,962	-	-	23,568	-	(45,000)	534,530	-
Peter Myers	116,084	-	-	5,892	-	-	121,976	-
Stuart Muir[4]	452,239	-	-	23,568	-	34,308	510,115	20
	1,863,869	-	-	76,596	-	(10,692)	1,929,773	

Notes:
[1] While CEO performance and accountability remains aligned with the business performance metrics of the Company, the Chief Executive Officer, Michael Perich, elected not to participate in the STIP and LTIP in FY21 and FY22. Michael Perich has again elected not to participate in the STIP and LTIP scheme for FY23.
[2] Eligible termination payments.
[3] The LTIP amount awarded to Josée Lemoine in FY21 lapsed during FY22 as the condition for 3-year service period was not met.
[4] LTIP amounts for FY22 were awarded at Board discretion given market challenges relating to COVID-19, as well as supply chain and inflationary pressures caused by global economic conditions. Significant progress was made but was somewhat diluted by these external challenges and therefore, the Board endorses discretionary award of LTIP under the plan rules for FY22 in the interests of retaining Executive KMP talent. The LTIP amount awarded to Stuart Muir is: $137,230 LTIP (present value of $120,413), representing a 100% payout post confirmation of audited accounts. The LTIP is subject to the 3-year service period being met and hence an amount of $34,308 being the component attributable to FY22 service is recorded.

FY24 Share Options Plan

Directors have decided that it remains appropriate to continue to satisfy any FY23 LTIP entitlements in cash (noting that less than 100% of LTIP entitlements will be awarded in respect of FY23) because of the uncertainties that may impact the value of the Company's Ordinary Shares that are beyond management's control, including any consequences of the ASIC proceedings, the Class Action proceedings, and the repayment or conversion options available to Convertible Noteholders which may impact the value of Ordinary Shares.

Since a cash only based LTIP means there is no direct link between performance and equity and Convertible Noteholder returns, Directors have decided that this should be addressed by a grant of share options. This will provide the KMP with a direct alignment between improving Company performance and share price.

The vesting conditions are linked to continued service of the participant for three years. It is intended that the options will be issued with an exercise price 45% higher than the share price at the time of grant, so the options will only provide a benefit to the recipients if the Company's share price increases significantly above the share price at the time of the grant. Accordingly, no performance hurdles are proposed.

Directors have made no decision as to whether further grants will be made.

The proposed issuance of options to the CEO, Mr Michael Perich, is subject to Shareholder approval, which will be sought at the Company's 2023 Annual General Meeting. Apart from the Shareholder approval, the proposed grant to Mr Perich will be on the same terms as the options proposed to be granted to other KMP.

The options (other than those subject to Shareholder approval) are proposed to be granted on or around the 9th September 2023.

Directors' Report

In addition to the grant of options to KMP, the Board has decided to grant a further 5.2m options to four other senior executives on identical terms to those options to be granted to KMP.

The non-cash expense to be recorded in the Company's accounts will depend on the Company's share price on the day of the grant as well as, the associated change in other assumptions in the fair value of the options on the day of the grant. The fair value of the options for this purpose will be independently valued and reported in the FY24 Remuneration report. The proposal is to grant to KMP 7.0m share options of which 3.2m share options is proposed to be granted to Mr Michael Perich. The indicative fair value of share options issued to KMP (to be recognised over a 3-year period) of $386,000 ($129,000 per annum) has been estimated using the black scholes option pricing model assuming a share price of 12 cents per share, exercise price of 17 cents per share, and volatility of 80%. The above fair value is indicative, and the actual assumptions may vary based on market conditions at the grant date or in the case of Mr Michael Perich at the time the shareholder approval is obtained.

Executive KMP shareholdings

The number of shares in the Company held during the financial year by each Executive KMP of the Company, including their related parties, is set out below:

	Balance at the start of the year	Received on exercise of options	Dividend reinvestment plan	Other changes	Balance at the end of the year
Number of ordinary shares					
Michael Perich[1]	145,556,000	-	-	-	145,556,000
Stuart Muir	194,117	-	-	-	194,117
	145,750,117	-	-	-	145,750,117

Notes:
[1] Michael Perich is a Director of Arrovest Pty Limited, an entity holding a direct interest in the Company

	Balance at the start of the year	Notes acquired	Notes converted	Other changes	Balance at the end of the year
Number of convertible notes[1]					
Michael Perich[2]	126,142,300	-	-	-	126,142,300
	126,142,300	-	-	-	126,142,300

Notes:
[1] Refer to note 26 of the consolidated financial statements.
[2] Michael Perich is a Director of Arrovest Pty Limited, an entity holding a direct interest in the Company.

Directors' Report

10.6 Contractual Arrangements with Executive KMP at 30 June 2023

Component	CEO Description	CFO Description	COO Description
Fixed remuneration	$768,635	$575,346	$458,661
Contract type	Executive Service Agreement	Ongoing Executive Service Agreement	Ongoing Executive Service Agreement
Notice by individual / company	12 weeks	12 weeks	12 weeks
Termination of employment (without cause)	CEO has elected not to participate in the Executive KMP Incentive scheme for FY21, FY22 and FY23. Should the CEO participate in future financial years: In order to be entitled to incentives, the KMP must be employed, and not serving a period of notice, when the payment is due and paid. The incentives will not be paid on a pro rata basis. The Board has the sole discretion to vary the terms of the incentive plans.	In order to be entitled to incentives, the KMP must be employed, and not serving a period of notice, when the payment is due and paid. The incentives will not be paid on a pro rata basis. The Board has the sole discretion to vary the terms of the incentive plans.	In order to be entitled to incentives, the KMP must be employed, and not serving a period of notice, when the payment is due and paid. The incentives will not be paid on a pro rata basis. The Board has the sole discretion to vary the terms of the incentive plans.
Termination of employment (with cause or by the individual)	CEO has elected not to participate in the Executive KMP Incentive scheme for FY21, FY22 and FY23. Should the CEO participate in future financial years: No incentive payment will be paid if, on the due date for payment, the Executive's employment has ended or the Executive has given or has been given notice of termination of employment. The Executive is not entitled to any pro rata payment under an incentive scheme if the Executive's employment terminates for any reason. All payments under the Incentive Plans are subject to malus and/ or clawback, as determined by the Company in its sole discretion, in cases of employee misconduct.	No incentive payment will be paid if, on the due date for payment, the Executive's employment has ended or the Executive has given or has been given notice of termination of employment. The Executive is not entitled to any pro rata payment under an incentive scheme if the Executive's employment terminates for any reason. All payments under the Incentive Plans are subject to malus and/or clawback, as determined by the Company in its sole discretion, in cases of employee misconduct.	No incentive payment will be paid if, on the due date for payment, the Executive's employment has ended or the Executive has given or has been given notice of termination of employment. The Executive is not entitled to any pro rata payment under an incentive scheme if the Executive's employment terminates for any reason. All payments under the Incentive Plans are subject to malus and/or clawback, as determined by the Company in its sole discretion, in cases of employee misconduct.

Directors' Report

10.7 Non-executive Director Remuneration

The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at an Annual or Extraordinary General Meeting. Total fees for all Non-executive Directors, last voted upon by shareholders at the 2019 AGM was not to exceed $1,050,000 in total. To align Director interests with shareholder/stakeholder interests, the Directors are encouraged to hold shares in the Company.

Non-executive Directors do not receive performance-related remuneration. Directors' fees cover all typical Board activities including Committee Fees. Other than contributions towards superannuation funds, there are no termination or retirement benefits available to Non-executive Directors. From time to time, the Board may deem it appropriate for Non-executive Directors to receive Company securities or exertion payments as consideration for work performed over-and-above the typical duties of a Director. From time to time, the Board may deem it be acceptable for past Directors to be engaged and paid as consultants to assist the Company.

	Short Term Benefits			Post-employment benefits	
Non-Executive Directors FY23	Director's Fees $	Committee Chair Fee $	Short Term Incentives $	Superannuation $	Total $
Genevieve Gregor	226,245	-	-	23,755	250,000
Tony Perich AM	158,372	-	-	16,628	175,000
Jane McKellar	126,697	9,091	-	14,258	150,046
Tim Bryan	126,697	9,091	-	14,258	150,046
Stuart Black AM	126,697	9,091	-	14,258	150,046
	764,708	27,273	-	83,157	875,138

	Short Term Benefits			Post-employment benefits	
Non-Executive Directors FY22	Director's Fees $	Committee Chair Fee $	Short Term Incentives $	Superannuation $	Total $
Genevieve Gregor	227,273	-	-	22,727	250,000
Tony Perich AM	159,091	-	-	15,909	175,000
Jane McKellar	127,273	9,091	-	13,636	150,000
Tim Bryan	127,273	9,091	-	13,636	150,000
Stuart Black AM	127,273	9,091	-	13,636	150,000
	768,183	27,273	-	79,544	875,000

Directors' Report

10.7 Non-executive Director Remuneration (cont.)

FY24 Share Options Plan

Having regard to ongoing additional contributions required by Non-executive Directors in respect of the turnaround of the Company, which requires Directors to contribute disproportionately compared to typical circumstances, including in relation to certain historical issues (including the ASIC and Class Action proceedings), and in the interest of preserving cash, the Board considers it appropriate to recognise this contribution with an exertion payment in the form of a grant of share options.

In accordance with the ASX Listing Rules, the issue of options to the Non-executive Directors will be subject to shareholder approval at the Company's 2023 Annual General Meeting but is otherwise proposed to be issued on the same terms as the options proposed to be granted to KMP. The options will be issued with an exercise price 45% higher than the share price at the time of the grant of the KMP options and will only provide a benefit to the recipients if the Company's share price increases significantly over the share price at the time of the KMP grant.

The Directors believe that structuring the benefit as share options will assist the alignment of the Directors remuneration with Company performance and share price.

Consistent with recommendation 8.2 of the ASX Corporate Governance Principles (4th Edition), the options will not be subject to any performance hurdles, with vesting condition linked to continued service of the Directors for three years.

The non-cash expense to be recorded in the Company's accounts for the share options to be granted to Non-executive Directors (subject to shareholder approval) will depend on the Company's share price at the time shareholder approval is obtained as well as, the associated change in other assumptions in the fair value of the options on the day of the grant. The fair value of the options will be independently valued and reported in the FY24 Remuneration report. The proposal is to grant to Non-executive Directors a total of 3.7m share options. The indicative fair value of share options issued to Non-executive Directors (to be recognised over a 3-year period) of $202,000 ($67,000 per annum) has been estimated using the black scholes option pricing model assuming a share price of 12 cents per share, exercise price of 17 cents per share, and volatility of 80%. The above fair value is indicative, and the actual assumptions may vary based on market conditions at the time the shareholder approval is obtained.

Non-executive Director shareholdings

The number of shares in the Company held during the financial year by each Non-executive Director of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Received on exercise of options	Dividend reinvestment plan	Other changes during the year	Balance at the end of the year
Number of ordinary shares					
Tony M. Perich AM[1]	145,556,000	-	-	-	145,556,000
Genevieve Gregor	23,500	-	-	-	23,500
Jane McKellar	1,605	-	-	-	1,605
Tim Bryan	54,126	-	-	-	54,126
	145,635,231	-	-	-	145,635,231

Notes:
[1] Tony M. Perich is Director of Arrovest Pty Limited, an entity holding direct interest in the Company.

Directors' Report

	Balance at the start of the year	Notes acquired	Notes converted	Other changes during the year	Balance at the end of the year
Number of convertible notes[1]					
Tony M. Perich AM[2]	126,142,300	-	-	-	126,142,300
Genevieve Gregor	150,000	-	-	-	150,000
Jane McKellar	74,910	-	-	-	74,910
Tim Bryan	25,000	-	-	-	25,000
Stuart Black AM	25,000	-	-	-	25,000
	126,417,210	-	-	-	126,417,210

Notes:
[1] Refer to note 26 of the consolidated financial statements.
[2] Tony M. Perich is Director of Arrovest Pty Limited, an entity holding direct interest in the Company..

	Balance at the start of the year	Options acquired	Options exercised	Other changes during the year	Balance at the end of the year
Number of listed options					
Genevieve Gregor	7,291	-	-	-	7,291
	7,291	-	-	-	7,291

This completes the audited remuneration report.

Directors' Report

11. Indemnity and insurance of Officers

Under the Company's Constitution, to the maximum extent permitted by law, the Company indemnifies the Officers and former Officers of the Company against all losses, liabilities, costs, charges and expenses incurred by the Officer in the execution of the officer's duties as an Officer of the Company.

The Company has entered a Deed of Access and Indemnity with each of its Directors and Officers (each an Officer). This Deed:

- indemnifies the Officer to the maximum extent permitted by law against liabilities incurred by the Officer arising from the person's position as an Officer of the Company;
- requires the Company to maintain, and pay the premium for, a D&O insurance policy in respect of the Officer; and
- provides the Officer access to books of the Company for a purpose permitted by the Deed.

During the financial year, the Group paid premiums to insure each of the Officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of an Officer of the Group. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during the financial year, in respect of any person who is or has been an Officer of the Company, indemnified or agreed to indemnify that person in respect of any liability described in section 199A(2) or (3) of the Corporations Act 2001.

12. Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

13. Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

14. Non-audit services

No amounts were paid or are payable to the auditor for non-audit services provided during the financial year (refer note 42 to the consolidated financial statements).

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 43 to the consolidated financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by The Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

15. Rounding of amounts

The Group is of a kind referred to in Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and in accordance with that Corporations Instrument amounts in the Directors' Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

16. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 75. This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Genevieve Gregor | Chair
29 August 2023, Sydney

Auditor's Independence Declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Noumi Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Noumi Limited for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Julie Cleary
Partner
Sydney
29 August 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

	Notes	Consolidated 2023 $'000	2022 $'000
Revenue from sale of goods	4	551,561	522,340
Cost of sales		(416,793)	(423,922)
Gross profit		134,768	98,418
Other income	5	1,166	22,754
Other expense	5	(41,781)	(4,683)
Selling and marketing expenses		(26,145)	(27,536)
Distribution expenses		(49,033)	(45,891)
Product development expenses		(2,073)	(2,038)
Administrative expenses	6	(35,711)	(38,861)
Net finance costs	6	(19,893)	(17,449)
Impairment of non-financial assets	6	(8,235)	(95,688)
US litigation settlement related expenses		-	(55,621)
Expected credit losses	10	28	(260)
Share of profits of associates accounted for using the equity method		-	294
Loss before income tax benefit from continuing operations		(46,909)	(166,561)
Income tax benefit	7	4	5,466
Loss after income tax benefit from continuing operations		(46,905)	(161,095)
Profit after income tax expense from discontinued operations		-	353
Loss after income tax benefit for the year attributable to the owners of Noumi Limited		(46,905)	(160,742)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Fair value changes of convertible notes	26, 32	(2,932)	15,509
Income tax on fair value changes of convertible notes	7, 29	-	(4,653)
Fair value changes of a financial asset at fair value through other comprehensive income	13, 32	(4,702)	-
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	32	7	(618)
Other comprehensive income for the year, net of tax		(7,627)	10,238
Total comprehensive income for the year attributable to the owners of Noumi Limited		(54,532)	(150,504)
Total comprehensive income for the year is attributable to:			
Continuing operations		(54,532)	(150,857)
Discontinued operations		-	353
		(54,532)	(150,504)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

	Notes	2023 Cents	2022 Cents
Earnings per share for loss from continuing operations attributable to the owners of Noumi Limited			
Basic earnings per share	8	(16.93)	(58.13)
Diluted earnings per share	8	(16.93)	(58.13)
Earnings per share for profit from discontinued operations attributable to the owners of Noumi Limited			
Basic earnings per share	8	-	0.13
Diluted earnings per share	8	-	0.13
Earnings per share for loss attributable to the owners of Noumi Limited			
Basic earnings per share	8	(16.93)	(58.00)
Diluted earnings per share	8	(16.93)	(58.00)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	Consolidated 2023 $'000	2022 $'000
Assets			
Current assets			
Cash and cash equivalents	9	18,560	16,210
Trade and other receivables	10	50,595	57,284
Inventories	11	54,036	53,026
Derivative financial instruments		-	1,342
Prepayments		3,983	3,288
Other financial assets	17	7,125	-
		134,299	131,150
Assets classified as held for sale	12	-	29,651
Total current assets		134,299	160,801
Non-current assets			
Financial assets at fair value through other comprehensive income	13	743	5,857
Property, plant and equipment	14	162,183	183,286
Right of use assets	15	55,341	63,218
Intangibles	16	6,477	6,647
Prepayments		238	319
Other financial assets	17	18,665	-
Total non-current assets		243,647	259,327
Total assets		377,946	420,128
Liabilities			
Current liabilities			
Trade and other payables	18	59,534	67,994
Payable to related parties	18	996	2,554
Lease liabilities	19	3,737	1,243
Bank borrowings	20	24,524	24,743
Income tax payable		3,248	3,248
Employee benefit obligations	21	5,841	6,105
Provisions	22	526	9,351
Other financial liabilities	23	6,787	6,532
Total current liabilities		105,193	121,770
Non-current liabilities			
Lease liabilities	24	89,359	96,501
Bank borrowings	25	77,901	79,462
Convertible notes	26	295,478	253,060
Employee benefit obligations	27	1,362	1,074
Other financial liabilities	28	12,196	17,272
Total non-current liabilities		476,296	447,369
Total liabilities		581,489	569,139
Net liabilities		(203,543)	(149,011)
Equity			
Issued Capital	30	598,712	598,712
Reserves	32	(57,767)	(50,140)
Accumulated losses		(744,488)	(697,583)
Total equity		(203,543)	(149,011)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	Consolidated 2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		562,796	521,522
Payments to suppliers and employees (inclusive of GST)		(527,584)	(515,541)
		35,212	5,981
Payments for US litigation settlement expenses		(10,241)	(31,828)
Payments for litigation related expenses		(1,885)	(2,857)
Interest received		418	586
Interest on AASB 16 lease liabilities paid		(10,002)	(9,523)
Other interest and finance costs paid		(9,198)	(7,279)
Income taxes refund received	7	4	4,061
Net cash from/(used in) operating activities	40	4,308	(40,859)
Cash flows from investing activities			
Payments for property, plant and equipment	41	(3,719)	(6,015)
Payments for intangibles	41	(638)	-
Payments for other financial assets - term deposit	17	(24,807)	-
Proceeds from disposal of assets classified as held for sale	12	29,343	-
Proceeds from other financial assets - term deposit	17	1,676	-
Proceeds from disposal of property, plant and equipment	41	365	-
Proceeds from disposal of a discontinued operation		-	2,087
Net cash from/(used in) investing activities	41	2,220	(3,928)
Cash flows from financing activities			
Payment of share option issue costs		-	(331)
Payments for transaction costs related to issue of convertible notes		(20)	(904)
Proceeds from issue of convertible notes	26	-	27,024
Proceeds from revolver financing facilities	25	11,000	17,000
Repayments of bank borrowings	41	(12,645)	(11,327)
Repayment of leases	41	(2,513)	(2,133)
Net cash (used in)/from financing activities	41	(4,178)	29,329
Net increase/(decrease) in cash and cash equivalents		2,350	(15,458)
Cash and cash equivalents at the beginning of the financial year		16,210	31,668
Cash and cash equivalents at the end of the financial year	9	18,560	16,210

Refer to note 41 for non-cash investing and financing activities.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Consolidated				
Balance at 1 July 2021	598,712	(60,378)	(536,841)	1,493
Loss after income tax benefit for the year	-	-	(160,742)	(160,742)
Other comprehensive income for the year, net of tax	-	10,238	-	10,238
Total comprehensive income for the year	-	10,238	(160,742)	(150,504)
Balance at 30 June 2022	598,712	(50,140)	(697,583)	(149,011)

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Consolidated				
Balance at 1 July 2022	598,712	(50,140)	(697,583)	(149,011)
Loss after income tax benefit for the year	-	-	(46,905)	(46,905)
Other comprehensive income for the year, net of tax	-	(7,627)	-	(7,627)
Total comprehensive income for the year	-	(7,627)	(46,905)	(54,532)
Balance at 30 June 2023	598,712	(57,767)	(744,488)	(203,543)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Notes to the Consolidated Financial Statements I 30 June 2023

Note 1. General information

The financial statements of Noumi Limited ("Group" or "Company") for the year ended 30 June 2023 were authorised for issue in accordance with resolution of Directors on 29 August 2023. The Directors have the power to amend, restate and reissue the financial statements.

Noumi Limited is a Company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The Company is trading under the symbol 'NOU'. The Company's share options are also trading on ASX under the symbol 'NOUO'.

The nature of the operations and principal activities of the Group are described in note 3. Discontinued operations' results are shown on one line in the Statement of profit or loss for both FY23 and FY22 with the results of the continuing operations reflected above that line. Both the Statement of financial position and cash flows reflect the consolidated results.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented in the consolidated financial statements, unless otherwise stated.

The following accounting policies have been adopted in the preparation and presentation of the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards refers to Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

(b) Basis of preparation

The consolidated financial statements of the Group have been prepared as a going concern on the historical cost basis, except for certain non-current assets and financial instruments measured at fair value or revalued amount. Cost is based on the fair values of the consideration given in exchange for assets.

The Company is of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the "rounding off" of amounts and in accordance with that Instrument, the amounts in the consolidated financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

The consolidated financial statements are presented in Australian dollars.

Going concern

The Group has prepared the consolidated financial statements for the year ended 30 June 2023 on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Financial results

The Group made a loss after tax of $46.9m (FY22: loss of $160.7m). Net cash inflows from operating activities were $4.3m (FY22: outflows of $40.9m) which includes payments for US litigation settlement of $10.2m (FY22: payments of $31.8m). As set out in the operating segment note (note 3), operating results improved during FY23 compared to the prior year.

Financial Position

At 30 June 2023, the Group had net current assets of $29.1m (FY22: net current assets of $39.0m). The reduction in net current assets was impacted by the realisation in FY23 of the asset held for sale, with $18.7m of the proceeds invested in a non-current term deposit.

At 30 June 2023, the Group had net liabilities of $203.5m (FY22: net liabilities of $149.0m) which includes $295.5m (FY22: $253.1m) in respect of convertible notes that are carried at fair value. The convertible notes will cease to be a liability in the event of the conversion of the notes into equity or upon repayment (refer to note 26).

Note 2. Significant accounting policies (cont.)

Future financial performance

At 30 June 2023, the Group's available cash position was $18.6m, plus an undrawn revolving credit facility of $18.0m. The undrawn revolving credit facility along with available cash balance, forecast operating cash flows and debtor financing facilities, are considered by management and the Directors to provide the Group with sufficient liquidity for the day-to-day operations of the business for a period of at least 12 months from the date of this financial report, based on current market conditions and expectations.

Included in the FY24 budget are further operating and margin improvements including the full year effect of price rises in the plant-based milks business, as well as price rises in the dairy and nutritionals business to offset the impact of increase in farmgate milk prices in FY24. In addition, litigation and restructuring costs are forecast to reduce in FY24.

Litigation – Class Actions

Two Class Actions were filed against the Company in respect of alleged breaches of the Corporations Act 2001, the Australian Securities and Investments Commission Act and Australian Consumer Law. Those proceedings were consolidated in or around November 2021 by order of the Court, with a consolidated statement of claim filed on 16 December 2021. The Group is defending the litigation and has engaged legal counsel to assist in doing so. Pleadings have closed in the consolidated proceeding and the parties are engaged in the process of discovery which is currently scheduled to be completed in 2023. No evidence has been filed nor have the plaintiffs quantified their claims as yet, so the proceeding is still in its early stages. Based on the information available at the date of this report, the Company cannot determine the likely outcomes and potential financial impact.

Litigation – ASIC Proceedings

ASIC commenced civil penalty proceedings on 24 February 2023 against Noumi and two of the Company's former officers in the Federal Court of Australia in relation to alleged historic breaches of continuous disclosure obligations. The proceedings concerns alleged failures to disclose material information to the ASX regarding the value of Noumi's inventories in its Financial Report for the full year ended 30 June 2019 (FY19) and in its Financial Report for the half year ended 31 December 2019 (H1 FY20); and additionally regarding the value of Noumi's inventories, reported sales revenue, gross profit and profit before tax in its H1 FY20 Financial Report. ASIC is seeking declarations that, during the period from 29 August 2019 to 25 May 2020, Noumi contravened section 674(2) of the Corporations Act 2001, and orders for civil penalties and costs. The Company has filed its defence admitting, on a qualified basis, alleged breaches of its continuous disclosure obligations in connection with FY19 and H1 FY20 financial reports based on information that was known, or should have been known, by the former officers. The statement of claim does not detail the quantum of any penalties sought by ASIC and in light of amendments to the penalties framework under the Corporations Act 2001, there is an absence of any applicable decided cases on civil penalties by which the Company can estimate the quantum. Based on the information available at the date of this report, the Company cannot determine the quantum of any liability arising.

No liability has been recognised in the consolidated financial statements for any compensation, penalties and/or costs for which the Company may be liable in either of these litigations, other than for legal costs incurred as at 30 June 2023. Due to the uncertainty surrounding the outcomes of the above litigations, the quantum of compensation, penalties and/or costs for which the Group may be liable, and whether the Group will have access to sufficient funds to pay these amounts, a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it may be able to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, based on the current information and actions being taken, the Directors consider that it is appropriate for the financial report to be prepared on a going concern basis.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

New and amended Accounting Standards and Interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2022:

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116 and AASB 141]

The amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Noumi Limited and entities controlled by the Group and its subsidiaries' ('the Group'). The Group controls an entity when:

- it has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The amounts attributable to the non-controlling interests are not separately disclosed as the financial statements are rounded to the nearest thousand dollars under Australian Securities and Investments Commission Corporations Instrument 2016/191.

Associates are all entities over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the Company and usually exists where the Group holds between 20% and 50% of the voting rights or representation on the Board of Directors. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses on intercompany transactions are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Notes to the Consolidated Financial Statements I 30 June 2023

Note 2. Significant accounting policies (cont.)

(e) Foreign currency

Transactions, assets and liabilities denominated in foreign currencies are translated into Australian dollars at reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Transactions	Date of the transaction
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities carried at fair value	Date fair value is determined

Foreign exchange gains and losses resulting from translation are recognised in the statement of profit or loss and other comprehensive income, except for qualifying cash flow hedges which are deferred to equity.

On consolidation the assets, liabilities, income and expenses of foreign operations are translated into Australian dollars using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date except the foreign currency translation reserve (FCTR) which is calculated at the reporting date rate

Foreign exchange differences resulting from translation are initially recognised in the foreign currency translation reserve and subsequently transferred to the profit or loss on disposal of the foreign operation.

(f) Investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income "OCI" or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

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Debt instruments

The measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI or those elected to be held at P&L are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group measures all investments in equity instruments at fair value. Where the Group's management has elected to present fair value gains and losses on equity instruments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the instrument. Dividends from such instruments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity instruments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 10 for further details.

(g) Impairment of non-financial assets including investments accounted for using the equity method

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets, including investments accounted for using the equity method, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Note 2. Significant accounting policies (cont.)

(h) Critical accounting estimates and judgements

In applying the Group's accounting policies, the Directors are required to make estimates, judgements and assumptions that affect the amounts reported in the financial report.

The estimates, judgements and assumptions are based on historical experience, adjusted for current conditions and other factors that are believed to be reasonable under the circumstances and reviewed on a regular basis. The actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The estimate and judgements which involve a higher degree of complexity or that have a higher likelihood of causing adjustment to the carrying amounts of assets and liabilities are included in the following notes:

- Note 2(b): Going Concern
  Management has considered the consequences of various events and conditions, and exercised judgement in determining whether they create a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern. Refer to note 2(b) for further information on such events and conditions and management's assessment of their impact on going concern.
- Note 10: Estimation of expected credit losses
  The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 10, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.
- Note 11: Estimation of net realisable value of inventories
  The Group reviews net realisable value (NRV) of inventories regularly to determine that it is stated at the lower of cost and NRV. Factors that could affect NRV and hence future realisation of inventories include competitor actions and market trends. Changes in the NRV of inventory could affect profit in the future period.
- Note 13: Financial assets at fair value through other comprehensive income
  The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The fair value of the Group's investment in Shenzhen JiaLiLe Co. Limited (JLL) is determined by taking into consideration various valuation approaches including income approach (discounted cash flow analysis) and market approach using prices and other relevant information generated by market transactions involving identical or comparable businesses and interest shown by shareholders.
- Note 14: Estimates of useful lives of tangible assets
  The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other events. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.
- Note 14: Determining the recoverable amount of tangible assets
  If there is any indication that an asset may be impaired, the Group estimates the recoverable amount for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs. It is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's CGU involves judgement. In identifying whether cash inflows from an asset (or group of assets) are largely independent of the cash inflows from other assets (or groups of assets), the Group considers various factors including product lines, businesses, individual locations, regional areas or how the decisions are made about continuing or disposing of the Group's assets and operations.
- Note 15: Determining the lease term
  The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. These factors are difficult to assess and require judgement. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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- Note 16: Determining the recoverable amounts of intangible assets
  The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 16. The recoverable amounts of cash-generating units ('CGUs') have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.
- Note 22: Onerous contract provisions
  Valuation of provision reflects management's best estimate of future cash outflow at the reporting date being the unavoidable costs of meeting the obligations under the contract. Determination of unavoidable costs is dependent on various factors and require judgement in establishing an appropriate amount.
- Note 24: Determining the incremental borrowing rate (IBR) to measure lease liabilities
  When measuring its lease liability, the Group discounts its remaining lease payments using IBR if the interest rate implicit in the lease cannot be readily determined. Determination of an appropriate IBR requires consideration of various factors including lease asset type, currency, term, funding amount and the economic environment in which the lease asset is obtained.
- Note 26: Valuation of convertible notes
  Convertible notes are not traded in an active market so the fair value is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used see note 26.
- Note 29: Recognition of deferred tax asset
  The Group estimates future taxable profits based on approved budgets and forecasts. Future taxable profits are influenced by a variety of general economic and business conditions, which are outside the control of the Group. A change in any of these assumptions could have an impact on the future profitability of the Group and may affect the recognition and/or recovery of deferred tax assets. The potential business impacts of various external factors have been reflected in the current forecasts. The recognition of deferred tax assets including those arising from tax losses has been determined with reference to these forecasts.
- Note 34: Contingent liabilities
  A possible obligation exists in relation to pending Class Action proceedings and ASIC proceedings in which the Group is a defendant. The amount of liability, if any, cannot be estimated with reliability and hence no provision is recognised in the financial statements.

Key economic developments and external factors

Judgement has been exercised in considering the impacts of a series of events outside of the Group's control which has, or may have, impacted the historical, and may impact the future, performance of the Group. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and productivity, noting that the impacts may be different in the geographic regions in which the Group operates. Key factors are summarised below:

- Global and domestic supply chain conditions impacting timing and cost of inbound and outbound logistics movements;
- Geopolitical conditions regarding the conflict in Europe or changes in circumstances or policies impacting ability to trade in our key export markets or changes to key input costs such as transport and energy;
- Changes in inflation, interest rates, household consumption and discretionary spend; and
- Natural disasters and widespread adverse climate changes that directly impact our plants, other facilities or suppliers.

New and amended Accounting Standards and Interpretations not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to AASB 112)
The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Non-Current (Amendments to AASB 101)
The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2024.

The Group has not yet assessed the impact of these amended Accounting Standards.

Note 3. Operating segments

The Group is organised into two core business segments which is the basis on which the Group reports. The principal products and services of each of these operating segments are as follows:

Dairy and Nutritionals	A range of Long-life dairy milk beverage, nutritional products and performance and adult nutritional powders. These products are manufactured in Australia and New Zealand and sold in Australia and overseas.
Plant-based Milks	A range of Long-life beverage products including almond, soy, oat, coconut, macadamia and other plant-based milks plus liquid stocks. These products are manufactured in Australia and sold in Australia and overseas.

The Specialty Seafood business was disposed of in November 2021 and hence classified as a discontinued operation during the prior year.

The 'Unallocated Shared Services' group consists of the Group's shared service functions that are not separately reportable and provide support services to other reportable operating segments. The Group's borrowings such as recourse debtor financing facilities, revolver financing facilities, and equipment financing facilities (together with associated finance costs) are not considered to be segment liabilities but are managed by the central treasury function. Although the equipment financing facilities are not considered to be segment liabilities, the underlying equipment has been appropriately allocated to the related segment.

Operating segments are identified on the basis of internal reports that are regularly reviewed by the CEO in his capacity as the chief operating decision maker of the Group in order to allocate resources to the segments and assess their performance.

Set out below is an analysis of the Group's revenue and results by reportable operating segment for the periods under review, together with prior year comparatives:

	Dairy and Nutritionals $'000	Plant-based Milks $'000	Unallocated Shared Services $'000	Total $'000
Consolidated - 2023				
Revenue				
Sales to external customers	389,204	162,357	-	551,561
Total revenue	389,204	162,357	-	551,561
Adjusted EBITDA[1]	7,883	42,768	(10,052)	40,599
Fair value changes of convertible notes	-	-	(39,486)	(39,486)
Depreciation and amortisation	(11,191)	(7,809)	(894)	(19,894)
Impairment of non-financial assets	(8,235)	-	-	(8,235)
Net finance costs	(2,427)	(8,592)	(8,874)	(19,893)
Profit/(loss) before income tax benefit	(13,970)	26,367	(59,306)	(46,909)
Income tax benefit	-	-	4	4
Loss after income tax benefit	(13,970)	26,367	(59,302)	(46,905)
Assets				
Segment assets	191,805	134,392	51,006	377,203
Financial assets at FVOCI	-	-	743	743
Total assets	191,805	134,392	51,749	377,946
Liabilities				
Segment liabilities[2]	81,063	97,747	402,679	581,489
Total liabilities	81,063	97,747	402,679	581,489

[1] Refer section 3.3 of the Directors Report for a reconciliation between Adjusted EBITDA and Adjusted Operating EBITDA (pre-AASB 16), a non-IFRS measure.
[2] Unallocated shared services liabilities include convertible notes, equipment finance, debtor finance facilities and revolver financing facilities which are not allocated to relevant operating segments.

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	Dairy and Nutritionals $'000	Plant-based Milks $'000	Unallocated Shared Services $'000	Total $'000
Consolidated - 2022				
Revenue				
Sales to external customers	358,331	164,009	-	522,340
Total revenue	358,331	164,009	-	522,340
Adjusted EBITDA (before US litigation settlement)	(20,183)	40,377	(6,399)	13,795
US litigation settlement	-	(55,621)	-	(55,621)
Adjusted EBITDA (after US litigation settlement)[1]	(20,183)	(15,244)	(6,399)	(41,826)
Share of associates profits	-	-	294	294
Fair value changes of convertible notes	-	-	9,461	9,461
Gain on remeasurement of leases	-	-	4,936	4,936
Depreciation and amortisation	(16,211)	(8,051)	(2,027)	(26,289)
Impairment of non-financial assets	(89,842)	(5,846)	-	(95,688)
Net finance costs	(2,113)	(9,035)	(6,301)	(17,449)
Loss before income tax benefit	(128,349)	(38,176)	(36)	(166,561)
Income tax expense	-	-	5,466	5,466
Loss after income tax benefit	(128,349)	(38,176)	5,430	(161,095)
Assets				
Segment assets	206,397	151,945	26,278	384,620
Non-current assets classified as held for sale	-	-	29,651	29,651
Financial assets at FVOCI	-	-	5,857	5,857
Total assets	206,397	151,945	61,786	420,128
Liabilities				
Segment liabilities[2]	88,397	107,205	373,537	569,139
Total liabilities	88,397	107,205	373,537	569,139

[1] Refer section 3.3 of the Directors Report for a reconciliation between Adjusted EBITDA and Adjusted Operating EBITDA (pre-AASB 16), a non-IFRS measure.
[2] Unallocated shared services liabilities include convertible notes, equipment finance, debtor finance facilities and revolver financing facilities which are not allocated to relevant operating segments.

All operations are conducted in Australia, except for sales offices in China and Singapore.

Non-current assets of the Group are based in Australia except for investment in JLL which is based in China. See note 13 for details on investment in JLL.

77% of total external sales of the Group are generated in Australia (FY22: 70%) with 12% generated from China (FY22: 18%) and 11% generated from other overseas countries (FY22: 12%).

Information about major customers

Included in total revenues (both continuing and discontinued operations) arising from external sales of $551.6m (FY22: $527.8m) are revenues of approximately $176.6m (FY22: $166.8m), generated from the top three retail customers representing 32% (FY22: 32%) of total revenue. This revenue relates to both Plant-based Milks and Dairy and Nutritionals segments.

Note 4. Revenue

	Consolidated 2023 $'000	Consolidated 2022 $'000
Revenue		
Continuing operations (note 3)	551,561	522,340
Discontinued operations	-	5,427
Total revenue	551,561	527,767

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for trading terms, rebates and other similar allowances.

The Group recognises its revenue from contracts with customers for the transfer of goods at a point in time i.e. when the goods are delivered, and the customer takes ownership.

Significant accounting policies

The Group applies AASB 15 - Revenue from Contracts with Customers for revenue recognition. Revenue is recognised when control of the product has transferred and there is no unfulfilled obligation that could affect the customer's acceptance of the product. For domestic sales, the control is transferred when the product is delivered to the customer. Delivery occurs when the product has been shipped to the location specified by the customer and the customer accepts the product. For international sales, the transfer of control varies from order to order depending on the nature of the sales contract and the revenue is recognised when the goods are delivered and the customer takes ownership either when they are picked up from the Group's warehouse, delivered to the departure port or shipped to the destination port.

For segment information, refer to note 3.

Note 5. Other income/(expense)

	Consolidated 2023 $'000	Consolidated 2022 $'000
Other income:		
Fair value changes of asset held for sale	-	6,673
Gain on remeasurement of lease (note 24)	-	4,936
Fair value changes of convertible notes (note 26)	-	9,461
Net foreign exchange gain	-	730
Net gain on disposal of property, plant and equipment	208	-
Other	958	1,015
	1,166	22,815
Other expense:		
Fair value changes of convertible notes (note 26)	(39,486)	-
Onerous contracts provision (note 22)	(789)	(4,683)
Net foreign exchange loss	(603)	-
Other	(903)	-
	(41,781)	(4,683)
	(40,615)	18,132
Other income/(expense) attributable to:		
Continuing operations	(40,615)	18,071
Discontinued operations	-	61
	(40,615)	18,132

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Note 6. Expenses

Loss before income tax (both from continuing and discontinued operations) includes the following specific expenses:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Employee benefits		
Employee benefits expense excluding superannuation, STI and LTI expenses	61,340	62,275
Superannuation expenses	5,525	5,298
STI and LTI expenses	971	547
Total employee benefits	67,836	68,120
Depreciation and amortisation		
Depreciation expense of property, plant and equipment (note 14)	15,342	20,024
Depreciation expense of right of use assets (note 15)	4,382	6,180
Amortisation expense (note 16)	170	85
Total depreciation and amortisation expense	19,894	26,289
Depreciation and amortisation allocated to:		
Cost of sales	19,000	24,392
Administrative expenses	894	1,897
	19,894	26,289
Impairment of non-financial assets		
Property, plant and equipment (note 14)	8,235	62,439
Intangibles (note 16)	-	23,882
Right of use assets (note 15)	-	9,367
Total impairment of non-financial assets	8,235	95,688
Administrative expenses		
Salaries and wages	16,168	15,223
Transformation expenses	4,227	6,494
Insurance	4,007	4,844
IT related expenses	3,697	3,741
Audit, legal and professional fees	2,449	2,576
Depreciation and amortisation expenses	894	1,897
STI and LTI expenses	971	547
Litigation expenses	1,384	1,327
Other expenses	1,914	2,417
Total administrative expenses	35,711	39,066

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Note 6. Expenses (cont.)

	Consolidated 2023 $'000	Consolidated 2022 $'000
Administrative expenses allocated to:		
Continuing operations	35,711	38,861
Discontinued operations	-	205
	35,711	39,066
Net finance costs		
Interest expense	7,024	5,828
Interest on AASB 16 lease liabilities	10,002	10,048
Other financing costs	3,618	1,181
Recapitalisation transaction costs related to convertible notes issue	-	978
	20,644	18,035
Interest income	(751)	(586)
Net finance costs	19,893	17,449

Significant items

Significant items included within expenses which affect the result for the year ended 30 June 2023 include the following:

	Ref.	Consolidated 2023 $'000	Consolidated 2022 $'000
Impairment of non-financial assets	(1)	8,235	95,688
US litigation settlement related expenses		-	55,621
Litigation and transformation expenses	(2)	5,611	8,799

(1) During the year, the Group has recognised impairment on a plant and equipment which is described in more detail in note 14.

(2) Various expenses (included under administrative expenses and net finance costs) incurred by the Group on litigation and transformation.

Note 7. Income tax (benefit)/expense

	Consolidated 2023 $'000	Consolidated 2022 $'000
Income tax expense/(benefit)		
Income tax refund	(4)	(4,061)
Franking deficit tax payable	-	3,248
Deferred tax income relating to the origination and reversal of temporary differences and unused tax losses	-	(4,653)
Aggregate income tax benefit	(4)	(5,466)
Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate		
Loss before income tax benefit from continuing operations	(46,909)	(166,561)
Profit before income tax expense from discontinued operations	-	353
	(46,909)	(166,208)

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	Consolidated 2023 $'000	Consolidated 2022 $'000
Tax at the statutory tax rate of 30%	(14,072)	(49,862)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Fair value changes in convertible notes through profit or loss	11,846	(2,838)
Impairment of intangibles	-	2,496
Effect of other expenses that are not deductible in determining taxable profit	235	158
Over-provision in respect of prior years	935	152
Non-assessable income	-	(88)
	(1,056)	(49,982)
Current year tax losses not recognised	7,757	16,962
Current year temporary differences not recognised (note 29)	(6,705)	27,554
Income tax benefit	(4)	(5,466)
Amounts recognised in OCI and statement of changes in equity		
Fair value changes of convertible notes	-	4,653

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

The Group assesses unused tax losses at each reporting period and records a deferred tax asset only to the extent that it is probable that future taxable profits or taxable temporary differences will be available against which tax losses can be utilised.

Significant accounting policies

Current tax

Current tax is calculated as the expected amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. No deferred tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or bargain purchase.

Uncertain tax position

If the Group concludes that it is not probable the tax authorities will accept a tax position, it uses the "most likely amount" or "expected value" in determining its tax balances. Any subsequent variation between the "most likely amount/expected value" and the amount recorded in the consolidated financial statements are adjusted in the period in which such variation occurs.

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Note 8. Earnings per share

	2023 Number	2022 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	277,109,319	277,109,319
Weighted average number of ordinary shares used in calculating diluted earnings per share	277,109,319	277,109,319

	Continuing Operations	
	2023 $'000	2022 $'000
Earnings per share for loss from continuing operations		
Loss after income tax attributable to the owners of Noumi Limited	(46,905)	(161,095)
	Cents	Cents
Basic earnings per share	(16.93)	(58.13)
Diluted earnings per share	(16.93)	(58.13)

	Discontinued Operations	
	2023 $'000	2022 $'000
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of Noumi Limited	-	353
	Cents	Cents
Basic earnings per share	-	0.13
Diluted earnings per share	-	0.13

	Consolidated	
	2023 $'000	2022 $'000
Earnings per share for loss		
Loss after income tax attributable to the owners of Noumi Limited	(46,905)	(160,742)
	Cents	Cents
Basic earnings per share	(16.93)	(58.00)
Diluted earnings per share	(16.93)	(58.00)

At 30 June 2023, there were 277,109,319 ordinary shares (FY22: 277,109,319) on issue and 101,130 convertible redeemable preference shares (FY22: 101,130).

The following potential ordinary shares are anti-dilutive (meaning they have the effect of decreasing the loss per share upon conversion) and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share. These anti-dilutive potential ordinary shares are calculated after taking into consideration principal and capitalised interest on convertible notes at 30 June 2023.

	Consolidated	
	2023 Number	2022 Number
Convertible notes (note 26)		
Tranche A	451,470,571	415,050,747
Tranche B	93,079,347	85,570,699
	544,549,918	500,621,446

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On 30 July 2021, the Group issued 27,698,189 options which were quoted on the ASX from 2 August 2021. The options are exercisable at $0.98 per option any time during the period commencing on the business day immediately following the release of FY23 annual report and 30 July 2027. Accordingly, these options are not considered as dilutive potential ordinary shares for determination of diluted earnings per share for FY23 and FY22.

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Noumi Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus issues.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares.

Note 9. Cash and cash equivalents

	Consolidated	
	2023 $'000	2022 $'000
Cash	18,560	16,210

Note 10. Trade and other receivables

	Consolidated	
	2023 $'000	2022 $'000
Trade receivables	48,641	56,255
Less: Allowance for expected credit losses	(1,301)	(1,329)
	47,340	54,926
Other receivables	3,255	2,358
	50,595	57,284

The credit period on sales of goods ranges from 30 to 70 days for domestic sales and up to 120 days for international sales. An allowance has been made for estimated irrecoverable trade receivable amounts arising from past sale of goods, determined by expected credit losses. The expected loss rates are based on the payment profiles of sales over a period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables as well as customers identified to have known issues which might affect recoverability. The Group does not hold any collateral over these balances. The loss allowance for trade receivables as at 30 June 2023 and 30 June 2022 was determined as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2023	2022	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Not overdue	0.08%	0.85%	37,095	46,368	29	395
0 to 3 months overdue	-	11.26%	10,015	8,291	-	934
3 to 6 months overdue	-	-	228	1,104	-	-
Over 6 months overdue	97.60%	-	1,303	492	1,272	-
			48,641	56,255	1,301	1,329

Top five customers represent 35% of year end receivables (FY22: 38%).

The Group holds letters of credit over export receivables of $3.1m (FY22: $1.8m). The letters of credit are issued by reputable financial institutions and equal the carrying amount of the relevant receivables. Refer to note 33 for further details on the Group's exposure to, and management of, credit risk.

Note 10. Trade and other receivables (cont.)

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2023 $'000	2022 $'000
Opening balance	1,329	2,631
Additional provisions recognised	132	1,443
Receivables written off during the year as uncollectable	-	(1,562)
Unused amounts reversed	(160)	(1,183)
Closing balance	1,301	1,329

Significant accounting policies

Trade receivables are recognised initially at the amount of consideration that is unconditional.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This approach also considers the qualitative factors surrounding the debtors and the risks that they may have or will be facing as a result of the impact of unusual situations (such as COVID-19) on their business operations and financial position. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due.

Note 11. Inventories

	Consolidated	
	2023 $'000	2022 $'000
Raw materials and packaging - at cost	16,285	15,896
Work in progress - at cost	2,965	1,926
Finished goods - at cost	19,307	18,743
Finished goods - at net realisable value	2,758	4,074
	22,065	22,817
Inventory spares and consumables - at cost	12,721	12,387
	54,036	53,026

Total cost of sales (for both continuing and discontinued operations) recognised as an expense during the year was $416.8m (FY22: $428.2m).

During the year, write-downs of inventories amounting to $0.5m (FY22: $0.4m), were recognised as an expense and included in cost of sales in the statement of profit or loss. This write-down mainly arose as a result of slow moving, obsolete and discontinued products.

Significant accounting policies

Inventories are measured at the lower of cost and net realisable value ('NRV').

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials, packaging and inventory spares: purchase cost on a first in, first out basis.
- Manufactured finished goods: cost of direct materials, direct labour and an appropriate proportion of manufacturing variable and fixed overheads based on normal operating capacity but excluding borrowing costs.
- Purchased finished goods: purchase cost on a weighted average cost basis.
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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Note 12. Assets classified as held for sale

	Consolidated	
	2023 $'000	2022 $'000
Investment in associate - Australia Fresh Milk Holdings Pty Ltd (AFMH)	-	29,651

The Group completed the sale of its shares in AFMH on 23 August 2022 for a consideration of $29.7m. The Group also incurred a disposal cost of $0.4m on this sale.

Significant accounting policies

Assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value.

A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain or loss not previously recognised by the date of the sale of the asset (or disposal group) is recognised at the date of derecognition.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Note 13. Financial assets at fair value through other comprehensive income

Financial assets at FVOCI comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

Equity investments at FVOCI comprise the following individual investment:

	Consolidated	
	2023 $'000	2022 $'000
Investment - Shenzhen JiaLile Co. Limited (JLL)	743	5,857
Movement of the fair values at the beginning and end of the current and previous financial year is set out below:		
Opening balance	5,857	5,857
Adjustment for shareholder loan capitalised	(412)	-
Change in fair value recorded in other comprehensive income	(4,702)	-
Closing balance	743	5,857

The Group is in negotiations with JLL and Guangzhou Investment Co. Ltd (majority shareholder in JLL) in relation to a potential sale of the Group's 9.24% interest in JLL. The terms of the sale are still being negotiated and the Group has not yet agreed to sell its shareholding in JLL.

The determination of the fair value of the investment in JLL requires judgement and the Group determined the fair value by applying the income approach. At 30 June 2023, the fair value was estimated based on cash flow forecast discounted using an appropriate discount rate. At 30 June 2022, the fair value was determined on the basis of most recent negotiations to transact in this investment.

Note 14. Property, plant and equipment

	Consolidated 2023 $'000	2022 $'000
Freehold land - at independent valuation	4,200	4,200
Buildings - at cost	5,480	5,680
Less: accumulated depreciation	(3,745)	(3,312)
	1,735	2,368
Plant and equipment - at cost	324,477	321,917
Less: accumulated depreciation	(106,348)	(92,494)
Less: accumulated impairment[1]	(66,307)	(58,226)
	151,822	171,197
Capital work in progress	15,350	16,445
Less: accumulated impairment	(10,924)	(10,924)
	4,426	5,521
	162,183	183,286

Movements in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current and previous financial year are set out below:

Consolidated	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Capital work in progress $'000	Total $'000
Balance at 1 July 2021	4,200	2,595	246,550	230	253,575
Additions	-	200	138	5,640	5,978
Transfer from held for sale (note 12)	-	-	-	6,464	6,464
Transfers at completion of projects	-	-	2,600	(2,600)	-
Write off / adjustment of assets	-	-	(268)	-	(268)
Impairment (notes 12 and 16)	-	-	(58,226)	(4,213)	(62,439)
Depreciation expense	-	(427)	(19,597)	-	(20,024)
Balance at 30 June 2022	4,200	2,368	171,197	5,521	183,286
Additions	-	-	34	3,687	3,721
Transfers at completion of projects	-	-	4,272	(4,272)	-
Disposal of assets	-	-	(160)	-	(160)
Write off of assets	-	-	(577)	(510)	(1,087)
Impairment[1]	-	-	(8,235)	-	(8,235)
Depreciation expense	-	(633)	(14,709)	-	(15,342)
Balance at 30 June 2023	4,200	1,735	151,822	4,426	162,183

No internal labour cost was capitalised on plant and equipment commissioned during FY23 and FY22.

Included in plant and equipment is an amount of $50.6m (FY22: $53.9m) related to equipment obtained under equipment finance facilities as disclosed in note 25.

[1] The Group carried out a review of the plant and equipment assets within the CGUs as detailed in note 16. The review led to the recognition of impairment of a plant and equipment in Dairy and Nutritionals CGU which is not currently in operation amounting to $8.2m based on the fair value of the relevant asset, as determined by management's estimate.

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Significant accounting policies

Land is recognised at fair value, less any subsequent accumulated depreciation and impairment. A revaluation surplus is credited to reserves in shareholders' equity.

Plant and equipment, motor vehicles and equipment obtained under equipment finance facilities are stated at cost less accumulated depreciation and impairment.

Capital work in progress ("CWIP") represents asset under construction and not yet commissioned and includes all expenditure directly attributable to bringing the asset to its working condition for its intended use which are incremental and unavoidable as a result of the construction of the asset. CWIP is assessed for impairment at each reporting period.

Costs include installation costs, delivery costs, consultancy costs incurred to install the asset, fit out costs, interest on associated borrowings, project labour costs and commissioning costs. Start-up costs and similar pre-production costs do not form part of the cost of an asset unless they are necessary to bring the asset to its working condition. Initial operating losses incurred prior to an asset achieving planned performance are recognised as an expense. Estimated expenditure of dismantling and site restoration (where applicable) is included in the cost of the asset.

The costs will be initially recognised as CWIP from the time that it satisfies the general recognition criteria for assets under the accounting standards.

The Group formally assesses whether project costs are to be reclassified from CWIP to Plant and Equipment. An asset is considered to be capable of operating in the manner intended by management when it is consistently capable of producing saleable product. This assessment is done periodically taking into consideration when the commissioning phase of each asset has been completed i.e. when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. At this point, it is classified as property, plant and equipment, to be depreciated from the date of reclassification over the useful life of the asset.

Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Accounting estimates

The following depreciation rates are used in the calculation of depreciation:

- Buildings 20-40 years
- Plant and equipment 5-20 years
- Leased plant and equipment 5-20 years

Freehold land is not depreciated.

Note 15. Right of use assets

	Consolidated 2023 $'000	2022 $'000
Right of use asset – Land and buildings	81,012	90,172
Less: accumulated depreciation	(20,607)	(18,043)
Less: accumulated impairment	(9,367)	(9,367)
	51,038	62,762
Right of use asset – Other	7,063	2,171
Less: accumulated depreciation	(2,402)	(1,357)
Less: accumulated impairment	(358)	(358)
	4,303	456
	55,341	63,218

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Note 15. Right of use assets (cont.)

Movement of the written down values of the right of use assets at the beginning and end of the current and previous financial year is set out below:

Consolidated	Land and buildings $'000	Other $'000	Total $'000
Balance at 1 July 2021	85,789	745	86,534
Additions	-	2,013	2,013
Remeasurement of AASB 16 lease liabilities	(9,782)	-	(9,782)
Impairment	(9,367)	-	(9,367)
Depreciation expense	(3,878)	(2,302)	(6,180)
Balance at 30 June 2022	62,762	456	63,218
Additions	1,530	3,864	5,394
Reclassification	(1,168)	1,168	-
Remeasurement of AASB 16 lease liabilities (note 24)	(8,848)	-	(8,848)
Adjustment/write off	(12)	(29)	(41)
Depreciation expense	(3,226)	(1,156)	(4,382)
Balance at 30 June 2023	51,038	4,303	55,341

The Group leases land and buildings for its offices, warehouses and manufacturing plant under agreements of between 2 to 20 years with, in some cases, options to extend to 30 years. The leases have various rental escalation clauses. On renewal or option extension, the rent can be renegotiated. Other right of use assets mainly consist of operating plant and equipment obtained under lease agreements (previously described as operating leases) of between 2 to 5 years.

During the year, the Group also recognised as expense, rental of short term leases amounting to $1.8m (FY22: $1.8m) and variable lease payments not included in right of use assets and lease liabilities amounting to $1.2m (FY22: $1.1m).

Significant accounting policies

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives and any initial direct costs incurred by the lessee
- An estimate of the costs to dismantle and remove underlying asset or to restore the underlying asset

Subsequently the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is depreciated over the shorter period of the lease term and the economic useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group will exercise a purchase option, the asset will be depreciated from the commencement date to the end of the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

If the recoverable amount of a right-of-use asset is less than its carrying value, an impairment charge is recognised in the profit or loss account, and the carrying value of the asset is written-down to its recoverable amount. Should the recoverable amount increase in future periods the carrying value may be adjusted to the lower of the recoverable value or the amortised cost of the asset had it not been impaired.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to the statement of profit or loss as incurred.

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Note 16. Intangibles

	Consolidated 2023 $'000	Consolidated 2022 $'000
Goodwill	40,649	40,649
Less: accumulated impairment	(40,649)	(40,649)
	-	-
Brand names and trademarks	21,445	21,445
Less: accumulated impairment	(15,563)	(15,563)
	5,882	5,882
Software - at cost	850	850
Less: accumulated amortisation	(255)	(85)
	595	765
	6,477	6,647

Consolidated	Goodwill $'000	Brand names and trademarks $'000	Software $'000	Total $'000
Balance at 1 July 2021	8,319	21,445	-	29,764
Additions	-	-	850	850
Impairment	(8,319)	(15,563)	-	(23,882)
Amortisation expense	-	-	(85)	(85)
Balance at 30 June 2022	-	5,882	765	6,647
Amortisation expense	-	-	(170)	(170)
Balance at 30 June 2023	-	5,882	595	6,477

The carrying amount of brand names and trademark is allocated to Consumer Nutritionals cash generating unit.

Brand names and trademarks

The Group carries $5.9m (FY22: $5.9m) of brand names with indefinite useful lives. The brand names relate to established major brands purchased as part of business combinations. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Carrying value does not include internally generated brand names or trademarks such as Milklab.

Impairment of goodwill and other intangible assets

Determining whether goodwill or other intangible assets are impaired requires an estimation of the recoverable amount of the cash generating units (CGU) to which the goodwill or other intangible assets have been allocated. The recoverable amount is determined using a value in use or fair value less cost to sell method. The cash generating units are subject to annual impairment testing as they hold indefinite life intangible assets amongst their assets.

Impairment testing requires a high degree of judgement in assessing whether the carrying value of assets is supported by their recoverable amount. The Group uses the relief from royalty method to determine the fair value of the brand names and trademarks and considers this to be a Level 3 treatment of the fair value hierarchy.

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Note 16. Intangibles (cont.)

Assessment of the carrying value of cash generating units

During the year ended 30 June 2023, the Group assessed if there are any indications of impairment. Considering the financial performance of Dairy and Nutritionals and Consumer Nutritional CGUs, the Group carried out an impairment assessment which is detailed below:

Dairy and Nutritionals

The Dairy and Nutritionals CGU, which forms part of Dairy and Nutritionals operating segment along with Consumer Nutritionals CGU, produces branded dairy Long-life (shelf stable) products under Group owned and third party owned brands. It also produces nutritional products such as lactoferrin for sale to domestic and international customers.

The recoverable amount of the Dairy and Nutritionals CGU has been determined using the discounted cash flow forecast to determine the value-in-use of the CGU as a whole utilising forecast cash flows for the period FY24 to FY28 and a terminal cashflow.

In calculating the value-in-use, the recoverable amount was materially consistent with the carrying value and as a result no impairment was recognised.

Consumer Nutritionals

The Consumer Nutritionals CGU produces branded protein powders for sale mainly to domestic customers, predominantly through the pharmacy and grocery channels and includes Vital Strength and Crankt brands. This CGU forms part of the Dairy and Nutritionals operating segment.

The recoverable amount of the Consumer Nutritionals CGU has been determined using discounted cash flow forecast to determine the value-in-use of the CGU, utilising forecast cash flows for the period FY24 to FY28 and a terminal cash flow.

In calculating the value-in-use, the recoverable amount was materially consistent with the carrying value and as a result no impairment was recognised.

Key assumptions

In calculating the recoverable amount of the CGUs a discounted cash flow model was utilised forecasting cash flows for the period FY24 to FY28. The following key assumptions were made:

	Dairy and Nutritionals		Consumer Nutritionals	
Key assumptions	2023	2022	2023	2022
Long term growth rate (terminal value)	2.50%	2.50%	2.50%	2.50%
Post tax discount rate	9.50%	9.25%	10.00%	9.75%
Revenue growth rate (CAGR[1])	3.89%	6.21%	3.69%	6.15%
Year 5/terminal year USD exchange rate (cents)	66.00	66.00	-	-
Year 5/terminal year operational efficiencies ($'m)	0.90	3.50	-	1.40

[1] CAGR - Compounded Annual Growth Rate

The Group has determined the values assigned to each of the above key assumptions as follows:

Long term growth rate

This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are consistent with forecasts included in industry reports.

Post tax discount rate

Reflects specific risks relating to the relevant segments and the countries in which they operate.

Revenue growth rate

Revenue growth rate includes considerations of sales volume and sales price assumptions:

- Sales volume: The Group has not considered any growth in sales volume over the five-year forecast period.
- Sales price: It is based on recent price negotiations with the customers which are incorporated in FY24 cash flows and average annual growth rate over the remaining 5 years forecast period based on long term inflation forecasts and expected input costs inflation.

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USD exchange rate

Reflects the market expectation of USD exchange rate in year 5.

Operational efficiencies

Based on management's expectation of the realisation of future cost savings from the ongoing transformation program.

Judgement has been exercised in determining the best estimate of cash flow forecasts used for impairment testing which reflects reasonable and supportable assumptions at the reporting date. Future profitability and cash flow forecasts may be impacted by risks and uncertainties associated with geopolitical events.

Sensitivities

The impact of the change in any single assumption on the recoverable amount of the Dairy and Nutritionals and Consumer Nutritionals CGUs as at 30 June 2023 is summarised below:

	Dairy and Nutritionals		Consumer Nutritionals	
Key assumptions	Change	Impact $000	Change	Impact $000
Long term growth rate (terminal value)	0.25%	3,956	0.25%	272
	(0.25%)	(3,683)	(0.25%)	(255)
Post tax discount rate	0.25%	(4,937)	0.25%	(355)
	(0.25%)	5,305	(0.25%)	379
Revenue growth rate (CAGR)	5.00%	8,344	5.00%	520
	(5.00%)	(8,344)	(5.00%)	(520)
Year 5/terminal year USD exchange rate (cents)	0.01	(3,275)	-	-
	(0.01)	3,376	-	-
Year 5/terminal year operational efficiencies ($'m)	0.50	3,324	-	-
	(0.50)	(3,324)	-	-

Plant-based Milks

No impairment indicators were noted in relation to Plant-based Milks CGU.

Software

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the asset's estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Employee benefit expenses and interest costs are not capitalised into the cost of intangible assets.

Software-as-a-service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received unless such costs are incurred for the development of software code that is under the Groups control.

The costs incurred for the development of software code that enhances or modifies or creates additional capability to existing on-premise systems and is under the Group's control meet the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, judgement is applied to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customisation costs incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term. Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities will not be distinct from the access to the cloud software over the contract term. Judgement has been applied in determining whether the degree of customisation and modification of the cloud-based software that would be deemed significant.

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Note 17. Other financial assets

Other financial assets represent a term deposit placed with one of the Group's senior lenders as a security for the bank guarantee facility of US$18.0m (refer to note 34). The bank guarantee facility was used for the issuance of US$18.0m bank guarantee which secured the future instalment obligations related to US litigation settlement made in FY22 and is progressively stepping down from March 2023 until January 2027 as instalments are paid. Accordingly, the term deposit is also progressively released to the Group over the same period.

	Consolidated	
	2023 $'000	2022 $'000
Term Deposit		
Current	7,125	-
Non-Current	18,665	-
	25,790	-

Movement in the carrying amount at the beginning and end of the current and previous year is set out below:

	2023 $'000	2022 $'000
Additions	24,807	-
Accrued Interest	744	-
Proceeds from step down in term deposit (including interest)[1]	(2,086)	-
Unrealised exchange gain	2,325	-
Closing balance	25,790	-

[1] Proceeds during the year include interest received on term deposit amounting to $0.4m.

Significant accounting policies

Term deposit is classified as 'financial assets measured at amortised cost' under AASB 9 and recorded at face value, which is equivalent to its amortised cost using the effective interest method. Interest is accrued over the term of deposits and is received periodically or at maturity. Interest accrued but not received is included in accrued interest.

For the purposes of cash flow statement, term deposit is classified as cash and cash equivalents if it is held for the purpose of meeting short term cash commitments rather than for investment or other purposes. In other words, it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, a term deposit normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

Note 18. Trade and other payables

	Consolidated	
	2023 $'000	2022 $'000
Trade payables	43,890	53,081
Accrued expenses	10,920	12,492
Other payables	4,724	2,421
	59,534	67,994

	Consolidated	
	2023 $'000	2022 $'000
Payable to related parties (note 38)	996	2,554

Trade payables, including amounts payable for capital expenditure, are paid on average within 60 days of invoice date (FY22: 60 days).

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Significant accounting policies

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Note 19. Lease liabilities - Current

	Consolidated	
	2023 $'000	2022 $'000
AASB 16 lease liabilities	3,737	1,243

Refer to note 24 for further information on leasing arrangements.

Note 20. Bank borrowings - Current

	Consolidated	
	2023 $'000	2022 $'000
Recourse debtor financing facilities	12,022	13,114
Equipment financing facilities	12,502	11,629
	24,524	24,743

Refer to note 25 for further information on financing arrangements.

Note 21. Employee benefit obligations - Current

	Consolidated	
	2023 $'000	2022 $'000
Annual leave	5,187	5,590
Long service leave	654	515
	5,841	6,105

Significant accounting policies

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Note 22. Provisions - Current

	Consolidated	
	2023 $'000	2022 $'000
Onerous contracts provision	243	4,683
US litigation settlement related provision	-	3,948
Lease make good provision	53	200
Other restructuring provisions	230	520
	526	9,351

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Note 22. Provisions - Current (cont.)

Movements in provisions

Movements in each class of provision during the current financial year are set out below. Movement in provisions during FY22 solely comprise of recognition of balances.

Consolidated	Onerous contracts provision $'000	US litigation settlement related provision $'000	Lease make good provision $'000	Other restructuring provision $'000	Total $'000
Balance at 1 July 2021	-	-	-	-	-
Additional provisions recognised	4,683	3,948	200	520	9,351
Balance at 30 June 2022	4,683	3,948	200	520	9,351
Additional provisions recognised	789	-	-	93	882
Amounts used	(5,229)	(3,435)	-	(328)	(8,992)
Unused amount reversed	-	(513)	(147)	(55)	(715)
Balance at 30 June 2023	243	-	53	230	526

Significant accounting policies

Onerous contracts provision

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs of meeting the obligations under the contract are the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it. Onerous contract provision represents the present value of net unavoidable costs that will be incurred until the end of the contract where the obligation is expected to exceed the economic benefit to be received.

Provision for legal claims, make good obligations and restructuring expenses

Provisions for legal claims, make good obligations and restructuring expenses are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Note 23. Other financial liabilities - Current

	Consolidated 2023 $'000	2022 $'000
US litigation settlement liability	6,787	6,532

The litigation settlement amount represents the current portion of the amount payable under the US litigation settlement agreement being the future payments due within the next 12 months.

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Note 24. Lease liabilities – Non current

	Consolidated 2023 $'000	2022 $'000
AASB 16 lease liabilities	89,359	96,501
Current	3,737	1,243
Non-current	89,359	96,501
	93,096	97,744
Movement during the year in total lease liabilities (current and non-current) is as follows:		
Opening balance	97,744	112,474
Additions	5,394	2,013
Repayment	(11,196)	(12,073)
Remeasurement of lease liabilities[1]	(8,848)	(14,718)
Interest	10,002	10,048
Closing balance	93,096	97,744
The following table presents the contractual undiscounted cash flows for lease obligations as at 30 June 2023:		
Within one year[2]	12,757	10,817
One to five years[2]	42,813	41,138
More than five years[3]	91,514	82,165
More than five years - extension options assumed to be exercised[4]	132,508	153,404
	279,592	287,524

[1] The Group renegotiated its land and building lease with a related party at Shepparton (VIC) site and remeasured the lease liability based on the revised terms with the corresponding adjustment in the right of use asset. The remeasurement arose from reduction in lease rentals and fixed escalation. This lease modification is not accounted as a separate lease and hence the Group remeasured the lease based on the revised terms of the modified lease by discounting the revised lease payments using an increased discount rate of 10% at the effective date of modification.
[2] Non-cancellable lease payments.
[3] Non-cancellable lease payments, subject to market review.
[4] Cancellable lease but extension options are considered reasonably certain to be exercised, subject to market review.

Refer to note 33 for further information on financial instruments.

Significant accounting policies

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the statement of profit or loss.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index of rate or a change in the amount expected to be payable under a residual value guarantee; or
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Note 25. Bank borrowings – Non current

	Consolidated 2023 $'000	Consolidated 2022 $'000
Revolver financing facilities	28,000	17,000
Equipment financing facilities	50,555	62,980
Less: transaction costs	(654)	(518)
	77,901	79,462

Refer to note 33 for further information on financial instruments.

Total drawn secured bank borrowings

The total drawn secured bank borrowings (current and non-current) are as follows:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Revolver financing facilities	28,000	17,000
Recourse debtor financing facilities	12,022	13,114
Equipment financing facilities	63,057	74,609
	103,079	104,723

Banking Facilities

The Group's primary bank facilities are arranged with HSBC Bank Australia Limited (HSBC) and National Australia Bank (NAB). They include a syndicated revolving credit facility (from HSBC and NAB), equipment financing facilities (from NAB) and debtor financing facilities (from HSBC).

The Group has other bi-lateral facilities from a range of financiers including equipment finance and other general transactional banking facilities as required for the operations of the Group's business.

Syndicated Revolving Credit Facility

The Group has a $46.0m (FY22: $36.0m) syndicated revolving credit facility with HSBC and NAB with a maturity date of 4 July 2025. The Group had utilised $28.0m (FY22: $17.0m) at 30 June 2023 with the balance undrawn.

The syndicated facility is secured over all the assets and undertaking of the Group (other than low value subsidiaries), as well as mortgages over real property owned by the Group and key property leases.

Equipment Financing Facilities

The equipment financing facilities relate to specific equipment operating at the Group's Shepparton and Ingleburn operating sites. It also includes vehicle financing facilities. The equipment finance facilities are secured over the assets financed under the relevant facility. These facilities are over a period of 1 to 6 years and the final residuals on the current arrangements are due between 2023 and 2027.

Debtor Finance Facilities

HSBC has provided the Group with a limited recourse debtor finance facility of $55.0m (FY22: $65.0m), which forms part of the Group's working capital management. Under this facility, the Group sells receivables of its major grocery retail customers to HSBC in exchange for cash. These receivables are de-recognised as an asset, as the significant risk associated with the collection of the receivables is transferred to HSBC at the time of sale. Accordingly, the amount funded under this facility is not recognised as a liability by the Group. The funded amount under this facility as at 30 June 2023 was $41.5m (FY22: $36.2m).

The Group also has a full recourse debtor finance facility with total limit of $20.0m (FY22: $25.0m). Under this facility, the Group sells receivables from its out-of-home channel. The receivables are recognised as an asset since the risk has not fully transferred to HSBC at the time of sale. The Group is responsible for the collection of the receivables. HSBC has recourse to the Group if the debt is unrecoverable. As at the balance sheet date, the Group utilised an amount of $12.0m (FY22: $13.1m) from the full recourse debtor finance facility. An equal amount of trade receivables is held as collateral against utilised facility.

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The total banking facilities as at 30 June 2023 are shown below:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Total facilities		
Revolving financing facilities	46,000	36,000
Recourse debtor financing facilities	20,000	25,000
Equipment financing facilities	63,057	74,609
	129,057	135,609
Used at the reporting date		
Revolving financing facilities	28,000	17,000
Recourse debtor financing facilities	12,022	13,114
Equipment financing facilities	63,057	74,609
	103,079	104,723
Unused at the reporting date		
Revolving financing facilities	18,000	19,000
Recourse debtor financing facilities	7,978	11,886
Equipment financing facilities	-	-
	25,978	30,886

The table above does not contain the limited recourse debtor finance facility.

Unutilised financing facilities

The Group had unutilised banking facilities relating to revolving financing facilities amounting to $18.0m (FY22: $19.0m) as at 30 June 2023. The Group has unutilised banking facilities relating to recourse debtor financing facilities which are available to the Group only in certain circumstances, amounting to $8.0m (FY22: $11.9m) at 30 June 2023.

In the statement of cash flows, the funds received from the bank under the limited recourse debtor facility are included in cash flows from operations as receipts from customers. Funding received from the full recourse debtor facility is included in the consolidated statement of cash flows under financing activities as proceeds from borrowings.

Note 26. Convertible notes – Non current

	Consolidated 2023 $'000	Consolidated 2022 $'000
Financial liabilities carried at fair value - Convertible notes		
Tranche A	267,354	227,262
Tranche B	28,124	25,798
	295,478	253,060

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Note 26. Convertible notes – Non current (cont.)

Tranche A

The Group issued 265,000,000 unlisted, subordinated, secured, redeemable convertible loan notes on 27 May 2021. A summary of the key terms of convertible notes is summarised below:

- fully paid – the issue price of $1.00 per note is paid to the Group before the notes are issued;
- maturity - the notes have a maturity date of 6 years from issuance;
- redeemable – the notes may be redeemed, which means the Group may be required to buy back the notes prior to the maturity date at the Makewhole Amount ranging between $463.8m in Year 1 to $609.5m in Year 6 ($1.75 in Year 1 to $2.3 in Year 6 per note) subject to certain conditions;
- subordinated secured – the notes are secured by security granted by the Group and the Guarantors over all of their assets and undertakings, to the Trustee under the terms of the Transaction Documents;
- ranked, for security purposes, after all Priority Permitted Debt – the notes have priority over the Group's ordinary shares, all Shortfall Debt and the claims of unsecured creditors, however the notes rank behind the Group's Priority Permitted Debt and the claims of other creditors with priority at law in a winding up;
- convertible into shares – the notes are converted into shares calculated by dividing the Equity Conversion Amount by a Conversion Price of $0.70;
- interest - for the first 27 months the Notes bear a cash interest of 7.0% p.a. or of 8.5% p.a. if the interest payment is capitalised. After the first 27 months, the Group can elect to pay 7.0% cash interest p.a. or to pay a total interest rate of 8.5% p.a. but broken down between a minimum 5.0% p.a. cash and 3.5% p.a capitalisation of interest.

The references to the above mentioned terms can be found in the transaction documents released on 27 May 2021.

Tranche B

The Group issued 27,200,000 unlisted, subordinated, secured, redeemable convertible loan notes on 4 May 2022. A summary of the key terms of convertible notes is summarised below:

- fully paid – the issue price of $1.00 per note is paid to the Group before the notes are issued;
- maturity – the notes have a maturity date of 5 years from issuance;
- redeemable – the notes may be redeemed, which means the Group may be required to buy back the notes prior to the maturity date at the Makewhole Amount ranging between $47.3m in Year 1 to $62.6m in Year 5 ($1.74 in Year 1 to $2.3 in Year 5 per note) subject to certain conditions;
- subordinated secured – the notes are secured by security granted by the Group and the Guarantors over all of their assets and undertakings, to the Trustee under the terms of the Transaction Documents;
- ranked, for security purposes, after all Priority Permitted Debt – the notes have priority over the Group's ordinary shares, all Shortfall Debt and the claims of unsecured creditors, however the notes rank behind the Group's Priority Permitted Debt and the claims of other creditors with priority at law in a winding up;
- convertible into shares – the notes are converted into shares calculated by dividing the Equity Conversion Amount by a Conversion Price of $0.32;
- interest – for the first 27 months the Notes bear a cash interest of 7.0% p.a. or of 8.5% p.a. if the interest payment is capitalised. After the first 27 months, the Group can elect to pay 7.0% cash interest p.a. or to pay a total interest rate of 8.5% p.a. but broken down between a minimum 5.0% p.a. cash and 3.5% p.a capitalisation of interest.

The references to the above mentioned terms can be found in the transaction documents released on 4 May 2022.

Movement of the fair values at the beginning and end of the current and prior financial year are set out below:

	Consolidated	
	2023 $'000	2022 $'000
Opening balance	253,060	251,006
Proceeds from issue of convertible notes	-	27,024
Fair value changes through profit or loss	39,486	(9,461)
Fair value changes through other comprehensive income	2,932	(15,509)
	295,478	253,060

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The convertible notes are classified entirely as liabilities and as the embedded conversion features of the notes meet the definition of a derivative, the Group has designated the whole convertible note as at fair value through profit or loss.

Given the complex structure of the convertible notes, the Group obtains assistance from professional valuers to estimate the fair value at the reporting date. For the purposes of estimating fair value at 30 June 2023, Monte Carlo Simulation Option Pricing Model was applied which used option pricing mathematics to simulate future equity values. This methodology allows incorporation of the probability of exercising the conversion option and the investor's right to redeem in the valuation.

Due to a decrease in Noumi's share price and credit spread market prior to year-end, the overall value of the convertible notes increased by $42.4m at 30 June 2023 (FY22: decreased by $25.0m). The increase in fair value amounting to $39.5m arose mainly due to the capitalisation of interest during the year as well as decrease in discount rate in relation to plain vanilla bond and make whole amounts. A further increase of $2.9m is recorded in other comprehensive income due to the change in credit spread in accordance with AASB 9. These fair value changes do not impact the redemption and conversion rights available to the investors under the terms of the convertible notes.

Since the Group has classified the convertible notes as fair value through profit or loss, capitalised interest of $27.9m for FY23 (FY22: $25.9m) is not recorded in profit and loss as interest expense although implied in the fair value approach. The face value of the convertible notes of $292.0m with capitalised interest to date of $53.8m equate to $345.8m which is fair valued at $295.5m on the balance sheet as at 30 June 2023.

Significant accounting policies

The convertible notes are classified entirely as liabilities because they were issued with the conversion features that are not closely related to the debt host contract. As the instrument contains an embedded derivative, it has been designated as at fair value through profit or loss on initial recognition and as such the embedded conversion feature is not separated. All transaction costs related to financial instruments designated as at fair value through profit or loss are expensed as incurred.

The component of fair value changes relating to the Group's own credit risk is recognised in OCI. Amounts recorded in OCI related to credit risk are not subject to recycling in profit or loss but are transferred to retained earnings upon redemption or conversion. Fair value changes relating to market risk are recognised in the statement of profit or loss.

Note 27. Employee benefit obligations – Non current

	Consolidated	
	2023 $'000	2022 $'000
Long service leave	416	355
Long term incentive	946	719
	1,362	1,074

Significant accounting policies

Long term employee benefits

The Group also has liabilities for long service leave and long-term incentive plan that are not expected to be settled wholly within 12 months after the end of the period. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Note 28. Other financial liabilities – Non current

	Consolidated	
	2023 $'000	2022 $'000
US litigation settlement liability	12,196	17,272

The litigation settlement amount represents the non-current portion of the amount payable under the US litigation settlement agreement being the present value of future payments not due within the next 12 months.

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Note 29. Deferred tax

Deferred tax comprises temporary differences attributable to the following:

	Consolidated	
	2023 $'000	2022 $'000
Deferred tax asset/(liabilities)		
Lease liabilities	27,814	29,315
Finance facilities	18,754	22,180
Provision	4,703	6,731
Property, plant and equipment	5,046	1,987
Right of use assets	(16,489)	(19,018)
Convertible notes	(19,892)	(12,419)
Intangibles	(1,768)	(1,768)
Other	8,371	6,236
	26,539	33,244
Unrecognised temporary differences	(26,539)	(33,244)
Deferred tax recognised	-	-

Carry forward tax losses of $612.3m (FY22: $591.1m) and capital allowances of $16.1m (FY22: $24.5m), have not been recognised in deferred tax.

Deferred tax movements are as follows:

	Consolidated	
	2023 $'000	2022 $'000
Opening balance	-	-
Property, plant and equipment	3,060	20,959
Intangibles	-	4,669
Right of use asset	2,529	6,905
Provisions	(2,028)	(132)
Lease liabilities	(1,501)	(4,390)
Finance facilities	(3,425)	(3,347)
Convertible notes	(7,473)	(11,790)
Other	2,133	14,680
Movement for the year	(6,705)	27,554
Deferred tax asset recognised/(not recognised)	6,705	(27,554)
Closing balance	-	-

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Note 30. Issued Capital

	Consolidated			
	2023 Shares	2022 Shares	2023 $'000	2022 $'000
Ordinary shares - fully paid	277,109,319	277,109,319	598,698	598,698
Convertible redeemable preference shares - fully paid	101,130	101,130	14	14
	277,210,449	277,210,449	598,712	598,712

Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends. The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Convertible redeemable preference shares (CRPS)

The CRPS are perpetual with no maturity, but redeemable after 3 years from the issuance date (16 December 2013) at the option of the Company. The CRPS are transferable and are convertible at the option of the CRPS holder. The dividend rate is 9.0% p.a. on the issue price of $0.30. It is a preferred, discretionary and non-cumulative dividend and CRPS holders have no claim or entitlement in respect of a non-payment.

If the dividend is declared by the Directors, it will be payable half-yearly in arrears i.e., in April and November each year. CRPS holders who convert their CRPS prior to a dividend payment date will not be entitled to any dividend for that part period in respect of that CRPS. However upon conversion to ordinary shares a holder who is on the register on the record date for a dividend payable in respect of ordinary shares will be entitled to the full ordinary dividend for that period. CRPS holders are entitled to receive dividends in priority to holders of ordinary shares and equally with the holders of other CRPS that may be issued by Company on these terms.

CRPS are convertible into fully paid ordinary shares in the Company on the basis that each CRPS is convertible at the election of the CRPS holder into one ordinary share, subject to any restrictions imposed by the Corporations Act 2001 and ASX Listing Rules. There is no time limit within which CRPS must be converted. No additional consideration is payable on conversion.

Notwithstanding the right of holders of CRPS to convert at any time, all CRPS will convert into ordinary shares automatically on the occurrence of certain trigger events including certain transactions involving a change in control of Company, such as a takeover of Company or a scheme or merger between Company and another body.

The Company may redeem the CRPS, 3 years from the date of issue of the CRPS, at its option for the payment per CRPS of the higher of:

- the issue price of $0.30; and
- an amount determined by the Board of the Company with reference to the value of a CRPS as determined by an independent expert appointed by the Board.

The Company at this time has no plans to redeem the remaining CRPS still on issue.

Share options

The Group issued 27,698,189 options on 30 July 2021 which were quoted on the ASX from 2 August 2021.

The options are exercisable at $0.98 per option any time during the period commencing on the business day immediately following the release of FY23 annual report and 30 July 2027. If all 27,698,189 options are exercised before 30 July 2027, the Group will raise approximately $27,144,225 which will be used for general corporate purposes.

Note 31. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking credits

No franking credits balance is available at the reporting date for the current and previous financial year.

Note 32. Reserves

	Consolidated 2023 $'000	Consolidated 2022 $'000
Common control reserve	(60,878)	(60,878)
Foreign currency translation reserve	(111)	(118)
Convertible notes reserve (note 26)	7,924	10,856
Fair value reserve (note 13)	(4,702)	-
	(57,767)	(50,140)

Common control reserve

The common control reserve is used to account for the acquisition of Pactum Australia and Pactum Dairy Group by the Group. Upon disposal of all interests in Pactum Australia or Pactum Dairy Group by the Group, the applicable reserve would be transferred to retained earnings.

Foreign currency translation reserve

The foreign currency translation reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Convertible notes reserve

The convertible notes reserve represents fair value changes arising from Group's own credit risk which are recognised in OCI. Amounts recorded in OCI related to credit risk are not subject to recycling in profit or loss but are transferred to retained earnings when realised.

Fair value reserve

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI (refer to note 13). These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Common control reserve $'000	Foreign currency translation reserve $'000	Convertible notes reserve $'000	Fair value reserve $'000	Total $'000
Balance at 1 July 2021	(60,878)	500	-	-	(60,378)
Fair value changes (note 26)	-	-	15,509	-	15,509
Deferred tax (notes 7 and 29)	-	-	(4,653)	-	(4,653)
Foreign currency translation	-	(618)	-	-	(618)
Balance at 30 June 2022	(60,878)	(118)	10,856	-	(50,140)
Fair value changes (notes 26 and 13)	-	-	(2,932)	(4,702)	(7,634)
Foreign currency translation	-	7	-	-	7
Balance at 30 June 2023	(60,878)	(111)	7,924	(4,702)	(57,767)

Note 33. Financial instruments

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balances including share options.

The capital structure of the Group consists of debt, which includes borrowings, convertible loan notes, cash and cash equivalents and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in their respective notes.

Operating cash flows are used for day to day operations, investing and financing purposes. The Group's policy is to borrow centrally, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

Market risk

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. The Group adopts a natural hedge approach and at times enters into forward exchange and option contracts to manage net foreign currency risk on its imports and exports.

Significant accounting polices

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Forward foreign exchange contracts

At times, the Group enters into forward foreign exchange contracts to hedge specified amounts of foreign currencies in the future at stipulated exchange rates. The objective of entering into the forward exchange contracts is to protect the Group against unfavourable exchange rate movements for the contracted purchases and sales undertaken in foreign currencies.

The following table details the forward foreign exchange contracts outstanding as at reporting date in Australian dollars:

	Sell Australian dollars 2023 $'000	Sell Australian dollars 2022 $'000	Average exchange rates 2023 $	Average exchange rates 2022 $
Buy US dollars				
Maturity:				
0-3 months	-	24,776	-	0.7265

The following table details the forward foreign exchange contract at fair value as at reporting date in Australian dollars:

	Consolidated 2023 $'000	Consolidated 2022 $'000
Buy US dollars - less than 3 months	-	1,342

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Consolidated	Assets 2023 $'000	Assets 2022 $'000	Liabilities 2023 $'000	Liabilities 2022 $'000
US Dollar	42,367	20,285	28,177	12,018
Euro	-	-	515	610
New Zealand Dollar	-	-	-	1
Chinese Yuan	4,010	3,121	659	35
Singapore Dollar	65	154	711	313

Note 33. Financial instruments (cont.)

Foreign currency sensitivity analysis

The following table details the sensitivity to an increase/decrease in the Australian dollar against the relevant currencies in relation to foreign exchange exposures. Sensitivity rates of 5% (USD), 3% (EUR), 4% (CNY) and 3% (SGD) have been used as these represent management's assessment of a reasonable change in foreign exchange rates.

A positive number indicates an increase in profit where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and the balances below would be negative.

The foreign currency sensitivity analysis sets out the sensitivity to variations in exchange rate on foreign currency receivables, payables and cash and cash equivalents at year end in the Group.

	AUD strengthened			AUD weakened		
Consolidated - 2023	change	Effect on loss before tax $'000	Effect on equity $'000	change	Effect on loss before tax $'000	Effect on equity $'000
US dollar	5%	(675)	(675)	5%	747	747
Euro	3%	15	15	3%	(16)	(16)
Chinese Yuan	4%	(129)	(129)	4%	140	140
Singapore dollars	3%	19	19	3%	(20)	(20)
		(770)	(770)		851	851

	AUD strengthened			AUD weakened		
Consolidated - 2022	change	Effect on loss before tax $'000	Effect on equity $'000	change	Effect on loss before tax $'000	Effect on equity $'000
US dollar	5%	(394)	(394)	5%	435	435
Euro	3%	18	18	3%	(19)	(19)
Chinese Yuan	4%	(119)	(119)	4%	129	129
Singapore dollars	3%	5	5	3%	(5)	(5)
		(490)	(490)		540	540

Interest rate risk management

At 30 June 2023, the Group's borrowings are largely at fixed rates (convertible loan notes and equipment finance facilities):

	2023		2022	
	Weighted average effective interest rate	Balance $'000	Weighted average effective interest rate	Balance $'000
Cash and cash equivalents	-	18,560	-	16,210
Term deposit (variable interest rate)	3.30%	25,790	-	-
Recourse debtor financing facilities (variable interest rate)	7.69%	(12,022)	4.69%	(13,114)
Revolving financing facilities (variable interest rate)	7.82%	(28,000)	5.21%	(17,000)
Equipment financing facilities (fixed interest rate)	4.73%	(63,057)	4.74%	(74,609)
Convertible notes (fixed interest rate)[1]	8.50%	(295,478)	8.50%	(253,060)
		(354,207)		(341,573)

[1] The Group is capitalising interest payments on convertible notes and hence subject to a fixed interest rate of 8.5% p.a. Since the Group designated convertible notes at fair value through profit or loss and the interest is capitalised, no interest expense is recognised separately in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements I 30 June 2023

Interest rate sensitivity analysis

Since the Group's borrowings are largely at fixed rates (FY23: $358.6m and FY22: $327.7m), it does not have a material exposure to interest rate changes and hence sensitivity analysis is not included in the financial statements.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate values of transactions concluded are spread amongst approved counterparties.

For trade receivables, the Group has applied the simplified approach in AASB 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Note 10 includes further details on the loss allowance for these assets.

The credit risk on term deposit and liquid funds is limited because the Group only deposits monies with Australian banking counterparties with high credit ratings assigned by international credit rating agencies.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at statement of financial position date, to recognised financial assets of the Group which have been recognised on the statement of financial position is the carrying amount, net of any allowance for doubtful debts.

Liquidity risk management

Liquidity risk arises from the possibility that the Group may be unable to settle a transaction on the due date. The ultimate responsibility for liquidity risk management rests with the Board of Directors and executive management. The Group's Treasury manages risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Included in Note 25 is detail of the current status of funding facilities.

			Contractual cash flow			
Consolidated - 2023	Carrying amount $'000	Weighted average effective interest rate	Less than 1 year $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
Non-interest bearing						
Trade and other payables	59,534	-	59,534	-	-	59,534
Payable to related parties	996	-	996	-	-	996
Other financial liabilities	18,983	-	6,787	13,575	-	20,362
Interest bearing - variable						
Recourse debtor financing facilities	12,022	7.69%	12,022	-	-	12,022
Revolver financing facilities	28,000	7.82%	2,190	30,220	-	32,410
Interest bearing - fixed						
Equipment financing facilities	63,057	4.73%	15,418	54,099	-	69,517
Convertible notes[1]	295,478	8.50%	8,853	662,802	-	671,655
	478,070		105,800	760,696	-	866,496

[1] The convertible notes provide redemption and equity conversion options. Given the number of potential alternatives and the timing of the potential cash repayment, the amount shown in the above table is indicative and the actual cash flows may be different.

Notes to the Consolidated Financial Statements | 30 June 2023

Note 33. Financial instruments (cont.)

Consolidated - 2022	Carrying amount $'000	Weighted average effective interest rate	Contractual cash flow: Less than 1 year $'000	(Restated)[2] Between 1 and 5 years $'000	More than 5 years $'000	(Restated)[2] Total $'000
Non-interest bearing						
Trade and other payables	67,994	-	67,994	-	-	67,994
Payable to related parties	2,554	-	2,554	-	-	2,554
Other financial liabilities	23,804	-	6,532	19,596	-	26,128
Interest bearing - variable						
Recourse debtor financing facilities	13,114	4.69%	13,114	-	-	13,114
Revolving financing facilities	17,000	5.21%	886	17,812	-	18,698
Interest bearing - fixed						
Equipment financing facilities	74,609	4.74%	14,932	71,194	-	86,126
Convertible notes[1]	253,060	8.50%	-	671,655	-	671,655
	452,135		106,012	780,257	-	886,269

[1] The convertible notes provide redemption and equity conversion options. Given the number of potential alternatives and the timing of the potential cash repayment, the amount shown in the above table is indicative and the actual cash flows may be different.
[2] The contractual cash flows as at 30 June 2022 have been restated to align with the methodology used in FY23 to calculate the estimate of the potential cash payments under the terms of the convertible notes. Accordingly, the previously reported contractual cash flows for the convertible notes of $731.2m, has reduced by $59.5m to $671.7m.

Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

For financial instruments measured and carried at fair value, the Group uses the following to categorise the methods used:

- Level 1: fair value is calculated using quoted prices in active markets for identical assets or liabilities.
- Level 2: fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: fair value is estimated using inputs for the asset or liability that are not based on observable market data.

From time to time, the Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including forward foreign exchange contracts and options. Derivative financial instruments are classified as Level 2, as the fair values are calculated based on observable market interest rates and foreign exchange rates. The fair values of interest rate derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of the foreign currency forwards is calculated as the difference between the forward rate and the spot exchange rate at the balance sheet date. The Group has no forward foreign exchange contracts on issue as at 30 June 2023.

The fair value of the Group's investments in JLL is determined after taking into consideration various valuation approaches including income approach (discounted cash flow analysis) and market approach using prices and other relevant information generated by market transactions involving identical or comparable businesses and interest shown by shareholders. Investment in JLL is classified as Level 3, as the fair value at 30 June 2023 is based on cash flow forecast discounted using an appropriate discount rate.

The fair value of convertible loan notes is independently determined using a Monte Carlo Simulation Option Pricing Model (MCSOPM) that takes into account the equity conversion options, redemption options, make whole payment scenario, expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the convertible loan notes and interest payment options. Since convertible loan notes are not traded in an active market and the valuation exercise involves a combination of observable market data and unobservable inputs, the convertible loan notes are classified as Level 2.

The Group has not adopted hedge accounting during the financial year or previous corresponding year.

Notes to the Consolidated Financial Statements | 30 June 2023

The following table details the Group's assets and liabilities measured at fair value at 30 June 2023 and 30 June 2022.

As at 30 June 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through OCI – JLL	-	-	743	743
Liabilities				
Convertible notes	-	295,478	-	295,478

As at 30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Investment at fair value through OCI - JLL	-	-	5,857	5,857
Investment at fair value through profit or loss - AFMH	-	-	29,651	29,651
	-	-	35,508	35,508
Liabilities				
Convertible notes	-	253,060	-	253,060

There were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies.

Financial risk management objectives

The Group's Treasury provides services to each of the group businesses, and co-ordinates access to domestic and international financial markets, for the purpose of monitoring and managing the financial risks relating to the operations of the Group.

The Group seeks to minimise the effects of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk and interest rate hedging risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

	Consolidated 2023 $'000	Consolidated 2022 $'000
Debt[1]	102,425	104,205
Convertible notes	295,478	253,060
Lease liabilities - AASB 16	93,096	97,744
Cash and cash equivalents	(18,560)	(16,210)
Net debt	472,439	438,799
Equity[2]	(203,543)	(149,011)

[1] Debt is defined as long and short-term borrowings, as detailed in the notes to the financial statements.
[2] Equity includes all capital and reserves.

If the convertible notes are converted to equity, the net debt will reduce to $177.0m (FY22: $185.7m) and equity will increase to $91.9m (FY22: $104.0m).

Notes to the Consolidated Financial Statements I 30 June 2023

Note 34. Capital commitments and contingent liabilities

	Consolidated 2023 $'000	Consolidated 2022 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities:		
Property, plant and equipment	2,324	3,483

	Consolidated 2023 $'000	Consolidated 2022 $'000
Contingent liabilities		
Contingencies at the reporting date but not recognised as liabilities:		
Bank guarantees related to US litigation settlement	25,452	26,129

Bank guarantees related to US Litigation Settlement

The Company entered into a separate bank guarantee facility of US$18.0m with one of its senior lenders. The bank guarantee facility was used for the issuance of US$18.0m bank guarantee which secured the future instalment obligation related to US litigation settlement made in FY22 and is progressively stepping down from March 2023 until January 2027 as instalments are paid. A contingent liability exists only in the event that the term deposit provided as collateral is not available to satisfy the obligation under the US litigation settlement and guarantee arrangement.

ASIC proceedings

ASIC commenced an investigation in 2020 in relation to, among other things, suspected breaches of the Corporations Act 2001 (including continuous disclosure and financial reporting obligations) by the Company and/or officers and directors of the Company between 1 July 2014 and 30 June 2020 (ASIC Investigation).

Following conclusion of the ASIC Investigation, ASIC commenced civil penalty proceedings on 24 February 2023 against Noumi and two of the Company's former officers in the Federal Court of Australia in relation to alleged historic breaches of continuous disclosure obligations. The proceedings concern alleged failures to disclose material information to the ASX regarding the value of Noumi's inventories in its Financial Report for the full year ended 30 June 2019 (FY19) and in its Financial Report for the half year ended 31 December 2019 (H1 FY20); and additionally regarding the value of Noumi's reported sales revenue, gross profit and profit before tax in its H1 FY20 Financial Report. ASIC is seeking declarations that, during the period from 29 August 2019 to 25 May 2020, Noumi contravened section 674(2) of the Corporations Act 2001, and orders for civil penalties and costs. Additional allegations associated with those matters are made against the two former officers.

On 24 May 2023, the Court made orders for the progress of the proceedings. On 11 August 2023, Noumi filed its defence admitting, on a qualified basis, alleged breaches of its continuous disclosure obligations in connection with FY19 and H1 FY20 Financial Reports based on information that was known, or should have been known, by the former officers. The statement of claim does not detail the quantum of any penalties sought by ASIC and in light of amendments to the penalties framework under the Corporations Act 2001, there is an absence of any applicable decided cases on civil penalties by which the Company can estimate the quantum. Based on the information available at the date of this report, the Company cannot determine the quantum of any liability arising.

Notes to the Consolidated Financial Statements I 30 June 2023

Class Action

Two separate class action proceedings were commenced against the Company and its auditor at the time, Deloitte Touche Tohmatsu, alleging breaches of the Corporations Act 2001, the Australian Securities and Investments Commission Act and Australian Consumer Law. On 16 December 2021, the Company was served with a consolidated statement of claim following orders made by the Court that the two proceedings be consolidated and conducted as a single proceeding with Slater & Gordon and Phi Finney McDonald acting jointly as solicitors for the plaintiffs.

The Group is defending the litigation and has engaged legal counsel to assist in doing so. Pleadings have closed in the consolidated proceeding and the parties are engaged in the process of discovery which is currently scheduled to be completed in 2023. No evidence has been filed nor have the plaintiffs quantified their claims as yet, so the proceeding is still in its early stages.

In November 2022, a group costs order was made by the Court permitting the legal costs payable to the class action law firms acting for the plaintiffs and group members to be paid as a percentage of any award or settlement that may be recovered, with that percentage fixed at 22% (inclusive). Based on information available at the date of this report, the Company cannot determine the likelihood and quantum of any liability arising.

No liability has been recognised in the consolidated financial statements for any compensation, penalties and/or costs for which the Company may be liable in either of these litigations, other than for legal costs incurred as at 30 June 2023.

Note 35. Interests in subsidiaries

The Group's principal subsidiaries at 30 June 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group.

Name	Principal place of business / Country of incorporation	Ownership interest 2023	Ownership interest 2022
Paramount Seafoods Pty Limited[1]	Australia	100.00%	100.00%
Noumi Operations Pty Ltd[1]	Australia	100.00%	100.00%
Noumi Financing Pty Ltd[1]	Australia	100.00%	100.00%
Noumi Manufacturing Pty Ltd	Australia	100.00%	100.00%
Pactum Australia Pty Ltd[1]	Australia	100.00%	100.00%
Pactum Dairy Group Pty Ltd[1]	Australia	100.00%	100.00%
Noumi IP Pty Ltd[1]	Australia	100.00%	100.00%
Thorpedo Foods Group Pty Ltd[1]	Australia	100.00%	100.00%
Thorpedo Foods Pty Ltd	Australia	100.00%	100.00%
Thorpedo Seafoods Pty Limited	Australia	75.00%	75.00%
Noumi Ingleburn Pty Ltd	Australia	100.00%	100.00%
Noumi Nutritionals Pty Ltd[1]	Australia	100.00%	100.00%
Noumi Trading Pty Ltd[1]	Australia	100.00%	100.00%
Crankt Protein International Pty Limited	Australia	100.00%	100.00%
Noumi Shanghai Co. Ltd	China	100.00%	100.00%
Noumi Singapore Pte. Ltd	Singapore	100.00%	100.00%

[1] These companies are members of the tax consolidated group.

Notes to the Consolidated Financial Statements I 30 June 2023

Note 36. Deed of cross guarantee

The following companies in the Group have entered into a deed of cross guarantee as a condition to obtaining relief under ASIC Class Order 98/1418 from the Corporations Act 2001 requirements to prepare and lodge audited financial statements and a directors' report.

Noumi Limited
Paramount Seafoods Pty Ltd
Noumi Operations Pty Ltd
Noumi Financing Pty Ltd
Noumi IP Pty Ltd
Pactum Australia Pty Ltd
Thorpedo Foods Group Pty Ltd
Noumi Nutritionals Pty Ltd
Pactum Dairy Group Pty Ltd
Noumi Trading Pty Ltd

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Noumi Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and a consolidated statement of financial position for the year ended 30 June 2023 of the closed group.

Consolidated statement of profit or loss

	Consolidated	
	2023 $'000	2022 $'000
Revenue from sale of goods	547,331	516,657
Cost of sales	(404,140)	(399,632)
Gross margin	143,191	117,025
Other income	958	11,598
Other expense	(41,205)	(4,683)
Selling and marketing expenses	(23,368)	(25,237)
Distribution expenses	(49,033)	(45,891)
Product development expenses	(2,073)	(2,038)
Administrative expenses	(26,652)	(31,249)
Net finance costs	(11,290)	(9,363)
US litigation settlement related expenses	-	(55,621)
Impairment of non-financial assets	(37,461)	(120,783)
Expected credit losses	28	(260)
Share of profits of associates accounted for using the equity method	-	294
Loss before income tax	(46,905)	(166,208)
Income tax benefit	-	5,466
Loss after income tax	(46,905)	(160,742)

Notes to the Consolidated Financial Statements I 30 June 2023

Consolidated statement of financial position

	Consolidated	
	2023 $'000	2022 $'000
Assets		
Current assets		
Cash and cash equivalents	17,041	14,894
Trade and other receivables	51,649	59,065
Receivable from related parties	42,471	84,620
Inventories	37,459	34,494
Derivative financial instruments	-	1,342
Prepayments	3,886	3,225
Non-current assets classified as held for sale	-	29,651
Other financial assets	7,125	-
Total current assets	159,631	227,291
Non-current assets		
Financial assets at fair value through other comprehensive income	743	5,857
Property, plant and equipment	80,998	72,315
Right-of-use assets	11,246	19,568
Intangibles	6,477	6,647
Prepayments	238	319
Other financial assets	18,665	-
Total non-current assets	118,367	104,706
Total assets	277,998	331,997
Liabilities		
Current liabilities		
Trade and other payables	28,867	47,212
Bank borrowings	24,524	24,743
Lease liabilities	1,639	1,213
Income tax	3,248	3,248
Employee benefit obligation	4,232	6,105
Provisions	516	7,601
Other financial liabilities	6,787	6,532
Total current liabilities	69,813	96,654
Non-current liabilities		
Bank borrowings	77,901	79,462
Convertible notes	295,478	253,060
Lease liabilities	24,911	33,368
Provisions	1,242	1,192
Other financial liabilities	12,196	17,272
Total non-current liabilities	411,728	384,354
Total liabilities	481,541	481,008
Net liabilities	(203,543)	(149,011)

Notes to the Consolidated Financial Statements I 30 June 2023

Note 36. Deed of cross guarantee (cont.)

	Consolidated 2023 $'000	2022 $'000
Equity		
Issued Capital	598,712	598,712
Reserves	(57,767)	(50,140)
Accumulated losses	(744,488)	(697,583)
Total equity	(203,543)	(149,011)

Note 37. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2023 $'000	2022 $'000
Loss after income tax	(46,905)	(160,742)
Other comprehensive income for the year, net of tax	(7,627)	10,238
Total comprehensive income	(54,532)	(150,504)

Statement of financial position

	Parent 2023 $'000	2022 $'000
Total current assets	-	-
Total non-current (liabilities)/assets	(203,543)	(149,011)
Total assets	(203,543)	(149,011)
Total current liabilities	-	-
Net assets	(203,543)	(149,011)
Equity		
Issued capital	598,712	598,712
Accumulated losses	(802,255)	(747,723)
	(203,543)	(149,011)

Noumi Limited on 30 June 2023, provided a letter of support stating it will provide financial support to certain controlled entities, at their request, to ensure that those subsidiaries are at all times able to pay all debts and liabilities owed by them, as they become due and payable in the normal course of business.

Notes to the Consolidated Financial Statements I 30 June 2023

Note 38. Related party transactions

Majority Shareholder

Arrovest Pty Limited is the majority shareholder of the Group with controlling interest.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 39 and the remuneration report included in the Directors' report.

Transactions with related parties

	Consolidated 2023 $	2022 $
Purchase of goods and services during the year:		
Milk purchases from Fresh Dairy Four Pty Limited (wholly owned subsidiary of AFMH which is related through common Directors)	(13,821,796)	(26,095,619)
Payment for rent and insurance during the year:		
Payment of rent and outgoings under a lease commitment with Perich Property Holdings at Shepparton and former Head Office (related entity through common Directors)	(3,860,779)	(4,307,331)
Payment of rent and outgoings under a lease commitment with Perich Property Unit Trust at Ingleburn (related entity through common Directors)	(8,374,919)	(8,569,695)
Payment for Director and Officer insurance and reimbursement of other legal costs to Leppington Pastoral Company	(648,595)	(594,546)
Proceeds from sale of investment:		
Proceeds from sale of investment in AFMH to Leppington Pastoral Investments Pty Ltd (related entity through common Directors)	16,692,400	-
Amount payable at the end of the year:		
AASB 16 Lease liability with Perich Property Holdings at Shepparton and former Head Office (related entity through common Directors)	(22,946,796)	(32,546,666)
AASB 16 Lease liability with Perich Property Unit Trust at Ingleburn (related entity through common Directors)	(65,267,935)	(63,062,506)
Payable for Director and Officer insurance to Leppington Pastoral Company	(54,050)	(54,050)
Payable for milk purchases from Fresh Dairy Four Pty Limited (wholly owned subsidiary of AFMH)	(941,738)	(2,500,440)

Note 39. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2023 $	2022 $
Short-term employee benefits	2,871,102	2,659,325
Post-employment benefits (superannuation contribution)	159,033	156,140
Long term incentives	104,158	(10,692)
	3,134,293	2,804,773

Notes to the Consolidated Financial Statements I 30 June 2023

Note 40. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	Consolidated	
	2023 $'000	2022 $'000
Loss after income tax benefit for the year	(46,905)	(160,742)
Adjustments for:		
Depreciation and amortisation	19,894	26,289
Impairment of non-financial assets	8,235	95,688
Provision for customer claims	2,066	2,023
Gain on re-measurement of leases (note 24)	-	(4,936)
Fair value changes of assets held for sale (note 12)	-	(6,673)
Fair value changes of convertible notes (note 26)	39,486	(9,461)
Write off of property, plant and equipment and right of use assets (notes 14 and 15)	1,128	-
(Gain)/loss on disposal of assets	(208)	148
Expected credit losses (note 10)	(28)	260
Deferred tax movement (note 7 and 29)	-	(4,653)
Share of profit of associates	-	(294)
Transaction costs related to financing/recapitalisation	20	1,309
Transaction costs related to sale of AFMH	308	-
Unrealised exchange loss	156	354
Movements in working capital:		
Decrease/(increase) in trade and other receivables	5,064	(9,426)
Increase in inventories	(1,010)	(4,668)
Decrease/(increase) in derivative assets	1,342	(1,342)
Decrease/(increase) in prepayments	(749)	17
Decrease/(increase) in amount due to related parties	(1,558)	1,451
Decrease in trade and other payables	(9,311)	(321)
Increase/(decrease) in provision	(8,801)	10,314
Increase/(decrease) in other financial liabilities	(4,821)	23,804
Net cash from/(used in) operating activities	4,308	(40,859)

Notes to the Consolidated Financial Statements I 30 June 2023

Note 41. Reconciliation of assets and liabilities arising from investing and financing activities

The table below details changes in the Group's assets and liabilities arising from investing and financing activities, including both cash and non-cash changes. Liabilities arising from investing and financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statement of cash flows as cash flows from financing activities.

Movements in financing activities:

Consolidated 2023	Balance 1 July 2022 $'000	Financing cash flows $'000	Lease remeasurement $'000	Fair value changes $'000	Other changes $'000	Balance 30 June 2023 $'000
AASB 16 lease liabilities (note 24)	(97,744)	2,513	8,848	-	(6,713)	(93,096)
Recourse debtor financing facilities (note 25)	(13,114)	1,093	-	-	(1)	(12,022)
Revolving financing facilities (note 25)	(17,000)	(11,000)	-	-	-	(28,000)
Equipment financing facilities (note 25)	(74,609)	11,552	-	-	-	(63,057)
Convertible notes (note 26)	(253,060)	-	-	(42,418)	-	(295,478)
Transaction costs	-	20	-	-	(20)	-
Share capital (note 30)	(598,712)	-	-	-	-	(598,712)
	(1,054,239)	4,178	8,848	(42,418)	(6,734)	(1,090,365)

Consolidated 2022	Balance 1 July 2021 $'000	Financing cash flows $'000	Lease remeasurement $'000	Fair value changes $'000	Other changes $'000	Balance 30 June 2022 $'000
AASB 16 lease liabilities (note 24)	(112,474)	2,133	14,718	-	(2,121)	(97,744)
Recourse debtor financing facilities (note 25)	(13,084)	-	-	-	(30)	(13,114)
Revolving financing facilities (note 25)	-	(17,000)	-	-	-	(17,000)
Equipment financing facilities (note 25)	(85,829)	11,327	-	-	(107)	(74,609)
Convertible notes (note 26)	(251,006)	(27,024)	-	24,970	-	(253,060)
Transaction costs	-	1,235	-	-	(1,235)	-
Share capital (note 30)	(598,712)	-	-	-	-	(598,712)
	(1,061,105)	(29,329)	14,718	24,970	(3,493)	(1,054,239)

Note 41. Reconciliation of assets and liabilities arising from investing and financing activities (cont.)

Movements in investing activities:

Consolidated 2023	Balance 1 July 2022 $'000	Investing cash flows $'000	Depreciation, amortisation and impairment $'000	Lease remeasurement $'000	Other changes $'000	Balance 30 June 2023 $'000
Assets classified as held for sale (note 12)	29,651	(29,343)	-	-	(308)	-
Financial assets at FVOCI (note 13)	5,857	-	-	-	(5,114)	743
Property, plant and equipment (note 14)	183,286	3,354	(23,577)	-	(880)	162,183
Right of use asset (note 15)	63,218	-	(4,382)	(8,848)	5,353	55,341
Intangibles (note 16)	6,647	638	(170)	-	(638)	6,477
Other financial assets (note 17)	-	23,131	-	-	2,659	25,790
	288,659	(2,220)	(28,129)	(8,848)	1,072	250,534

Consolidated 2022	Balance 1 July 2021 $'000	Investing cash flows $'000	Depreciation, amortisation and impairment $'000	Lease remeasurement $'000	Discontinued operations/held for sale $'000	Other changes $'000	Balance 30 June 2022 $'000
Assets classified as held for sale (note 12)	6,464	-	-	-	16,220	6,967	29,651
Financial assets at FVOCI (note 13)	5,857	-	-	-	-	-	5,857
Property, plant and equipment (note 14)	253,575	6,015	(82,463)	-	6,464	(305)	183,286
Right of use asset (note 15)	86,534	-	(15,547)	(9,782)	-	2,013	63,218
Intangibles (note 16)	29,764	-	(23,967)	-	-	850	6,647
Investment accounted for using the equity method	22,684	-	-	-	(22,684)	-	-
Sale of discontinued operation	-	(2,087)	-	-	2,087	-	-
	404,878	3,928	(121,977)	(9,782)	2,087	9,525	288,659

Notes to the Consolidated Financial Statements I 30 June 2023

Note 42. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditors of the Group:

	Consolidated 2023 $	2022 $
Deloitte Touche Tohmatsu		
Audit or review of financial reports:		
- Group H1 FY22 review	-	253,000
- Group FY21 audit	-	90,250
- Subsidiaries and joint operations	10,864	60,000
	10,864	403,250
KPMG		
Audit or review of financial reports:		
- Group FY23 audit	876,500	-
- Group FY22 audit	5,791	656,000
- Subsidiaries and joint operations	32,043	-
	914,334	656,000
Tan Chan & Partners		
Audit of financial reports		
- Subsidiaries	16,595	-
	16,595	-
	941,793	1,059,250

Note 43. Events after the reporting period

Other than as disclosed in the consolidated financial statements, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 36 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

Genevieve Gregor | Chair

29 August 2023, Sydney

Independent Auditor's Report

KPMG

Independent Auditor's Report

To the shareholders of Noumi Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Noumi Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent Auditor's Report

KPMG

Material uncertainty related to going concern

We draw attention to Note 2(b), "Going Concern" in the financial report. The conditions disclosed in Note 2(b) indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding the litigations and associated potential outcomes, and the resulting impact on the Group. These procedures included:

- Assessing the potential financial impact of significant uncertain future events, including alternative outcomes of the litigations as disclosed in Notes 2 and 34 for feasibility, quantum and timing. We used information obtained from inquiries with the Group's internal and external legal counsel and inspection of third party correspondence and reports to inform our understanding of the status of litigations, in order to assess the level of associated uncertainty, which we consider to be fundamental to readers of the Group's financial report;
- Analysing the cash flow projections by:
  - Evaluating the underlying data used to generate the projections for consistency with other information tested as part of the audit, our understanding of the Group's intentions, and past results and practices;
  - Assessing the Group's planned levels of operating and capital expenditures for feasibility, timing and consistency with the Group's historical results, particularly in light of loss making operations. We used our understanding of the business, industry and economic conditions impacting the Group in making this assessment;
  - Assessing the Group's significant cashflow assumptions and judgements for feasibility and timing. We used our knowledge of the Group, impact of current economic conditions and customer pricing behaviours to assess the level of associated uncertainty;
- Reading minutes of the Board meetings and relevant correspondence with the Group's advisors to understand the Group's ability to raise additional funding, and assess the level of associated uncertainty;
- Reading facility agreements with existing financiers to understand the Group's covenant compliance obligations contained in those agreements, and the Group's ability to satisfy those covenant compliance obligations; and
- Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matters, events and conditions, the Group's plans to address those matters, events and conditions, and the requirements of the Australian Accounting Standards.

Independent Auditor's Report

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Key Audit Matters

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the ***Key Audit Matters***:

- Provisions and contingent liabilities – estimation uncertainty; and
- Impairment assessment of non-financial assets.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provisions and contingent liabilities – estimation uncertainty (Legal matters)

Refer to Note 2 and 34 of the Financial Report

The key audit matter	How the matter was addressed in our audit
Provisions and contingent liabilities as they relate to legal and regulatory matters are a key audit matter. Applying AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (AASB 137) requires significant judgement for each of the fundamental principles. The principles we considered were: 1. Does a present obligation exist; 2. If so, can it be reliably measured, leading to recording a provision; and 3. If not, a contingent liability is reported with sufficient information disclosed to provide the users of the financial statements with an understanding of the matter and where practical the uncertainties and potential timing. When assessing ongoing legal and regulatory matters, as compared to known contractual liabilities, these principles are complex and prone to greater uncertainty. The Group has 2 significant ongoing legal matters related to Class actions and ASIC proceedings, the status of which remain open with no known or certain quantifications. Given the nature and status of these matters, and the uncertainty associated with each matter, we focused our effort on how the Group complied with the requirements of the accounting standard and the information used to form its	Our procedures included: • Evaluating the Group's assessment of whether a present obligation exists arising from past events, against the criteria in AASB 137 based on the facts and circumstances available; • Reading board minutes to identify matters relevant to the Group's accounting and disclosure considerations; • Inquiring and meeting with the Group's senior management and internal legal counsel to understand the legal matters; • Independently obtaining and inspecting the Group's external lawyers letters against knowledge obtained from our other procedures; • Meeting with the Group's external legal counsel for consistency and understanding the legal matters; • Obtaining specific management representations in relation to compliance with laws and regulations and the status of various legal matters; • Assessing the appropriateness of disclosures against the requirements of the accounting standards, with a particular focus on the qualitative information included in Note 2 and 34 to the Financial Report.

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judgements. Due to the subjective nature of interpreting the accounting standard and any resultant measurement of these types of provisions, assumptions tend to be prone to greater risk of potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us. We involved our senior audit team members in assessing this key audit matter.	

Impairment assessment of non-financial assets

Refer to Note 14, 15 and 16 of the Financial Report (Tangible assets and intangible assets of $224m)

The key audit matter	How the matter was addressed in our audit
Impairment testing of non-financial assets is a key audit matter, given the size of the balance (being 59% of total assets) and due to the higher estimation uncertainty continuing from disruptions to the Group by current economic conditions. Certain conditions, described below, impacting the Group, increased the judgement applied by us when evaluating the evidence available. The Group assesses impairment using an estimate of future cash flows for each cash generating unit ("CGU") which uses forward looking assumptions in a value in use model. The Group's value in use models are internally developed and use a range of internal and external data as inputs. We focused on the significant forward-looking assumptions the Group applied in their value in use model, including: • forecast cash flows, growth rates and terminal growth rates applied to those forecasts. The Group has experienced challenging market conditions and significant business disruption in the current year as a result of impacts from current economic conditions, in particular, increasing farmgate milk prices as well as inflationary cost increases in other input costs and the impacts of these to customer pricing. In addition, further non-standard estimations are identified by the Group in their cash flow forecasts, including operational efficiencies. These factors increase the estimation uncertainty and provide a risk of inaccurate	Our procedures included: • Considering the appropriateness of the value in use method applied by the Group to perform impairment testing of tangible and intangible assets against the requirements of the accounting standards; • Meeting with management to understand the impacts of the current economic conditions to the Group; • Assessing the accuracy of the Group's previous forecasts to inform our evaluation of forecasts incorporated in the model and applied increased scepticism to assumptions in areas where previous forecasts were not achieved; • Comparing the forecast cashflows contained in the value in use model to Board approved forecasts; • Challenging the Group's significant forecast cashflows and growth assumptions in light of customer price increases due to the expected continuation of high farmgate milk prices, and inflationary cost increases of other input costs. We applied increased scepticism to forecasts in the areas where previous forecasts were not achieved. We used our knowledge of the Group, their past performance, business, customer pricing behaviours, and our industry experience when assessing these assumptions.

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forecasts, increasing the possibility of intangible and tangible assets being impaired.
 	
• forecast growth rates, including terminal growth rates – In addition to the uncertainties described above, the Group's models are highly sensitive to small changes in these assumptions. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy.
 	
• discount rate - these are complex in nature and vary according to the conditions and environment the CGU operates. The Group's modelling is highly sensitive to small changes in the discount rate.
 	
• forecast US dollar exchange rates – Whilst observable in nature, the Group's model is highly sensitive to small changes in the US dollar exchange rate. As a result, this drives additional audit effort.
 	
We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.
 	
In addition to the above, the Group is required to assess as at year end whether there are any indicators that individual assets may be impaired. In doing so, the Group recorded an impairment charge of $8 million against a specific asset which was underutilised and exhibited indicators of impairment. Judgement is required to be exercised by us in assessing the Group's impairment of under-utilised and inactive assets (plant and equipment), particularly related to future planned use of these assets in the Group's operations.
	• Challenging the forecasted operational efficiencies by comparing it to those achieved to date as part of the Group's overall transformation program. Also, checking the consistency of realisation of these forecasted operational efficiencies with senior management leading the transformation program;
	
	• Comparing the forecast milk commodity prices to published views of market commentators on future trends;
	
	• Working with our valuation specialists, we
	  ◦ independently developed a discount rate range taking into consideration publicly available market data for comparable entities and adjusting for risk factors specific to the Group and the industry it operates in;
	  ◦ compare the forecast US dollar exchange rates to published views of market commentators on future trends;
	  ◦ compare terminal growth rates to published studies of industry trends and expectations, and considered differences for the Group's operations;
	  ◦ assessed the integrity of the value in use model used, including the accuracy of the underlying calculation formulas.
	
	• Considering the sensitivity of the models by varying key assumptions, such as forecast growth rates, terminal growth rates, discount rates and US dollar exchange rates, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group considers to be reasonably possible. We did this to identify those assumptions at higher risk of bias which may give rise to impairment and to focus our further procedures;
	
	• Checking the Group's planned use of under-utilised and inactive plant and equipment to the existence of formalised processes, timelines and board approval for the use of these assets in the Group's operations to meet sales and production levels;

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- Assessing managements estimate of the fair value of individual assets identified as underutilised;
- Attending the Group's major manufacturing sites, inspecting a sample of plant and equipment and meeting with operational site personnel to compare positions taken in the financial records;
- Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Noumi Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

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Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Noumi Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 63 to 73 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Julie Cleary

Partner

Sydney

29 August 2023

Shareholder Information

The shareholder information set out below was applicable as at 9 August 2023.

Number of holders / Classes of equity securities

There were:

- 6,754 shareholders, holding 277,109,319 fully paid ordinary shares (ASX: NOU);
- 20 holders of 101,130 convertible redeemable preference shares; and
- 2,359 holders of 27,698,189 options (ASX: NOUO)

Distribution schedule

Ordinary fully paid shares (ASX: NOU)

Range	Securities	%	Number of holders	%
100,001 and over	230,113,097	83.04%	189	2.80%
10,001 to 100,000	34,854,648	12.58%	1,140	16.88%
5,001 to 10,000	5,340,913	1.93%	709	10.50%
1,001 to 5,000	5,837,053	2.11%	2,326	34.44%
1 to 1,000	963,608	0.35%	2,390	35.39%
	277,109,319		6,754	

There are 4,4,68 shareholders holding an unmarketable parcel of the Company's ordinary shares

Convertible redeemable preference shares

Range	Securities	%	Number of holders	%
100,001 and over	0	-	-	0
10,001 to 100,000	70,102	69.32%	3	15.00%
5,001 to 10,000	8,000	7.91%	1	5.00%
1,001 to 5,000	19,090	18.88%	7	35.00%
1 to 1,000	3,938	3.89%	9	45.00%
	101,130		20	

Listed options (ASX: NOUO)

Range	Securities	%	Number of holders	%
100,001 and over	17,408,281	62.85%	46	1.95%
10,001 to 100,000	6,873,197	24.81%	205	8.69%
5,001 to 10,000	1,175,917	4.25%	167	7.08%
1,001 to 5,000	1,750,780	6.32%	774	32.81%
1 to 1,000	490,014	1.77%	1,167	49.47%
	27,698,189		2,359	

There are 2,427 option holders holding an unmarketable parcel of the Company's ordinary shares.

Shareholder Information

Unquoted securities

The Company has the following unquoted securities:

Class of unquoted securities	Number
Convertible redeemable preference shares	101,130

20 largest holders of quoted equity securities

The 20 largest holders of ordinary fully paid shares were as follows:

Name	Number held	% Issued Capital
1. Arrovest Pty Ltd	145,556,000	52.53
2. HSBC Custody Nominees (Australia) Limited - A/C 2	13,838,822	4.99
3. 3rd Wave Investors Pty Ltd	5,250,000	1.89
4. Medich Capital Pty Ltd	5,102,803	1.38
5. HSBC Custody Nominees (Australia) Limited	3,817,299	1.50
6. Citicorp Nominees Pty Limited	2,975,499	1.07
7. Best Safety Glass International (Australia) Pty Ltd	2,630,000	0.95
8. Mr William Mark Olsen & Mrs Janet Therese Olsen	1,900,000	0.69
9. BPC Custody Pty Ltd	1,566,374	0.57
10. Mutual Trust Pty Ltd	1,414,315	0.51
11. BNP Paribas Nominees Pty Ltd	1,406,565	0.51
12. Moorebank Property Management Pty Ltd	1,315,000	0.47
13. Brunetta Family Investments Pty Ltd	1,004,162	0.36
14. Mrs Elizabeth Anne Fogarty & Mrs Caitlyn Elizabeth Embley	1,000,000	0.36
15. Mrs Susan Michelle Hooton	750,000	0.27
16. Goldacre Investments Pty Limited	702,569	0.25
17. Guwarra Pty Ltd	664,709	0.24
18. Mr Mark McInnes	642,652	0.23
19. Mr Perry Richard Gunner & Mrs Felicity Jane Gunner	640,493	0.23
20. Mr Joshua Thomas Kreskas	600,795	0.22
	192,778,057	69.57

Shareholder Information

The 20 largest holders of the convertible redeemable preference shares is as follows:

Name	Number held	% Issued Capital
1. R & M Gugliotta Pty Limited	30,000	29.66
2. Lewis Little River Pty Limited	23,438	23.18
3. Mr Hugh Middendorp & Mr Peter Charles Nicholas Middendorp	16,664	16.48
4. Alan Ong Enterprises Pty Limited	8,000	7.91
5. Mrs Enid May Hartigan	5,000	4.94
6. Mr Craig Sargent	3,394	3.36
7. GWG Investments Pty Limited	3,125	3.09
8. Lokit Investments Pty Limited	2,214	2.19
9. Mr Robert William Russell	1,924	1.9
10. Mr Robert David Napier Nicholls	1,736	1.72
11. Palatine Holdings Pty Limited	1,697	1.68
12. Mr Gerald Millman	1,000	0.99
13. Mr Tjeerd Veenstra & Mrs Susan Lesley Veenstra	963	0.95
14. Mrs Michelle Louise Farrell	640	0.63
15. Mr Andrew Jonathon Achilles	500	0.49
16. Mr Neville Thiele	273	0.27
17. Mrs Dianne Joan Thiele	219	0.22
18. Mr Andrew Macfarlane	200	0.2
19. Mr Kim Wigram Jones	133	0.13
20. Mrs Bronwyn Itchins	10	0.01
	101,130	

Shareholder Information

The 20 largest holders of listed options was as follows:

Name		Number held	% Issued Capital
1. HSBC Custody Nominees (Australia) Limited - A/C 2		4,305,501	15.54
2. Medich Capital Pty Ltd		2,115,055	7.64
3. HSBC Custody Nominees (Australia) Limited		1,140,762	4.12
4. 3rd Wave Investors Pty Ltd		1,102,484	3.98
5. Citicorp Nominees Pty Limited		566,878	2.05
6. Mr Sureshbir Krishna Kaushal & Mrs Meenakshi Kaushal		536,738	1.94
7. BPC Custody Pty Ltd		486,452	1.76
8. Guwarra Pty Ltd		395,472	1.43
9. Mr Peter Theodore Van De Burgt & Mrs Jacoba Johanna Van De Burgt		367,401	1.33
10. Aya International Pty Ltd		344,766	1.24
11. Mr Wayne Stephen Glynne & Mrs Carol-Anne Glynne		300,000	1.08
12. Layuti Pty Ltd		288,888	1.04
13. First Samuel Ltd		271,977	0.98
14. Best Safety Glass International (Australia) Pty Ltd		248,447	0.90
15. Mr Gregory Paul Carney		224,653	0.81
16. Cathy and Simon Super Pty Ltd		220,657	0.80
17. Goldacre Investments Pty Limited		218,189	0.79
18. Dover Downs Pty Ltd		201,242	0.73
19. BNP Paribas Nominees Pty Ltd		196,613	0.71
20. Mrs Elizabeth Anne Fogarty & Mrs Caitlyn Elizabeth Embley		195,186	0.70
	Total	**14,027,361**	**50.64**

Shareholder Information

As at 9 August 2023, there was one substantial holder of the Company's ordinary fully paid shares that the company is aware of as follows:

Name	Number of ordinary shares	%
Arrovest Pty Limited	145,556,000	52.53%

Voting Rights

The voting rights relating to each class of equity securities is as follows:

Ordinary Shares

On a show of hands at a general meeting of the Company, every member present in person or by proxy shall have one vote and upon poll each person present in person or by proxy shall have one vote for each ordinary share held.

Convertible Redeemable Preference Shares

On a show of hands at a general meeting of the Company, every member present in person or by proxy shall have one vote and upon poll each person present in person or by proxy shall have one vote for each convertible redeemable preference share held.

Options

Options holders do not have any voting rights.

On-market Buy-Back

There is currently no on-market buy back.

Corporate Directory

Name of Entity:
Noumi Limited

Directors
Genevieve Gregor – Chair
(Independent, Non-Executive)

Tony M. Perich AM - Deputy Chair
(Non-Executive)

Jane McKellar – Director
(Independent, Non-Executive)

Tim Bryan – Director
(Non-Executive)

Stuart Black AM – Director
Independent, Non-Executive)

Officers
Chief Executive Officer
- Michael Perich

Chief Financial Officer
- Peter Myers

Chief Operations Officer
- Stuart Muir

Group General Counsel and Company Secretary
- Justin Coss

Notice of Annual General Meeting
The details of the Annual General Meeting of Noumi Limited are:

30 November 2023

Registered office
8a Williamson Road
Ingleburn, NSW 2565

Tel: +61 2 9526 2555

Principal place of business
8a Williamson Road
Ingleburn, NSW 2565

Tel: +61 2 9526 2555

Share register
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Tel: +61 2 8280 7111
Fax: +61 2 9287 0303

Auditors
KPMG
Level 38 Tower Three
300 Barangaroo Avenue
Sydney NSW 2000
Tel: +61 2 9335 7000

Solicitors
Ashurst
Level 11, 5 Martin Pl
Sydney NSW 2000

Arnold Bloch Leibler
Chifley Tower, Level 24
2 Chifley Square
Sydney NSW 2000

Bankers
HSBC Australia Limited
Level 27, 100 Barangaroo Ave
Sydney NSW 2000

National Australia Bank Limited
Level 3, 255 George Street
Sydney NSW 2000

Stock exchange listing
Noumi Limited ordinary fully paid shares and options are listed on the Australian Securities Exchange (ASX code: NOU and NOUO)

Website
www.noumi.com.au

ABN
41 002 814 235

Imagining a healthier tomorrow

www.noumi.com.au