

Rare Foods Australia Limited

Appendix 4D

Half-year report

For the Half-Year ended 31 December 2024

Name of Entity	Rare Foods Australia Limited
ABN:	52 148 155 042
Current Reporting Period	31 December 2024 (HY2025)
Previous Reporting Period	31 December 2023 (HY2024)

Results for announcement to the market

Item 1 – Operating Performance

					HY2025
					\$
Revenue from ordinary activities	Down	37%	to		1,772,342
EBITDA	Up	26%	to		(1,768,952)
EBIT	Up	23%	to		(2,035,553)
Profit/(Loss) from ordinary activities before tax attributable to members	Up	22%	to		(2,155,679)
Profit/(Loss) from ordinary activities after tax attributable to members	Up	18%	to		(2,183,208)

Item 2 - Dividends

It is not proposed to pay dividends.

There are no dividend or distribution reinvestment plans in operation and there has been no dividend or distribution payments during the financial half-year ended 31 December 2024.

Item 3 – Brief Explanation

Refer to “*Review of Operations and Financial Results*” section in the accompanying Directors’ Report which forms part of the Appendix 4D Half-Year Report.

Item 4 – Net Tangible Assets

	2024	Half-year ended 31 December		
	\$	2023	Movement	Movement
		\$	\$	%
Net tangible assets per security for Group	0.026	0.044	(0.018)	(40.60)

Item 5 – Control gained or lost over Entities during the period

Not applicable.

Item 6 – Controlled Entities and Joint Ventures

	Ownership interest as at	
	31 December 2024	30 June 2024
	%	%
Parent Entity: Rare Foods Australia Limited		
Controlled entities:		
Ocean Grown Abalone Operations Pty Ltd	100	100
Two Oceans Abalone Pty Ltd	100	100
Wylie Bay Abalone Pty Ltd	66.67	66.67
Ocean Grown Abalone Wylie Bay Pty Ltd	100	100
All companies are incorporated in Australia		

Item 7 – Auditor's review report

The accompanying half-year financial report of Rare Foods Australia Limited for the half year ended 31 December 2024 has been reviewed by BDO Audit (WA) Pty Ltd. Refer to the 31 December 2024 half-year financial report for the Independent Auditor's Review Report provided to the members of Rare Foods Australia Limited.

RARE FOODS
AUSTRALIA

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2024



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RARE FOODS
AUSTRALIA

DIRECTOR'S REPORT

The Directors present the financial report for Rare Foods Australia Limited (the Company) and its controlled entities (the Consolidated Group or Group) for the half-year ended 31 December 2024 (HY2025).

DIRECTORS

The following persons were Directors of the Company during or since the end of the half-year:

- | | |
|---------------------------|--|
| • Paul Italiano | Non-Executive Chairman (appointed 27 th Nov 2024) |
| • Dimitri Bacopanos | Non-Executive Director (appointed 27 th Nov 2024) |
| • Ignazio (Ian) Ricciardi | Non-Executive Director |
| • Bradley Adams | Managing Director |
| • Peter Harold | Non-Executive Chairman (resigned 27 th Nov 2024) |
| • Danielle Lee | Non-Executive Director (resigned 27 th Nov 2024) |

PRINCIPAL ACTIVITIES

During the half year period the Company's primary operations were conducted from the Augusta marina in southwest Western Australia. Principal activities included:

- The deployment of Greenlip juvenile abalone, onto the Company's artificial reef (ABITATS) within the Flinders Bay lease in Augusta Western Australia.
- The maintenance of the ABITATS and the harvest of the ranched Marine Stewardship Council (MSC) accredited wild Greenlip abalone.
- Processing, marketing, and distribution of the ranched MSC accredited wild Greenlip abalone along with wild fishery sourced, Greenlip, Brownlip, Roei and farmed Greenlip abalone.
- Partnering with French based Winereef International Ltd to develop Subsea Estate Margaret River, a subsea wine making venture, producing, selling and marketing a unique premium Margaret River wine offering.
- Providing customer experiences via the Subsea Estate Cellar Door, showcasing the Company's seafood and subsea wine innovations.
- Continued work to secure our integrated supply chain to strengthen and scale our core business.

REVIEW OF OPERATIONS

Operations

The ranched wild Greenlip abalone harvested for H1 FY25 was 25.7 tonnes, representing a 48% reduction on the comparative 49.1 tonnes harvested in H1 FY24. The lower volumes are in line with the FY25 harvest plan, aimed at supporting the biomass growth.

The Company recorded an 18% improvement in the total biomass from 166 tonnes (H1 FY24) to 196 tonnes (H1 FY25). The biomass recovery supports the Company's assessment that the reduction experienced in the prior year was largely attributed to a reduction in juvenile abalone deployed on the reef in FY21 (in response to COVID uncertainty) and the impact of that reduction has now largely been overcome.

As disclosed to the market, during H1 FY25 the Company developed and implemented a cost reduction strategy across all departments, aimed at reducing the cost base of the business by over \$1 million annually. Operational expenditure for the half year is down on the comparative period, indicating that the cost reduction strategy is progressing as intended. Extra ordinary redundancy payments associated with the restructure, impacted the level of expense reduction, but it is expected H2 of FY25 will continue to see the cumulative impact of these cost reduction measures.

FINANCIAL REPORT – FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

RARE FOODS AUSTRALIA LIMITED | ABN: 52 148 155 042 | ASX: RFA
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Negotiations with the Company's juvenile supplier, 888 Abalone, have continued through H1 FY25 following the conclusion of the Company's original 10-year supply agreement in July 2024. Any future supply agreement negotiated will require synergies and costs savings for the supply of juveniles.

The implementation of the 7-Year Ranch Management Strategy continued to progress in line with plan through the period, aimed at lifting the yield of the Company's MSC certified wild caught Greenlip abalone. The strategy involves continually refurbishing 15% of the lowest performing parts of the artificial reef each year, providing greater space for higher juvenile survival and growth.

After 7 years of production, ABITATs will be lifted to the surface, thoroughly cleaned on our reef building vessel, returned to the seabed, and restocked with juvenile abalone. Approximately 1,400 ABITATs will be refurbished each calendar year during the 7-year cycle, with approximately 10,000 ABITATs in circulation.

Refurbishment is a process of lifting each ABITAT from the ocean floor and removing marine fouling by high pressure cleaning on the purpose-built vessel the Kon Dios. This provides a clean surface on the ABITATs for greater numbers of juvenile abalone to attach, survive and grow.

The strategy also includes timing the deployment of juveniles to avoid large winter swells, to increase post deployment survival rates. The Company successfully completed its calendar year 2024 juvenile deployment program during H1 FY25, deploying a total of 1.2M abalone in line with the 7-year ranch management strategy.

The Company processed 26.9T of abalone products (including the ranched wild Greenlip, wild caught Greenlip, Brownlip and Roei and farmed Greenlip abalone) through the Augusta processing facility for H1 FY25. This facility throughput is down by 60% on the comparative H1 FY24, driven by the combination of reduced ranch harvest volumes and reduced farmed abalone volumes received.

Sales & Marketing

During the period the Company achieved:

- Total abalone sales revenue of \$1.66M – down 35% on H1 FY24 (\$2.57M)
- Ranched Greenlip sales tonnage of 26.3 tonnes – down 26% on H1 FY24 (42.4 tonnes)
- Ranched Greenlip price achieved of (WIS) \$48.14/kg - down 16% on H1 FY24 (\$57.55/kg)
- Wild origin and farmed tonnages of 11.2 tonnes with revenue contributions of \$387k – up 177% on H1 FY24

The international seafood market has seen a softening demand and increased levels of supply through H1 FY25, as reflected in the Company's decline in volume and prices achieved over the period. The Company's premiumisation strategy and long-term customer support has provided a level of protection against these challenging market conditions, additionally the Company significantly reduced the operating cost base of the business during the period in response to the macroeconomic challenges experienced.

The Company's MSC accreditation recognises the innovative Greenlip abalone ranching process as a wild enhanced and sustainable fishery. Most importantly, the Company remains the only fishery in the world using these practices to commercially produce Greenlip abalone, setting it apart in a market that increasingly values sustainability and wild harvest sourced products.

GROWTH

Organic Growth

Organic growth is where the Company can harness its strengths to add value, utilising its ocean leases, processing facility and sales and marketing channels.

Subsea Estate Margaret River

The Subsea Estate Margaret River collaboration between Winereef International and Rare Foods achieved a significant milestone during the period with the formal launch of the Subsea Estate brand, the retrieval of the first emersion and commencement of direct sales of the four Subsea Estate products brought to market.

The first emersion produced just over 15,000 bottles of the first ocean made wine in the Southern Hemisphere, which are now available for purchase via our Subsea Estate Cellar Door and via our recently activated

ecommerce platform at www.subseaestate.com. Sales commenced in December with a strong level of interest and positive product reviews.

Using locally sourced Margaret River wine, two wine varieties, Semillon and Shiraz were produced using this proprietary wine making method of secondary fermentation of wine contained in vats submerged in the ocean. The cellar door is retailing the 'pure' bottles at \$120/bottle and the 'blend' of land & sea wine at \$40/bottle.

The vats utilised in the production of the Subsea Estate wine, were immediately refilled and redeployed to the ocean lease during H1 FY25, with the second emersion expected to be retrieved late in H2 FY25 to provide the business with an additional 15,000 bottles of Subsea wine for sales in H1 FY26.

The Company has commenced the process of promoting the value proposition of this unique brand to various wine distribution companies to secure domestic and export distribution commitments for future expansion of the business opportunity.

Subsea Estate Cellar Door, Augusta

The Company's retail centre, the Subsea Estate Cellar Door, achieved \$113k in revenue, for H1 FY25 up 35% on the turnover achieved over the comparative half year.

The Subsea Estate Cellar door provides visitors and tour guests with a unique subsea wine and abalone tasting experience, designed to showcase the Company's Unique Value Proposition of MSC certified wild caught Greenlip and Ocean Cellared wines through tours and tastings.

During the half, the Subsea Estate Cellar Door achieved its first e-commerce sales, providing an additional retail avenue for the Company to generate revenues and allow customers the ability to access the Company's unique abalone and ocean cellaring product range across Australia.

Integrating Wild Origin Product

Revenue contribution from wild origin abalone product continued to build momentum during H1 FY25 with \$202k achieved. This represents a 54% improvement on H1 FY24 and demonstrates the continued support from Wild quota holders, allowing the Company to deliver a quality tiered based abalone solution for customers.

Value Accretive Growth

Value accretive growth is the pursuit to acquire other aligned rare product supply chains or assets from the premium Southwest region that will expedite the Company's growth.

Progress with Esperance

During H1 FY25, Esperance land holders the Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC) secured State Government funding for a 12-month project to progress the proposed Esperance aquaculture precinct.

Rare Foods Australia has been engaged by ETNTAC to utilise Managing Director Brad Adams to Project Manage the Esperance Aquaculture project for a fee of \$100k over a 10-month period.

With the support of partner Yumbah Aquaculture (Yumbah), the Company has progressed the Esperance aquaculture precinct pitch documentation during the half, designed to pursue federal funding for infrastructure (including roads, power and piping) whilst promoting the aquaculture precinct nationally and internationally to attract additional precinct partners.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.


ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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 9 of this report.

Signed in accordance with a resolution of the Directors.



Paul Italiano
Non-Executive Chairman
28th February 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Rare Foods Australia Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Rare Foods Australia Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1(E) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is true and fair and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

Ashleigh Woodley

Director

Perth, 28 February 2025

AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF RARE FOODS AUSTRALIA LIMITED

As lead auditor for the review of Rare Foods Australia Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Rare Foods Australia Limited and the entities it controlled during the period.

Ashleigh Woodley
Director

BDO Audit Pty Ltd
Perth
28 February 2025

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Notes	31 Dec 24 \$	31 Dec 23 \$
Revenue	3	1,772,342	2,809,656
Other income		258,818	56,654
Net interest received (excluding interest expense on lease liability)		(110,846)	(77,715)
Research and development tax incentive		861,099	845,867
Total income		2,781,413	3,634,462
Changes in inventory		(1,961,441)	(2,640,643)
Fair value adjustment of biological assets	5	124,402	(204,241)
Selling & distribution		(244,898)	(244,348)
Processing expenses		(55,747)	(76,993)
Employee benefits expense		(1,770,523)	(1,874,689)
Diving, vessels & operations expense		(240,812)	(313,598)
Corporate & administration		(494,549)	(725,957)
Depreciation & amortisation expense		(266,601)	(265,736)
Interest expense on lease liability		(9,280)	(10,051)
Other expenses		(17,643)	(26,626)
Total expenses		(4,937,092)	(6,382,882)
Loss before income tax		(2,155,679)	(2,748,420)
Income tax expense	2(a)	(27,529)	77,871
Loss after tax from continuing operations		(2,183,208)	(2,670,549)
Other comprehensive loss for the year, net of tax:			
- Items that may be reclassified to profit or loss			-
- Items that will not be reclassified to profit or loss			-
Total comprehensive (loss)/profit for the year		(2,183,208)	(2,670,549)
Loss attributable to:			
- Owners of the Company		(2,182,711)	(2,662,497)
- Non-controlling interests		(497)	(8,052)
		<u>(2,183,208)</u>	<u>(2,670,549)</u>
Total comprehensive loss attributable to members of the parent entity:			
- Owners of the Company		(2,182,711)	(2,662,497)
- Non-controlling interests		(497)	(8,052)
		<u>(2,183,208)</u>	<u>(2,670,549)</u>
Basic and diluted loss per share attributable to the Owners of the Company			
Basic and diluted loss per share		(0.80)	(1.30)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Notes	31 Dec 24 \$	30 Jun 24 \$
CURRENT ASSETS			
Cash and cash equivalents	4	214,075	24,673
Trade and other receivables		1,221,049	2,739,861
Biological assets	5	2,158,370	2,549,293
Inventory		724,938	859,937
Other assets		234,542	371,180
TOTAL CURRENT ASSETS		4,552,974	6,544,944
NON-CURRENT ASSETS			
Property, plant and equipment		3,678,154	3,837,467
Biological assets	5	4,467,889	4,324,559
Right-of-use assets		308,414	321,559
Intangible assets		120,341	89,668
Other assets		244,219	258,558
Deferred tax assets	7	73,219	36,443
TOTAL NON-CURRENT ASSETS		8,892,237	8,868,254
TOTAL ASSETS		13,445,211	15,413,198
CURRENT LIABILITIES			
Trade and other payables		1,019,593	1,367,347
Interest bearing liabilities	6	2,508,365	1,682,683
Lease liabilities		26,261	26,593
Provisions		164,570	212,781
TOTAL CURRENT LIABILITIES		3,718,789	3,289,404
NON-CURRENT LIABILITIES			
Interest bearing liabilities	6	207,559	224,092
Lease liabilities		387,540	400,803
Deferred tax liabilities	7	1,695,869	1,880,236
TOTAL NON-CURRENT LIABILITIES		2,290,968	2,505,131
TOTAL LIABILITIES		6,009,757	5,794,535
NET ASSETS		7,435,454	9,618,663
EQUITY			
Contributed equity		29,333,165	29,333,165
Share-based payment reserve		1,152,716	1,152,716
Accumulated losses		(23,035,778)	(20,854,458)
Equity attributable to owners of the Company		7,450,103	9,631,423
Non-controlling interests		(14,649)	(14,152)
TOTAL EQUITY		7,435,454	9,618,663

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

Consolidated Group	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2023	27,129,442	1,308,103	(16,646,370)	11,791,175	(12,473)	11,778,702
Profit/(loss) after income tax expense for the period	-	-	(2,662,497)	(2,662,497)	(8,052)	(2,670,549)
Other comprehensive profit for the period	-	-	-	-	-	-
Total comprehensive profit/(loss) for the period	-	-	(2,662,497)	(2,662,497)	(8,052)	(2,670,549)
Transactions with owners recorded directly in equity						
Director options issued	-	-	-	-	-	-
Share based payments expense	197,424	(140,424)	-	57,000	-	57,000
Total transactions with owners recorded directly in equity	197,424	(140,424)	-	57,000	-	57,000
Balance as at 31 December 2023	27,326,866	1,167,679	(19,308,867)	9,185,678	(20,525)	9,165,153
Balance as at 1 July 2024	29,333,165	1,152,716	(20,854,458)	9,631,423	(14,152)	9,618,663
Profit/(loss) after income tax expense for the period	-	-	(2,182,711)	(2,182,711)	(497)	(2,183,208)
Other comprehensive profit for the period	-	-	-	-	-	-
Total comprehensive profit/(loss) for the period	-	-	(2,182,711)	(2,182,711)	(497)	(2,183,208)
Transactions with owners recorded directly in equity						
Director options issued	-	-	-	-	-	-
Share based payments expense	-	-	-	-	-	-
Total transactions with owners recorded directly in equity	-	-	-	-	-	-
Balance as at 31 December 2024	29,333,165	1,152,716	(23,035,778)	7,450,103	(14,649)	7,435,454

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

	Notes	31 Dec 24 \$	31 Dec 23 \$
Cash flows from operating activities			
Receipts from customers		1,971,478	3,112,028
Other income		59,455	86,654
Payments to suppliers and employees		(4,516,683)	(5,194,149)
Income Taxes refunded/ (Paid)		(248,673)	-
R&D tax incentive		2,352,779	1,740,699
Net cash used in operating activities		(381,644)	(254,768)
Cash flows from investing activities			
Purchases of plant, equipment		(76,985)	(29,643)
Proceeds from disposals of plant, equipment and intangible assets		13,636	-
Intangibles		(32,274)	(3,270)
Interest received		(373)	(312)
Net cash used in investing activities		(95,996)	(33,225)
Cash flows from financing activities			
Proceeds from borrowings		61,943	-
Repayment of borrowings		(291,269)	(223,610)
Repayment of lease liability		(14,795)	(13,004)
Interest paid		(120,126)	(87,635)
Net cash used in financing activities		(364,247)	(324,249)
Net decrease in cash and cash equivalents		(841,887)	(612,242)
Cash and cash equivalents at the beginning of the period		(1,221,038)	(328,011)
Cash and cash equivalents at the end of the period	4	(2,062,925)	(940,253)

The accompanying notes form part of these financial statements.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2024

NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

A. Statement of compliance

The half-year financial report is a general purpose interim financial report prepared in accordance with *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual financial report for the financial year ended 30 June 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

B. Basis of measurement

The financial report is prepared on the accruals basis and the historical cost basis, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities. The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

C. Basis of preparation

i. General purpose financial report

The consolidated general purpose financial report of the Group has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Rare Foods Australia Limited is the Group's ultimate parent company and is a for-profit entity for the purpose of preparing the financial statements. The Company is a public company limited by shares, incorporated and domiciled in Australia.

The consolidated financial statements for the half-year ended 31 December 2024 were approved and authorised for issue by the Board of Directors on 28th February 2025.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

ii. New and amended standards adopted by the Company

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

D. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Biological Assets

Biological assets are measured at fair value less cost to sell in accordance with AASB 141 *Agriculture*. Abalone stock below 90mm (~120g) are measured at the same rate per mm as the rate charged to the Company by the

supplier. Management estimates this is a more accurate reflection of fair value as it takes into consideration growth rates from approximately 40mm to 90mm.

Abalone stock above 90mm (120g) is measured at fair value in accordance with AASB 141 *Agriculture*. Management estimates the fair value of biological assets, taking into account the most reliable evidence available at each reporting date in relation to the underlying assumptions, including mortality rates, growth rates, calculation of biomass, harvest costs, processing costs, selling costs and market prices.

Biomass is calculated using a size/weight algorithm derived from industry reports. In relation to the assumptions underlying mortality rates and growth rates, from which the stock estimates are extrapolated, including biomass, these are updated following each six-monthly survival count and size class measurements. The bi-annual stock counts and measurements are taken over approximately 6% of the entire ranch, which has been determined to be a statistically relevant sample size.

The future realisation of these biological assets may be affected by any variance between actual results and the assumptions relied upon.

Deferred Tax Assets and Liabilities

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the tax benefit can be utilised. Deferred tax assets are reviewed at each reporting date to assess the probability that the related tax benefit will be realised. Assumptions about the generation of future taxable profits depends on the Group's estimates of future cash flows, which in turn depend on estimates of future sales volumes and pricing, operational costs, capital expenditure and capital management transactions. The Board has decided to recognise a deferred tax asset to reflect the likelihood of the generation of future profits against which the deferred tax asset will be utilised.

The Group recognises liabilities for anticipated tax issues based on estimates of the additional taxes that are likely to become due, which requires judgement. Amounts are accrued based on management's interpretation of applicable tax law and the likelihood of settlement. Where the final tax position is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax balances in the period in which such determination is made, resulting in an adjustment to prior years.

E. Going concern

The financial statements for the half-year ended 31 December 2024 have been prepared on the basis that the Consolidated Group is a going concern and therefore, contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

During the period the Consolidated Group recorded a net loss after tax of \$2,183,208 (HY2024: net loss after tax of \$2,670,549) and a net cash deficit from operating activities of \$381,644 (HY2024: net cash of \$254,768). At balance date the Group had cash and cash equivalents totalling \$214,075 and working capital of \$834,185 (HY24: \$3,868,412).

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Group's ability to continue as a going concern is dependent upon meeting future revenue and harvesting targets, its ability to generate cash flow through its business operations and the ability to raise additional finance from debt or equity if and when required, to contribute to the Group's working capital position. The Directors continue to be focused on meeting the Group's business objectives and are mindful of the funding requirements to meet these objectives.

The Directors at the date of preparing these interim accounts, have reasonable grounds to believe that the Group will continue as a going concern, dependent on the following:

- The International market for abalone maintaining forecasted demand levels resulting in the achievement of future sales targets;
- Receipting the annual Ausindustry research and development refund included within the receivables balance as at 31 December 2024.
- Scaling back certain activities that are non-essential so as to conserve cash; and
- The ability to raise additional finance from debt or equity if and when required, to contribute to the Group's working capital position.

- pausing the deployment of any new juvenile abalone on the Flinders Bay reef and removing labour resources associated with those practices, representing a significant cost saving to the business.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

NOTE 2. INCOME TAX

(a) The components of tax expense comprise:

	Consolidated Group 31 Dec 24 \$	31 Dec 23 \$
<i>Current income tax</i>		
Current income tax expense	-	58,029
Adjustments in respect of current income tax of previous years	386,539	46
<i>Deferred income tax</i>		
Relating to the origination and reversal of temporary differences	(96,327)	67,528
Adjustments for prior period & movements in deferred taxes not recognised	(262,683)	(203,474)
Total income tax expense from continuing operations	27,529	(77,871)
Deferred income tax expense/(revenue) included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets/(liabilities)	(221,144)	(135,946)
	(221,144)	(135,946)

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Profit Before Income Tax	(2,155,679)	(2,748,420)
Prima facie tax payable on profit from ordinary activities before income tax at 25% (Dec 2023: 26%)	(538,920)	(714,589)
Add:		
Tax effect of:		
- Research & Development Expenditure: Non-deductible	657,788	877,345
- Other non-deductible permanent adjustments	79	57,164
- Adjustments for prior period & movements in deferred taxes not recognised	(262,683)	(203,474)
- Tax loss recognised	-	31,591
- Adjustment for current tax of prior period	386,539	-
	242,804	48,037
Less:		
Tax effect of:		
- Adjustments for current tax of prior period		46
- Income not assessable for income tax purposes	(215,275)	(125,954)
Income tax expense	27,529	(77,871)
The applicable weighted average effective tax rates are as follows:	0.0%	2.8%

NOTE 3. REVENUE

	Consolidated Group	
	31 Dec 24	31 Dec 23
	\$	\$
Ranched Abalone Sales	1,271,569	2,485,971
Wild Origin Abalone Sales	202,157	131,460
Farmed Abalone Sales	184,905	8,380
Ocean Cellaring Sales	37,503	6,277
Cellar Door Sales	75,946	77,955
Processing Revenue	262	99,613
	1,772,342	2,809,656

NOTE 4. CASH AND CASH EQUIVALENTS

	31 Dec 24	30 Jun 24
	\$	\$
Cash at bank and in hand	214,075	24,673
	214,075	24,673
Reconciliation to cashflow statement		
Cash balances as above	214,075	24,673
NAB Business Market Loan Overdraft (refer Note 6)	(2,277,000)	(1,245,710)
Balances per statement of cash flows	(2,062,925)	(1,221,037)

NOTE 5. BIOLOGICAL ASSETS

CURRENT		
Fair Value of Abalone on Abitats	2,158,370	2,549,293
NON CURRENT		
Fair Value of Abalone on Abitats	4,467,889	4,324,559
Total Biological Assets	6,626,259	6,873,852
Opening balance	6,873,852	8,418,031
Increases due to purchases	779,569	2,237,017
Decreases due to harvest for processing to inventory	(1,151,564)	(3,638,528)
Fair value adjustment at period end recognised in profit and loss	124,402	(142,668)
Closing balance	6,626,259	6,873,852

The fair value adjustment that occurred in the financial period, recognised a positive contribution of \$124,402 on the profit and loss due to an increase in the volume of commercial grade abalone (> 90mm) as at 31 December 2024.

The classification of the closing biological stock between current and non-current is based on the estimated harvest potential for the following 12-month period, which will be sourced from within the closing stock above 90mm.

Abalone stock below 90mm (~120g) are valued at a per mm rate. Management estimates this is a more accurate reflection of fair value as it takes into consideration growth rates from approximately 40mm to 90mm.

Stock above 90mm is measured at fair market value less costs to sell. The fair value assessment also assumes a further 10% mortality rate between balance date and harvest date. As these valuation variables are unobservable, they are deemed Level 3 inputs.

Level 3 analysis: The finance and operational departments undertake the valuation of the abalone. The calculations are considered to be level 3 fair values. The data is taken from internal management reporting and work completed by the executives within the operations to determine material inputs of the model. The key inputs are agreed by the Board of Directors every six months. The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

NOTE 5. BIOLOGICAL ASSETS (CONTINUED)

Description	31 December 2024	30 June 2024	Comments
Selling price	Based on average market price at period end	Based on average market price at year end	Obtained by analysing sales prices and market research
Percentage decrease from previous period selling price	(12%)	0%	Obtained by analysing sales prices and market research
Weight of live abalone	Adjusted weight of live abalone for fair value measurement: 140,009 kg	Adjusted weight of live abalone for fair value measurement: 111,433 kg	Based on the results from the stocktake procedures
Costs to complete	\$12.50/kg	\$8.90/kg	Based on historical data over the last 12 months
Mortality	10% of >90mm animals	10% of >90mm animals	Based on historical research

The valuation of the biological assets requires the estimate of the closing number of abalone and biomass and hence the resultant fair value estimate for closing stock. As detailed in Note 1(D), the number of abalone and biomass is estimated using a model that factors in projected growth and mortality rates, which in turn are based on the results of survival counts and size class measurements taken during the Company's trial phase and subsequent six-monthly stock counts (based upon a 6% sample). Actual growth and mortality rates will invariably differ to some extent across the ranch.

The following tables summarises the number of <90mm animals for current period and prior financial period and of >90mm animals for current period and prior year number:

No. of Abalone	31 December 2024	30 June 2024
< 90mm	795,001	923,391
> 90mm	856,601	649,290
Total	1,651,602	1,572,681

Sensitivity analysis - Biological assets

The following tables summarise the potential impact of changes in the key variables on the biological asset valuation:

	-10%	10%
Selling price	(\$678,621)	\$678,621
Weight of live abalone	(\$503,650)	\$503,650

Consolidated Group
31 Dec 24 **30 Jun 24**
\$ **\$**

NOTE 6. INTEREST BEARING LIABILITIES

CURRENT

Business Market Loan – Working Capital Facility	2,277,000	1,245,710
Credit card facility	7,184	-
Insurance Premium Funding	70,915	279,199
Business Market Loan – Ocean Pantry	49,980	49,980
Equipment Loans	103,286	107,793
	2,508,365	1,682,683

NON-CURRENT

Business Market Loan – Ocean Pantry	62,575	87,565
Equipment Loans	144,984	136,527
	207,559	224,092

Consolidated Group
31 Dec 24 **30 Jun 24**
\$ **\$**

NOTE 7. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets

Accruals	56,374	61,569
Provisions	41,142	54,658
Losses	40,521	22,950
Other	123,162	26,759
Deferred tax assets to offset deferred tax liability	(187,980)	(129,494)
	73,220	36,442

Recognised deferred tax liabilities

Biological & Inventory Asset	1,656,565	1,718,463
Prepayments	58,519	92,795
Other	168,764	198,473
Deferred tax assets to offset deferred tax liability	(187,980)	(129,494)
	1,695,868	1,880,237

NOTE 8. SUBSEQUENT EVENTS

Subsequent to half year reporting period, the Company is assessing strategic alternatives and further restructuring to reduce the cost base of the business in response to challenging international market conditions for seafood sales and demand.

Following extensive negotiations with the Company's juvenile abalone provider, a sustainably affordable supply arrangement has not been able to be reached. As a result, the Board resolved to pause the deployment of any new juvenile abalone on the Flinders Bay reef, representing a significant cost saving to the business.

Further operational changes within the business will be implemented associated with this temporary shift in strategy, aimed at further reducing the operating cost base of the business.

In addition, the Company remains focused on diversifying abalone sales opportunities, continuing to harvest the existing biomass and attaining the highest possible sales prices to generate positive cashflows for the Company.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Other than as disclosed in the financial statements, the Consolidated Group does not have any commitments and contingencies at balance sheet date and none have arisen since balance sheet date to the date of signing the Directors' report.

NOTE 10. OPERATING SEGMENT

For management purposes, the Consolidated Group is organised into one main operating segment, which involves its abalone ranching operations, inclusive of its seeding, ranching and processing activities. All of the Consolidated Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Consolidated Group as one segment. The financial results from this segment are equivalent to the financial statements of the Consolidated Group as a whole. The Consolidated Group operates only in Australia.

NOTE 11. RELATED PARTY TRANSACTIONS

Effective the 27th of November 2024, Ms Danielle Lee and Mr Peter Harold retired as Non-Executive Directors of the Company, after serving as Rare Foods' inaugural Non-Executive Directors from 2017.

During the reporting period, 2,000,000 Class E options issued in November 2021 with an exercise price of \$0.117 as part remuneration for Peter Harold (Non-Executive Chair) and Danielle Lee's (Non-Executive Director) services lapsed.

Mr Dimitri Bacopanos and Mr Paul Italiano have been appointed as new independent Non-Executive Directors of the Company, with the Board electing Mr Italiano as Chairman effective on the retirement of Mr Harold.

The terms for the appointments of Mr. Bacopanos and Mr. Italiano are summarised below:

Terms of Appointment	Non-Executive Director Mr. Dimitri Bacopanos	Non-Executive Chair Mr. Paul Italiano
Effective Date	27 th November 2024	27 th November 2024
Term	Appointment commences on the Effective Date and ceases at the end of any meeting that Mr. Bacopanos is not re-elected as a Director by the shareholders of the Company or otherwise ceases in accordance with the Constitution (including on the effective date of Mr. Bacopanos' resignation).	Appointment commences on the Effective Date and ceases at the end of any meeting that Mr. Italiano is not re-elected as a Director by the shareholders of the Company or otherwise ceases in accordance with the Constitution (including on the effective date of Mr. Italiano's resignation).
Non-Executive Director Fees	\$41,096 per annum (gross) exclusive of superannuation	\$49,315 per annum (gross) exclusive of superannuation

There were no other changes to related party arrangements during the period.

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The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 20 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*; and
 - b. giving a true and fair view of the Consolidated Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date.
2. In the Directors' opinion, subject to the conditions disclosed in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.



Paul Italiano
Non-Executive Chairman
28th February 2025

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CORPORATE DIRECTORY

DIRECTORS

Paul Italiano – Non-Executive Chairman
Bradley (Brad) Adams – Managing Director
Ignazio (Ian) Ricciardi – Non-Executive Director
Dimitri Bacopanos – Non-Executive Director

COMPANY SECRETARY

Brent Stockden

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AUSTRALIAN SECURITIES EXCHANGE

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