



East 33 Limited
ABN 70 636 173 281

Interim Financial Statements 31 December 2023

1. Company details

Name of entity:	East 33 Limited
ABN:	70 636 173 281
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	down	9%	to	12,539
Loss from ordinary activities after tax attributable to the owners of East 33 Limited	up	41%	to	(4,614)
Loss for the half-year attributable to the owners of East 33 Limited	up	41%	to	(4,614)

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$3,263,959 (31 December 2022: \$1,146,172).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.48	1.56

4. Control gained over entities

Entity or previous business owner	Date Acquired	Percentage	\$'000
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)			Nil
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)			Nil

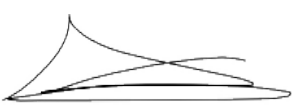
5. Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Attachments

The Interim Report of East 33 Limited for the half-year ended 31 December 2023 is attached.

7. Signed

Signed  _____

Date: 29 February 2024

Sarah Courtney
Director
Sydney

East 33 Limited

ABN 70 636 173 281

Interim Financial Statements – 31 December 2023

East 33 Limited
31 December 2023
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Directors	Sarah Courtney (Non-Executive Chair) Michael Ryan (Non-Executive Director) Gary Higgins (Non-Executive Director) Ben Cameron (Non-Executive Director) Veronica Papacosta (Non-Executive Director)
Company Secretary	Mathew Watkins
Chief Executive Officer	Justin Welsh
Registered office	12 Point Road Tuncurry, NSW 2428 Ph 02 8001 6310
Principal place of business	12 Point Road Tuncurry NSW 2428
Auditor	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth WA 6000
Solicitors	Thomson Geer Law Level 28, Waterfront Place 1 Eagle Street Brisbane QLD 4000
Bankers	NAB Level 3, 2 Carrington Street Sydney NSW 2000 Yumbah Finance Limited 69 Fullarton Road, Kent Town, SA 5067
Share registry	Link Market Services Ltd QV1 Building, Level 12, 250 St George's Terrace Sydney NSW 2000 Ph: 1300 554 474
Stock exchange listing	East 33 Limited shares are listed on the Australian Securities Exchange (ASX code: E33)
Website	https://east33.sydney

East 33 Limited
31 December 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 East 33 Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of East 33 Limited during the financial half-year and up to the date of this report. Directors were in office for this entire period unless otherwise stated:

Sarah Courtney
Gary Higgins
Ben Cameron
Michael Ryan
Veronica Papacosta (appointed 26 July 2023)

Principal activities

During the financial half-year the principal continuing activities of the Group consisted of oyster farming and sales.

Review of operations

The loss of the Group after providing for income tax amounted to \$4,614,000 (2022: \$3,264,000). Total revenue amounted to \$12,539,000 (2022: \$13,736,000).

The farming business has continued to recover from a historic low stock balance through developing the business' biological assets. While on-water stock has continued to build, the farming business continued to generate a losses as harvest ready volumes remained modest. Distribution saw margin improvements which supported positive earnings before interest, tax, depreciation, amortisation and impairment of \$1.1 million. When the operational businesses were combined with corporate and sundry losses, a group loss before interest, tax, depreciation, amortisation and impairment of \$0.6 million was recorded.

Significant changes in the state of affairs

New facility agreement with Yumbah Finance

On 16 August 2023 the company entered into a loan in the amount of \$15 million with Yumbah Finance repayable over a 5-year period and secured over all present and after acquired assets of East 33 and its subsidiaries. The Loan Facility constitutes a whole of business facility and was used for the full repayment of the balance outstanding of the \$10.0 million loan facility in place with the National Australia Bank. There was a subsequent variation to the facility agreement on 30 October 2023.

Conversion of RCPS class B

On 27th November 2023 18,000,000 shares were issued at conversion of the RCPS class B at a deemed price of \$0.20 per share.

Buyback of RCPS class A and short-term loan arrangement

On 22nd January 2024, 6,000 RCPS class A were bought back for a total sum of \$6m. The company paid \$0.5m in cash and entered into a short term loan for \$5.5m due on 30 April 2024 with the RCPS class A holders.

New convertible note

On 12 December 23 East 33 issued a zero-coupon convertible note to Yumbah Finance, the face value of which being the secured money under the facility agreement and may be converted into equity at the earlier of the maturity date and the date the loan facility may be terminated due to a payment default or insolvency event by East 33.

CEO appointment

Dr Justin Welsh was appointed on 16 October 2023.

East 33 Limited
31 December 2023
Directors' Report

Rounding of amounts

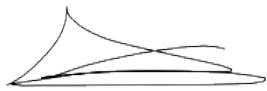
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain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

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



Sarah Courtney
Director

29 February 2024
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of East 33 Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
29 February 2024


D B Healy
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

East 33 Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$'000	\$'000
Revenue	3	12,539	13,736
Cost of sales	5	(7,972)	(9,512)
Gross profit		4,567	4,224
Biological assets change in fair value		983	2,442
Other income	4	70	161
Expenses			
Employee benefits expense		(4,139)	(5,533)
Marketing expense		(32)	(111)
Occupancy expense		(285)	(225)
Legal expenses		(69)	(43)
Share-based payments	5	(22)	-
Administration expense		(1,237)	(1,174)
Total operating expenses		(5,784)	(7,086)
Fair value adjustments of financial liabilities	15	(436)	(128)
Loss before interest, tax, depreciation, amortisation and impairment		(600)	(387)
Goodwill and intangibles impairment	10	(2,400)	(1,443)
Depreciation and amortisation expense		(917)	(977)
Earnings before interest and tax		(3,917)	(2,807)
Finance costs	5	(735)	(456)
Net loss before tax		(4,652)	(3,263)
Income tax expense		38	(1)
Loss after income tax expense for the half-year		(4,614)	(3,264)
Other comprehensive income		-	-
Total comprehensive loss for the half-year		(4,614)	(3,264)
		Cents	Cents
Loss per share attributable to the owners of East 33 Limited			
Basic loss per share		(0.88)	(0.86)
Diluted loss per share		(0.88)	(0.86)

East 33 Limited
Statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 Dec 2023	30 Jun 2023
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	6	2,473	893
Trade and other receivables	7	3,565	1,557
Biological assets		3,632	3,099
Inventories		278	265
Total current assets		<u>9,948</u>	<u>5,814</u>
Non-current assets			
Biological assets		2,648	2,198
Property, plant, and equipment	8	9,841	10,288
Right-of-use assets	9	1,541	1,591
Intangible assets	10	24,266	27,003
Deferred tax assets		1,903	1,671
Total non-current assets		<u>40,199</u>	<u>42,751</u>
Total assets		<u>50,147</u>	<u>48,565</u>
Liabilities			
Current liabilities			
Trade and other payables	11	3,286	2,160
Deferred acquisition consideration	12	250	1,179
Borrowings	13	566	4,309
Financial liabilities at fair value	15	6,000	5,930
Lease liabilities		281	186
Total current liabilities		<u>10,383</u>	<u>13,764</u>
Non-current liabilities			
Lease liabilities		1,374	1,532
Borrowings	13	9,455	100
Deferred acquisition consideration	12	-	100
Deferred tax liability		1,835	1,603
Financial liabilities at fair value	15	273	-
Other liabilities	11	-	400
Total non-current liabilities		<u>12,937</u>	<u>3,735</u>
Total liabilities		<u>23,320</u>	<u>17,499</u>
Net assets		<u>26,827</u>	<u>31,066</u>
Equity			
Issued capital	16	56,997	56,644
Reserves		22	-
Accumulated losses		(30,192)	(25,578)
Total equity		<u>26,827</u>	<u>31,066</u>

East 33 Limited
Statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$'000	Share based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2022	49,284	30	(16,410)	32,904
Loss after income tax expense for the half-year			(3,264)	(3,264)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(3,264)	(3,264)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares	7,967	-	-	7,967
Notes converted to equity	-	-	-	-
Share-based payments	-	-	-	-
Capital raising costs	(607)	-	-	(607)
Balance at 31 December 2022	56,644	30	(19,674)	37,000

Consolidated	Issued capital \$'000	Share based payment reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023	56,644	-	(25,578)	31,066
Loss after income tax expense for the half-year			(4,614)	(4,614)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(4,614)	(4,614)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares	369	-	-	369
Share-based payments	-	22	-	22
Capital raising costs	(16)	-	-	(16)
Balance at 31 December 2023	56,997	22	(30,192)	26,827

East 33 Limited
Statement of cash flows
For the half-year ended 31 December 2023

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		11,068	11,489
Payment of legal settlement		(400)	(400)
Payments to suppliers and employees		(13,244)	(14,861)
Interest and other finance costs paid		(168)	(296)
Net cash (used in) operating activities		(2,744)	(4,068)
Cash flows from investing activities			
Settlement of vendor finance	20	(1,030)	(30)
Receipts from sale of assets		28	774
Payments for intangible assets		-	(150)
Payments for property, plant, and equipment		(111)	(204)
Net cash (used in)/from investing activities		(1,113)	390
Cash flows from financing activities			
Repayment of lease liabilities		(106)	(194)
Net proceeds from share issuance		-	7,360
Net proceeds from borrowings		10,107	224
Repayment of borrowings		(4,564)	(353)
Net cash provided by financing activities		5,437	7,037
Net increase in cash and cash equivalents		1,580	3,359
Cash and cash equivalents at the beginning of the financial half-year		893	3,408
Cash and cash equivalents at the end of the financial half-year		<u>2,473</u>	<u>6,767</u>

Note 1. Significant accounting policies

East 33 Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

The financial statements cover East 33 Limited as a Group consisting of East 33 Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is East 33 Limited's functional and presentation currency.

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 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.

The principal accounting policies adopted, and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 February 2024.

New or amended Accounting Standards and Interpretations adopted

The Group 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.

Going Concern

Notwithstanding the fact that the Group's earnings before interest, tax, depreciation, amortisation and impairment was a loss of \$0.6 million (2022: \$0.387 million loss) for the half year ended 31 December 2023 had a net cash outflow from operating activities amounting to \$2.74 million (2022: \$4.06 million), and has a working capital deficit of \$0.44 million at 31 December 2023 (2022: \$0.19 million deficit), the Directors are of the opinion that the Group is a going concern because:

- They have reasonable grounds to expect that the Group will generate future cash flow from operations, along with an ability to adjust operating expenses.
- The Group is undergoing a Strategic Review with the expectation that additional revenue generating activities will be identified and progressed.
- The Group has entered into a Transaction that will provide additional working capital through its Facility Agreement with Yumbah Finance along with the conversion of \$5m of debt to equity, subject to shareholder approval (refer to Note 23 for further details).

Should a combination of the revenue initiatives expected not be generated, the Strategic Review not delivering tangible benefits or the Transaction is unable to be completed, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will be able to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments based on differences in products and services provided: oyster farming, oyster distribution and corporate and sundry segment. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews earnings before interest, tax, depreciation, amortisation, and impairments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Oyster farming	The farming and wholesaling of oysters in Australia,
Oyster distribution	The wholesaling and retailing of shucked and un-shucked oysters in Australia,
Corporate and Sundry	The provision of corporate services to the Group and restaurant in Australia.

Intersegment transactions

All intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables, and loans

Intersegment loans are initially recognised at the consideration received and do not incur interest/penalties. Intersegment loans are eliminated on consolidation.

East 33 Limited
Notes to the financial statements
31 December 2023

Operating segment information

	Oyster Farming	Corporate and Sundry	Oyster Distribution	Total
Consolidated - 31 Dec 2023	\$'000	\$'000	\$'000	\$'000
Revenue				
Sales to external customers	740	786	11,013	12,539
Intersegment sales	1,304	-	18	1,322
Total segment revenue	2,044	786	11,031	13,861
Intersegment eliminations				(1,322)
Total revenue				12,539
Fair value of liabilities through profit and loss		(436)		(436)
Earnings before Interest, Tax, Depreciation, Amortisation and Impairment	449	(2,151)	1,102	(600)
Depreciation and amortisation				(917)
Goodwill and intangibles impairment				(2,400)
Finance costs				(735)
Loss before income tax expense				(4,652)
Income tax expense				38
Loss after income tax expense				(4,614)
Assets				
Segment assets	23,522	2,188	18,520	44,230
Intersegment eliminations				
<i>Unallocated assets:</i>				
Cash and cash equivalents				2,473
Right of use assets				1,541
Deferred tax asset				1,903
Total assets				50,147
Liabilities				
Segment liabilities	893	998	995	2,886
Intersegment eliminations				
<i>Unallocated liabilities:</i>				
Lease liabilities				1,655
Borrowings				10,021
Financial liabilities at fair value				6,273
Deferred acquisition				250
Other liabilities				400
Deferred tax liability				1,835
Total liabilities				23,320

East 33 Limited
Notes to the financial statements
31 December 2023

	Oyster Farming	Corporate and Sundry	Oyster Distribution	Total
Consolidated - 31 Dec 2022	\$'000	\$'000	\$'000	\$'000
Revenue				
Sales to external customers	1,050	822	11,864	13,736
Intersegment sales	2,131	-	257	2,388
Total segment revenue	3,181	822	12,121	16,124
Intersegment eliminations				(2,388)
Total revenue				13,736
Fair value of liabilities through profit and loss				(128)
Earnings before Interest, Tax, Depreciation, Amortisation and Impairment	(22)	(1,474)	1,109	(387)
Depreciation and amortisation				(977)
Goodwill impairment				(1,443)
Finance costs				(456)
Loss before income tax expense				(3,263)
Income tax expense				(1)
Loss after income tax expense				(3,264)
Consolidated – 30 June 2023				
Assets				
Segment assets	25,356	2,052	17,002	44,410
Intersegment eliminations				
<i>Unallocated assets:</i>				
Cash and cash equivalents				893
Right of use assets				1,591
Deferred tax asset				1,671
Total assets				48,565
Liabilities				
Segment liabilities	500	908	752	2,160
Intersegment eliminations				
<i>Unallocated liabilities:</i>				
Lease liabilities				1,718
Borrowings				4,409
Financial liabilities at fair value				5,930
Deferred acquisition				1,279
Other liabilities				400
Deferred tax liability				1,603
Total liabilities				17,499

Note 3 Revenue

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Oyster Farming	Corporate and Sundry	Oyster Distribution	Total
	\$'000	\$'000	\$'000	\$'000
Consolidated - 31 Dec 2023				
<i>Major product lines</i>				
Oyster sales (includes restaurant and online sales)	2,044	-	11,031	13,075
Less intersegment sales	(1,304)	-	(18)	(1,322)
Oyster sales to external customers	740	-	11,013	11,753
Other sundry sales	-	786	-	786
Group revenue	<u>740</u>	<u>786</u>	<u>11,013</u>	<u>12,539</u>
<i>Geographical regions</i>				
Australia	740	786	11,013	12,539
Other	-	-	-	-
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	740	786	11,013	12,539
Services transferred over time	-	-	-	-
	<u>740</u>	<u>786</u>	<u>11,013</u>	<u>12,539</u>
Consolidated - 31 Dec 2022				
<i>Major product lines</i>				
Oyster sales (includes restaurant and online sales)	3,181	-	12,121	15,302
Less intersegment sales	(2,131)	-	(257)	(2,388)
Oyster sales to external customers	1,050	-	11,864	12,914
Other sundry sales	-	822	-	822
Group revenue	<u>1,050</u>	<u>822</u>	<u>11,864</u>	<u>13,736</u>
<i>Geographical regions</i>				
Australia	1,050	822	11,864	13,736
Other	-	-	-	-
<i>Timing of revenue recognition</i>				
Goods transferred at a point in time	1,050	822	11,864	13,736
Services transferred over time	-	-	-	-
	<u>1,050</u>	<u>822</u>	<u>11,864</u>	<u>13,736</u>

4. Other income

	Consolidated	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Adjustments on prior year acquisitions	-	65
Government grants	-	25
Other sundry income	70	71
	<u>70</u>	<u>71</u>
Other income	<u>70</u>	<u>161</u>

Note 5. Expenses

	Consolidated	
	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Loss before income tax from continuing operations includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	<u>7,972</u>	<u>9,512</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	692	403
Interest and finance charges paid/payable on lease liabilities	<u>43</u>	<u>53</u>
Finance costs expensed	<u>735</u>	<u>456</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>377</u>	<u>479</u>
<i>Share-based payments expense</i>		
Share-based payments expense	<u>22</u>	<u>-</u>

Note 6. Cash and cash equivalents

	Consolidated	
	31 Dec 2023 \$'000	30 June 2023 \$'000
Cash on hand	41	2
Cash at bank	<u>2,432</u>	<u>891</u>
	<u>2,473</u>	<u>893</u>

Note 7. Trade and other receivables

	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Trade receivables	2,838	1,313
Prepaid expenses and deposits	727	244
	<u>3,565</u>	<u>1,557</u>

Note 8. Property, plant, and equipment

	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Plant and equipment - at cost	6,696	6,693
Less: Accumulated depreciation	(1,791)	(1,471)
	<u>4,905</u>	<u>5,222</u>
Buildings and improvements - at cost	5,062	5,062
Less: Accumulated depreciation	(505)	(373)
	<u>4,557</u>	<u>4,689</u>
Motor Vehicles - at cost	598	544
Less: Accumulated depreciation	(275)	(230)
	<u>323</u>	<u>314</u>
Office Equipment - at cost	44	43
Less: Accumulated depreciation	(26)	(23)
	<u>18</u>	<u>20</u>
Computer Equipment - at cost	91	85
Less: Accumulated depreciation	(53)	(42)
	<u>38</u>	<u>43</u>
Total	<u>9,841</u>	<u>10,288</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

31 December 2023	Plant and	Building and	Motor	Office	Computer	
Consolidated	equipment	improvements	Vehicles	Equipment	equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	5,222	4,689	314	20	43	10,288
Additions	50	-	54	1	6	111
Disposals	(23)	-	-	-	-	(23)
Depreciation expense	(344)	(132)	(45)	(3)	(11)	(535)
Balance at 31 December 2023	<u>4,905</u>	<u>4,557</u>	<u>323</u>	<u>18</u>	<u>38</u>	<u>9,841</u>

East 33 Limited
Notes to the financial statements
31 December 2023

Refer to note 18 for further information on fair value measurement.

Note 9. Right-of-use assets

	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Oyster and crown leases – right-of-use	1,697	1,697
Property leases	347	347
Less: Accumulated amortisation	(503)	(453)
	<u>1,541</u>	<u>1,591</u>

Reconciliation of Right-of-use assets

	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Opening Balance	1,591	1,811
Additions	-	-
Disposals	-	(34)
Amortisation	(50)	(186)
	<u>1,541</u>	<u>1,591</u>

Note 10. Intangible assets

	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Goodwill	17,758	17,758
Less: Impairment	(2,943)	(2,943)
	<u>14,815</u>	<u>14,815</u>
Oyster/Crown leases	13,055	13,059
Less : Impairment	(2,400)	-
Less: Accumulated amortisation	(1,579)	(1,303)
	<u>9,076</u>	<u>11,756</u>
Software - at cost	562	562
Less: Accumulated amortisation	(187)	(130)
	<u>375</u>	<u>432</u>
Total	<u>24,266</u>	<u>27,003</u>

Note 10. Intangible assets (continued)

Impairment testing

Goodwill from current and past business combinations has been allocated to cash generating units (CGU) as follows:

- Oyster Farming CGU \$Nil
- Oyster Distribution CGU \$14,815k

As the fair value of assets and liabilities allocated to the CGU's could not be determined based on market observable inputs, the Value in Use approach was adopted for the purposes of estimating the recoverable amount of such assets and liabilities.

Key inputs in estimating VIU for each cash generating unit are as follows:

	Oyster Farming CGU	Oyster Distribution CGU
Discount rate	14.5%	13.5%
Intangible assets allocated to CGU (\$Millions)	11.49	14.80
Tangible assets allocated to CGU (\$Millions)	7.59	0.65
Growth rate in perpetuity	3%	3%

*Oyster Farming volume increase estimate is based on timing of biological stock maturity and seasonal trade patterns.

For impairment testing purposes, biological assets have been excluded as such assets are recorded at fair value under AASB 141.

Based on the above inputs, the directors determined the following:

- record an impairment of the oyster farming CGU in the amount of \$2,400,000 as the carrying amount of assets allocated to this CGU exceeded its recoverable amount with the primary driver of impairment being timing of future cashflows. This impairment has been applied against the carrying value of the oyster and crown leases relating to this CGU.
- record no impairment at the oyster distribution CGU level as the carrying amount of goodwill did not exceed its recoverable amount.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill \$'000	Oyster/Crown Leases \$'000	Software \$'000	Total \$'000
Consolidated				
Balance at 1 July 2023	14,815	11,756	432	27,003
Additions	-	-	-	-
Disposals	-	(4)	-	(4)
Impairment	-	(2,400)	-	(2,400)
Amortisation expense	-	(276)	(57)	(333)
Balance at 31 December 2023	<u>14,815</u>	<u>9,076</u>	<u>375</u>	<u>24,266</u>

East 33 Limited
Notes to the financial statements
31 December 2023

Note 11. Trade and other payables

<i>Current</i>	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Trade payables	1,371	683
Employee benefits	728	552
Accrued expenses	205	243
Settlement of legal claim	400	400
Provisions	180	200
Sales in advance	127	-
Other payables	275	82
	<u>3,286</u>	<u>2,160</u>

<i>Non-current</i>	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Settlement of legal claim	-	400
	<u>-</u>	<u>400</u>

During FY22 an out of court settlement with a former shareholder was reached by the Group totalling \$1.62 million. Three payments totalling \$1.22 million were made in July 2021, July 2022, and July 2023 with a further \$0.4 million due in July 2024.

Note 12. Deferred Acquisition Consideration

<i>Current</i>	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Cash deferred consideration for business and asset acquisitions	250	1,179
Amounts payable for business acquisitions and asset acquisitions	<u>250</u>	<u>1,179</u>

<i>Non-Current</i>	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Cash deferred consideration for business and asset acquisitions	-	100

During the December 2022 half year, the Group acquired Oystercloud software asset for \$0.45 million. At 31 December 2023 the deferred consideration payable is \$0.25 million payable within 12 months.

East 33 Limited
Notes to the financial statements
31 December 2023

Note 13. Borrowings

	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
<i>Current</i>		
NAB facility	-	4,267
Yumbah facility	500	-
Equipment finance leases	66	42
	<u>566</u>	<u>4,309</u>
<i>Non-Current</i>		
Yumbah facility	9,338	-
Other equipment finance loans	117	100
	<u>9,455</u>	<u>100</u>
Total borrowings	<u>10,021</u>	<u>4,409</u>
Reconciliation of loans		
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Opening balance	4,409	9,304
Loan facility drawdown	10,000	224
Asset finance loan drawdown	55	-
Fair value of embedded derivative at inception	(275)	-
Borrowing transaction costs	(188)	-
Amortisation of borrowing costs	254	210
Loan interest accrued	330	(24)
Loan repayments	(4,564)	(5,305)
Closing balance	<u>10,021</u>	<u>4,409</u>

On 16 August 2023 the Group entered into a binding agreement with Yumbah Finance Pty Ltd ("Yumbah Finance") for a loan in the amount of \$15 million (Loan Facility) repayable over a 5-year period and secured over all present and after acquired assets of East 33 and its subsidiaries.

The Loan Facility constitutes a whole of business facility and was used for the full repayment of the balance outstanding of the loan facility in place with the National Australia Bank (NAB Loan Facility), and other working capital requirements. Interest is calculated as 5% plus 3 month BBSY(bid).

On 12 December 23 East 33 issued a zero-coupon convertible note (Convertible Note) to Yumbah Finance, the face value of which being the secured money under the Yumbah facility agreement. For further information please refer to note 15.

Note 13. Borrowings (continued)

Financial covenants associated with the Yumbah facility are summarised below:

- the ratio of EBITDA to Interest Expense for the preceding 12 month period ending on the date noted in the below table will be at least equal to the EBITDA ratio appearing opposite that date in the below table

Date	EBITDA Ratio
30 June 2024	1:0 times
31 December 2024	1:0 times
30 June 2025 and each subsequent 6-month period after 30 June 2025	2:0 times

- the total non-cash impairment charge does not exceed A\$500,000 for any 12-month period ending on 30 June and 31 December each year; and
- the aggregate maintenance capital expenditure by the Group for any 12-month period ending on 30 June and 31 December does not exceed the aggregate depreciation of assets of the Group.

Note 14. Financing arrangements

Assets pledged as security

The Yumbah loan is secured by first mortgages over the Group's assets, and it carries an interest rate of 5.00% + BBSY (currently 4.3%).

Cancellation of the Letter of Credit

On 25 August 2023, the letter of credit totalling \$1 million associated with the acquisition of the Troup hatchery business was cancelled, with a concurrent vendor payment of \$1 million being made on 23 August 2023.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Total facilities		
Credit stand-by arrangements	-	1,000
Redeemable convertible preference shares	6,000	9,600
Loans	10,000	10,200
	<u>16,000</u>	<u>20,800</u>
Used at the reporting date		
Bank overdraft	-	-
Credit stand-by arrangements	-	-
Redeemable convertible preference shares	6,000	9,600
Loans	10,000	4,615
	<u>16,000</u>	<u>14,215</u>
Unused at the reporting date		
Bank overdraft	-	-
Credit stand-by arrangements	-	1,000
Redeemable convertible preference shares	-	-
Loans	-	5,585
	<u>-</u>	<u>6,585</u>

Note 15. Financial liabilities at fair value

	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Yumbah convertible note	273	-
Redeemable preference shares -class A	6,000	5,695
Redeemable preference shares -class B	-	235
	<u>6,273</u>	<u>5,930</u>
	Consolidated	
	31 Dec 2023	30 June 2023
	\$'000	\$'000
Current	<u>6,000</u>	<u>5,930</u>
Non-current	<u>273</u>	<u>-</u>

In FY22 financial year the Group issued 6,000 redeemable convertible preference shares (class A) with a par value of \$1,000 and 3,600 redeemable convertible preference shares (class B) with a par value of \$1,000. The convertible shares were issued pursuant to share purchase agreements entered into with the owners of CMB Seafoods Pty Ltd and MS Verdich and Sons Pty Ltd.

On 27 November 2023 the entire class B preference shares were converted to equity, 18,000,000 ordinary shares were issued in full settlement.

On 12 December 23 East 33 issued a zero-coupon convertible note to Yumbah Finance, the face value of which being the secured money under the facility agreement and may be converted into equity at the earlier of the maturity date and the date the loan facility may be terminated due to a payment default or insolvency event by East 33.

The number of Shares Yumbah Finance will acquire is determined by dividing the Conversion Amount by the Conversion Price, being the higher of:

- \$0.021 (being the minimum price for which ordinary shares in East 33 may be issued); or
- a 10% discount to the 20 Day VWAP calculated to the last trading day prior to the Conversion Date.

The Convertible Note will be cancelled on repayment of the Face Value, whether by way of conversion in whole or part; and the repayment of the Secured Money under the terms of the Facility Agreement.

Class A convertible preference shares as well as the convertible note have been designated at fair value through profit and loss.

A reconciliation of the fair value movement is outlined below:

	Convertible Note	Class A	Class B
	\$'000	\$'000	\$'000
Face value on issue date	-	6,000	3,600
Inception fair value loss/(gain)	-	(305)	(3,365)
Fair value of instruments at 30 June 2023	-	5,695	235
Convertible Note derivative at inception	275	-	-
Fair value loss/(gain) for the period	(2)	305	134
Redemption	-	-	(369)
Fair value of instruments at 31 December 2023	<u>273</u>	<u>6,000</u>	<u>-</u>

Note 16. Issued capital

	Consolidated			
	31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	537,088,699	519,088,699	56,996,903	56,643,530

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Ordinary shares				
Balance	1 July 2023	519,088,699		56,643,530
Issue of ordinary shares	27 November 2023	18,000,000	0.0205	369,000
Less: Capital raising costs				(15,627)
Balance	31 December 2023	<u>537,088,699</u>		<u>56,996,903</u>

Note 17. Dividends

No dividends were paid during the financial half-year.

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 December 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Land and buildings	-	4,557	-	4,557
Intangible leases	-	9,076	-	9,076
Biological assets	-	6,280	-	6,280
Total assets	-	19,913	-	19,913
Liabilities				
Redeemable preference convertible shares class A	-	6,000	-	6,000
Convertible note	-	273	-	273
Total liabilities	-	6,273	-	6,273

Note 18. Fair value measurement(continued)

Consolidated - 30 June 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Land and buildings	-	4,689	-	4,689
Intangible leases	-	11,756	-	11,756
Biological assets	-	5,297	-	5,297
Total assets	-	21,742	-	21,742
<i>Liabilities</i>				
Redeemable convertible preference shares	-	5,930	-	5,930
Total liabilities	-	5,930	-	5,930

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is derived through a combination of Monte Carlo simulations as well as discounting the remaining contractual maturities at the Group's marginal borrowing rate.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The basis of the valuation of land and buildings is cost less accumulated depreciation except for land and buildings acquired under business combinations which are valued at fair value on acquisition in line with AASB3. The directors do not believe that there has been a material movement in fair value since the valuation date. Valuations are based on current prices for similar properties in the same location and condition.

Note 19. Share-based payments

During the current period the Group issued the following performance rights to directors and KMP's as share-based payments:

- 1,000,000 options with a fair value on grant date of \$20,500 to Hon. Sarah Courtney vesting on 30 June 2024
- 18,820,833 performance rights to Dr. Justin Welsh with a fair value of \$319,580 vesting on 30 June 2024, 2025 and 2026

The vesting conditions for the performance rights are as follows:

<i>Performance Rights</i>	<i>Performance Rights Grant</i>	<i>Vesting Date</i>	<i>KPI Targets</i>				
			<i>Share Price (50%) 35% weighting</i>		<i>RONA (50%) 35% weighting</i>		<i>ESG Priorities 30% weighting</i>
			<i>Target</i>	<i>Stretch Target</i>	<i>Target</i>	<i>Stretch Target</i>	
<i>Performance Right 1</i>	6,564,593	30/6/2026	0.045	0.05	0%	4%	<i>Achieved / not achieved</i>
<i>Performance Right 2 – Tranche 1 (50%)</i>	2,583,944	30/6/2024	0.03	0.035	+10%*	+20%*	<i>Achieved / not achieved</i>
<i>Performance Right 3 – Tranche 1 50%</i>	3,282,296	30/6/2026	0.045	0.05	0%	4%	<i>Achieved / not achieved</i>
<i>Performance Right 4 – Tranche 2 50%</i>	3,107,704	30/6/2025	0.035	0.04	-3%	0%	<i>Achieved / not achieved</i>
<i>Performance Right 5 - Tranche 2 50%</i>	3,282,296	30/6/2026	0.045	0.05	0%	4%	<i>Achieved / not achieved</i>
<i>Totals</i>	18,820,833						

Note 19. Share-based payments (continued)

The performance rights were valued with a Binomial Model and the options were valued with a Black and Scholes model. The associated option and performance rights inputs underpinning the fair value assessment are summarized below:

Performance rights

Vesting Date	Target price	% Probability of target being achieved	Fair Value	Share price at grant date	Risk free rate	Volatility
30 June 2024	\$0.030	74.24%	\$0.00918	\$0.0270	4.19%	107%
30 June 2024	\$0.035	55.94%	\$0.00898	\$0.0270	4.19%	107%
30 June 2025	\$0.035	64.68%	\$0.00749	\$0.0270	4.19%	107%
30 June 2025	\$0.040	52.68%	\$0.00694	\$0.0270	4.19%	107%
30 June 2026	\$0.045	43.08%	\$0.00526	\$0.0270	4.19%	107%
30 June 2026	\$0.050	36.60%	\$0.00438	\$0.0270	4.19%	107%

Options

Vesting Date	Fair value	% Probability of vesting	Share price at grant date	Risk free rate	Volatility
30 June 2024	\$0.0205	100%	\$0.0200	4.19%	107%

Note 20. Reconciliation of cash paid to settle business acquisitions

31 December 2023

	Vendor Finance \$'000
Payment to settle HR Browne acquisition	30
Payment to settle Troup asset acquisition	1,000
Total	<u>1,030</u>

31 December 2022

	Vendor Finance \$'000
Payment to settle HR Browne acquisition	30
Total	<u>30</u>

Note 21. Related Parties

Parent entity

East 33 Limited is the parent entity.

During the current period the Group issued the following performance rights to directors and KMP's as share-based payments:

- 1,000,000 options to Hon. Sarah Courtney vesting on 30 June 2024
- 18,820,833 performance rights to Dr. Justin Welsh with various vesting conditions

The Group sold oyster stock totalling \$729,685 in the normal course of business to Sydney Fresh Seafood (Aust) Pty Ltd, a company controlled by Ms Veronica Papacosta who joined the East 33 board during the current financial year.

On 16 August 2023 the Group entered into a binding agreement with Yumbah Finance Pty Ltd (a business associated with Mr Gary Higgins and Mr Ben Cameron) for a loan in the amount of \$15 million (Loan Facility) repayable over a 5-year period and secured over all present and after acquired assets of East 33 and its subsidiaries – please refer to note 13 for further details. At balance sheet date the loan outstanding was \$10 million. The group paid \$120,000 to Yumbah Finance by way of a loan arrangement fee pursuant to the agreement refer to note 13.

On 12 December 23 East 33 issued a zero-coupon convertible note (Convertible Note) to Yumbah Finance with a fair value of \$275,000. For further information please refer to note 15.

There were no other related party transactions during the period.

Note 22. Key management personnel disclosures

Compensation

On 16 October 2023, Dr Justin Welsh joined East 33 as CEO, details of his remuneration being summarised below:

Name:	Justin Quentin Welsh
Title:	Chief Executive Officer
Agreement commenced:	16 October 2023
Term of agreement:	Ongoing
Details:	Gross salary of \$370,000 plus statutory superannuation subject to review 18 months following commencement. Termination by either party at any time, for any reason, by giving three months (3) written notice.

Note 23. Events after the reporting period

On 22 January 2024, the Group redeemed the entire 6,000 Class A Redeemable Convertible Preference Shares for the total amount of \$6.0 million following shareholder approval received at the Company's AGM held on 24 November 2023. On the same day \$5.5 million of the \$6.0 million was loaned back to East 33 pursuant to separate facility arrangements.

Following the findings of the strategic review of the Company announced on 29 February 2024, the Company entered into a transaction with Yumbah Finance Pty Ltd (**Yumbah Finance**) as summarised below.

Yumbah has granted East 33 a waiver of the Financial Covenants at 30 June 2024 and East 33 has entered into the following documents with Yumbah Finance whereby East 33 will have access to additional debt funding in the amount of \$5.0 million:

- An amendment to the Convertible Note Subscription Agreement entered into between East 33 and Yumbah Finance on 16 August 2023 (**Amended Convertible Note Agreement**); and
- Amendment to the Facility Agreement entered into on 15 August 2023 between Yumbah Finance and the Company, amongst others (**Amended Facility Agreement**),

(collectively, the **Recapitalisation Documents**).

Note 23. Events after the reporting period (continued)

The additional debt funding in the amount of \$5.0 million will be facilitated by way of the following:

- the conversion of \$5.0 million of the convertible note currently held by Yumbah Finance (**Convertible Note Conversion**) into ordinary shares in East 33 (**Conversion Shares**), with such number of Conversion Shares being determined by dividing the \$5.0 million of the Face Value (**Conversion Amount**) by the Conversion Price.

The \$5.0 million will be paid by Yumbah Finance in reduction of the amount owing by East 33 under the Facility Agreement (**Loan Facility**), which has a Facility Limit of \$15.0 million plus capitalised interest and has \$10.0 million drawn down, so bringing the amount owing under the Facility Agreement to \$5.0 million; and

- following the Convertible Note Conversion, allowing East 33 to maintain the Facility Limit under the Facility Agreement at \$15.0 million plus capitalised interest, meaning that, with the Loan Facility paid down to \$5.0 million, East 33 will have a total of \$10.0 million that can be drawn under the Facility Agreement,

(**Recapitalisation Transaction**).

The proceeds from the Recapitalisation Transaction will then be applied as follows:

Item	Funds received	Funds applied
Convertible Note Conversion	\$5.0 million deemed to be received following the issue of Conversion Shares in reduction of the Loan Facility.	N/A
Maintenance of Facility Limit under the Facility Agreement	<ul style="list-style-type: none"> \$10.0 million already drawn under the Loan Facility; \$5.0 million repaid under the Loan Facility (by way of the Convertible Note Conversion); and \$5.0 million loan balance under the Loan Facility. \$10.0 million available to be drawn	Of the \$10.0 million available to be drawn under the Loan Facility: <ul style="list-style-type: none"> \$5.5 million will be applied to the repayment of the Short-term Debt; and \$4.5 million will be applied for working capital.
Debt position	\$15.0 million plus capitalised interest (as a result of the Convertible Note Conversion) and assuming the Loan Facility is fully drawn	\$15.0 million plus capitalised interest (as a result of the Convertible Note Conversion) and assuming the Loan Facility is fully drawn

The Recapitalisation Transaction is subject to a number of key conditions precedent to becoming effective including shareholder approval.

No other matter or circumstance has arisen since 31 December 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.

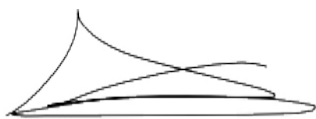
East 33 Limited
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Sarah Courtney', is written over a horizontal line.

Sarah Courtney
Director

29 February 2024
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of East 33 Limited

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the half-year financial report of East 33 Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, 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, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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 East 33 Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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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 2023 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 February 2024



D B Healy
Partner