



East 33 Limited

ASX ANNOUNCEMENT

For immediate release

28 August 2024

East 33 Limited Lodges Target's Statement : Accept Yumbah Aquaculture Limited's Offer

East 33 Limited (**East 33**) announces that it has lodged its Target's Statement with ASIC today in response to the off-market takeover offer by Yumbah Aquaculture Limited (**Yumbah**) to acquire all of the shares in East 33 that it does not currently own (**Offer**).

In accordance with item 14 of section 633(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), a copy of the Target's Statement, annexing an Independent Expert's Report (**IER**) is **attached** to this announcement.

The independent directors of East 33 have unanimously recommended East 33 shareholders **ACCEPT the Offer in the absence of a superior proposal**.

In accordance with section 110D and item 12 of section 633(1) of the *Corporations Act 2001*, the Target's Statement and the IER will be sent to shareholders commencing on 11 September 2024 by the following means:

- (a) East 33 shareholders who have nominated an email address for the purposes of receiving electronic communications from East 33 will receive an email with a communication providing a link to an electronic copy of the Target's Statement and the IER; and
- (b) East 33 shareholders who have not nominated an email address for the purposes of receiving electronic communications from East 33 and East 33 shareholders who have validly elected to receive hard copies of shareholder communication, will receive a hard copy of the Target's Statement and the IER.

Authorisation

This ASX announcement was authorised for release by the Independent Board Committee of East 33.

Announcement Ends

For further information, please contact:

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TARGET'S STATEMENT

East 33 Limited

ACN 636 173 281

This Target's Statement has been issued by East 33 Limited in relation to a proposed acquisition by Yumbah Aquaculture Ltd, which is to be implemented via an off-market takeover offer made by Yumbah Aquaculture Ltd for all of the issued shares in East 33 Limited (**Offer**).

The Independent Directors unanimously recommend that you

ACCEPT

the Offer in the absence of a superior proposal.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about how to deal with this document, you should consult your financial, legal, taxation or other professional adviser immediately.

Legal Adviser

Thomson Geer
Lawyers

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Important information

This Target's Statement is an important document and should be read in its entirety. You should seek professional advice if you have any questions about the Offer

Nature of this document	This document is a Target's Statement issued by East 33 Limited ACN 636 173 281 (East 33 or the Company) under Part 6.5, Division 3 of the Corporations Act in response to the Offer made on 8 August 2024 by Yumbah Aquaculture Ltd (Yumbah or the Bidder) to acquire all of the issued shares in East 33 pursuant to the bidder's statement dated 8 August 2024 which was replaced by the replacement bidder's statement on 23 August 2024 (together, the Bidder's Statement).
ASIC and ASX disclaimer	A copy of this Target's Statement has been lodged with ASIC and sent to Yumbah and the ASX on 28 August 2024. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.
Defined terms	Capitalised terms used in this Target's Statement are defined in the Glossary in Section 14.1. The rules of interpretation that apply to this Target's Statement are also set out in Section 14.2. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.
No account of personal circumstances	The information contained in this Target's Statement does not constitute personal advice. In preparing this Target's Statement, East 33 has not taken into account the objectives, financial situation or needs of individual East 33 Shareholders. It is important that you consider the information in this Target's Statement in light of your particular circumstances. You should seek advice from your financial, legal or other professional adviser before deciding whether to accept or reject the Offer.
Forward-looking statements	<p>This Target's Statement contains forward-looking statements, including statements of current intention or expectation. As such forward-looking statements relate to future matters, they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by such forward-looking statements.</p> <p>Neither East 33 nor any of its Directors, officers, employees or advisers give any representation, assurance or guarantee to East 33 Shareholders or any other person as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law.</p> <p>You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this Target's Statement (including in the Forward Financial Information in the Independent Expert's Report) reflect views held only as at the date of this Target's Statement. Except as required by applicable law or the ASX Listing Rules, East 33 does not undertake to update or revise these forward-looking statements nor any other statements (written or oral) that may be made from time by or on behalf of East 33, whether as a result of new information, future events or otherwise.</p> <p>Refer to Section 4.1(e) for further information on the Forward Financial Information in the Independent Expert's Report and Section 9.5 for details on the assumptions on which the Forward Financial Information is based.</p>
Disclaimer as to information	The information on Yumbah contained in this Target's Statement has been prepared by East 33 using publicly available information (including information contained in the Bidder's Statement) and has not been independently verified by East 33. Accordingly, subject to the Corporations Act, East 33 does not make any representation or warranty (express or implied) as to the accuracy or completeness of such information.
Independent Expert's Report	<p>The Independent Expert's Report has been prepared by the Independent Expert for the purposes of this Target's Statement and the Independent Expert takes sole responsibility for that report.</p> <p>Neither East 33 nor any of its Directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the Independent Expert's Report, save for in relation to the information which it has provided to the Independent Expert.</p>

Foreign jurisdictions	<p>The release, publication or distribution of this Target's Statement may be restricted by law or regulation in some jurisdictions outside Australia. Accordingly, persons outside Australia who come into possession of this Target's Statement should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.</p> <p>This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with laws and regulations outside Australia.</p>
Diagrams	<p>Diagrams appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, graphs and tables is based on information available at the last practical date before finalisation of this document.</p>
Privacy	<p>East 33 has collected your information from the Share Registry for the purpose of providing you with this Target's Statement. Such information may include the name, contact details and security holdings of East 33 Shareholders. Without this information, East 33 would be hindered in its ability to issue this Target's Statement.</p> <p>The Corporations Act requires the name and address of shareholders and option holders to be held in a public register. Personal information of the type described above may be disclosed to East 33, Yumbah and their registries, print and mail and other service providers, authorised securities brokers, Related Bodies Corporate and affiliates of East 33 and Yumbah, and may be required to be disclosed to regulators, such as ASIC.</p> <p>East 33 Shareholders have certain rights to access personal information that has been collected. East 33 Shareholders should contact the Share Registry in the first instance if they wish to access their personal information. East 33 Shareholders who appoint a named person to act as their proxy, attorney or corporate representative should ensure that they inform that person of these matters.</p>
Rounding	<p>A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Target's Statement.</p>
East 33 Shareholders Information Line	<p>If you have any questions in relation to the Offer, please contact the Shareholder Information Line on 1300 363 917 (within Australia) or +61 1300 363 917 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday (excluding national public holidays).</p> <p>Any telephone calls to these numbers will, as required by the Corporations Act, be tape recorded, indexed and stored.</p>

1 Key Information

1.1 Timetable

Announcement of the Offer	5 August 2024
Original Bidder's Statement lodged with ASIC, ASX and East 33	8 August 2024
Replacement Bidder's Statement lodged with ASIC, ASX and East 33	23 August 2024
Date of this Target's Statement	28 August 2024
Offer Period opens	11 September 2024
Close of the Offer (unless extended or withdrawn)*	11 October 2024

*This date is indicative only and may be extended or withdrawn as permitted by the Corporations Act.

#All dates and times are references to the date and/or time in Sydney, New South Wales, unless otherwise stated.

1.2 Evaluation of the Offer

The Independent Directors unanimously recommend that you **ACCEPT** the Offer, in the absence of a superior proposal. The reasons for this recommendation are:

Item	Detail
1	The Offer provides an attractive opportunity for East 33 shareholders seeking a clear exit strategy, offering price certainty and immediate liquidity. For investors in a stock with historically low trading volumes, the Offer is a unique opportunity to realise value and enhance liquidity in a market environment where such opportunities are rare.
2	The Offer Price of \$0.022 per East 33 Share represents an attractive premium and is higher than its 12-month VWAP, 6 month VWAP, 3 Month VWAP, 10 day VWAP and last trading price prior to the Announcement Date being 2 August 2024.
3	If you do not accept the Offer, you will remain subject to certain cashflow and funding risks for East 33 as without additional capital being received in the form of equity or debt, East 33 may not have access to capital to meet its funding requirements.
4	No superior proposal has emerged as at the date of this Target's Statement.
5	The Independent Expert has concluded that the Offer is both fair and reasonable, in the absence of a superior proposal.
6	If you do not accept the Offer, and no superior proposal emerges, you will remain subject to general risks associated with being invested in an aquaculture focused business and there is a risk the East 33 Share price may fall.

Possible reasons for not following the Independent Directors recommendation are:

Item	Detail
1	You may disagree with the Independent Directors' recommendation and the Independent Expert's conclusion.
2	You may want to sell your East 33 Shares on market.
3	You may consider there is the potential for a superior proposal to emerge in the foreseeable future.
4	You may believe that the Offer Price is inadequate.
5	You may consider that the risks associated with accepting the Offer outweigh the risks associated with not accepting the Offer.

You should also consider the risks of remaining an East 33 Shareholder in Section 10 of this Target's Statement. The decision as to whether or not to accept the Offer depends on your circumstances, including risk profile, portfolio strategy, tax position, financial circumstances and investment time horizon. You are encouraged to seek independent professional advice from an accountant, stockbroker, lawyer or other professional adviser before making a decision as to whether or not to accept the Offer.

2 Letter from the Independent Directors

Dear Shareholder,

Following the announcement on the ASX on 5 August 2024, East 33 Limited (ASX:E33) (**East 33** or the **Company**) has, on 8 August 2024 (and then by subsequent replacement Bidder's Statement received on 23 August 2024) received a conditional all-cash-off-market offer from Yumbah Aquaculture Limited (**Yumbah** or the **Bidder**) for \$0.022 (2.2 cents) per East 33 Share (the **Offer**).

Under the Offer terms, East 33 Shareholders who accept the Offer will receive \$0.022 for every East 33 Share held.

The Bidder currently holds a Relevant Interest of 37.42% in East 33 and, together with its Associates, collectively owns the largest holding with a combined interest and Voting Power of approximately 55.82% in the East 33 Shares.

As you may already know, two directors of East 33, being Gary Higgins and Ben Cameron, have associations with Yumbah as they are Yumbah's nominee directors on the board of directors of East 33. East 33 and the directors of East 33 (**Directors**) established an Independent Board Committee (**IBC**), comprising only of independent Non-Executive Directors, being Sarah Courtney, Mike Ryan and Veronica Papacosta (**Independent Directors**), to consider the merits of the Offer on behalf of East 33 Shareholders. The IBC has adopted appropriate protocols to address potential conflicts of interest.

Given their directorships and other interests in Yumbah, Gary Higgins and Ben Cameron are not considered to be Independent Directors of East 33 in relation to the Offer. Accordingly, they have not participated in the consideration given by the IBC to the Offer, not made any recommendation to East 33 Shareholders in relation to the Offer, and were not involved in preparing this Target's Statement except to provide information to enable East 33 to meet its legal disclosure obligations.

The Independent Directors unanimously recommend that you ACCEPT the Offer, in the absence of a superior proposal. In addition, each of the Directors intend to ACCEPT the Offer in relation to all East 33 Shares they or their Associates own or control, in the absence of a superior proposal. At the date of this Target's Statement, the Directors and their Associates own or control 0.14% of all East 33 Shares on issue.

The IBC appointed BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 (**Independent Expert**) to provide an Independent Expert's Report (**Independent Expert's Report**) on the Offer. The Independent Expert's Report is contained in Appendix 1 to this Target's Statement. You are encouraged to read that report in full. Within the report, the Independent Expert has concluded that the Offer is both fair and reasonable in the absence of a superior proposal.

Recommendation

Ultimately, your decision to accept or reject the Offer will depend on your personal preferences and circumstances after considering the benefits and risks associated with the Offer.

This Target's Statement sets out the reasons for the Independent Directors' unanimous recommendation to ACCEPT the Offer. The Independent Directors recommend the Offer because:

- (a) the Offer provides an attractive opportunity for East 33 shareholders seeking a clear exit strategy, offering price certainty and immediate liquidity. For investors in a stock with historically low trading volumes, the Offer is a unique opportunity to realise value and enhance liquidity in a market environment where such opportunities are rare;
- (b) the Offer Price of \$0.022 per East 33 Share represents an attractive premium and is higher than its 12 month VWAP, 6 month VWAP, 3 Month VWAP, 10-day VWAP and last trading price prior to the Announcement Date being 2 August 2024;

- (c) If you do not accept the Offer, you will remain subject to certain cashflow and funding risks for East 33 as without additional capital being received in the form of equity or debt, East 33 may not have access to capital to meet its funding requirements;
- (d) no superior proposal has emerged as at the date of this Target's Statement and any proposal would require the support of Yumbah Group to be successful;
- (e) the Independent Expert has concluded that the Offer is both fair and reasonable, in the absence of a superior proposal; and
- (f) if you do not accept the Offer, and no superior proposal emerges, you will remain subject to general risks associated with being invested in an aquaculture focused business and there is a risk the East 33 Share price may fall.

The Offer is subject to a number of conditions, including Yumbah acquiring a Relevant Interest in at least 90% of all East 33 Shares on issue (**Minimum Acceptance Condition**) and other conditions as outlined in the Bidder's Statement and as detailed in this Target's Statement. In deciding whether and when to accept the Offer, you should consider the conditions required to be satisfied.

To accept the Offer, you should carefully follow the instructions in section 4 of the Bidder's Statement and instruct your broker to do so or to complete the acceptance form enclosed within the Bidder's Statement (depending on the nature of your holding).

The Offer Period is due to end at 5:00pm (Sydney time) on 11 October 2024 unless extended or withdrawn.

I urge you to read this Target's Statement in its entirety and carefully consider the Offer, having regard to your own personal risk profile, investment strategy and tax position. You should also consider the reasons set out in Section 5 detailing why you may not follow the recommendation of the Independent Directors, including the risks associated with accepting the Offer.

You should seek independent financial, legal, taxation or other professional advice if you are in any doubt as to what you should do in response to the Offer.

The Directors will keep you fully informed if there are any material developments, through further ASX announcements of other supplementary documents.

I would like to take this opportunity to thank you for your support of East 33.

Yours sincerely.



Sarah Courtney
Chair and Non-Executive Director

3 Frequently asked questions

The below sets out frequently asked questions in relation to the Offer.

Topic	Summary	Further information
What is this Target's Statement and why have I received this document?	<p>This Target's Statement is East 33's formal response to the Bidder's Statement issued by Yumbah as required by the Corporations Act. This document contains important information regarding the Offer and should be read in its entirety.</p> <p>You have received this Target's Statement because you are an East 33 Shareholder.</p> <p>This Target's Statement includes the recommendation of the Independent Directors to ACCEPT the Offer, in the absence of a superior proposal.</p>	Refer to Section 4 of this Target's Statement for more information.
Who is making the Offer?	<p>Yumbah Aquaculture Limited is making the Offer. Yumbah is a public unlisted company owned and registered in Australia which manages a diverse portfolio of aquaculture projects and aims to invest in and develop projects in the aquaculture sector.</p> <p>Yumbah is associated with Yumbah Finance Pty Ltd, the senior debt financier of East 33.</p>	Refer to Section 8.20 of this Target's Statement for more information.
Does Yumbah already have an interest in East 33 Shares?	Yes, Yumbah has a pre-existing Relevant Interest in 290,095,238 East 33 Shares (about 37.42%). Yumbah, in conjunction with all members of the Yumbah Group, have a pre-existing interest in 432,746,431 East 33 Shares (about 55.82%).	Refer to Section 9.10 of this Target's Statement for more information.
What is the Bidder's Statement?	<p>The Bidder's Statement is a document prepared by Yumbah stating the terms of the Offer.</p> <p>The original Bidder's Statement was lodged with ASIC, sent to East 33 and released to the ASX on 8 August 2024. The original Bidder's Statement was subsequently replaced by way of a replacement Bidder's Statement on 23 August 2024.</p>	
What is the Offer?	Yumbah made a conditional off-market takeover offer to buy 100% of the issued shares in East 33.	Refer to Section 8 of this Target's Statement for more information.
What is Yumbah offering per East 33 Share?	Yumbah is offering \$0.022 per East 33 Share.	Refer to Section 8 of this Target's Statement for more information.
What are the key dates?	<ul style="list-style-type: none"> • Original Bidder's Statement lodged 8 August 2024 • Replacement Bidder's Statement lodged 23 August 2024 • Offer Period opens 11 September 2024 • Offer Period closes 11 October 2024 (unless extended or withdrawn) <p>If pre-conditions are met, compulsory acquisition commences after Yumbah reaches a 90% holding in the share capital of East 33.</p>	Refer to Section 1.1 of this Target's Statement for more information.
What is the Offer Period?	There is a minimum 1 month Offer Period, with potential for extension in certain circumstances permitted under the Corporations Act.	Refer to Section 1.1 of this Target's

Topic	Summary	Further information
	The Offer Period will open on 11 September 2024 and close on 11 October 2024 (unless extended or withdrawn).	Statement for more information.
Can you sell part of my shareholding?	No. You can only accept the Offer for all of your East 33 Shares. However, if you hold one or more parcels of East 33 Shares as trustee or nominee, you may accept the Offer as if a separate offer had been made in relation to each of those parcels and any parcel you hold in your own right.	Refer to Section 8.1 of this Target's Statement for more information.
Does the Offer apply to East 33 Performance Rights and East 33 Options?	The Offer does not extend to the acquisition of any East 33 Performance Rights or East 33 Options currently on issue.	Refer to Section 9.9 of this Target's Statement for more information.
What are the conditions of the Offer?	The Offer is subject to several Conditions, including: <ul style="list-style-type: none"> • (Minimum acceptance) the Bidder has a Relevant Interest in at least 90% of all East 33 Shares during or at the end of the Offer Period; • (Prescribed Occurrences) No Prescribed Occurrences (as defined in Section 8.7) has occurred between the Announcement Date and the end of the Offer Period; • (Regulated Events) No Regulated Events (as defined in Section 8.7) has occurred between the Announcement Date and the end of the Offer Period; • (No restraint) Between the Announcement Date and the end of the Offer Period (each inclusive), nothing restrains, prohibits or impedes, or otherwise materially adversely impacts the Offers and the completion of the Offer or which requires the divestiture by the Bidder of any East 33 Shares or any material assets of East 33 or any Subsidiary of East 33; and • (No termination of BID) Between the Announcement Date and the end of the Offer Period (each inclusive), the Bidder does not become entitled to terminate the BID as a result of any of the representations and warranties given by East 33 under the BID becoming untrue or incorrect in any material respect. <p>More details regarding the Conditions are set out in full in Section 8.7.</p>	Refer to Section 8.7 of this Target's Statement for more information.
Can the Offer be withdrawn by Yumbah?	Yumbah may withdraw the Offer in respect of any Offers that are unaccepted in accordance with any requirements of section 652B of the Corporations Act, including at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent. Notice of withdrawal of the Offer must be given by Yumbah to ASX.	Refer to Section 8.5 of this Target's Statement for more information.
What happens if the Conditions are not satisfied or waived?	You do not get paid for your East 33 Shares while the Offer is subject to Conditions. If the Conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You would then be free to deal your East 33 Shares even if you have accepted the Offer.	Refer to Section 8.11 and Section 8.6 of this Target's Statement for more information.
When will I be updated about the status of the Conditions?	If a Condition is satisfied or waived, Yumbah must, as soon as practicable, give the ASX and East 33 a notice that states that the particular Condition has been satisfied or waived.	Refer to Section 8.10 of this Target's Statement for more information.

Topic	Summary	Further information
Can Yumbah vary the Offer?	<p>Yes. Yumbah can vary the Offer in any manner permitted by the Corporations Act by extending the Offer Period or increasing the Offer Price in accordance with the Corporations Act.</p> <p>Yumbah can waive the Conditions to the Offer (including the Minimum Acceptance Condition). However, Yumbah has no obligation to do so.</p> <p>The Offer Period can be extended in accordance with section 624(2) and/or section 650C of the Corporations Act. In certain circumstances, the Corporations Act imposes a mandatory extension of the Offer Period.</p>	Refer to Section 8.4 of this Target's Statement for more information on the extension of the Offer Period and Section 8.11 for detail on waiver of Conditions.
What happens if Yumbah increases the Offer Price?	<p>If you accept the Offer and Yumbah subsequently increases the Offer Price, you will receive the increased consideration for your East 33 Shares.</p> <p>However, any increase in Offer Price will not be available to East 33 Shareholders who have already sold their East 33 Shares on the ASX.</p>	Refer to Section 6 of this Target's Statement for more information.
What happens if there is a superior proposal from a third party?	<p>If there is a superior proposal from a third party, the Independent Directors will reconsider their recommendation in relation to the Offer and advise East 33 Shareholders accordingly.</p> <p>If you have already accepted the Offer at that time, you may be unable to withdraw your acceptance in which case you will be unable to accept the superior proposal if one arises.</p>	Refer to Section 8.14 of this Target's Statement for more information.
What choices do I have as an East 33 Shareholder?	<p>As a current East 33 Shareholder, you can take one of the following actions:</p> <ul style="list-style-type: none"> • Accept the Offer; • Sell your East 33 Shares on market (transaction fees may apply) subject to liquidity; or • Reject the Offer by doing nothing (noting that if Yumbah acquires a Relevant Interest in at least 90% of all East 33 Shares on issue by the end of the Offer Period, Yumbah will be entitled and intends to compulsorily acquire any East 33 Shares it does not already own). <p>There are several implications in relation to each of the above choices.</p>	A summary of these implications is set out in Section 6 of this Target's Statement
What is the recommendation of the Independent Directors?	<p>The Independent Directors unanimously recommend you ACCEPT the Offer from Yumbah, in the absence of a superior proposal.</p> <p>The reasons for the Independent Directors' recommendation are set out in Section 4 of this Target's Statement.</p> <p>Given their directorships of and interests in Yumbah, Gary Higgins and Ben Cameron are not considered to be Independent Directors of East 33 in relation to the Offer and have not made any recommendation in relation to the Offer.</p>	Refer to Section 4 and Section 6 of this Target's Statement for more information.
What are the risks associated with accepting the Offer?	<p>The reasons you may not wish to follow the recommendation of the Independent Directors are set out in Section 5.</p> <p>The risks associated with accepting the Offer include:</p> <ul style="list-style-type: none"> • (Conditional) The Offer is subject to conditions. If the conditions are not satisfied or waived by the applicable date, the Bidder may allow the Offer to lapse with unsatisfied conditions, in which case the Offer will not proceed. 	Refer to Section 5 and Section 6 of this Target's Statement for more information.

Topic	Summary	Further information
	<ul style="list-style-type: none"> • (Superior Proposal) If a Superior Proposal emerges or is announced, and an East 33 Shareholder has already accepted the Offer, the East 33 Shareholder may not be able to withdraw acceptance and accept the Superior Proposal except in limited circumstances as set out in the Corporations Act. • (Withdrawal rights) East 33 Shareholders that accept the Offer will only be able to withdraw acceptance in very limited circumstances as set out in the Corporations Act. • (Possibility of future East 33 Share price appreciation) East 33 Shareholders that accept the Offer will forego the opportunity to benefit from price appreciation of East 33 Shares and will be unable to sell their East 33 Shares for more valuable consideration than that offered under the Offer. However, this risk should be balanced against the risk of the East 33 Share price depreciating. • (No interest in upside) East 33 Shareholders that accept the Offer will lose their interest and exposure in the future profits and dividends (if any) associated with East 33. <p>You may consider that the risks associated with accepting the Offer outweigh the risks associated with not accepting the Offer.</p>	
What do the Directors intend to do with their East 33 Shares?	<p>Each of the Directors intend to accept the Offer for any East 33 Shares that they or their Associates own or control, in the absence of a superior proposal.</p> <p>The Directors' interests in East 33 Shares are set out in Section 7 of this Target's Statement.</p>	Refer to Section 7 of this Target's Statement for more information.
What is the Independent Expert's recommendation?	<p>The Independent Expert considered the Offer to be both fair and reasonable, in the absence of a superior proposal. You are encouraged to read the Independent Expert's Report in full. Refer to Appendix 1 of this Target's Statement for more information.</p>	Refer to the Independent Expert's Report
How do I accept the Offer?	<p>To accept the Offer, you need to follow the instructions outlined in section 4 of the Bidder's Statement and on the acceptance form attached to the Bidder's Statement.</p>	Refer to Section 6 of this Target's Statement for more information.
How do I reject the Offer?	<p>To reject the Offer, simply do nothing. However, if Yumbah acquires a Relevant Interest in at least 90% of all East 33 Shares on issue by the end of the Offer Period, Yumbah will be entitled and intends to compulsorily acquire any East 33 Shares it does not already own.</p>	Refer to Section 6 of this Target's Statement for more information.
If I accept the Yumbah Offer, can I withdraw my acceptance?	<p>You may only withdraw your acceptance if, a withdrawal right arises under section 650E of the Corporations Act (i.e. while the Offer remains subject to the Conditions and Yumbah varies the Offer in a way that postpones the time when Yumbah is required to satisfy its obligations by more than one month).</p>	Refer to Section 8.15 of this Target's Statement for more information.
Are there any fees if I accept the Offer?	<p>If your East 33 Shares are registered in an Issuer Sponsored Holding in your name, the relevant broker you instruct to initiate acceptance on your behalf may charge transactional fees or service charges in connection with acceptance of the Offer.</p> <p>If your East 33 Shares are registered in a CHESS Holding or if you are a beneficial holder and your East 33 Shares are registered in the name of a broker, bank, custodian or other nominee (i.e. your Controlling Participant), the</p>	Refer to Section 12.11 of the Bidder's Statement for more information.

Topic	Summary	Further information
	<p>Controlling Participant may charge transactional fees or service charges in connection with acceptance of the Offer. Accordingly, you should ask your broker or Controlling Participant (as applicable) in relation to brokerage.</p> <p>The Bidder will bear the cost of its own brokerage (if any) on the transfer of East 33 Shares acquired through acceptance of the Offer.</p> <p>You will not pay stamp duty or GST on the disposal of your East 33 Shares if you accept the Offer (other than GST payable by your broker in respect of brokerage fees charged to you).</p>	
What are the tax implications if I accept the Offer?	<p>A general outline of tax implications are outlined in section 10 of the Bidder's Statement.</p> <p>You should seek professional advice in relation to specific tax implications relevant to your personal circumstances.</p>	Refer to Section 11 of this Target's Statement for more information.
Can I sell my East 33 Shares on market on the ASX?	<p>You can only sell all or some of your East 33 Shares on market on the ASX if you have not accepted the Offer in respect to those East 33 Shares.</p> <p>However, you will likely incur brokerage charges and, if you sell on market, will not be able to participate in any superior proposal for East 33 Shares if such a proposal is made, or in any increase in the Offer consideration that may be made by Yumbah. Additionally, the tax outcome from selling some or all of your East 33 Shares on market for cash may be different to accepting the Offer.</p>	Refer to Section 6 of this Target's Statement for more information
Can I be forced to sell my East 33 Shares?	<p>You cannot be forced to sell your East 33 Shares unless Yumbah acquires a Relevant Interest in at least 90% of all East 33 Shares on issue by the end of the Offer Period, in which case Yumbah will be entitled and intends to compulsorily acquire any East 33 Shares it does not already own at the close of the Offer.</p> <p>If your East 33 Shares are compulsorily acquired, you will receive the same consideration for your East 33 Shares that you would have received under the Offer.</p> <p>However, you may not receive the consideration for your East 33 Shares until up to approximately 6 to 8 weeks, or potentially longer, after the end of the Offer Period.</p>	Refer to Section 6 and Section 8.16 of this Target's Statement for more information.
What are the consequences of not accepting the Offer?	<p>If you choose to reject the Offer and retain your holding in East 33, you should simply do nothing.</p> <p>However, if Yumbah holds a Relevant Interest in at least 90% of all East 33 Shares on issue during or at the end of the Offer Period, Yumbah will be entitled under the Corporations Act to compulsorily acquire the East 33 Shares that it does not already own, at the Offer Price.</p> <p>If Yumbah acquires less than 90% but more than 55% of East 33 Shares and declares the Offer unconditional (by waiving the Minimum Acceptance Condition), you will be exposed to the risks of remaining a minority Shareholder in East 33.</p>	Refer to Section 6 and Section 8.16 of this Target's Statement for more information.
How can I get updates on the East 33 Share prices?	<p>It is likely that the market trading price of East 33 Shares will vary during the Offer Period. You can check the market price for all ASX listed securities by visiting https://www.asx.com.au.</p> <p>The ticker for East 33 Shares on ASX is E33.</p>	
When will I receive payment of the Offer Price?	<p>If you accept the Offer, and subject to satisfaction of the Conditions, the Bidder will pay any cash to which you are entitled on or before the earlier of:</p>	Refer to Section 8.12 of this Target's

Topic	Summary	Further information
	<ul style="list-style-type: none"> • one month after the Offer is validly accepted or the contract resulting from its acceptance becomes unconditional (whichever is the later); and • 21 days after the Offer closes. 	Statement for more information.
Who should I contact for further information?	If you have any further questions in relation to the Offer, you can call the Shareholder Information Line on 1300 363 917 (within Australia) or +61 1300 363 917 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday (excluding national public holidays). Any telephone calls to these numbers will, as required by the Corporations Act, be tape recorded, indexed and stored. If, however, you are in any doubt about how to deal with this document, you should contact your broker, financial adviser or legal adviser.	

4 Reasons to ACCEPT the Offer

4.1 Directors' Recommendation and Reasons

It is the recommendation of all of your Independent Directors (being Sarah Courtney, Michael Ryan and Veronica Papacosta) that you **ACCEPT** the Offer, in the absence of a superior proposal. All East 33 Directors that hold East 33 Shares intend to accept the Offer in respect of the East 33 Shares held by them or on their behalf, in the absence of a superior proposal. Your Independent Directors' reasons for their recommendation are set out below.

- (a) **The Offer provides an attractive opportunity for East 33 shareholders seeking a clear exit strategy, offering price certainty and immediate liquidity. For investors in a stock with historically low trading volumes, the Offer is a unique opportunity to realise value and enhance liquidity in a market environment where such opportunities are rare**

For investors in a stock with historically low trading volumes, the Offer is a unique opportunity to realise the benefits, including access to capital and liquidity. The Offer provides East 33 Shareholders who wish to exit their investment in East 33, an avenue to do so with certainty at a fixed price of \$0.022 cash per East 33 Share regardless of future operating performance of East 33.

Prior to the Announcement Date, the Independent Directors note that the East 33 Share price has not been \$0.022 or higher since February 2024. As such, there is no certainty that the East 33 Share price will exceed \$0.022 post the closing of the Offer. There is also no guarantee that the East 33 Share price will not fall below the Offer Price after the Offer closes. Further, the Independent Expert has opined that the Offer Price of \$0.022 is 'fair'. Refer to the Independent Expert's Report for further detail.

As at the trading day immediately prior to the Announcement Date, the market capitalisation of East 33 was \$9.3 million and the share price has declined by 63.6% since the Entitlement Offer completed in October 2022, which raised capital at \$0.033 per share. It is evident, trading on the ASX in East 33 Shares has been relatively illiquid. This is demonstrated by just 0.5% of the register turning over per month on average (based on the last 6-month trading), and for 39 of the previous 100 trading days immediately prior to the Announcement Date, no East 33 Shares traded at all, making it difficult for any East 33 Shareholders to realise the value of their East 33 Shares, without negatively impacting the share price. Accordingly, East 33 Shareholders with larger holdings that wish to exit their investment in East 33 in the near term may be attracted to the Offer as it provides them with certain, near-term liquidity to sell all or some of their East 33 Shares.

In the absence of the Offer, or a competing offer¹, East 33 Shareholders with larger holdings that wish to exit their positions may otherwise need to consider doing so via on-market share sales or off-market share sales (including block trades). Such transactions may need to be undertaken at a discount to prevailing East 33 Share prices and may also negatively impact the trading price of East 33 Shares, as it may have the effect of increasing the supply of East 33 Shares in the market which may not be met with equal demand.

- (b) **The Offer Price of \$0.022 per East 33 Share represents a significant premium and is higher than its 12 month VWAP, 6 month VWAP, 3 Month VWAP, 10-day VWAP and the last trading price prior to the Announcement Date**

Under the Offer terms, East 33 Shareholders will receive the Offer Price, being a price of \$0.022 per East 33 Share. The Offer Price represents a:

- (i) 15.8% premium to the VWAP of East 33 Shares traded on ASX during the 12-month period immediately preceding the Announcement Date of \$0.019;

¹ As at the date of this Target's Statement, the Independent Directors are not aware of any competing or alternative offer for East 33 Shares.

- (ii) 46.7% premium to the VWAP of East 33 Shares traded on ASX during the 6-month period immediately preceding the Announcement Date of \$0.015;
- (iii) 66.6% premium to the VWAP for the 3 trading months immediately preceding the Announcement Date of \$0.0132.
- (iv) 57.8% premium to the VWAP for the 10 trading days immediately preceding the Announcement Date of \$0.0139; and
- (v) 83.3% premium to the closing price of East 33 Shares on the trading day immediately preceding the Announcement Date of \$0.012.

In terms of East 33's historical trading prices, the East 33 share price has declined consistently since IPO. A recent snapshot of the East 33 Share price history since January 2023, is provided below demonstrating this trend:



- (c) **If you do not accept the Offer, you will remain subject to certain cashflow and funding risks for East 33 as without additional capital being received in the form of equity or debt, East 33 may not have access to capital to meet its funding requirements**

East 33 is reliant on the Loan Facility with Yumbah Finance to fund ongoing monthly operating losses. As at 30 June 2024, the Loan Facility had a closing debt balance of \$13.3 million outstanding and a facility limit of \$15.0 million plus capitalised interest.

The final balance of the Loan Facility to a total of \$15.0 million was drawn on 13 August 2024, meaning that the Loan Facility is fully drawn.

There is no guarantee that the Loan Facility will be sufficient to fund ongoing monthly operating losses, particularly given:

- (i) East 33 has a material and unavoidable overhead cashflow burden incurred as a result of the listed environment in which East 33 operates. This overhead is difficult to service as East 33's operational businesses are subscale and are not reasonably anticipated to undergo material growth in the coming years without access to funding;
- (ii) East 33's debt burden and associated interest payment obligations of \$250,000 per quarter commenced on 30 August 2024 (and increasing to \$350,000 per quarter from 29 August 2025) and will materially erode the business' cash reserves;

- (iii) East 33 has incurred costs in relation to the Offer, which are incurred irrespective of whether the Offer is implemented. These costs have already, and will continue to impact East 33's ability to support investments in operations; and

There is material risk that cashflows in the business will be disrupted from events outside of the business' control, as observed in recent years. Weather, disease and macroeconomic conditions are all outside the business' control and may materially impact the business' ability to generate or preserve operating cashflow. In addition to the above, the cashflow of the East 33 business is highly seasonal, with material cash-burn each year in the lead up to the summer period.

Currently East 33's operations are concentrated to 3 estuaries, with all of East 33's mature stock in two locations; Port Stephens and Wallis Lake. This leaves East 33 vulnerable to disease outbreaks, as was seen during the QX outbreak in Port Stephens. Further, East 33's cash generating abilities can be impacted by harvest area closures preventing mature stock from being harvested, which was demonstrated in late 2023 when one such closure impacted Wallis Lake. Any impact on oyster mortality rates, growth rates or ability to be sold into the market can have a material negative impact on cash flows.

The Independent Directors are of the view that without obtaining funding from additional debt or from a capital raise, there is a risk that East 33 may be in a negative cash position at some stage on or before the maturity date of 28 August 2028 under the terms of the Amended Facility Agreement.

If East 33 does not have sufficient cashflow, it is possible that East 33 will require access to additional capital in the form of equity or debt. There is no guarantee that this capital will be available as required noting:

- (i) **Debt implications:**
 - (A) East 33 currently has a material fully secured debt balance which may restrict the ability to obtain further debt; and
 - (A) Even if East 33 were able to secure additional debt, it is highly unlikely that the additional debt would be on favourable terms to East 33 given the existing materially fully secured debt balance and there is a chance that East 33 would not be able to service the additional interest repayments.
- (ii) **Capital raising implications:**
 - (A) If East 33 decides to raise further funds through an equity capital raise, it may be difficult to secure investors willing to support such capital raise, noting that with respect to the entitlement offer in September 2022, only approximately 35% of the capital raised was raised from investors other than Yumbah and its Associates;
 - (B) Future capital raisings will potentially be undertaken at a discount to the Share price at the time. As such, there is a risk that:
 - (I) the price of East 33 shares at the time of the capital raise may be materially lower than the Offer Price; and
 - (II) given pricing, any capital raise may significantly dilute shareholders that elect not to participate in the capital raise.

If funding (either debt or equity) is required and is not available on acceptable terms to East 33, East 33 Shareholders are likely to be left in a worse condition than accepting the Offer.

As at the date of this Target's Statement, East 33 has a debt position with Yumbah Finance under the terms of the Amended Facility Agreement totalling \$15.0 million

plus capitalised interest. The maturity date for the debt is 28 August 2028, at which point the balance of \$10.2 million of debt will be required to be repaid (unless repaid earlier). Repayment can be undertaken by East 33 through:

- (i) **Operating capital:** Funds from operating capital, which is subject to certain cashflow risks as detailed in this Section 4.1(c) and Section 4.1(f);
- (ii) **Refinance with replacement debt -** East 33's ability to refinance this debt at the maturity date is dependent on business performance until the due date. There is a risk that if East 33 is not able to refinance this debt as required, which could result in an event of default under the loan terms and potentially trigger either the appointment of receivers by Yumbah Finance or (at Yumbah Finance's election) a debt-to-equity conversion under the terms of the Amended Convertible Note Subscription Agreement as further detailed below;
- (iii) **Debt conversion:** The conversion of the remaining debt to equity in East 33 by Yumbah Finance at the maturity date under the terms detailed in the Amended Convertible Note Subscription Agreement. Should this occur, the debt would be converted at the higher of \$0.021 per East 33 Share (being a discount to the current Offer of \$0.022 per East 33 Share) and a 10% discount to the 20-day VWAP calculated to the last trading day prior to the conversion date. Although this will likely be subject to East 33 obtaining prior shareholder approval at the time, such a debt-to-equity conversion could materially dilute any East 33 Shareholders at that time; or
- (iv) **Repayment from a capital raise:** By raising additional capital from an equity raise, noting the implications of a capital raise as detailed above.

In circumstances where additional funding is required in order to repay the balance owing to Yumbah Finance at the maturity date and:

- (i) funding (either debt or equity) is not available on acceptable terms to East 33; or
- (ii) a capital raise is undertaken or the remaining debt is converted into East 33 Shares (which may require shareholder approval),

East 33 Shareholders may be worse off than they would be if they accept the Offer.

(d) **No superior proposal has emerged as at the date of this Target's Statement and any proposal would require the support of the Yumbah Group to be successful**

As at the date of this Target's Statement, East 33 has not received any superior proposal from a third party, nor have any discussions occurred that the Directors believe are likely to lead to any superior proposal being made.

If East 33 were to receive a competing proposal after the date of this Target's Statement, the Independent Directors would need to consider all aspects of the proposal in determining whether it is superior to the Offer.

In light of the Yumbah Group's ~55% Relevant Interest in East 33 and given the Bidder, through its Associates, has provided to East 33 its entirely drawn primary first ranking secured facility of \$15 million plus interest, any alternate proposal will require the support of the Bidder and its Associates, in order to be successful. This would also likely require the refinancing of the primary first ranking secured facility of \$15 million plus interest in place with Yumbah Finance.

As such, the Independent Directors consider it unlikely that a superior proposal will be forthcoming from the date of this Target's Statement until the end of the Offer Period. Since the announcement of the Offer, East 33 has not received any approaches which would cause it to believe that a superior proposal is likely to emerge.

If the Offer is not accepted and no other offers are made for your East 33 Shares, East 33's share price may fall below the Offer Price after the Offer closes.

(e) **The Independent Expert has concluded that the Offer is both fair and reasonable, in the absence of a superior proposal**

The IBC appointed BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 as the Independent Expert to prepare an Independent Expert's Report on the Offer which is set out in full at **Appendix 1**.

The Independent Expert's Report has concluded that the Offer is both fair and reasonable in the absence of a superior proposal.

In the Independent Expert's Report, the Independent Expert has opined that:

- (i) The Offer is 'fair' for the following reasons:
 - (A) In the Independent Expert's view, for the purposes of the analysis set out in the Independent Expert's Report, the Independent Expert considered it appropriate to adopt a value in the range of \$0.020 to \$0.038 per East 33 Share on a controlling interest basis.
 - (B) In forming this view, the Independent Expert considered a market based valuation (**MBV**) methodology, the guideline comparable methodology and an asset based valuation (**ABV**) methodology.
 - (C) The Shareholders should note that the Independent Expert's valuation range of East 33 is on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the Offer.
 - (D) In order to assess the fairness of the Offer, the Independent Expert considered that it is appropriate to compare the value of an East 33 share on a controlling interest basis with the Offer Price. Pursuant to RG 111, the Offer is considered to be fair if the value of the Cash Consideration is equal to or greater than the value per East 33 share.
 - (E) The Cash Consideration of \$0.022 per East 33 share is in the range of the value of an East 33 Share prior to the Offer on a controlling interest basis.
 - (F) After considering the information summarised above and set out in detail in the balance of this Report, it is the Independent Expert's view that, in the absence of any other information or a superior proposal, the Offer is **Fair** to the Shareholders as at the date of the Independent Expert's Report.
- (ii) The Offer is 'reasonable' for the following reasons:
 - (A) Under RG 111, the Independent Expert detailed that a transaction is considered reasonable if it is fair.
 - (B) The Independent Expert has, after considering all of the issues set out in the Independent Expert's Report, formed a view that, in the absence of any other information or a superior proposal, the Offer is **Reasonable** to the Shareholders as at the date of the Independent Expert's Report.
 - (C) The Independent Expert also concluded that the advantages outweigh the disadvantages of the Offer.
 - (D) The Independent Expert's assessment of the reasonableness of the Offer is set out based on the following:
 - (I) the advantages of the Offer to the Shareholders;
 - (II) the disadvantages of the Offer to the Shareholders;

- (III) the discussion of other considerations relevant to the Offer;
- (IV) the position of the Shareholders if the Offer is not accepted;

For further detail on the Independent Expert's determination and the considerations listed above, please refer to the Independent Expert's Report in Appendix 1 of this Target's Statement.

East 33 Shareholders are encouraged to read the entire Independent Expert's Report which is set out in full at Appendix 1. The Independent Expert explains in the Independent Expert's Report the factors that it has taken into account in reaching the above conclusion.

East 33 would like to caution East 33 Shareholders that the Independent Expert's Report contains forward financial information for the financial years ending 30 June 2025, 30 June 2026 and 30 June 2027 (**Forward Financial Information**). Please refer to Section 9.5 for further detail on the assumptions underpinning the Forward Financial Information.

(f) **If you do not accept the Offer, you will remain subject to the general risks associated with being invested in an aquaculture focused business and there is a risk the East 33 Share price may fall**

If you accept the Offer and the Offer becomes unconditional, you will obtain the certainty of receiving the cash payment of A\$0.022 per East 33 Share. The certainty of the Offer should be compared to the risks and uncertainties of remaining an East 33 Shareholder, which are covered in Section 10 below. If you accept Yumbah's Offer, you will cease to be exposed to those risks associated with an investment in East 33.

East 33 Shareholders who do not accept the Offer (and where they are not subject to compulsory acquisition) will retain exposure to the Company, an aquaculture business, which will entail all the risks that are generally associated with such an aquaculture business, including the risk of a worsening in general economic conditions and increased competition.

As noted in the risks in Section 10, given the scale of East 33's operations relative to corporate and listing costs, East 33 may seek to expand and diversify revenues to reduce adverse exposure via transactions to obtain a more appropriate scale. Any potential future growth transaction may require the support of Yumbah and its Associates; namely:

- (i) Any material business transaction that requires East 33 Shareholder approval (for instance, for a change in nature or scale of activities or divestment of main undertaking) under Listing Rules 11.1 or Listing Rule 11.2 would require the support of Yumbah and its Associates given they have a combined Voting Power of approximately 55.82% in the East 33 Shares; and
- (ii) Given Yumbah Finance is the provider of East 33's debt facility, any material transaction (subject to the form in which such transaction may take) may require the support of Yumbah Finance in order to comply with the terms of the Amended Facility Agreement or alternatively the refinance of that facility.

Further, there is a risk that:

- (i) **liquidity risk – East 33 becomes unlisted** – if you do not accept the Offer and the Bidder acquires additional East 33 Shares, ASX may permit a de-listing of East 33, in circumstances where the Bidder does not obtain a Relevant Interest of 90% or otherwise waives the Minimum Acceptance Condition and does not move to compulsory acquisition, in which case, you may not be able to sell your East 33 Shares and realise any value for them;
- (ii) **liquidity risk – East 33 remains listed** - depending on the level of acceptances the Bidder receives under the Offer, the market for East 33

Shares may become even less liquid than at present, in circumstances where the Bidder does not obtain a Relevant Interest of 90% or otherwise waives the Minimum Acceptance Condition and does not move to compulsory acquisition. This could make it more difficult for you to sell your East 33 Shares at an attractive price in the future;

- (iii) **price risk** - the East 33 Share price falls further below the Offer Price following the closing of the Offer.

Before deciding not to accept the Offer, you should be comfortable remaining subject to the risks associated with the East 33 business, as explained in further detail in Section 10 below.

4.2 Non-Independent Directors' reasons for not making a recommendation

Each of Gary Higgins and Ben Cameron has refrained from making a recommendation in relation to the Offer, as they are nominees of Yumbah. Accordingly, the Board established the IBC, comprising of Sarah Courtney, Michael Ryan and Veronica Papacosta, to consider the Offer. Only the members of the IBC are making a recommendation in relation to the Offer.

4.3 Other matters

Section 10 of this Target's Statement describes a number of risks and other matters that you should also consider in deciding whether or not to accept the Offer. In considering whether to accept the Offer, your Independent Directors also encourage you to:

- (a) read both this Target's Statement and the Bidder's Statement in their entirety; and
- (b) obtain professional advice from your broker, financial adviser, accountant or other professional adviser.

5 Possible reasons to not follow the Independent Directors' recommendation

This section sets out some reasons why you may choose not to follow the unanimous recommendation of the Independent Directors to ACCEPT the Offer and instead decide to not accept the Offer.

As noted in Section 8.19 of this Target's Statement, the Bidder may be entitled to proceed to compulsorily acquire all of your East 33 Shares after close of the Offer. As such, even if you do not accept the Offer, you may not continue as an East 33 Shareholder as you may be compelled by law to sell your East 33 Shares to the Bidder.

5.1 You may disagree with the Independent Directors' recommendations and the Independent Expert's conclusion

You may hold a different view to the Independent Directors and the Independent Expert and believe that the Offer Price under the Offer terms is inadequate.

5.2 You may want to sell your East 33 Shares on market

You may wish to realise your investment in East 33 through a sale on the ASX if you expect proceeds may be higher or that you will be paid sooner.

If you sell your East 33 Shares on market, you:

- (a) will lose the ability to accept the Offer or any other offer which may eventuate;
- (b) will not be entitled to receive any increased consideration if Yumbah subsequently increases the Offer Price;
- (c) will not receive the benefits of any potential higher competing offer for your East 33 Shares, (though no forecast is made as to whether such events will occur);
- (d) may receive more or less for your East 33 Shares than the Offer Price;
- (e) may incur brokerage fees;
- (f) will have a tax outcome that may be different to accepting the Offer;
- (g) may be liable for capital gains tax or income tax on the sale; and
- (h) may not obtain sufficient buyers to complete a trade above the Offer Price of \$0.022 per East 33 Share (including because East 33 Shares may be affected by reduced liquidity).

5.3 You may consider there is the potential for a superior proposal to emerge in the foreseeable future

It is possible that a superior proposal for East 33 could emerge in the future. However, as at the date of this Target's Statement, no such alternative proposal has been received and the likelihood of an alternate superior proposal emerging and being successfully implemented, is low given the Bidder's level of interest in East 33.

5.4 You may believe that the Offer Price is inadequate

You may disagree with the Independent Expert's finding that the Offer is both fair and reasonable, and the unanimous recommendation from the Independent Directors to ACCEPT the Offer, in the absence of a superior proposal.

5.5 You may consider that the risks associated with accepting the Offer outweigh the risks associated with not accepting the Offer

There are a number of risks associated with accepting the Offer. These are detailed in Section 10.2 and summarised below:

- (a) **(Conditional)** The Offer is subject to conditions. If the conditions are not satisfied or waived by the applicable date, the Bidder may allow the Offer to lapse with unsatisfied conditions, in which case the Offer will not proceed.
- (b) **(Superior Proposal)** If a superior proposal emerges or is announced, and an East 33 Shareholder has already accepted the Offer, the East 33 Shareholder may not be able to withdraw acceptance and accept the superior proposal except in limited circumstances as set out in the Corporations Act.
- (c) **(Withdrawal rights)** East 33 Shareholders that accept the Offer will only be able to withdraw acceptance in very limited circumstances as set out in the Corporations Act.
- (d) **(Possibility of future East 33 Share price appreciation)** East 33 Shareholders that accept the Offer will forego the opportunity to benefit from price appreciation of East 33 Shares and will be unable to sell their East 33 Shares for more valuable consideration than that offered under the Offer. However, this risk should be balanced against the risk of the East 33 Share price depreciating.
- (e) **(No interest in upside)** East 33 Shareholders that accept the Offer will lose their interest and exposure in the future profits and dividends (if any) associated with East 33.

6 Your choices as an East 33 Shareholders

The Independent Directors of East 33 unanimously recommend that you **ACCEPT** the Offer, in the absence of a superior proposal, for the reasons set out in Section 4.

The Board encourages you to consider the possible reasons not to accept the Offer set out in Section 5, as well as your personal risk profile, investment objectives and tax and financial circumstances, before making any decision in relation to your East 33 Shares.

As an East 33 Shareholder, you have three main choices available to you in relation to the Offer, namely, accept the Offer, sell your East 33 Shares on market or reject the Offer by doing nothing.

Ultimately, your decision whether or not to accept the Offer will depend on your personal preferences. Below is a snapshot of each option:

Option 1 – Accept the Offer

If you accept the Offer, you must accept the Offer in relation to all of your East 33 Shares.

Refer to Section 11 of this Target's Statement and section 10 of the Bidder's Statement for further details of the tax consequences of the Offer.

Your acceptance of the Offer is unanimously recommended by the Independent Directors of East 33, in the absence of a superior proposal. East 33 Shareholders who wish to accept the Offer should refer to section 4 of the Bidder's Statement for instructions on how to do so.

Option 2 – Sell your East 33 Shares on market

You can sell your East 33 Shares on market at any time if you have not already accepted the Offer.

If you sell your East 33 Shares on market, you:

- (a) will lose the ability to accept the Offer;
- (b) will not be entitled to receive any increased consideration if Yumbah subsequently increases the Offer Price;
- (c) will not receive the benefits of any potential higher competing offer for your East 33 Shares (though no forecast is made as to whether such events will occur);
- (d) may receive more or less for your East 33 Shares than the Offer Price;
- (e) may incur brokerage fees;
- (f) will have a tax outcome that may be different to accepting the Offer;
- (g) may be liable for capital gains tax or income tax on the sale; and
- (h) may not obtain sufficient buyers to complete a trade above the Offer Price of \$0.022 per East 33 Share (including because East 33 Shares may be affected by reduced liquidity).

East 33 Shareholders who wish to sell their East 33 Shares on market should contact their broker for information on how to effect a sale. You should also seek your own specific professional advice regarding the taxation consequences of selling your East 33 Shares on market.

Option 3 – Reject the Offer by doing nothing

If you do not wish to accept the Offer and want to retain your East 33 Shares, simply do nothing and take no action in relation to documents sent to you from Yumbah.

Given the Offer has a 90% Minimum Acceptance Condition:

- (a) then unless Yumbah waives this Minimum Acceptance Condition, if the Minimum Acceptance Condition is not satisfied, the Offer will fail and you will remain an East 33 Shareholder; and
- (b) if, however, Yumbah acquires a Relevant Interest in at least 90% of all East 33 Shares on issue (being the Minimum Acceptance Condition) by the end of the Offer Period, Yumbah will be entitled and intends to compulsorily acquire any East 33 Shares it does not already own. This will involve you receiving the Offer Price for your East 33 Shares, but at a later time than the East 33 Shareholders who accept the Offer.

Refer to Section 8.16 for further details on compulsory acquisition and the risks detailed in Section 10.3 associated with rejecting the Offer.

7 The Directors, their recommendation and their interests

7.1 Directors of East 33

As at the date of this Target's Statement, the Directors of East 33 are Sarah Courtney, Michael Ryan and Veronica Papacosta, Gary Higgins and Ben Cameron, all being Non-Executive Directors.

For the purposes of assessing the Offer, and taking into account that Gary Higgins and Ben Cameron are nominee directors of Yumbah, the Directors established the IBC, comprising only of independent Non-Executive Directors, being Sarah Courtney, Michael Ryan and Veronica Papacosta, to consider the merits of the Offer on behalf of East 33 Shareholders and to provide instructions to the Independent Expert.

The IBC has adopted appropriate protocols to address potential conflicts of interest. Given their directorships and other interests in Yumbah, Gary Higgins and Ben Cameron are not considered to be Independent Directors of East 33 in relation to the Offer.

Accordingly, Gary Higgins and Ben Cameron have not participated in the consideration given by the IBC to the Offer, not made any recommendation in relation to the Offer, and were not involved in preparing this Target's Statement except to provide information to enable East 33 to meet its legal disclosure obligations.

7.2 Independent Expert's Report

In order to assist with assessment of the Offer, the IBC engaged BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 as the Independent Expert to undertake an independent assessment of the Offer for the benefit of East 33 Shareholders.

A copy of the Independent Expert's Report is attached as Appendix 1 to this Target's Statement. The Directors recommend that you read the report in full.

The Independent Expert has concluded that the Offer is both fair and reasonable to East 33 Shareholders.

The Independent Expert also concluded that the advantages outweigh the disadvantages of the Offer.

7.3 Independent Directors' recommendation

The Independent Directors unanimously recommend that East 33 Shareholders **ACCEPT** the Offer, in the absence of a superior proposal.

The reasons for this recommendation are set out in Section 4 of this Target's Statement.

The decision as to whether or not to accept the Offer depends on the circumstances for each individual East 33 Shareholder, including risk profile, portfolio strategy, tax position, financial circumstances and investment time horizon.

In considering whether or not to accept the Offer, the Independent Directors encourage you to:

- (a) read the whole of this Target's Statement (including the Independent Expert's Report) and the Bidder's Statement;
- (b) consider the possible reasons not to follow the recommendation of the Independent Directors as set out in Section 5 of this Target's Statement;
- (c) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- (d) consider the alternative of selling on the ASX as outlined in Section 6 this Target's Statement; and

- (e) obtain financial advice from your broker or financial adviser about the Offer and obtain taxation advice on the effect of accepting the Offer.

7.4 Directors' position

Each Director who owns or controls East 33 Shares intends to accept the Offer in relation to the East 33 Shares they or their Associates own or control, in the absence of a superior proposal.

Details of the Relevant Interests of each Director in East 33 Shares are set out in the table below.

7.5 What are the Directors' interests and dealings in Securities of East 33?

As at the date immediately before the date of this Target's Statement, the Directors and their Associates had the following Relevant Interests in East 33 Shares, East 33 Options and East 33 Performance Rights:

Director	Interest in East 33 Shares	Interest in East 33 Options	Interest in East 33 Performance Rights
Sarah Courtney	781,648	1,000,000	Nil
Michael Ryan	336,139	Nil	Nil
Veronica Papacosta	Nil	Nil	Nil
Gary Higgins	Nil	Nil	Nil
Ben Cameron	Nil	Nil	Nil

Other than as described above:

- (a) as at the date immediately before the date of this Target's Statement, no Director of East 33 had a Relevant Interest in any Securities of East 33; and
- (b) no Director of East 33 has acquired or disposed of a Relevant Interest in any East 33 Shares in the 4-month period ending on the date immediately before the date of this Target's Statement.

Sarah Courtney has committed to exercise her 1,000,000 Options prior to the Offer being declared unconditional. Ms Courtney then intends to accept the Offer in relation to her East 33 Shares, in the absence of a superior proposal.

7.6 What are the Directors' interests and dealings in Yumbah Securities?

As at the date immediately before the date of this Target's Statement, the Directors and their Associates had the following Relevant Interests in the Securities of Yumbah:

Director	Interest in Yumbah	Interest in other members of the Yumbah Group
Sarah Courtney	0%	0%
Michael Ryan	0%	0%
Veronica Papacosta	0%	0%
Gary Higgins	0.388%	0%
Ben Cameron	1.309%	0%

Other than as described above:

- (a) as at the date immediately before the date of this Target's Statement, no Director of East 33 had a Relevant Interest in any Securities of Yumbah; and

- (b) no Director of East 33 has acquired or disposed of a Relevant Interest in any Securities of Yumbah in the 4-month period ending on the date immediately before the date of this Target's Statement.

7.7 Other East 33 Director interests

The annual monetary compensation payable to the Directors by the Company is:

- (a) \$125,000 for the Chair; and
- (b) \$50,000 for Non-Executive Directors.

The Directors do not receive any additional fees for being a member of a Board Committee or a member of the Board of a subsidiary of the Company.

All Directors' fees are exclusive of superannuation repayments.

7.8 Are any of the Directors entitled to any benefits, or subject to any agreements under which they are granted any benefits, in connection with the Offer?

(a) Benefits to Directors

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from the Board, managerial office or a Related Bodies Corporate of the Company.

No Director has agreed to receive, or is entitled to receive, any benefit from the Bidder which is related to or conditional on the Offer, other than in their capacity as a holder of Securities in East 33.

(b) Agreements in connection with or conditional on the Offer

No agreement has been made between any Director and any other person in connection with, or conditional upon, the outcome of the Offer, other than in their capacity as a holder of Securities in East 33. To that end, refer to Section 7.5, which details that Ms Sarah Courtney will exercise the 1,000,000 Options she holds prior to the Offer being declared unconditional. Ms Courtney then intends to accept the Offer in relation to her East 33 Shares, in the absence of a superior proposal.

(c) Interests in contracts with Bidder

No Director has any interest in any contract entered into by Yumbah with the exception of:

- (i) Ben Cameron's executive employment agreement with Yumbah;
- (ii) contractual arrangements Gary Higgins or Ben Cameron may have as a result of their directorship in Yumbah; and
- (iii) the proposal between Yumbah and Sarah Courtney referenced at section 7.4(c) of the Bidder's Statement whereby Ms Courtney agreed to exercise the East 33 Options no later than immediately following the satisfaction of the Conditions. This proposal has no effect until after the date on which the Conditions are either satisfied or waived.

8 Important information about the Offer and the Bidder

8.1 Summary of the Offer

Yumbah is offering to acquire all of your East 33 Shares, including any rights attaching to those East 33 Shares. This extends to all East 33 Shares which exist (or will exist) and are listed for quotation on the ASX at any time during the Offer Period.

Unless you hold some of your East 33 Shares as a trustee or nominee for, or otherwise on account of, another person, you may only accept the Offer in respect of all of your East 33 Shares. You cannot accept the Offer in respect of only some of your East 33 Shares.

The Offer does not extend to the acquisition of any East 33 Performance Rights or East 33 Options currently on issue.

8.2 The Offer Price

Yumbah is offering A\$0.022 in cash for every East 33 Share that you hold.

8.3 Offer Period and acceptance

The Offer is open for acceptance from 11 September 2024 until 5.00pm (Sydney time), on 11 October 2024, unless it is withdrawn or the Offer Period is extended in accordance with the Corporations Act.

If you choose to accept the Offer, then your acceptance must be received by Yumbah before the end of the Offer Period.

Instructions on how to accept the Offer are set out in section 4 of the Bidder's Statement and on the acceptance form that accompanies the Bidder's Statement. If you want to accept Yumbah's Offer, you should follow these instructions carefully to ensure that your acceptance is valid.

8.4 Extension of the Offer Period

Yumbah may (but is not obliged to) extend the Offer Period at any time up to the end of the Offer Period. If the Offer becomes unconditional (that is, all the Conditions are satisfied or waived), Yumbah may extend the Offer Period at any time before the end of the Offer Period.

However, until the Conditions of the Offer are satisfied or waived, Yumbah may extend the Offer Period at any time before it gives East 33 Shareholders a Notice of Status of Conditions (as described in Section 8.10), but may only extend the Offer after it gives the notice in the circumstances described in the paragraph below or in other limited circumstances set out in the Corporations Act, which only apply where another person also announces or makes a takeover bid for East 33 Shares.

Yumbah must extend the Offer Period if, within the last seven days of the Offer Period, Yumbah improves the Offer Price. If that happens, the Offer must be extended so it ends 14 days after that event.

8.5 Withdrawal of the Offer

Yumbah may withdraw the Offer in respect of any Offers that are unaccepted in accordance with any requirements of the Corporations Act (as modified by ASIC Corporations (Takeover Bids) Instrument 2023/683), including at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

Notice of withdrawal of the Offer must be given by Yumbah to ASX.

8.6 Lapse of the Offer

The Offer will lapse if, at the end of the Offer Period, the Conditions to which the Offer is subject to are not either satisfied or waived.

If this occurs then acceptances given by East 33 Shareholders will be void. East 33 Shareholders will continue to own the East 33 Shares, the subject of any such acceptances, and will be free to deal with them as they choose.

8.7 Offer conditions

The Offer is subject to a number of Conditions. In summary, the Conditions which are yet to be satisfied or waived include the following:

(a) Minimum acceptance

During, or at the end of, the Offer Period, the number of East 33 Shares in which the Bidder has a Relevant Interest is at least 90% of all East 33 Shares (**Minimum Acceptance Condition**).

(b) Prescribed Occurrences

None of the following events occur, is announced or otherwise becomes known to the Bidder between the Announcement Date and the end of the Offer Period:

- (i) East 33 converting all or any of the East 33 Shares into larger or smaller numbers of shares under section 254H of the Corporations Act;
- (ii) any East 33 Group member resolving to reduce its share capital in any way;
- (iii) any East 33 Group member entering into a buy-back agreement or resolving to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) other than as agreed with Yumbah, any East 33 Group member issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option;
- (v) any East 33 Group member issuing, or agreeing to issue, convertible notes;
- (vi) any East 33 Group member disposing or agreeing to dispose of the whole, or a substantial part, of its business or property;
- (vii) any East 33 Group member granting, or agreeing to grant, a security interest in the whole, or a substantial part, of its business or property; and
- (viii) any East 33 Group member resolving to be wound up.

(c) Regulated Events

None of the following events (each a **Regulated Event**) occurs, is announced or otherwise becomes known to the Bidder between the Announcement Date and the end of the Offer Period:

- (i) (**Issue of securities**) other than as agreed with Yumbah, East 33 issues securities, derivatives, options or other rights convertible into, or that may result in the issue of, East 33 Shares being issued or granted (or agreed to be issued or granted) or otherwise alters East 33's capital structure or rights attaching to East 33 securities, derivatives, options or other rights occurring;
- (ii) (**Acceleration of employee incentives**) any East 33 Group member agrees to accelerate rights of any person to receive any benefit under any employee incentive plan, vary any employee incentive plan, grant or issue any new rights under any employee incentive plan or introduce a new employee incentive plan, other than acceleration or vesting of any existing East 33 convertible securities pursuant to the terms of any employee incentive plan;

- (iii) **(Dividends)** any East 33 Group member announces, declares or determines to pay any dividend or announces or makes any other distribution (whether in cash or in specie) to its members;
- (iv) **(Acquisitions and disposals)** any East 33 Group member:
 - (A) acquires or disposes of any shares or other securities in any body corporate or any units in any trust;
 - (B) acquires substantially all of the assets of any business;
 - (C) other than as agreed with the Bidder, disposes of, or agrees to dispose of or licences, the whole, or a substantial part of its business or property; or
 - (D) exercises or waives any pre-emptive rights or rights of first or last refusal in respect of any undertaking, entity, asset or business (or such interest in an undertaking, entity, asset or business) held by another person,

the value of which exceeds, or which could reasonably be expected to exceed, A\$300,000 in aggregate;

- (d) **(Licences)** any East 33 Group member varies or waives its rights in any materially adverse respect, or terminates, cancels, surrenders, forfeits or allows to lapse or expire (without renewal on terms and conditions that are no less favourable to the East 33 Group) any material licence, lease or authorisation (or a number of licences, leases or authorisations which, when taken together, are material to the conduct of the business of the East 33 Group as a whole);
- (e) **(Joint ventures)** any East 33 Group member enters into or agrees to enter into any agreement, contract, lease, joint venture, partnership, or other arrangement or instrument (including a commitment to contribute to exploration, appraisal, development or other costs and expenditure if a call or other demand is made upon it), which restricts the ability of any East 33 Group member or any person who controls East 33 from engaging in or competing with any business in any place;
- (f) **(Capital expenditure)** any East 33 Group member incurs or agrees to incur capital expenditure in excess of the Board Endorsed Budget, with any such excess being subject to agreement between East 33 and the Bidder;
- (g) **(Capital commitments)** any East 33 Group member gives or agrees to give:
 - (i) any guarantee of, or security for, or financial accommodation, or indemnity in connection with the obligations of any person other than an East 33 Group member;
 - (ii) any encumbrance over any of its assets (or an interest in any of its assets), other than liens in the ordinary and usual course of business;
- (h) **(Employment terms)** other than as agreed between East 33 and the Bidder, any East 33 Group member agrees to increase in any material respect the remuneration of, makes or offers to make any bonus payment, retention payment or termination payment to, or otherwise materially change the terms and conditions of employment of any East 33 Director or any employee of any East 33 Group member, other than (i) in respect of an annual salary review in the ordinary course of business or (ii) in respect of any bonus, retention or termination payments which does not in aggregate exceed A\$100,000;
- (i) **(Disputes)** any East 33 Group member commences, comprises or settles any litigation or similar proceeding for an amount exceeding A\$300,000;
- (j) **(Compliance with law)** any East 33 Group member fails to comply in all material respects with all laws and regulations applicable to its business or does or omits to do

anything which might result in the termination, revocation, suspension, modification or non-renewal of any authorisation held by it.

- (k) **(No restraint)** Between the Announcement Date and the end of the Offer Period (each inclusive), nothing restrains, prohibits or impedes, or otherwise materially adversely impacts the Offers and the completion of the Offer or which requires the divestiture by the Bidder of any East 33 Shares or any material assets of East 33 or any Subsidiary of East 33; and
- (l) **(No termination of BID)** Between the Announcement Date and the end of the Offer Period (each inclusive), the Bidder does not become entitled to terminate the BID as a result of any of the representations and warranties given by East 33 under the BID becoming untrue or incorrect in any material respect.

The above is only a summary of the Conditions of the Offer. Please refer to section 12.2 of the Bidder's Statement for a full description of the Conditions of the Offer.

8.8 Comments regarding particular Conditions

The Minimum Acceptance Condition is outside East 33's control and the Independent Directors are therefore unable to give any indication as to whether that Conditions will be satisfied. With respect to the Conditions that are within the control of East 33, it is likely that those Conditions will be satisfied.

8.9 Nature and benefit of Conditions

The conditions in Section 8.7 are conditions subsequent. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell your East 33 Shares from arising, but non-fulfilment of any of those conditions will have the consequences set out in Section 8.6 and Section 8.10.

Subject to the Corporations Act, the Bidder alone is entitled to the benefit of the Conditions in Section 8.7, or to rely on any non-fulfilment of any of them.

Each condition in Section 8.7 is a separate, several and distinct condition. No Condition will be taken to limit the meaning or effect of any other condition.

8.10 Notice of status of conditions

Section 630 of the Corporations Act requires Yumbah to provide to East 33 a notice no less than 7 days prior to the end of the Offer Period (**Notice of Status of Conditions**).

Yumbah is required to set out in its Notice of Status of Conditions:

- (a) whether its Offer is free of any or all of the Conditions of the Offer;
- (b) whether, so far as Yumbah knows, any of the Conditions have been satisfied or waived; and
- (c) Yumbah's Voting Power in East 33 at that time.

If the Offer Period is extended before the Notice of Status of Conditions is to be given, the date that Yumbah must give its Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Yumbah is required, as soon as reasonably practicable after the extension, to notify East 33 of the new date for giving the Notice of Status of Conditions.

In addition, if a Condition of the Offer is satisfied during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Yumbah must, as soon as practicable, give East 33 a notice stating that the particular Condition has been satisfied.

8.11 Waiver of Conditions

The Bidder may, in its sole discretion, waive the Offer, and any contract resulting from its acceptance, from all or any of the Conditions subsequent in Section 8.7, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to East 33 and to ASX declaring the Offer to be free from the relevant condition or conditions specified, in accordance with section 650G(b) and 650F(1) of the Corporations Act (as modified by *ASIC Corporations (Takeover Bids) Instrument 2023/683*). This notice will be given:

- (a) in the case of a Condition, no more than three (3) Business Days after the end of the Offer Period; and
- (b) in any other case, no less than seven (7) days before the end of the Offer Period.

If, at the end of the Offer Period (or in the case of the Conditions in Section 8.7, at the end of the third Business Day after the end of the Offer Period), the conditions have not been fulfilled and the Bidder has not declared the Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

8.12 Payment of the Offer Price

If you accept the Offer, and subject to satisfaction or waiver of the Conditions, the Bidder will pay any cash to which you are entitled on or before the earlier of:

- (a) one month after the Offer is validly accepted or the contract resulting from its acceptance becomes unconditional (whichever is the later); and
- (b) 21 days after the Offer closes.

8.13 Regulatory approvals

The Offer is not conditional upon any regulatory approvals being obtained.

8.14 Effect of acceptance

Accepting the Offer would (subject to the possible withdrawal rights discussed below):

- (a) **prevent you from accepting any higher takeover bid** that may be made by a third party or any alternative transaction proposal that may be recommended by the IBC or the Board;
- (b) **relinquish control** of your East 33 Shares to Yumbah with no guarantee of payment until the Offer becomes, or is declared, unconditional. Under the Corporations Act, as the Offer Period could be extended by Yumbah so that its Offer is open for up to 12 months, this could result in further delays in payment from Yumbah;
- (c) **give Yumbah the option** to keep your East 33 Shares (if the Conditions of its Offer are not satisfied (ie, by waiving the Conditions)) or return your East 33 Shares; and
- (d) **if Yumbah improves the Offer Price**, all East 33 Shareholders who accept the Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved Offer Price.

The effect of acceptance of Yumbah's Offer is explained in more detail in section 12.7 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your East 33 Shares and the representations and warranties that you are deemed by Yumbah to give to it by accepting the Offer.

8.15 Withdrawal rights

If you accept the Offer, you will have a right to withdraw your acceptance in some circumstances. Those withdrawal rights comprise of general statutory withdrawal rights under section 650E of the Corporations Act. In summary:

- (a) Under the Corporations Act, you may withdraw your acceptance of the Offer if Yumbah varies its Offer in a way that postpones, for more than one month, the time at which Yumbah needs to meet its obligations under the Offer. This will occur if Yumbah extends the Offer Period by more than one month and the Offer is still subject to Conditions; and
- (b) In those circumstances, you will have a period of one month after the date that the Offer is extended to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended you may receive further statutory withdrawal rights.

8.16 Yumbah's intentions

Refer to section 8 of the Bidder's Statement for details of Yumbah's intentions.

8.17 What is compulsory acquisition, and will the Bidder be able to compulsorily acquire my East 33 Shares if I don't accept the Offer?

The Bidder has stated in section 8 of the Bidder's Statement that if it becomes entitled to proceed with a compulsory acquisition in accordance with the Corporations Act, it intends to compulsorily acquire any outstanding East 33 Shares that it does not already own.

East 33 Shareholders should be aware that if they do not accept the Offer and their East 33 Shares are compulsorily acquired, those East 33 Shareholders will face a delay in receiving the consideration for their East 33 Shares compared with East 33 Shareholders who have accepted the Offer.

The two types of compulsory acquisition under Chapter 6A of the Corporations Act are discussed below.

(a) **Post-bid compulsory acquisition - if Yumbah has a Relevant Interest in 90% or more of all East 33 Shares on completion of the Bid**

If Yumbah obtains a Relevant Interest in 90% or more of East 33 Shares and becomes entitled to do so under the Corporations Act, the Bidder will:

- (i) pursuant to section 661A of Corporations Act (compulsory acquisition power following takeover bid), give notices to compulsorily acquire any outstanding East 33 Shares in accordance with section 661B of the Corporations Act, including any East 33 Shares which are issued as a result of the vesting and exercise of East 33 Performance Rights after the end of the Offer Period and in the 6 weeks after the Bidder gives the compulsory acquisition notices; and
- (ii) if necessary, give notices to compulsorily acquire any outstanding East 33 Shares in accordance with section 664C of the Corporations Act (general compulsory acquisition power), depending on the relevant circumstances at the time.

If it is required to do so under section 662A and section 663A of the Corporations Act, the Bidder intends to give notices to East 33 Shareholders offering to acquire their East 33 Shares, in accordance with section 662B and section 663C of the Corporations Act.

(b) **General compulsory acquisition - if Yumbah has a Relevant Interest in 90% or more of all East 33 Shares at a later point in time**

Even if the Bidder does not reach the 90% compulsory acquisition threshold described in Section 8.17(a), the Bidder's general compulsory acquisition rights may be triggered at a later point in time.

Under Part 6A.2 of the Corporations Act, the Bidder would be entitled to compulsorily acquire any outstanding East 33 Shares, if the Bidder (either alone or with a Related Bodies Corporate) holds full beneficial interests in at least 90% of all East 33 Shares on issue (by number).

If this threshold is met, the Bidder would have six months after the Bidder becomes a 90% holder within which to give compulsory acquisition notices to the relevant East 33 Shareholders. The compulsory acquisition notices sent to the East 33 Shareholders must be accompanied by an Independent Expert's Report and an objection form.

The Independent Expert's Report must set out whether the terms of the compulsory acquisition give a "fair value" for the East 33 Shares and the Independent Expert's reasons for forming that opinion.

If East 33 Shareholders with at least 10% of East 33 Shares covered by the compulsory acquisition notice object to the compulsory acquisition before the end of the objection period (which must be at least one month), the Bidder may apply to the court for approval of the acquisition of the East 33 Shares covered by the notice. Any costs incurred by an East 33 Shareholder who objects in legal proceedings in relation to the compulsory acquisition must be borne by the Bidder, unless the court is satisfied that the relevant East 33 Shareholder acted improperly, vexatiously or otherwise unreasonably.

8.18 Implications of Yumbah acquiring less than 90% of all East 33 Shares on issue

If Yumbah's offer becomes unconditional (and it waives the Minimum Acceptance Condition and all other unsatisfied Condition) and Yumbah acquires less than 90% of all East 33's Shares on issue, then Yumbah has detailed its intentions with respect to East 33 in section 8.2 of the Bidder's Statement. East 33 Shareholders should specifically note:

- (a) Yumbah will be in a position to cast the majority of votes at a general meeting of East 33 Shareholders. This will enable it to control the composition of the Board and senior management and control the strategic direction of East 33 and its Subsidiaries;
- (b) Yumbah has stated in section 8.2(d) of its Bidder's Statement that, subject to the ASX listing rules and the Constitution, Yumbah intends to remove East 33 from the official list as soon as practicable after the Offer Period closes. If East 33 is removed from the official list of the ASX, the Bidder has stated that it intends to seek to convert East 33 into a proprietary company, which will reduce the opportunity for liquidity of East 33 Shares further and result in remaining East 33 Shareholders becoming minority shareholders with only statutory rights under the Corporations Act and no automatic rights to dividends or financial reports;
- (c) Yumbah has stated in sections 8.2(c) and 8.2(e) of the Bidder's Statement that, it intends to review and consider East 33's need to retain sufficient funds and acquire additional capital. Yumbah may also acquire additional East 33 Shares under the "creep" provisions of the Corporations Act which will permit Yumbah and its Associates to acquire 3% of East 33 Shares every six (6) months; and
- (d) if Yumbah acquires 75% or more of the East 33 Shares, it will be able to pass special resolutions at general meetings of East 33 Shareholders. This will enable Yumbah to, among other things, change the Constitution.

8.19 Will East 33 be delisted from ASX following the Offer?

The Bidder has stated in its Bidder's Statement at section 8 that:

- (a) If it were to declare the Offer free of the Conditions, including the Minimum Acceptance Condition, and the Bidder and its Associates continue to hold more than 50.1% of the East 33 Shares, but the Bidder is not entitled to compulsorily acquire the remaining East 33 Shares under the Corporations Act, then after the end of the Offer Period, subject to compliance with the ASX Listing Rules, the Bidder intends to seek the removal of East 33 from the official list of the ASX as soon as practicable and will

consider its ability to do so subject to its Relevant Interest following the Offer Period. Refer to Section 10.3(e) for detail of the delisting process.

- (b) Upon acquiring ownership of 100% of East 33, the Bidder will seek to have East 33 removed from the official list of ASX. The Bidder may also seek to change the status of East 33 from a public company limited by shares to a proprietary company limited by shares, which could reduce the liquidity of East 33 Shares further and result in remaining East 33 Shareholders becoming minority shareholders with only statutory rights under the Corporations Act and no automatic rights to dividends or financial reports.

8.20 The Bidder

The bidder under the Offer is Yumbah Aquaculture Limited (**Yumbah**). Yumbah is a public unlisted company owned and registered in Australia which manages a diverse portfolio of aquaculture projects and aims to invest in and develop projects in the aquaculture sector.

The directors of Yumbah are:

Director	Position	Appointed
Gary Higgins	Non-Executive Chairman	31 March 2008
Anthony Hall	Non- Executive Director	08 June 2016
Jonathan Lillie	Non- Executive Director	31 March 2008
Ben Cameron	Executive Director	15 October 2021
Richard Davey	CFO and Company Secretary	21 December 2022

Note: Gary Higgins and Ben Cameron also hold nominee directorships on the board of directors of East 33. Accordingly, Messrs Higgins and Cameron have been excluded from decision making in relation to the Offer by the Bidder, and are excluded from the East 33 Independent Board Committee.

8.21 Agreements in place between the Bidder and the Target

As announced on the Announcement Date, the Bidder and East 33 entered a Bid Implementation Deed dated 5 August 2024 which sets out the terms for implementation of the Offer. Refer to section 11.1 of the Bidder's Statement for a summary of the Bid Implementation Deed.

8.22 Who is Yumbah Finance and what agreements are in place with Yumbah Finance?

As announced by East 33 on ASX on 16 August 2023, an Associate of the Bidder, Yumbah Finance Pty Ltd (**Yumbah Finance**) and East 33 entered into the Loan Facility for \$15 million and convertible note agreement. Further details are set out in the notice of meeting and independent experts report dated 23 October 2023 prepared for the general meeting held on 24 November 2023 where shareholder approval was obtained.

On 28 February 2024, Yumbah Finance and East 33 entered an Amended Convertible Note Subscription Agreement and the Amended Facility Agreement (**Recapitalisation Documents**) as approved at the general meeting held by East 33 on 23 April 2024 (**Recapitalisation Transaction**).

As announced on 29 February 2024 and described in East 33's notice of general meeting on 22 March 2024, the Recapitalisation Transaction involved:

- (a) ordinary shares in East 33 (**Conversion Shares**), with such number of Conversion Shares being determined by dividing \$5.0 million of the face value by a minimum price of \$0.021 (being the higher of \$0.021 or a 10% discount to the 20-day volume weighted average price calculated to the last trading day prior to the conversion date). The \$5.0 million was deemed to be paid by Yumbah Finance in reduction of the amount owing by East 33 under the facility agreement between East 33 and Yumbah Finance (**Facility Agreement**), 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 plus capitalised interest; and

- (b) 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 facility paid down by \$5.0 million, East 33 has access to a further \$10.0 million under the Facility Agreement.

An independent expert's report was prepared in respect of the approval of the Amended Convertible Note Subscription Agreement under ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, as well as approval for the issue of the Conversion Shares to Yumbah Finance and the consequential increase in the Relevant Interest of Yumbah Finance (and its associated entities), under item 7 of s611 and Chapter 2E of the Corporations Act.

9 Information relating to East 33

9.1 Overview of East 33

East 33 (ASX:E33) is an ASX listed Australian company involved in oyster farming and sales. East 33 is the one of the largest vertically integrated Sydney Rock Oyster producer, processor, and supplier. Operations span all elements of the Sydney Rock Oyster industry from hatchery, nursery, and production farmers to processing facilities.

East 33's current operations are based in the Wallis Lake, Port Stephens and the Camden Haven River regions of NSW, and over 130 years of collective of farming knowledge. Learnings are being harnessed to deliver the next stage of improved breeding, technology, and sustainable farming techniques to propel the industry for generations to come.

The Company has been listed on the ASX since July 2021 and employs over 120 employees on full-time, part-time and casual bases across Australia.

As at the date of this Target's Statement, East 33's Subsidiaries are as follows:

Name of entity	Country of incorporation	Holding (%)
Hamilton Supervisory Pty Ltd	Australia	100%
MS Verdich & Sons Pty Ltd	Australia	100%
HR Browne & Sons Pty Ltd	Australia	100%
East 33 Farming Pty Ltd (incorporated Aug 2020)	Australia	100%
East 33 Deliveries Pty Ltd (incorporated Jul 2020)	Australia	100%
Mid Coast Exco Pty Ltd	Australia	100%
CMB Seafoods Pty Ltd	Australia	100%

9.2 Overview of East 33 operations

East 33 primarily supply their Sydney Rock Oysters to customers in New South Wales. The Company's supply lines are a combination of:

- (a) Direct supply from its own farming operations; and
- (b) The purchase from a wide range of third-party farmers. The Company purchases oysters on an ad hoc basis from a selected group of farmers who meet specific quality criteria.

East 33 has a diversified sales base covering a number of key markets and sales channels. Specifically, East 33 sell their Sydney Rock Oysters through the following domestic channels:

- (a) Direct to restaurants;
- (b) Direct to retailers;
- (c) Direct to food service customers; and
- (d) To wholesalers or other intermediaries who sell to the above channels.

9.3 Current strategy of East 33

On 29 February 2024, East 33 announced the results of its strategic review into the business' strategy and go-forward position (**Strategic Review**). The focus on the Strategic Review was to optimise the business' internal supply chain, activating margin improvement opportunities

and identifying new initiatives to improve the business profitability and growth. The Strategic Review concluded with the following results, as reported by the Company:

(a) **Harvest Re-profiling**

The stock on-hand aligns to the business' view prior to the commencement of the review, however, as previously foreshadowed (on 14 February 2024), East 33 has made a strategic decision to delay the harvest of oysters that had previously been earmarked for sale in FY24. It was determined that a revised forecast harvest schedule is needed to deliver consistent market grade oysters which will translate to the best commercial outcomes for the business. The Strategic Review has identified mechanisms to underpin the revised harvest profile, with a strong recovery expected in FY25 and beyond.

(b) **Supply Chain Improvement Plan**

The production pipeline within East 33 is subject to greater fluctuations than previously forecast within the farming business. There is a material strategic opportunity within the business however to stabilise production and bring the business to the current steady-state production volumes sooner than would otherwise be possible relying on internal hatchery and grow-out operations.

(c) **Investment in Farm Infrastructure**

East 33's farming assets have production synergies that have not yet been realised and, with a modest capital investment in infrastructure, can be leveraged to improve the business' position in the market. This investment will allow the business to increase oyster supply at strategic period throughout the year and in doing so, take advantage of market opportunities not previously available to East 33.

(d) **Organisational Re-alignment**

A review of the management structures within East 33 has identified opportunities within the vertically integrated business to leverage internal functions and deliver commercial upside for the business. Further, the systems and processes across the business will continue to harmonise, increasing efficiencies across key functions.

The announcement also outlined a recapitalisation strategy that aimed to repay short-term debt, maintain East 33's overall debt position, continue its business operations, deliver the outcomes of the Strategic Review, and improve East 33's position in the market.

9.4 Summary of historical financial information

(a) **Company historical consolidated statement of profit or loss and other comprehensive income**

East 33 Group Consolidated statement of profit or loss and other comprehensive income	2024	2023	2022
	\$'000	\$'000	\$'000
Revenue	23,140	24,621	22,636
Gross Profit	7,831	7,277	6,121
Biological Assets Change in Fair Value	2,104	3,403	(4,247)
Other income	186	173	783
Total Operating Expenses	(11,719)	(13,972)	(12,714)
Fair Value (Loss)/Gain on financial assets and liabilities	(254)	(270)	3,940
EBITDA	(1,852)	(3,389)	(6,117)
Goodwill and Intangibles Impairment	(6,400)	(2,943)	-
Depreciation and amortisation	(1,901)	(1,981)	(2,010)
Finance costs	(1,531)	(885)	(835)
Income tax expense	38	(1)	-
Total comprehensive (loss) for the year	(11,646)	(9,199)	(8,962)

The historical consolidated statement of profit or loss and other comprehensive income for the financial years ended 30 June 2022 and 30 June 2023 is extracted from, and should be read in conjunction with the more detailed information included in, East 33's audited annual reports for those years (which are available to East 33 Shareholders by downloading them from the ASX at <https://www.asx.com.au/markets/trade-our-cash-market/historical-announcements> or by contacting the Company Secretary on +61 03 9692 7222).

The historical consolidated statement of profit or loss and other comprehensive income for 30 June 2024 is based on East 33's unaudited financial accounts for that year and released to the ASX on 28 August 2024. East 33 Shareholders are cautioned not to place undue reliance on such information. The audited financial accounts for the year ended 30 June 2024 will be released to the ASX on or before 30 September 2024.

(b) **Company historical consolidated statement of financial position**

East 33 Group Consolidated statement of financial position	2024	2023	2022
	\$'000	\$'000	\$'000
Total current assets	7,605	5,814	7,979
Total non-current assets	37,083	42,750	47,227
Total assets	44,688	48,564	55,206
Total current liabilities	3,624	13,764	3,520
Total non-current liabilities	16,171	3,735	18,783
Total liabilities	19,795	17,499	22,303
Net assets	24,893	31,066	32,904
Equity			
Issued capital	61,995	56,675	49,315
Accumulated losses	(37,102)	(25,610)	(16,411)
Total Equity	24,893	31,066	32,904

The historical consolidated statement of financial position for the financial years ended 30 June 2022 and 30 June 2023 are based on audited financial information which is extracted from, and should be read in conjunction with the more detailed information included in, East 33's audited annual reports for those years (which are available to East 33 Shareholders by downloading them from the ASX at <https://www.asx.com.au/markets/trade-our-cash-market/historical-announcements> or by contacting the Company Secretary on +61 03 9692 7222).

The historical consolidated statement of financial position for 30 June 2024 is based on East 33's unaudited financial accounts for that year and released to the ASX on 28 August 2024. East 33 Shareholders are cautioned not to place undue reliance on such information. The audited financial accounts for the year ended 30 June 2024 will be released to the ASX on or before 30 September 2024.

9.5 Recent trading performance and financial outlook

In the FY24 Results Announcement and Highlights released to the ASX on 28 August 2024 based on its unaudited financial information for the financial year ended 30 June 2024 (**FY24 Results Announcement**), East 33 announced that it had made progress in improving its operational efficiency and continued de-risking of future growth. The increase in gross profit and farmgate prices, coupled with decreasing production costs, support a positive trend in East 33's core business.

The FY24 Results Announcement further detailed the following FY24 operational highlights:

- (a) Gross profit increased by 8% vs FY23;
- (b) Farmgate oyster price increased 2% vs FY23;

- (c) Outcomes of strategic review embedded into the business, with foundational activities complete in FY24;
- (d) Forward looking production outcomes underpinned by restocking initiatives;
- (e) Cost of production on a steady decline as operational efficiencies executed; and
- (f) In-market activity remains focused on delivering quality production to its customers.

Following the lodgement of the Appendix 4C of the Company for the financial quarter ended 30 June 2024, the business has continued to execute against the outcomes of the strategic review. Harvest area closures resulting in off-farm oyster harvest volume reductions (announced on 27 June 2024) have ceased and oyster sales from the farming business are tracking in-line with management's expectations.

East 33 notes that the Independent Expert's Report contains forward financial information for the financial years ending 30 June 2025, 30 June 2026 and 30 June 2027 (**Forward Financial Information**) which has been used by the Independent Expert for valuation purposes. As detailed in Section 7.5 of the Bidder's Statement, the Forward Financial Information was provided to Yumbah Finance as part of the final diligence information to satisfy the requirements for the further debt financing of East 33 and was based on management best estimate forward financial information.

Given the Forward Financial Information is included in the Independent Expert's Report, East 33 would like to caution East 33 Shareholders that there is a considerable degree of subjective judgement involved in preparing forward financial information since they relate to event(s) and transaction(s) that have not yet occurred and may not occur and may be impacted by a number of risk factors. Actual results are likely to be different from the Forward Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation between actual results and those forecasts may be material.

The Forward Financial Information has been prepared by East 33 based on management best estimate assumptions which relate to future event(s) and/or transaction(s) that East 33 expects to occur and actions that East 33 expects to take and are also subject to uncertainties and contingencies, which are often outside the control of East 33. While all reasonable endeavours have been made to ensure both the robustness of the assumptions on which the Forward Financial Information is based and that such assumptions are true, complete and accurate, such assumptions are generally future-oriented and therefore speculative in nature.

East 33 notes the 'key assumptions of the financial model' as detailed in section 8.3.3 of the Independent Expert's Report and provides the following additional detail on the assumptions underpinning the Forward Financial Information. Further, East 33, its Related Bodies Corporate and their respective directors and officers refer more broadly to the inherent risks related to the East 33 business (detailed in Section 10.4 of this Target's Statement) and therefore cannot and do not provide any assurance that the Forward Financial Information is representative of results or outcomes that will actually be achieved.

Key Assumption	Details	Basis for the assumption & degrees to which and the reasons why those assumptions are uncertain	Risks impacting the assumption and references to those risks in Target's Statement
Farming Harvest targets	Volumes in dozens <ul style="list-style-type: none"> FY25: 542k FY26: 632k FY27: 674k 	The financial model for farming harvest targets reflects the following: <ul style="list-style-type: none"> Potential harvest numbers are heavily predicated on the accuracy of a biological asset forecast model, taking into account assumptions of growth rates and mortality rates of an oyster at different stages of its lifecycle, dependent 	<ul style="list-style-type: none"> Weather: External weather events such as prolonged periods of rainfall, flooding, lack of sufficient rainfall and changes to tidal patterns could impact harvest levels (see Section 10.4.4). Diseases: The risk of disease outbreaks, such as the QX outbreak in Port Stephens, could severely impact harvest areas and prevent mature stock from

		<p>upon the farming equipment it is placed in, it's geographic location and certain attrition/mortality events. While every effort has been taken to ensure the accuracy of the biological asset forecast model, risks associated with aquacultural farming will impact its reliability.</p> <ul style="list-style-type: none"> • Following its strategic review in February 2024 (Strategic Review), and based on the oyster stock East 33 has on hand, East 33 has evaluated strategies around harvesting practices i.e., delaying some harvest of oysters that were originally ear-marked for FY24 and implementing a revised harvest schedule in an attempt to continue consistent market grade oysters to achieve the commercial outcomes for the business. Every effort has been taken to ensure the reliability of these strategies, which are forecasted to bring a stronger recovery in FY25 and beyond. <p>East 33's financial model projections for the period up to FY27 includes the development of efficient harvest strategies and a nursery maximisation plan to enhance margins, integrate farming with distribution more effectively, to reach the harvest targets. Some of these methods are novel for the business and are untested. 'Efficient harvest strategies' include utilising new farming equipment that allows more efficient use of labour, better rotation of stock across different geographical locations to lower disease risk in single locations, and more streamlined biological asset cycle counts. The 'nursery maximisation plan' includes a plan for full utilisation of on-shore sites and the management of production windows to match labour requirements. It is anticipated that this will impact financial model projections by providing more predictable earnings.</p>	<p>being harvested, therefore adversely impacting harvest targets (see Section 10.4.4).</p> <ul style="list-style-type: none"> • Mortality: Risk of mortality of the oysters due to any reason outside East 33's control could also result in harvest targets not being achieved (see Section 10.4.1). • Lack of efficient optimisation of farming practices: Material harvest volume changes are dependent on gear performance being in-line with expectations. Failure to consolidate and optimise farming practices could adversely impact oyster harvest targets, and result in delays in achieving harvest efficiency gains (see Section 10.4.1).
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Distribution production targets	<p>Volumes in dozens</p> <ul style="list-style-type: none"> • FY25: 1.3m • FY26: 1.3m • FY27: 1.4m 	<p>The financial model for distribution production targets reflects the following:</p> <ul style="list-style-type: none"> • East 33's production and distribution targets are based on expected availability of harvestable oysters and pacific oysters for distribution, sourced both from East 33's farming operations and third-party suppliers. These projections incorporate anticipated sales prices, which are determined by the oysters' type, size and quality. • From a supply perspective, geographically, rock oysters are predominantly contained to NSW & WA and pacific oysters can be sourced from SA & TAS. This is factored into the oyster volume forecast. • Production and subsequent distribution targets are based on established factors and metrics around East 33's existing supply and distribution channels. East 33's supply lines are a combination of direct supplies from its own farming operations and the purchase from a wide range of third party farmers who meet specific quality criteria, justifying the assumed distribution targets. • The Company's financial model projections for the period up to FY27 includes enhancing distribution margins through effective oyster supplier selections. This reflects the latest improvements in supply costs (on a per unit basis), optimising the distribution of oyster sales mix and enabling oyster volume security. To achieve this, East 33 will work to enhance and expand relationships with oyster suppliers across New South Wales, Tasmania and South Australia. Strong collaborative relationships with its oyster suppliers is considered key to enabling oyster volume security (by way of oyster mix and also by limiting the impact of external events in any one particular waterway through 	<ul style="list-style-type: none"> • Shortage of oysters: A recently notable shortage in Sydney Rock Oysters has pressured CMB's procurement efforts leading to lower distribution volumes (see Section 10.4.1). • Climate Change: Changes in general air and water temperature, rising sea levels, changes in salinity and food sources and the biogeography of pests and diseases could adversely impact production and consequently distribution targets (see Section 10.4.4). • Weather: Weather events such as prolonged periods of rainfall, flooding, lack of sufficient rainfall and changes to tidal patterns could impact production levels and consequently distribution targets (see Section 10.4.4). • Diseases: Risk of disease outbreaks such as the QX outbreak in Port Stephens could severely impact harvest areas and prevent mature stock from being harvested and consequently impact distribution targets (see Section 10.4.4). • Mortality: Risk of mortality of the oysters due to any reason outside East 33's control could impact production targets and consequently distribution targets (see Section 10.4.1). • Macroeconomic and associated factors: Factors such as governmental policy changes, inflation and lack of access to adequate labour (due to the remoteness of the farming locations) could adversely impact production capabilities and subsequent distribution targets (see Sections 10.4.1, 10.5(b) and 10.5(i)). • Pandemics: Pandemics like Covid-19, could result in operational challenges and restrictions, impacting production and supply (see Section 10.5(h)). • Health & Safety: Manual labour and operations on water, pose workplace health and safety risks and the risk of accidents while farming the oysters which could impact production targets and consequently distribution targets (see Section 10.4.2). • Regulatory changes: Changes to or the introduction of new environmental legislations/regulations may result in an increase or changes in compliance requirements for production and distribution of oysters (see Section 10.4.4).
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		geographical diversity). It is anticipated that this will impact financial model projections by providing a more predictable oyster supply which will, in turn positively impact distribution earnings.	
Distribution market demand	Distribution market demand remains, and is projected to remain, constant	<p>The financial model for distribution market demand reflects the following:</p> <ul style="list-style-type: none"> • East 33 has a diversified sales base covering a number of key markets and sales channels including supplying directly to restaurants, retailers, food service customers and to wholesalers or other intermediaries who sell to these channels. Historical demand from each of these markets and channels has been consistent. • The Company's financial model projections for the period up to FY27 includes streamlining farming operations with improvement in forecast harvest profiles along with an increase in harvestable stock in order to continue meeting the steady and growing demand. The growing demand is attributed to population growth, shifting dietary preferences, income growth and consumers pursuing a healthier lifestyle (which has supported the industry's consistent growth). 	<ul style="list-style-type: none"> • Macroeconomic and associated factors: Factors such as inflation and interest rate increases could adversely impact consumer preferences and consequently market demand (see Section 10.5(b) and 10.5(i)). • Distribution barriers: In order to fully expand its domestic oyster sales, East 33 will need to supply or service customers to generate revenue and this will require continued customer engagement and continued engagement with third party logistics partners. There is a risk that third party partners, may encroach into East 33's profits; not to mention the cost of producing the oysters (including the cost of labour) might increase over time (see Section 10.4.5). • Pandemics: Pandemics like Covid-19, could result in operational challenges and restrictions, impacting market demand (see Section 10.5(h)). • Health & Safety: The need for manual labour to fulfill market demand may present workplace health and safety risks and the risk of accidents while supplying and distributing the oysters (see Section 10.4.2). • Regulatory changes: Changes to or the introduction of new environmental legislations/regulations may result in an increase or changes in compliance requirements for production and distribution of oysters (see Section 10.4.4).
Pricing & oyster mix	<ul style="list-style-type: none"> • Assumed flat year on year due to big increases already pushed into the market in FY24 • Oyster grade mix assumed consistent with prior years and no change 	<p>The financial model for the pricing and oyster mix reflects the following:</p> <ul style="list-style-type: none"> • East 33 does not have any contracts that may indicate future revenue however given the sale of oysters is based on an ad-hoc, per-order basis the existing demand from established channels of supply for the oyster grade mix is expected to remain steady and growing. 	<ul style="list-style-type: none"> • Pricing: Due to the uncontracted nature of supply, pricing will be subject to spot trading pricing and stock availability (with regard to pricing being impacted by the type, size and quality of oysters) (see Section 10.4.5). • Weather: External weather events such as prolonged periods of rainfall, flooding, lack of sufficient rainfall and changes to tidal patterns may make farming of the oysters difficult (see Section 10.4.4). If demand remains steady and supply falls as a result of weather events, this

	factored into future years	<ul style="list-style-type: none"> Based on the Company's financial model and projections to the lead up to FY27, improvements in harvesting efficiencies and enhancement of distribution margins will result in the prices being kept steady and competitive in an already, niche market. The targeted consistency between pricing and oyster grade mix is based on historic pricing, volumes of demand and distribution and anticipated oyster harvest volumes, (being aligned with both production targets and market demand) based on the oysters' type, size and quality. Revenue forecasts (which pricing heavily determines) are based on the level of funding that is able to be accessed and based on FY24's harvest profiles. East 33's harvest profile and sales were impacted by rain events and prevailing weather conditions which led to widespread harvest area closures across northern NSW and deferred sales to H1 FY25. As a result, management anticipates volume recovery across both its farming and distribution segments, thus increasing oyster volumes. Revenue projections take into account adjustments for fluctuations in the fair value of biological assets, net of oyster/spat purchases. 	<p>may trigger the need to drive up pricing for the oysters which may subsequently impact sales.</p> <ul style="list-style-type: none"> Climate Change: Changes in general air and water temperature, rising sea levels, changes in salinity and food sources and the biogeography of pests and diseases could adversely impact production capabilities, pricing and subsequent revenue (see Section 10.4.4). Regulatory changes: Changes to or the introduction of new environmental legislations/regulations may result in an increase or changes in compliance requirements for production and distribution of oysters and consequently pricing (see Section 10.4.4).
Restaurant revenue predictions	<p>Restaurant revenue:</p> <ul style="list-style-type: none"> FY25:\$1.8m FY26:\$1.9m FY27:\$1.9m 	<p>The financial model for the restaurant revenue reflects the following:</p> <ul style="list-style-type: none"> Stable restaurant performance is assumed given socio-economic trends that take into account seasonality and suggest only a small increase from previous measurement periods given challenging market conditions. 	<ul style="list-style-type: none"> Macroeconomic and associated factors: Factors such as governmental policy changes, inflation, lack of access to adequate labour (due to the remoteness of the restaurant business) could adversely impact capabilities of the restaurant to respond to customer demands (see Sections 10.4.1, 10.5(b) and 10.5(i)). Pandemics: Pandemics like Covid-19, may result in operational challenges in the hospitality sector i.e., restrictions such as quarantine, lock downs, supply chain disruptions and reduced capacities due to social distancing measures could

			adversely impact revenue (see Section 10.5(h)).
Expenses (including cost of goods sold)	East 33 anticipates that costs will remain relatively flat and as such, has assumed flat sales pricing in the financial model	<p>The financial model for expenses (including cost of goods sold) reflects the following:</p> <ul style="list-style-type: none"> • East 33's ongoing operational expenses will continue to remain steady and potentially inflate due to the current macroeconomic conditions. East 33's key expenses will consist of employment expenses (salaries), rent and other overheads/outgoings, consulting costs, lease expenses, depreciation, finance costs and other general operational expenses. • Cost of goods sold are projected to align proportionally with revenue expansion across all the business segments, reflecting a consistent cost-to-income ratio as the business scales. • The assumptions made with respect to operational expenses take into account cost of goods sold and its associated projections being: <ul style="list-style-type: none"> ○ For farming: based on estimated harvested volumes (calculated from historical yields, anticipated advancements in aquaculture practices and environmental influences on oyster growth). These expense projections are adjusted for expected sales prices which will vary based on the oysters' type, size and quality. ○ For distribution: based on the expected volume of oysters likely to be available for sale, sourced from East 33's own farming operations and third party suppliers. These expense estimates take into account procurement costs which are influenced by the type, size and quality of the oyster. 	<ul style="list-style-type: none"> • Macroeconomic and associated factors: Factors such as governmental policy changes and inflation could increase the costs of goods and other expenses (see Sections 10.5(b) and 10.5(i)). • Regulatory changes: It is likely that the current system of aquaculture leases and licences permitted in NSW may change which may lead to operational disruptions and additional costs (see Section 10.5(i)). • Pricing: Due to the uncontracted nature of supply, pricing (with regard to the type, size and quality of oysters) will be subject to spot trading pricing and stock availability which may be impacted by any potential increase in operational expenses (see Section 10.4.5).

		<ul style="list-style-type: none"> ○ For the restaurant: based on an increase factor from the last period, adjusted for seasonality. 	
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9.6 The Directors of East 33

Refer to Section 7.1 for details on the Directors of East 33.

9.7 Senior management

The senior managers of East 33 are:

- (a) Justin Welsh, Chief Executive Officer; and
- (b) Amy Knoll, Chief Financial Officer.

9.8 Changes to the Board following completion of the Offer

As detailed in the Bidder's Statement at section 8.2, upon:

- (a) Ownership of less than 90% of East 33 (meaning Yumbah were to declare the Offer free of the Conditions, including the Minimum Acceptance Condition), the Bidder intends to reduce the size and make changes to the composition of the East 33 Board to streamline cost efficiencies; and
- (b) Ownership of more than 90% of East 33, the Bidder intends to make changes to the composition of the East 33 Board to streamline cost efficiencies.

9.9 Issued capital

As at the date of this Target's Statement, the Company's issued capital consisted of:

Security	Total number on issue
East 33 Shares	775,183,937
East 33 Convertible Note	1
East 33 Options	1,000,000
East 33 Performance Rights	91,268,000

The completion of the Offer will not result in the vesting of any East 33 Options, East 33 Performance Rights or the East 33 Convertible Note on the basis that their terms of issue did not contain a change in control trigger for vesting. The performance hurdles contained in the terms of 49,995,000 of the East 33 Performance Rights were not satisfied as at 30 June 2024 and, as such, 49,995,000 East 33 Performance Rights will lapse and be removed from the East 33 register of Securities on 1 October 2024.

As detailed in the Bidder's Statement, on 5 August 2024, the Bidder entered a proposal with Dr Justin Welsh and Ms Amy Knoll whereby the Bidder will conditionally acquire Dr Justin Welsh's and Ms Amy Knoll's Performance Rights in consideration for like-for-like performance rights in the Bidder, which will become effective only if the Offer becomes unconditional. It is, however anticipated that approximately 775,183 Performance Rights held by Dr Justin Welsh may be converted into East 33 Shares prior to the end of the Offer Period on the basis of satisfaction of KPI hurdles.

As detailed in the Bidder's Statement, on 5 August 2024, the Bidder entered a proposal with Ms Sarah Courtney whereby Ms Courtney agreed to exercise the East 33 Options no later than immediately following the satisfaction of the Conditions. Ms Courtney also advised that she intends to, in the absence of a superior proposal, accept into the Offer. It is anticipated that Ms Courtney will exercise her Options after the preliminary financial report is provided to Shareholders in August 2024.

9.10 Substantial holders

As at the last day before the date of this Target's Statement, based on the Substantial Shareholder notices provided to the Company, the Substantial Shareholders of East 33 Shares are:

Name of Substantial Shareholder	Number of shares	Percentage holding
Mr Anthony Hall	626,398	0.08%
Research Corporation Pty Ltd	142,024,795	18.32%
Yumbah	52,000,000	6.71%
Yumbah Finance	238,095,238	30.71%
Yumbah (and Associates) Relevant Interest	432,746,431	55.82%
Other Substantial Shareholders	Nil	0%

9.11 Effect on the Company's material contracts

(a) The NAB equipment finance facility

East 33 and NAB entered into a Master Asset Finance Agreement on 11 October 2021 (**MAFA**) with a facility limit of \$1.2M. The facility has an outstanding balance of \$152,000. The MAFA has a change of control provision which, if triggered, could result in an 'adverse event notice' being issued by NAB and NAB taking enforcement action as a result of the occurrence of the change of control which could result in the requirement to repay the amount outstanding if consent to the change of control is not provided.

(b) Other contracts

To the best of East 33's knowledge, no other contract to which East 33 is a party contains change of control provisions that may be triggered as a result of the Offer and which may have a material adverse effect on the assets and liabilities, financial position or performance, profits and losses or prospects of East 33.

9.12 Continuous disclosure and recent ASX announcements

The Company is a disclosing entity as defined in the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au and the Company's website at <https://east33.sydney>.

The following table lists the ASX announcements by the Company from 18 September 2023 (being the date on which the Company lodged its annual report for the year ending 30 June 2023) until the date of this Target's Statement.

Date of ASX announcement	ASX announcement
18 Sep 2023	Appendix 4G and Corporate Governance Statement
26 Sep 2023	Change of Director's Interest Notice
29 Sep 2023	Change of Director's Interest Notice
5 Oct 2023	Change of Director's Interest Notice
13 Oct 2023	Change of Company Secretary
23 Oct 2023	Wallis Lake Food Safety Management Plan
23 Oct 2023	Notice of Annual General Meeting/Proxy Form
25 Oct 2023	Annual General Meeting Webinar
30 Oct 2023	Loan Facility Update
30 Oct 2023	Quarterly Cash Flow Report & Appendix 4C
30 Oct 2023	Amendment to Appendix 4C

9 Nov 2023	Wallis Lake Food Safety Management Plan Update
20 Nov 2023	AGM Withdrawal of Resolution 9
24 Nov 2023	Chair Address to Shareholders
24 Nov 2023	FY23 AGM CEO Presentation
24 Nov 2023	Results of Annual General Meeting
27 Nov 2023	Application for quotation of securities - E33
27 Nov 2023	Section 708A Cleansing Statement
27 Nov 2023	Notification regarding unquoted securities - E33
30 Nov 2023	Becoming a substantial holder
1 Dec 2023	Change of Director's Interest Notice
8 Dec 2023	Change in substantial holding
8 Dec 2023	Change in substantial holding
12 Dec 2023	Wallis Lake Food Safety Management Plan Update
13 Dec 2023	Notification regarding unquoted securities - E33
22 Dec 2023	Notification regarding unquoted securities - E33
22 Jan 2024	Class A RCPS buyback and short-term loan
22 Jan 2024	Quarterly Cash Flow Report & Appendix 4C
22 Jan 2024	Notification of buy-back - E33
22 Jan 2024	Notification of cessation of securities - E33
14 Feb 2024	Update - Harvest Volumes
29 Feb 2024	Re-draw \$5m loan facility & convert \$5m of Notes into Shares
29 Feb 2024	Appendix 4D and Half Year Report
29 Feb 2024	Half Year Report Investor Presentation
22 Mar 2024	Notice of General Meeting, IER & Proxy Form
15 Apr 2024	Appointment of Chief Financial Officer
18 Apr 2024	Quarterly Cash Flow Report & Appendix 4C
23 Apr 2024	Results of General Meeting
26 Apr 2024	Application for quotation of securities - E33
26 Apr 2024	Section 708A Cleansing Statement
30 Apr 2024	Change in substantial holding
30 Apr 2024	Change in substantial holding
30 Apr 2024	Becoming a substantial holder
10 May 2024	Ceasing to be a substantial holder
27 Jun 2024	Trading Update
19 Jul 2024	Quarterly Cash Flow Report & Appendix 4C
22 Jul 2024	Notification of cessation of securities - E33
1 Aug 2024	Notification regarding unquoted securities - E33
5 Aug 2024	Yumbah Takeover Intention & Bid Implementation Deed
8 Aug 2024	Bidder's Statement
8 Aug 2024	Change in substantial holding
12 Aug 2024	Notice of Register Date
19 Aug 2024	Yumbah Aquaculture Limited - Takeover Bid Update
23 Aug 2024	Replacement Bidder's Statement
28 Aug 2024	Preliminary Final Report
28 Aug 2024	FY24 Results Announcement
28 Aug 2024	FY2024 Full Year Results Presentation
28 Aug 2024	Notice of Varied Register Date

10 Risk factors

10.1 General

In considering this Target's Statement and the Offer, East 33 Shareholders should be aware that there are a number of risks:

- (a) risks associated with accepting the Offer (set out in Section 10.2 below);
- (b) investment risks associated with rejecting the Offer (set out in Section 10.3 below); and
- (c) risks associated with the future operating and financial performance of the Company (set out in Section 10.4 below).

The risks summarised below are not exhaustive and do not take into account East 33 Shareholders' individual circumstances including their investment objectives, financial situation or taxation position. In addition, these risks are general in nature only and do not cover every risk that may be associated with an investment in the Company now or in the future.

East 33 Shareholders should carefully consider the risks mentioned in this Section 10, as well as the other information contained in this Target's Statement and the Bidder's Statement before deciding whether to accept or reject the Offer. East 33 Shareholders should consult an appropriately licenced professional adviser immediately if they are uncertain about any of the matters outlined in this Target's Statement.

10.2 Risks associated with accepting the Offer

(a) Conditions of the Offer

As noted in section 12.2 of the Bidder's Statement and Section 8.7 of this Target's Statement, the Offer is subject to the Conditions.

If the Conditions are not satisfied (or waived by the Bidder) by the applicable date, the Bidder may allow the Offer to lapse with unsatisfied Conditions, in which case the Offer will not proceed.

The Conditions consist of a Minimum Acceptance Condition and other conditions that relate to certain events not taking place before the end of the Offer Period, including no Prescribed Occurrences, no Regulated Events, no restraints and no termination of the Bid Implementation Agreement.

The Directors have no reason to expect these Conditions (other than the Minimum Acceptance Condition) will not be satisfied before the end of the Offer Period.

(b) Possibility of a superior proposal

If a superior proposal emerges or is announced, and you have already accepted the Offer at that time, you may not be able to withdraw your acceptance and accept the superior proposal except in limited circumstances (set out in Section 3 in further detail).

As at the date of this Target's Statement, the Directors are not aware of any competing proposal and there can be no assurance that any competing proposal will emerge or that such a competing proposal will be, or will become, a superior proposal. Further, given the Bidder's Relevant Interest in the Company, any competing proposal will require the support of the Bidder and its Associates, in order to be successful. As such, it may be unlikely that a superior proposal will be forthcoming from the date of this Target's Statement until the end of the Offer Period. Any superior proposal may also require the refinancing of the primary first ranking secured facility of \$15.0 million plus capitalised interest in place with Yumbah Finance to be successful.

(c) Limited withdrawal rights

Once you have accepted the Offer, you will only be able to withdraw your acceptance in very limited circumstances (set out in Section 3). You will not be able to withdraw your acceptance even if the value of East 33 Shares varies significantly from the date of your acceptance or if a superior proposal is announced.

(d) Possibility of future East 33 Share price appreciation

If you accept the Offer, you will forego the opportunity to benefit from price appreciation of East 33 Shares and will be unable to sell your East 33 Shares for more valuable consideration than that offered under the Offer.

However, this risk should be balanced against the risk of the East 33 Share price depreciating as outlined in Section 10.3 below.

The Directors can give no assurance and make no forecast of whether this will occur.

(e) Taxation consequences

The taxation consequences of accepting the Offer depends on a number of factors and will vary depending on your particular circumstances. A general outline of the Australian taxation considerations of accepting the Offer for certain East 33 Shareholders is set out in section 10 of the Bidders' Statement.

You should carefully read and consider the Australian taxation consequences of accepting the Offer.

You are advised to seek your own independent professional advice regarding the Australian and, if relevant, foreign tax consequences of disposing of your East 33 Shares based on your own particular circumstances.

(f) No interest in equity upside

If you accept the Offer, you will lose your interest and exposure in the future profits and dividends (if any) associated with the Company.

10.3 Investment risks associated with rejecting the Offer

If the Bidder acquires at least 90% (being the Minimum Acceptance Condition) of all East 33 Shares on issue, then assuming all other Conditions are satisfied or waived, the Bidder will acquire a majority shareholding in the Company and will proceed to compulsorily acquire the balance of the East 33 Shares that they do not already own.

In the event either:

- (a) the Offer does not proceed because the Minimum Acceptance Condition or another Condition is not satisfied; or
- (b) the Minimum Acceptance Condition is waived, meaning Yumbah's Relevant Interest may increase as a result of the Bid, but you will remain an East 33 Shareholder,

then in such circumstances, East 33 Shareholders who do not accept the Offer (or if the Offer is not successful) will remain minority Shareholders in the Company. There are a number of implications that may arise from this, including:

(a) The East 33 Share price may fall following the Offer

If you do not accept the Offer or if the Offer is not successful, there is a risk that upon expiry of the Offer Period, the East 33 Share price may fall further below the Offer Price.

The closing share price was \$0.021 per East 33 Share on 27 August 2024 (being the last trading day prior to lodgement of this Target's Statement).

(b) Majority of votes at general meeting and Board control

The Bidder Group will continue to be in a position to cast the majority of the votes required to determine alone the outcome of an ordinary resolution (in respect of which it is entitled to vote). This will enable the Bidder, subject to compliance with applicable law, ASX Listing Rules, and the Constitution, to control the composition of the Board and through its control of the Board, the senior management of the Company; determine the Company's capital return and dividend policy; and control the strategic direction of the East 33 Group.

(c) **Company strategy**

There is a risk that the Bidder Group may look to alter the Company's business strategy from that described in Section 9.3 of this Target's Statement in the future. Minority East 33 Shareholders will have limited or no control over the Company's management or decision-making processes in relation to these matters.

(d) **Liquidity of East 33 Shares – East 33 remains listed**

If the Offer is successful and the Bidder receives a material number of acceptances from East 33 Shareholders, that would result in a reduction in the number of East 33 Shares that would typically trade on ASX. In this situation, there is a risk that there may be a decrease in the liquidity of East 33 Shares traded on the ASX. This will mean that East 33 Shareholders may not be able to sell their East 33 Shares as quickly as they might otherwise have been able to when there was greater liquidity.

Further, East 33 Shareholders with larger holdings may be able to sell their shares through on-market or off-market share sales (including block trades) however, such transactions may need to be undertaken at a discount to prevailing East 33 Share prices and may also negatively impact the trading price of East 33 Shares in the market which may not be met with equal demand.

(e) **Liquidity of East 33 Shares – East 33 becomes unlisted**

The Bidder may, in certain circumstances, request that the Company be removed from the official list on the ASX. ASX guidance indicates the usual conditions that the ASX would expect to be satisfied in order for it to approve the removal of the Company from the official list of the ASX in the context of a successful takeover bid.

Where the ordinary Securities of the entity will not be able to be traded on another exchange, ASX will usually require the following conditions to be satisfied:

- (i) the entity obtains the approval of its security holders to its removal from the official list of ASX by special resolution; and
- (ii) the removal not take place any earlier than one month after security holder approval has been obtained.

All holders of ordinary Securities (including a person holding sufficient Securities to secure the passage of the special resolution) will generally be permitted to vote on the special resolution. However, where an entity has been the subject of a takeover bid in the last 12 months, ASX may require the removal from ASX to be approved by the entity's security holders and will also impose a voting exclusion on the Bidder and its Associates.

ASX will not usually require the entity to obtain security holder approval where a bidder foreshadowed in its bidder's statement for a takeover bid that if it secures control it will cause the entity to apply for removal from ASX; it acquires ownership or control of at least 75% of ordinary Securities as a result of the bid; and all minority East 33 Shareholders, having holdings with a value of at least \$500, is fewer than 150.

If the Company were to be removed from the official list of the ASX, this would mean that East 33 Shareholders will become shareholders in an unlisted company controlled by the Bidder with no immediate exit mechanisms for their investment other than an off-market sale of their East 33 Shares.

(f) **Special resolutions if 75% or more acquired**

If the Bidder acquires 75% or more of the East 33 Shares but then waives the Minimum Acceptance Condition, or does not proceed with the compulsory acquisition, it would be able to pass a special resolution of the Company on its own (where it is entitled to vote). This would enable the Bidder to, amongst other things, change the Constitution or cause the de-listing of the Company from ASX (subject to the conditions being satisfied at that time, as further explained below).

(g) **Dividend policy variations**

Following the Offer, the payment of any dividends will remain at the sole discretion of the Board.

(h) **Compulsory acquisition**

If at the end of or following the Offer Period, the Bidder Group acquires a Relevant Interest in 90% or more of all East 33 Shares on issue and the compulsory acquisition provisions of the Corporations Act are satisfied, the Bidder would be entitled to compulsorily acquire all the East 33 Shares on issue that it did not already own. Following the compulsory acquisition, you would cease to be an East 33 Shareholder and would not remain invested alongside members of the Bidder Group.

(i) **Creeping acquisitions**

If the Bidder Group holds less than 90% of the East 33 Shares on issue (and waives the Minimum Acceptance Condition), under the Corporations Act it will be entitled to acquire up to 3% of the East 33 Shares on issue in each 6-month period without making an offer to all East 33 Shareholders.

(j) **Risk related to the Amended Facility Agreement**

Given Yumbah Finance is the provider of East 33's debt facility, any material transaction (subject to the form in which such transaction may take) may require the support of Yumbah Finance in order to comply with the terms of the Amended Facility Agreement or alternatively the refinance of that facility. Refer to Section 4.1(c) for further detail.

(k) **Company specific risks and general risks**

You will remain subject to the Company specific risks and general risks detailed in the balance of this Section.

10.4 Company specific risks

10.4.1 Production and demand risks

Geographic production concentration - East 33's Oyster Leases and production assets are primarily located in the Wallis Lake, Manning River and Port Stephens areas of coastal New South Wales, resulting in limited geographic diversification, with all of East 33's mature stock in two locations; Port Stephens and Wallis Lake. This leaves East 33 vulnerable to disease outbreaks, as was seen during the QX outbreak in Port Stephens. Further, the business' cash generating abilities can be impacted by harvest area closures preventing mature stock from being harvested, which was demonstrated in late 2023 when one such closure impacted Wallis Lake. Any impact on oyster mortality rates, growth rates or ability to be sold into the market can have a material negative impact on cash flows.

Hatchery Production - East 33 Group's oyster production is tied to its hatchery output. The hatchery production of Sydney Rock Oysters is extremely challenging and as an industry, hatcheries often have unsuccessful hatchery runs (due to oyster mortality). If East 33's hatchery is unable to successfully produce the requisite quantity of hatchery supply, East 33 may not be able to achieve its growth plan or sell hatchery supply to third party growers.

Oyster Production - East 33's sales growth is tied to East 33 Group's oyster production. This is subject to the successful deployment and maintenance of infrastructure (i.e., removal of poor performing stock, establishing efficiencies in regular data collection on stock and conducting frequent stock audits). Additionally, East 33 is trialling new infrastructure and farming methods with the aim of optimising farming practices and accelerating growth. In the event these methods are not effective, it may adversely impact oyster production, delay cost efficiency gains and, ultimately, East 33's financial performance and growth prospects. There has recently been a notable shortage in Sydney Rock Oysters which has pressured CMB's procurement efforts leading to lower supply.

Access to Labour and Labour Rates - East 33's operations are principally located in regional NSW. Such areas have experienced and continue to experience smaller pools of available labour. In the event that East 33 is unable to recruit, train, retain and accomplish the key performance indicators within its labour force, its operations will be significantly negatively impacted. Further, the cost of such labour may continue to increase at a rate which East 33 is unable to pass on such cost increases, resulting in loss of operating margin and profitability.

10.4.2 Regulatory risks

Government approvals risk - The oyster industry is subject to a number of Government Agency approvals in the form of aquaculture permits, food safety licences and aquaculture leases and intensity of farming practices. In order to meet the East 33 business plan outcomes, the East 33 Group will require the control of the aquaculture permits, food safety licences and aquaculture leases. A failure to obtain and or maintain such approvals, or significant delays in obtaining new approvals, may limit the East 33 Group's ability to meet its business and production goals. In order to validly operate its business, the Company must also comply with the terms of the Crown Licences, Crown Leases and Oyster Leases.

Title and renewal risk - The Oyster Leases are administered by the DPI and the Crown Leases and Crown Licences are administered by Crown Lands. Holders of these leases and licences, must abide by a number of terms and conditions that are monitored and enforced through mandatory inspections by DPI and Crown Lands respectively. Crown Leases for oyster aquaculture facilities are generally granted for a term of 25 years, and may contain an option for a further term of 25 years. Crown Licences are generally granted for an indefinite term, however, they may be granted for any term deemed appropriate by Crown Lands, and are revocable at will by Crown Lands. Where a Crown Licence does not have an expiry or renewal date, it continues indefinitely unless surrendered by East 33 or revoked by Crown Lands. East 33 currently holds a Crown Lease which includes the restaurant venue and marina berths and will expire in August 2025. An application for renewal has been lodged with Crown Lands and is under review.

East 33 cannot guarantee future renewals of its existing leases or licences. Future applications or renewals may be subject to a competitive tender process. Failure to obtain renewals or grants in the future may result in the East 33 Group being unable to meet its business and production goals and requirements; ultimately adversely affecting East 33 Group's financial performance through the loss of opportunity to develop and utilise the benefits of the relevant licences or leases.

Compliance with Work Health and Safety - East 33's operations involve a significant amount of manual labour and operations on water. Such working environment presents an inherent risk of workplace health and safety issues. If East 33 policies, procedures and mitigating strategies do not adequately address the residual risk, there may be a workplace health and safety claim against East 33.

10.4.3 Financial

Sufficiency of funding and additional requirements for capital - There is a risk that the costs of operations may be higher than anticipated or may increase as a result of unforeseen circumstances (which may include circumstances related to other key risk factors set out in this Section 10). This may warrant raising additional equity or debt capital in the future. There is no assurance that East 33 will be able to raise capital when it is required to or that it will be able to raise that capital on satisfactory terms.

The risk of insufficiency of funds is greater in East 33's case, because East 33 is heavily reliant on the Loan Facility to fund its monthly operations which may limit its ability to secure future debt (at least until the debt under the Loan Facility is paid off) and in the event a future capital raise is to occur, it may be at a price that may significantly dilute minority shareholders' shares.

Without obtaining adequate funding from additional debt or from a capital raise, East 33 may be in a negative cash position at some stage before the maturity date of 28 August 2028 under the terms of the Amended Facility Agreement.

In the event of insufficient capital, East 33 may also have to licence or sell its assets on unfavourable terms, or scale down or cease operations.

Loan Facility - East 33 has various financial and non-financial covenants under its Loan Facility with Yumbah Finance (including interest payment obligations of \$250,000 per quarter increasing to \$350,000 per quarter) which could materially erode its cash reserves and limit its future financial flexibility. The Loan Facility with Yumbah Finance is also the key source of funding of East 33's monthly ongoing operating costs. There is no guarantee that the amount drawn under this Loan Facility will be sufficient to fund ongoing monthly operating losses. For this reason, if East 33's operating results deteriorate, East 33 may not be able to meet the covenants governing its indebtedness, which may require East 33 to seek amendments, waivers of covenant compliance or alternative borrowing arrangements, or to reduce debt or raise additional equity.

If a breach of covenant were to occur, there is no assurance that the financier would consent to an amendment or waiver, or that the financier would not exercise their enforcement rights under the Securities, including requiring immediate repayment and cancellation. Such events could limit East 33's flexibility in planning for, or reacting to, downturns in its business or otherwise materially adversely affect East 33's business, operating and financial performance, and require new funding to be raised or a potential need to raise equity.

There is a risk that due to an event of default or a review event, East 33's debt provider may either demand repayment of or cancel the Loan Facility provided by it, fail to renew its Loan Facility following its maturity, or renew the Loan Facility only in part or on less favourable terms or seek (at its election) a debt to equity conversion under the terms of the Amended Convertible Note Subscription Agreement. As a result, East 33 is subject to a risk that it may be unable to refinance its Loan Facility upon acceleration or maturity, or may be unable to do so on as favourable terms, and consequently may face greater funding costs or be unable to obtain sufficient facilities to fund its growth activities.

Uncertainty of future costs and resultant impact on profitability - East 33 has material and unavoidable overheads that are difficult to service as East 33's operational business' are subscale and are not reasonably anticipated to undergo material growth in the coming years. Additionally, the cashflow of the East 33 business is highly seasonal, with material cash-burn each year in the lead up to the summer period. Among other expenses, East 33's key expenses will consist of employment expenses (salaries), rent, consulting costs, lease expenses, depreciation, finance costs, other overheads or outgoings, and other general operational expenses. The East 33 Group's future profitability is therefore, contingent on, amongst other things, its ability to manage costs at a sustainable level, enter into appropriate procurement/supply arrangements, realise profitable market opportunities, source labour at sustainable rates and in general manage costs within budgeted and forecast levels. East 33 does have a capital expenditure plan intended to grow profitability, however in the event capital expenditure is not managed in alignment with these core contingencies or does not deliver the expected benefits to the business, it may adversely impact East 33's ability to achieve these contingencies. Ultimately this may impact East 33's production of stock, financial performance and growth.

For the reasons listed above, the level of any future profitability of the East 33 Group cannot be accurately determined and the East 33 Group cannot provide any guarantee that future profitability will be achieved.

Credit risk - The East 33 Group's future profitability is contingent on, amongst other things, its creditors paying in full and on time. The East 33 Group does undertake regular reviews of their

debtors, credit terms and applications however, if customers become insolvent or dispute debts, then this may impact cashflow. For the reason listed above, the level of any future profitability of the East 33 Group cannot be accurately determined and the East 33 Group cannot provide any guarantee that future profitability will be achieved.

Absence of dividends - The ability of East 33 to pay dividends in the future is dependent on many factors including the results of the Company's research and its ability to develop and commercialise its products. Where the Company is in a position to pay dividends, the amount, timing and payment of future dividends is dependent on a range of factors including future capital and research and development requirements, as well as the overall financial position of the Company. There will be factors outside of the control of the Company and its Directors that may affect the ability of the Company to pay dividends. The Company does not expect to pay dividends in the short or medium term. The Directors are unable to give any assurance regarding the payment of dividends in the future.

Cost of Offer - East 33 has incurred, and is expected to incur additional costs in relation to the Offer and to adequately respond to the Offer. Such costs will be incurred irrespective of whether the Offer is implemented. These costs will impact East 33 Group's ability to support investments in its operational goals and objectives.

10.4.4 Planning and environment and native title

Disease risk - There is a risk that the East 33 Group suffers a disease outbreak that adversely impacts the health and wellbeing of its oyster stock. This includes diseases such as Queensland Unknown (QX) which is a Sydney Rock Oysters' disease caused by a single-celled parasite, *Marteilia Sydney* (mostly affecting oysters, mussels, pipis and other animals with two shells).

The East 33 Group was impacted by QX disease in the Port Stephens area, in the past which negatively impacted East 33's oyster stock levels and fundamentally impacted the business' use of significant portions of its lease holdings. It is unknown whether QX (or any other disease) might affect the remaining oyster growing areas in which East 33 operates.

Climate change and environmental regulation - The East 33 Group's ability to produce high quality oysters may be impacted by climate change, the factors of which could adversely affect the quality and/or quantity of the East 33 Group's oyster stock. These factors include: changes in air and water temperature, rising sea levels, frequency of extreme water events such as excessive rainfall, changes in salinity and food sources, and the biogeography of pests and diseases. The impact of climate change and/or global warming on the Company's operations is currently unknown. Further, the East 33 Group's operations are subject to environmental legislation and regulations. The introduction of new environmental legislation and regulations may result in additional cost to the Company arising from additional compliance and further capital expenditure which may have a material adverse impact on the financial position and performance of the Company.

Excessive weather, environmental events and contamination - Extreme weather conditions such as prolonged periods of rainfall, or lack of rainfall, prolonged changes to tidal patterns which replenish salt and organic food growth in the areas in which East 33 operates, and changes to tide and water levels or instances of contamination may impact East 33 Group's ability to produce high quality oysters.

Native Title - The Company in operating its business has various operational and ground leases and has been issued with aquaculture licences and leases as detailed throughout this Target's Statement. Native title recognises the title rights of Indigenous Australians over areas where those rights have not been lawfully extinguished. Legislation in Australia may affect the granting or renewal of, and access to, land where a native title claim has been registered or aboriginal site recognised. A portion of the Crown Licences, pursuant to which the Company occupies, contain conditions such that the licences terminate without compensation to the licensee upon a determination of native title. This is an inherent risk for the East 33 Group occupying Crown Land.

10.4.5 Supply and distribution

Sales arrangements/customer engagement risk - The East 33 Group's success is reliant in part on relationships with third parties that purchase its produce. East 33 supplies its Sydney Rock Oysters domestically on an informal basis with no locked in contracts. As such, East 33 has no line of sight in regards to future sales. In order to successfully expand the East 33 Group's domestic oyster sales, the East 33 Group will need to supply or service customers to generate revenue and this will require customer engagement. There is a risk that the East 33 Group will not be able to secure future orders or successfully maintain its current supply relationships.

Loss of key logistics and collaboration relationships - In the New South Wales market, East 33 has a diverse range of customers including retailers, wholesalers, restaurants and venues. In Queensland and Victoria, the East 33 Group relies on its continued relationships with its current third-party logistics partners. There can be no guarantee that these relationships will continue, or if they do, that they will continue to be profitable for the East 33 Group. East 33 is also heavily reliant on the supply of both Sydney Rock Oysters and Pacific Oysters in its sales and distribution business. Such arrangements are not contracted and, therefore, are subject to spot trading pricing and stock availability. There is considerable competition in the market for supply and if East 33's relationship with third party growers is compromised, it would negatively impact East 33 ability to trade oysters.

Commercial production and distribution capability - The East 33 Group's success is dependent on its ability to produce high quality oysters on a commercial scale with the ability to meet supply demands in a timely manner. Failing to meet consumer demand may result in customers seeking alternative suppliers and may damage the goodwill of the East 33 Group. In order to successfully expand its domestic oyster sales or expand into the export market, the East 33 Group will need to supply or service customers to generate revenue and this will require continued customer engagement and continued engagement with third party logistics partners. There is a risk that third party partners, may encroach into East 33's profits; not to mention the cost of producing the oysters (including the cost of labour) might increase over time. To manage this risk, East 33 Group will need to implement appropriate mechanisms that will enable East 33 to periodically review pricing, sales volumes and margins. Doing this though might make it difficult to secure future orders or successfully maintain supply relationships.

Food Safety - As a provider of food products, the East 33 Group is subject to a range of food safety standards. The East 33 Group has rigorous procedures and quality control practices in place to ensure its compliance with such food safety standards and must have food safety licences in place. However, if the East 33 Group's procedures are not complied with, whether intentionally or by omission, or if there is a malicious contamination event in the handling process either by a competitor or employee, the East 33 brand and reputation could be damaged. In addition to brand and reputational damage, the East 33 Group could become subject to criminal or civil action as a result of any non-compliance with the food safety standards. Any such events could result in an adverse impact to the East 33 Group's financial performance and position.

10.4.6 Management

Loss of key management personnel - The East 33 Group's prospects depend in part on the ability of management, and East 33 is reliant on its ability to attract and retain key senior executives and senior managers. The East 33 Group's future performance expectation is based on historic performance.

Although the business has executive employment agreements in place, there is no assurance that this contract will not be terminated. In addition, there is no assurance that the key personnel will remain healthy and able to continue in their respective roles. If the key personnel contracts were terminated or breached, or if the key personnel were no longer able to continue in their respective roles, the East 33 Group's operations and business could be adversely affected. Additionally, if key personnel are not continually training and enhancing their skillset, their competency and value to the business, may be limited thus giving rise to the future redundancies. Such redundancies will have an impact on East 33's management structure, operations and business.

Change in strategy - The East 33 Group's plans and strategies may evolve over time due to review and assessment of, amongst other things, market conditions, the quality of oysters, changes in policy or regulations, or the level of market acceptance in particular markets. As such, the current strategies, approaches, and plans of the East 33 Group may not reflect the strategies, approaches, and plans that will be pursued in the future. Despite the Board's efforts to guide the East 33 Group to commercial success, any such changes in strategy have the potential to expose the Company to additional risks that may affect its financial performance or goodwill.

10.4.7 Market and competition

Market acceptance and competitor risk - Market acceptance depends on numerous factors, including convincing potential consumers and agents of the attractiveness and value of East 33 Group's produce and the ability to produce products that are of a quality and quantity that meets commercial demand at an acceptable cost. There is a risk that the East 33 Group's products may not continue to hold and subsequently build market acceptance, and this may adversely affect the financial performance of the Company.

10.4.8 Disputes and liability

Litigation risk - The East 33 Group is exposed to possible litigation risks including maintenance of East 33 Group records, environmental claims, occupational health and safety claims and employee claims. Further, the East 33 Group may be involved in disputes with other parties in the future which may result in litigation. Such parties could include East 33's investors, competitors, regulators, partners, distributors, customers, Directors, officers and employees, and service providers. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The East 33 Group is not currently engaged in any litigation.

10.5 General Risks

- (a) **Change of Control Contracts** - Companies in the East 33 Group are party to a number of contracts which contain provisions regarding a change of control which may be triggered as a result of the Offer (**Change of Control Contracts**). For further details, see Section 9.11 of this Target's Statement. Failure to obtain the required approvals from a contract counterpart may cause that counterparty to exercise termination or other rights under the relevant contract and may negatively impact the future prospects of the Company.
- (b) **General economic conditions** - The East 33 Group may be negatively impacted by changes in the Australian economy. Macro-economic factors (i.e., including without limitation, inflation or interest rates changes) may impact negatively through reduced future revenues, reduced demand for East 33's Sydney Rock Oysters, increased costs, impacts of Government Agency responses to macro-economic issues and impacts on equity markets. These factors are beyond the control of the East 33 Group and the impact cannot be predicted. Furthermore, share market conditions may affect the value of the Company's Securities regardless of the Company's operating performance.
- (c) **Financial market volatility** - A fall in global or local equity markets or global or local bond markets may discourage investors from moving money into, or may cause investor to take out money from equity markets. This may have a negative effect on the price at which the East 33 Shares trade on the ASX.
- (d) **Franking of dividends** - There is no guarantee that the Company will be able to pay dividends or, will have sufficient franking credits in the future to fully frank dividends or that the franking system will not be varied or abolished. The value and availability of franking credits to an East 33 Shareholder will depend on their particular tax circumstances. East 33 Shareholders should be aware that the ability to use franking credits, as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each East 33 Shareholder.

- (e) **Regulatory risk** - In addition to industry regulatory risks, the Company is subject to a range of regulatory controls imposed by Government Agencies (federal and State) and regulatory authorities (for example, the DPI, ATO, ASX and ASIC). The relevant regulatory regimes are complex and are subject to change over time, depending on changes in the laws and the policies of the Government Agencies and regulatory authorities.
- (f) **Changes in taxation laws and policies** - Tax laws are in a continual state of change which may affect the Company. Changes to tax laws may adversely affect the East 33 Group's financial performance and/or the returns achieved by investors.
- (g) **Foreign currency and exchange rate fluctuations** - There is potential that the Company's expenditure and potential future revenue may be domiciled in various currencies other than Australian dollars. This may expose the Company to foreign exchange movements, which has the potential to positively and negatively influence the Australian dollar equivalent to such revenue and expenditure. The Company will monitor and assess such risks and implement measures to manage such risks. These measures may not eliminate such risks and may themselves expose the Company to related risks.
- (h) **Force majeure** - The Company, whether now or in the future, may be adversely affected by risks outside of its control, including climate change, adverse weather event, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics, pandemics or quarantine restrictions. For instance, the Covid-19 pandemic caused ongoing operational challenges to various sectors (including the hospitality sector) when restrictions such as quarantine, lockdowns and supply chain disruptions were introduced. There were also reduced capacities due to social distancing measures enforced by various state governments. The occurrence of each of these matters were completely out of the Company's control.
- (i) **Government Agency policy changes** - Adverse changes in Government Agency policies or legislation may affect taxation, royalties, land access, labour relations, and fees associated with the Company's operations. It is possible that the current system of aquaculture leases and licences permitted in New South Wales may change.
- (j) **Insurance** - East 33 insures its operations in accordance with industry practice. However, in certain circumstances the East 33 Group's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the East 33 Group. Insurance of all risks associated with oyster production is not always available and, sometimes where available, the costs can be prohibitive.
- (k) **Other** - There are a range of other general risks, which may impact on East 33's business or an investment in the East 33 Shares that should be considered by potential investors, which include but are not limited to industrial action impacting the business directly or indirectly and Government Agency policies generally (in addition to taxation noted above).

11 Taxation consequences

Section 10 of the Bidder's Statement provides a summary of the potential Australian income tax and capital gains tax consequences generally applicable to East 33 Shareholders who dispose of their East 33 Shares under the Offer. East 33 Shareholders should consult their own tax adviser for tax advice tailored to their own particular circumstances.

East 33 Shareholders should not solely rely on section 10 of the Bidder's Statement in relation to the taxation implications of accepting the Offer. In particular, East 33 Shareholders who are subject to tax outside Australia should obtain their own advice as to the tax consequences for them of the Offer, which may be different to those applicable to Australian resident East 33 Shareholders.

12 Other additional information

12.1 Material litigation

East 33 is not involved in any litigation or disputes which are material in the context of the East 33 Group taken as a whole.

12.2 ASIC modifications and exemption

East 33 has not been granted any modifications or exemptions by ASIC from the Corporations Act in relation to the Offer.

12.3 Independent Expert consents to be named and inclusion of Independent Expert's Report

The Independent Expert has given, and not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as the Independent Expert in the form and context it is so named and to the inclusion of its Independent Expert's Report as Appendix 1 to this Target's Statement.

The Independent Expert has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement (other than the Independent Expert's Report) or any statement on which a statement in this Target's Statement is based (other than extracts from the Independent Expert's Report) and takes no responsibility for any part of this Target's Statement other than any reference to its name and its Independent Expert's Report.

12.4 Consents to be named

Each of the following parties have given, and has not withdrawn before lodgement of this Target's Statement with ASIC, its written consent to be named in the form and context in which it is named:

- (a) Thomson Geer to being named in this Target's Statement as legal adviser to the Company; and
- (b) Link Market Services to being named in this Target's Statement as the Share Registry to the Company.
- (c) BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 to being named in this Target's Statement as the Independent Expert.
- (d) Yumbah has given and has not, before the date of this Target's Statement, withdrawn, its written consent for the Target to use the statements attributed to it in this Target's Statement as set out in Section 7.6 and 7.8(c).

Each person named in this Section as having given its consent to the inclusion of a statement or being named in this Target's Statement:

- (a) has not authorised or caused the issue of this Target's Statement;
- (b) has not made, and does not purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than those which have been included in this Target's Statement with the consent of that person; and
- (c) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part or any statements in, or any omissions from, this Target's Statement, other than as consented to by that party.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged by Yumbah with ASIC or given

to the ASX. Pursuant to this Class Order, the consent of Yumbah is not required for the inclusion of such statements in this Target's Statement.

Any East 33 Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Shareholder Information Line on 1300 363 917 (within Australia) or +61 1300 363 917 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday (excluding national public holidays). Any telephone calls to these numbers will, as required by the Corporations Act, be tape recorded, indexed and stored.

12.5 Publicly available information

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72 (Corporations Instrument 2016/72), this Target's Statement may include or be accompanied by certain statements:

- (a) which fairly represent what purports to be a statement by an official person;
- (b) which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- (c) which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

In addition, as permitted by Corporations Instrument 2016/72, this Target's Statement contains security price trading data sourced from IRESS without its consent.

12.6 Material changes to the financial position of the Company

The most recent financial statements for East 33 were for the full year ended 30 June 2024. The preliminary financial statements are unaudited and were lodged with ASX on 28 August 2024.

A snapshot of East 33 preliminary financial accounts for the year ended 30 June 2024 are detailed in Section 9.4.

Except as set out in this Target's Statement, the Independent Directors are not aware of any material change to East 33's financial position as disclosed in East 33's financial statements for the financial year ended 30 June 2024.

12.7 No other material information

This Target's Statement is required to include all the information that East 33 Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any Director.

The Directors are of the opinion that the information that East 33 Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) the information contained in East 33's releases to the ASX, and in the documents lodged by East 33 with ASIC before the date of this Target's Statement; and
- (c) the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

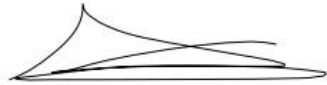
- (d) the nature of the East 33 Shares;
- (e) the matters that East 33 Shareholders may reasonably be expected to know;
- (f) the fact that certain matters may reasonably be expected to be known to East 33 Shareholders' professional advisers; and
- (g) the time available to East 33 to prepare this Target's Statement.

13 Authorisation

This Target's Statement has been approved by resolutions passed by the Independent Directors of East 33 and each of the non-Independent Directors abstained from voting.

Date: 28 August 2024

Signed for and on behalf of East 33:

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

Sarah Courtney
Chair and Non-Executive Director

14 Glossary and interpretation

14.1 Glossary

A\$ or \$ means Australian dollars.

Amended Convertible Note Subscription Agreement means the amended convertible note subscription agreement entered into between Yumbah Finance and East 33 on 28 February 2024 and approved by Shareholders on 23 April 2024.

Amended Facility Agreement means the amended and restated facility agreement entered into between Yumbah Finance and East 33 and its Subsidiaries on 28 February 2024 and approved by Shareholders on 23 April 2024.

Announcement Date means 2 August 2024.

Aquaculture Permits means an aquaculture permit issued by the DPI.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act.

ASX means ASX Limited (ACN 008 624 691) trading as the 'Australian Securities Exchange'.

ASX Listing Rules means the official listing rules of the ASX.

ATO means the Australian Taxation Office.

Bidder or Yumbah means Yumbah Aquaculture Limited ACN 082 219 636.

Bidder's Group or Yumbah Group means each of the Bidder and all Subsidiaries of the Bidder, namely:

- (a) Yumbah;
- (b) Yumbah Finance Pty Ltd ACN 669 757 582; and
- (c) Research Corporation Pty Ltd ACN 076 543 756, a company controlled by Mr Hall.

Bidder's Statement means the conditional replacement Bidder's Statement dated 23 August 2024 which replaced the original bidder's statement dated 8 August 2024.

Bid Implementation Agreement means the bid implementation agreement entered into between East 33 and Yumbah on 5 August 2024 and announced to the ASX on 5 August 2024.

Board means the board of Directors of the Company.

Business Day has the meaning given to that term in the ASX Listing Rules.

Change of Control Contracts has the meaning given in Section 9.11 of the Target's Statement.

Company or East 33 means East 33 Limited ACN 636 173 281.

Conditions means the conditions of the Offer, as included in Section 8.7 of this Target's Statement.

Constitution means the constitution of the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Company Secretary means the company secretary of the Company.

Crown Lands means the government department that is responsible for managing Crown land, including the Crown Leases and Crown Licences on Crown land.

Crown Leases means the crown leases issued by Crown Lands.

Crown Licences means the crown licences issued by Crown Lands.

DPI means the NSW Department of Primary Industries.

Director means a director of the Company as at the date of this Target's Statement.

East 33 Convertible Note means a note issued by East 33 that can be converted into an East 33 Share upon the occurrence of a specified event.

East 33 Group or **Group** means each of East 33 and all Subsidiaries of East 33, namely:

- (a) Hamilton Supervisory Pty Ltd ACN 637 291 706;
- (b) East 33 Farming Pty Ltd ACN 643 368 521;
- (c) East 33 Deliveries Pty Ltd ACN 642 814 800;
- (d) Mid Coast Exco Pty Ltd ACN 624 589 822;
- (e) H R Browne & Sons Pty Ltd ACN 001 531 406;
- (f) M S Verdich & Sons Pty Ltd ACN 003 308 852; and
- (g) CMB Seafoods Pty Ltd ACN 113 595 029.

East 33 Options means an option to purchase an East 33 Share.

East 33 Performance Rights means an entitlement to acquire an East 33 Share upon satisfaction of specified conditions as determined by the Board.

East 33 Shareholder or **Shareholder** means the holder of an East 33 Share.

East 33 Shares means a fully paid ordinary share in the capital of East 33.

Forward Financial Information means the forward financial information for 30 June 2025, 30 June 2026 and 30 June 2027 as detailed in the Independent Expert's Report.

Government Agency means any government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity.

IBC means the independent board committee, made up solely of the Independent Directors.

Independent Directors means each of Sarah Courtney, Mike Ryan and Veronica Papacosta.

Independent Expert means BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513.

Independent Expert's Report means the report produced by the Independent Expert set out in Appendix 1 of this Target's Statement.

Loan Facility means the loan facility which is the subject of the Amended Facility Agreement between East 33 and Yumbah Finance.

Minimum Acceptance Condition means the Condition described in Section 8.7 of this Target's Statement.

Non-Executive Director means a non-executive Director of the Company.

Notice of Status of Conditions has the meaning given to that term in Section 8.10.

Offer means the offer by Yumbah of the East 33 Shares that it does not own.

Offer Period means the period during which the Offer will remain open for acceptance in accordance with Section 1.1 of this Target's Statement.

Offer Price or **Cash Consideration** means \$0.022.

Original Bidder's Statement means the conditional original bidder's statement dated 8 August 2024, which was subsequently replaced by the replacement Bidder's Statement.

Oyster Leases means the oyster leases issued by the DPI.

Prescribed Occurrences means the Condition described in Section 8.7(b).

QX has the meaning given to that term in Section 10.4.4.

Regulated Event means the Condition described in Section 8.7(c).

Related Bodies Corporate has the meaning given to it in the Corporations Act.

Relevant Interest has the same meaning as given by sections 608 and 609 of the Corporations Act.

Section means a section of this Target's Statement.

Securities has the meaning given to that term in section 92 of the Corporations Act and includes a Share.

Share Registry means the Company's Share Registry, Link Market Services.

Subsidiaries has the meaning given to that term in the Corporations Act.

Substantial Shareholder means an East 33 Shareholder with a 'substantial holding' in the Company as defined in the Corporations Act.

Takeovers Panel means the panel that is the primary forum for resolving disputes in takeovers in Australia.

Timetable means the indicative timetable for the Offer as set out in Section 1.1.

Voting Power has the meaning given to that term in section 610 of the Corporations Act.

VWAP means volume-weighted average price.

Yumbah or Bidder means Yumbah Aquaculture Limited ACN 082 219 636.

Yumbah Finance means Yumbah Finance Pty Ltd ACN 669 757 582.

Yumbah Group means each of:

- (a) Yumbah;
- (b) Yumbah Finance; and
- (c) Research Corporation Pty Ltd ACN 076 543 756, a company controlled by Mr Anthony Hall.

14.2 Interpretation

In this Target's Statement, unless the context requires otherwise:

- (a) headings are inserted for convenience and do not affect the interpretation of this Target's Statement;
- (b) unless the contrary intention appears words and phrases in this Target's Statement have the same meaning and interpretation given to them (if any) in the Corporations Act;

- (c) the singular includes the plural and vice versa;
- (d) a gender includes all genders;
- (e) a reference to a person includes a corporation, partnership, joint venture, association, unincorporated body or other body corporate and vice versa;
- (f) if a word is defined, another part of speech has a corresponding meaning;
- (g) a reference to a section or appendix is a reference to a section or appendix of this Target's Statement;
- (h) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (i) unless expressly stated otherwise, a reference to time is a reference to Sydney Time; and
- (j) unless expressly stated otherwise, a reference to dollars, \$, A\$ or AUD is a reference to the lawful currency of Australia.

15 Corporate Directory

Directors	Registered Office
Sarah Courtney – Independent, Non-Executive Chair Michael Ryan – Independent, Non-Executive Director Veronica Papacosta – Independent, Non-Executive Director Gary Higgins – Non-Executive Director (Yumbah Nominee) Ben Cameron – Non-Executive Director (Yumbah Nominee)	East 33 Limited 12 Point Road Tuncurry NSW 2428 Email: investor@east33.sydney Website: https://east33.sydney
Company Secretary	Chief Executive Officer and Chief Financial Officer
Mathew Watkins	Justin Welsh (CEO)
	Amy Knoll (CFO)
Share Registry*	Solicitor for the Offer
Link Market Services Limited Level 12 680 George St Sydney NSW 2000	Thomson Geer Level 28, 1 Eagle Street Brisbane QLD 4000
<i>* This entity is included for information purposes only. It has not been involved in the preparation of this Target's Statement.</i>	
Shareholder Information Line	Auditor of the East 33 Group
Shareholder Information Line (within Australia) - 1300 363 917 Shareholder Information Line (from outside Australia) +61 1300 363 917	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth WA 6000
	<i>* This entity is included for information purposes only. It has not been involved in the preparation of this Target's Statement.</i>

Appendix 1 - Independent Expert's Report

East 33 Limited

Independent Expert's Report and Financial Services Guide

27 AUGUST 2024

FINANCIAL SERVICES GUIDE

Dated: 27 August 2024

The Financial Services Guide ('FSG') is provided to comply with the legal requirements imposed by the Corporations Act 2001 and includes important information regarding the general financial product advice contained in this report ('this Report'). The FSG also includes general information about BDO Corporate Finance Ltd ABN 54 010 185 725, Australian Financial Services Licence No. 245513 ('BDOCF' or 'we', 'us' or 'our'), including the financial services we are authorised to provide, our remuneration and our dispute resolution.

BDOCF holds an Australian Financial Services Licence to provide the following services:

- a) Financial product advice in relation to deposit and payment products (limited to basic deposit products and deposit products other than basic deposit products), securities, and interests in managed investment schemes excluding investor directed portfolio services;
- b) Arranging to deal in financial products in relation to securities; and
- c) Applying for, acquiring, varying or disposing of a financial product in relation to interests in managed investment schemes excluding investor directed portfolio services, and securities.

General Financial Product Advice

This Report sets out what is described as general financial product advice. This Report does not consider personal objectives, individual financial position or needs and therefore does not represent personal financial product advice. Consequently, any person using this Report must consider their own objectives, financial situation and needs. They may wish to obtain professional advice to assist in this assessment.

The Assignment

BDOCF has been engaged to provide general financial product advice in the form of a report in relation to a financial product. Specifically, BDOCF has been engaged to provide an independent expert's report to the East 33 Limited ('East 33' or 'the Company') shareholders ('the Shareholders') in relation to the off-market takeover bid made by Yumbah Aquaculture Limited ('YAL') for all the ordinary shares in East 33 that it does not already own ('the Offer').

Further details of the Offer are set out in Section 4. The scope of this Report is set out in detail in Section 3.3. This Report provides an opinion on whether or not the Offer is 'fair and reasonable' to the Shareholders and has been prepared to provide information to the Shareholders to assist them to make an informed decision on whether to accept or reject the Offer. Other important information relating to this Report is set out in more detail in Section 3.

This Report cannot be relied upon for any purpose other than the purpose mentioned above and cannot be relied upon by any person or entity other than those mentioned above, unless we have provided our express consent in writing to do so. A shareholder's decision to accept or reject the Offer is likely to be influenced by their particular circumstances, for example, their taxation considerations and risk profile. Each shareholder should obtain their own professional advice in relation to their own circumstances.

Fees, Commissions and Other Benefits we may Receive

We charge a fee for providing reports. The fees are negotiated with the party who engages us to provide a report. We estimate the fee for the preparation of this Report will be approximately \$40,000.00 plus GST. Fees are usually charged as a fixed amount or on an hourly basis depending on the terms of the agreement with the engaging party. Our fees for this Report are not contingent on the outcome of the Offer.

Except for the fees referred to above, neither BDOCF, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of this Report.

Directors of BDOCF may receive a share in the profits of BDO Group Holdings Limited, a parent entity of BDOCF. All directors and employees of BDO Group Holdings Limited and its subsidiaries (including BDOCF) are entitled to receive a salary. Where a director of BDOCF is a shareholder of BDO Group Holdings Limited, the person is entitled to share in the profits of BDO Group Holdings Limited.

Associations and relationships

From time to time BDOCF or its related entities may provide professional services to issuers of financial products in the ordinary course of its business. These services may include audit, tax and business advisory services. In the last two years, BDOCF has completed two independent expert's reports for East 33 (dated 18 September 2023 and 5 March 2024).

The signatories to this Report do not hold any shares in East 33 and no such shares have ever been held by the signatories.

To prepare our reports, including this Report, we may use researched information provided by research facilities to which we subscribe, or which are publicly available. Reference has been made to the sources of information in this Report, where applicable. Research fees are not included in the fee details provided in this Report.

Complaints Resolution

Internal Complaints Resolution Process

We are committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the [BDO Complaints Policy](#) available on our website.

Referral to External Dispute Resolution Scheme

BDOCF is a member of Australian Financial Complaints Authority ('AFCA') (Member Number 10236).

Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to AFCA using the contact details set out below.

Australian Financial Complaints Authority Limited
Mail: GPO Box 3, Melbourne VIC 3001
Online Address: <http://www.afca.org.au>
Email: info@afca.org
Phone: 1800 931 678
Fax: (03) 9613 6399
Interpreter Service: 131 450

Compensation Arrangements

BDOCF and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDOCF or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDOCF satisfy the requirements of section 912B of the Corporations Act 2001.

Contact Details

BDO Corporate Finance Ltd

Location Address:	Postal Address:
Level 10 12 Creek Street BRISBANE QLD 4000	GPO Box 457 BRISBANE QLD 4001
Phone: (07) 3237 5999	Email: cf.brisbane@bdo.com.au
Fax: (07) 3221 9227	

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GLOSSARY

Reference	Definition
A\$ or \$	Australian dollars
ABV	Asset Based Valuation
AFCA	Australian Financial Complaints Authority
Amended Convertible Note Subscription Agreement, the	The Amended and Restated Convertible Note Subscription Agreement, the material terms of which are summarised in paragraph 1.4 of the Notice of Meeting
Amended Facility Agreement, the	The Amended and Restated Loan Facility Agreement, the material terms of which are summarised in paragraph 1.4 of the Notice of Meeting
Announcement Date	5 August 2024, being the day the Offer was announced on the ASX
APES 225	Accounting Professional and Ethical Standards Board professional standard APES 225 <i>Valuation Services</i>
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
BDO Persons	The partners, directors, agents or associates of BDO
BDOCF	BDO Corporate Finance Ltd
Bidder's Statement, the	The original and revised bidder's statement in relation to the Offer dated 8 August 2024 and 23 August 2024 respectively
Cash Consideration, the	\$0.022 per East 33 share
CEO	Chief Executive Officer
CGU	Cash generating unit
CMB	CMB Seafoods Pty Ltd
COGS	Cost of Goods Sold
Company, the	East 33 Limited
Conversion Price, the	The higher of \$0.021 or a price that's 10% lower than the average share price over the last 20 days.
Convertible Note	The convertible note issued by East 33 to Yumbah Finance under the Convertible Note Subscription Agreement on 12 December 2023
Convertible Note Subscription Agreement, the	The Convertible Note Subscription Agreement between East 33 and Yumbah Finance entered into on 15 August 2023 and announced on 16 August 2023
Corporations Act, the	The Corporations Act 2001 (Cth)
Directors, the	The Directors of the Company
DCF	Discounted Cash Flows
Deed, the	The Bid Implementation Deed entered into between East 33 and YAL dated 5 August 2024 in relation to the Offer
East 33	East 33 Limited
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EBITDA (adj.)	East 33's adjusted EBITDA to reflect the core operational performance of the business. This adjustment removes any change in fair value of the biological assets net of oyster/spat purchases.
Event of Default	Payment event of default under the Loan Facility or an insolvency event of East 33 or any of its subsidiaries

Reference	Definition
Financial Model, the	Forecast financial model provided by the Company
Founders, the	Mr James Garton, Mr Guy Burnett, Mr Mark Nagy and Mr John Wilson
FSG	Financial Services Guide
FY	The financial year or 12-month period ended on 30 June
FY22P	Projected financials for the 2022 financial year as published in the Prospectus
Hall, Mr	Mr Anthony Hall
H1 FY24	The FY24 half yearly report for the period ended 31 December 2023
IPO	Initial Public Offering
Loan Facility, the	East 33's binding loan documentation for the amount of \$15 million with Yumbah Finance executed on 15 August 2023 and announced on 16 August 2023
LR 10.1	ASX Listing Rule 10.1
LTM	Last-twelve-months
Management	Management of East 33
MBV	Market Based Valuation
NAB Facility, the	East 33's \$10 million loan facility with the National Australia Bank
NBIO	Non-binding indicative offer
Non-Associated Directors, the	The directors of East 33 who are not associated with YAL
Notice of Meeting, the	The Notice of Meeting and Explanatory memorandum dated on or about 22 March 2024 prepared by East 33
NPAT	Net profit after tax
NTM	Next-twelve-months
Offer, the	The off-market takeover bid made by YAL for all ordinary shares in East 33
Offer Period, the	The period that the Offer is open for acceptance and will be subject to YAL's right to extend the period in accordance with the Corporations Act.
POMS	Pacific Oyster Mortality Syndrome
Pre-Announcement Date, the	2 August 2024, being the last trading day prior to the Announcement Date
Prospectus, the	East 33's Prospectus dated 16 June 2021
QX	Marteiliosis or Aber disease
RCPL	Research Corporation Pty Ltd, a company controlled by Mr Hall
RCPS	Redeemable convertible preference shares
Recapitalisation Documents, the	The Amended Convertible Note Subscription Agreement and the Amended Facility Agreement collectively.
Recapitalisation Transaction, the	The issuance of 238.1 million shares to Yumbah Finance upon conversion of the \$5.0 million face value Convertible Note on 26 April 2024.
Regulations, the	The Corporation Regulations 2001 (Cth)
Report, this	This independent expert's report prepared by BDOCF and dated 27 August 2024
RG 111	Regulatory Guide 111: <i>Content of Expert Report</i> , issued by ASIC
RGs	Regulatory guides published by ASIC
Shareholders, the	The holders of fully paid ordinary shares in the Company who are not YAL

Reference	Definition
Strategic Review, the	The Strategic Review into East 33's business strategy and go-forward position reported in the ASX announcement on 29 February 2024
Target's Statement, the	The target's statement in relation to the Offer dated 28 August 2024
Verdich	MS Verdich and Sons Pty Ltd
VWAP	Volume weighted average price
We, us, our	BDO Corporate Finance Ltd
YAL	Yumbah Aquaculture Ltd
YAL Entities, the	Consist of YAL, Yumbah Finance, and RCPL (including Mr Hall).
Yumbah Finance	Yumbah Finance Pty Ltd
Yumbah Entities' Relevant Interest	The combined interest in the Company held by the Yumbah Entities

PART I: ASSESSMENT OF THE OFFER

The Shareholders
C/- Independent Board Committee
East 33 Limited
12 Point Road, Tuncurry
NSW, Australia, 2428

27 August 2024

Dear Shareholders,

1.0 Introduction

BDO Corporate Finance Ltd ('BDOCF', 'we', 'us' or 'our') has been engaged to provide an independent expert's report ('this Report') to shareholders of East 33 Limited ('East 33' or 'the Company') in relation to the off-market takeover bid made by Yumbah Aquaculture Limited ('YAL') for all the ordinary shares in East 33 that it does not already own ('the Offer'). The consideration to be received by the East 33 shareholders not including YAL ('the Shareholders') under the Offer is cash consideration of \$0.022 per East 33 share. A more detailed description of the Offer is set out in Section 4.

In this Report, BDOCF has expressed an opinion as to whether or not the Offer is 'fair and reasonable' to the Shareholders. This Report has been prepared solely for use by the Shareholders to provide them with information relating to the Offer. The scope and purpose of this Report are detailed in Sections 3.3 and 3.4 respectively.

This Report, including Part I, Part II and the appendices, should be read in full along with all other documentation provided to the Shareholders including the original Bidder's Statement dated 8 August 2024 and the revised Bidder's Statement dated 23 August 2024 prepared by YAL ('Bidder's Statement'), and the Target's Statement dated on or around 28 August 2024 prepared by East 33 ('the Target's Statement').

2.0 Assessment of the Offer

This section is set out as follows:

- ▶ Section 2.1 sets out the methodology for our assessment of the Offer;
- ▶ Section 2.2 sets out our assessment of the fairness of the Offer;
- ▶ Section 2.3 sets out our assessment of the reasonableness of the Offer; and
- ▶ Section 2.4 provides our assessment of whether the Offer is fair and reasonable to the Shareholders.

2.1 Basis of Evaluation

The Australian Securities and Investments Commission ('ASIC') have issued Regulatory Guide 111: *Content of Expert Reports* ('RG 111'), which provides guidance in relation to independent expert's reports. RG 111 relates to the provision of independent expert's reports in a range of circumstances, including those where the expert is required to provide an opinion in relation to a takeover transaction. RG 111 states that the independent expert's report should explain the particulars of how the transaction was examined and evaluated as well as the results of the examination and evaluation.

The Offer involves YAL potentially acquiring up to 100% of the issued share capital in East 33 which represents a controlling interest. RG 111 specifically differentiates between control and non-control transactions in providing guidance on the type of analysis to complete. RG 111 suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. In our opinion the Offer is a control transaction as defined by RG 111 and we have assessed the Offer by considering whether, in our opinion, it is fair and reasonable to the Shareholders.

Under RG 111, a transaction will be considered 'fair' if the value of the consideration to be received by the shareholders is equal to or greater than the value of the shares that are the subject of the transaction. To assess whether an offer is 'reasonable', an expert should examine other significant factors to which shareholders may give consideration prior to accepting or approving the transaction. This includes comparing the likely advantages and disadvantages if the transaction is accepted with the position of the shareholders if they do not accept the transaction.

RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept an offer in the absence of a higher bid. Our assessment concludes by providing our opinion as to whether or not the Offer is 'fair and reasonable'. While all relevant issues need to be considered before drawing an overall conclusion, we will assess the fairness and reasonableness issues separately for clarity.

We have assessed the fairness and reasonableness of the Offer in Sections 2.2 and 2.3 below and provide an opinion on whether the Offer is 'fair and reasonable' to the Shareholders in Section 2.4 below.

2.2 Assessment of Fairness

2.2.1 Basis of Assessment

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject to the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject to an offer in a control transaction the expert should consider this value inclusive of a control premium and assume a 100% ownership interest. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison.

In our view, it is appropriate to assess the fairness of the Offer to the Shareholders as follows:

- a) Determine the value of an East 33 share on a controlling interest basis prior to the Offer, assuming 100% ownership of the 'target' and not considering the pre-existing percentage holding of the 'bidder' or its associates; and
- c) Compare the value determined in a) above with the value of the consideration to be received by the Shareholders for each East 33 share under the Offer.

In accordance with the requirements of RG 111, the Offer can be considered 'fair' to the Shareholders if the consideration offered per ordinary share is equal to or greater than the value determined in a) above.

2.2.2 Value of an East 33 Share Prior to the Offer on a Controlling Interest Basis

In our view, for the purposes of the analysis set out in this Report, it is appropriate to adopt a value in the range of \$0.020 to \$0.038 per East 33 share on a controlling interest basis.

In forming this view, we considered a market based valuation ('MBV') methodology, the guideline comparable methodology and an asset based valuation ('ABV') methodology.

The Shareholders should note that our valuation range of East 33 is on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the Offer. Having regard to the material levels of debt in East 33's capital structure, we considered the net asset cross-check at both the enterprise value level and per share level which provided broad support for our assessed value of East 33. Noting the additional impairment announced as part of the 2024 Preliminary Financial Statements (unaudited), there is a heightened risk to the downside, albeit not sufficiently so to warrant us adopting a different valuation range. Our valuation of East 33 is set out in Section 8.

2.2.3 Value of the Offer Consideration

The Shareholders have been offered a cash payment of \$0.022 per share for each share they hold in East 33 ('the Cash Consideration'). For this Report, we have adopted the face value of \$0.022 as the value for the Cash Consideration.

2.2.4 Assessment of the Fairness of the Offer

In order to assess the fairness of the Offer, it is appropriate to compare the value of an East 33 share on a controlling interest basis with the Cash Consideration. Pursuant to RG 111, the Offer is considered to be fair if the value of the Cash Consideration is equal to or greater than the value per East 33 share.

Table 2.1 below summarises our assessment of the fairness of the Offer.

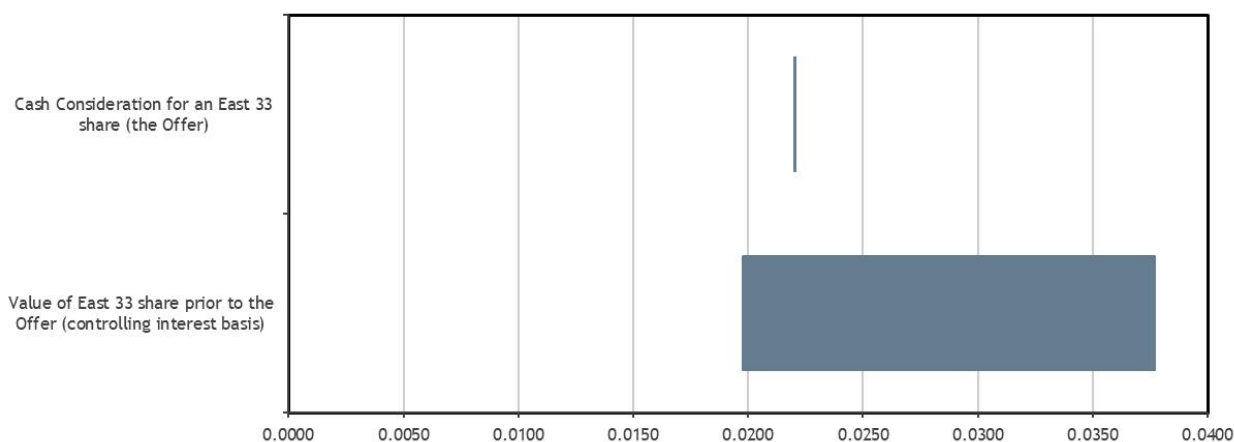
Table 2.1: Assessment of the Fairness of the Offer

	Low	High
Value of an East 33 share prior to the Offer (controlling interest)	\$0.020	\$0.038
Value of Cash Consideration	\$0.022	\$0.022

Source: BDOCF Analysis

Figure 2.1 summarises our assessment of the fairness of the Offer, setting out a graphical comparison of our valuation of an East 33 share prior to the Offer on a controlling interest basis and Cash Consideration offered to the Shareholders under the Offer.

Figure 2.1: Fairness of the Offer



Source: BDOCF analysis

With reference to Table 2.1 and Figure 2.1, we note the Cash Consideration of \$0.022 per East 33 share is in the range of the value of an East 33 share prior to the Offer on a controlling interest basis, albeit at the lower end.

After considering the information summarised above and set out in detail in the balance of this Report, it is our view that, in the absence of any other information or a superior proposal, the Offer is **Fair** to the Shareholders as at the date of this Report.

2.3 Assessment of Reasonableness

2.3.1 Basis of Assessment

Under RG 111, a transaction is considered reasonable if it is fair. It may also be reasonable, despite not being fair, if after considering other significant factors the interests of the shareholders are reasonably balanced.

In addition to our fairness assessment set out in Section 2.2 above, to assess whether the Offer is 'reasonable' we consider it appropriate to examine other significant factors to which the Shareholders may give consideration prior to forming a view on whether to accept or reject the Offer. This includes comparing the likely advantages and disadvantages of accepting the Offer with the position of a Shareholder if the Offer is not accepted, as well as a consideration of other significant factors.

Our assessment of the reasonableness of the Offer is set out as follows:

- ▶ Section 2.3.2 sets out the advantages of the Offer to the Shareholders;
- ▶ Section 2.3.3 sets out the disadvantages of the Offer to the Shareholders;
- ▶ Section 2.3.4 sets out the discussion of other considerations relevant to the Offer;
- ▶ Section 2.3.5 sets out the position of the Shareholders if the Offer is not accepted; and
- ▶ Section 2.3.6 provides our opinion on the reasonableness of the Offer to the Shareholders.

2.3.2 Advantages of the Offer

Table 2.2 below outlines the potential advantages to the Shareholders of accepting the Offer.

Table 2.2: Potential Advantages of Accepting the Offer

Advantage	Explanation
The Offer is Fair	For the reasons summarised in Section 2.2.4 above, the Offer is Fair to the Shareholders as at the date of this Report.
The current offer price is known	<p>If the Offer is accepted, the Shareholders have certainty that they will receive \$0.022 for each East 33 share held. These Shareholders will no longer be exposed to the ongoing risks associated with holding shares in East 33.</p> <p>While the value of the Cash Consideration under the Offer is certain, we note that it may be possible, assuming sufficient liquidity, for the Shareholders to sell their shares on the Australian Stock Exchange ('ASX') for a price that is above, or broadly in line with, the Cash Consideration.</p>
The Cash Consideration is at a premium to the price that East 33 shares have traded on the ASX prior to the Announcement Date	<p>The Bid Implementation Deed ('the Deed') was announced to the ASX on 5 August 2024 and we have termed this date 'the Announcement Date' for the purposes of this Report.</p> <p>As outlined in Table 8.1, ASX trading of East 33 shares prior to the Announcement Date was at Volume Weighted Average Prices ('VWAP') in the range of \$0.0142 (1-month VWAP prior to the Announcement Date) to \$0.0189 (12-month VWAP prior to the Announcement Date).</p> <p>The Cash Consideration of \$0.022 per share is at a premium to the price that East 33 shares traded on the ASX prior to the Announcement Date.</p>

Source: BDOCF analysis

2.3.3 Disadvantages of the Offer

Table 2.3 below outlines the potential disadvantages to the Shareholders of accepting the Offer.

Table 2.3: Potential Disadvantages of the Offer

Disadvantage	Explanation
No exposure to any future offers	If the Offer is accepted in full, the Shareholders will no longer be able to benefit from any superior offers from YAL, or any other party.
No exposure to any potential future value of East 33	If the Offer is accepted, the Shareholders will receive the \$0.022 Cash Consideration for each share owned, and no longer hold any shares in the Company. Accordingly, the Shareholders will have no exposure to any potential upside in the value of the Company going forward.
The Offer is subject to conditions	<p>The Offer is subject to a number of conditions including a minimum acceptance condition of 90%, no regulated events or prescribed occurrences condition, no restraints and no termination of the Deed (these conditions are defined in Section 12.2 of the Bidder's Statement). As a result, there is a risk that the Offer is accepted but does not complete.</p> <p>Prior to accepting the Offer, Shareholders should consider their ability to withdraw their acceptance.</p>

Source: BDOCF analysis

2.3.4 Other Considerations

Minimum Acceptance Condition

The Offer has a minimum acceptance condition under which YAL must obtain a relevant interest in East 33 of at least 90% (by number) of all East 33 shares. If YAL acquires at least 90%, there are implications for remaining East 33 shareholders and Shareholders should understand YAL's intentions. We understand that YAL intends to compulsorily acquire the outstanding East 33 shares (which it would be entitled to do with a shareholding of 90% or more) and subsequently delist the Company from the ASX.

If YAL acquire less than 90% of East 33 shares, YAL reserves the rights to declare the Offer free from the minimum acceptance condition (or any other condition). Under this circumstance, and provided YAL and its related entities ('the YAL Entities') continue to hold more than 50.1% of the East 33 shares, YAL's intentions are as follows:

- ▶ Make changes to the composition of the East 33 board to streamline cost efficiencies;
- ▶ Propose a review into the Company's operations and capital structure to accelerate the turnaround of East 33 operations;

- ▶ Remove East 33 from the official list of the ASX; and
- ▶ Acquire additional East 33 shares under the “creep” provisions of the Corporations Act.

Shareholders should refer to section 8.2 of the Bidder’s Statement for more detail on YAL’s intentions upon ownership of less than 90% of East 33.

The implementation of YAL’s intentions in the event of less than 100% ownership of East 33 are subject to the Corporations Act, the Listing Rules and the East 33 constitution, and to the obligations of the East 33 directors to act in the best interests of East 33 and all East 33 Shareholders.

Uncertainty in Relation to the Timing of Receipt of Cash Consideration

As set out in the Bidder’s Statement, once the Offer becomes unconditional, East 33 shareholders that accept the Offer will receive the Cash Consideration by the earlier of:

- ▶ one month after the later of (i) a receipt of the shareholder’s valid acceptance or (ii) the date on which the Offer becomes unconditional; and
- ▶ 21 business days after the end of the offer period (‘the Offer Period).

Shareholders that accept the Offer should be aware that once all conditions have been fulfilled they will not be able to revoke their acceptance of the Offer or otherwise dispose of their East 33 shares (for which they have accepted the Offer) unless a withdrawal right exists or arises under the Corporations Act. As set out in the Bidder’s Statement, these circumstances include where:

- ▶ If, by the relevant times specified in Section 12.2 of the Bidder’s Statement, the conditions of the Offer have not all been fulfilled or waived, in which case the Offer will automatically terminate and the accepted shares will be released to the Shareholders; or
- ▶ If the Offer Period is extended in a way that postpones for more than one month the time when YAL must pay the Cash Consideration under the Offer and, at the time, the Offer is subject to one or more of the conditions in Section 12.2 of the Bidder’s Statement, in which case Shareholders may be able to withdraw their acceptance in accordance with the Corporations Act.

In practical terms, the above matters mean that in forming a view on whether to accept or reject the Offer, Shareholders should also take into account the period of time before they may receive the Cash Consideration and the restrictions on transacting in East 33 shares following acceptance but prior to the Cash Consideration being received.

In our view, the uncertainty in the timing of receipt of the Cash Consideration increases the risk of the Offer to East 33 shareholders. We understand that the Offer Period will open on 11 September 2024 and close at 5:00pm (Sydney time) on 11 October 2024, unless extended pursuant to the Corporations Act.

Tax Considerations

If the Offer is accepted, the Shareholders will be treated as having disposed of their shares for tax purposes. A gain or loss on disposal may arise depending on the cost base of each individual Shareholder’s shares, the length of time held, whether the shares are held on capital or revenue account and whether or not the Shareholder is an Australian resident for tax purposes.

Details of the taxation consequence are set out in Section 10 of the Bidder’s Statement. As we have not considered the specific taxation implications that may be relevant for individual shareholders in connection with the Offer, Shareholders should consult their own advisor in relation to the taxation consequences of the Offer.

Disposal of Shares on Market

There may be Shareholders that will benefit from selling their shares on the market relative to a sale of shares via the Offer. Individual Shareholders that elect to sell their shares on the market should note the following:

- ▶ Transaction costs are likely to be incurred; and
- ▶ The opportunity to benefit from any higher price offered will be foregone.

2.3.5 Position of the Shareholders if the Offer is Not Accepted

Table 2.4 below outlines the potential position of individual East 33 Shareholders if the Offer is not accepted, or the conditions for the Offer are not met.

Table 2.4: Position of the Shareholders who do not accept the Offer, or if the conditions are not met

Position of Shareholders	Explanation
Continued shareholding in East 33	If the Offer is not accepted or the Offer does not proceed, the Shareholders will continue to hold shares in East 33. The Shareholders will continue to be exposed to the risks and opportunities associated with ownership of East 33 shares including the ability to realise a higher offer price.

Position of Shareholders	Explanation
Access to capital to meet short term funding requirements	<p>East 33 is reliant on a loan facility with Yumbah Finance ('the Loan Facility') to fund ongoing monthly operating losses. As at 30 June 2024, the Loan Facility has a closing debt balance of \$13.3 million outstanding and a facility limit of \$15.0 million plus capitalised interest. There is no guarantee that the remaining headroom under the Loan Facility will be sufficient to fund ongoing monthly operating losses, particularly in circumstances that sales in December 2024 do not meet East 33's management's ('Management') current expectations.</p> <p>It is possible that East 33 will require access to additional capital in the form of equity or debt. There is no guarantee that this capital will be available as required noting:</p> <ul style="list-style-type: none"> • East 33 currently has a material debt balance which may restrict the ability to obtain further debt; and • The previous entitlement offer in September 2022 was initially undersubscribed and raising further capital may be at a price that significantly dilutes shareholders that elect not to participate. <p>In circumstance that funding is not available on acceptable terms to East 33, Shareholders may be left in a worse condition than accepting the Offer.</p>
Ability to refinance	<p>East 33 is required to make quarterly repayments on the Loan Facility. These payments are \$250,000 per quarter in the second year, and \$350,000 per quarter in the third, fourth and fifth years. The remaining outstanding balance is repayable at the end of the term in mid-2028.</p> <p>East 33's ability to refinance this debt is heavily dependent on business performance until the due date. There is a risk that East 33 will not be able to refinance this debt as required and will default on the loan. In circumstance that funding is not available on acceptable terms to East 33, Shareholders may be left in a worse condition than accepting the Offer.</p> <p>East 33 is also subject to financial covenants under the terms of the Loan Facility in respect to interest coverage, maintenance CAPEX and impairment charges. In circumstances that East 33 breach one of these financial covenants, this will be a review event.</p>
Potential risk of default	<p>If East 33 is unable to meet its future financial commitments (e.g. non-payment, insolvency) under the terms of the Loan Facility, it will be an Event of Default pursuant to the Loan Facility. Under an Event of Default, Yumbah Finance may do one or more of the following:</p> <ol style="list-style-type: none"> a) Declare that the secured money is immediately due and payable, in which case East 33 must immediately pay to Yumbah Finance the secured money; b) Declare that all or part of the balance owing for the Loan Facility is payable on demand; c) Terminate the Yumbah Finance obligations; and/or d) Cancel all or any part of the Loan Facility limit with immediate effect. <p>To recover the Yumbah Finance debt, Yumbah Finance could enforce its security and appoint a receiver and manager or administrator pursuant to section 5.3A of the Corporations Act to East 33.</p> <p>Alternatively, East 33 may be required to enter voluntary administration or liquidation if it does not have sufficient funds to satisfy the Loan Facility when it falls due and meet its working capital requirements, and an alternative source of funds cannot be found in the appropriate time frames.</p> <p>If East 33 is placed into receivership/administration and the receiver/administrator is unable to obtain a superior proposal to the Offer, it is possible that shareholders will realise a value for their investment which is less than the value implied by the Offer or may not realise any value at all.</p> <p>An insolvency event involves costs of the insolvency practitioner that have a priority to certain creditors and a priority to distributions the shareholders under the Corporations Act. These additional costs are likely to have a negative impact on the value of the Shareholders' investment.</p>
Share trading price may be materially different to recent share trading prices and the shares in East 33 may trade at prices that are lower than the value of the Cash Consideration	<p>If Shareholders do not accept the Offer, and once the Offer lapses, the price of East 33 shares may decrease relative to trading prices prior to the Announcement Date and the decrease may be material.</p> <p>As outlined in Table 8.1, ASX trading of East 33 shares prior to the Announcement Date was at Volume Weighted Average Prices ('VWAP') in the range of \$0.0142 (1-month VWAP prior to the Announcement Date) to \$0.0189 (12-month VWAP prior to the Announcement Date).</p> <p>The shares in East 33 have been valued in this Report on a controlling interest basis to assess the Offer. If the Offer is not accepted, the trading price of shares in East 33 may reflect the value of East 33 on a minority interest basis.</p> <p>It is possible that shares in East 33 will trade at a price that is materially lower than the value of the Cash Consideration if the Offer is not accepted.</p>
Change in liquidity	<p>If YAL obtains a relevant interest in at least 90% of East 33 shares, then the 'free float' of shares available to trade on the ASX will be reduced. This may have the effect of reducing liquidity of East 33 shares on the ASX and make it more difficult for an East 33 shareholder to efficiently exit their investment.</p> <p>If YAL does not achieve compulsory acquisition at the end of the Offer Period but elects to waive the minimum acceptance condition, subject to meeting the eligibility requirements of the Listing Rules, YAL will seek to have East 33 removed from the official list of the ASX. Should a delisting occur, Shareholder's in East 33 as an unlisted company may experience greater difficulty in selling their shares at market price levels or at all.</p>

Position of Shareholders	Explanation
Compulsory acquisition	If YAL obtains a relevant interest in at least 90% of East 33 shares, then it will be entitled, in certain circumstances, to acquire the remaining East 33 shares not already held. YAL have indicated in Section 8 of the Bidder's Statement that it intends to proceed with compulsory acquisition in this circumstance.
Prospect of a superior proposal or alternative transaction	<p>It is possible that East 33 may receive an alternative offer that is superior to the Offer. However, as at the date of this Report, the Directors have not received a proposal superior to the Offer.</p> <p>Further, the Offer made by YAL is pursuant to Section 621(3) of the Corporations Act, whereby YAL cannot submit an offer below the recent debt to equity conversion price (\$0.021 per East 33 share) within four months of this issue. If the Offer is not accepted and lapses, there is no guarantee that any subsequent offers made by YAL beyond this four month period will be in excess of \$0.021 as is currently required.</p> <p>Notwithstanding our consideration of a control premium in Section 2.2 above, in our view it could be argued that a control premium is less relevant in the current analysis as a Shareholders ability to realise a control premium via a takeover is unlikely to change materially. Given the YAL Entities' existing 55.82% shareholding, a potential acquirer will be unable to acquire a controlling interest, let alone a 100% interest in the Company without the support of the YAL Entities.</p>
Non-recoverable costs	East 33 has incurred costs in relation to the Offer irrespective of whether the Offer is implemented. East 33 will not be able to recover costs that is has incurred in relation to the Offer in the event that the Offer is not accepted and/ or implemented.

Source: BDOCF analysis

2.3.6 Assessment of the Reasonableness of the Offer

In our opinion, after considering all of the issues set out in this Report, it is our view that, in the absence of any other information or a superior proposal, the advantages outweigh the disadvantages and the Offer is **Reasonable** to the Shareholders as at the date of this Report.

2.4 Opinion

After considering the above assessments, it is our view that, in the absence of any other information or a superior proposal, the Offer is **Fair and Reasonable** to the Shareholders as at the date of this Report.

Before forming a view on whether to accept or reject the Offer, Shareholders must:

- ▶ Have regard to the information set out in the balance of this Report, including the Important Information set out in Section 3;
- ▶ Consult their own professional advisers; and
- ▶ Consider their specific circumstances.

3.0 Important Information

3.1 Read this Report, and Other Documentation, in Full

This Report, including Part I, Part II and the appendices, should be read in full to obtain a comprehensive understanding of the purpose, scope, basis of evaluation, limitations, information relied upon, analysis, and assumptions underpinning our work and our findings.

Other information provided to the Shareholders in conjunction with this Report should also be read in full, including the Bidder's Statement and the Target's Statement.

3.2 Shareholders' Individual Circumstances

Our analysis has been completed and our conclusions expressed at an aggregate level having regard to the Shareholders as a whole. BDOCF has not considered the impact of the Offer on the particular circumstances of individual Shareholders. Individual Shareholders may place a different emphasis on certain elements of the Offer relative to the emphasis placed in this Report. Accordingly, individual Shareholders may reach different conclusions as to whether or not the Offer is fair and reasonable in their individual circumstances.

The decision of an individual Shareholder to accept or reject the Offer is likely to be influenced by their particular circumstances and accordingly, the Shareholders are advised to consider their own circumstances and seek their own independent advice.

Accepting or rejecting the Offer is a matter for individual Shareholders based on their expectations as to the expected value, future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. The Shareholders should carefully consider the Bidder's Statement. Shareholders who are in doubt as to the action they should take in relation to the Offer should consult their professional adviser.

With respect to the taxation implications of the Offer, it is strongly recommended that the Shareholders obtain their own taxation advice, tailored to their own particular circumstances.

3.3 Scope

In this Report we provide our opinion on whether the Offer is fair and reasonable to the Shareholders.

This Report has been prepared at the request of the Directors of East 33 who are not associated with YAL ('the Non-Associated Directors') for the sole benefit of the Shareholders, to assist them in their decision to accept or reject the Offer. This Report is to be sent to the Shareholders to consider the Offer and was not prepared for any other purpose. Accordingly, this Report and the information contained herein may not be relied upon by anyone other than the Non-Associated Directors and the Shareholders without our written consent. We accept no responsibility to any person other than the Non-Associated Directors and the Shareholders in relation to this Report.

This Report should not be used for any other purpose, and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of this Report, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of this Report with the Target's Statement. Apart from this Report, we are not responsible for the contents of the Target's Statement, or any other document associated with the Offer. We acknowledge that this Report may be lodged with regulatory authorities to obtain the relevant approvals prior to it being made available to the Shareholders.

The scope of procedures we have undertaken has been limited to those procedures required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards. In preparing this Report we considered a range of matters, including the necessary legal requirements and guidance of the Corporations Act, the Corporation Regulations 2001 ('the Regulations'), the regulatory guides ('RGs') published by ASIC, the listing requirements of the relevant exchanges (where relevant) and commercial practice.

In forming our opinion, we have made certain assumptions and outline these in this Report including:

- ▶ We have performed our analysis on the basis that the conditions precedent to the Offer are satisfied;
- ▶ That matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- ▶ All information which is material to the Shareholders' decision on the Offer has been provided and is complete, accurate and fairly presented in all material respects;
- ▶ ASX announcements and other publicly available information relied on by us is accurate, complete and not misleading;
- ▶ If the Offer is accepted, that it will be implemented in accordance with the stated terms;
- ▶ The legal mechanism to implement the Offer is correct and effective;

- ▶ There are no undue changes to the terms and conditions of the Offer, or complex issues unknown to us; and
- ▶ Other assumptions, as outlined in this Report.

In this Report we have not provided any taxation, legal or other advice of a similar nature in relation to the Offer. East 33 has engaged other advisors in relation to those matters.

East 33 has acknowledged that the Company's engagement of BDOCF is as an independent contractor and not in any other capacity, including a fiduciary capacity.

The statements and opinions contained in this Report are given in good faith and are based upon our consideration and assessment of the information provided by the Non-Associated Directors, executives and Management of the relevant entities.

3.4 Purpose of this Report

An independent expert, in certain circumstances, must be appointed to meet the requirements set out in the Corporations Act, the Regulations, RGs and in some cases the listing requirements of the relevant exchanges. These requirements have been set out in Sections 3.4.1 and 3.4.2 below.

3.4.1 Requirements of the Corporations Act

YAL has prepared a Bidder's Statement in accordance with section 636 of the Corporations Act. Under section 633 item 10 of the Corporations Act, East 33 is required to prepare a statement (i.e. the Target's Statement) in response to the Bidder's Statement.

Section 640 of the Corporations Act requires the Target's Statement to include an independent expert's report to shareholders if:

- ▶ The bidder's voting power in the target is 30% or more; or
- ▶ The bidder and the target have a common director or directors.

As per the technical requirements above, the Non-Associated Directors have requested BDOCF to prepare this independent expert's report in relation to the Offer, in the context of YAL's 37.42% relevant interest in the Company, and the existence of common directors between the Company and YAL.

3.4.2 Listing Requirements

We have been instructed that East 33 will not be using this Report or our assessment of the Offer for the purpose of complying with the listing requirements of the ASX or any other stock exchange.

3.5 Current Market Conditions

Our opinion and the analysis set out in this Report is based on economic, commodity, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time and may have a material impact on the results presented in this Report and result in any valuation or other opinion becoming quickly outdated and in need of revision.

In circumstances where we become aware of and believe that a change in these conditions, prior to the close of the Offer, results in a material statement in this Report becoming misleading, deceptive or resulting in a material change in valuation, we will provide supplementary disclosure to East 33. BDOCF is not responsible for updating this Report following the close in the Offer Period or in the event that a change in prevailing circumstance does not meet the above conditions.

3.6 Reliance on Information

East 33 recognises and confirms that, in preparing this Report, except to the extent to which it is unreasonable to do so, BDOCF, BDO Services Pty Ltd or any of the partners, directors, agents or associates (together 'BDO Persons'), will be using and relying on publicly available information and on data, material and other information furnished to BDO Persons by East 33, its Management, and other parties, and may assume and rely upon the accuracy and completeness of, and is not assuming any responsibility for independent verification of, such publicly available information and the other information so furnished.

Unless the information we are provided suggests the contrary, we have assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis and inquiry for the purpose of forming an opinion as to whether or not the Offer is fair and reasonable to the Shareholders.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of Management, the information was evaluated through analysis and inquiry to the extent practical. Where we have relied on publicly available information, we have considered the

source of the information and completed our own analysis to assist us to determine the accuracy of the information we have relied on. However, in many cases the information we have relied on is often not capable of external verification or validation and on that basis we provide no opinion or assurance on the information.

The Non-Associated Directors represent and warrant to us for the purpose of this Report, that all information and documents furnished by East 33 (either by Management directly or through its advisors) in connection or for use in the preparation of this Report do not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein. We have received representations from the Non-Associated Directors in relation to the completeness and accuracy of the information provided to us for the purpose of this Report.

Under the terms of our engagement, East 33 has agreed to indemnify BDO Persons against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

3.7 Glossary

Capitalised terms used in this Report have the meanings set out in the glossary. A glossary of terms used throughout this Report is set out immediately following the Table of Contents at the start of this Report.

All dollar ('\$') references in this Report are in Australian dollars unless otherwise stated.

3.8 Sources of Information

This Report has been prepared using information obtained from sources including the following:

- ▶ East 33's annual reports for the financial years ended 30 June 2021, 2022 and 2023;
- ▶ East 33's half yearly report for the period ended 31 December 2023;
- ▶ East 33's unaudited and preliminary balance sheet as at 30 June 2024;
- ▶ East 33 ASX announcements;
- ▶ The financial model provided by Management ('the Financial Model');
- ▶ The Bidder's Statement;
- ▶ The Target's Statement;
- ▶ Capital IQ;
- ▶ IBISWorld;
- ▶ Other research publications and publicly available data as sourced throughout this Report;
- ▶ Various transaction documents provided by the Management of East 33 and their advisors; and
- ▶ Discussions and other correspondence with East 33, Management and their advisers.

3.9 APES 225 Valuation Services

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 *Valuation Services* ('APES 225'). A Valuation Engagement is defined by APES 225 as 'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

3.10 Forecast Information

Any forecast financial information referred to in this Report has originated from the Company's Management and is adopted by the Directors in order to provide us with a guide to the potential financial performance of East 33. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the forecast financial information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation between actual results and those forecasts may be material. BDOCF is instructed by the Company that the forecast financial information set out in this Report has not been prepared in all respects with ASIC Regulatory Guide 170: *Prospective financial information*.

The directors' best-estimate assumptions on which the forecast is based relate to future event(s) and/or transaction(s) that Management expect to occur and actions that Management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of East 33. Evidence may be available to support the directors' best-estimate assumptions on which the forecast is based however, such evidence is generally future-oriented and therefore speculative in nature. In certain circumstances, we may adjust the forecast assumptions provided by Management to complete our valuation work.

BDOCF cannot and does not provide any assurance that any forecast is representative of results or outcomes that will actually be achieved. While we have considered the forecast information to the extent we considered necessary to complete the analysis set out in this Report, we have not been engaged to provide any form of assurance conclusion on any forecast information set out in this Report. We disclaim any assumption of responsibility for any reliance on this Report, or on any forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of Management, that all material information concerning the prospects and proposed operations of East 33 has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

3.11 Qualifications

BDOCF has extensive experience in the provision of corporate finance advice, including takeovers, valuations and acquisitions. BDOCF holds an Australian Financial Services Licence issued by ASIC for preparing expert reports pursuant to the Listing Rules of the ASX and the Corporations Act.

BDOCF and its related parties in Australia have a wide range of experience in transactions involving the advising, auditing or expert reporting on companies that have operations domestically and in foreign jurisdictions. BDO in Queensland and in Australia is a national association of separate partnerships and entities and is a member of the international BDO network of individual firms.

Mark Whittaker and Scott Birkett have prepared this Report with the assistance of staff members. Mr Whittaker, BCom (Hons), CA, CFA, and Mr Birkett, BBusMan/BCom, CFA, are directors of BDOCF. Both Mr Whittaker and Mr Birkett have extensive experience in corporate advice and the provision of valuation and professional services to a diverse range of clients, including large private, public and listed companies, financial institutions and professional organisations. Mr Whittaker and Mr Birkett are considered to have the appropriate experience and professional qualifications to provide the advice offered within this Report.

BDO Corporate Finance Ltd



Mark Whittaker
Director



Scott Birkett
Director

PART II: INFORMATION SUPPORTING OUR OPINION ON THE OFFER

4.0 Overview of the Offer

This section sets out an overview of the Offer and is structured as follows:

- ▶ Section 4.1 provides a brief description of the Offer;
- ▶ Section 4.2 describes the key parties involved in the Offer;
- ▶ Section 4.3 summarises the conditions precedent to the Offer; and
- ▶ Section 4.4 details the rationale for the Offer

This section is a summary only and should not be treated as a complete description of the Offer. For more information relating to the Offer and the key parties involved, the Shareholders should refer to the Bidder's Statement and any subsequent disclosures.

4.1 Summary of the Offer

On 5 August 2024, East 33 announced it had entered into a Bid Implementation Deed ('the Deed') with YAL under which YAL will make an off-market takeover offer to acquire 100% of East 33's shares that it does not already own for a cash consideration of \$0.022 per East 33 share ('the Offer').

If the Offer is accepted, Shareholders will be entitled to receive a cash consideration of \$0.022 per East 33 share ('the Cash Consideration'). Having regard to the last day East 33 traded prior to the Announcement Date (i.e. the Pre-Announcement Date), the Cash Consideration represents:

- ▶ A premium of 83.33% relative to East 33's closing share price as at 2 August 2024 (\$0.012 per share); and
- ▶ A premium of 63.64% relative to the three-month VWAP as at 2 August 2024.

Shareholders should refer to the Bidder's Statement, Target's Statement and any subsequent disclosures for more detailed information in relation to the Offer.

4.2 Description of the Key Parties Involved in the Offer

This section provides an overview of the YAL Entities. However, due to limitations of information from publicly available sources, we are only able to provide a description of YAL and Mr. Hall. YAL is making the Offer.

YAL

In 2008, Coastal Seafarms merged with Southseas Abalone Limited, which owned an abalone farm at Port Lincoln. Following the merger, additional abalone farms were acquired at Kangaroo Island and Bicheno in Tasmania. In 2016, Mr. Hall lead a restructure of the group and joined the board. At this time, the group changed its name to Yumbah Aquaculture Limited ('YAL').

In 2017, YAL entered into a hatchery joint venture to produce oyster spat with Cameron's of Tasmania and subsequently, acquired Cameron's of Tasmania in 2021. YAL continued its strategy of multi-species and multi-sites with the acquisition of mussel producers Bay Sea Farms in 2021 and Eyre Peninsula Seafoods in 2023.

YAL has its head office, an abalone feed manufacturing plant, and a processing/batching facility in Adelaide.

YAL's group portfolio now includes the following:

- ▶ Mussel operations in Victoria and South Australia, growing more than 2,600 tonnes a year;
- ▶ Abalone production at four farms in Tasmania, Victoria, and South Australia producing more than 750 tonnes a year;
- ▶ Production of more than 150 million oyster spat per year from South Australia and Tasmania hatcheries for farms in South Australia, New South Wales, and Tasmania; and
- ▶ Farmed mature oyster production of about 450,000 dozen per year from two sites in Tasmania, with investment committed to grow to 650,000 dozen.

YAL currently holds 37.42% relevant interest in East 33 at the date of this Report. The YAL Entities (including YAL, Yumbah Finance, Research Corporation Pty Ltd ('RCPL'), and Mr Anthony Hall) collectively own a 55.82% relevant interest in East 33. Yumbah Finance is held 73.33% by RCPL and 26.66% by YAL, both of which are controlled by Mr Anthony Hall ('Mr Hall').

Mr Hall

Mr Hall is an Australian businessman with a background in science (holding a bachelor's and a master's degree in science from La Trobe University).

In 1983, Mr Hall co-founded Pro Medicus Limited (ASX:PME), a developer and supplier of healthcare imaging software and services to hospitals, diagnostic imaging groups, and other related health entities in Australia, North America, and Europe. Mr Hall has been the principal architect and developer of the core software systems, with his current focus on the transition to, and development of, Pro Medicus Limited's next generation radiology information systems.

Mr Hall is also passionate about aquaculture which led to him becoming a foundation investor in Coastal Seafarms which built an abalone farm at Narrawong (near Portland, Victoria) in 1999.

4.3 Key Conditions of the Offer

The Offer is subject to certain conditions precedent that are set out in full in the Bidder's Statement. In summary, these include:

- ▶ Minimum acceptance condition: YAL acquiring a relevant interest in at least 90% (by number) of all of the East 33 shares on issue during or by the end of the Offer Period;
- ▶ No regulated events: Between the Announcement Date and the end of the Offer Period (each inclusive) no regulated events occur as defined in Section 12.2(c) of the Bidder's Statement;
- ▶ No prescribed occurrences: Between the Announcement Date or during the Offer Period, there is no prescribed occurrence as defined in Section 12.2(b) of the Bidder's Statement;
- ▶ No restraints: Between the Announcement Date and the end of the Offer Period (each inclusive), there is not in effect any law, rule, regulation or preliminary or final decision, order or decree issued by any court of competent jurisdiction or Government Agency in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or otherwise materially adversely impacts upon, the making of the Offers and the completion of the Offer or which requires the divestiture by YAL of any East 33 shares or any material assets of East 33 or any subsidiary of East 33; and
- ▶ No termination of the Deed: Between the Announcement Date and the end of the Offer Period (each inclusive), YAL does not become entitled to terminate the Deed as a result of any of the representations and warranties given by East 33 under the Deed becoming untrue or incorrect in any material respect.

YAL may choose to waive certain conditions in accordance with the terms of the Offer, but may only do so to the extent permitted by law.

4.4 Strategic Rationale for the Offer

YAL believes that for a successful recovery of East 33, the Company must operate in a simpler, lower-cost environment that allows complete focus on rebuilding East 33's operations.

While recognising that East 33's existing Loan Facility with Yumbah Finance (co-owned by YAL), including the conversion of the convertible note issued on 12 December 2023 ('the Convertible Note'), improves the way East 33 can operate in the medium term, YAL believes that additional focus is required and that would be best achieved by delisting East 33.

In YAL's view, East 33's operations do not adequately support the Company's listing. YAL has expressed this view with respect to the following as set out in the Bidder's Statement:

- ▶ The Offer represents a significant premium to East 33 shares' historical trading prices which have been trading consistently between \$0.01 and \$0.018 over the last 3 month period, including a 83.3% premium to the closing price of East 33 shares on the trading day immediately preceding the Announcement Date of \$0.012 per share;
- ▶ East 33 Shareholders will receive certain and immediate value for their East 33 shares through a 100% cash consideration payable following the close of the Offer Period;
- ▶ East 33 incurs the costs of being listed but is unable to effectively realise the benefits, including access to capital and liquidity for shareholders, as demonstrated by just 0.5% of the register turning over per month on average (based on the last 6 month trading), and 39 out of the last 100 trading days prior to the Announcement Date on which not a single share traded;
- ▶ East 33 shareholders will no longer be exposed to the risks and uncertainties associated with East 33's business including the 10% increase in operating expenses year-on-year as reported in the FY23 annual report that East 33 has delivered, and the historical losses in East 33 of approximately \$9m per year across the last two financial years, with \$30.19m of accumulated losses reported in the interim financial statements to 31 December 2023 and only 4.4 quarters of estimated available funds due to operating costs exceeding expected earnings as disclosed on 19 July 2024;
- ▶ There is no current superior or alternative proposal in relation to the East 33 shares, and if East 33 Shareholders do not accept the Offer and the Offer lapses, the trading price of East 33 may continue to fall; and
- ▶ The likelihood of a superior proposal is low given YAL's level of interest in East 33.

YAL is aware of the risks and has the ability to consider these risks within the broader aquaculture portfolio that is developing. YAL believes the assets of East 33 are better operated in an unlisted environment so that Management can

focus on the immediate need to turn around operational performance without the burden of the time and cost drain necessitated by being listed.

5.0 Background of East 33

This section is set out as follows:

- ▶ Section 5.1 provides an overview and background information on East 33;
- ▶ Section 5.2 summarises the corporate structure of East 33;
- ▶ Section 5.3 summarises the equity structure of East 33;
- ▶ Section 5.4 summarises the share market trading in East 33 shares; and
- ▶ Section 5.5 summarises the historical financial information of East 33.

5.1 Background

East 33 is an ASX listed company (ASX: E33) headquartered in Tuncurry, NSW, Australia. The Company is a vertically integrated oyster producer, processor and supplier that specialises in Sydney Rock Oysters. East 33 was incorporated in September 2019 and listed on the ASX in July 2021.

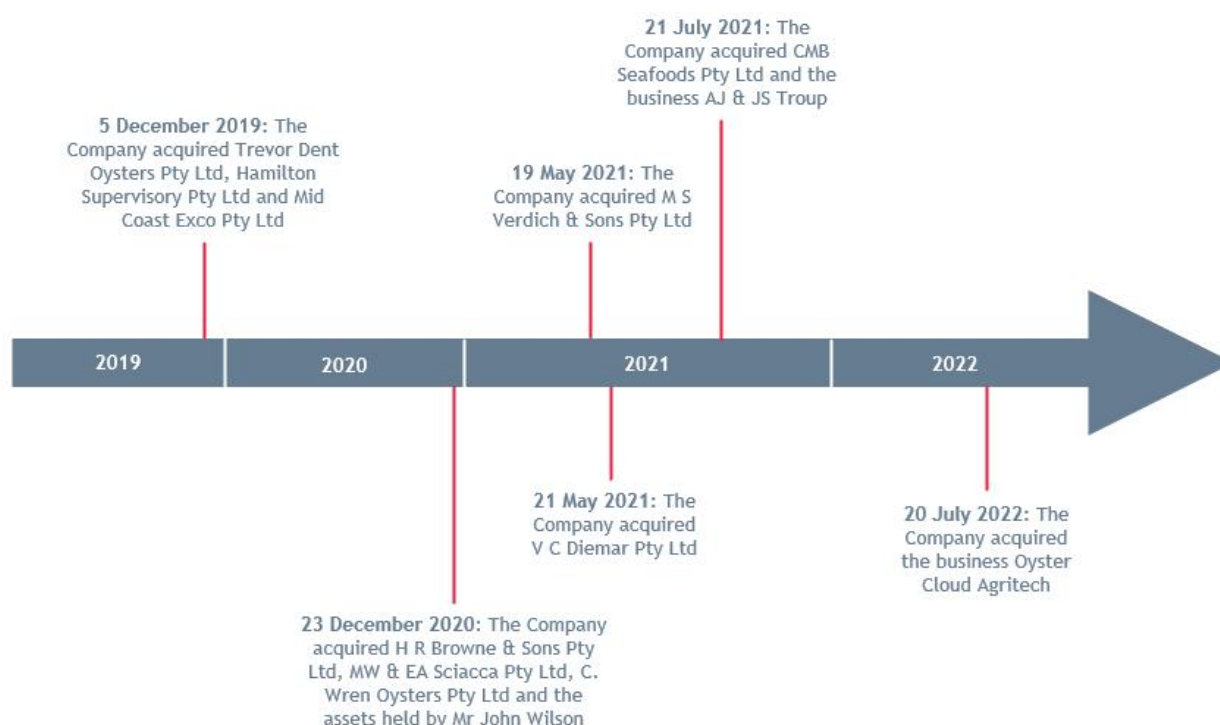
East 33 was founded by Mr James Garton, Mr Guy Burnett, Mr Mark Nagy (business executives with no prior experience in the oyster industry) and Mr John Wilson (an experienced oyster farmer) ('the Founders'). Prior to incorporating the Company, the Founders formed relationships with key industry players including farmers, hatcheries and distributors.

Following this, the Founders developed a strategic plan to consolidate some of these key industry players under one entity and structurally change the Sydney Rock Oyster industry.

5.1.1 Acquisition and Consolidation History

East 33 are selective of the businesses and assets they acquire, ensuring the investment decisions made align with a specific investment criterion. Due to the scale of the Company's acquisition and consolidation strategy, East 33 implemented a staged acquisition approach, acquiring assets both prior to and following their initial public offering. Figure 5.1 below summarises the history of East 33's acquisitions.

Figure 5.1: Historical Acquisitions



Source: East 33's Prospectus dated 16 June 2021 ('the Prospectus') and ASX Announcements

With regards to Figure 5.1 above, we note the following:

- ▶ On 5 December 2019, East 33 completed the acquisition of Trevor Dent Oysters Pty Ltd, Hamilton Supervisory Pty Ltd and Mid Coast Exco Pty Ltd. The acquisition of these companies provided East 33 with approximately 37.7 hectares of oyster leases (located at Wallis Lake and Port Stephens), an export approved warehouse (located at Tuncurry, NSW), a restaurant, oyster bar and marina (located at Wallis Lake) and certificates for the export of fish products to China and Japan;

- ▶ On 23 December 2020, East 33 completed the acquisition of H R Browne & Sons Pty Ltd, MW & EA Sciacca Pty Ltd, Wren Oysters Pty Ltd and the assets held by Mr John Wilson. These acquisitions provided the Company with plant and equipment, interests in certain leases and licences, approximately 34.9 hectares of oyster leases (located in Port Stephens and Wallis Lake) and oyster stock;
- ▶ On 19 May 2021, East 33 completed the acquisition of M S Verdich & Sons Pty Ltd ('Verdich'). This acquisition provided the Company with plant and equipment, interest in certain leases and licences, freehold land, approximately 63.5 hectares of oyster leases (located in Wallis Lake, the Manning River and Port Stephens) and oyster stock;
- ▶ On 21 May 2021, East 33 completed the acquisition of V C Diemar Pty Ltd. This acquisition provided the Company with plant and equipment, oyster stock and approximately 33.9 hectares of oyster leases (located in Port Stephens);
- ▶ On 21 July 2021, East 33 completed the acquisition of CMB Seafoods Pty Ltd ('CMB') (a large oyster processing and distribution facility located in Bankstown, NSW) and the business AJ & JS Troup (an oyster hatchery located in Camden Haven); and
- ▶ On 20 July 2022, East 33 completed the acquisition of the business Oyster Cloud Agritech. Oyster Cloud Agritech is an Agri-tech cloud-based oyster farm management software which enables farm management, inventory tracking, workflow optimisation and network planning.

5.1.2 Supply and Distribution

East 33 primarily supply their Sydney Rock Oysters to customers in New South Wales. The Company's supply lines are a combination of:

- ▶ Direct supply from its own farming operations; and
- ▶ The purchase from a wide range of third-party farmers. The Company purchases oysters on an ad hoc basis from a selected group of farmers who meet specific quality criteria.

East 33 has a diversified sales base covering a number of key markets and sales channels. Specifically, East 33 sell their Sydney Rock Oysters through the following domestic channels:

- ▶ Direct to restaurants;
- ▶ Direct to retailers;
- ▶ Direct to food service customers; and
- ▶ To wholesalers or other intermediaries who sell to the above channels.

5.1.3 Strategic Review Outcomes

On 29 February 2024, East 33 announced the results of its strategic review ('the Strategic Review') into the business' strategy and go-forward position. The focus on the Strategic Review was to optimise the business' internal supply chain, activating margin improvement opportunities and identifying new initiatives to improve the business profitability and growth. The Strategic Review concluded with the following results, as reported by the Company:

Harvest Re-profiling

The stock on-hand aligns to the business' view prior to the commencement of the review, however, as previously foreshadowed (on 14 February 2024), the Company has made a strategic decision to delay the harvest of oysters that had previously been ear-marked for sale in FY24. It was determined that a revised forecast harvest schedule is needed to deliver consistent market grade oysters which will translate to the best commercial outcomes for the business. The Strategic Review has identified mechanisms to underpin the revised harvest profile, with a strong recovery expected in FY25 and beyond.

Supply Chain Improvement Plan

The production pipeline within East 33 is subject to greater fluctuations than previously forecast within the farming business. There is a material strategic opportunity within the business however to stabilise production and bring the business to the current steady-state production volumes sooner than would otherwise be possible relying on internal hatchery and grow-out operations.

Investment in Farm Infrastructure

East 33's farming assets have production synergies that have not yet been realised and, with a modest capital investment in infrastructure, can be leveraged to improve the business' position in the market. This investment will allow the business to increase oyster supply at strategic period throughout the year and in doing so, take advantage of market opportunities not previously available to East 33.

Organisational Re-alignment

A review of the management structures within East 33 has identified opportunities within the vertically integrated business to leverage internal functions and deliver commercial upside for the business. Further, the

systems and processes across the business will continue to harmonise, increasing efficiencies across key functions.

The announcement also outlined a recapitalisation strategy that aims to repay short-term debt, maintain East 33's overall debt position, continue its business operations, deliver the outcomes of the Strategic Review, and improve East 33's position in the market.

The recapitalisation strategy involved Yumbah Finance granting East 33 a waiver of financial covenants at 30 June 2024 under the terms of the Loan Facility and entering into the following documents with Yumbah Finance to access additional debt funding in the amount of \$5.0 million:

- ▶ An amendment to the existing convertible note agreement ('the Convertible Note Subscription Agreement') announced 16 August 2023 between East 33 and Yumbah Finance ('the Amended Convertible Note Subscription Agreement'); and
- ▶ An amendment to the existing Loan Facility announced 16 August 2023 between East 33 and Yumbah Finance, amongst others ('the Amended Facility Agreement'), (collectively, 'the Recapitalisation Documents').

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

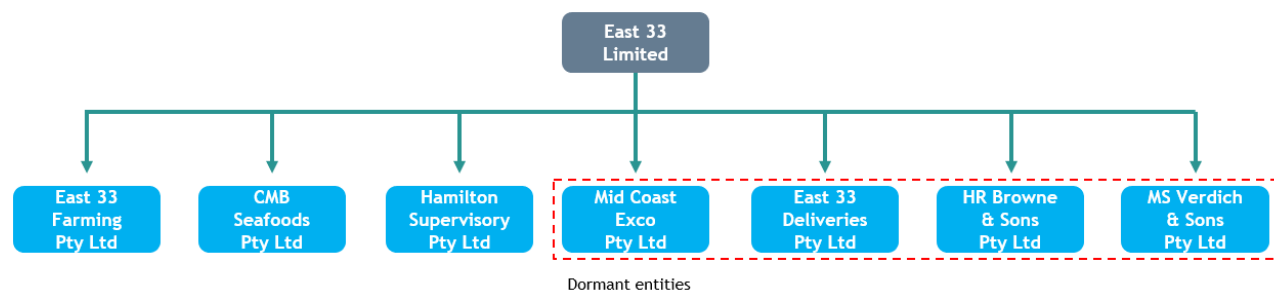
- ▶ The conversion of \$5.0 million of the face value of the convertible note currently held by Yumbah Finance into East 33 shares at the higher of \$0.021 or a 10% discount to the 20 day VWAP ('the Conversion Price') calculated to the last trading day prior to the conversion date; and
- ▶ Following the Convertible Note conversion, allowing East 33 to maintain the facility limit under the Loan Facility at \$15.0 million plus capitalised interest.

On 22 March 2024, the resolutions surrounding the Recapitalisation Documents were put forward to Shareholders for approval at the Notice of Meeting and subsequently carried on 23 April 2024. On 26 April 2024, 238.1 million shares were issued to Yumbah Finance upon conversion of the \$5.0 million face value Convertible Note ('the Recapitalisation Transaction').

5.2 Corporate Structure of East 33

Figure 5.2 below provides an overview of the corporate structure of East 33.

Figure 5.2: Corporate Structure of East 33



Source: ASX Announcements

With regards to the non-dormant entities in Figure 5.2 above, we note:

- ▶ All of the subsidiaries depicted above are 100% owned by East 33;
- ▶ East 33 Farming Pty Ltd: This entity holds all of the Company's farming operations and is one of the largest Sydney Rock Oyster farming operations in Australia;
- ▶ CMB: This entity is an established seafood trading company servicing restaurants, wholesalers, distributors and retailers across New South Wales. CMB's oyster processing facility processes over 15 million oysters a year, representing approximately 25% of total industry production; and
- ▶ Hamiltons Supervisory Pty Ltd: This entity trades as East Thirty-Three Degrees and is the entity that holds the Company's restaurant, oyster bar and marina.

5.3 Equity Structure of East 33

5.3.1 Ordinary Shares

As at 8 August 2024, East 33 had 775,183,937 ordinary shares on issue. The substantial shareholders are set out in Table 5.1.

Table 5.1: Substantial Shareholders

Shareholders	Number of Shares	Percentage Holding
YAL ¹	290,095,238	37.42%
Related Entities ²	142,651,193	18.40%
The YAL Entities	432,746,431	55.82%
Other shareholders	342,437,506	44.17%
Total shares on issue	775,183,937	100.00%

Source: East 33's ASX Announcements

1 YAL includes the shares held by YAL (52,000,000) and Yumbah Finance (238,095,238)

2 Related Entities include the shares held by Mr Hall (626,398 shares) and RCPL (142,024,795 shares).

5.3.2 Unlisted Securities on Issue

Performance Rights

As at 8 August 2024, the Company has 91,268,000 outstanding performance rights on issue.

49,995,000 of these performance rights were issued to the then executive directors of the Company on completion of the IPO. We note that these performance rights have a vesting date of 30 September 2024, an exercise price of \$nil and are subject to the following vesting conditions:

- ▶ Tranche 1: 16,665,000 will vest upon the Company achieving an Earnings Before Interest and Tax ('EBIT') of \$7.3 million by 30 June 2022 and will vest upon the Company generating cash from operations of \$6.8 million or more by 30 June 2022;
- ▶ Tranche 2: 16,665,000 will vest upon the Company achieving an EBIT of \$16.0 million by 30 June 2023 and will vest upon the Company generating cash from operations of \$15.0 million or more by 30 June 2023; and
- ▶ Tranche 3: 16,665,000 will vest upon the Company achieving an EBIT of \$20.0 million by 30 June 2024 and will vest upon the Company generating cash from operations of \$18.0 million or more by 30 June 2024.

We understand the above vesting conditions have not been met and the performance rights will lapse on 1 October 2024.

18,820,833 of these performance rights were issued to Justin Welsh on 22 December 2023 (in accordance with the terms of his appointment as CEO). These performance rights have an exercise price of \$nil and are subject to achieving the following KPI targets:

- ▶ Performance Right 1: 6,564,593 will vest upon the Company achieving a target share price of \$0.045, Return on Net Assets of 0% and ESG Priorities by 30 June 2026;
- ▶ Performance Right 2 (Tranche 1): 2,583,944 will vest upon the Company achieving a target share price of \$0.030, Return on Net Assets of 10% and ESG Priorities by 30 June 2024;
- ▶ Performance Right 3 (Tranche 1): 3,282,296 will vest upon the Company achieving a target share price of \$0.045, Return on Net Assets of 0% and ESG Priorities by 30 June 2026;
- ▶ Performance Right 4 (Tranche 2): 3,107,704 will vest upon the Company achieving a target share price of \$0.035, Return on Net Assets of -3% and ESG Priorities by 30 June 2025;
- ▶ Performance Right 5 (Tranche 2): 3,282,296 will vest upon the Company achieving a target share price of \$0.045, Return on Net Assets of 0% and ESG Priorities by 30 June 2026.

22,452,167 of these performance rights were issued between Justin Welsh and Amy Knoll on 1 August 2024. Justin Welsh received 16,341,667 and Amy Knoll received 6,110,500 performance rights under the Long Term Incentive Scheme. These performance rights have an exercise price of \$nil and vest on 30 June 2027, subject to KPI targets determined by the board of directors.

Options

On 27 November 2023, Sarah Courtney (a director of the Company) was issued with 1 million options convertible to one fully paid ordinary share. With regards to these options, we note the following:

- ▶ These options have now vested, satisfying the condition that Sarah Courtney remained in her capacity as a director of the Company as at 30 June 2024;
- ▶ The expiry date of the options is 27 November 2026 (being three years from the date of issuance); and
- ▶ The exercise price of the options is \$nil.

Convertible Note

On 12 December 2023, East 33 issued a Convertible Note under the terms of the Convertible Note Subscription Agreement announced on 16 August 2023 between Yumbah Finance and the Company.

Under the terms of the Convertible Note, it was detailed that:

- ▶ If, at the end of the term of the Loan Facility, Yumbah Finance had not been fully repaid, or in the event the Loan Facility was repayable early as a result of a payment event of default under the Loan Facility or an insolvency event of East 33 of any of its subsidiaries ('Event of Default'), the Convertible Note will be convertible into Shares in East 33 at the election of Yumbah Finance;
- ▶ The floating face value of the Convertible Note would be the amount remaining to be repaid to Yumbah Finance (principal, interest and any other secured money) at the end of the term of the Loan Facility (or earlier in the event of an earlier Event of Default); and
- ▶ The conversion price of the Convertible Note would be the higher of \$0.021 or a 10% discount to the 20-day volume weighted average price calculated to the last trading day prior to the conversion date ('the Conversion Price'), which means the floor price would be \$0.021 per Share (based on current trading prices as at the date of this Report).

The Convertible Note was issued as a mechanism to allow for the repayment of the Loan Facility on the earlier of the maturity date and a Relevant Event of Default by way of the issue of Shares. As such, no funds were raised by the issue of the Convertible Note or the Shares on conversion of the Convertible Note (other than a reduction in debt).

On 26 April 2024, following the approval of the resolutions relating to the Recapitalisation Transaction (refer to Section 5.1.3), East 33 issued 238,095,238 ordinary fully paid shares, at a Conversion Price of \$0.021, to Yumbah Finance upon the conversion of \$5.0 million of the face value of the Convertible Note issued by East 33 to Yumbah Finance.

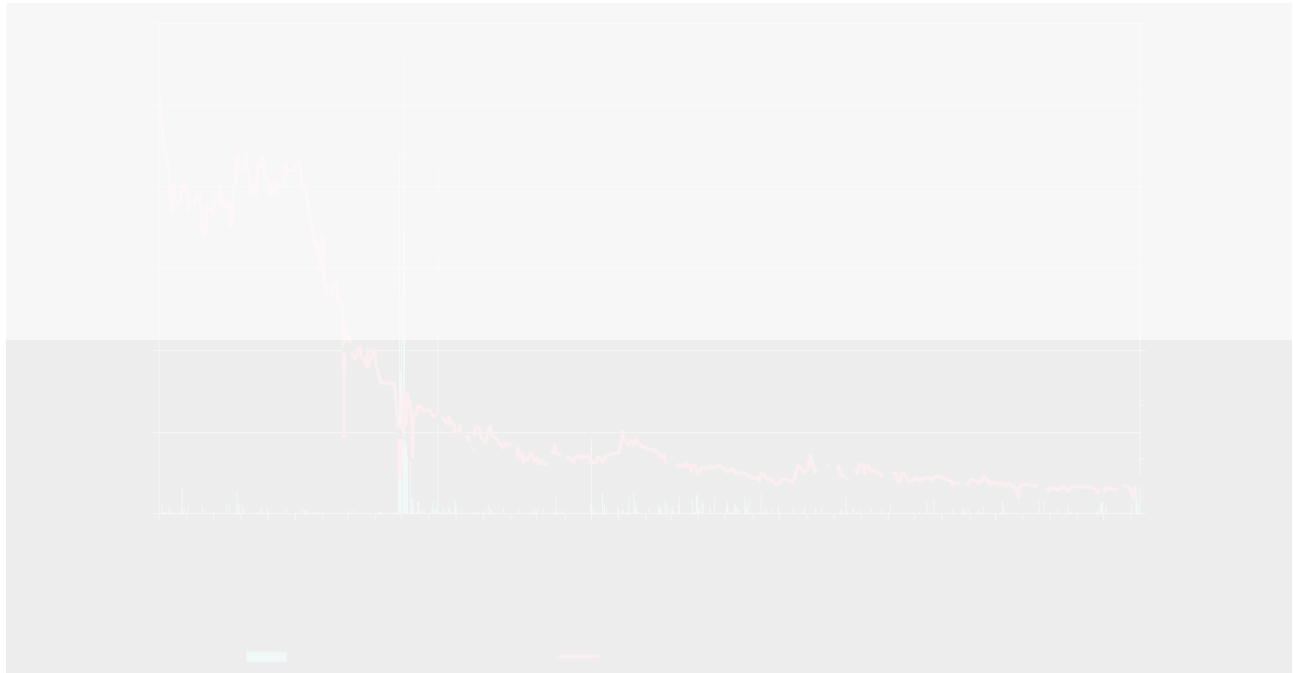
As of 30 June 2024, we note the closing balance of the Convertible Note with Yumbah Finance is \$13.3 million.

5.4 Share Trading Data of East 33

5.4.1 Share Trading Data

Figure 5.3 displays the VWAP and daily volume of East 33 shares traded on the ASX over the period 30 July 2021 to 9 August 2024.

Figure 5.3: Daily VWAP and Volume of East 33 Shares Traded from 30 July 2021 to 9 August 2024



Source: Capital IQ as at 9 August 2024

Over the period graphed in Figure 5.3 above, East 33's daily VWAP displays a period low of \$0.0110 on 27 June 2024 and a period high of \$0.2604 on 30 July 2021.

In addition to the share price and volume data of East 33 shown above, we have also provided additional information in Table 5.2 below to assist readers to understand the possible reasons for the movement in East 33's share price over the period analysed. The selected ASX announcement references in Table 5.2 below correspond to those displayed in Figure 5.3 above.

Table 5.2: Selected East 33 ASX Announcements from 30 July 2021 to 9 August 2024

Date	Announcement
12/08/2021	East 33 announced that despite changes to operating conditions due to COVID, there was no change to its FY22 EBIT guidance of \$7.59 million.
31/08/2021	East 33 released its FY21 Results Presentation which included a total revenue of \$32.66 million (6.2% above prospectus) and a Net Profit After Tax ('NPAT') loss of \$3.5 million (42.9% below prospectus). This was primarily due to an increase in other revenue attributed to gain on business combination (representing acquisition value less than market value) and depreciation above expectations because the fair value of assets taken on were greater than expected.
30/09/2021	East 33 released full year statutory accounts with an EBITDA loss of \$2.8 million and a total comprehensive loss for the year of \$5.5 million. This was due to a significant increase in employee benefits expenses, legal costs, finance costs, and total cost of sales.
29/10/2021	East 33 released its annual report to shareholders and quarterly activities/appendix 4C cash flow report. This included a \$11 million increase in the biological assets owned by East 33 and a decrease in cash and cash equivalents from \$2.96 million to \$0.8 million which was primarily driven by the acquisitions made by East 33.
28/02/2022	East 33 announced results for the first half of FY22 and revised guidance for FY22 including a 9.5 million decrease in the anticipated distribution of oysters compared to prospectus and a \$8.09 million decrease in expected EBIT compared to prospectus. This was due to the abnormal rain conditions that impacted supply in February and COVID impacting labour which restricted harvest volume.
22/04/2022	East 33 provided a trading update and withdrew its FY22 guidance. The update mentioned the impact of prolonged and heavy rain, as well as the impact of Marteilirosis or Aber disease (colloquially known as 'QX') in Port Stephens. These two factors were estimated to account for the loss of between 11-17 million harvestable oysters.
26/04/2022	East 33 announced that, as a result of the heavy rain and impact of QX, the estimate of harvestable oysters had decreased from 20 million to 12 million.
10/06/2022	East 33 announced it had entered into an agreement to acquire the industry leading agri-tech assets, Oyster Cloud for \$475,000. Oyster Cloud is an aquaculture management technology system which enables farm management, inventory tracking and workflow optimisation. East 33 confirmed that the acquisition was to be funded with cash at bank, would not change the structure or composition of the Board of East 33, and would not require shareholder approval.
01/07/2022	East 33 announced its trading results for June 2022 which include a decrease in harvest volume of 19% compared to June 2021 but an increase in group operating revenue of 37% compared to June 2021. East 33 referenced that market demand continued to significantly outweigh market supply and that the June/July period was the lowest sales period each year due to the seasonal cycle of Sydney Rock Oysters.
06/07/2022	East 33 announced the material completion of the fiscal management plan in response to the severe external environmental shocks in Q1 of calendar year 2022. East 33 also announced a senior debt-restructure with their NAB lending facility including NAB agreeing to waive the capital amortisation payments for 12 months, resulting in providing a cashflow relief of \$2.5 million over the balance of CY22 and CY23.
20/07/2022	East 33 announced the completion of the acquisition of Oyster Cloud.
30/08/2022	East 33 announced their FY22 results including a 4.2% increase in production compared to FY21 and an 8% increase in adjusted EBITDA. The decreased production came as a result of a detailed review conducted by East 33 that found that at least 30% of all Sydney Rock Oysters had been lost a result of the prolonged rains, floods, and QX outbreak in Port Stephens. The increased adjusted EBITDA came as a result of increased sales volume outweighing an increase in expenses as well as an increase in other income which included gains on acquisitions of business of \$4.1 million.
07/09/2022	East 33 announced a fully underwritten 1 for 1.15 pro-rata non-renounceable Entitlement Offer launched to raise approximately \$7.97 million to acquire shares. Funds were raised to strengthen East 33's balance sheet, provide working capital, and funds for capital expenditure to increase farming productivity. The Entitlement Offer at the \$0.033 Offer Price per share was stated to result in the issue of 241,436,470 new fully paid ordinary shares. The offer was fully underwritten by Shaw and Partners Limited.
12/10/2022	East 33 announced the entitlement offer closed on 6 October 2022, with eligible shareholders subscribed for approximately 69,549,581 new shares, raising approximately \$2.29 million. Under the sub-writing agreement, demand was received for a total of \$9.125 million, giving a shortfall of approximately \$5.68 million that was allocated to the sub-underwriters. This resulted in Mr Stephen Picton, as a sub underwriter, becoming a substantial shareholder and Mr Anthony Hall (together with YAL) becoming the largest shareholder, holding approximately 35% as a result of the sub-underwriting.
28/10/2022	East 33 released its annual report for FY22 to shareholders. Revenue was reported to be \$22.6 million (up from \$8.4 million in FY21), with the growth driven by the acquisition of a distribution business during the financial year. Conversely, EBITDA fell from a loss of \$2.8 million in FY21 to a loss of \$6.1 million in FY22, with this decline driven by an increase in employee benefits expense and decline in the fair value of biological assets as a result of poor weather conditions and the outbreak of disease.
27/02/2023	East 33 released its Half Yearly Report and Accounts which included a business update, farming update, and price, production & revenue results. Reported EBITDA for the six months to December 2022 was a loss of \$0.4 million compared to \$0.1 million for the six months to December 2021. This was driven by higher labour costs and increased administration expenses. East 33 also emphasised its focus on growing hatchery production and further improving farming practises and management.
16/08/2023	East 33 announced the Company has entered into a \$15 million Loan Facility with Yumbah Finance for the refinancing of its National Bank of Australia bank loan facility. East 33 also announced that it had been granted a waiver by the ASX from Listing Rule 10.1 to enable East 33, without obtaining Shareholder Approval, to grant Yumbah Finance an all assets security over East 33 and its subsidiaries to secure East 33's and its subsidiaries obligations under the Loan Facility.

Date	Announcement
28/08/2023	East 33 announced that it had completed its first draw down of \$8.0 million under the Loan Facility with Yumbah Finance and had fully repaid the balance of \$6,711,128.89 outstanding under the \$10.0 million NAB Facility loan.
18/09/2023	East 33 released its annual report for FY23. Whilst the Company reported a loss for the year, they saw an increase to revenue of approximately 9% in comparison with the previous financial year.
30/10/2023	East 33 announced that the Company has reached a mutual written agreement with Yumbah Finance to re-profile the drawdown schedule within the Loan Facility (see announcement on 16 August 2023) such that \$2 million of the remaining \$7 million available to be drawn under the Loan Facility will occur in November 2023 and December 2023.
22/01/2024	East 33 announced the completion of the buyback of class A redeemable convertible preference shares ('RCPS'). The Company also announced it has entered into a short-term debt facility with each of the former Class A RCPS holders for a total of \$5.5 million.
14/02/2024	East 33 announced that they expect the harvest volumes for FY24 to be approximately 4 million. The Company also announced that they expect volumes to rebound strongly in FY25.
29/02/2024	East 33 announced the Company has entered into documentation with Yumbah Finance to re-draw \$5.0 million under its Loan Facility and convert \$5.0 million under its Convertible Note into Shares ('Recapitalisation Documents'). The resolutions surrounding the Recapitalisation Documents were to be put forward to Shareholders for approval at the Notice of Meeting scheduled on the 22 March 2024. The announcement also provided the Company's Strategic Review conclusion which identified opportunities for business improvement and quantified the financial requirements in order to repay its short-term debt. East 33 also released its Half Yearly Report and Investor Presentation for FY24 which reported a 9% decrease in revenue and increased loss for the period.
18/04/2024	East 33 released its quarterly cash flow report/Appendix 4C. This summarised the Revised Loan Facility Agreement, Corporate, Operational, Farming and Forward-Looking activities and quarterly cash flows. East 33 reported \$6.5 million in receipts from customers for the quarter.
23/04/2024	East 33 released the results of the Notice of Meeting with respect to the Recapitalisation Documents. East 33 shareholders approved the resolutions which lead to the issuance of 238 million shares on 26 April 2024 to Yumbah Finance.
27/06/2024	East 33 provided a trading update, reducing its harvest profile by circa 600k (-15%) for FY24 due to widespread harvest area closures across northern NSW. The Company announced that despite volumes being softer than anticipated, the farming business' revenue remains broadly in-line with internal forecasts and that volumes are anticipated to rebound strongly in FY25.
19/07/2024	East 33 released its quarterly cash flow report/Appendix 4C. This summarised the approval of the Amended Facility Agreement and Convertible Note Subscription Agreement with Yumbah Finance, the appointment of Amy Knoll as CFO, solid operational outcomes despite widespread estuary closures and the strategic plan to unlock value in FY25. East 33 reported \$5.7 million in receipts from customers.
5/08/2024	East 33 announced it had entered into a Bid Implementation Deed with YAL under which YAL will make an off-market takeover offer to acquire 100% of East 33's shares for cash of \$0.022 per share. The announcement included the Bid Implementation Deed and indicative timetable.
8/08/2024	East 33 released the Bidder's Statement for YAL's conditional off-market offer for all East 33 shares for cash of \$0.022 per share.

Source: ASX Announcements and Capital IQ as at 9 August 2024

5.4.2 Liquidity of East 33 Shares on the ASX

The rate at which equity instruments are traded is generally referred to as the 'liquidity' of the equity instruments. Changes in liquidity may impact the trading price of equity instruments. This is particularly dependent on the number of equity instruments required to be bought and/or sold and the time period over which the equity instrument holder needs to buy and/or sell those equity instruments. Depending on the circumstances, a movement in market price may or may not represent a shift in value of either the equity instruments or a shift in value of the company to which the equity instruments relate as a whole.

Table 5.3 summarises the monthly liquidity of East 33 shares from 1 August 2023 to 9 August 2024. Liquidity has been summarised by considering the following:

- ▶ Volume of East 33 share trades per month;
- ▶ Value of total trades in East 33 shares per month;
- ▶ Number of East 33 shares traded per month as a percentage of total East 33 shares outstanding at the end of the month;
- ▶ Volume weighted average price per month; and
- ▶ The monthly low and high share price of East 33.

Table 5.3: Liquidity of East 33 Shares on the ASX

Month	Volume	Shares Outstanding	Volume / Shares Outstanding	Monthly Low Share Price	Monthly VWAP	Monthly High Share Price
August 2024 (from the 5 th to 9 th)	4,919,320	775,183,940	0.63%	\$0.0200	\$0.0208	\$0.0220
Total Post Offer Announcement	4,919,320	775,183,940	0.63%	\$0.0200	\$0.0208	\$0.0220
August 2024 (to 4 th)	0	775,183,940	0.00%	N/A	N/A	N/A
July 2024	2,865,490	775,183,940	0.37%	\$0.0120	\$0.0140	\$0.0190
June 2024	5,618,040	775,183,940	0.72%	\$0.0100	\$0.0125	\$0.0180
May 2024	2,295,550	775,183,940	0.30%	\$0.0130	\$0.0151	\$0.0170
April 2024 (from the 27 th)	484,500	775,183,940	0.06%	\$0.0140	\$0.0156	\$0.0170
Total Post Recapitalisation Transaction	11,263,580	775,183,940	1.45%	0.0100	\$0.0135	\$0.019
April 2024 (to 26 th)	4,275,730	537,088,700	0.80%	\$0.0110	\$0.0141	\$0.0180
March 2024	2,410,090	537,088,700	0.45%	\$0.0170	\$0.0185	\$0.0190
February 2024	1,693,430	537,088,700	0.32%	\$0.0170	\$0.0206	\$0.0230
January 2024	2,469,610	537,088,700	0.46%	\$0.0170	\$0.0184	\$0.0230
December 2023	3,634,700	537,088,700	0.68%	\$0.0190	\$0.0217	\$0.0240
November 2023	1,947,590	521,488,700	0.37%	\$0.0200	\$0.0217	\$0.0250
October 2023	2,178,960	519,088,700	0.42%	\$0.0230	\$0.0250	\$0.0310
September 2023	4,823,050	519,088,700	0.93%	\$0.0210	\$0.0246	\$0.0310
August 2023	2,793,740	519,088,700	0.54%	\$0.0250	\$0.0280	\$0.0360
Total Pre-Recapitalisation Transaction	26,226,900	537,088,700	4.96%	\$0.0110	\$0.0212	\$0.0360

Source: Capital IQ as at 9 August 2024.

With reference to Table 5.3 above, East 33 shares display a relatively low level of liquidity which requires consideration under the MBV approach set out in section 8.2.

5.5 Historical Financial Information of East 33

This section sets out the historical financial information of East 33. As this Report contains only summarised historical financial information, we recommend that any user of this Report read and understand the additional notes and financial information contained in East 33's annual reports, including the full Statements of Profit or Loss, Statements of Financial Position and Statements of Cash Flows.

East 33's financial statements up to 30 June 2023 have been audited and up to 31 December 2023 reviewed by HLB Mann Judd. BDOCF has not performed any audit or review of any type on the historical financial information of East 33 and we make no statement as to the accuracy of the information provided. However, we have no reason to believe that any of the information provided is false or misleading.

5.5.1 Statements of Profit or Loss

Table 5.4 summarises the Consolidated Statement of Profit or Loss of East 33 for the 12 month periods ended 30 June 2021, 2022 and 2023 and for the 6 month period ended 31 December 2023 ('H1 FY24').

Table 5.4: East 33 Consolidated Statement of Profit or Loss

	12 Months Ended 30-Jun-2021 Audited (\$'000)	12 Months Ended 30-Jun-2022 Audited (\$'000)	12 Months Ended 30-Jun-2023 Audited (\$'000)	6 Months Ended 31-Dec-23 Reviewed (\$'000)
Revenue				
Oyster farming	4,322	2,599	2,303	740
Oyster distribution	-	17,906	20,664	11,013
Corporate and sundry	4,073	2,131	1,654	786
Total revenue	8,395	22,636	24,621	12,539
Cost of sales	(6,637)	(16,515)	(17,344)	(7,972)
Gross profit	1,758	6,121	7,277	4,567
Biological assets change in fair value	158	(4,247)	3,403	983
Other income	4,575	783	173	70
Expenses				
Employee benefits expense	(4,866)	(10,102)	(11,588)	(4,139)
Marketing expenses	(920)	(549)	(169)	(32)
Occupancy expenses	(191)	(386)	(511)	(285)
Legals costs	(1,631)	(56)	(125)	(69)
Acquisition related costs	(601)	-	-	-

	12 Months Ended 30-Jun-2021 Audited (\$'000)	12 Months Ended 30-Jun-2022 Audited (\$'000)	12 Months Ended 30-Jun-2023 Audited (\$'000)	6 Months Ended 31-Dec-23 Reviewed (\$'000)
Share based payments	-	(31)	-	(22)
Administration expenses	(1,063)	(1,591)	(1,578)	(1,237)
Total operating expenses	(9,272)	(12,715)	(13,971)	(5,784)
Fair value gain (loss) on financial assets and liabilities	-	3,940	(270)	(436)
EBITDA	(2,781)	(6,118)	(3,388)	(600)
Depreciation and amortisation expense	(702)	(2,009)	(1,981)	(917)
Goodwill impairment	-	-	(2,943)	(2,400)
Finance costs	(2,061)	(835)	(885)	(735)
Loss before income tax expense	(5,544)	(8,962)	(9,197)	(4,652)
Income tax expense	68	-	(1)	38
Loss after income tax expense for the year	(5,476)	(8,962)	(9,198)	(4,614)

Source: East 33's FY22 annual report, FY23 annual report and FY24 Half Yearly Report.

1 The figures presented have been rounded for reporting purposes and may not total as reflected.

With reference to Table 5.4 above, we note the following:

- ▶ Revenue has increased in each of the financial periods displayed. The yearly growth from FY21 to FY22 is in line with the acquisitions made by the Company. Specifically, we note the following:
 - The increase in revenue from FY21 to FY22 is in line with the acquisition of CMB, which provided the Company with its distribution service line. East 33's distribution service line is their primary source of revenue, comprising 79.1% and 83.9% of total revenue in FY22 and FY23 respectively; and
 - The revenue growth from FY22 to FY23 is due to the growth of their oyster distribution service line rather than additional acquisitions;
- ▶ Cost of sales has increased in from FY21 to FY23 which appears to be in line with revenue growth;
- ▶ The Company's biological assets refer to their oysters. In accordance with *AASB 141 Agriculture*, East 33 are required to estimate the fair value of these assets in each period. The biological assets change in fair value represents the movement in the fair value of these assets;
- ▶ East 33's total operating expenses have increased in each period from FY21 to FY23. The primary driver of this growth and the Company's largest operating cost is employee benefits expense. The increase in employee benefits expense appears to be in line with the Company's acquisitions and revenue growth. With regards to East 33's other operating expenses, we note the following:
 - The legal costs incurred in FY21 primarily relate to a threat of litigation received by the Company immediately prior to the conclusion of the IPO process. The East 33 board sought to resolve the matter commercially, resulting in a settlement agreement with the claimants, pursuant to which East 33 agreed to pay the claimants \$1.62 million in four tranches; and
 - Administration costs are comprised of insurance, professional fees, licences, consultants, bank fees, IT related expenses, provisions and other costs;
- ▶ The fair value gain (loss) on financial assets and liabilities represents the movement in the fair value of the RCPS the Company issued in relation to the acquisition of Verdich and CMB; and
- ▶ The Company's goodwill relates to previous business combinations. East 33 have allocated goodwill between two cash generating units ('CGU') being oyster farming and oyster distribution. The impairment expense incurred in FY23 refers to an impairment of both their oyster farming CGU (impairment of \$1.4 million) and their distribution CGU (impairment of \$1.5 million). The impairment expense incurred in H1 FY24 refers to the impairment of oyster leases held by East 33.

5.5.2 Statements of Financial Position

Table 5.5 summarises East 33's statements of financial position as at 30 June 2021, 2022 and 2023, and the financial position as at 31 December 2023.

Table 5.5: East 33's Summarised Consolidated Statements of Financial Position

	As at 30-Jun-21 Audited (\$'000)	As at 30-Jun-22 Audited (\$'000)	As at 30-Jun-23 Audited (\$'000)	As at 31-Dec-23 Reviewed (\$'000)
Current assets				
Cash and cash equivalents	849	3,408	893	2,473
Trade and other receivables	2,346	1,670	1,557	3,565
Biological assets	7,293	2,017	3,099	3,632
Inventories	209	235	265	278
Assets held for sale	-	650	-	-
Total current assets	10,697	7,980	5,814	9,948
Non-current assets				
Biological assets	5,399	3,192	2,198	2,648
Property, plant and equipment	9,337	11,464	10,288	9,841
Right-of-use assets	1,725	1,811	1,591	1,541
Intangible assets	12,370	30,152	27,003	24,266
Deferred tax assets	622	609	1,671	1,903
Other non-current assets	274	-	-	-
Total non-current assets	29,727	47,228	42,751	40,199
Total assets	40,424	55,208	48,565	50,147
Current liabilities				
Trade and other payables	2,494	2,024	2,160	3,286
Deferred acquisition consideration	15,182	680	1,179	250
Borrowings	13,693	502	4,309	566
Lease liabilities	188	314	186	281
Financial liabilities at fair value	-	-	5,930	6,000
Total current liabilities	31,557	3,520	13,764	10,383
Non-current liabilities				
Lease liabilities	1,833	1,726	1,532	1,375
Deferred tax liability	554	541	1,603	1,835
Deferred acquisition consideration	-	1,129	100	-
Borrowings	-	8,802	100	9,455
Financial liabilities at fair value	-	5,660	-	273
Other liabilities	1,200	800	400	-
Provisions	-	126	-	-
Total non-current liabilities	3,587	18,784	3,735	12,937
Total liabilities	35,144	22,304	17,499	23,320
Net assets	5,280	32,904	31,066	26,827
Equity				
Issued capital	12,728	49,283	56,643	56,997
Reserves	-	31	-	22
Accumulated losses	(7,448)	(16,410)	(25,577)	(30,192)
Total equity	5,280	32,904	31,066	26,827

Source: East 33's FY22 annual report, FY23 annual report and FY24 Half Yearly Report.

2 The figures presented have been rounded for reporting purposes and may not total as reflected.

With reference to Table 5.5 above, we note the following:

- ▶ Biological assets (current and non-current) relate to the fair value of the Company's oyster stock. The decrease from FY21 to FY22 was primarily driven by mortality and low yield associated with a disease that infiltrated Port Stephens and losses due to floods. The movement from FY22 to FY23 is primarily driven by an increase in the fair value of the assets;
- ▶ Property, plant and equipment is comprised of plant and equipment, buildings and improvements, motor vehicles, office equipment and computer equipment. The increase in property plant and equipment from FY21 to FY22 is primarily driven by acquisitions through business combinations. The decrease from FY22, FY23 and H1 FY24 is primarily driven by depreciation and disposals;

- ▶ Right of use assets is comprised of oyster and crown leases and property leases;
- ▶ Intangible assets are comprised of goodwill (which as mentioned previously is split between a farming CGU and a distribution CGU), oyster and crown leases and software. The movements in this account from FY21 to FY22 is in line with additions due to business combinations, provisional accounting adjustments and amortisation. The decrease in intangible assets from FY22 to FY23 is primarily driven by an impairment to goodwill of approximately \$2.9 million. The decrease in intangible assets from FY23 to H1 FY24 is primarily driven by an impairment to goodwill of approximately \$2.4 million for oyster leases;
- ▶ The Company's deferred acquisition consideration relates to both outstanding cash and equity payments for business combinations. We note, the majority of payments for the Company's pre-IPO acquisitions were deferred consideration (such that the Company could make the payments with the proceeds following their IPO). As a result, the deferred consideration balance is largest as at 30 June 2021 (we note, East 33's IPO completed in July 2021). As at 30 June 2023, the deferred acquisition consideration (current and non-current) relates to the acquisitions of AJ & JS Troup and Oyster Cloud;
- ▶ With regards to the Company's borrowings (current and non-current), we note the following:
 - In FY21, borrowings were comprised of convertible notes (approximately \$5.0 million) and short-term loans (approximately \$8.7 million). We note that in this period, the Company issued a second convertible note (however, the balance of the convertible notes decreased due to a portion converting to equity). We note, the short-term loans comprised the following:
 - The Amal loan of \$7.6 million which was secured as a bridging facility to settle vendor liabilities. We note, the loan carried a monthly interest of 3% and is secured by all assets in the Company; and
 - The Rupnik loan of \$0.5 million secured to pay vendor liabilities. The loan carried a usage fee of \$150k.
 - In FY22, current borrowings comprised short term loans of \$502k as the convertible notes were converted to equity and the Amal loan balance of \$8.2 million and the Rupnik loan balance of \$650k were repaid in full;
 - In FY22, non-current borrowings were primarily comprised of a \$10.0 million loan the Company secured from NAB on 21 July 2021 ('the NAB Facility'); and
 - In FY23, current and non-current borrowings are comprised of the NAB facility (a current liability of approximately \$4.3 million) and equipment finance loans (a current and non-current liability of approximately \$42k and \$100k respectively). For completeness, we note the decrease in non-current liabilities (and subsequent increase in current liabilities) from FY22 to FY23 is in line with the reclassification of the NAB Facility from a non-current to a current liability. In H1 FY24, borrowings increased from further drawdown of the Yumbah Finance facility to support short-term debt and working capital requirements;
- ▶ Lease liabilities (current and non-current) are comprised of right of use liabilities and finance lease liabilities; and
- ▶ Financial liabilities held at fair value relate to the RCPS issued pursuant to share purchase agreements entered into with the owners of CMB and Verdich.

5.5.3 Statements of Cash Flows

Table 5.6 summarises East 33's Statement of Cash Flows for the 12 month periods ended 30 June 2021, 2022 and 2023 and 6 month period ended 31 December 2023.

Table 5.6: East 33's Summarised Consolidated Statements of Cash Flows

	12 Months Ended 30-Jun-2021 Audited (\$'000)	12 Months Ended 30-Jun-2022 Audited (\$'000)	12 Months Ended 30-Jun-2023 Audited (\$'000)	6 Months Ended 31-Dec-23 Reviewed (\$'000)
Cash flows from operating activities				
Receipts from customers	8,386	22,954	24,759	11,068
Government grants received	350	639	-	-
Payment of legal settlement	-	(420)	(400)	(400)
Payments to suppliers and employees	(11,431)	(25,672)	(27,882)	(13,244)
Income taxes paid	-	(268)	(32)	-
Interest paid on borrowings	-	(382)	(673)	(168)
Net cash used in operating activities	(2,695)	(3,149)	(4,228)	(2,744)

	12 Months Ended 30-Jun-2021 Audited (\$'000)	12 Months Ended 30-Jun-2022 Audited (\$'000)	12 Months Ended 30-Jun-2023 Audited (\$'000)	6 Months Ended 31-Dec-23 Reviewed (\$'000)
Cash flows from investing activities				
Payment for purchase of businesses, net of cash acquired	(9,867)	(11,499)	-	-
Payment for vendor finance	-	(9,725)	(666)	(1,030)
Payments for investors	(501)	-	-	-
Payments for property, plant and equipment	(288)	(2,522)	(243)	(111)
Payments for intangible assets	(6)	-	(225)	-
Receipts from sale of assets/ businesses	-	-	955	28
Net cash used in investing activities	(10,662)	(23,746)	(179)	(1,113)
Cash flows from financing activities				
Proceeds from share capital and convertible notes	4,944	32,000	7,967	-
Net proceeds from borrowings	8,100	10,061	224	10,107
Repayment of borrowings	-	(9,657)	(5,305)	(4,564)
Capital raising transaction costs	(1,693)	(2,534)	(607)	-
Repayment of lease liabilities	(104)	(416)	(387)	(106)
Net cash provided by financing activities	11,247	29,454	1,892	5,437
Net increase/ decrease in cash and cash equivalents	(2,110)	2,559	(2,515)	1,580
Cash and cash equivalents at the beginning of the financial period	2,959	849	3,408	893
Cash and cash equivalents at the end of the financial period	849	3,408	893	2,473

Source: East 33's FY22 annual report, FY23 annual report and FY24 Half Yearly Report.

3 The figures presented have been rounded for reporting purposes and may not total as reflected.

With reference to Table 5.6 above, we note the following:

- ▶ The movements in East 33's cash over each of the financial periods displayed is in line with the following:
 - The consistent loss making of the Company and by extension the need for East 33 to utilise their cash reserves to fund the operations of the Company;
 - The cash used to fund the acquisitions made by the Company; and
 - The proceeds received by the Company from borrowings and the issuance of capital;
- ▶ With regards to East 33's cash flows from investing, we note:
 - The Company have made acquisitions in each financial year from FY21 to FY23. See Section 5.1.1 for more information on these acquisitions; and
 - Payment for vendor financing relates to payments made to settle acquisitions; and
- ▶ With regards to cash flows from financing activities, we note:
 - In FY21, the Company received proceeds from the issuance of convertible notes and in FY22 and FY23, the Company received proceeds from the issuance of share capital. Specifically, in FY22 East 33 raised proceeds following the completion of their IPO and in FY23 from the completion of an entitlement issue. We note, the capital raising costs are related to both the IPO and entitlement issue; and
 - The net proceeds from borrowings relate to the Amal loan, the Rupnik loan, the NAB Facility and Yumbah Finance Facility (discussed in Section 5.5.2). We note, the borrowing costs relate to the repayment of these accounts.

6.0 Industry Overview

East 33 operates in the aquaculture and seafood industry, specifically as a producer and supplier of Sydney Rock Oysters.

The information presented in this section has been compiled from a range of publicly available sources, together with information taken from various databases to which we subscribe. BDOCF has not independently verified any of the information and we recommend that users of this Report refer to the original source of any information listed in this section. This section should be referred to as a guide only.

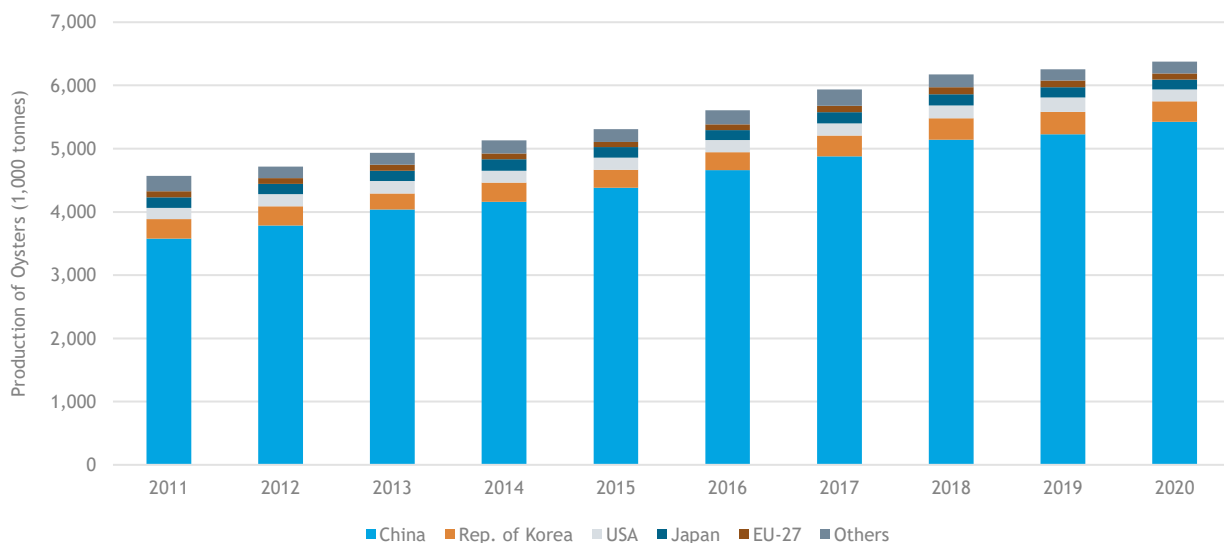
6.1 Global Oyster Industry

6.1.1 Industry Overview

Oyster farming is one of the oldest forms of aquaculture, with oysters farmed in many countries. Oyster farming has seen significant growth over the past decades, with population growth, shifting dietary preferences, income growth, access to supply, and consumers pursuing a healthier lifestyle all supporting the industry's rapid growth. Around the world there are 12 farmed species of oysters and over 200 different varieties. As stated by a report by the European Market Observatory for Fisheries and Aquaculture Products, in 2020, 98% of oyster production came from aquaculture production¹. Between 2011 and 2020, global oyster production increased by 39%, mainly due to the significant increase in aquaculture production, which saw a 43% increase. According to a report by IMARC Group, the global oyster market is expected to grow at a CAGR of 2% between 2024-2032².

China is the main producer in the market, accounting for more than 85% of the ~6 million tonnes of oysters produced each year, as seen in Figure 6.1 below. Beyond China, production is stagnant, with production limited by factors such as disease, parasites, and regulatory issues.

Figure 6.1: Production of Oysters in 2021 for the Top 5 Producers of Oysters Globally



Source: FAO Fish Stat accessed via EUMOFA report (2022)

6.1.2 Threats to Global Oyster Industry

There are several factors that have the potential to significantly harm the global oyster industry. The most prominent threat is climate change, specifically the rising acidity of oceans and marine heatwaves. As the ocean becomes more acidic, there is less carbonate in the water which the oysters rely on to build their shells, therefore leading to the shells becoming thinner, slowing growth, and ultimately increasing death rates. Further, research from the University of Sydney found that ocean acidification led to oysters becoming more vulnerable to predation and disease³. An increase in the number of marine heatwaves - a period of warm water that lasts five days or longer, where temperatures are in the top 10% of events typically experienced in that region - has also had a significant effect on the oyster industry. Marine heatwaves lead to outbreaks of diseases that can be fatal to oysters and reduce the reproduction rate of the species⁴.

¹ Accessed via European Market Observatory for Fisheries and Aquaculture products report "Oysters in the EU" dated October 2022

² Accessed via IMARC Group report "Oyster Market Report by Oyster Type (Cupped Oyster, Pacific Cupped Oyster, American Cupped Oyster, Penguin Wing Oyster, and Others), End User (Foodservice, Retail), Packaging Form (Fresh, Frozen, Canned, and Others), and Region 2024-2032" dated 2023

³ Accessed via NSW Government article "Acidic oceans challenge oyster survival" dated March 2017

⁴ Accessed via ABC article "Marine heatwaves threatening oyster industry and affecting Great Barrier Reef, scientists warn" dated 25 November 2019

Additional factors such as overfishing, disease, marine pollution, and habitat loss also threaten the global oyster industry.

6.2 Australian Oyster Industry

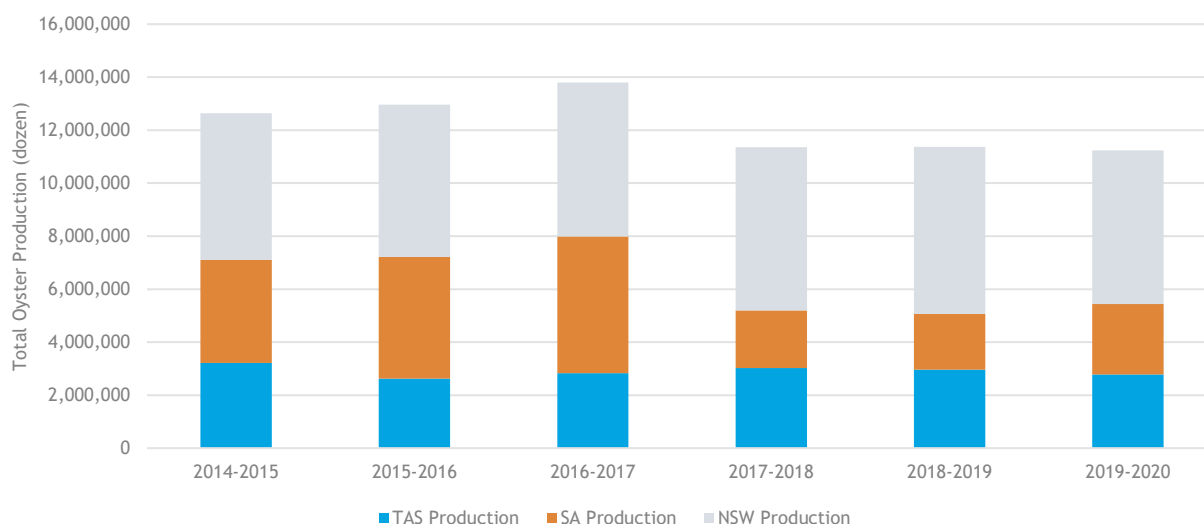
6.2.1 Australian Oyster Industry Overview

The Australian oyster industry has expanded significantly in recent decades, with Australia having a reputation globally of being a supplier of safe, high-quality oysters and using sustainable aquaculture practises. Australia produces an estimated 11 million dozen oysters annually with an estimated farm gate production value of \$90-100 million⁵.

Australia primarily produces two types of oysters: the Sydney Rock Oyster and the Pacific Oyster. The most recent data released from the NSW Department of Primary Industries states that in 2019, 54% of Australian oysters produced were Sydney Rock Oysters and the remaining 46% were Pacific Oysters.

Historically, 99% of oyster production in Australia occurs across New South Wales, Tasmania, and South Australia, with a vast majority of this production occurring in estuarine environments. While consolidated industry data is not yet available for the period, WA has since become a material producer of oysters within the Australian landscape⁶.

Figure 6.2: Production of Oysters across New South Wales, South Australia, and Tasmania



Source: *Oysters Australia (2020)*

Exports of Australian oysters are relatively small, with Oysters Australia stating that only 1% of all Australian oysters are exported. This is primarily due to the strong demand from the domestic market giving little incentive for the industry to export significant volumes. Of the 1% of oysters that are exported, Hong Kong makes up a majority of the market, with over 75% exported oysters going to the Asian nation each year.

In August 2021, Marteilirosis or Aber disease (colloquially known as 'QX') was detected for the first time in Port Stephens, NSW's second-largest oyster producing estuary which produces 16% of the nation's oysters. QX is a seasonal disease caused by the parasite *Martelia sydneyi* and usually occurs in late summer. Infected oysters show non-specific signs including lack of growth, loss of condition, and pale digestive glands on gross inspection. In areas that QX occurs, stock losses of up to 90% can be observed as a result of a single outbreak. As a result of the August 2021 outbreak, it was estimated that between 11 and 17 million saleable oysters were lost from East 33's Port Stephen's aquacultural facility which accounted for ~30% of East 33's total oysters. Further pressure from the implications from COVID-19 and flooding during this time meant that East 33 and similar oyster producers faced significant hardship.

Additionally, Pacific Oyster Mortality Syndrome ('POMS') poses as a significant threat in the Australia oyster industry, with POMS causing rapid death and high mortality rates in farmed Pacific Oysters - up to 100% within days of being detected⁷. The highest mortalities occur in juvenile oysters (between three and six months in age), however oysters across all stages of the life cycle have been recorded as susceptible. In order to combat this threat of disease, a number of governments across Australia have begun offering testing services where oysters can be tested in a laboratory for QX and POMS.

⁵ Accessed via CSIRO report "Bio sensors discovering the secret life of oysters" not dated

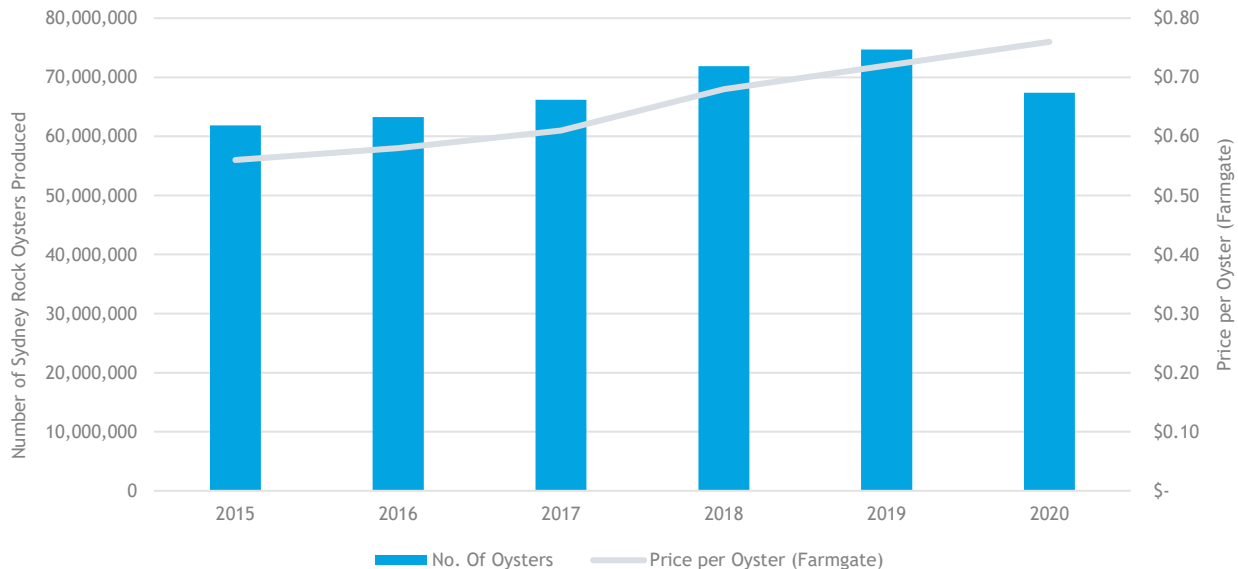
⁶ Accessed via Oysters Australia report "2020-2025: Oysters Australia Strategic Plan" dated 2020

⁷ Accessed via Government of South Australia Department of Primary Industries and Regions website "Pacific Oyster Mortality Syndrome (POMS)" not dated

6.2.2 Sydney Rock Oysters

All the oysters produced by East 33 are Sydney Rock Oysters. Sydney Rock Oysters are Australia's most produced oysters, with a current annual production of over 106 million oysters worth more than \$35 million, making it New South Wales's most valuable aquacultural industry⁸. Native to Australia, Sydney Rock Oysters make up just 1% of oysters globally and are characterised by their rich, sweet, and intense flavour. The production of Sydney Rock Oysters accounts for over 90% of oyster production in NSW and has seen significant growth over the past decade as seen in Figure 6.3 below.

Figure 6.3: Production and Price of Sydney Rock Oysters between 2015-2020



Source: NSW Department of Primary Industries (2021)

Exports of Sydney Rock Oysters are still relatively small, accounting for less than 1% of the total value of Sydney Rock Oysters produced. However, the industry is exploring the potential to expand markets through exportation, with the thought that this would have the added advantage of improving the price of oysters in the local market⁹.

6.2.3 Australian Oyster Industry Outlook

The Australian oyster industry has several key opportunities over the coming years that are of great significance. The most significant opportunity is the rapid development of technology which is transforming the way food is produced around the globe. The application of this technology is attracting significant new capital into the food industry. Examples of technology that has the potential to be utilised by the Australian oyster industry includes gene editing, artificial intelligence through data management, the introduction of nanomaterials, synthetic biology, and environmental sensors¹⁰. Further, the engagement of oyster producers with complimentary industries such as the Food & Tourism industry provides an additional opportunity for oyster producers to expand their businesses. Companies such as East 33 have begun to expand into this space, with producers offering restaurants and tours of their facilities adjacent to their production business.

As a part of the Oysters Australia Strategic Plan for 2020-2025, five key programs were established based on industry feedback following an industry consultative process. These five programs and their desired outcomes were as follows:

- ▶ **Product & Innovation:** increase the sustainable, efficient production of oysters and their management on farm;
- ▶ **Risk Management:** minimise the impact of disease, waterway contamination, climate change and other risks;
- ▶ **People & Knowledge:** knowledge, skills & networks are developed, increasing the industry's human & data resources;
- ▶ **Post Harvest and Market Development:** build consumer demand for oysters and increase profitability through the supply chain; and
- ▶ **Industry Profile & Regulation:** the oyster industry is recognised as a legitimate and responsible user of public resources and operates under a constructive regulation.

⁸ Accessed via NSW Government article "Oyster industry in NSW" not dated

⁹ Accessed via New South Wales Department of Primary Industries report "Farming the Sydney rock oyster" dated August 2005

¹⁰ Accessed via Oysters Australia report "2020-2025: Oysters Australia Strategic Plan" dated 2020

7.0 Common Valuation Methodologies

A 'fair market value' is often defined as the price that reflects a sales price negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, with both parties at arm's length. The valuation work set out in this Report assumes this relationship.

RG 111 outlines several methodologies that a valuer should consider when valuing securities or assets for the purposes of, among other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. The valuation methodologies we have considered in this Report include the discounted cash flow ('DCF'), guideline comparable method, asset-based valuation ('ABV'), market-based valuation ('MBV') methodologies and industry specific metrics.

RG 111 does not prescribe which methodology should be used by the expert, but rather notes that the decision lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the securities or assets being valued.

7.1 Discounted Cash Flows ('DCF')

The DCF approach calculates the value of an entity by adding all of its future net cash flows discounted to their present value at an appropriate discount rate. The discount rate is usually calculated to represent the rate of return that investors might expect from their capital contribution, given the riskiness of the future cash flows and the cost of financing using debt instruments.

In addition to the periodic cash flows, a terminal value is included in the cash flow to represent the value of the entity at the end of the cash flow period. This amount is also discounted to its present value. The DCF approach is usually appropriate when:

- ▶ An entity does not have consistent historical earnings but is identified as being of value because of its capacity to generate future earnings; and
- ▶ Future cash flow forecasts can be made with a reasonable degree of certainty over a sufficiently long period of time.

Any surplus assets, along with other necessary valuation adjustments, are added to the DCF calculation to calculate the total entity value.

7.2 Guideline Comparable Method

The guideline comparable method is a common market approach and involves:

- ▶ Identifying the valuation metrics/comparable evidence that are used by participants in the relevant market. In a business valuation, common metrics used for comparison will include revenue, EBITDA, EBIT, net profit after tax and book values. The choice will typically depend on the industry and characteristics of the business being valued;
- ▶ Identifying the relevant guideline publicly-traded comparable and relevant comparable transactions and calculating the key valuation metrics for those transactions. If limited comparable companies and transactions exist, we may also consider the prices of identical or similar businesses that are listed or offered for sale;
- ▶ Performing a comparative analysis of qualitative and quantitative similarities and differences between the comparable and the subject asset;
- ▶ Making necessary adjustments, if any, to the valuation metrics to reflect differences between the subject asset and the comparable; and
- ▶ Applying the adjusted valuation metrics to the subject asset.

7.3 Asset Based Valuation ('ABV')

An ABV is used to estimate the fair market value of an entity based on the book value of its identifiable net assets. The ABV approach using a statement of financial position alone may ignore the possibility that an entity's value could exceed the book value of its net assets. However, when used in conjunction with other methods which determine the value of an entity to be greater than the book value of its net assets, it is also possible to arrive at a reliable estimate of the value of intangible assets including goodwill.

Alternatively, adjustments can be made to the book value recorded in the statement of financial position in circumstances where a valuation methodology exists to readily value the identifiable net assets separately and book value is not reflective of the true underlying value. Examples of circumstances where this type of adjustment may be appropriate include when valuing certain types of identifiable intangible assets and/or property, plant and equipment.

The ABV approach is most appropriate where the assets of an entity can be identified and it is possible, with a reasonable degree of accuracy, to determine the fair value of those identifiable assets.

7.4 Market Based Valuation ('MBV')

An MBV methodology determines a value for an entity by having regard to the value at which securities in the entity have recently been purchased. This approach is particularly relevant to:

- ▶ Entities whose shares are traded on an exchange. The range of share prices observed may constitute the market value of the shares where a sufficient volume of shares is traded and the shares are traded over a sufficiently long period of time; and/or
- ▶ Entities for which it is possible to observe recent transactions relating to the transfer of relatively large parcels of shares (e.g. recent capital raisings).

For listed entities, the range of share prices observed may constitute the market value of the shares in circumstances where sufficient volumes of shares are traded and the shares are traded over a sufficiently long period of time. Share market prices usually reflect the prices paid for parcels of shares not offering control to the purchaser.

7.5 Industry Based Metrics (Comparable Analysis)

It is often appropriate to have regard to industry specific valuation metrics in addition to the traditional valuation approaches outlined above. These metrics are particularly relevant in circumstances where it is reasonably common for market participants to have regard to alternative measures of value.

8.0 Valuation of East 33 Prior to the Offer

This section sets out our valuation of East 33 shares prior to the Offer and is structured as follows:

- ▶ Section 8.1 sets out our view of the most appropriate methodology to value East 33;
- ▶ Section 8.2 sets out our valuation of East 33 having regard to a MBV approach;
- ▶ Section 8.3 sets out our valuation under the guideline comparable method approach;
- ▶ Section 8.4 sets out a comparison of our valuation with the net assets of the Company; and
- ▶ Section 8.5 sets out the value of an East 33 share adopted prior to the Offer.

8.1 Valuation Approach

8.1.1 Information Considered in Forming a View on an Earnings Based Valuation Methodology

East 33 listed on the ASX on July 2021. In the prospectus at the time of listing, East 33's statutory consolidated forecast for FY22 (which was reviewed by HLB Mann Judd) indicated:

- ▶ Gross revenue of \$49.1 million;
- ▶ Gross profit of \$25.1 million;
- ▶ EBITDA of \$8.8 million; and
- ▶ NPAT of \$5.0 million.

East 33 was ultimately unable to meet the statutory consolidated forecast for FY22 for a range of reasons including:

- ▶ Since its listing, East 33's performance has been negatively impacted by environmental factors, including QX disease, extreme rainfall, and estuary closures in the 4th quarter of FY22. These conditions have led to increased mortality rates among oysters and reduced production of Sydney Rock Oysters;
- ▶ Covid-19 caused ongoing operational challenges in the hospitality sector when restrictions lifted as the sector adapted to health and safety protocols, reduced capacity from social distancing measures and supply chain disruptions;
- ▶ Post-listing, the consolidation and optimisation of farming practices have been more challenging than expected, delaying cost efficiency gains;
- ▶ Variable oyster quality due to different farming techniques and high levels of 'catch' (wild oysters and other organisms) has affected stock quality;
- ▶ Following the prolonged flooding and QX disease in FY22, all independent directors that existed at IPO resigned due to a change in the overall company strategy, which disrupted operations;
- ▶ Recently, delays in farm-gate sales were caused by slower oyster conditioning and the closure of Wallis Lake, a primary production region; and
- ▶ A recent notable shortage in Sydney Rock Oysters has pressured CMB's procurement efforts, leading to lower supply volumes.

After a number of earnings guidance updates to address the impacts of the above, East 33 ultimately generated revenue in FY22 of \$22.6m and a loss at the EBITDA level of \$6.1 million.

East 33 are recovering from the historical issues and Management expect FY24 EBITDA to be improved, albeit remaining negative.

Management's Financial Model includes projections for the period up to FY27 (see section 8.3.4). In relation to these projections, we note that Management has improved the Company's strategic approach to enhance supply chain efficiency, improve profit margins and foster growth through various strategies. These include:

- ▶ Developing a more efficient harvest strategy and a nursery maximisation plan to enhance margins, integrate farming with distribution more effectively and, over time, reach a targeted number of units supplied by farming to East 33's distribution unit;
- ▶ Enhancing distribution margins through effective supplier partnerships, reflect the latest improvements in supply costs (on a per unit basis) and optimising distribution's oyster sales size mix;
- ▶ Streamlining farming operations with improvement in forecast harvest profiles along with an increase in harvestable stock;
- ▶ Capitalising on expected production increases to enhance the distribution business and expand market share; and
- ▶ Increased efficiencies in corporate activities and costs to improve operating expenses.

The anticipated outcome of the above operational enhancements is expected to lead to a recovery in FY25 and a more consistent EBITDA generation by FY26.

While these improvements are expected to gradually reflect in East 33's underlying free cash flows¹¹, Management expect negative free cash flow in FY24 and FY25. However, the situation is expected to improve in FY26 and FY27, with free cash flows turning positive (albeit remaining under \$3.0 million in their forecast).

8.1.2 Selected Valuation Approach

In our view, it is appropriate to value East 33 using an MBV methodology and the guideline comparable method.

In relation to the MBV approach, we note it is generally possible to complete an MBV for a company when there is readily observable market for the trading of the company's shares. The shares of East 33 are traded on the ASX. It is possible to consider the valuation of East 33 using the MBV methodology as there is a readily observable market for the trading of shares in East 33. East 33 also completed a significant capital raising in October 2022 which resulted in the number of shares on issue at the time increasing by approximately 87.0% followed by a significant recapitalisation in April 2024 which saw the number of shares on issue increase 44.3%.

In relation to the guideline comparable method, we note:

- ▶ We consider it appropriate to make reference to EBITDA and revenue multiples;
- ▶ In the current circumstances and as described in Section 8.1.1 above (i.e. historical EBITDA losses in FY22 and FY23), we have formed the view that it is more appropriate for the purposes of the analysis set out in this Report to calculate implied multiples based off the enterprise values arrived at in our MBV; and
- ▶ We have compared our implied multiples to the comparable companies and formed a view on whether the implied multiples are within a reasonable range.

After considering the forecast financial information provided to us in the Financial Model, we have formed a view that the majority of the value in the DCF methodology would be in the terminal value and that this would not provide any further insight to value beyond our guideline comparable method.

In addition to the above, we consider it appropriate to cross-check the equity values implied by our adopted valuation range for East 33 with the net asset value of East 33.

8.2 Market Based Valuation Approach

Our MBV methodology of East 33 prior to the Offer is set out as follows:

- ▶ Section 8.2.1 sets out East 33's recent share trading data;
- ▶ Section 8.2.2 sets out our analysis of the liquidity of East 33 ordinary shares;
- ▶ Section 8.2.3 sets out an overview of East 33's prior share issuances;
- ▶ Section 8.2.4 sets out our conclusion of the MBV of East 33; and
- ▶ Section 8.2.5 sets out the implied enterprise value of East 33 having regard to our MBV.

8.2.1 Analysis of East 33's Share Trading Data

East 33's ordinary shares are listed on the ASX and trade under the ticker 'E33'. Information relating to the recent share trading data of East 33's ordinary shares along with an analysis of recent announcements made by the Company to the ASX are set out in Section 5.4.1 of this Report.

For the purposes of our MBV, we have considered the low daily VWAP, VWAP and high daily VWAP of East 33 shares over 1 week, 1 month, 3 months, 6 months, 9 months and 12 months up to and including 2 August 2024.

Table 8.1: East 33's VWAP for Specified Periods up to and including 2 August 2024

Period up to and including 2 August 2024	Low Daily VWAP (\$)	VWAP (\$)	High Daily VWAP (\$)
1 Week	\$0.0111	\$0.0127	\$0.0170
1 Month	\$0.0111	\$0.0142	\$0.0178
3 Months	\$0.0110	\$0.0134	\$0.0178
29 February 2024 ¹	\$0.0110	\$0.0143	\$0.0190
6 Months	\$0.0110	\$0.0149	\$0.0230
9 Months	\$0.0110	\$0.0164	\$0.0250
12 Months	\$0.0110	\$0.0189	\$0.0360

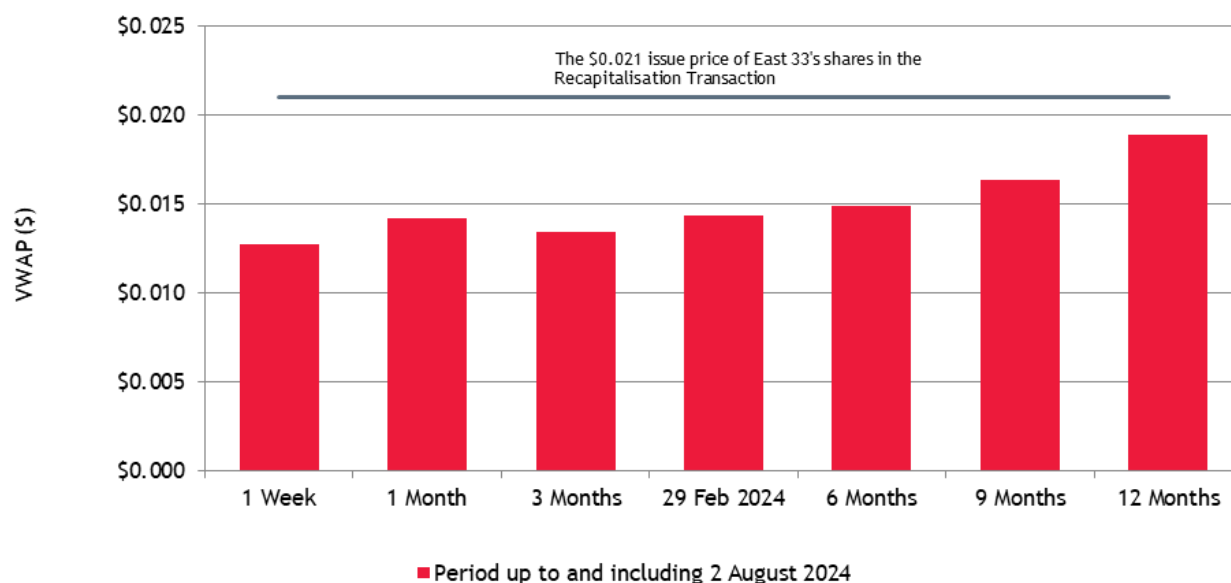
Source: Capital IQ as at 2 August 2024 adjusted for outliers

¹ The date of the Recapitalisation Transaction announcement (29 February 2024).

¹¹ Being the cash available for distribution to the stakeholders of the Company following payment of all expenses and reinvestments.

This information set out in Table 8.1 above is also expressed graphically in Figure 8.1 below. The grey line shown below in Figure 8.1 represents the \$0.021 issue price of East 33's shares in the Recapitalisation Transaction.

Figure 8.1: East 33's VWAP for Specified Periods up and including 2 August 2024



Source: Capital IQ as at 2 August 2024

With regards to Table 8.1 and Figure 8.1 above, we note:

- ▶ East 33's share price has generally decreased over the last 12 month period and the VWAPs shown generally reflect this trend;
- ▶ The decrease in the price of East 33's shares has occurred over a longer time horizon than the past 12 months. For example, following the Company's IPO, the price of the shares traded as high as \$0.2659 per share. For more information on the movements in the Company's share price since IPO, refer to Figure 5.3 and Table 5.3 in Section 5.4.1 and 5.4.2;
- ▶ The VWAPs over each period shown are all below the \$0.021 issue price of East 33's shares in the Recapitalisation Transaction; and
- ▶ When considering the VWAPs for longer timeframes, consideration needs to be given to the share issue under the Recapitalisation Transaction which makes the longer periods less comparable.

8.2.2 Liquidity of East 33 Shares

Information on the liquidity of East 33 shares is set out in Section 5.4.2 of this Report. Table 5.3 shows that over the period August 2023 to 2 August 2024 approximately 6.41% of total shares on issue were traded.

In our view, while this indicates that East 33's shares display a relatively low level of liquidity, East 33's level of liquidity is nonetheless appropriate for considering an MBV in this Report.

8.2.3 Analysis of East 33's Historical Share Issuance

In this section we consider material issues of East 33 shares over the last three years.

Initial Public Offering ('IPO')

East 33 listed on the ASX in July 2021, following the issuance of 160 million shares at an offer price of \$0.20 per share, raising \$32 million (before costs).

At the time of IPO, East 33 was forecasting financial performance much better than what was ultimately achieved. We have summarised reasons for this in Section 8.1.1 above.

In our view, the offer price under the IPO is no longer a reflection of the markets view on the value of a share in East 33. To assist readers with understanding possible reasons for the movements in East 33's share price, we have set out information on the Company's announcements which may correspond to share price movements (refer Section 5.4.1) and commentary on the historical performance of the Company (refer Section 5.5 and Section 8.1.1).

Entitlement Offer

On 7 September 2022, East 33 announced that the Company had launched a fully underwritten non-renounceable entitlement offer to raise approximately \$7.97 million. The entitlement offer was undertaken at an offer price of \$0.033 per share which represented a discount (at the time) of:

- ▶ Approximately 21.4% based on the closing share price on 1 September 2022 of \$0.042; and
- ▶ Approximately 22.0% to the 10-day VWAP up to and including 1 September 2022.

Notwithstanding the above, we note that on the close of the offer (on 6 October 2022), eligible shareholders had only subscribed for approximately 69.5 million shares, raising approximately \$2.29 million and representing a participation rate of approximately 28.8%. Following the allocation of the \$2.29 million to eligible shareholders, there was a shortfall of approximately \$5.68 million (171.88 million shares) which was allocated to the sub-underwriters. We note that this resulted in YAL, RCPL and their associated entities increasing their relevant interest in the Company from 8.13% to 34.68%.

Following the issue of shares under the entitlement offer, the number of East 33 shares increased from approximately 277.7 million to approximately 519.1 million, an increase of approximately 86.9%.

Recapitalisation Transaction

On 26 April 2024, following the approval of resolutions relating to the Recapitalisation Transaction (refer to Notice of Meeting and Explanatory Memorandum dated 22 March 2024), East 33 issued 238.1 million ordinary fully paid shares to upon the conversion of a \$5.0 million Convertible Note (refer to Section 5.3.2) at a conversion price of \$0.021. This conversion price reflects a controlling interest position in the Company as a result of the transaction. The total number of East 33 shares increased from 537.1 million to 775.2 million, an increase of approximately 44.3%.

8.2.4 Conclusion on MBV

Having regard to the information set out above, in our view it is appropriate to adopt a value of \$0.015 to \$0.029 per East 33 share on a minority interest basis for our MBV. In relation to our valuation range we note:

- ▶ The low end of our valuation range broadly reflects the 6 month VWAP up to and including 2 August 2024 (being \$0.0149);
- ▶ The high end of the range has regard to matters including:
 - The high VWAPs over each of the periods; and
 - The material number of shares issued under the 7 September 2022 entitlement offer at \$0.033 per share price, with an adjustment for the dilution caused by the Recapitalisation Transaction¹²;
- ▶ The issue price of \$0.021 of the material number of shares issued under the 26 April 2024 Recapitalisation Transaction at \$0.021 per share which subsequently increased the relevant interest of the YAL Entities from 36.2% to 55.82% is within our valuation range;
- ▶ Noting the low relative liquidity, we do not consider that our MBV range can be considered in isolation from the guideline comparable method set out in Section 8.3 and the ABV set out in Section 8.4. We also reiterate our view that the majority of the value in a DCF methodology would be in the terminal value and that this would not provide any further insight to value beyond our guideline comparable method.

Having regard to our control premium discussion set out in Appendix A, the application of a control premium of 30% (being the midpoint of the control premium range) to this valuation would result in a value (of a share in East 33 on a controlling interest basis) in the range of **\$0.020 to \$0.038**.

8.2.5 Enterprise Value Implied by Our MBV

Having regard to our adopted MBV range for East 33 on a controlling interest basis set out in Section 8.2.4 above, we have set out (in Table 8.2 below) the enterprise value of the Company implied by our MBV.

Table 8.2: Implied Enterprise Value of East 33

\$'000s	Section	Low	High
MBV (controlling interest basis)	Section 8.2.4	\$0.020	\$0.038
No. shares outstanding prior to the Offer	Section 5.3.1	775,183,940	775,183,940
Equity value of East 33		15,116	29,224
Unlisted securities on issue	Section 5.3.2	824	1,594
Equity value of East 331		15,940	30,818
Less: cash	Section 8.4	(1,592)	(1,592)
Add: Loans (current and non-current)	Section 8.4	13,427	13,427
Enterprise value of East 33		27,775	42,653

Source: BDOCF Analysis, 2024 Preliminary Financial Statements (unaudited)

1 The figures presented have been rounded for reporting purposes and may not total as reflected.

With regards to Table 8.2 above, we note the following:

¹² A total of 241.4 million shares were issued on 13 October 2022 under the 7 September 2022 entitlement offer raising \$7.97 million at \$0.033 per share. Following the Recapitalisation Transaction, a total of 238.1 million shares were issued on 26 April 2024 upon conversion of the \$5.0 million face value convertible note at \$0.021 per share, increasing outstanding shares to 775.2 million. Having regard to these material share issues, the entitlement offer price at \$0.033 per share is diluted to \$0.029 per East 33 share following the Recapitalisation Transaction (537.0 million shares x \$0.033 + \$5.0 million / 775.2 million shares).

- ▶ The equity value of East 33 has been calculated by multiplying the MBV (on a controlling interest basis) by the number of shares outstanding prior to the Offer;
- ▶ As set out in Section 5.3.2, East 33 has 91,268,000 outstanding performance rights and 1,000,000 outstanding zero exercise price options on issue. For the purposes of our valuation, we have assumed that the 35,162,500 performance rights issued to Justin Welsh, 6,110,500 performance rights issued to Amy Knoll, and the 1,000,000 zero exercise price options issued to Sarah Courtney also vest. To calculate the value of these securities, we have multiplied the number of securities assumed to vest by our low and high MBV¹³;
- ▶ We have calculated the surplus assets and liabilities of the Company to be approximately **negative** \$11.8 million. We note that the balance of surplus assets and liabilities (be it positive or negative) is typically added to the enterprise value of a company to calculate equity value (i.e. enterprise value + surplus assets - surplus liabilities = equity value). Notwithstanding this, as we have already calculated the equity value, we deduct the value of surplus assets and add back the value of surplus liabilities to reach enterprise value (i.e. equity value - surplus assets + surplus liabilities = enterprise value);
- ▶ To determine the value of East 33's surplus assets and liabilities, we have considered the latest management accounts available as at 30 June 2024 and have made inquiries with Management in relation to any material adjustments required to reflect the fair market value of the assets and liabilities. The 2024 Preliminary Financial Statements (unaudited) were the latest available and the best proxy for the balance of the net debt as at the date of the Offer. We have not been provided with sufficient information to calculate the movements in these accounts from 30 June 2024 to the date of the Offer. The surplus assets and liabilities included in Table 8.2 above includes the following:
 - Cash and cash equivalents: We have included the balance of East 33's cash and cash equivalents as at 30 June 2024;
 - Loans (current and non-current): we have included the balance of East 33's loans as at 30 June 2024. We note the loans are comprised of the following:
 - Current loans: We have included the Company's vendor finance (\$131k) and short-term liabilities (\$1.3m); borrowings (\$929k), and a dispute settlement owing (\$400k); and
 - Non-current loans: We have included the Company's equipment finance loans (\$152k) and the Yumbah Finance Loan (\$13.3m)¹⁴, derivatives at fair value (\$90k), and \$554k relating to borrowing costs;
 - For completeness, we note that the loan balances set out above include accrued interest.

8.3 Guideline Comparable Method

8.3.1 Overview

Our guideline comparable method is set out as follows:

- ▶ Section 8.3.2 sets out the basis of the Financial Model used to source projected revenue and EBITDA figures for East 33;
- ▶ Section 8.3.3 sets out the key assumptions adopted in the Financial Model;
- ▶ Section 8.3.4 sets out the pro forma revenue and EBITDA expected at the time of IPO, along with the actual revenue and EBITDA generated in FY22, FY23 and FY24 (noting FY24 figures are subject to audit). We have also set out projected revenue and EBITDA between FY25 and FY27 and have made reference to revenue and EBITDA noting:
 - EBITDA, as opposed to other earnings measures, is independent of the direct financial impacts of capital structure and taxes. Adopting EBITDA as an earnings measure also assists in removing irregularities that may arise from differences in depreciation and amortisation accounting policies of different companies, including those that may arise from acquisition related amortisation; and
 - Revenue is often used where companies are loss making or marginally profitable. Noting East 33 has been historically loss making at the EBITDA level and is not expecting consistent EBITDA figures until FY26, we consider it appropriate to also consider revenue multiples;
- ▶ In the current circumstances and as described in Section 8.1.1 above (e.g. historical EBITDA losses in FY22 and FY23), we have formed the view that it is more appropriate for the purposes of the analysis set out in this Report to calculate implied multiples based off the enterprise values arrived at in our MBV. Our calculation of the implied multiples is set out in Section 8.3.5;
- ▶ Section 8.3.6 sets out our comparison of our implied multiples to the comparable companies;
- ▶ Section 8.3.7 sets out the upside EBITDA discussions with Management; and
- ▶ Section 8.3.8 sets out our conclusion on the guideline comparable method.

¹³ The low is calculated as 42,273,000 x \$0.020 and at the high is calculated as 42,273,000 x \$0.038.

¹⁴ We note that a portion of the Yumbah Finance loan (\$867k) and the equipment financing loans (\$62k) is included in current liabilities as borrowings (\$929k).

8.3.2 Basis of the Financial Model Utilised for Projected Revenue and EBITDA

Our valuation of East 33 is based on the following:

- ▶ The Financial Model provided by Management used for internal management purposes;
- ▶ The Financial Model sets out the Company's expected performance under operational strategies up until FY27;
- ▶ The Financial Model adopts Management's best estimates of:
 - Revenue and other income growth rates;
 - COGS and other expenses growth rates; and
 - The fair value of biological assets;
- ▶ Our critical analysis of the reasonableness of the Financial Model and the underlying assumptions including:
 - Analysing the integrity and mathematical accuracy of the Financial Model;
 - Making enquiries of Management to confirm the reasonableness of company specific assumptions and the basis of the projections; and
 - Considering the impact of key industry risks, growth prospects and general economic outlook; and
- ▶ Completing research to determine reasonable macro-economic assumptions to adopt.

Our work in relation to the Financial Model did not include undertaking a review in accordance with ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*. We do not express an opinion on the achievability of the forecast and the assumptions adopted in the Financial Model do not represent projections. Rather, the assumptions are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of similar businesses. Nothing has come to our attention through our procedures to suggest the assumptions underlying the Financial Model are not reasonable for the purposes of the valuation.

8.3.3 Key Assumptions of the Financial Model

This section sets out the key assumptions adopted in the Financial Model.

Projected Revenue

In relation to the revenue forecast set out in the Financial Model, we note:

- ▶ Revenue projections for the farming segment are derived from anticipated oyster harvest volumes, which are aligned with both planned production targets and market demand. These projections also take into account the expected pricing, which varies according to the oyster's type, size, and quality;
- ▶ Revenue predictions for the distribution segment are based on the expected availability of oysters for sale, sourced both from East 33's farming operations and from third-party suppliers. These projections incorporate anticipated sales prices, which are determined by the oysters' type, size, and quality;
- ▶ Restaurant revenue predictions consider seasonality and apply an increase factor from the last period; and
- ▶ Movements in the fair value of biological assets are determined based on their assessed valuations considering expected changes in market conditions and biological growth patterns.

Cost of Goods Sold ('COGS')

Regarding the COGS assumptions in the Financial Model, we note:

- ▶ COGS projections for the farming segment are based on estimated harvest volumes, calculated from historical yields, anticipated advancements in aquaculture practices, and environmental influences on oyster growth. These projections are adjusted for expected sales prices, which vary with the oysters' type, size, and quality;
- ▶ COGS projections for the distribution segment are determined by the expected volume of oysters available for sale, sourced from both East 33's farming operations and third-party suppliers. These estimates account for the procurement cost, which is influenced by the type, size, and quality of the oysters;
- ▶ COGS for the restaurant segment are based on an increase factor from the last period, adjusted for seasonality; and
- ▶ COGS are projected to align proportionally with revenue expansion across all the business segments, reflecting a consistent cost-to-income ratio as the business scales.

Expenses

The main expenses in the Financial Model include:

- ▶ Employment expenses;
- ▶ Rent and outgoing expenses;

- ▶ General expenses;
- ▶ Consulting
- ▶ Lease expenses;
- ▶ Depreciation; and
- ▶ Finance costs.

8.3.4 Revenue and EBITDA of East 33

Table 8.3 and Figures 8.2 and 8.3 below sets out the revenue and EBITDA of East 33, incorporating the FY22 Prospectus figures, along with the FY22, FY23 and FY24 actual results and projected outcomes for FY25 through FY27 as at April 2024 which we understand from Management remains current. Table 8.3 also sets out the projected closing debt balance between FY25 and FY27 with projected monthly period high and low cash balance for each respective year.

Table 8.3: Summary of Revenue and EBITDA of East 33

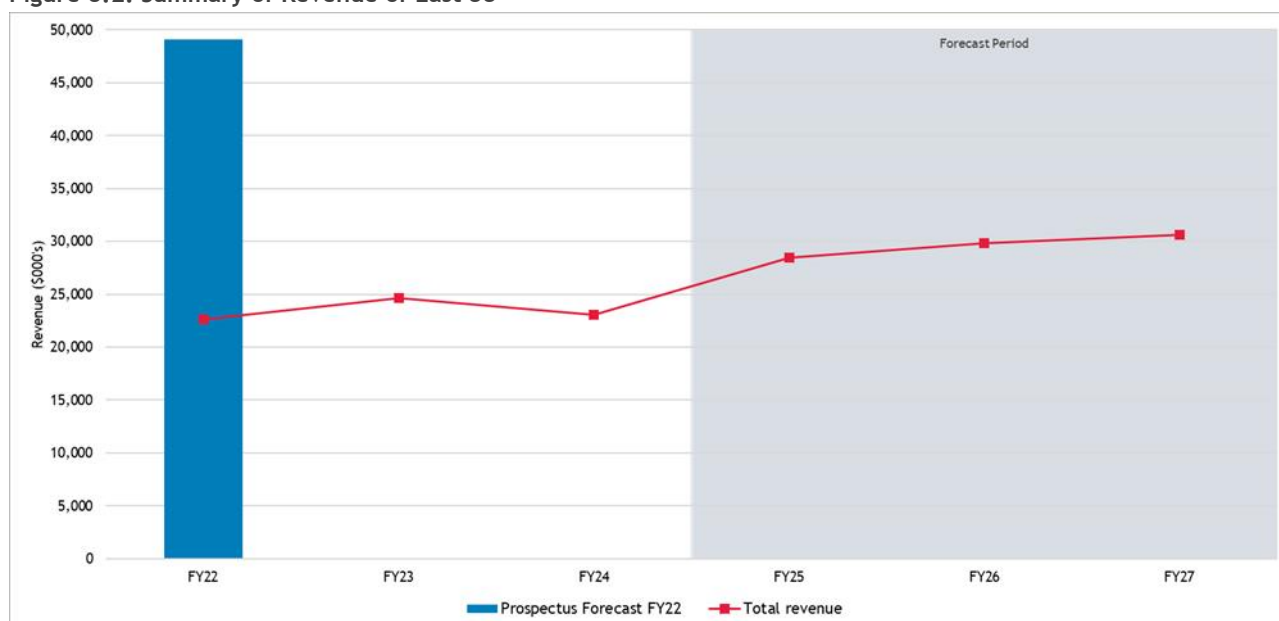
000's	FY22P ⁶	FY22A	FY23A	FY24A ⁷	FY25P	FY26P	FY27P
Revenue	49,100	22,636	24,621	23,072	28,400	29,900	30,600
EBITDA	8,790	(6,118)	(3,388)	(1,852)	3,900	2,400	2,000
Biological assets - change in fair value	(1,700)	(4,247)	3,403	2,104	3,700 ¹	330 ¹	(600) ¹
EBITDA (excl. change in fair value of biological assets) ²	10,490	(1,871)	(6,791)	(3,702) ⁴	200	2,100	2,600
Free Cash Flow to the Firm ('FCFF') ³	n/a	(2,767) ⁵	(3,068) ⁵	(4,309) ⁵	(400) ⁵	1,900	2,500
Projected closing debt balance	n/a	n/a	n/a	n/a	(14,900)	(13,500)	(12,100)
Projected monthly cash balance (period high)	n/a	n/a	n/a	n/a	2,900	1,800	1,300
Projected monthly cash balance (period low)	n/a	n/a	n/a	n/a	800	(1,000)	(1,600)

Source: East 33's 2022 and 2023 Annual Reports, the Prospectus, 2024 Preliminary Financial Statements (unaudited), the Financial Model and BDOCF Analysis

- 1 Biological assets - change in fair value is net of Oyster/Spat purchases in FY25, FY26 and FY27.
- 2 EBITDA (excl. change in fair value of biological assets) reflects the Company's core operational performance.
- 3 FCFF has been calculated using the formula $FCFF = \text{Cash Flow from Operations} + \text{interest expense} - \text{CAPEX}$ (proxied by investing cash flows). Note we have not applied a tax effect to the interest expense add back due to historical losses.
- 4 A fair value loss on assets of \$254k was added back to EBITDA (excl. change in fair value of biological assets).
- 5 Certain non-operating cash outflows have been excluded. In FY22 these include the acquisition of CMB for \$11.5 million, settlement of vendor finance of \$9.7 million and the purchase of property, plant and equipment for \$2.5 million. In FY23, FY24 and FY25 this includes payment of vendor liabilities of \$0.67 million, \$1.12 million and \$0.1 million respectively.
- 6 FY22P figures refer to those released in the Prospectus.
- 7 FY24 actual figures are subject to audit.
- 8 Projected figures have been rounded to nearest \$100,000.

This information set out in Table 8.3 above is also expressed graphically in Figure 8.2 and 8.3 below.

Figure 8.2: Summary of Revenue of East 33



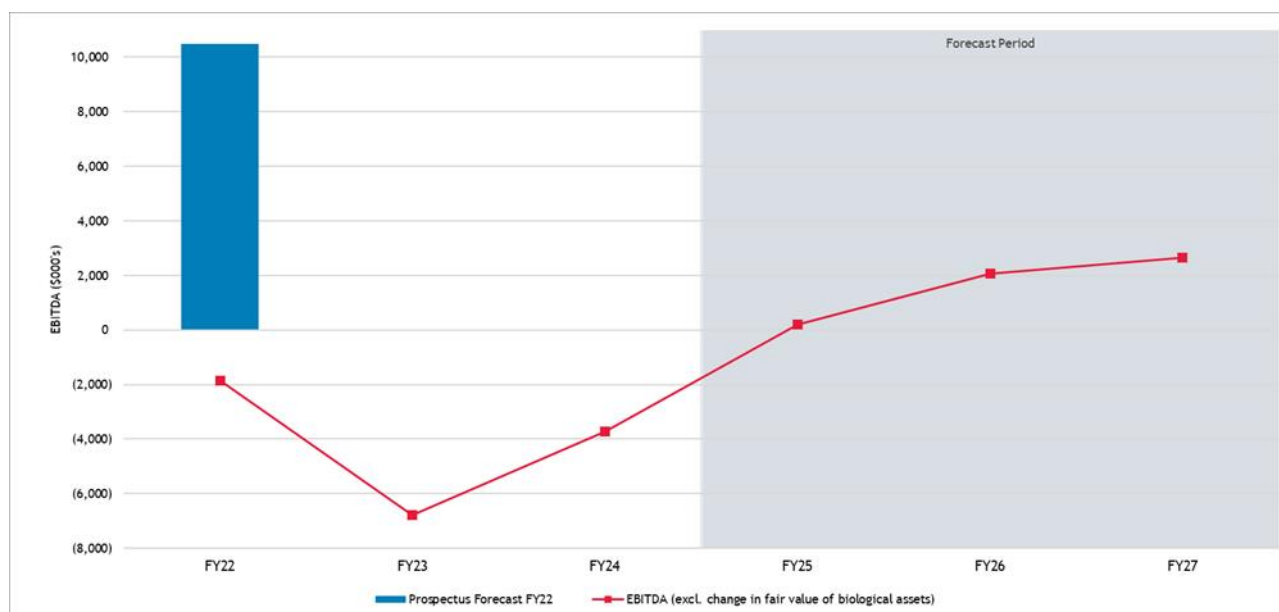
Source: East 33's 2022 and 2023 Annual Reports, the Prospectus, the Financial Model, 2024 Preliminary Financial Statements (unaudited) and BDOCF Analysis

1 FY24 figures are subject to audit

With regards to Table 8.3 and Figure 8.2 above, we note the following:

- ▶ Pro forma revenue forecasts from the Prospectus didn't eventuate due to factors outlined in Section 8.1.1, including unprecedented rainfall and COVID-19 impacts on labour and supply;
- ▶ Despite these challenges, revenue remained relatively stable for FY22 and FY23;
- ▶ Management have prepared projections for FY25 through FY27 based on the level of funding that is able to be accessed; and
- ▶ In FY24, East 33's harvest profile and sales were impacted by rain events and prevailing weather conditions which led to widespread harvest area closures across northern NSW and deferred sales into H1 FY25. In FY25, Management anticipates strong volume recovery across both its farming and distribution segments, increasing oyster volumes by 58% and 5% respectively.

Figure 8.3: Summary of EBITDA (excl. change in fair value of biological assets) of East 33



Source: East 33's 2022 and 2023 Annual Reports, the Prospectus, the Financial Model, 2024 Preliminary Financial Statements (unaudited) and BDOCF Analysis

1 EBITDA (excl. change in fair value of biological assets) reflects the Company's core operational performance

2 FY24 figures are subject to audit

With regards to Table 8.3 and Figure 8.3 above, we note the following:

- ▶ Pro forma EBITDA forecasts from the Prospectus didn't eventuate due to factors outlined in Section 8.1.1, including unprecedented rainfall and COVID-19 impacts on labour and supply;
- ▶ Adjustments were made to account for fluctuations in the fair value of biological assets net of oyster/spat purchases, separating them from EBITDA to clearly show the core operational performance. To consider the core operational EBITDA of East 33, we have termed the EBITDA (excl. change in fair value of biological assets) 'EBITDA (adj.)';
- ▶ EBITDA (adj.) is expected to move from a negative figure in FY23 towards a positive outcome by FY25 (albeit relatively low). In FY26 and FY27, EBITDA (adj.) is expected to move to a more stable outcome (assuming sufficient access to working capital); and
- ▶ Management have prepared projections for FY25 through FY27 based on the level of funding that they believe is able to be accessed.

East 33 is responsible for the financial information. BDOCF has not performed any audit or review of any type on the historical or forecast financial information of East 33 and we make no statement as to the accuracy of the information provided. BDOCF has not been instructed to and has not completed any formal audit, review or due diligence procedures on the financial information provided to us beyond a critical analysis of the assumptions adopted and enquiry of Management.

8.3.5 Multiples Implied by our MBV

Having regard to Management's East 33's historical and projected revenue and EBITDA (adj.), we have calculated the implied multiples based on the valuation arrived at under our MBV.

Table 8.4: Implied Revenue and EBITDA (adj.) Multiples

\$'000s	Section	FY24	FY25	FY26	FY27
Enterprise value of East 33 (midpoint) ¹	Section 8.2.5	35,214	35,214	35,214	35,214
Implied revenue multiple ²		1.53	1.24	1.18	1.15
Implied EBITDA (adj.) multiple ³		NM	172.90	17.16	13.34

Source: The Financial Model, 2024 Preliminary Financial Statements (unaudited) and BDOCF Analysis

1 The enterprise value adopted in the above table represents the midpoint of the range calculated in Table 8.2 (i.e. the midpoint of \$27.78 million to \$42.65 million).

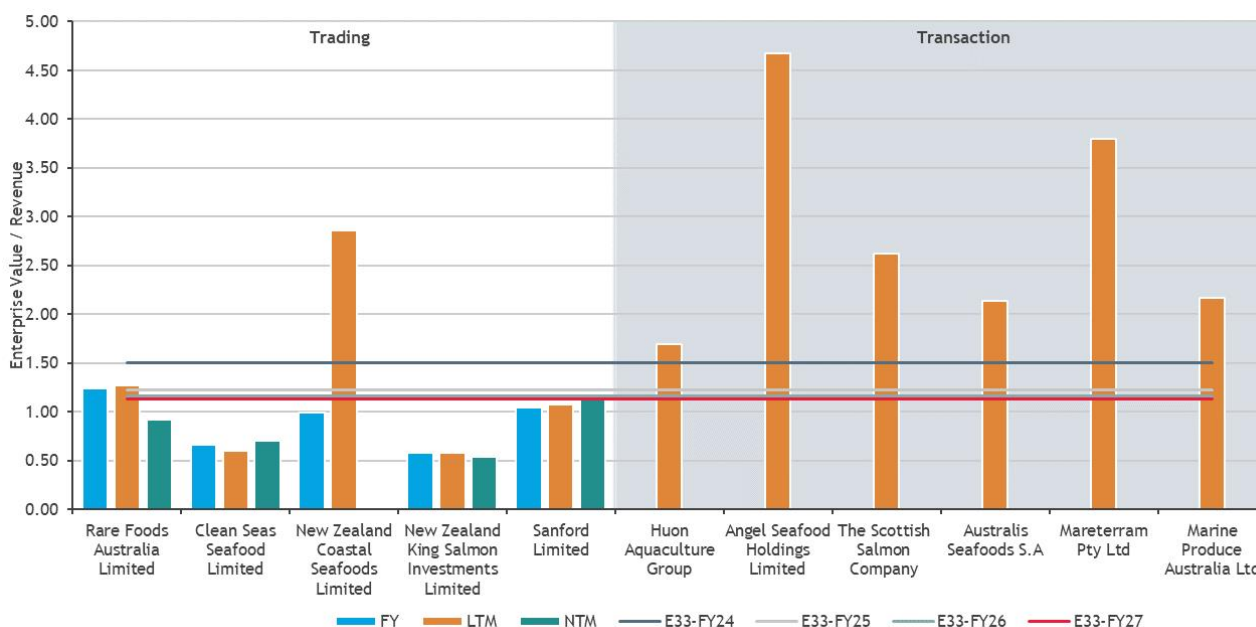
2 Calculated as enterprise value of East 33 (midpoint) / revenue.

3 Calculated as enterprise value of East 33 (midpoint) / EBITDA (adj.).

8.3.6 Comparison of Our Implied Multiples and Broadly Comparable Trading and Transaction Multiples

In Figure 8.4 below, we have set out our implied revenue multiples in comparison with broadly comparable trading and transaction multiples. For more information on the trading and transaction multiples, refer to Appendix B.

Figure 8.4: Implied East 33 Revenue Multiples and Broadly Comparable Trading and Transaction Multiples



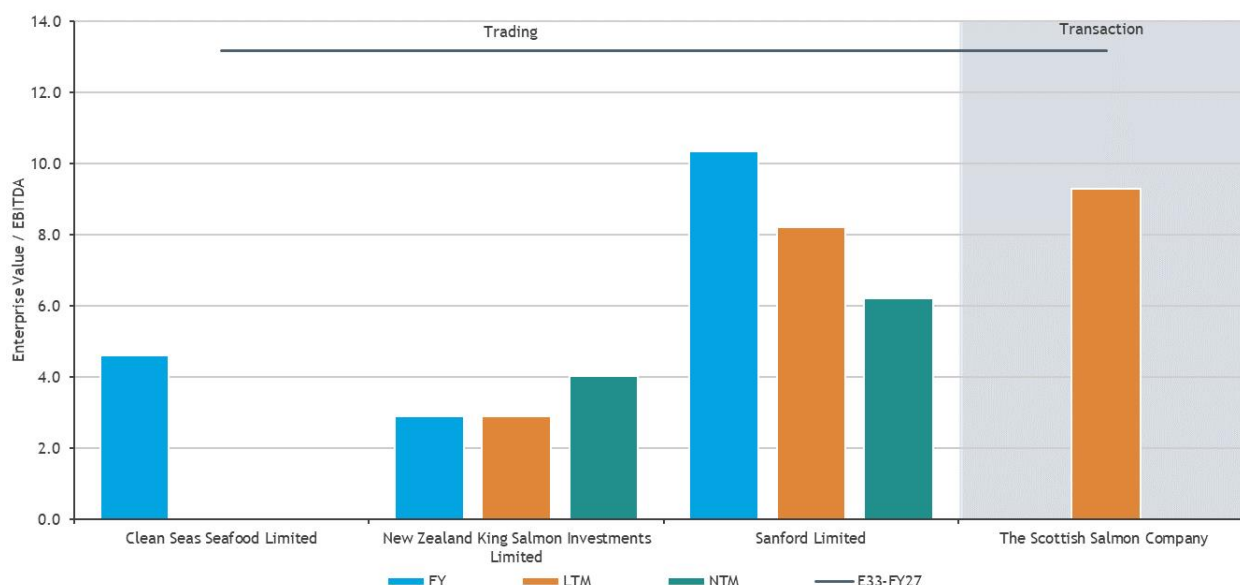
Source: Capital IQ, BDOCF Analysis, the Financial Model and 2024 Preliminary Financial Statements (unaudited)

With regards to Figure 8.4 above, we note the following:

- ▶ Excluding the LTM multiple for New Zealand Coastal Seafoods Limited, the FY24 EV/revenue multiple for East 33 is larger than the multiples of broadly comparable trading companies; and
- ▶ The EV/revenue multiple for East 33 is below the comparable transaction multiples and the multiple decreases as revenue increases over the forecast period.

In Figure 8.5 below, we have set out our implied FY27 EBITDA (adj.) multiples in comparison with broadly comparable trading and transaction multiples. Noting that our implied FY25 and FY26 EBITDA (adj.) multiples exceed the FY27 implied EBITDA (adj.) multiples, we have not separately set these out to simplify the graph. For more information on the trading and transaction multiples, refer to Appendix B.

Figure 8.5: Implied East 33 FY27 EBITDA (adj.) Multiple and Broadly Comparable Trading and Transaction Multiples



Source: Capital IQ, BDOCF Analysis

- Where the EV/ EBITDA (adj.) multiple is not meaningful (i.e.. outlier) it has been excluded from Figure 8.5. This is the reason why less companies are shown in Figure 8.5 relative to Figure 8.4.
- EBITDA (adj.) multiples for FY24 (negative), FY25 (172.90), FY26 (17.16) have not been illustrated as they are not meaningful ('NM') over East 33's forecast recovery period.

With regards to Figure 8.5 above, East 33's EV/ EBITDA (adj.) multiple exceeds the trading and transaction multiples of the broadly comparable companies.

8.3.7 Upside East 33 EBITDA (adj.) Discussion

The upper limit of broadly comparable trading companies is Sanford Limited's FY EV/ EBITDA (adj.) multiple of 10.3x. East 33 would need a 30% increase in its FY27 projected EBITDA (adj.) to obtain a multiple at this level (and even then, the multiples would not be directly comparable as historical multiples tend to exceed forecast multiples where underlying growth is forecast).

To increase FY27 EBITDA (adj.) by approximately 30%, Management advised:

- ▶ Increase oyster volumes from third parties within the distribution business of approximately 5% would be required. Management advised under their current resources, revenue is restricted by market price and the long lead times to produce market size oysters. For this reason, Management advised that the core increase to revenue under its current capacity would be through the distribution arm of the Company, without investing further capital into the business;
- ▶ It would require consistent and favourable weather conditions, in addition to other external factors remaining as is (e.g. impact of disease); and
- ▶ Further optimisation of resource allocation and cost efficiencies would be required, without causing any detriment to organisational performance (i.e. revenue).

8.3.8 Guideline Comparable Method Conclusion

Having regard to the information set out in Section 8.3 above, we note that that the enterprise value implied by our MBV does not appear unreasonable. Specifically, we note the following:

- ▶ East 33's revenue multiple when, considered as a whole, appeared broadly in line with the comparable trading companies and the comparable transactions; and
- ▶ Whilst the enterprise value under the EBITDA (adj.) multiples appeared high, the Company is currently going through a re-building process. We note that Management expect EBITDA (adj.) to become positive in FY25 and continue increasing in FY26 and FY27. The increased EBITDA (adj.) results in a reduction in the FY26 and FY27 implied EV/EBITDA (adj.) multiples (albeit remaining above 10.0x) which is more inline with the comparable companies and comparable transactions.

8.4 Comparison of Valuation to Net Assets

As a cross-check to our MBV and guideline comparable method approach, we have also considered a net asset valuation of East 33 utilising the Company's 2024 Preliminary Financial Statements (unaudited). As at 30 June 2024, East 33 had a net asset value of approximately \$24.9 million.

Of East 33's net asset value, a considerable portion of the Company's assets (approximately \$19.9 million) are intangible assets. As set out in our discussion of the Company's historical financial information (refer Section 5.5), intangible assets are comprised of goodwill, oyster/crown leases and software.

With regards to the Company's goodwill, we note the following:

- ▶ Prior to the Company's IPO, the balance of East 33's goodwill was approximately \$358k (recognised as a farming CGU);
- ▶ Following their IPO (and the Company's acquisition of CMB and the business AJ & JS Troup), East 33 recognised an additional \$17.4 million of goodwill. Of which, approximately \$16.3 million was attributed to the acquisition of CMB and recognised as part of a distribution CGU and approximately \$1.1 million was attributed to the acquisition of the business AJ & JS Troup and recognised as part of a farming CGU. For completeness, we note that the goodwill attributed to the distribution and farming CGU's following this acquisition was approximately \$16.3 million and \$1.4 million respectively; and
- ▶ During the 2023 financial year, East 33 impaired the value of their goodwill by approximately \$2.9 million. We note that the Company completely impaired the goodwill in their farming CGU (approximately \$1.4 million) and partially impaired the goodwill of their distribution CGU (approximately \$1.5 million).
- ▶ During the 2024 financial year, East 33 impaired the value of their goodwill by approximately \$1.5 million. We note this impairment charge was within the distribution CGU. Resultantly, the balance of East 33's goodwill as at 30 June 2024 (approximately \$13.3 million) relates solely to their distribution business and by extension, the Company's acquisition of CMB.

With regards to the Company's oyster and crown leases, we note the following:

- ▶ We understand that the oyster lease market is thinly traded and lacks the sophistication otherwise characterising agricultural markets, limiting the means of defining contractual prices associated with oyster lease sales. By extension, it is difficult to determine the value of oyster leases and any valuation would likely be dependent on a number of key items (which may not be available). We note that key items that may require analysis when looking at an oyster lease transaction include:
 - The expiry terms of the occupancy and the likelihood of the lease owner exercising their option to extend the occupancy term;
 - The profit and loss accounts and production particulars for each individual farm (assuming a collection of oyster leases as is the case of East 33);
 - An assessment of the plant infrastructure and machinery required for the ongoing use in operation of the farms; and
 - The ability to use a \$/ha valuation as it fails to capture the intricacies associated with water quality, water volume, existing and potential infrastructure, position of existing stakeholder and key competitors, international export licenses and production history at each location etc.
- ▶ In H1 FY24, East 33 impaired the value of their oyster leases by \$2.4 million. As at 30 June 2024, East 33 further impaired the value of their oyster leases by another \$2.5 million, taking the total impairment to oyster leases for FY24 to \$4.9 million;
- ▶ Having regard to the above, we have adopted the balance of oyster and crown leases as set out in the Company's 2024 Preliminary Financial Statements (unaudited). We note that oyster and crown lease acquisition costs are measured on the cost basis and carried at cost less accumulated amortisation except for leases acquired through business combinations which are recorded at fair value on acquisition;
- ▶ An oyster lease is required when a person or corporation wishes to develop an area of public water land for oyster cultivation¹⁵ and a crown lease provides exclusive possession to the holder to occupy and use crown land for a specified term and purpose¹⁶.

With regards to the Company's software, we note that it relates to East 33's acquisition of the business Oyster Cloud Agritech. The software enables farm management, inventory tracking, workflow optimisation and network planning.

In Table 8.5 below, we have included software and goodwill in the balance of 'intangible assets' and have separately split out the balance of oyster and crown leases.

¹⁵ Accessed via NSW Governments Department of Primary Industries 'Application for oyster lease - information kit' dated 2014

¹⁶ Accessed via NSW Government Department of Planning, Industry and Environment 'Oyster farming on crown land' not dated

In accordance with the above, we consider it appropriate to consider the net asset value of the Company both inclusive and exclusive of intangible assets. We have set out a summary of East 33's net asset value in Table 8.5 below.

Table 8.5: Net Asset Value of East 33 as at 30 June 2024

\$'000s	Net Assets (excluding intangible assets)	Net Assets
Cash	1,592	1,592
Biological assets (current and non-current) ¹	7,587	7,587
Oyster and crown leases	6,309	6,309
Intangible assets ²	-	13,634
Property, plant and equipment		
Land & buildings	4,417	4,417
Plant & equipment	1,697	1,697
Oyster lease development costs	2,880	2,880
Other	646	646
Property, plant and equipment	9,639	9,639
Other current and non-current assets ³	1,617	1,617
Total assets	26,744	40,378
Loans (current) ⁴	(1,460)	(1,460)
Loans (non-current) ⁵	(11,967)	(11,967)
Other current and non-current liabilities ⁶	(1,973)	(1,973)
Total liabilities	(15,400)	(15,400)
Net assets	11,345	24,979
Number of East 33 shares outstanding prior to the Offer ⁷	817,456,940	817,456,940
Net assets per share	\$0.0139	\$0.0306

Source: 2024 Preliminary Financial Statements (unaudited), East 33 FY24 Half Year Report, BDOCF Analysis

- 1 Biological assets are recorded at fair value less COGS. The fair value relates to the maturity profile of stock and market price. Fair value adjustments are required following peak sales periods (i.e. Christmas and Easter period) as the highest value mature stock is sold leading to a reduced fair value of stock.
- 2 Includes goodwill and software.
- 3 Includes trade receivables, inventory (finished good and other) and other current assets. We note, we have excluded right of use assets and deferred tax assets for the purposes of calculating the Company's net asset position.
- 4 Includes borrowings (\$929k), dispute owing (\$400k) and vendor finance (\$131k).
- 5 Includes equipment finance loans (\$152k) and the Yumbah Finance loan (\$13.3m). As mentioned, previously, we note that a portion of the Yumbah Finance loan and equipment finance loans are included in current liabilities (as 'borrowings' of approximately \$867k and \$62k respectively) as well as \$554k relating to borrowing costs.
- 6 Includes trade and other payables, employee benefits and other liabilities. We note we have excluded right of use lease liabilities and deferred tax liabilities for the purpose of calculating the Company's net debt position.
- 7 We have included the 35,162,500 performance rights issued to Justin Welsh, the 6,110,500 performance rights issued to Amy Knoll and the 1,000,000 options issued to Sarah Courtney. For more information on the Company's unlisted securities outstanding refer to Section 5.3.2.
- 8 The figures presented have been rounded for reporting purposes and may not total as reflected.

Having regard to the values set out in Table 8.5 above, we consider that the net asset cross-check provides broad support for our assessed value of East 33. Noting the material levels of debt in the capital structure, in forming our view we considered the net asset cross-check at both the enterprise value level and per share level.

8.5 Value Adopted for East 33's Shares Prior to the Offer on a Controlling Interest Basis

Having regard to our valuation of East 33's shares, in our view, for the purpose of our assessment of the Offer it is appropriate to adopt a value as at the date of this Report in the range of \$0.020 to \$0.038 per East 33 share on a controlling interest basis. In relation to this valuation range we note:

- ▶ The valuation range aligns with our MBV;
- ▶ The guideline comparable method broadly supported the value determined under the MBV; and
- ▶ The low end of valuation range is above East 33's net tangible assets per share (i.e. excluding intangible assets) and the high end of the valuation range is above the net asset per share (including intangible assets).

The Shareholders should note that our valuation range of East 33 is on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the Offer. Noting the additional impairment announced as part of the 2024 Preliminary Financial Statements (unaudited), there is a heightened risk to the downside, albeit not sufficiently so to warrant us adopting a different valuation range.

Appendix A: Control Premium Analysis

A controlling interest in a company is usually regarded as being more valuable than a minority interest as it provides the owner with control over the operating and financial decisions of the company, the right to set the strategic direction of the company, control over the buying, selling and use of the company's assets, and control over appointment of staff and setting financial policies.

The increase in value for a controlling interest is often observed where an acquirer launches a takeover bid, or some other mechanism for control, for another company. For the purposes of our research on control premiums, we have defined a controlling interest to be an interest where the acquirer has acquired a shareholding of greater than 50% in the target company.

Generally, control premiums may be impacted by a range of factors including the following:

- ▶ Specific acquirer premium and/or special value that may be applicable to the acquirer;
- ▶ Level of ownership in the target company already held by the acquirer;
- ▶ Market speculation about any impending transactions involving the target and/or the sector that the target belongs to;
- ▶ The presence of competing bids; and
- ▶ General market sentiment and economic factors.

To form our view of an appropriate range of control premium applicable to East 33 for the purposes of this Report, we have considered information which includes:

- ▶ Recent independent expert's reports which apply control premiums in the range of 20% to 40%;
- ▶ Various industry and academic research, which suggests that control premiums are typically within the range of 20% to 40%;
- ▶ Our own research on control premiums implied by the trading data of ASX listed companies. The average and median control premium found in our research are approximately within the range of 20% and 40%, based on one-day, one-week, and one-month prior trading prices;
- ▶ Various valuation textbooks; and
- ▶ Industry practice.

Having regard to the information set out above, in our view, it is appropriate to consider control premium of 30%, which is the mid-point within the range of 20% to 40%, for the purposes of assessing the Offer within the context of this Report.

Appendix B: Comparable Trading Companies and Precedent Transaction Analysis

This section sets out information in relation to comparable companies that we consider broadly comparable to East 33. The information set out below includes a summary of the information that we have considered and the assumptions that we have adopted. This section is set out as follows:

- ▶ Section B.1 summarises trading multiples and descriptions for those listed companies we consider broadly comparable to East 33 in addition to providing an overview of each company; and
- ▶ Section B.2 summarises transaction multiples and descriptions of transactions where we consider the target to be broadly comparable to East 33.

B.1 Multiples of Broadly Comparable Trading Companies

It is useful to analyse the current trading multiples of exchange listed comparable companies to assist with our guideline comparable method valuation. Comparable trading multiples need to be treated with caution as not all companies operating in comparable industries can be readily compared to East 33.

Table B.1 and B.2 below set out the metrics and descriptions of the companies we consider broadly comparable to East 33. For Table B.1 specifically, we have considered three separate methodologies to estimate an EV/EBITDA and EV/revenue multiple:

- ▶ Financial year ('FY'): This EV/EBITDA and EV/Revenue multiple considers each listed companies' EBITDA and revenue as calculated by Capital IQ based on each company's most recently published annual results;
- ▶ Last-twelve-months ('LTM'): This EV/EBITDA and EV/Revenue multiple considers each listed companies' EBITDA and revenue as calculated by Capital IQ based on each company's last twelve months of published financial reports, including quarterly and/or mid-year financial results where applicable; and
- ▶ Next-twelve-months ('NTM'): This EV/EBITDA and EV/Revenue multiple considers each listed companies' forward (forecast) EBITDA and revenue based on broker estimates, as available in Capital IQ. As at the date of this Report, no forecast EBITDA and revenue estimate was available for Rare Foods Ltd, Murray Cod Ltd, Clean Seas Ltd and New Zealand Coastal Seafoods Ltd.

Table B.1: Broadly Comparable Trading Company Multiples

Company	Financial Reporting Period	Country	Market capitalisation (\$m)	EV/REVENUE			EV/EBITDA		
				FY	LTM	NTM	FY	LTM	NTM
Australia and New Zealand Mollusc and Aquafarmers									
Rare Foods Australia Limited	Jun-23	Australia	6.8	1.5x	1.5x	NM ¹	NM ¹	NM ¹	NM ¹
Clean Seas Seafood Limited	Jun-23	Australia	37.2	0.6x	0.5x	0.6x	4.2x	NM ¹	NM ¹
Murray Cod Australia Limited	Jun-23	Australia	126.9	11.9x	13.8x	NM ¹	NM ¹	NM ¹	NM ¹
New Zealand Coastal Seafoods Limited	Jun-23	New Zealand	3.3	1.0x	2.9x	NM ¹	NM ¹	NM ¹	NM ¹
New Zealand King Salmon Investments Limited	Jan-24	New Zealand	128.2	0.6x	0.6x	0.6x	3.1x	3.1x	4.3x
Sanford Limited	Sep-23	New Zealand	359.0	1.1x	1.1x	1.2x	10.7x	8.5x	6.4x
Mean			110.3	2.8x	3.4x	0.8x	6.0x	NM ¹	NM ¹
Median			82.1	1.0x	1.3x	0.6x	4.2x	NM ¹	NM ¹
Min			3.3	0.6x	0.5x	0.6x	3.1x	3.1x	4.3x
Max			359.0	11.9x	13.8x	1.2x	10.7x	8.5x	6.4x

Source: Capital IQ as at 7 August 2024, BDO Analysis

¹ Not meaningful

Although the companies listed in Table B.1 above may be considered broadly comparable to East 33, differences exist between East 33 and each of the comparable companies. Specifically, we note that:

- ▶ The companies in Table B.1 are different in size compared to East 33 in terms of market capitalisation;
- ▶ Whilst East 33 operates solely in Australia, the geographic regions in which some of the companies operate extend beyond Australia, with some operating solely in New Zealand;
- ▶ The products and services offered by the companies in Table B.1 are often different to the ones provided by East 33. Some companies offer a broad range of products and have diversified revenue streams compared to East 33 which focuses solely on oyster farming and distribution; and
- ▶ Some of the comparable companies are listed on different exchanges compared to East 33.

Table B.2: Broadly Comparable Company Descriptions

Company	Company description
Rare Foods Australia Limited	Rare Foods Australia Limited engages in the abalone ranching business in Australia, Asia, Europe, and North America. It is involved in the harvesting of abalone; deployment and maintenance of artificial reef; and processing and distribution of the Greenlip abalone from the ocean ranching operations in Flinders Bay, Australia. The company was formerly known as Ocean Grown Abalone Limited and changed its name to Rare Foods Australia Limited in November 2021. Rare Foods Australia Limited was incorporated in 2011 and is based in Augusta, Australia.
Clean Seas Seafood Limited	Clean Seas Seafood Limited, together with its subsidiaries, operates in the aquaculture industry in Australia, Europe, North America, Asia, and internationally. The company engages in the propagation, harvesting, growing, and selling of Spencer Gulf Yellowtail Kingfish; and production and sale of fingerlings. The company was incorporated in 2000 and is based in Royal Park, Australia.
Murray Cod Australia Limited	Murray Cod Australia Limited, together with its subsidiaries, engages in breeding, growing, and marketing freshwater table fish in Australia. It is also involved in breeding and selling Murray Cod, Golden Perch, and Silver Perch as fingerlings. In addition, the company constructs and sells aquaculture equipment. Murray Cod Australia Limited was incorporated in 2010 and is headquartered in Griffith, Australia.
New Zealand Coastal Seafoods Limited	New Zealand Coastal Seafoods Limited, together with its subsidiaries, engages in the production processing, distribution, and export of seafood products and nutraceutical marine ingredients in New Zealand and internationally. It primarily offers dried ling maw, bulk ling fish maw, and bulk dried greenshell mussels; and nutraceutical ingredients, such as green lipped mussel powder, oyster powder, and astaxanthin extract products. The company was founded in 2016 and is based in Nedlands, Australia.
New Zealand King Salmon Investments Limited	New Zealand King Salmon Investments Limited, together with its subsidiaries, engages in the farming, processing, and sale of premium salmon products in New Zealand, North America, Australia, Japan, Europe, and internationally. It offers whole fish, fillets, raw portions, cold smoked, wood roasted, salmon and potato cakes, caviar, oil, kibble, and pet treats, as well as ready to cook portion with sauce sachet. The company sells its products to chefs, consumers, retailers, and wholesalers under the Ora King, Regal, Southern Ocean, Omega Plus, and New Zealand King Salmon brands. New Zealand King Salmon Investments Limited was incorporated in 2008 and is headquartered in Nelson, New Zealand.
Sanford Limited	Sanford Limited engages in the harvesting, processing, and selling of seafood products. It operates through Wildcatch and Aquaculture segments. The company catches and processes inshore and deepwater fish species, as well as farms, harvests, and processes mussels and salmon. Its seafood products include Antarctic toothfish, arrow squid, barracouta, gemfish, ghost shark, greenshell mussels, hake, hapuku, hoki, john dory, kahawai, king salmon, lemon sole, ling, monkfish, New Zealand sole, orange roughy, red cod, scampi, silver warehou, smooth oreo dory, snapper, southern blue whiting, trevally, and yellowbelly flounder. It operates in New Zealand, North America, China, Australia, Europe, Other Asian countries, Japan, the Middle East, South Korea, Hong Kong, Central and South America, Africa, and Pacific. The company was founded in 1881 and is headquartered in Auckland, New Zealand.

Source: Capital IQ

B.2 Multiples of Broadly Comparable Transactions

We have also considered the multiples implied by recent sales transactions that involved companies broadly comparable to East 33.

The price achieved in a sales transaction generally provides reliable evidence of earnings multiples for a valuation as it represents the market value of a controlling interest (including a control premium) in the asset being acquired. We note, however, that each sales transaction is a product of a combination of factors which may or may not be specific to East 33, including:

- ▶ Economic factors;
- ▶ Regulatory framework;
- ▶ General investment and share market conditions;
- ▶ Synergy benefits specific to the acquirer; and
- ▶ The number of potential buyers.

We have conducted research into transactions involving companies that operate in the agricultural industry. The information needs to be considered with caution for reasons which include the following:

- ▶ The transactions often involve companies that differ in size compared with East 33;
- ▶ The transactions involve companies operating in different product segments to East 33;
- ▶ The financial information available on each of the transactions is limited; and
- ▶ Some of the transactions occurred outside of Australia under different regulatory and economic environments.

The results of our independent research, based on databases we subscribe to, is detailed in Table B.3 below.

A description of each of the target companies in the broadly comparable transactions set out in Table B.3 and Table B.4 below.

Table B.3: Historical Comparable Transactions

Target	Acquirer	Completion date	Enterprise Value (\$M)	Implied Historical EV/Revenue	Implied Historical EV/EBITDA
Angel Seafood Holdings Limited	Laguna Bay Group Pty Ltd	Jun-22	38	4.7x	135.3x
Huon Aquaculture Group	JBS S.A	Nov-21	721	1.7x	NM ¹
The Scottish Salmon Company	P/F Bakkafrøst	Mar-20	986	2.6x	9.3x
Australis Seafoods S.A.	Beijing Joyvio Zhencheng Technology Co., Ltd.	Jul-19	1,238	2.1x	NM ¹
Marine Produce Australia Ltd	Barramundi Asia Pty Ltd	Aug-18	28	2.2x	NM ¹
Mareterram Pty Ltd	Sea Harvest International	Jul-16	62	3.8x	NM ¹
New Zealand King Salmon Investments Ltd	Oregon Group Ltd	Jul-14	165	1.7x	50.9x
Mean			463	2.7x	9.3x
Median			165	2.2x	9.3x
Min			28	1.7x	9.3x
Max			1,238	4.7x	9.3x

Source: Capital IQ as at 7 August 2024

1 Not meaningful

2 Shaded values considered outliers and not used in analysis for comparable transactions

A description of each of the target companies in the broadly comparable transactions set out in Table B.3 above is set out in Table B.4 below.

Table B.4: Target Descriptions - Broadly Comparable Transactions

Company	Company description
Angel Seafood Holdings Limited	Angel Seafood Holdings Limited produces, manufactures, markets, and sells organic and sustainable oysters in Australia and Asia. The company also exports its products. Angel Seafood Holdings Limited was incorporated in 2016 and is headquartered in Port Lincoln, Australia. As of June 21, 2022, Angel Seafood Holdings Limited was taken private.
Huon Aquaculture Group	Huon Aquaculture Group is an Australian company that operates in the aquaculture industry, specifically focusing on Atlantic salmon farming in Tasmania. They offer a range of products and services related to salmon, including slow smoked salmon that is rich in Omega-3. The company is based in Dover, Tasmania.
The Scottish Salmon Company	The Scottish Salmon Company PLC produces, processes, markets, and sells Scottish seafood products primarily in Scotland. The company provides Scottish Salmon. It offers its products under the Native Hebridean Salmon, Tartan Salmon Label Rouge, and Lochlander Salmon brand names. The company also exports its products to 26 countries. The Scottish Salmon Company PLC was incorporated in 2009 and is headquartered in Edinburgh, the United Kingdom. As of October 8, 2019, The Scottish Salmon Company PLC operates as a subsidiary of P/F Bakkafrøst.
Australis Seafoods S.A.	Australis Seafoods S.A., through its subsidiaries, produces, markets, and sells salmon in Chile and internationally. Its products include a range of Atlantic salmon - salar, Pacific salmon - coho, and trout products. Australis Seafoods S.A. was incorporated in 2007 and is based in Las Condes, Chile. As of July 1, 2019, Australis Seafoods S.A. operates as a subsidiary of Beijing Joyvio Zhencheng Technology Co., Ltd.
Marine Produce Australia Ltd	Marine Produce Australia Limited, together with its subsidiaries, operates in the seafood and aquaculture industry in Australia. It engages in the farming of fin fish in sea cages. The company develops and operates its Barramundi sea cage farm that covers 1,340 hectares in the ocean waters of Cone Bay in the Kimberley. Marine Produce Australia Limited is headquartered in Subiaco, Australia. As of August 8, 2018, Marine Produce Australia Limited operates as a subsidiary of Barramundi Group Ltd.
Mareterram Pty Ltd	Mareterram operates as an integrated agribusiness with a focus on the seafood industry. It holds a significant presence in the Shark Bay Prawn Fishery in Western Australia, where it primarily catches King, Tiger, and Endeavour prawns, as well as scallops. The company is distinguished for being the largest license holder within this fishery, which has been certified by the Marine Stewardship Council for its sustainable fishing practices. Mareterram Foods serves as the sales and marketing arm of the company, managing the sales of Norwest products from Shark Bay alongside other premium, sustainably caught seafood sourced from a global network of suppliers.
New Zealand King Salmon Investments Limited	New Zealand King Salmon Investments Limited, together with its subsidiaries, engages in the farming, processing, and sale of premium salmon products in New Zealand, North America, Australia, Japan, Europe, and internationally. It offers whole fish, fillets, raw portions, cold smoked, wood roasted, salmon and potato cakes, caviar, oil, kibble, and pet treats, as well as ready to cook portion with sauce sachet. The company sells its products to chefs, consumers, retailers, and wholesalers under the Ōra King, Regal, Southern Ocean, Omega Plus, and New Zealand King Salmon brands. New Zealand King Salmon Investments Limited was incorporated in 2008 and is headquartered in Nelson, New Zealand.

Source: Capital IQ

