Noumi Limited
8a Williamson Road
Ingleburn NSW 2565
Australia
ABN 41 002 814 235

25 February 2025

ASX Market Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

1H FY25 Appendix 4D and Financial Report

Noumi Limited (**ASX: NOU**) provides the following documents for release to the market for the half year period to 31 December 2024:

- Appendix 4D interim report; and
- Financial Report.

The enclosed documents provide the information required by ASX Listing Rule 4.2A and should be read in conjunction with Noumi's Annual Report for the financial year ended 30 June 2024 and any public disclosures made by Noumi in accordance with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act, 2001.

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This announcement was authorised for release by the Chair

About Noumi Ltd

Noumi (**ASX: NOU**) is a leading Australian FMCG company with a mission to create quality, on-trend, responsibly produced dairy and plant-based beverages, nutritional products and ingredients used across the health and fitness industries. The Company operates state-of-the-art manufacturing facilities in Victoria and NSW and produces key brands including the MILKLAB range of shelf-stable dairy and plant-based milks, Australia's Own, So Natural, Crankt, Vital Strength and PUREnFERRIN lactoferrin. **https://noumi.com.au/**

Noumi Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Noumi Limited
Australian Business Number (ABN):	41 002 814 235
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	0.9%	to	299,292
Adjusted Operating EBITDA[1]	up	19.0%	to	27,496
Loss from ordinary activities after tax attributable to the owners of Noumi Limited	up	196.7%	to	(82,096)
Loss for the half-year attributable to the owners of Noumi Limited	up	196.7%	to	(82,096)

[1]This is non-IFRS financial information and is reconciled to statutory profit in the Financial Report (refer to Directors' report in the attached Financial Report).

Dividends
There were no dividends paid, recommended or declared for the half-year ended 31 December 2024.

Comments
The loss for the consolidated entity after providing for income tax amounted to $82,096,000 including an amount of $36,343,000 related to fair value expense of convertible notes and an amount of $49,972,000 related to impairment of non-financial assets (31 December 2023: $27,671,000 loss including an amount of $32,288,000 related to fair value expense of convertible notes).

For further details, refer to the 'Results for announcement to the market'.

3. Net tangible assets

	Reporting period Cents	Previous period[2] Cents
Net tangible assets per ordinary security	(142.04)	(112.32)

[2]Previous period: Full year ended 30 June 2024.
[3]Includes assets and liabilities associated with AASB 16.

4. Audit qualification or review

Details of audit/review dispute or qualification (if any):
The financial statements were subject to a review by the auditors and the review report is unmodified and attached as part of the Financial Report Appendix 4D. The review report refers to a material uncertainty related to events or conditions arising from certain legal proceedings that may cast significant doubt on the Group's ability to continue as a going concern. Review opinion is not modified in respect of this matter.

5. Signed

Signed Genevieve Gregor

Date: 25 February 2025

Genevieve Gregor
Chair
Sydney

Noumi Limited

Australian Business Number (ABN) 41 002 814 235

Half Yearly Financial Report - 31 December 2024

The Directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the 'Group') consisting of Noumi Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the financial half year ended 31 December 2024.

The financial statements are presented in Australian Dollars.

1. Principal activities

Noumi Limited is a leading consumer branded beverage and nutritional group with around 500 employees with facilities in two locations across Australia and two locations in Asia (Singapore and China).

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

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

2. Going concern

The Group has prepared the consolidated financial statements for the half year ended 31 December 2024 on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Financial results

The Group made an after tax loss of $82.1m in H1 FY25, which includes an expense of $36.3m arising from a fair value adjustment to the carrying value of convertible notes and a non-cash impairment charge of $50.0m in respect of the Dairy & Nutritionals segment. Net cash inflows from operating activities in H1 FY25 were $19.5m (after payments of $7.6m related to litigations). As set out in the operating and financial review (refer to section 3.3), adjusted operating EBITDA has improved from $23.1m in H1 FY24 to $27.5m in H1 FY25.

Financial position and future financial performance

At 31 December 2024, the Group had net current liabilities of $352.1m and net liabilities of $387.4m.

The net current liability and net liability positions at 31 December 2024 include a $372.7m liability for convertible notes carried at fair value (refer to note 16 of the consolidated financial statements).

Based on the current terms of the convertible notes, the fair value of the convertible notes liability is expected to increase over their remaining term from the value at 31 December 2024 of $372.7m to reach a minimum value of $603.1m at maturity date (May 2027), assuming interest is paid at the rate of 5% p.a. As a consequence, the Group will continue to incur a significant fair value expense in the statement of profit or loss and other comprehensive income to May 2027.

As at 31 December 2024, the redemption value of the notes was $517.7m.

Amendments to Australian Accounting Standard ('AASB') 101 have resulted in the fair value of convertible notes being reclassified as a current liability, notwithstanding the maturity date of May 2027 and the fact that the noteholders have no right of early redemption except in very limited circumstances (refer note 16 of the consolidated financial statements). AASB 101 requires the classification as current because noteholders have the right to convert into equity at any time prior to maturity.

This reclassification to current is mandatory, irrespective of the probability, or otherwise, of the convertible noteholders exercising their rights of conversion in the next 12 months. At present, it is unlikely that the noteholders will exercise their conversion rights as the Group's share price is below the conversion price of the convertible notes (especially for Tranche A which has an exercise price of $0.70).

The reclassification to current has no impact on the Group's liquidity profile, nor have there been any changes in the terms of the notes during the period.

The Group has begun to plan and prepare to assess funding options well in advance of the maturity of the convertible notes liability in May 2027 and to ensure it has appropriate funding to support its operations and any strategic initiatives it chooses to pursue, assuming court approval of the Class Actions litigation settlement, scheduled for 17 April 2025.

At 31 December 2024, the Group's unrestricted cash position was $26.5m, plus an undrawn revolving credit facility of $10.0m (refer to note 15 of the consolidated financial statements). This undrawn revolving credit facility along with the unrestricted cash balance, forecast operating cash flows and debtor finance facilities are expected to provide the Group with sufficient liquidity for the operations of the business for a period of at least 12 months from the date of this financial report, based on current market conditions and expectations. The forecast operating cash flows assume the maintenance of margins in the Plant-based Milks business, as well as, the impact of difficult market conditions for the Dairy & Nutritionals business.

Litigation – Class Actions
Two Class Actions were filed against the Company in respect of alleged breaches of the Corporations Act 2001 (Cth), Australian Securities and Investments Commission Act and Australian Consumer Law.

On 17 October 2024, following a mediation, the parties to the Class Actions reached an agreement to settle the consolidated class action. The settlement is binding subject to the Court approval. The application for approval is currently set down for hearing by the Court on 17 April 2025.

The total settlement amount is $43.0m to which the Group and its former auditors, Deloitte Touche Tohmatsu, are severally liable.

Whilst the Group's component of the settlement amount will be met through available insurance, the Group is required to recognise both the receivable from its insurers of $11.6m and the corresponding settlement payable in these half-yearly financial statements.

Accordingly, the Group has recognised both a receivable and a provision in respect of the Class Action. The provision amounts to $16.9m which includes the settlement amount of $11.6m (to be met by Noumi's insurers), as well as $5.3m representing Noumi's estimated share of certain unpaid legal and professional costs, which have or will be incurred as a consequence of the Class Action settlement (refer to note 14 of the consolidated financial statements).

A material uncertainty exists as to whether the settlement agreement will be approved by the Court. If the settlement agreement is not approved by the Court, the Class Action legal proceedings will continue. In the event that the Class Action legal proceedings do continue, the quantum of compensation and/or costs for which the Group may be liable arising from those proceedings cast significant doubt on the Group's ability to continue as a going concern and be able to realise its assets and discharge its liabilities in the normal course of business.

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

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

3. Operating and financial review

The Group recorded a loss after income tax for the financial half year ended 31 December 2024 attributable to the owners of Noumi Limited of $82.1m (H1 FY24 loss of $27.7m). The losses in H1 FY25 include a fair value expense adjustment of $36.3m for the convertible notes and a non-cash impairment in respect of the Dairy & Nutritionals segment of $50.0m.

The Group recorded an adjusted operating EBITDA of $27.5m (H1 FY24: $23.1m).

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

3.1 Overview of material matters during the year and material matters subsequent to 31 December 2024

This section describes:
- the significant events that have occurred in H1 FY25; and
- the material matters, events, and decisions taken by the Group after 31 December 2024 and up to the publication of this report.

Operations
The Group has achieved significant progress during H1 FY25 despite challenging macro-economic and dairy industry conditions.

During the half year, the Group;
- grew consolidated adjusted operating EBITDA by $4.4m to $27.5m;
- achieved a record half year adjusted operating EBITDA for the Plant-based Milks segment of $25.3m, up 9.2% on H1 FY24;
- grew the adjusted operating EBITDA profit in Dairy & Nutritionals by $2.4m to $4.6m.

In the Plant-based Milks segment, revenue was $93.2m, up 6.6% from H1 FY24. Sales of the Group's key Milklab brand grew 7.8% during the half year compared to H1 FY24, following strong performance by Milklab Oat and continued strong performance in Milklab Almond. The adjusted operating EBITDA margin remained strong at 27.1%.

Dairy & Nutritionals segment continued its recovery, recording a $4.6m adjusted operating EBITDA despite various market challenges. Profit margins need to continue to improve to achieve reasonable returns on the capital invested in the Group's facilities. Commodity prices for products such as bulk cream have improved during H1 FY25. While Noumi's volume of bulk cream sales in H1 FY25 was 2.2% lower than the prior corresponding period, revenue was up 6.2%. Demand for Lactoferrin remained healthy with Lactoferrin sales increased by 16.6% on H1 FY24, which was impacted by production disruptions.

Macro-economic conditions

Noumi remains cautious about the macro-economic environment and consumer spending in Australia in particular.

Noumi is executing well on its initiatives to grow its Plant-based Milks segment domestically and internationally. Dairy & Nutritionals is delivering more consistent operating performance, and bulk commodity prices have improved slightly.

In Dairy & Nutritionals, increased pressure on margins both domestically and internationally reflects a highly competitive environment in which many dairy processors have excess capacity following a reduction in export demand, together with historically high farmgate milk prices and rising input costs, particularly energy, labour and paper.

Impairment of non-financial assets

Notwithstanding the improvements in Dairy & Nutritionals, which was reflected in the results for the six-month period, the medium-term outlook for Australian dairy industry margins remains challenging, with intense competition, excess processing capacity and macro-economic uncertainty for all participants. Accordingly, the Group has taken a $50 million impairment charge against the Dairy & Nutritionals segment.

ASIC

Australian Securities and Investment Corporation (ASIC) commenced civil penalty proceedings on 24 February 2023 against Noumi and two of the Company's former officers in the Federal Court of Australia in relation to alleged historic breaches of continuous disclosure obligations. The proceedings concern alleged failures to disclose material information to the ASX in its Financial Reports for the full year ended 30 June 2019 and the half year ended 31 December 2019. Following agreement between Noumi and ASIC as to liability and the quantum of the appropriate penalty, the Federal Court made declarations on 5 August 2024 that, during the period from 29 August 2019 to 25 May 2020, Noumi contravened section 674(2) of the Corporations Act 2001, and made orders that Noumi pay an amount of $5.0m by way of civil penalty plus an amount of $50,000 in respect of ASIC's costs. The Court further ordered that the penalty be paid by instalments of $2.0m within 28 days of the judgement, $1.5m within 12 months of the judgement and $1.5m within 24 months of the judgement. This initial instalment of $2.0m has been paid and Noumi has recognised a liability of $3.0m in this half year financial report in respect of the remaining instalments.

Class Actions

Two Class Actions were filed against the Company in respect of alleged breaches of the Corporations Act 2001 (Cth), Australian Securities and Investments Commission Act and Australian Consumer Law.

On 17 October 2024, following a mediation, the parties to the Class Actions reached an agreement to settle the consolidated class action. The settlement is binding subject to the Court approval. The application for approval is currently set down for hearing by the Court on 17 April 2025.

The total settlement amount is $43.0m to which the Group and its former auditors, Deloitte Touche Tohmatsu, are severally liable.

Whilst the Group's component of the settlement amount will be met through available insurance, the Group is required to recognise both the receivable from its insurers of $11.6m and the corresponding settlement payable in these half-yearly financial statements.

Accordingly, the Group has recognised both a receivable and a provision in respect of the Class Action. The provision amounts to $16.9m which includes the settlement amount of $11.6m (to be met by Noumi's insurers), as well as $5.3m representing Noumi's estimated share of certain unpaid legal and professional costs, which have or will be incurred as a consequence of the Class Action settlement (refer to note 14 of the consolidated financial statements).

Except as disclosed above, no matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

3.2 Business Strategy

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

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

The Dairy & Nutritionals segment remains a significant focus of the board and executive team. In addition to the transformation work underway which is focussed on operational performance and a range of revenue enhancement opportunities, margins remain a key challenge and need to be maintained or improved before the Dairy & Nutritionals segment can exit the Transform phase of the strategy. Whilst Dairy & Nutritionals performance improved during the period, this was mostly as a result of recovery in bulk commodity prices and more consistent Lactoferrin production. Pressure on margins, especially long-life Dairy milk reflects a highly competitive environment in which many dairy processors have excess capacity following a reduction in export demand, together with historically high farmgate milk prices and rising input costs.

The Plant-based Milks segment strategy includes opportunities to grow sales both domestically and internationally. Following the development of an improved Milklab Oat formula, driving penetration of Milklab Oat continues to be a major focus, together with the launch of Milklab into the mainstream retail channel. The Group currently generates $7.0m of its Plant-based milks sales from export, up from $5.5m for H1FY24 and continues to sharpen its focus on priority markets across South-East Asia.

3.3 Operating and financial review

Adjusted operating EBITDA

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

Set out below is a summary statement of profit or loss for the half year ended 31 December 2024.

	Consolidated	
	31 Dec 2024 $'000	31 Dec 2023 $'000
Net revenue	299,292	296,681
Adjusted operating EBITDA	**27,496**	**23,113**
Other litigation expenses	(7,184)	-
Unrealised foreign exchange gain/(loss)	505	(205)
Other non-trading income/(expenses)	47	66
Adjusted EBITDA	20,864	22,974
Depreciation and amortisation	(6,011)	(8,428)
Net finance costs (excluding convertible notes)	(10,614)	(9,929)
Net profit before fair value changes, impairment and tax	4,239	4,617
Fair value changes of convertible notes	(36,343)	(32,288)
Impairment of non-financial assets	(49,972)	-
Net loss before tax	(82,076)	(27,671)
Income tax expense	(20)	-
Net loss after tax	(82,096)	(27,671)

3.3.1 Commentary on specific items in the profit and loss account

Net revenue increased by 0.9% period on period to $299.3m. Domestic net revenue increased 8.3% period on period to $247.7m and export net revenue decreased 24.0% period on period to $51.6m. Dairy & Nutritionals net revenue decreased 1.5% period on period to $206.1m largely due to lower volume of export sales. Plant-based Milks net revenue was $93.2m in H1 FY25 compared to $87.5m in H1 FY24.

Net losses after tax increased from $27.7m in H1 FY24 to $82.1m in H1 FY25. Current period net losses after tax include the impact of the fair value expense of $36.3m (H1 FY24: $32.3m) relating to the convertible notes and non-cash impairment of the Dairy & Nutritionals segment amounting to $50.0m.

Adjusted operating EBITDA of $27.5m was higher than H1 FY24 of $23.1m for reasons set out in section 3.4 of this Directors Report.

Depreciation and amortisation decreased by 28.7% from $8.4m to $6.0m. This variance is arising from reduced depreciation post impairment of non-financial assets in FY24. The components of the depreciation charge are as follows:

Depreciation – buildings, plant and equipment: $4.4m (H1 FY24: $6.4m)
Depreciation – AASB 16 related: $1.5m (H1 FY24: $1.9m)
Amortisation – software: $0.1m (H1 FY24: $0.1m)

Impairment of non-financial assets of $50.0m due to the increased pressure on future margins both domestically and internationally, a highly competitive environment in which many domestic dairy processors have excess capacity following a reduction in export demand, together with historically high farmgate milk prices and rising input costs. The components of impairment charge are as follows:

Plant and equipment - $44.4m
Right of use assets - $5.6m

Net finance costs of $10.6m increased from $9.9m mainly due to interest of $0.8m charged by ATO on the franking deficit tax obligation. The breakdown of finance costs is as follows:

Interest – based on debt facilities: $6.0m (H1 FY24: $5.4m)
Interest – AASB 16 related: $5.2m (H1 FY24: $5.1m)
Interest income: $0.6m (H1 FY24: $0.6m)

Fair value changes of convertible notes amounting to a net $36.8m representing an increase in the value of convertible notes from $345.0m (Tranche A: $311.8m and Tranche B: $33.2m) to $372.7m (Tranche A: $335.7m and Tranche B: $37.0m) and cash interest of $9.1m (Tranche A: $8.3m and Tranche B: $0.8m). This net change in fair value is recorded in profit or loss ($36.3m expense, an increase in fair value) and other comprehensive income ($0.5m expense, an increase in fair value), in accordance with the accounting standards but does not impact the redemption and conversion rights available to the investors under the terms of the convertible notes (refer to note 16 of the consolidated financial statements).

Based on the current terms of the convertible notes, the fair value of the convertible notes is expected to increase over their remaining term from the value at 31 December 2024 of $372.7m to reach a minimum value of $603.1m by maturity date, being the redemption value at maturity assuming the Company continues to pay the cash interest at the rate of 5% p.a. each payment date. This means that the fair value adjustments will amount to at least $230.4m over the remaining 29 months to maturity. This amount will be recognised in the consolidated statement of profit and loss over the period, in addition to the cash interest paid. In effect, the fair value of the notes of $372.7m as at 31 December 2024 approximates the present value of the redemption amount at maturity when discounted by the 19.39% cost of capital determined by the professional valuers engaged by Noumi.

As at 31 December 2024, the redemption value of the notes was $517.7m.

During the period, the Group paid cash interest of $9.2m (30 June 2024: $13.4m) on the notes, however the notes are carried in the Group's consolidated statement of financial position at fair value and accordingly the payments, whilst variously referred to as interest payments in the convertible notes' terms, are treated as debt repayments in the consolidated financial statements.

3.3.2 Segment performance

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

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

Set out below is the segment performance of the Group for the half year ended 31 December 2024, together with a segment performance table for the half year ended 31 December 2023.

Consolidated - 31 December 2024	Dairy & Nutritionals $'000	Plant-based Milks $'000	Unallocated Shared Services $'000	Total $'000
Net revenue	206,051	93,241	-	299,292
Adjusted operating EBITDA	**4,626**	**25,269**	**(2,399)**	**27,496**
Other litigation expenses	-	-	(7,184)	(7,184)
Unrealised foreign exchange gain	-	-	505	505
Other non-trading (expenses)/income	153	1	(107)	47
Adjusted EBITDA	4,779	25,270	(9,185)	20,864

Consolidated - 31 December 2023	Dairy & Nutritionals $'000	Plant-based Milks $'000	Unallocated Shared Services $'000	Total $'000
Net revenue	209,179	87,502	-	296,681
Adjusted operating EBITDA	**2,202**	**23,147**	**(2,236)**	**23,113**
Unrealised foreign exchange loss	-	-	(205)	(205)
Other non-trading (expenses)/income	(40)	(2)	108	66
Adjusted EBITDA	2,162	23,145	(2,333)	22,974

3.4 Segment performance

Dairy & Nutritionals

6 Months to ('000)	Dec-24	Dec-23	Change $	Change %
Net revenue	**206,051**	**209,179**	**(3,128)**	**(1.5)%**
Adjusted operating EBITDA	**4,626**	**2,202**	**2,424**	**110.1%**
Adjusted operating EBITDA Margin %	2.2%	1.1%		
Adjusted EBITDA	**4,779**	**2,162**	**2,617**	**121.0%**

The Dairy & Nutritionals segment delivered an improved financial performance in H1 FY25, with the adjusted operating EBITDA profit improved from $2.2m to $4.6m.

During the half year, the Group was able to increase margins slightly, although margins were under pressure in the long-life Dairy milk business unit. The increase benefitted from increased volume of Lactoferrin sales, and improved bulk commodity prices. Some export markets have not been prepared to accept the price increases required to achieve positive margins, and in response the Group chose to reduce unprofitable volumes compared to H1 FY24. Accordingly, the Group has seen reduced volume in some export markets with export volumes now representing 29.7% of long-life Dairy milk sales compared to 38.9% in H1 FY24.

Long-life Dairy milk delivered sales growth in almost all domestic channels, with retail sales up 7.4% and out-of-home sales up 9.0%. Milklab Dairy sales rose 1.5%.

Commodity prices for products such as bulk cream have improved in FY25. Although volume of bulk cream sales in H1 FY25 decreased by 2.2% compared to the prior corresponding period, revenue was up 6.2% impacting the profitability of Dairy & Nutritionals segment.

Nutritional Ingredients sales were up 17.2%, with sales of PUREnFERRIN Lactoferrin up 16.6% due to an increase in sales volume this year following production disruptions in H1 FY24. Sales of Consumer Nutritionals were down by 11.1%, with sales of UPROTEIN powders and supplements down 3.8%, Vital Strength protein powders down 6.8%, and Crankt sales down by 25.2% due to higher protein input costs and competitors maintaining prices.

Plant-based Milks

6 Months to ('000)	Dec-24	Dec-23	Change $	Change %
Net revenue	**93,241**	**87,502**	**5,739**	**6.6%**
Adjusted operating EBITDA	**25,269**	**23,147**	**2,122**	**9.2%**
Adjusted operating EBITDA Margin %	27.1%	26.5%		
Adjusted EBITDA	**25,270**	**23,145**	**2,125**	**9.2%**

The Plant-based Milks segment achieved record revenues and earnings, reflecting the impact of initiatives launched in the past 18 months to grow the business in new channels, new geographies and improved formulations. Net revenue increased 6.6% to $93.2 million, while improved adjusted operating EBITDA margins of 27.1% contributed to a 9.2% rise in adjusted operating EBITDA to $25.3 million.

The Milklab brand continued its strong performance, lifting its plant-based sales by 7.8%. This growth includes the impact of the launch of new Milklab formats in retail channels to meet the growing opportunity of the in-home barista market. Milklab Oat continued its outstanding performance following the launch of a new formulation in 2023, with sales up 31.5% year-on-year.

Sales in the retail channel were up 20.9%, including a 16.0% increase in contract manufacturing sales, offsetting a modest 2.9% decline in out-of-home sales.

Export sales grew 26.6% following the development of key distributor relationships in strategic South East Asian markets. Sales to South East Asia rose 29.2% and China 39.2% as the Company and its brands tapped into growing demand for quality alternative milks throughout the region.

3.5 Statement of financial position

Set out below is a summary balance sheet as at 31 December 2024 together with summary balance sheet as at 31 June 2024.

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Current assets	153,027	136,251
Non-current assets	126,912	179,951
Total assets	**279,939**	**316,202**
Current liabilities	(505,101)	(457,737))
Non-current liabilities	(162,227)	(163,405))
Total liabilities	**(667,328)**	**(621,142))**
Net liabilities	**(387,389)**	**(304,940)**

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Share capital	598,712	598,712
Reserves	(61,187)	(60,834)
Accumulated losses	(924,914)	(842,818)
Total equity	**(387,389)**	**(304,940)**

3.5.1 Commentary on specific items in the statement of financial position

Cash and cash equivalents increased by $11.9m from $14.6m at 30 June 2024 to $26.5m at 31 December 2024. Movements mainly included cash generated from operations impacted by improved collections as well as the transfer of a significant debtor to the limited recourse debtor finance facility and increased accrual balances.

Trade and other receivables decreased by 0.2% from $57.6m at 30 June 2024 to $57.5m at 31 December 2024. In H1 FY25, the balance included insurance reimbursement in relation the Class Action settlement. This has been mostly set off by improved collections.

Inventories increased by 7.7% from $53.4m at 30 June 2024 to $57.5m at 31 December 2024 reflecting an increase in manufacturing costs and higher stock balances to meet seasonal customer demand.

Trade and other payables increased by 14.1% from $56.4m at 30 June 2024 to $64.4m at 31 December 2024 due to timing of supplier payments.

Property, plant and equipment decreased by 41.4% from $112.3m at 30 June 2024 to $65.8m at 31 December 2024, mainly representing impairment ($44.4m) and depreciation ($4.4m), partially offset by additions ($2.1m).

Right of use assets decreased by 12.9% from $47.0m at 30 June 2024 to $40.9m at 31 December 2024, representing impairment ($5.6m) and depreciation ($1.5m), partially offset by additions ($0.9m).

Borrowings increased by 6.5% from $441.3m at 30 June 2024 to $470.0m at 31 December 2024. Borrowings include the fair value of convertible notes which increased from $345.0m at 30 June 2024 to $372.7m at 31 December 2024 (refer section 3.3.1 for further details).

Net liabilities of $387.4m include the unpaid portion of the US litigation settlement liability of $10.5m, convertible note liability of $372.7m and ASIC litigation settlement liability of $3.0m.

Shareholders' equity deficiency increased from $304.9m negative to $387.4m negative, reflecting primarily the loss of $82.1m incurred by the Group in H1 FY25. The loss during the half year includes the impact of fair value changes of convertible notes amounting to $36.3m and non-cash impairment of $50.0m.

3.5.2 Commentary on cashflow and funding

	Consolidated	
	31 Dec 2024 $'000	31 Dec 2023 $'000
Cash flow from/(used in) operating activities	19,464	(4,522)
Cash flow from investing activities	1,188	1,286
Cash flow used in financing activities	(8,784)	(6,840)
Change in cash and cash equivalents	11,868	(10,076)
Cash and cash equivalents at the beginning of the financial half year	14,591	18,560
Cash and cash equivalents at the end of the financial half year	**26,459**	**8,484**

Cash flow from operating activities increased significantly to $19.5m in H1 FY25 as a result of improved trading results and tightly managed working capital.

Cash outflow from investing activities was in line with prior period.

Cash flow from financing activities represents payment of convertible notes ($9.2m), repayment of borrowings ($6.8m) and AASB 16 leases ($0.8m), setoff partially by an additional drawdown of the revolver finance facility ($8.0m).

4. Directors

The following persons were Directors of Noumi Limited during the whole of the financial half-year ended 31 December 2024:

Genevieve Gregor – Chair, Independent Non-Executive Director
Anthony M. Perich AM - Deputy Chair and Non-Executive Director
Jane McKellar - Independent Non-Executive Director
Timothy Bryan – Non-Executive Director
Stuart Black AM – Independent Non-Executive Director

5. Rounding of amounts

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

6. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 11.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Genevieve Gregor
Chair

25 February 2025
Sydney

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

To the Directors of Noumi Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Noumi Limited for the half-year ended 31 December 2024 there have been:

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

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

KPMG

KPMG

Julie Cleary

Partner

Sydney

25 February 2025

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	Note	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Revenue from sale of goods	3	299,292	296,681
Cost of sales		(219,590)	(223,788)
Gross profit		79,702	72,893
Other income	4	519	114
Other expense	4	(1,647)	(1,078)
Selling and marketing expenses		(13,646)	(15,389)
Distribution expenses		(23,566)	(24,624)
Product development expenses		(911)	(1,104)
Administrative expenses		(18,414)	(15,858)
Impairment of non-financial assets	5	(49,972)	-
Litigation and transformation expenses		(7,184)	-
Net finance costs	5	(10,614)	(9,929)
Fair value changes of convertible notes	16	(36,343)	(32,288)
Expected credit losses		-	(408)
Loss before income tax expense		(82,076)	(27,671)
Income tax expense		(20)	-
Loss after income tax expense for the half-year attributable to the owners of Noumi Limited		(82,096)	(27,671)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Fair value changes of convertible notes	16,18	(503)	(3,982)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	18	33	(25)
Other comprehensive income for the half-year, net of tax		(470)	(4,007)
Total comprehensive income for the half-year attributable to the owners of Noumi Limited		(82,566)	(31,678)
		Cents	Cents
Earnings per share for loss attributable to the owners of Noumi Limited			
Basic earnings per share		(29.63)	(9.99)
Diluted earnings per share		(29.63)	(9.99)

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

	Note	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 (Restated)[1] $'000
Assets			
Current assets			
Cash and cash equivalents		26,459	14,591
Trade and other receivables	6	57,476	57,584
Inventories	7	57,467	53,371
Derivative financial instruments		163	-
Prepayments		4,019	3,729
Other financial assets	11	7,443	6,976
Total current assets		153,027	136,251
Non-current assets			
Financial asset at fair value through other comprehensive income		743	743
Property, plant and equipment	8	65,830	112,333
Right of use assets	9	40,912	46,961
Intangibles	10	6,222	6,307
Prepayments		4,157	1,718
Other financial assets	11	9,048	11,889
Total non-current assets		126,912	179,951
Total assets		279,939	316,202
Liabilities			
Current liabilities			
Trade and other payables		64,419	56,442
Payable to related parties		-	1,216
Lease liabilities	12	1,807	1,620
Bank borrowings	13	32,581	34,143
Convertible notes *(Reclassified to current to reflect AASB101 amendments)*[1]	16	372,713	345,046
Income tax payable		-	3,248
Provisions	14	18,468	3,104
Employee benefit obligations		6,375	6,125
Other financial liabilities	17	8,738	6,793
Total current liabilities		505,101	457,737
Non-current liabilities			
Lease liabilities	12	91,459	90,834
Bank borrowings	15	64,680	62,122
Provisions	14	-	3,000
Employee benefit obligations		1,336	1,274
Other financial liabilities	17	4,752	6,175
Total non-current liabilities		162,227	163,405
Total liabilities		667,328	621,142
Net liabilities		(387,389)	(304,940)
Equity			
Issued Capital		598,712	598,712
Reserves	18	(61,187)	(60,834)
Accumulated losses		(924,914)	(842,818)
Total equity		(387,389)	(304,940)

[1]Refer to note 16 for detailed information on restatement of comparatives arising from amendments to AASB 101. The reclassification of the convertible notes to current arises as the notes can be converted into equity at any time at the election of the Noteholder. Noteholders cannot elect repayment of the notes in cash in advance of their maturity in May 2027, unless there is a default or in other limited circumstances. Accordingly, the reclassification to current has no impact on the Group's liquidity profile.

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

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2023	598,712	(57,767)	(744,488)	(203,543)
Loss after income tax expense for the half-year	-	-	(27,671)	(27,671)
Other comprehensive income for the half-year, net of tax	-	(4,007)	-	(4,007)
Total comprehensive income for the half-year	-	(4,007)	(27,671)	(31,678)
Transactions with owners in their capacity as owners:				
Share-based payments expense	-	61	-	61
Balance at 31 December 2023	598,712	(61,713)	(772,159)	(235,160)

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2024	598,712	(60,834)	(842,818)	(304,940)
Loss after income tax expense for the half-year	-	-	(82,096)	(82,096)
Other comprehensive income for the half-year, net of tax	-	(470)	-	(470)
Total comprehensive income for the half-year	-	(470)	(82,096)	(82,566)
Transactions with owners in their capacity as owners:				
Share-based payments expense	-	117	-	117
Balance at 31 December 2024	598,712	(61,187)	(924,914)	(387,389)

	Note	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		310,604	283,875
Payments to suppliers and employees (inclusive of GST)		(270,534)	(273,921)
		40,070	9,954
Payments for US litigation settlement expenses	11	(3,385)	(3,440)
Payments for litigation related expenses		(4,191)	(1,651)
Interest on AASB 16 lease liabilities paid	12	(4,662)	(5,123)
Other interest and finance costs paid		(5,707)	(4,989)
Interest received		607	727
Income taxes paid		(3,268)	-
Net cash from/(used in) operating activities		19,464	(4,522)
Cash flows from investing activities			
Payments for property, plant and equipment	8	(2,141)	(1,973)
Payments for intangibles		-	(212)
Proceeds from/(payments for) other financial assets - term deposit	11	3,329	3,471
Net cash from investing activities		1,188	1,286
Cash flows from financing activities			
Repayments of convertible notes	16	(9,179)	-
Proceeds from revolver financing facilities		8,000	-
Repayments of bank borrowings		(6,777)	(5,879)
Repayment of leases		(828)	(961)
Net cash used in financing activities		(8,784)	(6,840)
Change in cash and cash equivalents		11,868	(10,076)
Cash and cash equivalents at the beginning of the financial half-year		14,591	18,560
Cash and cash equivalents at the end of the financial half-year		26,459	8,484

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

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Note 1. General information

The consolidated financial statements of Noumi Limited ("Group" or "Company") for the six months ended 31 December 2024 were authorised for issue in accordance with resolution of Directors on 25 February 2025. The Directors have the power to amend, restate and reissue the consolidated financial statements.

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

The nature of the operations and principal activities of the Group are described in note 3.

Note 2. Material accounting policies

(a) Statement of compliance

The consolidated financial statements for the half year ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

(b) Basis of preparation

The Half Year Financial Statements do not include all of the information required for a complete set of the annual financial statements. Accordingly, these consolidated financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

(c) Going concern

The Group has prepared the consolidated financial statements for the half year ended 31 December 2024 on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Financial results

The Group made an after tax loss of $82.1m in H1 FY25, which includes an expense of $36.3m arising from a fair value adjustment to the carrying value of convertible notes and a non-cash impairment charge of $50.0m in respect of the Dairy & Nutritionals segment. Net cash inflows from operating activities in H1 FY25 were $19.5m (after payments of $7.6m related to litigations). As set out in the operating segment note (refer to note 3), adjusted EBITDA has improved from $23.0m in H1 FY24 to $28.1m in H1 FY25 (after excluding litigation expense of $7.2m).

Financial position and future financial performance

At 31 December 2024, the Group had net current liabilities of $352.1m and net liabilities of $387.4m.

The net current liability and net liability positions at 31 December 2024 include a $372.7m liability for convertible notes carried at fair value (refer to note 16).

Based on the current terms of the convertible notes, the fair value of the convertible notes liability is expected to increase over their remaining term from the value at 31 December 2024 of $372.7m to reach a minimum value of $603.1m at maturity date (May 2027), assuming interest is paid at the rate of 5% p.a. As a consequence, the Group will continue to incur a significant fair value expense in the statement of profit or loss and other comprehensive income to May 2027.

As at 31 December 2024, the redemption value of the notes was $517.7m.

Note 2. Material accounting policies (continued)

Amendments to Australian Accounting Standard ('AASB') 101 have resulted in the fair value of convertible notes being reclassified as a current liability, notwithstanding the maturity date of May 2027 and the fact that the noteholders have no right of early redemption except in very limited circumstances (refer note 16). AASB 101 requires the classification as current because noteholders have the right to convert into equity at any time prior to maturity.

This reclassification to current is mandatory, irrespective of the probability, or otherwise, of the convertible noteholders exercising their rights of conversion in the next 12 months. At present, it is unlikely that the noteholders will exercise their conversion rights as the Group's share price is below the conversion price of the convertible notes (especially for Tranche A which has an exercise price of $0.70).

The reclassification to current has no impact on the Group's liquidity profile, nor have there been any changes in the terms of the notes during the period.

The Group has begun to plan and prepare to assess funding options well in advance of the maturity of the convertible notes liability in May 2027 and to ensure it has appropriate funding to support its operations and any strategic initiatives it chooses to pursue, assuming court approval of the Class Actions litigation settlement, scheduled for 17 April 2025.

At 31 December 2024, the Group's unrestricted cash position was $26.5m, plus an undrawn revolving credit facility of $10.0m (refer to note 15). This undrawn revolving credit facility along with the unrestricted cash balance, forecast operating cash flows and debtor finance facilities are expected to provide the Group with sufficient liquidity for the operations of the business for a period of at least 12 months from the date of this financial report, based on current market conditions and expectations. The forecast operating cash flows assume the maintenance of margins in the Plant-based Milks business, as well as, the impact of difficult market conditions for the Dairy & Nutritionals business.

Litigation – Class Actions
Two Class Actions were filed against the Company in respect of alleged breaches of the Corporations Act 2001 (Cth), Australian Securities and Investments Commission Act and Australian Consumer Law.

On 17 October 2024, following a mediation, the parties to the Class Actions reached an agreement to settle the consolidated class action. The settlement is binding subject to the Court approval. The application for approval is currently set down for hearing by the Court on 17 April 2025.

The total settlement amount is $43.0m to which the Group and its former auditors, Deloitte Touche Tohmatsu, are severally liable.

Whilst the Group's component of the settlement amount will be met through available insurance, the Group is required to recognise both the receivable from its insurers of $11.6m and the corresponding settlement payable in these half-yearly financial statements.

Accordingly, the Group has recognised both a receivable and a provision in respect of the Class Action. The provision amounts to $16.9m which includes the settlement amount of $11.6m (to be met by Noumi's insurers), as well as $5.3m representing Noumi's estimated share of certain unpaid legal and professional costs, which have or will be incurred as a consequence of the Class Action settlement (refer note 14).

A material uncertainty exists as to whether the settlement agreement will be approved by the Court. If the settlement agreement is not approved by the Court, the Class Action legal proceedings will continue. In the event that the Class Action legal proceedings do continue, the quantum of compensation and/or costs for which the Group may be liable arising from those proceedings cast significant doubt on the Group's ability to continue as a going concern and be able to realise its assets and discharge its liabilities in the normal course of business.

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

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

Note 2. Material accounting policies (continued)

(d) New and amended Accounting Standards and Interpretations adopted by the Group
The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2024:

- AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback

The amendments, other than those described below, did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Classification of Liabilities as Current or Non-current (Amendments to AASB 101)
The amendment has clarified the requirements regarding classification of certain liabilities as current or non-current. Where the entity's right to defer settlement of loan arrangements in cash for at least twelve months after the reporting period is subject to circumstances where the liability could be satisfied by the issue of its own shares, the liability is to be classified as current.

The amendment has impacted the classification of the convertible notes and applies retrospectively. For details of the impact on the presentation and disclosure of convertible notes, refer to note 16.

New and amended Accounting Standards and Interpretations issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the reporting period commencing 1 July 2024 and have not been early adopted by the Group. Other than those described below, these standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods.

IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.
• Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
• Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
• Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements.

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

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

The estimate and judgements which involve a higher degree of complexity or that have a higher likelihood of causing adjustment to the carrying amounts of assets and liabilities are included in Note 2(h) of the consolidated financial statements for the year ended 30 June 2024.

Note 3. Operating segments

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

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

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

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

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

Consolidated - 31 December 2024	Dairy & Nutritionals $'000	Plant-based Milks $'000	Unallocated Shared Services $'000	Total $'000
Revenue				
Sales to external customers	206,051	93,241	-	299,292
Total revenue	206,051	93,241	-	299,292
Adjusted EBITDA[1]	4,779	25,270	(9,185)	20,864
Fair value changes of convertible notes	-	-	(36,343)	(36,343)
Depreciation and amortisation	(2,816)	(2,925)	(270)	(6,011)
Impairment of non-financial assets	(49,972)	-	-	(49,972)
Net finance costs	(1,304)	(4,179)	(5,131)	(10,614)
Profit/(loss) before income tax expense	(49,313)	18,166	(50,929)	(82,076)
Income tax expense	-	-	(20)	(20)
Loss after income tax expense	(49,313)	18,166	(50,949)	(82,096)
Assets				
Segment assets	86,944	130,257	61,995	279,196
Financial assets at FVOCI	-	-	743	743
Total assets	86,944	130,257	62,738	279,939
Liabilities				
Segment liabilities[2]	85,848	90,519	490,961	667,328
Total liabilities	85,848	90,519	490,961	667,328

Note 3. Operating segments (continued)

Consolidated - 31 December 2023	Dairy & Nutritionals $'000	Plant-based Milks $'000	Unallocated Shared Services $'000	Total $'000
Revenue				
Sales to external customers	209,179	87,502	-	296,681
Total revenue	209,179	87,502	-	296,681
Adjusted EBITDA[1]	2,162	23,145	(2,333)	22,974
Fair value changes of convertible notes	-	-	(32,288)	(32,288)
Depreciation and amortisation	(4,947)	(3,194)	(287)	(8,428)
Net finance costs	(1,275)	(4,256)	(4,398)	(9,929)
Profit/(loss) before income tax expense	(4,060)	15,695	(39,306)	(27,671)
Income tax expense	-	-	-	-
Loss after income tax expense	(4,060)	15,695	(39,306)	(27,671)

Consolidated - 30 June 2024	Dairy & Nutritionals $'000	Plant-based Milks $'000	Unallocated Shared Services $'000	Total $'000
Assets				
Segment assets	143,916	131,688	39,855	315,459
Financial assets at FVOCI	-	-	743	743
Total assets	143,916	131,688	40,958	316,202
Liabilities				
Segment liabilities[2]	79,594	90,614	450,934	621,142
Total liabilities	79,594	90,614	450,934	621,142

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

Note 4. Other income/(expense)

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Other income:		
Net foreign exchange gain	371	80
Other	148	34
	519	114
Other expense:		
Onerous contracts provision (note 14)	(1,546)	(930)
Other	(101)	(148)
	(1,647)	(1,078)
	(1,128)	(964)

Note 5. Expenses

Loss before income tax includes the following specific expenses:

	Consolidated	
	31 Dec 2024 $'000	31 Dec 2023 $'000
Employee benefits		
Employee benefits expense excluding superannuation	34,912	32,468
Superannuation expenses	3,130	2,919
Share-based payments expense	117	61
Total employee benefits	38,159	35,448
Depreciation and amortisation		
Depreciation expense of property, plant and equipment (note 8)	4,411	6,418
Depreciation expense of right of use assets (note 9)	1,515	1,925
Amortisation expense (note 10)	85	85
Total depreciation and amortisation expense	6,011	8,428
Depreciation and amortisation allocated to:		
Cost of sales	5,741	8,141
Administrative expenses	270	287
	6,011	8,428
Impairment of non-financial assets		
Property, plant and equipment (note 8)	44,358	-
Right of use assets (note 9)	5,614	-
	49,972	-
Net finance costs		
Interest expense on bank borrowings	3,195	3,495
Interest on AASB 16 lease liabilities	5,222	5,123
Other financing costs	2,826	1,917
	11,243	10,535
Interest income	(629)	(606)
Net finance costs	10,614	9,929

Note 6. Trade and other receivables

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Trade receivables	45,250	54,548
Less: Allowance for expected credit losses	(1,279)	(1,279)
	43,971	53,269
Other receivables[1]	13,505	4,315
	57,476	57,584

[1]Includes a receivable for the insurance reimbursement in relation to the Class Actions settlement (refer to note 14).

Note 6. Trade and other receivables (continued)

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

Note 7. Inventories

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Raw materials and packaging - at cost	15,643	16,459
Work in progress - at cost	1,417	1,501
Finished goods - at cost	25,146	20,894
Finished goods - at net realisable value	1,415	1,308
	26,561	22,202
Inventory spares and consumables - at cost	13,846	13,209
	57,467	53,371

Total cost of sales recognised as an expense during the period was $219.6m (31 December 2023: $223.8m).

During the period, write-downs of inventories amounting to $0.7m (31 December 2023: $0.4m), were recognised as an expense and included in cost of sales in the statement of profit or loss. This write-down mainly arose as a result of slow moving, obsolete and discontinued products identified in the normal course of business.

Note 8. Property, plant and equipment

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Freehold Land - at independent valuation	5,325	5,325
Buildings - at cost	5,494	5,563
Less: accumulated depreciation	(4,442)	(4,181)
	1,052	1,382
Plant and equipment - at cost	329,659	328,575
Less: accumulated depreciation	(122,682)	(118,529)
Less: accumulated impairment	(153,795)	(109,437)
	53,182	100,609
Capital work in progress	17,195	15,941
Less: accumulated impairment	(10,924)	(10,924)
	6,271	5,017
	65,830	112,333

Note 8. Property, plant and equipment (continued)

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

Consolidated	Freehold land $'000	Buildings $'000	Plant and equipment $000	Capital work in progress $'000	Total $'000
Balance at 1 July 2023	4,200	1,735	151,822	4,426	162,183
Additions	-	-	51	2,957	3,008
Revaluation	1,125	-	-	-	1,125
Transfers at completion of projects	-	83	2,283	(2,366)	-
Disposal of assets	-	-	(8)	-	(8)
Transfer from right of use assets	-	-	1,596	-	1,596
Impairment	-	-	(43,130)	-	(43,130)
Depreciation expense	-	(436)	(12,005)	-	(12,441)
Balance at 30 June 2024	5,325	1,382	100,609	5,017	112,333
Additions	-	-	244	1,897	2,141
Transfers at completion of projects	-	225	388	(613)	-
Adjustment/write off	-	(294)	449	(30)	125
Impairment	-	-	(44,358)	-	(44,358)
Depreciation expense	-	(261)	(4,150)	-	(4,411)
Balance at 31 December 2024	5,325	1,052	53,182	6,271	65,830

Included in the $65.8m of plant and equipment is equipment obtained under equipment finance facilities of $25.9m (30 June 2024: $37.2m) as disclosed in note 15.

Note 9. Right of use assets

	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 $'000
Right-of-use asset - Land and buildings	81,863	82,227
Less: accumulated depreciation	(22,795)	(22,707)
Less: accumulated impairment	(18,603)	(14,140)
	40,465	45,380
Right of use asset - Plant and equipment	3,751	4,734
Less: accumulated depreciation	(1,795)	(2,795)
Less: accumulated impairment	(1,509)	(358)
	447	1,581
	40,912	46,961

Note 9. Right of use assets (continued)

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

Consolidated	Land and buildings $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2023	51,038	4,303	55,341
Additions	216	-	216
Remeasurements (note 12)	1,616	49	1,665
Transfer to property, plant and equipment (note 8)	-	(1,596)	(1,596)
Adjustment/write off	(120)	47	(73)
Impairment	(4,773)	-	(4,773)
Depreciation expense	(2,597)	(1,222)	(3,819)
Balance at 30 June 2024	45,380	1,581	46,961
Additions	660	255	915
Remeasurements (note 12)	144	-	144
Adjustment/write off	-	21	21
Impairment	(4,463)	(1,151)	(5,614)
Depreciation expense	(1,256)	(259)	(1,515)
Balance at 31 December 2024	40,465	447	40,912

During the period, the Group also recognised as expense, rental of short-term leases amounting to $1.0m (31 December 2023: $0.8m) and variable lease payments not included in right of use assets and lease liabilities amounting to $0.6m (31 December 2023: $0.6m).

Note 10. Intangibles

	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 $'000
Brand names and trademarks	21,445	21,445
Less: accumulated impairment	(15,563)	(15,563)
	5,882	5,882
Software - at cost	850	850
Less: accumulated amortisation	(510)	(425)
	340	425
	6,222	6,307

Note 10. Intangibles (continued)

Consolidated	Brand names and trademarks $'000	Software $'000	Total $'000
Balance at 1 July 2023	5,882	595	6,477
Amortisation expense	-	(170)	(170)
Balance at 30 June 2024	5,882	425	6,307
Amortisation expense	-	(85)	(85)
Balance at 31 December 2024	5,882	340	6,222

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

Brand names and trademarks
The Group carries $5.9m (30 June 2024: $5.9m) of brand names with indefinite useful lives.

Assessment of the carrying value of cash generating units
During the half year ended 31 December 2024, the Group assessed if there are any indications of impairment. Considering the financial performance of Dairy & Nutritionals CGU, the Group carried out an impairment assessment which is detailed below:

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

The recoverable amount of the Dairy & Nutritionals CGU has been determined using the discounted cash flow forecast to determine the value-in-use of the CGU as a whole utilising forecast cash flows for the period January 2025 to December 2029 and a terminal cashflow.

Due to the challenging operating environment for Dairy & Nutritionals, the Group recognised a non-cash asset impairment of $50.0m. In Dairy and Nutritionals, pressure on margins is increasing due to a highly competitive environment in which many processors have excess capacity following a reduction in export demand, together with historically high farmgate milk prices and rising input costs. Accordingly, based on the revised assessment of expected future cashflows, the Group recorded an impairment expense of $44.4m on plant and equipment and $5.6m on right of use assets.

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

The outlook for the Consumer Nutritionals CGU and its brands have been reviewed. That review identified no risk of material impairment as at 31 December 2024.

Note 10. Intangibles (continued)

Key assumptions
In calculating the recoverable amount of the CGUs, a discounted cash flow model was utilised forecasting cash flows for the period January 2025 to December 2029. The following key assumptions were made:

Key assumptions	Dairy & Nutritionals	
	31 Dec 2024	30 Jun 2024
Long term growth rate (terminal value)	2.50%	2.50%
Post tax discount rate	9.50%	9.50%
Revenue growth rate (CAGR[1])	1.16%	0.92%
Year 5/terminal year USD exchange rate (cents)	62.00	66.00
Year 5/terminal year operational efficiencies ($'m)	-	0.90

[1]CAGR - Compounded Annual Growth Rate.

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

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

Post tax discount rate
Reflects specific risks relating to the relevant segments and the countries in which they operate.

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

- Sales volume: The Group has not considered any growth in sales volume over the five-year forecast period.
- Sales price: Based on recent price negotiations with customers which are incorporated in FY25 cash flows and average annual growth rate over the remaining 5 years forecast period based on long term inflation forecasts and expected input costs inflation.

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

Operational efficiencies
Operational efficiencies arising from the ongoing operational excellence program are now embedded in the Group's cost base and are no longer a separate assumption in the impairment model.

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

Sensitivities
The impact of the change in any single assumption on the recoverable amount of the Dairy & Nutritionals CGU as at 31 December 2024 is summarised below:

Key assumptions	Dairy & Nutritionals	
	Change	Impact $'000
Long term growth rate (terminal value)	0.25%	1,210
	(0.25%)	(1,310)
Post tax discount rate	0.25%	(720)
	(0.25%)	760
Revenue growth rate (CAGR)	5.00%	5,400
	(5.00%)	(5,400)
Year 5/terminal year USD exchange rate (cents)	0.01	(2,620)
	(0.01)	2,710

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

Note 11. Other financial assets

Other financial assets represent a term deposit placed with one of the Group's senior lenders as a security for the bank guarantee facility of initially US$18.0m and subsequently reduced to US$10.1m at 31 December 2024 (30 June 2024: US$12.4m) (refer to note 20). The bank guarantee facility was used for the issuance of US$18.0m bank guarantee which secured the future instalment obligations related to US litigation settlement made in FY22 and is progressively stepping down from March 2023 until January 2027 as instalments are paid. Accordingly, the term deposit is also progressively released to the Group over the same period.

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Term deposit		
Current	7,443	6,976
Non-current	9,048	11,889
	16,491	18,865
Movement in the carrying amount at the beginning and end of the current and previous period is set out below:		
Opening balance	18,865	25,790
Accrued interest	463	1,047
Proceeds from step down in term deposit (including interest)[1]	(3,773)	(8,046)
Unrealised exchange gain	936	74
Closing balance	16,491	18,865

[1]Proceeds during the period include principal amounting to $3.3m (30 June 2024: $6.8m) and interest received on term deposit amounting to $0.4m (30 June 2024: $1.2m).

Proceeds from the term deposit is utilised to settle the amount payable under the US litigation settlement agreement classified as other financial liabilities. Within the consolidated statement of cash flows, the proceeds from terms deposits are disclosed within investing activities whereas the payments of the US litigation settlement are classified within operating activities.

Note 12. Lease liabilities

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
AASB 16 lease liabilities:		
Current	1,807	1,620
Non-current	91,459	90,834
	93,266	92,454
Movement during the year in total lease liabilities (current and non-current) is as follows:		
Opening balance	92,454	93,096
Additions	915	216
Repayment	(5,469)	(10,923)
Reclassified to trade and other payables	-	(1,798)
Remeasurements	144	1,665
Write-off	-	(36)
Interest	5,222	10,234
Closing balance	93,266	92,454

Note 13. Bank borrowings - Current

	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 $'000
Recourse debtor financing facilities	17,450	18,050
Equipment financing liabilities	15,131	16,093
	32,581	34,143

Refer to note 15 for further information on financing arrangements.

Note 14. Provisions

	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 $'000
Current		
Litigation settlement provision	16,922	2,050
Onerous contracts provision	1,546	1,054
	18,468	3,104
Non-current		
Litigation settlement provision	-	3,000
	18,468	6,104

Movements in provisions

Movements in each class of provision at the beginning and end of the current and previous period are set out below:

Consolidated	Litigation settlement provision $'000	Onerous contracts provision $'000	Lease make good provision $'000	Other restructuring provision $'000	Total $'000
Balance at 1 July 2023	-	243	53	230	526
Additional provisions recognised	5,050	1,054	-	-	6,104
Amounts used	-	(243)	-	(78)	(321)
Unused amounts reversed	-	-	(53)	(152)	(205)
Balance at 30 June 2024	5,050	1,054	-	-	6,104
Transfer (note 17)	(5,050)	-	-	-	(5,050)
Additional provisions recognised	16,922	1,546	-	-	18,468
Amounts used	-	(1,054)	-	-	(1,054)
Balance at 31 December 2024	16,922	1,546	-	-	18,468

Note 14. Provisions (continued)

Litigation settlement provision for Class Actions
On 17 October 2024, following a mediation, the parties to the Class Actions reached an agreement to settle the consolidated class action. The settlement is binding subject to the Court approval. The application for approval is currently set down for hearing by the Court on 17 April 2025.

The Group has recognised a provision in the consolidated financial statements with reference to the settlement agreement representing the Group's best estimate of the amount it will incur as a consequence of settling the Class Actions including legal fees. The Group has also recorded a receivable for the insurance reimbursement in relation to the Class Actions settlement.

Note 15. Bank borrowings - Non current

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Revolver financing facilities	36,000	28,000
Equipment financing facilities	29,279	34,493
Less: transaction costs	(599)	(371)
	64,680	62,122

Total drawn secured bank borrowings (current and non-current)

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Revolver financing facilities	36,000	28,000
Recourse debtor financing facilities	17,450	18,050
Equipment financing facilities	44,410	50,586
	97,860	96,636

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

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

Syndicated Revolving Credit Facility
The Group has a $46.0m (30 June 2024: $46.0m) syndicated revolving credit facility with HSBC and NAB with a maturity date of 4 October 2026. The Group had utilised $36.0m (30 June 2024: $28.0m) at 31 December 2024 with the balance undrawn.

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

Equipment Financing Facilities
The equipment financing facilities relate to specific equipment operating at the Group's Shepparton and Ingleburn operating sites. It also includes vehicle financing facilities. The equipment finance facilities are secured over the assets financed under the relevant facility. These facilities are over a period of 1 to 6 years and the final residuals on the current arrangements are due between 2025 and 2027.

Note 15. Bank borrowings - Non current (continued)

Debtor Finance Facilities

HSBC has provided the Group with a limited recourse debtor finance facility of $55.0m (30 June 2024: $55.0m), which forms part of the Group's working capital management. Under this facility, the Group sells receivables of its major customers to HSBC in exchange for cash. These receivables are de-recognised as an asset, as the significant risk associated with the collection of the receivables is transferred to HSBC at the time of sale. Accordingly, the amount funded under this facility is not recognised as a liability by the Group. The funded amount under this facility as at 31 December 2024 was $48.8m (30 June 2024: $48.6m).

The Group also has a full recourse debtor finance facility with total limit of $20.0m (30 June 2024: $20.0m). Under this facility, the Group primarily sells receivables from its Out-of-home channel. The receivables are recognised as an asset since the risk has not fully transferred to HSBC at the time of sale. The Group is responsible for the collection of the receivables. HSBC has recourse to the Group if the debt is unrecoverable. As at the balance sheet date, the Group utilised an amount of $17.5m (30 June 2024: $18.1m) from the full recourse debtor finance facility. An equal amount of trade receivables is held as collateral against utilised facility.

The total banking facilities as at 31 December 2024 are shown below:

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Total facilities		
Revolver financing facilities	46,000	46,000
Recourse debtor financing facilities	20,000	20,000
Equipment financing liabilities	44,410	50,586
	110,410	116,586
Used at the reporting date		
Revolver financing facilities	36,000	28,000
Recourse debtor financing facilities	17,450	18,050
Equipment financing liabilities	44,410	50,586
	97,860	96,636
Unused at the reporting date		
Revolver financing facilities	10,000	18,000
Recourse debtor financing facilities	2,550	1,950
Equipment financing liabilities	-	-
	12,550	19,950

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

Unutilised financing facilities

The Group had unutilised banking facilities relating to revolving financing facilities amounting to $10.0m (30 June 2024: $18.0m) as at 31 December 2024. The Group has unutilised banking facilities relating to recourse debtor financing facilities which are available to the Group only in certain circumstances, amounting to $2.6m (30 June 2024: $2.0m) at 31 December 2024.

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

Note 16. Convertible notes

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Financial liabilities carried at fair value - Convertible notes		
Tranche A	335,663	311,849
Tranche B	37,050	33,197
	372,713	345,046

Reclassification of Convertible Notes

Amendments to AASB 101 effective 1 July 2024 which requires a change to the presentation of convertible notes in the statement of financial position (refer to note 2(d)). This change is related to the classification of convertible notes as current or non-current which is determined by the right to redeem in cash or the right to convert into equity.

In accordance with the terms of the convertible notes which mature in May 2027 (which have not changed since 2022) and which terms are summarised detailed below, whilst a Noteholder can exercise its conversion right at any time, the Noteholders have no right of early redemption in cash unless there is a default, or in other limited circumstances such as a change of control of the Group or the sale of substantially all of the Groups' assets or the Plant Based Milks segment.

According to the amendments to AASB101 if the extinguishment of a liability through the transfer of the entity's own equity instruments could occur within 12 months of the reporting date, the liability must be classified as current.

As a result, the amendments have resulted in the fair value of convertible notes to be reclassified as current. These amendments apply retrospectively requiring a restatement of the prior year balance sheet and related notes.

This reclassification to current is mandatory, irrespective of the probability, or otherwise, of the convertible noteholders exercising their rights of conversion in the next 12 months. At present, it is unlikely that the noteholders will exercise their conversion rights as the Group's share price is below the conversion price of the convertible notes (especially for Tranche A which has an exercise price of $0.70).

The following table summarises the impact of the restatement on the Group's consolidated financial statements.

			30 Jun 2024
	As previously reported $'000	Adjustment $'000	Restated $'000
Current	18,369	326,677	345,046
Non-current	326,677	(326,677)	-

Previously the current portion of convertible notes represented quarterly payments due in the next 12 months. These payments are due on the last day of each quarter or the following business day where the last day is a public holiday. At 31 December 2024, the quarterly payments that are due in the next 12 months amount to $18.7m.

Note 16. Convertible notes (continued)

Tranche A

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

- fully paid – the issue price of $1.00 per note is paid to the Group before the notes are issued;
- maturity – the notes have a maturity date of 6 years from issuance;
- redeemable – the notes may be redeemed, which means the Group may be required to buy back the notes on or prior to the maturity date at the Makewhole Amount ranging between $463.8m in Year 1 to $609.5m in Year 6 ($1.75 in Year 1 to $2.30 in Year 6 per note) subject to certain conditions. Makewhole amount is reduced by cash interest paid prior to maturity. Assuming minimum cash obligations ($62.7m) are met, the amount payable on maturity would be $546.8m;
- subordinated secured – the notes are secured by security granted by the Group and the Guarantors over all of their assets and undertakings, to the Trustee under the terms of the Transaction Documents;
- ranked, for security purposes, after all Priority Permitted Debt – the notes have priority over the Group's ordinary shares, all Shortfall Debt and the claims of unsecured creditors, however the notes rank behind the Group's Priority Permitted Debt and the claims of other creditors with priority at law in a winding up;
- convertible into shares – the notes are converted into shares calculated by dividing the Equity Conversion Amount by a Conversion Price of $0.70;
- equity conversion amount - the aggregate face value of the total number of Notes subject to the conversion plus the amount of interest accrued/capitalised but unpaid;
- interest – for the first 27 months the Notes bear a cash interest of 7.0% p.a. or of 8.5% p.a. if the interest payment is capitalised. After the first 27 months, the Group can elect to pay 7.0% cash interest p.a. or to pay a total interest rate of 8.5% p.a. with a minimum of 5.0% p.a. paid in cash and the remaining 3.5% p.a capitalised.

Tranche B

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

- fully paid – the issue price of $1.00 per note is paid to the Group before the notes are issued;
- maturity – the notes have a maturity date of 5 years from issuance;
- redeemable – the notes may be redeemed, which means the Group may be required to buy back the notes on or prior to the maturity date at the Makewhole Amount ranging between $47.3m in Year 1 to $62.6m in Year 5 ($1.74 in Year 1 to $2.30 in Year 5 per note) subject to certain conditions. Makewhole amount is reduced by cash interest paid prior to maturity. Assuming minimum cash obligations ($5.9m) are met, the amount payable on maturity would be $56.2m;
- subordinated secured – the notes are secured by security granted by the Group and the Guarantors over all of their assets and undertakings, to the Trustee under the terms of the Transaction Documents;
- ranked, for security purposes, after all Priority Permitted Debt – the notes have priority over the Group's ordinary shares, all Shortfall Debt and the claims of unsecured creditors, however the notes rank behind the Group's Priority Permitted Debt and the claims of other creditors with priority at law in a winding up;
- convertible into shares – the notes are converted into shares calculated by dividing the Equity Conversion Amount by a Conversion Price of $0.32;
- equity conversion amount - the aggregate face value of the total number of Notes subject to the conversion plus the amount of interest accrued/capitalised but unpaid;
- interest – for the first 27 months the Notes bear a cash interest of 7.0% p.a. or of 8.5% p.a. if the interest payment is capitalised. After the first 27 months, the Group can elect to pay 7.0% cash interest p.a. or to pay a total interest rate of 8.5% p.a. with a minimum of 5.0% p.a. paid in cash and the remaining 3.5% p.a capitalised.

Note 16. Convertible notes (continued)

Movement of the fair values during the current period and previous financial year is set out below:

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Opening balance	345,046	295,478
Fair value changes through profit or loss	36,343	58,975
Fair value changes through other comprehensive income	503	3,967
Repayment[1]	(9,179)	(13,374)
	372,713	345,046

[1]During the period, the Group paid cash interest of $9.2m (30 June 2024: $13.4m) on the notes, however the notes are carried in the Group's consolidated statement of financial position at fair value and accordingly the payments, whilst variously referred to as interest payments in the convertible notes terms, are treated as debt repayments in the consolidated financial statements.

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

Given the complex structure of the convertible notes, the Group obtains assistance from professional valuers to estimate the fair value at the reporting date. For the purposes of estimating fair value at 31 December 2024, a Monte Carlo Simulation Option Pricing Model was applied which used option pricing mathematics to simulate future equity values. This methodology allows incorporation of the probability of exercising the conversion option and the investor’s right to redeem in the valuation.

The overall value of the convertible notes increased by $36.8m at 31 December 2024 (30 June 2024: increased by $63.0m). The increase in fair value amounting to $36.3m arose mainly due to the capitalisation of payment in kind interest during the half year as well as an increase in value of the plain vanilla bond and make whole amounts. A further increase of $0.5m is recorded in OCI due to the change in credit spread in accordance with AASB 9. These fair value changes do not impact the redemption and conversion rights available to the investors under the terms of the convertible notes.

The Group has classified the convertible notes as fair value through profit and loss, accordingly, interest expense is not separately recorded in profit and loss as it is implied in the fair value approach.

Based on the current terms of the notes, the fair value of the notes is expected to increase over their remaining term from the value at 31 December 2024 of $372.7m to reach a minimum value of $603.1m by maturity date, being the redemption value at maturity assuming the Company continues to pay the cash interest at the rate of 5% p.a. each payment date. This means that the fair value adjustments will amount to $230.4m over the remaining 29 months to maturity. This amount will be recognised in the consolidated statement of profit and loss over the period, in addition to the cash interest paid. In effect, the fair value of the notes of $372.7m as at 31 December 2024 approximates the present value of the redemption amount at maturity when discounted by the 19.39% cost of capital determined by the professional valuers engaged by Noumi.

As at 31 December 2024, the redemption value of the notes was $517.7m.

Note 17. Other financial liabilities

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Current		
ASIC litigation liability	1,500	-
US litigation settlement liability	7,238	6,793
	8,738	6,793
Non-current		
ASIC litigation liability	1,500	-
US litigation settlement liability	3,252	6,175
	4,752	6,175

ASIC Litigation Liability
ASIC litigation liability represents the amount payable following a judgement issued by the Federal Court determining the amount of penalty.

US Litigation Settlement Liability
US litigation settlement liability represents the amount payable under the US litigation settlement agreement being the present value of future payments.

Note 18. Reserves

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Common control reserve	(60,878)	(60,878)
Foreign currency translation reserve	(115)	(148)
Convertible notes reserve	3,454	3,957
Fair value reserve	(4,702)	(4,702)
Asset revaluation reserve	743	743
Equity-settled share options reserve	311	194
	(61,187)	(60,834)

Note 18. Reserves (continued)

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

Consolidated	Common control reserve $'000	Foreign currency translation reserve $'000	Convertible notes reserve $'000	Fair value reserve $'000	Asset revaluation reserve $'000	Equity-settled share options reserve $'000	Total $'000
Balance at 1 July 2023	(60,878)	(111)	7,924	(4,702)	-	-	(57,767)
Gain on revaluation of land	-	-	-	-	1,062	-	1,062
Fair value changes (note 16)	-	-	(3,967)	-	-	-	(3,967)
Deferred tax	-	-	-	-	(319)	-	(319)
Foreign currency translation	-	(37)	-	-	-	-	(37)
Share-based payments expense	-	-	-	-	-	194	194
Balance at 30 June 2024	(60,878)	(148)	3,957	(4,702)	743	194	(60,834)
Fair value changes (note 16)	-	-	(503)	-	-	-	(503)
Foreign currency translation	-	33	-	-	-	-	33
Share-based payments expense	-	-	-	-	-	117	117
Balance at 31 December 2024	(60,878)	(115)	3,454	(4,702)	743	311	(61,187)

Note 19. Fair value of financial instruments

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

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

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

From time to time, the Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including forward foreign exchange contracts and options. Derivative financial instruments are classified as Level 2, as the fair values are calculated based on observable market interest rates and foreign exchange rates. The fair values of interest rate derivatives are calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of the foreign currency forwards is calculated as the difference between the forward rate and the spot exchange rate at the balance sheet date.

The fair value of the Group's investments in JLL is determined after taking into consideration various valuation approaches including income approach (discounted cash flow analysis) and market approach using prices and other relevant information generated by market transactions involving identical or comparable businesses and interest shown by shareholders. Investment in JLL is classified as Level 3, as the fair value at 31 December 2024 is based on cash flow forecast discounted using an appropriate discount rate.

Note 19. Fair value of financial instruments (continued)

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

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

The following tables detail the Group's assets and liabilities, measured at fair value at 31 December 2024 and 30 June 2024.

Consolidated - 31 December 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments	-	163	-	163
Financial assets at fair value through OCI - JLL	-	-	743	743
Total assets	-	163	743	906
Liabilities				
Convertible notes (note 16)	-	372,713	-	372,713
Total liabilities	-	372,713	-	372,713

Consolidated - 30 June 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through OCI - JLL	-	-	743	743
Total assets	-	-	743	743
Liabilities				
Convertible notes (note 16)	-	345,046	-	345,046
Total liabilities	-	345,046	-	345,046

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

Note 20. Capital commitments and contingent liabilities

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities:		
Property, plant and equipment	1,876	2,144

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Contingent liabilities		
Contingencies at the reporting date but not recognised as liabilities:		
Bank guarantees related to US litigation settlement	16,286	18,682

Note 20. Capital commitments and contingent liabilities (continued)

Bank guarantees related to US Litigation Settlement
The Company entered into a bank guarantee facility of US$18.0m with one of its senior lenders to secure the future instalment obligations related to US litigation settlement made in FY22. This is progressively stepping down until January 2027 as instalments are paid. A contingent liability exists only in the event that the term deposit of $16.5m provided as collateral is not available to satisfy the obligation under the US litigation settlement and guarantee arrangement.

Note 21. Events after the reporting period

Other than as disclosed in the consolidated financial statements, no other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

In the directors' opinion:

(1) The condensed consolidated financial report and notes, are in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half year-ended on that date;
(b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

(2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Genevieve Gregor
Chair

25 February 2025
Sydney

Independent Auditor's Review Report

To the shareholders of Noumi Limited

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Noumi Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Noumi Limited does not comply with the *Corporations Act 2001*, including:

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

The ***Half-year Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 31 December 2024
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 21 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Noumi Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note 2(c), "Going Concern" in the Half-year Financial Report. The events or conditions disclosed in Note 2(c), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Half-year Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

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

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

KPMG

KPMG

Julie Cleary

Partner

Sydney

25 February 2025