

Appendix 4D

WELLARD LIMITED

ABN 53 607 708 190

Half-Year Report

Results for announcement to the market for the half-year ended 31 December 2023

The information that is required by the Australian Securities Exchange Listing Rules is as follows:

1. The reporting period is to 31 December 2023 and the previous corresponding period is to 31 December 2022.
2. Results for announcement to the market:

	Current period US\$'000	Change from prior period US\$'000	Change from prior period %
2.1 Revenues from ordinary activities	17,985	(4,830)	(21.2)
2.2 Profit from ordinary activities after tax attributable to members	554	5,561	111.1
2.3 Net profit for the period attributable to members	554	5,561	111.1
2.4 Dividends (distributions)	Nil	Nil	Nil

3. Net tangible assets per security:

	31 Dec 2023 US\$ cents	31 Dec 2022 US\$ cents
3.1 Net tangible assets per ordinary security	7.1	8.9

4. There were no entities over which control has been gained or lost during the period.
5. No dividends were paid during the period.
6. The Company does not have a dividend re-investment plan.
7. The Company does not have any associates or joint venture entities.

The reviewed financial statements for the half-year ended 31 December 2023 are attached to this Appendix 4D.

Wellard Limited

ACN 607 708 190

Interim Financial Report
For the half-year ended 31 December 2023



Interim Financial Report

For the half-year ended 31 December 2023



The Board of Directors of Wellard Limited (the **Company** or, together with the entities it controls, the **Group**) submits its financial report in respect of the half-year ended 31 December 2023.

The Directors of the Company in office during the half-year and at the date of this report are:

Name	Position	Appointed
John Klepec	Executive Chairman	3 August 2018
Philip Clausius	Non-Executive Director	19 November 2015
Kanda Lu	Executive Director	12 May 2017
John Stevenson	Non-Executive Director	22 November 2019

The Company Secretary of the Company in office during the half-year and at the date of this report is Michael Silbert.

All amounts are presented in United States Dollars unless stated otherwise.

Review and Results from Continuing Operations

FOR HALF-YEAR ENDED 31 DECEMBER (US\$'000)		2023	2022	Movement
Revenue		17,985	22,815	(21.2%) ⬇️
Cost of sales		(16,394)	(19,785)	(17.1%) ⬇️
Gross profit		1,591	3,030	(47.5%) ⬇️
Other income ¹		3,577	0	N/A ⬆️
General and Administrative expenses		(1,997)	(2,063)	(3.2%) ⬇️
Other losses from operating activities		0	(306)	N/A ⬇️
EBITDA ²		3,171	661	379.7% ⬆️
Other (losses)/gains from other activities		(48)	32	(250.6%) ⬇️
Depreciation and amortisation expenses		(2,455)	(5,210)	(52.9%) ⬇️
EBIT		668	(4,517)	114.8% ⬆️
Net finance costs		(114)	(133)	(14.3%) ⬇️
Income tax expense		0	(357)	N/A ⬇️
Profit/(loss) from continuing operations after tax		554	(5,007)	111.1% ⬆️
Profitability analysis				
Gross Profit margin	%	8.8	13.3	(33.8%) ⬇️
Operating Profit margin	%	17.6	2.9	506.9% ⬆️
Interest coverage ³	Times	27.8	5.0	456.0% ⬆️
Net operating cashflow	US\$'000	(480)	1,332	(136.0%) ⬇️
AS AT		31 Dec 2023	30 June 2023	Movement
Balance Sheet analysis				
Working Capital	US\$'000	6,063	3,195	89.8% ⬆️
Current ratio	Times	2.1	1.4	50.0% ⬆️
Net tangible assets	US\$'000	37,748	37,017	2.0% ⬆️
Net tangible assets per security (US\$)	Cps	7.1	7.0	1.4% ⬆️
Negative Net Debt ⁴	US\$'000	(4,125)	(4,832)	(14.6%) ⬇️
Debt to capital ratio ⁵	%	5.8	6.4	(9.4%) ⬇️
Ship loan to asset book value ratio	%	0	0	0.0% ↔️

¹ Other income refers to the receipt of insurance claims following the M/V Ocean Swagman's starboard engine repair in the prior financial year.

² EBITDA equals profit/(loss) from continuing operations before income tax, depreciation and amortisation expenses, net finance costs, other gains/(losses) arising from other activities and impairment expenses.

³ Interest coverage equals EBITDA divided by net finance costs.

⁴ Net debt equals loans and borrowings less cash and cash equivalents. A negative net debt indicates that the cash and cash equivalents exceed the entire debt balance.

⁵ Debt to capital ratio equals loans and borrowings divided by total equity plus loans and borrowings.

Interim Financial Report

For the half-year ended 31 December 2023



Financial Review

Unless otherwise stated, all amounts in this Interim Financial Report are presented in US\$ whilst all comparisons are in relation to the previous corresponding period ("PCP").

For the half-year ended 31 December 2023 ("H1 FY24"), Wellard is reporting a net profit after tax of US\$0.6 million (H1 FY23: net loss after tax of US\$5.0 million), a result that includes a non-cash depreciation and amortisation expense of US\$2.5 million (H1 FY23: US\$5.2 million). This improvement in financial performance includes the receipt of US\$3.6 million in insurance proceeds associated with the engine breakdown on the M/V Ocean Swagman in February 2023, the costs of which were already recognised in Wellard's FY2023 financial statements.

As detailed by the Company, following the conclusion of Wellard's long-term bareboat charter with its owner, Heytesbury Singapore Pte Ltd ("Heytesbury") for the M/V Ocean Swagman on 30 June 2023, the vessel entered a four-month time charter agreement with Wellard⁶. After exercising an option to extend, this agreement will expire at the end of February 2024. The M/V Ocean Swagman will be redelivered to Heytesbury and will no longer form part of the Wellard fleet. While the time charter arrangement was in place, responsibility for the vessel's operation and maintenance costs reverted to the shipowner. Consequently, in its 'costs of sales', Wellard is now recognising only the time charter expenses over the charter period, in addition to incurring bunker and port costs.

Revenue declined 21.2% to US\$18.0 million (H1 FY23: US\$22.8 million). This decrease was caused by lower fleet activity due to a challenging industry environment, overshadowing Wellard's operational performance. In Australia, the live cattle export sector faced persistent challenges. Notwithstanding a drop in live export cattle prices from Darwin to Indonesia, continuing internal issues in Indonesia, including the growing popularity of alternative protein, especially Indian Buffalo meat, failed to stimulate market demand and pressured charter rates. Some offset was achieved through increased market activity in Vietnam, with the M/V Ocean Ute handling multiple shipments. At the same time, in Türkiye, where both the M/V Ocean Drover and M/V Ocean Swagman were deployed, an initially optimistic outlook for FY2024 was undermined by a slowdown in the South America-Türkiye cattle trade during Q2 caused by delayed new import permits, triggering these two Wellard vessels to sit idle for some time at the end of the 2023 calendar year.

Cost of sales also recorded a decrease of 17.1% to US\$16.4 million (H1 FY23: US\$19.8 million). In particular, marine fuel (bunker) expenses recorded a significant decrease of 31.0% to US\$8.1 million (H1 FY23: US\$11.8 million), while operating expenses (OPEX) – consisting of crew wages, insurance, repair and maintenance costs, and other operating expenses – fell by 31.3% to US\$4.4 million (H1 FY23: US\$6.4 million) owing primarily to the fact that M/V Ocean Swagman OPEX was shifted back to the vessel's owner. Nonetheless, the cost of sales recorded in FY24 includes the M/V Ocean Swagman's time charter costs of US\$2.5 million, which contrasts with FY23, when the vessel was engaged on a bareboat charter basis. During that time, bareboat-related costs were recorded as depreciation and amortisation expenses, specifically as depreciation of right-of-use assets, totalling US\$1.4 million. As a result, gross profit fell to US\$1.6 million (H1 FY23: US\$3.0 million).

EBITDA from continuing operations – defined as earnings from continuing operations before the impact of income tax, depreciation and amortisation expenses, finance costs, and excluding other gains or losses from other activities and impairment expenses – recorded a substantial 379.7% increase to US\$3.2 million (H1 FY23: US\$0.7 million). This increase was positively influenced by the receipt of US\$3.6 million in insurance proceeds associated with the engine breakdown on the M/V Ocean Swagman in February 2023, recorded as other income. This significant increase has led to an operating profit margin of 17.6%, substantially improving from the 2.9% margin in H1 FY23.

Depreciation and amortisation expenses saw a significant decrease of 52.9%, amounting to US\$2.5 million (H1 FY23: US\$5.2 million). This reduction is primarily attributable to the change in the charter contract of the M/V Ocean Swagman from a bareboat to a time charter. Consequently, these expenses are now recognised under the cost of sales.

Net finance costs remained stable at US\$0.1 million.

As of 31 December 2023, the Group continued to have a "negative net debt" position – hence, cash available for the Group – of US\$4.1 million (30 June 2023: negative net debt of US\$4.8 million), recording a decrease of US\$0.7 million or 14.6%. Additionally, during the same period, the Group's working capital experienced a substantial increase of US\$2.9 million or 89.8%, reaching US\$6.1 million (30 June 2023: US\$3.2 million), primarily due to the receipt of insurance proceeds to reimburse cash Wellard spent on the repairs in H2 FY23.

⁶ Wellard 2023 Annual Report, page 11

Interim Financial Report

For the half-year ended 31 December 2023



As of 31 December 2023, total debt accounted for 5.8% of the Group's funding, compared to 6.4% as of 30 June 2023. Moreover, the Group has repaid all its ship debt, underscoring its commitment to sound financial management and positioning it well to capture future growth and opportunities or weather headwinds.

At the completion of the half-year, Wellard had cash and cash equivalents of US\$6.5 million (30 June 2023: US\$7.4 million), and the Group maintains a US\$4.0 million trade facility with a financial institution in Singapore to fund ship operating costs and foreign-exchange transactions, which as of 31 December 2023, was utilised for US\$2.1 million. Wellard also retains a US\$19.1 million facility with the same institution to be used for commodity swaps to hedge against bunker price swings, which was not utilised as of 31 December 2023, nor was it on 30 June 2023.

The Group made all payments due under its banking facilities and lease agreements during the reporting period. The Group maintains a good working relationship with all financiers and fully complies with all of its financial covenants.

In December 2023, Wellard and its insurers settled a Class Action against the Company. The total settlement amount was agreed at A\$23 million, payment of which will be fully met from available insurance proceeds and therefore has no impact on Wellard's H1 FY24 financials or cashflow. The matter will be fully finalised after the Federal Court approves the settlement, expected sometime in the 2024 calendar year.

Operations Review

In respect of the safety of our people, Wellard again had zero medically treated injuries and zero lost time injuries during H1 FY24, building on the zero results achieved in FY2022 and FY2023.

During H1 FY24, Wellard loaded 11 cattle voyages to the following destinations:

Table 1: Wellard Voyage Analysis

Loaded	Discharged	H1 FY24	H1 FY23
Australia	Southeast Asia	6	4
South America	Türkiye	5	-
New Zealand	North Asia	-	3
Australia	North Asia	-	4
Australia and New Zealand	North Asia	-	1
Total		11	12

There were no reportable livestock mortality incidents aboard Wellard vessels in the reporting period, as has been the case since 2017. A success rate of 99.83% was achieved, with Wellard delivering 84,498 animals in the reporting period, a 25.6% increase on the 67,260 cattle discharged in the prior corresponding period.

This was largely a product of the reduced number of high-value, low-stocking-density voyages to North Asia.





























Wellard's voyage origination and disembarkation ports reflect a broader trend in the market, with many vessels departing the sporadic Australia to Southeast Asia route and Australia/New Zealand ⁷ to North Asia route in favour of the longer haul South America to Middle East / North Africa route.

However, that trend is changing again with the reemergence of North Asian demand for Australian breeding cattle in the past few months (see Outlook section for more information), prompting a return to this segment.


As can be noted from the following graphic representation of Wellard's livestock vessel monitoring (conducted on a cargo capacity basis), Wellard's vessel movements continue to closely match general industry route movements, a product of the mobility of shipping assets.

⁷ On 30 April 2023, the previous New Zealand government enacted a live export ban on cattle, closing this trade. New Zealand's new government has pledged to re-open this trade, however there is no set timeframe announced.

Figure 1: AMSA-Accredited Live Cattle Vessel Activity Heat Map (by pen area)

	Jun-22	Dec-22	Jun-23	Dec-23
AUS-INDO/VIET	17% 	18% 	24% 	23% 
AUS-CHINA	19% 	17% 	4% 	30% 
NZ-CHINA	34% 	22% 	0% 	0% 
SA-CHINA/MENA	2% 	0% 	44% 	24% 
EU-MENA	7% 	13% 	20% 	2% 
AUS-MENA	19% 	26% 	8% 	20% 
USA-ASIA	2% 	4% 	0% 	2% 

Source: Wellard Vessel Monitoring

 = Wellard Fleet Vessels

As can be seen in Table 1, eight Wellard voyages from Australia and/or New Zealand to North Asia were completed in H1 FY23, while not a single Wellard voyage was conducted to that destination in H1 FY24.

The Ardern Labor Government's decision to ban the live export trade from April 2023 onwards was a significant contributor to this change. However, in October 2023, New Zealand's voters replaced the Ardern Labor Government with the Nationals. Part of the Nationals election platform was to overturn the previous Government's live export ban, but with a Gold Standard which, among other things, would require the trade to be conducted with purpose-built ships. As yet, there is no set timeframe for the restart of the live export trade from New Zealand.

Wellard supports this progression in standards.

Cattle exports from Australia to North Asia were also impacted as China's large import program in H1 FY23 and early H2 FY23, in anticipation of the closure of the NZ trade, required time to be absorbed through its system. At an industry level, 76,526 cattle departed Australia in H1 FY23, but only 40,703 cattle departed in H1 FY24 ⁸.

There was a ramp-up in cattle exports to Indonesia in December 2023 as feedlotter prepared for the Ramadan religious festival in March/April, a period of higher beef demand. This helped total Australian cattle exports increase by 13% from 174,095 cattle in H1 FY23 to 196,298 cattle in H1 FY24 ⁷.

The export cattle trade to Indonesia remains impacted by the ongoing outbreaks of lumpy skin disease ("LSD") and foot and mouth disease ("FMD") in Indonesia with importers still reluctant to commit to large orders of cattle.

The fall in Australian cattle prices throughout H2 FY23 and H1 FY24 (noting live feeder cattle prices initially resisted the fall in the Eastern Young Cattle Indicator) did little to stimulate Indonesian demand, reinforcing the fact that this live export market remains under structural pressure from a combination of the aforementioned disease issues as well as from imports of frozen Brazilian beef and Indian Buffalo Meat (IBM).

Wellard instead performed several voyages to Vietnam. The increase in activity in this market was caused by a fall in Australian cattle prices in CY2023, which created opportunity for live exporters to purchase certain specification cattle at prices which were commercially attractive for Vietnamese importers.

In CY2022, just 58,200 cattle were exported from Australia to Vietnam. In CY2023 that figure more than doubled to 126,930 cattle. This provided some opportunities for increased shipping activities, which Wellard benefited from, but this market remained best described as opportunistic rather than regular.

As a result of non-existent demand for Australian dairy cattle to North Asia shipments and sporadic demand for Australia to Indonesia/Vietnam voyages, Wellard made the decision in mid CY2023 to relocate the M/V Ocean Drover and M/V Ocean Swagman to the South America to Türkiye trade.

Combined, the vessels completed five voyages on that route during H1 FY24. These were concentrated in the earlier part of H1, as the 500,000 head Türkiye quota was filled later in the reporting period.

Consequently, and as noted at our 2023 Annual General Meeting, both vessels spent time under-utilised in Q2 FY24, particularly the M/V Ocean Swagman which doesn't offer exporters the same economies of scale that the M/V Ocean Drover provides.

⁸ <https://www.agriculture.gov.au/biosecurity-trade/export/controlled-goods/live-animals/live-animal-export-statistics/livestock-exports-by-market>

Interim Financial Report

For the half-year ended 31 December 2023



Both vessels embarked on a ballast return to Australia in late December, though the M/V Ocean Drover is returning to South America after completing a profitable voyage from Australia to North Asia.

Although there was a 22% increase in Year-on-Year sheep exports from Australia (486,323 sheep in CY2022 vs 593,514 head in CY2023⁷), due largely to a fall in mutton price making sheep exports from Australia more commercially attractive, Wellard's vessels did not perform any sheep voyages in H1 FY24.

As noted in the preceding financial report, Wellard's largest cost item, marine fuel (bunker), recorded a 31% decrease to US\$8.1 million in the reporting period (H1 FY23: US\$11.8 million).

That was largely a product of the very high, albeit declining, global bunker prices in H1 FY23. In that period Wellard's average bunker price was US\$875/tonne. In the H1 FY24 reporting period, Wellard's average bunker price was US\$639/tonne, a 27% fall on the prior corresponding period.

Given its importance, it is pertinent to restate that animal welfare remains of crucial importance to Wellard so that every animal in our care is managed to the highest standards. Through our larger-than-average purpose-built vessels, our expert crew, and our rigorous emphasis on high standards of care, we continue to demonstrate that we can provide superior conditions for the transport of livestock to destination markets.

Wellard continues to campaign for higher regulatory shipping standards to minimise the chances of adverse events from occurring in the industry, and therefore improving the long-term sustainability of the live export trade in countries that produce livestock which are surplus to their domestic consumption requirements.

Outlook

The M/V Ocean Drover is contracted for the remainder of the financial year. After having undertaken an Australia to North Asia charter, it is now en-route to perform several back-to-back charters from South America to the Middle East region for the remainder of the financial year and into FY2025.

Its large size and class leading animal services and crew on-board make the vessel ideal for this trade.

Wellard's ships have not been affected by the current geopolitical instability in the Middle East. Both the M/V Ocean Drover and M/V Ocean Swagman passed through the Suez Canal recently without incident.

Wellard has not negotiated a new time-based charter of the M/V Ocean Swagman with its owner, Heytesbury Singapore Pte Ltd, and the vessel will be redelivered on or before the time-charter expiry on 29 February 2024. Whilst being an excellent vessel, under the Time Charter arrangement the M/V Ocean Swagman has not been working commercially during the current financial year, having had only one charter since November 2023, with Wellard unable to secure sufficient charters at a rate to enable a positive financial contribution.

Due to the absence of import permits, there were no shipments from Australia to Indonesia in January 2024, however following the recent Indonesian national elections, it has been reported that the Indonesian Government has released permits allowing for the import of 650,000 cattle this year, issued to 28 feedlots⁹. The M/V Ocean Ute will load a shipment for Indonesia at the end of February after being at anchor awaiting the permits being released.

As per our previous reports, significant structural issues exist in the Indonesian market with strong competition from frozen Indian Buffalo Meat and processed Brazilian beef, where quotas were issued for both over a month ago.

As has been noted in the media, significant numbers of export-consigned cattle from Australia have been rejected by Indonesian regulators due to skin blemishes. This is a product of the outbreak of Lumpy Skin Disease in Indonesia and claims by Indonesian authorities that Australian livestock were carrying the disease. Rigorous testing has proved these claims unfounded, but nevertheless Australian authorities are taking a risk-averse approach to any cattle exhibiting blemishes that could be (incorrectly) construed as being LSD symptomatic.

While the export market to Vietnam regained some vitality in H1 FY24 and the M/V Ocean Ute completed multiple shipments, the recent increase in Australian cattle prices has eroded the cost competitiveness of Australian cattle in the Vietnam market and has immediately impacted volumes and inquiry levels. If pricing reverts to its downward trend export volumes and charter demand are expected to react accordingly.

⁹ <https://www.beefcentral.com/live-export/northern-cattle-trade-to-indonesia-sets-sail-for-2024/>

Interim Financial Report

For the half-year ended 31 December 2023



Recent activity in the supply of breeder cattle from Australia to China, with Wellard completing a shipment on both the M/V Ocean Drover and M/V Ocean Swagman at the start of CY2024, suggests that this trade is returning to previous levels and is the most likely of the Australia routes to provide chartering activity for any Wellard vessels.

Wellard expects little increased activity in the live sheep sector in the short-term and, taking into account current hostilities in the region, therefore believes it is unlikely that any of its vessels will embark on a Middle East sheep voyage in H2 FY24. Even with current very low mutton prices in Western Australia, Middle East importers have demonstrated little interest in additional supplies as they have built supply lines of live sheep from competing markets when the Australian prices were uncompetitive for an extended period.

Finally, with global oil prices fluctuating due to political instability and conflict in the Middle East, it is difficult to forecast bunker prices.

Rounding of Amounts

Wellard is an entity of the kind specified in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that legislative instrument, amounts in the interim financial report and Directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise. All amounts are in United States Dollar only, unless otherwise stated.

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 7.

This report has been made in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read "John Klepec", written over a horizontal line.

John Klepec
Executive Chairman

A handwritten signature in blue ink, appearing to read "Paolo Triglia", written over a horizontal line.

Paolo Triglia
Group Chief Financial Officer

Date: 22 February 2024



Moore Australia Audit (WA)

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF WELLARD LIMITED

As auditor for the review of Wellard Limited and its subsidiaries for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements as set out in *the Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



NEIL PACE
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth on the 22nd day of February 2024.

Condensed Consolidated Statement of Comprehensive Income

For half-year ended	Note	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
Continuing operations			
Revenue	2	17,985	22,815
Cost of sales	4(a)	(16,394)	(19,785)
Gross profit		1,591	3,030
Other income	3	3,577	-
Other losses	4(b)	(48)	(274)
Net finance costs	4(c)	(114)	(133)
Depreciation and amortisation expenses		(2,455)	(5,210)
General and administrative expenses	4(d)	(1,997)	(2,063)
Profit/(loss) from continuing operations before income tax		554	(4,650)
Income tax expenses		-	(357)
Profit/(loss) for the period after tax		554	(5,007)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Gain/(loss) from foreign currency translation		61	(78)
Other comprehensive income/(loss) for the period, net of tax		61	(78)
Total comprehensive income/(loss) for the period		615	(5,085)
		Cents	Cents
Earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings/(loss) per share		0.10	(0.94)
Diluted earnings/(loss) per share		0.10	(0.94)

The accompanying notes form an integral part of this condensed consolidated statement of comprehensive income.

Condensed Consolidated Statement of Financial Position

	Note	31 Dec 2023 US\$'000	30 Jun 2023 US\$'000
Current assets			
Cash and cash equivalents		6,482	7,420
Trade and other receivables		478	974
Inventories		1,787	1,210
Contract assets		426	639
Other assets		2,249	705
Total current assets		11,422	10,948
Non-current assets			
Property, plant and equipment	9	31,681	33,830
Intangible assets	8	724	840
Other assets		37	64
Total non-current assets		32,442	34,734
Total assets		43,864	45,682
Current liabilities			
Trade and other payables		2,207	3,713
Loans and borrowings	7	2,324	2,545
Provisions		128	55
Contract liabilities		700	1,440
Total current liabilities		5,359	7,753
Non-current liabilities			
Loans and borrowings	7	33	43
Provisions		-	29
Total non-current liabilities		33	72
Total liabilities		5,392	7,825
Net assets		38,472	37,857
Equity			
Issued capital	6	412,259	412,259
Reserves		(277,065)	(277,126)
Accumulated losses		(96,722)	(97,276)
Total equity		38,472	37,857

The accompanying notes form an integral part of this condensed consolidated statement of financial position.

Interim Financial Report

For the half-year ended 31 December 2022



Condensed Consolidated Statement of Changes in Equity

	Attributable to Owners					
	Issued capital	Accumulated losses	Share based payments reserve	Other reserves	Common control reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 July 2022	412,259	(81,789)	12,963	5,857	(295,768)	53,522
Loss for the period	-	(5,007)	-	-	-	(5,007)
Other comprehensive loss	-	-	-	(78)	-	(78)
Total comprehensive loss for the period	-	(5,007)	-	(78)	-	(5,085)
Balance at 31 December 2022	412,259	(86,796)	12,963	5,779	(295,768)	48,437
Balance at 1 July 2023	412,259	(97,276)	12,963	5,679	(295,768)	37,857
Profit for the period	-	554	-	-	-	554
Other comprehensive income	-	-	-	61	-	61
Total comprehensive income for the period	-	554	-	61	-	615
Balance at 31 December 2023	412,259	(96,722)	12,963	5,740	(295,768)	38,472

The accompanying notes form an integral part of this condensed consolidated statement of changes in equity

Condensed Consolidated Statement of Cash Flows

For half-year ended	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
Cash flows from operating activities		
Receipts from customers	21,319	22,572
Payments to suppliers and employees	(21,435)	(21,240)
Interest received	1	-
Net income tax paid	(365)	-
Net cash (outflow)/inflow from operating activities	(480)	1,332
Cash flows from investing activities		
Purchase of property, plant & equipment	(2)	(2,331)
Net cash outflow from investing activities	(2)	(2,331)
Cash flows from financing activities		
Principal repayment of lease liabilities	(86)	(1,414)
Net repayments of borrowings	(315)	(3,478)
Interest paid	(123)	(145)
Net outflow from financing activities	(524)	(5,037)
Net decrease in cash held	(1,006)	(6,036)
Cash at the beginning of the financial period	7,420	15,279
Effects of exchange rate changes on cash and cash equivalents	68	(48)
Cash at the end of the financial period	6,482	9,195

The accompanying notes form an integral part of this condensed consolidated statement of cash flows.

Condensed Consolidated Statement of Cash Flows (continued)

Reconciliation of net profit/(loss) after tax to net cash flows from operating activities

	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
Profit/(loss) after tax	554	(5,007)
<i>Adjustments for:</i>		
Depreciation and amortisation	2,455	5,210
Allowance/(reversal) for impairment loss	-	306
Interest income	(1)	(16)
Income tax expense	-	357
Interest expense	115	149
Unrealised foreign exchange gains	(18)	(14)
<i>Changes in assets and liabilities, net of the effects of purchase and of subsidiaries</i>		
Change in trade and other receivables, contract assets and other current assets	(808)	(1,399)
Change in inventories	(577)	610
Change in trade and other payables	(1,140)	1,158
Change in contract liabilities	(740)	(25)
Change in provisions	44	3
	(116)	1,332
Interest received	1	-
Income tax paid	(365)	-
Net cash flows from operating activities	(480)	1,332

The accompanying notes form an integral part of this condensed consolidated statement of cash flows.

Notes to the Condensed Consolidated Interim Financial Statements

1.	Corporate information and basis of preparation.....	14
2.	Revenue	14
3.	Other income	14
4.	Expenses	15
5.	Segment information.....	15
6.	Issued capital.....	16
7.	Loans and borrowings	17
8.	Intangible assets.....	17
9.	Property, plant and equipment.....	18
10.	Related party transactions	19
11.	Subsequent events	19
12.	Contingent assets and liabilities.....	19

Notes to the consolidated financial statements

1. Corporate information and basis of preparation

(a) Corporate information

Wellard Limited (**Wellard** or the **Company**) is an Australian Securities Exchange (**ASX**) company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purpose of preparing the financial statements.

The condensed financial statements for the consolidated entity which consists of Wellard and its subsidiaries (together referred to as the **Group**) for the half-year ended 31 December 2023 were authorised for issue by the board of directors on 22 February 2024.

(b) Basis of preparation

This interim financial report for the half-year ended 31 December 2023 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in the annual financial report. It is recommended that the interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Wellard Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Listing Rules of the ASX and the Corporations Act 2001.

The accounting policies adopted are consistent with those of the most recent annual financial report and corresponding interim reporting period.

(c) Critical accounting estimates and judgements

When preparing the interim financial report, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial report, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual financial report for the year ended 30 June 2023.

2. Revenue

	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
Revenue		
Chartering	17,968	22,787
Other revenue	17	28
	17,985	22,815

3. Other income

	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
Insurance claims received	3,577	-
	3,577	-

The insurance claims received is associated with the engine breakdown on the M/V Ocean Swagman in February 2023

Notes to the consolidated financial statements

4. Expenses

	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
(a) Cost of sales		
Chartering	16,394	19,785
	16,394	19,785
(b) Other losses		
<i>Losses arising from operating activities</i>		
Bad and doubtful debts expenses	-	306
<i>Losses/(gains) arising from other activities</i>		
Net foreign exchange losses/(gains)	48	(32)
	48	274
(c) Net finance costs		
Interest income	(1)	(16)
Interest expense	115	149
	114	133
(d) General and administrative expenses		
Consulting expenses	336	306
Occupancy costs	42	35
General and administrative costs	251	301
Travel expenses	90	86
Labour expenses	1,264	1,288
Motor vehicle expenses	14	47
	1,997	2,063

5. Segment information

Segment information is presented based on the information reviewed by senior management for performance measurement and resource allocation.

Description of segments and principal activities

- a) **Chartering:** This segment is engaged in the business of livestock transportation required to deliver livestock globally. In the table below, this segment is further reported as charter revenue, being revenue generated from the sale of space on the Group's vessels for the carriage of cargo owned by third parties.
- b) **Other segments:** This segment consists of trading and corporate services. Trading refers to the business of livestock marketing, buying livestock from multiple sources for export to buyers in international markets globally. Although Wellard retains its Australian livestock export licenses and capabilities, trading activity has reduced since July 2019 and is now very marginal. Wellard did not trade any livestock as a principal during the half-year ended 31 December 2023. Corporate services consist of a centralised support function that provides specialised services across several disciplines to the rest of the Group, including human resources, finance and payroll, information technology and communication, operational and safety services, legal and compliance services and support for the board of directors.

These classifications are in accordance with AASB 8 *Operating Segments* guidelines.

Notes to the consolidated financial statements

5. Segment information (continued)

Management primarily uses a measure of statutory net profit / (loss) before income tax to assess the performance of the operating segments. However, management also receives financial information about segment revenue, EBITDA, interest expense, assets and liabilities on a monthly basis.

	Chartering US\$'000	Others US\$'000	Total US\$'000
Half-year ended 31 December 2023			
Revenue	17,968	17	17,985
Depreciation and amortisation expenses	(2,307)	(148)	(2,455)
Net finance costs	(114)	-	(114)
Profit/(loss) from continuing operations before income tax	1,749	(1,195)	554
Total segment assets	41,270	2,594	43,864
Total segment liabilities	5,042	350	5,392
Half-year ended 31 December 2022			
Revenue	22,787	28	22,815
Depreciation and amortisation expenses	(5,026)	(184)	(5,210)
Net finance costs	(133)	-	(133)
Loss from continuing operations before income tax	(3,356)	(1,294)	(4,650)
Total segment assets	49,966	4,823	54,789
Total segment liabilities	5,946	406	6,352

6. Issued capital

As at 31 December 2023, the share capital of Wellard amounting to 531,250,312 (30 June 2023: 531,250,312) ordinary shares issued and fully paid. Issued share capital consists of ordinary shares only, with equal voting rights. Ordinary shares have no par value. Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

No shares were issued during the reporting period.

	31 Dec 2023 US\$'000	30 Jun 2023 US\$'000
Issued Capital		
At the beginning and end of reporting period	412,259	412,259

Notes to the consolidated financial statements

7. Loans and borrowings

	31 Dec 2023 US\$'000	30 Jun 2023 US\$'000
Current		
Unsecured lease liabilities	200	106
Other loan	2,124	2,439
Total current	2,324	2,545
Non-current		
Unsecured lease liabilities	33	43
Total non-current	33	43
Total loans and borrowings	2,357	2,588

Loans and borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Terms and conditions of outstanding loans were as follows:

Name	Currency	Financial Year of Maturity	31 Dec 2023 US\$'000	30 Jun 2023 US\$'000
Unsecured lease liabilities	SGD	2024-2025	179	88
Unsecured lease liabilities	AUD	2026	54	61
Other loan	USD	2024	2,124	2,439
			2,357	2,588

8. Intangible assets

	Half year ended 31 Dec 2023 US\$'000	Year ended 30 Jun 2023 US\$'000
Software		
Opening net book amount	840	1,158
Foreign exchange revaluation	19	(39)
Amortisation expense	(135)	(279)
Closing net book amount	724	840
 Cost	 2,757	 2,677
Accumulated amortisation	(2,033)	(1,837)
Net book amount	724	840

Software includes amounts spent on the implementation of an enterprise resource planning system since the selection phase was concluded and has been in use since May 2016. Software is amortised over ten years.

Notes to the consolidated financial statements

9. Property, plant and equipment

	Improvements US\$'000	Plant and equipment US\$'000	Right-of-use assets US\$'000	Total US\$'000
Half-year ended 31 December 2023				
Opening net book amount	23	33,649	158	33,830
Additions	-	-	169	169
Foreign exchange revaluation	-	-	2	2
Depreciation expense	(23)	(2,190)	(107)	(2,320)
Closing net book amount	-	31,459	222	31,681
Cost	536	107,285	1,333	109,154
Accumulated depreciation and impairment	(536)	(75,826)	(1,111)	(77,473)
Net book amount	-	31,459	222	31,681
Year ended 30 June 2023				
Opening net book amount	81	37,886	2,780	40,747
Additions	2	3,247	137	3,386
Disposals	-	(1)	-	(1)
Foreign exchange revaluation	(1)	(1)	(1)	(3)
Depreciation expense	(59)	(7,482)	(2,758)	(10,299)
Closing net book amount	23	33,649	158	33,830
Cost	536	107,285	1,160	108,981
Accumulated depreciation and impairment	(513)	(73,636)	(1,002)	(75,151)
Net book amount	23	33,649	158	33,830

- A) There is no property, plant and equipment pledged as security for the liabilities as disclosed in Note 7 (30 June 2023: Nil).
- B) The M/V Ocean Drover (Vessel) is operated by the Group under a long-term bareboat charter agreement (BBC), which runs until 30 June 2032 and allows Wellard full access to offer the M/V Ocean Drover to customers for the transport of livestock. The BBC is part of a standard hire-purchase style financing arrangement with vessels' registered owner, Ruchira Ships Limited (Ruchira), and includes a Memorandum of Agreement (MoA) under which Ruchira was legally obliged to redeliver the vessel to Wellard on 1 September 2023, which was further extended to 1 March 2024.

Ruchira included the M/V Ocean Drover in a package of secured assets under its own arrangements with UOB which has placed registered mortgages on the Vessel, which must be discharged or compromised or lifted by court order before title of the Vessel can be delivered to Wellard by Ruchira in accordance with its legal obligations under the MoA.

On 5 November 2023, Wellard received notification that Ruchira's financier, United Overseas Bank Limited (UOB), has commenced winding up proceedings in Singapore against Ruchira. This triggered an obligation under the MoA for early redelivery of the Vessel, and on 7 November 2023, Ruchira defaulted on that early redelivery obligation.

On 12 January 2024 Wellard received confirmation that upon the application of UOB, the Supreme Court of Singapore formally appointed KPMG Services Pte Ltd as liquidators to Ruchira. It is possible that these liquidators may challenge Wellard's BBC and/or MoA but Wellard can contest any such attempts. However at the time of writing, no move has been made to interfere with the BBC.

Notes to the consolidated financial statements

9. Property, plant and equipment (continued)

Wellard will continue to vigorously assert its legal rights in respect of the M/V Ocean Drover. In the meantime, Wellard has mitigated this position by (i) putting the long-term BBC in place, and preserving Wellard's legal right to operate the vessel until 2032 at effectively no additional hire costs; (ii) by commencing legal action against Ruchira before it went into liquidation designed to protect Wellard's position; and (iii) by engaging early with the liquidators to understand the circumstances which may give rise to the opportunity for commercial negotiation, with the aim of discharging the M/V Ocean Drover mortgages and redelivering legal title of the vessel to Wellard. In the meantime, Wellard operates the vessel as if it was owner, save for not being able to refinance or sell it.

10. Related party transactions

All transactions with related parties are recorded on an arms-length basis at commercial terms and conditions.

Transport Capital Pte Ltd, a shipping-focused investment management and advisory firm, of which Wellard's Non-Executive Director Mr Philip Clausius is the founder and Managing Partner, provided technical services to the Group during August 2022. The service included an on-site visit to the M/V Ocean Ute while she was dry-docked in Singapore. During the six months ended 31 December 2023, there was no technical service fee rendered and paid to this related party by the Group (31 December 2022: US\$1,777).

11. Subsequent events

Other than matters after 31 December 2023 disclosed in the Financial Review and Note 9(B), there are no other significant events occurred after balance sheet date.

12. Contingent assets and liabilities

(a) SHAREHOLDER CLASS ACTION

On 19 December 2023, Wellard announced the settlement of the shareholder class action launched against the Company in March 2020.

The settlement has been agreed without any admission of liability on the part of the Company and is subject to Federal Court approval. The total settlement amount has been agreed at A\$23 million, payment of which will be fully met from available insurance proceeds.

Having regard to the period of time that has elapsed since the Relevant Period, any further claims sought to be brought in respect of the same circumstances would be statute barred by operation of applicable limitation legislation.

Wellard expects that the payment of the settlement amount will be approved by the court and paid to the claimants during calendar year 2024.

No provision was made in the accounts in respect of the class action. Whilst Wellard will receive and temporarily hold the settlement amount after it is released by its insurers, these funds will be held on account for the claimants until final payment is authorised, and the funds (together with any interest accrued) will not be available to Wellard for any other purposes.

Notes to the consolidated financial statements

12. Contingent assets and liabilities (continued)

(b) CLAIM AGAINST THE AUSTRALIAN FEDERAL GOVERNMENT RE 2011 INDONESIAN CATTLE BAN

Wellard remains active in the class action legal claim against the Australian Federal Government relating to losses incurred due to the 2011 ban on Australian livestock exports to the Republic of Indonesia. On 2 June 2020, the Federal Court of Australia found in favour of the lead applicant, Brett Cattle Company Pty Limited in representative proceedings (also known as a 'class action') before the Federal Court brought against the former Minister for Agriculture, Forestry and Fisheries Senator Joe Ludwig and the Commonwealth of Australia as the Respondents. Wellard's claim is being made following this successful litigation brought by the lead claimant, being the Brett Cattle Company.

Progress on this matter continues to be slow, and the Federal Court has ordered the parties to proceed concurrently by way of both mediation and Court process to resolve various foundational issues that remain in dispute. The concurrent processes are being undertaken in an attempt to assist the parties reach a global settlement sum and to prevent unnecessary delay.

The Commonwealth and the claimant group continue to negotiate regarding a possible settlement of all claims, and the matter remains subject to the direction of the Federal Court, including the requirement to determine those defined foundational issues which the parties have yet to agree.

Wellard cannot reliably anticipate the outcome of its legal claim at the date of this report, and it remains too early to make any estimate of the amount which may be recovered by Wellard. No contingency has been raised in these accounts in respect of this class action.

Directors' Declaration

In accordance with a resolution of the directors of Wellard Ltd, we state that:

In the opinion of the directors:

- (a) The condensed consolidated interim financial information and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Klepec
Executive Chairman
Perth
Date: 22 February 2024

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF WELLARD LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of Wellard Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year then ended, notes comprising a summary of material accounting policies and other explanatory information and the directors' declaration.

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

- i. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements 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 ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the Directors for the Half-Year Financial Report

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



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF WELLARD LIMITED (CONTINUED)**

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and
- ii. complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and 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.

NEIL PACE
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 22nd day of February 2024.