

Seafarms Group Limited

ABN 50 009 317 846

Annual Report - 30 June 2024

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General information

The financial statements cover Seafarms Group Limited as a Group consisting of Seafarms Group Limited (referred to hereafter as the 'Company' or 'Parent Entity' or 'SFG') and the entities it controlled (referred to hereafter as the 'Group') the end of, or during, the year. The financial statements are presented in Australian dollars, which is Seafarms Group Limited's functional and presentation currency.

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

Registered office

Unit 5
3 Swan Crescent
Winnellie
NT 0820

Principal place of business

54394 Bruce Highway
Cardwell
Queensland 4849

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2024. The directors have the power to amend and reissue the financial statements.

Directors	<p>Ian Norman Trahar, B.Ec, MBA <i>Non-executive Chairman (Director since 13 November 2001)</i></p> <p>Harley Ronald Whitcombe, B.Bus, CPA <i>Executive Director (since 20 May 2022)</i></p> <p>Rodney John Dyer B.E, (Mech) <i>Non-executive Director (since 25 March 2024); Executive Director (20 May 2022 - 25 March 2024)</i></p>	
Company secretary	Harley Ronald Whitcombe, B.Bus, CPA	
Principal registered office	Unit 5, 3 Swan Crescent Winnellie Darwin, NT 0820 Telephone No: (08) 9216 5280	
Share register	Computershare Investor Services Pty Limited GPO Box D182 Perth, WA 6000 Telephone No: (08) 9323 2000 Facsimile No: (08 9323 2033	
Auditor	Pitcher Partners Level 38, 345 Queen Street Brisbane QLD 4000	
Bankers	Commonwealth Bank of Australia Level 21, 180 Ann Street Brisbane QLD 4000	Australia and New Zealand Banking Group Limited 77 St Georges Terrace Perth WA 6000
Stock exchange listing	Seafarms Group Limited shares are listed on the Australian Securities Exchange. Home Exchange - Perth. (ASX code: SFG)	
Website	www.seafarms.com.au	

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Seafarms Group Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were directors of Seafarms Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Ian Norman Trahar
Harley Ronald Whitcombe
Rodney John Dyer

Principal activities

The Group is developing the world-class Project Sea Dragon project and operating a black tiger and banana prawn aquaculture business located in North Queensland.

Group financial performance

The overall financial performance over the 2024 financial year continues to reflect the investment being made by the Group in pursuing its expansion in aquaculture operations.

Review of operations

The past year has witnessed continued assessment and development of Project Sea Dragon, with several positive developments bringing this project closer to fruition. Despite progress in the breeding program, a construction dispute with Canstruct has marred these achievements.

Queensland Operations

The Group's Queensland operations are conducted at three sites:

- **Flying Fish Point:** Commercial hatchery
- **Cardwell:** Farms 1 & 2 and Processing Plant
- **Ingham:** Farm 3

During the first half of the year, the Queensland operations performed well, particularly due to the Banana prawn crop, which now exclusively serves the "Fresh" option in Australia during spring, summer, and peak Christmas markets. However, the full-year performance was impacted by climatic conditions affecting Black Tiger prawn production at Farm 3.

Global inflationary pressures significantly increased input costs with limited opportunity to pass on these cost increases to the market. Domestic cost of living pressures resulted in a shift away from higher priced protein products like prawns to other lower priced options.

Production: In 2024, the Group produced a total of 1,118 metric tonnes (tonnes) of prawns, compared to 1,260 tonnes in 2023. This included 422 tonnes of Black Tiger prawns from Farms 1 and 3, and 696 tonnes of Banana prawns from Farms 1 and 2. The lower production in 2024 was in response to anticipated weaker market conditions.

Banana prawns: Banana prawn stocking was reduced in FY2024 due to subdued retail conditions and high industry frozen stock levels. Despite this, key performance indicators such as survival and yield per hectare improved compared to the previous year.

Black Tiger prawns: Black Tiger prawn production primarily occurred at Farm 3, with a small stocking on Farm 1. Overall, there was an increase in Black Tiger production from the prior year. This strategic increase specifically targeted the continued growth and development of international markets for Project Sea Dragon. Export sales increased significantly compared to the previous year, driven by growing demand for the product in European markets, with France being a major buyer. Spain and the United Kingdom also showed significant growth opportunities. Additionally, extensive market potential exists in Asia, which will be targeted once additional volumes are available.

Our investment in developing the international market is fundamental to the success of Project Sea Dragon.

Domestic Market conditions: The Australian prawn market faced challenges during the 2023/2024 financial year. Solid aquaculture production volumes from Australian producers combined with subdued retail demand for premium cooked

prawns put pressure on margins.

Market Development: The Group continues to build a high-quality, premium branded offering both domestically and internationally. The company further enhanced the Crystal Bay Prawns® brand's best-in-class credentials through the ongoing "Go-to Freshness" marketing campaign. Our domestic market strategy, focused on developing the fresh prawn category, has demonstrated success during July-December FY2024, with fresh BAN sales being 15% higher compared to last year. Additionally, the black tiger fresh season extended this year, allowing Black Tiger prawn production capacity to be leveraged during Easter and in May and June.

Sale of Farm 1 and Farm 2: During the year, the Group negotiated the sale of Farms 1 and 2, with settlement scheduled for April 2025. Operations will continue until that time. The sale will release capital, enabling the Group to further invest in Project Sea Dragon. Meanwhile, the Group maintains its Crystal Bay Prawns® banana broodstock and is exploring different operating models to extend this product beyond the current crop, which has primarily been stocked for Christmas sales.

Breeding Program

The investment in the domestication and breeding program continued. Similar to the prior year, all black tigers stocked were PLs from domesticated broodstock. Additionally, PLs from 8th and 9th generation broodstock were supplied to third parties, yielding encouraging results. This lays the foundation for a separate business stream, supplying PLs with improved genetics to various other Australian farms.

Project Sea Dragon

In February 2024, Justice Derrington ordered the Deed of Company Arrangement (DOCA) to be set aside and placed Project Sea Dragon Pty Limited (PSD) into liquidation. Recognizing the likelihood of an appeal, Justice Derrington stayed his orders. The appeal was heard on August 12 and 13, 2024, and a judgment is pending.

Despite this legal uncertainty, the Group continues to operate PSD as usual, maintaining licenses and approvals. Discussions with prospective investors proceed with the expectation that Project Sea Dragon's legal position will be resolved in the 2025 financial year.

The loss for the Group after providing for income tax amounted to \$19,312,062 (30 June 2023: \$15,355,902).

Material Business Risks

The Group has in place a risk register and management processes to identify risks and mitigation actions for those risks. There is management oversight to ensure risk mitigation actions are in place and being undertaken. With mitigation in place those risks are reduced to an acceptable level. The material business risk of the Group are as follows:

Health & safety: The Group faces specific risks from operating on construction sites and in an agricultural environment in Northern Australia. The Group has comprehensive processes and procedures for identifying and managing risks and processes for ensuring procedures are complied with.

Canstruct dispute: The ongoing legal action brought by Canstruct continues to add uncertainty to Project Sea Dragon. Seafarms continues to actively work to resolving this uncertainty including defending its position in Court.

Project financing: The Group has stated that it will not commence the development of Project Sea Dragon unless full funding for the project has been secured. Securing this financing is uncertain. A new CEO has been engaged with significant seafood experience to actively seek project finance and the Group continues to engage with potential funders.

Animal health: The Group has faced a number of animal health issues over many years particularly in relation to Black Tiger prawns on specific farms. Risk mitigation includes continuous health screening and bacterial monitoring through the production process, stocking of banana prawns on certain sites and stocking in lower risk periods of the year.

Market risk: The supply of prawns is competitive with a number of competing species, formats and origins. Higher than average supply can depress prices across the industry. To mitigate this risk the Group focuses on high value niche areas of fresh product (never frozen) and large tiger prawns which are largely sold through retail channels.

Inflationary cost pressures: The Group faces increasing unit costs in each of its key inputs of feed, electricity and labour

costs. To mitigate these increases Seafarms continues to pursue efficiency gain and where possible pass on cost increases to its customers. Its ability to pass on input cost rises is a function of market conditions.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Subsequent to end of the financial year, assets from farm 1 and farm 2 in Cardwell was sold to Mainstream Aquaculture Property Pty Ltd, a revolving credit facility was setup with Avatar Finance and Unlisted Options expired un-exercised. Refer **note 36** for details.

Likely developments and expected results of operations

There has been no change in the strategic direction of the Group, which is to develop Project Sea Dragon as a scalable integrated prawn aquaculture project.

Environmental regulation

The Group has various licenses and approvals issued by the Northern Territory and the State of Queensland for its aquaculture operations and the Group operates within the conditions set out in those licenses and approvals

Information on directors

Name:	Ian Norman Trahar
Title:	<i>Non-executive Chairman</i>
Qualifications:	MBA
Experience and expertise:	Mr Trahar has a resource and finance background. He is a director and significant shareholder of Avatar Finance Pty Ltd, an unlisted private company. Ian is a member of the Australian Institute of Company Directors.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the board. Chair of remuneration committee.
Interests in shares:	1,417,864,377
Interests in options:	411,599,998 (Expired 13 August 2024)

Name:	Harley Ronald Whitcombe
Title:	Executive Director
Qualifications:	B. Bus CPA
Experience and expertise:	Mr Whitcombe has had many years' commercial and finance experience, providing company secretarial services to publicly listed companies.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Company Secretary of Seafarms Group Limited
Interests in shares:	19,680,984
Interests in options:	403,635 (Expired 13 August 2024)

Name:	Rodney John Dyer
Title:	Director
Qualifications:	B.E. (Mech)
Experience and expertise:	Mr Dyer has extensive experience with the directorship of a number of significant unlisted infrastructure enterprises, business review of projects, project directorships of major projects, and Project Sea Dragon both in design and in the financial aspects of the project.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the audit committee.
Interests in shares:	Nil
Interests in options:	Nil

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

The Company secretary is Mr Harley Ronald Whitcombe B.Bus, CPA.

Meetings of directors

The number of meetings of the Group's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Ian Norman Trahar	14	14	2	2	2	2
Rodney John Dyer	14	14	2	2	2	2
Harley Ronald Whitcombe	14	14	2	2	2	2

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The Directors are pleased to present your Group's 2024 remuneration report which sets out remuneration information for Seafarms Group Limited's non-executive Directors, executive Directors and other key management personnel.

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information

Principles used to determine the nature and amount of remuneration

Non-executive director remuneration policy

The shareholders of Seafarms Group Limited on 24 February 2012 approved, for the purposes of the ASX Listing Rules and the Group's Constitution, the maximum aggregate directors' fees to \$400,000, with such fees to be allocated to the directors as the Board of Directors may determine.

The Remuneration Committee determines the remuneration of all non-executive directors, none of whom have service contracts with the Company.

Executive remuneration policy

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness enabling the Group to attract and retain key talent
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- aligned to the Group's strategic and business objectives and the creation of shareholder value.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has several components:

- base pay and non-monetary benefits including superannuation
- short-term performance incentives
- long-term incentives through participation in the "Seafarms Group's Employee Incentive Plan" as approved by the shareholders at the AGMs held on 1 February 2016, 25 November 2016 and December 2020.

The combination of these comprises the executive's total remuneration.

Executives receive their base pay and benefits structured as a total employment cost (TEC) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

Short-term incentives

If the Group achieves a pre-determined KPI set by the remuneration committee, a short-term incentive (STI) pool is available to executives and other eligible participants. Using a KPI ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. The distribution of the STI pool is at the discretion of the Executive Chairman.

For FY24 the remuneration committee elected not to incorporate STIs into the remuneration arrangements for any executives.

Long-term incentives

Long-term incentives may be provided to directors and staff via the Seafarms Group Employee Incentive Plan as approved by shareholders at the AGMs held on 1 February 2016, 25 November 2016 and 15 December 2020.

The Seafarms Group Employee Incentive Plan is designed to provide long-term incentives ("LTI") for directors and staff to deliver long-term shareholder returns. Under the plan, participants may be granted unlisted Share Options and/or Performance Rights which only vest if certain performance conditions are met and the directors and staff are still employed by the Group at the end of the vesting period. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

For FY24 the remuneration committee elected not to incorporate LTIs into the remuneration arrangements for any executives.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 *Related Party Disclosures*) of Seafarms Group Limited and the Group are set out in the following tables.

The key management personnel of the Group consisted of the following directors of Seafarms Group Limited:

- Ian Trahar (Non-executive Chairman)
- Harley Ronald Whitcombe (Executive Director and Company Secretary)
- Rodney John Dyer (Non-executive director) (CEO and executive director (to 25 March 2024); Non-executive Director (from 25 March 2024))

In addition to the directors the following executives that report directly to the Board are key management personnel:

- Peter Guy Derrick-Fraser (Chief Executive Officer, Seafarms Group Limited, commenced 25 March 2024)
- Ian Dudley Leijer (Chief Financial Officer, Seafarms Group Limited)

Changes since the end of the reporting period:

The following table shows details of the remuneration expense recognised for the Group's directors and executive key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2024	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
I Trahar	55,231	-	-	6,023	-	-	61,254
<i>Executive Directors:</i>							
H Whitcombe	297,893	-	-	27,399	(500)	-	324,792
R Dyer ¹	614,879	-	-	23,027	(1,078)	-	636,828
<i>Other Key Management Personnel:</i>							
P Derrick-Fraser ²	371,966	-	-	13,699	-	-	385,665
I Leijer	481,567	-	-	27,399	(841)	-	508,125
	<u>1,821,536</u>	<u>-</u>	<u>-</u>	<u>97,547</u>	<u>(2,419)</u>	<u>-</u>	<u>1,916,664</u>

¹ Mr. Dyer served as Chief Executive Officer for the Group from 1 July 2023 until resignation on 24 March 2024. Subsequently Mr. Dyer is serving as a non-executive director of the Group.

² Mr. Derrick-Fraser was appointed PSD Commercial Director on 5 February 2024 and until his appointment to Chief Executive Officer on 25 March 2024.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
2023	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
H Sakai (<i>Resigned 12 April 2023</i>)	-	-	-	-	-	-	-
I Trahar	24,816	-	-	5,775	1,008	-	31,599
<i>Executive Directors:</i>							
H Whitcombe	276,656	-	-	25,292	995	-	302,943
R Dyer	783,772	-	-	25,292	2,500	-	811,564
<i>Alternate Directors:</i>							
N Sato (<i>Resigned 12 April 2023</i>)	-	-	-	-	-	-	-
T Kuraishi (<i>Resigned 12 April 2023</i>)	-	-	-	-	-	-	-
<i>Other Key Management Personnel:</i>							
I Leijer	494,485	-	-	25,292	1,667	-	521,444
	<u>1,579,729</u>	<u>-</u>	<u>-</u>	<u>81,651</u>	<u>6,170</u>	<u>-</u>	<u>1,667,550</u>

Service agreements

Remuneration has been determined after the Remuneration Committee, for executive directors, and the Board, for group executives, has investigated current market terms and conditions.

The Remuneration Committee will continue to revise the remuneration practices and develop policy for future appointments and determine performance-based salary increases and bonuses, bearing in mind the size of the Group and the need to ensure quality staff are employed and retained.

Name: I Trahar
Title: Chairman
Term of agreement: No fixed term
Details: Base fee which includes superannuation is reviewed annually.

Group may terminate appointment on giving twelve months' notice and in the event of early termination at the option of the Group, by payment of a termination benefit equal to 100% of base salary for the unexpired period of notice. The director may terminate on giving three months' notice.

Name: H Whitcombe
Title: Director and Company Secretary
Term of agreement: No fixed term
Details: Base salary which includes superannuation is reviewed annually.

Group may terminate employment on giving three months' notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to 100% of base salary for the unexpired period of notice. The employee may terminate on giving three months' notice.

Eligible to participate in the "Seafarms Group Employee Incentive Plan" as approved by the shareholders at the AGMs held on 1 February 2016, 25 November 2016 and December 2020.

Name: R Dyer
Title: Director
Term of agreement: No fixed term
Details: Base Fee which includes superannuation is reviewed annually.

The position of non-executive director is held in accordance with the Company's Constitution and *Corporations Act 2001 (Cth)*. The director may terminate with immediate effect.

Eligible to participate in the "Seafarms Group Employee Incentive Plan" as approved by the shareholders at the AGMs held on 1 February 2016, 25 November 2016 and December 2020.

Name: P Derrick-Fraser
Title: Chief Executive Officer
Term of agreement: No Fixed Term
Details: Base salary which includes superannuation is reviewed annually.

Group may terminate employment on giving six months' notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to 100% of base salary for the unexpired period of notice. The employee may terminate on giving six months' notice.

Eligible to participate in the "Seafarms Group Employee Incentive Plan" as approved by the shareholders at the AGMs held on 1 February 2016, 25 November 2016 and December 2020.

Name: I Leijer
Title: Chief Financial Officer
Term of agreement: No fixed term
Details: Base salary which includes superannuation is reviewed annually.

Group may terminate employment on giving three months' notice and in the event of early termination at the option of the employer, by payment of a termination benefit equal to 100% of base salary for the unexpired period of notice. The employee may terminate on giving three months' notice.

Eligible to participate in the "Seafarms Group Employee Incentive Plan" as approved by the shareholders at the AGMs held on 1 February 2016, 25 November 2016 and December 2020.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2024.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2024.

Additional information

(i) Remuneration breakdown

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense on page above:

Name	Fixed Remuneration		At risk - STI		At risk - LTI	
	2024 %	2023 %	2024 %	2023 %	2024 %	2023 %
Directors of Seafarms Group Limited						
I Trahar	100.00%	100.00%	-	-	-	-
H Whitcombe	100.00%	100.00%	-	-	-	-
R Dyer	100.00%	100.00%	-	-	-	-
Other Key Management personnel						
P Derrick-Fraser	100.00%	100.00%	-	-	-	-
I Leijer	100.00%	100.00%	-	-	-	-

(ii) Share-based compensation

There were no shares provided on the exercise of options during the year ended 30 June 2024.

The earnings of the Group for the five years to 30 June 2024 are summarised below:

	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
Revenue and other income	25,508,062	25,966,649	19,477,573	20,826,823	28,382,012
Loss after income tax	(19,312,062)	(15,355,902)	(86,272,763)	(25,755,545)	(25,542,665)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year end (Cents)	0.30	0.40	1.00	6.00	5.00
Basic loss per share (cents per share)	(0.40)	(0.32)	(1.88)	(1.06)	(1.24)
Diluted loss per share (cents per share)	(0.40)	(0.32)	(1.88)	(1.06)	(1.24)

(iii) Voting and comments made at the company's Annual General Meeting

59.39% of the votes cast on a poll at the Annual General Meeting (AGM) voted for the resolution to adopt the remuneration report and 40.61% voted against. The Group did not receive any specific feedback at the AGM on the remuneration report. Total votes represent 7.6% of ordinary shares on issue. While votes against adopting the report exceeded 25% of the votes cast the Directors do not propose to take any action on the basis that the total votes represent only a small proportion of total ordinary shares on issue and no comments were made at the AGM on the remuneration report.

(e) Equity instrument disclosures relating to key management personnel

(i) Share holdings

The numbers of shares in the Company held during the financial period by each Director of Seafarms Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2024

Name	Balance at the start of the period	Purchase of shares during the year	Balance at end of the period
Directors of Seafarms Group Limited			
Ordinary shares			
I Trahar	1,411,603,263	6,261,114	1,417,864,377
H Whitcombe	19,680,984	-	19,680,984
R Dyer	-	-	-
Other key management personnel of the Group			
Ordinary shares			
P Derrick-Fraser	-	-	-
I Leijer	14,561,503	-	14,561,503

(ii) Option holdings

2024

Name	Balance at the start of the period	Purchase of options during the year	Balance at end of the period
Directors of Seafarms Group Limited			
I Trahar	411,599,998	-	411,599,998
H Whitcombe	403,635	-	403,635
R Dyer	-	-	-
Other key management personnel of the Group			
P Derrick-Fraser	-	-	-
I Leijer	-	-	-

Note: All options expired on 13 August 2024 un-exercised.

Loans to/from directors and executives

There are no loans made to directors of Seafarms Group Limited and other key management personnel.

On 18 April 2024, the Group entered into a Revolving Credit Agreement with Avatar Finance Pty Ltd. The total amount available under this facility was \$ 3,000,000 with an interest rate equal to the Reserve Bank rate, The facility was repayable on 1 September 2024.

The facility arrangements were provided on commercial terms and conditions.

Avatar Finance Pty Ltd is an entity controlled by a director, Mr Trahar.

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Seafarms Group Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Seafarms Group Limited issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The Group has indemnified the directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

This includes insurance required to provide sufficient coverage in each state as per applicable regional regulations.

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined at note 30 to the financial statements.

Dividends - Seafarms Group Limited

The Directors of Seafarms Group Limited do not recommend the payment of a dividend for the year ending 30 June 2024 (2023: Nil).

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Auditor

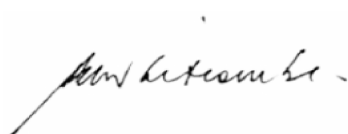
Pitcher Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Harley Ronald Whitcombe
Company Secretary

29 August 2024
Brisbane

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2024, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Seafarms Group Limited and the entities it controlled during the year.

Pitcher Partners

PITCHER PARTNERS



DANIEL COLWELL
Partner

Brisbane, Queensland

29 August 2024

Seafarms Group Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2024



	Note	2024 \$	2023 \$
Revenue and other income	5	25,508,062	25,966,649
Expenses			
Finance costs	6	(329,080)	(250,802)
Change in finished goods inventory		(2,271,191)	(600,065)
Changes in biological assets		(2,542,319)	1,617,854
Feed and consumables		(8,641,746)	(12,027,265)
Energy costs		(3,178,536)	(3,538,977)
Employee benefits expense		(12,932,895)	(12,505,056)
Depreciation and amortisation expense	7	(2,310,190)	(2,062,361)
Impairment of assets		(2,099,359)	(2,100,509)
Construction (costs)/reversal	8	(189,925)	3,538,183
Other Expenses	9	<u>(10,324,883)</u>	<u>(13,393,553)</u>
Loss before income tax expense		(19,312,062)	(15,355,902)
Income tax expense	10	<u>-</u>	<u>-</u>
Loss after income tax expense for the year		(19,312,062)	(15,355,902)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(19,312,062)</u>	<u>(15,355,902)</u>
		Cents	Cents
Basic earnings per share	38	(0.40)	(0.32)
Diluted earnings per share	38	(0.40)	(0.32)

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

Seafarms Group Limited
Consolidated statement of financial position
As at 30 June 2024



	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	11	1,225,696	8,453,527
Trade and other receivables	12	5,845,577	5,468,207
Inventories	13	4,874,357	7,680,854
Biological assets	14	1,529,706	4,072,025
Other current assets	15	1,470,248	1,460,119
		<u>14,945,584</u>	<u>27,134,732</u>
Assets of disposal groups classified as held for sale	16	5,118,002	-
Total current assets		<u>20,063,586</u>	<u>27,134,732</u>
Non-current assets			
Property, plant and equipment	17	11,053,873	17,682,481
Right-of-use assets	18	615,574	381,690
Other financial assets	19	331,999	331,999
Total non-current assets		<u>12,001,446</u>	<u>18,396,170</u>
Total assets		<u>32,065,032</u>	<u>45,530,902</u>
Liabilities			
Current liabilities			
Trade and other payables	21	5,136,789	4,695,821
Borrowings	22	5,709,279	-
Lease liabilities	23	3,024,949	3,005,826
Employee benefits	24	1,337,398	1,121,223
Provisions	25	600,000	1,000,000
Total current liabilities		<u>15,808,415</u>	<u>9,822,870</u>
Non-current liabilities			
Lease liabilities	23	1,174,052	1,142,892
Employee benefits	24	216,310	366,264
Provisions	25	63,072	83,631
Total non-current liabilities		<u>1,453,434</u>	<u>1,592,787</u>
Total liabilities		<u>17,261,849</u>	<u>11,415,657</u>
Net assets		<u>14,803,183</u>	<u>34,115,245</u>
Equity			
Issued capital	26	300,316,736	300,316,736
Reserves	27	14,832,725	14,832,725
Accumulated losses		<u>(300,346,278)</u>	<u>(281,034,216)</u>
Total equity		<u>14,803,183</u>	<u>34,115,245</u>

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

Seafarms Group Limited
Consolidated statement of changes in equity
For the year ended 30 June 2024



	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	300,316,736	14,832,725	(265,678,314)	49,471,147
Loss after income tax expense for the year	-	-	(15,355,902)	(15,355,902)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(15,355,902)	(15,355,902)
Balance at 30 June 2023	<u>300,316,736</u>	<u>14,832,725</u>	<u>(281,034,216)</u>	<u>34,115,245</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	300,316,736	14,832,725	(281,034,216)	34,115,245
Loss after income tax expense for the year	-	-	(19,312,062)	(19,312,062)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(19,312,062)	(19,312,062)
Balance at 30 June 2024	<u>300,316,736</u>	<u>14,832,725</u>	<u>(300,346,278)</u>	<u>14,803,183</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Seafarms Group Limited
Consolidated statement of cash flows
For the year ended 30 June 2024



	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers		24,897,014	25,523,543
Payments to suppliers		(34,408,130)	(45,251,068)
Payment to administrator for DOCA		-	(3,500,000)
		<u>(9,511,116)</u>	<u>(23,227,525)</u>
Interest received		32,120	48,440
Interest and other finance costs paid		(329,080)	(250,803)
		<u>(296,960)</u>	<u>(202,363)</u>
Net cash used in operating activities	37	<u>(9,808,076)</u>	<u>(23,429,888)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(574,941)	(2,463,985)
Payments for security deposits		-	(331,999)
Proceeds from sale of assets		4,545	-
		<u>(570,396)</u>	<u>(2,795,984)</u>
Net cash used in investing activities		<u>(570,396)</u>	<u>(2,795,984)</u>
Cash flows from financing activities			
Increase in borrowings		5,709,279	-
Repayment of lease liabilities		(2,558,638)	(1,516,130)
		<u>3,150,641</u>	<u>(1,516,130)</u>
Net cash from/(used in) financing activities	37	<u>3,150,641</u>	<u>(1,516,130)</u>
Net decrease in cash and cash equivalents		(7,227,831)	(27,742,002)
Cash and cash equivalents at the beginning of the financial year		<u>8,453,527</u>	<u>36,195,529</u>
Cash and cash equivalents at the end of the financial year	11	<u><u>1,225,696</u></u>	<u><u>8,453,527</u></u>

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

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Note 1. Basis of preparation

These general purpose consolidated financial statements of Seafarms Group Limited ('Company' or 'Parent Entity') and its controlled entities ('Group') have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB).

Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Consequently, this financial report has been prepared in accordance with and complies with IFRS as issued by the IASB.

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of biological assets. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, being the Group's functional and presentation currency, unless otherwise noted.

Seafarms Group Limited is a company, incorporated and domiciled in Australia. The Group is a for profit entity for the purpose of preparation of these financial statements.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

These levels are classified as follows:

- (a) Quote prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) 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 2); and
- (c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The only assets or liabilities measured at fair value on a recurring basis by the Group are biological asset (note 14). These fair value measurements fall within level 3 of the fair value hierarchy outlined above.

The carrying value of all of the Group's financial assets and financial liabilities approximate their fair value.

Going concern

These financial statements have been prepared on a going concern basis of accounting, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2024, the Group incurred a net cash outflow from operating activities of \$9,808,076 (2023: \$23,429,888) and a net loss for the year of \$19,312,062 (2023: loss of \$15,355,902). As at 30 June 2024, the Group had net current assets of \$4,255,171 (2023 \$17,311,862), including \$1,225,696 (2023 : \$8,453,527) cash and cash equivalents.

As noted in the subsequent events note (note 36), the sale of Farms 1 and 2 became unconditional during August and on 20th August as part of the sale transaction the Group received an advance \$7,560,000 from Mainstream to be repaid out of the settlement proceeds of \$13,500,000. The balance of the settlement proceeds of \$5,960,000 will be received on 30 April 2025.

In addition, the Company has agreed, subject to shareholder approval, the terms of \$7,000,000 convertible note facility with Avatar Finance Pty Ltd which will have an expiry of 30th June 2025. This facility will be put to shareholders for approval at the Annual General Meeting in November 2025 and will replace the current \$7,000,000 revolving credit facility.

Note 1. Basis of preparation (continued)

Given the ongoing use of cash resources to develop and secure financing for Project Sea Dragon the Group continues to have an operating cash out flow. Accordingly, the ability of the Company and the Group to continue as a going concern is dependent on its ability to raise further finance. In particular it depends on the Company and Group's ability to undertake one or more of the following:

- raise project finance (equity and/or debt) for Project Sea Dragon Pty Ltd;
- successfully defend the legal case brought by Canstruct to overturn the Deed of Company Arrangement;
- complete and receive contractual cash flows for the sales of farm 1 and 2 as disclosed in note 16 and note 36.

There are uncertainties in achieving these and in achieving planned operating performance over the next 12 months. However, in light of the cash available at 30 June 2024 and the proceeds to be received from the sale of Farms 1 and 2, the Directors are of the opinion that the Company and the Group will continue to operate as a going concern and therefore the accounts have been prepared on a going concern basis. No adjustments have been made to the financial statements relating to the recoverability and classification of assets carrying amounts or the amounts and classification that might be necessary should the Company and the Group not continue as a going concern.

Whilst the directors believe that the above initiatives will generate sufficient funds to enable the Group to continue as a going concern for a period of at least 12 months from the date of signing the financial report, should these initiatives be unsuccessful, there exists a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report.

New or amended Accounting Standards and Interpretations

There are a number of new accounting standards, interpretations and amendments that have been issued but are not yet effective. The new accounting standards, interpretations and amendments that are relevant to the activities of the Group are not expected to have a material impact on the financial statements of the Group in the period of initial application. The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

The Group has applied all new accounting standards and interpretations with effect from 1 July 2023, however none of the new standards or interpretations had a material impact on the financial statements of the Group.

Material accounting policy information

Material accounting policy information is disclosed in the notes to the financial statements to which that information relates.

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 34.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Rounding of amounts

The Group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the consolidated financial statements. Amounts in the consolidated financial statements have been rounded off in accordance with the instrument to the nearest dollar.

Note 2. Critical accounting judgements, estimates and assumptions

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

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Critical accounting estimates

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

Allowance for expected credit losses on trade & other receivables

Estimates relating to allowance for expected credit losses on trade & other receivables are disclosed at note 12.

Biological assets

Estimates relating to biological assets are disclosed at note 14.

Estimation of useful lives of property, plant & equipment

Estimates relating to estimation of useful lived of property plan & equipment are disclosed at note 17.

Impairment of non-financial assets

Estimates relating to impairment assessment over non-financial are disclosed at note 17.

Measurement of right-of-use asset and lease liability - Legune Station

Estimates relating to measurement of right-of-use asset and lease liability - Legune Station are disclosed at note 23.

Rehabilitation provision

Estimates relating to rehabilitation provision are disclosed at note 25.

Canstruct Legal Claim

Estimates relating to Canstruct legal claim are disclosed in note 31.

Note 3. Financial risk management

The Group's activities may expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures, as management considers this unnecessary given the nature and size of the Group's operations.

	Note	2024 \$	2023 \$
Financial assets			
<i>Financial assets at amortised cost</i>			
Cash and cash equivalents	11	1,225,696	8,453,527
Trade and other receivables	12	5,845,577	5,468,207
		<u>7,071,273</u>	<u>13,921,734</u>
Financial liabilities			
<i>Financial liabilities at amortised cost</i>			
Trade and other payables	21	5,136,789	4,695,821
Borrowings	22	5,709,279	-
		<u>10,846,068</u>	<u>4,695,821</u>

Note 3. Financial risk management (continued)

Market risk

(i) Price risk

Exposure

Management has assessed the sensitivity of the profit or loss to price changes as being immaterial.

(ii) Cash flow and fair value interest rate risk

Sensitivity

Management has assessed the sensitivity of the profit or loss to higher/lower interest rates applied to cash and cash equivalents and other financial assets, as being immaterial.

As at the end of the reporting period, the Group had the following variable rate deposits:

Interest rate exposure risk

The Group's only material exposure to interest rate risk is on the variable rate borrowings. At 30 June 2024, the Group had total variable rate borrowings of \$4,750,000 (2023: \$nil) as set out in note 22.

At 30 June 2024, if interest rates changed by +/- 1% from the year-end rates, with all other variables remaining constant, the after-tax profit/loss for the year would be \$47,500 lower/higher.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the audit committee annually. The Group measures credit risk on a fair value basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses or credit enhancement, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Risk management

Wholesale customers of prawns and related products are subject to trade credit insurance. Credit limits are set by the insurer and are not exceeded. There have been no bad debts or claims on the insurance policy during the year.

The Group has Trade Credit Insurance in place until 31 May 2025, which has insured indemnity of 90% with a maximum insured amount of \$1.54 million.

Note 3. Financial risk management (continued)

	2024	2023
	\$	\$
Trade receivables		
Counterparties without external credit rating *		
Group 1	-	-
Group 2	1,939,651	1,373,693
Group 3	12,967	-
	<u>1,952,618</u>	<u>1,373,693</u>

* Group 1 - new customers (less than 6 months)

Group 2 - existing customers (more than 6 months) with no defaults in the past

Group 3 - existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Liquidity risk

The Group manages liquidity risk by maintaining reserves, banking facilities and reserve borrowing facilities by monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The Group does not have access to undrawn borrowing facilities at the end of the reporting period (2023: \$Nil).

Maturities of financial and lease liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 Months \$	6 - 12 months \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Total contractual cash flows \$	Carrying amount liabilities \$
At 30 June 2024						
Trade and other payables	5,136,789	-	-	-	5,136,789	5,136,789
Lease Liabilities	2,011,653	1,400,789	1,097,678	131,292	4,641,412	4,199,001
Borrowings	5,746,463	-	-	-	5,746,463	5,709,279
	<u>12,894,905</u>	<u>1,400,789</u>	<u>1,097,678</u>	<u>131,292</u>	<u>15,524,664</u>	<u>15,045,069</u>
At 30 June 2023						
Trade and other payables	4,695,821	-	-	-	4,695,821	4,695,821
Lease Liabilities	1,982,259	1,310,038	889,433	304,100	4,485,830	4,148,718
	<u>6,678,080</u>	<u>1,310,038</u>	<u>889,433</u>	<u>304,100</u>	<u>9,181,651</u>	<u>8,844,539</u>

Note 4. Operating segments

The Group is organised into a single operating segment "Aquaculture" which is represented by the consolidated financial statements and related notes of the Group.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

During the year ended 30 June 2024 approximately \$18,622,740 (2023: \$17,613,603) of the Group's external revenue was derived from sales to a national retailer.

Note 4. Operating segments (continued)

Revenues from external customers split between domestic \$23,656,198 (2023: \$25,430,296) and export \$1,738,679 (2023: \$773,466) sales. Export sales were made to New Zealand and The Netherlands.

The Group has no non-financial non-current assets located outside of Australia.

Note 5. Revenue and other income

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

	2024 \$	2023 \$
<i>Revenue from contracts with customers</i>		
Sales Fresh	14,613,425	14,546,320
Sales Frozen	10,518,752	11,315,404
Other sales revenue	262,700	773
	<u>25,394,877</u>	<u>25,862,497</u>
<i>Other income</i>		
Finance income	32,120	48,439
Other income	81,065	55,713
	<u>113,185</u>	<u>104,152</u>
Revenue and other income	<u><u>25,508,062</u></u>	<u><u>25,966,649</u></u>

Note 6. Finance Costs

	2024 \$	2023 \$
Interest and finance charges	968	8,410
Interest on lease liabilities	328,112	242,392
Finance costs expensed	<u>329,080</u>	<u>250,802</u>

Note 7. Depreciation and amortisation

	2024 \$	2023 \$
Buildings	461,955	338,241
Ponds	395,976	395,987
Plant and equipment	1,198,839	986,792
Leasehold improvements	-	516
Buildings right-of-use assets	154,073	214,533
Plant and equipment right-of-use assets	99,347	126,292
Total Depreciation	<u>2,310,190</u>	<u>2,062,361</u>

Note 8. PSD Construction costs

Critical judgements in applying Group accounting policies - Project Sea Dragon capitalisation policy

The Group incurred costs associated with Project Sea Dragon (PSD). Due to the uncertainties related to the sourcing of funding to complete the project, the Group has determined that all pre-development costs are currently being expensed and no costs are capitalised.

PSD is a proposed, large-scale, integrated, land-based prawn aquaculture project being developed in Northern Australia. PSD is designed to be a staged development of up to 10,000 hectares of prawn production ponds, supported by a series of geographically separate facilities across Northern Australia.

Planned Stage 1a of the PSD includes the Legune Grow-out Facility and would see land-based production ponds at Legune Station in the Northern Territory as well as the development of the necessary facilities at the other sites (Exmouth and Bynoe). There has been significant expenditure incurred on the Project and the Board has considered how to account for the capital expenditures and taking into account the principles established by the accounting standards and how these might be applied.

Costs that do not meet the capitalisation criteria have been expensed and recognised in the consolidated statement of comprehensive income.

Current ongoing costs associated with PSD relate to the continued development of its breeding program and specific pathogen-free animals at its Exmouth facility, the retention and maintenance of the core site construction and indigenous relations personnel, restructuring the construction project to mitigate the escalation of construction costs, maintenance and updates of capital cost estimates, maintenance of various licenses, leases and statutory obligations, defense of the ongoing Canstruct litigation and other minor operations costs.

Note 8. PSD Construction costs (continued)

	2024	2023
	\$	\$
Mobilisation costs	915	23,198
Construction Consultants & Engineering costs	102,700	34,215
Project Management Costs	57,913	765,373
Temporary camp & accommodation costs	-	79,625
Founder Stock Centre (Exmouth)	29,499	1,049,486
Hatchery Site (Bynoe Harbour)	16,381	107,726
Other indirect construction costs	382,517	525,205
Provision for construction liabilities	-	4,257,310
Reversal of liability exposure	-	(11,380,321)
Rehabilitation provision (reversal)/expense	(400,000)	1,000,000
	<hr/>	<hr/>
Total PSD Construction Costs	189,925	(3,538,183)
	<hr/> <hr/>	<hr/> <hr/>

Note 9. Other Expenses

	2024	2023
	\$	\$
Consultants and professional fees	859,031	1,756,896
Legal fees	1,344,301	1,553,533
Insurance	1,789,702	1,592,691
Freight	1,126,190	1,296,290
Research expense	95,343	73,708
Travel expense	539,632	551,297
Logistics	128,978	309,008
Repairs and maintenance	944,941	1,357,218
Loss on disposal of asset	46,489	-
Hire equipment	429,852	549,775
Rent	160,141	109,036
Sales and marketing	511,927	733,850
Other Expenses	2,348,356	2,934,100
Voluntary administration costs	-	576,151
	<hr/>	<hr/>
	10,324,883	13,393,553
	<hr/> <hr/>	<hr/> <hr/>

Note 10. Income tax expense

	2024 \$	2023 \$
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(19,312,062)	(15,355,902)
Tax at the statutory tax rate of 25%	(4,828,016)	(3,838,976)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	1,247	2,318
	(4,826,769)	(3,836,658)
Movement of deferred tax assets not recognised	(980,849)	(3,617,671)
Tax losses not recognised	5,807,618	7,454,329
Income tax expense	-	-

Note 11. Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2024 \$	2023 \$
<i>Current assets</i>		
Cash at bank	1,225,696	8,040,630
Cash on deposit	-	412,897
	1,225,696	8,453,527

Note 12. Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables represent receivables in respect of which the Group's right to consideration is unconditional subject only to the passage of time. Trade receivables are non-derivative financial assets measured at amortised cost. A gain or loss on trade and other financial assets that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

The credit period for the majority of trade receivables ranges from current to 90 days with the average being 30 days. In determining the recoverability of a trade receivable, the Group used the expected credit loss model as per AASB 9.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Note 12. Trade and other receivables (continued)

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2024 or 30 June 2023 respectively 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.

Critical accounting estimates - Expected credit losses on trade and other receivables

The determination of the expected credit loss on trade and other receivable relies on the Group to exercise judgment. In respect of trade receivables the Group takes out debtors insurance and has assessed the residual risk of credit loss not covered by insurance to be negligible. In respect of other receivables, where the amount to be received is subject to certain conditions the Group assesses the likelihood of those conditions being met. Where those conditions are unlikely to be met the Group will create a provision for expected loss.

	2024 \$	2023 \$
<i>Current assets</i>		
Trade receivables	1,952,618	1,373,693
Less: Allowance for expected credit losses	-	-
	<u>1,952,618</u>	<u>1,373,693</u>
Other receivables	3,690,371	3,689,800
Loans to employees	33,664	30,878
	<u>3,724,035</u>	<u>3,720,678</u>
GST receivable	168,924	373,836
	<u>5,845,577</u>	<u>5,468,207</u>

Other receivables includes \$3,500,000 relating to the DOCA which is held in trust by the administrators, Refer to *note 31* for more details.

Trade receivables past due, not impaired

As of 30 June 2024, trade receivables of \$294,743 (2023: \$374,332) were past due but not impaired.

	2024 \$	2023 \$
0 to 3 months overdue	249,792	276,206
3 to 6 months overdue	44,951	98,126
	<u>294,743</u>	<u>374,332</u>

Note 13. Inventories

Agricultural produce harvested from the Group's biological assets is measured at its fair value less costs to sell at the point of harvest. Such measurement is the cost at that date when applying AASB 102 *Inventories*.

Inventory is stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 13. Inventories (continued)

	2024 \$	2023 \$
<i>Current assets</i>		
Finished goods - at cost	3,231,201	5,502,392
Feed and consumables - at cost	1,643,156	2,178,462
	<u>4,874,357</u>	<u>7,680,854</u>

Finished goods are harvested prawns from the Group's aquaculture operations in North Queensland.

Feed and consumables relate wholly to the Group's aquaculture operations.

Note 14. Biological assets

Prawn livestock is carried at fair value. Fair value is the amount which could be expected to be received from the sale of the livestock in an orderly transaction between market participants.

In the absence of an active and liquid market fair value is determined in accordance with a Directors' valuation using the present value of expected net cash flows from the prawn livestock discounted at a current market-determined rate. The expected net cash flows take into account a number of assumptions including the survival rate, harvest average body weight, average market price, discount rate and average production cost per kilogram. The net cash flows include harvesting costs and freight costs to market.

The change in estimated fair value of prawn livestock is recognised in the profit or loss in the reporting period and is classified separately.

The prawn livestock with a weight of less than 1 gram (including all hatchery stock), is carried at historic cost as an estimate of fair value given that little or no biological transformation has taken place. Cost includes all of the costs associated with the production of the livestock.

Domesticated broodstock is carried at replacement cost. Replacement cost is the expected cost to replace the number of broodstock required to produce sufficient post larvae to meet stocking requirements.

Critical accounting estimates - Biological assets

As referred to in the accounting policy above the fair value of biological assets is estimated using a cash flow model which incorporates a number of assumptions. Management is required to exercise significant judgement in estimating the underlying cash flows where those assumptions are not based on observable market data ('Level 3' inputs). The most significant assumptions requiring management judgement are in respect of the survival rate, harvest average body weight, average market price, discount rate and average production cost per kilogram until harvest-ready.

Livestock	2024 \$	2023 \$
Opening Balance	4,072,025	2,454,171
Gain arising from changes in fair value less estimated costs to sell	19,455,207	20,738,586
Transferred to inventories	(21,997,526)	(19,120,732)
Closing Balance	<u>1,529,706</u>	<u>4,072,025</u>

The closing balance of \$1,529,706 (2023: \$4,072,025) comprises the hatchery live crop of \$200,000 (2023: \$500,000) measured at current replacement cost. The residual balance represents live prawns measured at fair value less costs to sell.

Note 14. Biological assets (continued)

Valuation processes

The Group's finance team performs the valuations of the Group's biological assets for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO) and the audit and risk committee (ARC). Discussions of valuation processes and results are held between the CFO and the ARC at least once every six months, in line with the Group's half-yearly reporting requirements.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Survival rate, harvest average body weight and average production cost per kilogram is determined based on actual rates achieved over the last 6-12 months.
- Prawn market prices are based on active liquid market prices achieved over the last 3-6 months.
- Discount rate is determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Changes in level 3 inputs and fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the CFO and ARC. As part of this discussion the team presents a report that explains the reason for the fair value movements.

Sensitivity Analysis - Biological Assets

Based on the market prices and weights used at 30 June 2024, with all other variables held constant, the Group's profit for the period would change as follows:

- A pricing increase/decrease of 1% would have been a change of \$29,631 higher/lower;
- A feed price increase/decrease of 1% would have been a change of \$7,313 lower/higher;
- A weight increase/decrease of 1% would have been a change of \$23,419 higher/lower.

Risk management strategies for biological assets

The Group is exposed to risks arising from environmental and climatic changes and market prices. These risks are not specifically quantified but form part of the overall assessment of the appropriate discount rate adopting for valuing the live crop.

The Group has strong operating procedures to prevent and mitigate the impact of disease and environmental risks.

The Group is exposed to some risks arising from fluctuations in the price and demand of prawn. To mitigate those risks the Group continues to focus on producing a high quality product that is well sought after in the market. Where appropriate the Group will also enter into supply contracts.

Note 15. Other current assets

	2024 \$	2023 \$
<i>Current assets</i>		
Prepayments	1,199,514	1,370,205
Security deposits	270,734	89,914
	<u>1,470,248</u>	<u>1,460,119</u>

Note 16. Assets of disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

	2024 \$	2023 \$
<i>Current assets</i>		
Property, plant and equipment	<u>5,118,002</u>	<u>-</u>
<i>Assets held for sale</i>		

Assets held for sale reflects the carrying values of assets identified in the sale of farm 1 and farm 2 assets to Mainstream Aquaculture Property Pty Ltd as announced to ASX on 20 June 2024.

The Group announced that it had entered in agreement for the sale of Farm 1 and Farm 2 at Cardwell for \$13,500,000 plus GST subject to a number of conditions. These conditions were satisfied on 16 August 2024 and the sale will settle on 30 April 2025. The purchase price includes the land on which Farms 1 and 2 are located and all the assets associated with those farms including plant & equipment and leases but excluding the processing building and plant & equipment. Farm 3 and the hatchery were not part of the transaction.

Note 17. Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Freehold Buildings	10 - 50 years
Ponds	10 - 50 years
Plant and equipment	2 - 15 years
Leasehold improvements	Length of lease
Vehicles	3 - 5 years
Furniture, fittings and equipment	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to income statement.

Note 17. Property, plant and equipment (continued)

Non-current assets pledged as security

The Group has provided a mortgage over Lot 166 on Crown Plan CWL3563 & Lot 183 on Crown Plan CWL3484 to a third party investor when entering into the Legune lease agreement.

Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Critical accounting estimates - Useful lives

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

	Freehold Land \$	Freehold buildings \$	Ponds \$	Plant and equipment \$	Leasehold Improvements \$	Assets under construction \$	Total \$
As at 1 July 2022							
Cost	2,010,000	5,000,198	7,919,543	18,628,173	32,997	13,500,829	47,091,740
Impairment	-	-	-	(1,448,480)	(12,984)	(13,500,829)	(14,962,293)
Subtotal	<u>2,010,000</u>	<u>5,000,198</u>	<u>7,919,543</u>	<u>17,179,693</u>	<u>20,013</u>	<u>-</u>	<u>32,129,447</u>
Accumulated depreciation	-	(998,020)	(2,910,028)	(11,261,870)	(19,497)	-	(15,189,415)
	<u>2,010,000</u>	<u>4,002,178</u>	<u>5,009,515</u>	<u>5,917,823</u>	<u>516</u>	<u>-</u>	<u>16,940,032</u>
Year ended 30 June 2023							
Opening WDV	2,010,000	4,002,178	5,009,515	5,917,823	516	-	16,940,032
Additions	-	1,237,097	-	1,226,888	-	-	2,463,985
Depreciation charge	-	(338,241)	(395,987)	(986,792)	(516)	-	(1,721,536)
Impairment	-	-	-	-	-	-	-
Closing WDV	<u>2,010,000</u>	<u>4,901,034</u>	<u>4,613,528</u>	<u>6,157,919</u>	<u>-</u>	<u>-</u>	<u>17,682,481</u>
At 30 June 2023							
Cost	2,010,000	6,237,295	7,919,543	19,855,061	32,997	13,500,829	49,555,725
Impairment	-	-	-	(1,448,480)	(12,984)	(13,500,829)	(14,962,293)
Subtotal	<u>2,010,000</u>	<u>6,237,295</u>	<u>7,919,543</u>	<u>18,406,581</u>	<u>20,013</u>	<u>-</u>	<u>34,593,432</u>
Accumulated depreciation	-	(1,336,261)	(3,306,015)	(12,248,662)	(20,013)	-	(16,910,951)
	<u>2,010,000</u>	<u>4,901,034</u>	<u>4,613,528</u>	<u>6,157,919</u>	<u>-</u>	<u>-</u>	<u>17,682,481</u>

Note 17. Property, plant and equipment (continued)

	Freehold Land \$	Freehold buildings \$	Ponds \$	Plant and equipment \$	Leasehold Improvement s \$	Assets under construction \$	Total \$
As at 1 July 2023							
Cost	2,010,000	6,237,295	7,919,543	19,855,061	32,997	13,500,829	49,555,725
Impairment	-	-	-	(1,448,480)	(12,984)	(13,500,829)	(14,962,293)
Subtotal	<u>2,010,000</u>	<u>6,237,295</u>	<u>7,919,543</u>	<u>18,406,581</u>	<u>20,013</u>	<u>-</u>	<u>34,593,432</u>
Accumulated depreciation	-	(1,336,261)	(3,306,015)	(12,248,662)	(20,013)	-	(16,910,951)
Net book value	<u>2,010,000</u>	<u>4,901,034</u>	<u>4,613,528</u>	<u>6,157,919</u>	<u>-</u>	<u>-</u>	<u>17,682,481</u>
Year ended 30 June 2024							
Opening WDV	2,010,000	4,901,034	4,613,528	6,157,919	-	-	17,682,481
Additions	-	171,583	-	403,359	-	-	574,942
Transfer to assets held for sale - cost	(900,000)	(579,637)	(4,476,256)	(5,730,205)	-	-	(11,686,098)
Transfer to assets held for sale - accumulated depreciation	-	292,544	1,994,002	4,303,807	-	-	6,590,353
Disposal at WDV	-	-	-	(51,035)	-	-	(51,035)
Transfers	-	-	-	-	-	-	-
Depreciation charge	-	(461,955)	(395,976)	(1,198,839)	-	-	(2,056,770)
Closing WDV	<u>1,110,000</u>	<u>4,323,569</u>	<u>1,735,298</u>	<u>3,885,006</u>	<u>-</u>	<u>-</u>	<u>11,053,873</u>
As at 30 June 2024							
Cost	1,110,000	5,829,240	3,443,288	14,205,630	32,997	13,500,829	38,121,984
Impairment	-	-	-	(1,448,480)	(12,984)	(13,500,829)	(14,962,293)
Subtotal	<u>1,110,000</u>	<u>5,829,240</u>	<u>3,443,288</u>	<u>12,757,150</u>	<u>20,013</u>	<u>-</u>	<u>23,159,691</u>
Accumulated depreciation	-	(1,505,673)	(1,707,989)	(8,872,143)	(20,013)	-	(12,105,818)
Net book value	<u>1,110,000</u>	<u>4,323,567</u>	<u>1,735,299</u>	<u>3,885,007</u>	<u>-</u>	<u>-</u>	<u>11,053,873</u>

Note 17. Property, plant and equipment (continued)

Impairment testing

Critical accounting estimates - Impairment of non-financial assets

Determining whether the other non-current assets are impaired requires an estimation of fair value less cost of disposal on a cash generating unit basis. The fair value less cost of disposal calculation requires the directors to estimate the fair value less costs of disposal of the assets in an arms length transaction between willing and knowledgeable parties. If the estimated fair value less cost of disposal is lower than the carrying value of the asset an impairment loss may arise.

Queensland aquaculture CGU ('QLDAQ')

As at 30 June 2024 the carrying value of property, plant and equipment for the Queensland Aquaculture cash-generating-unit ("CGU") was \$10,307,267 (2023: \$16,749,492). No impairment was necessary for QLDAQ in either 2024 or 2023.

Management's approach and the key assumptions used to determine the CGU's FVLCO in FY2024 were as follows:

CGU	Unobservable inputs	2024	2023	Approach in determining key assumptions
QLDAQ	Cost of disposal	5%	5%	Estimated based on the company's experience with disposal of assets and on industry benchmarks
	Sales price per hectare	\$62,000 to \$91,000	\$62,000 to \$91,000	Based on an independent valuation of the properties.

PSD aquaculture CGU ('PSDAQ')

The Group has considered whether the PSD Work-in-progress assets would be impaired as required by AASB 136 *Impairment of Assets* in light of the Project currently being incomplete and construction at Legune and Bynoe Harbour is on hold. The Group has determined that in light of these factors and that future funding for the project is uncertain that the assets should be fully impaired.

As a result of this assessment, a total impairment charge of \$14,962,293 was recognised as at 30 June 2022. All subsequent expenditure on Project Sea Dragon has been expensed as incurred.

Note 18. Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 18. Right-of-use assets (continued)

	Leasehold Land \$	Leased buildings \$	Leased plant and equipment \$	Total \$
As at 1 July 2022				
Cost	21,624,847	1,987,408	1,212,282	24,824,537
Impairment and remeasurement	(19,048,840)	(681,694)	(28,134)	(19,758,668)
Subtotal	2,576,007	1,305,714	1,184,148	5,065,869
Accumulated depreciation	(2,576,007)	(1,305,714)	(1,089,448)	(4,971,169)
Net book value	-	-	94,700	94,700
Year ended 30 June 2023				
Opening WDV	-	-	94,700	94,700
Additions	2,100,509	487,650	140,165	2,728,324
Depreciation charge	-	(214,533)	(126,292)	(340,825)
Impairment	(2,100,509)	-	-	(2,100,509)
Closing WDV	-	273,117	108,573	381,690
As at 30 June 2023				
Cost	23,725,356	2,475,058	1,352,447	27,552,861
Impairment and remeasurement	(21,149,349)	(681,694)	(28,134)	(21,859,177)
Subtotal	2,576,007	1,793,364	1,324,313	5,693,684
Accumulated depreciation	(2,576,007)	(1,520,247)	(1,215,740)	(5,311,994)
Net book value	-	273,117	108,573	381,690
As at 1 July 2023				
Cost	23,725,356	2,475,058	1,352,447	27,552,861
Impairment and remeasurement	(21,149,349)	(681,694)	(28,134)	(21,859,177)
Subtotal	2,576,007	1,793,364	1,324,313	5,693,684
Accumulated depreciation	(2,576,007)	(1,520,247)	(1,215,740)	(5,311,994)
Net book value	-	273,117	108,573	381,690

Note 18. Right-of-use assets (continued)

Year ended 30 June 2024

Opening WDV	-	273,117	108,573	381,690
Additions	2,099,359	124,219	385,343	2,608,921
Transfer to assets held for sale - cost	-	-	(872,886)	(872,886)
Transfer to assets held for sale - accumulated depreciation	-	-	850,628	850,628
Depreciation charge	-	(154,073)	(99,347)	(253,420)
Impairment	(2,099,359)	-	-	(2,099,359)
Closing WDV	-	243,263	372,311	615,574

As at 30 June 2024

Cost	25,824,715	2,599,277	864,904	29,288,896
Impairment and remeasurement	(23,248,708)	(681,694)	(28,134)	(23,958,536)
Subtotal	2,576,007	1,917,583	836,770	5,330,360
Accumulated depreciation	(2,576,007)	(1,674,320)	(464,459)	(4,714,786)
Net book value	-	243,263	372,311	615,574

Lease - Legune station

As stated in note 23, a modification of the term of the Legune Station lease was required as a result of a change in the non-cancellable period of the lease. This resulted in an increase in the lease liabilities by \$2,099,359 and an addition to the right of use assets by the same amount. The right of use asset has been fully impaired given that project financing for Project Sea Dragon has not yet been obtained.

Note 19. Other financial assets

	2024	2023
	\$	\$
<i>Non-current assets</i>		
Loan to AAM Licensees Pty Ltd	-	5,000,000
Expected loss on non-current loan	-	(5,000,000)
Secured assets pledged as security	331,999	331,999
	<u>331,999</u>	<u>331,999</u>

The loan to AAM Licensees Pty Ltd was provided on 12 December 2018, interest free.

As disclosed in note 23, the receivable forms part of the series of arrangements in relation to Legune, repayment of the loan was dependent on a number of factors one of which being the financial close of Stage 1 of PSD of 1120ha by December 2023. The milestone was not met as a result the receivable was derecognised. As this has been full provided for in prior years, there is no impact of derecognition on the profit and loss.

Cash not available for use

\$133,920 (2023: \$133,920) is held as security for bank facilities and office lease guarantees.

Note 20. Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

	2024 \$	2023 \$
<i>Non-current assets</i>		
Deferred tax asset comprises temporary differences attributable to:		
Fair value	190,156	154,868
Work in progress	11,457,572	11,457,572
Provisions	1,820,818	404,585
Accruals	-	622,921
Borrowings	-	1,250,000
Other deductible expenses	1,557,298	2,327,969
Depreciable assets	994,662	691,445
Accrued interest	-	253,425
Lease assets and liabilities	911,625	965,911
Prepayments	-	(227,928)
Unpaid super	2,953	15,166
	<u>16,935,084</u>	<u>17,915,934</u>
Net deferred tax assets		
	<u>(16,935,084)</u>	<u>(17,915,934)</u>
Deferred tax balances not recognised		
Deferred tax asset	<u>-</u>	<u>-</u>
<i>Movements:</i>		
Opening balance	-	-
Total for the year	(980,849)	(3,617,671)
Amount of deferred tax assets not recognised	<u>980,849</u>	<u>3,617,671</u>
Closing balance	<u>-</u>	<u>-</u>

Unrecognised tax losses

As at balance date, the Group has not recognised the following deferred tax assets in respect of unused tax losses:

	2024 \$	2023 \$
Tax losses (revenue in nature)	45,614,624	41,069,326
Tax Losses (capital in nature)	1,043,060	2,195,589

Note 21. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	3,758,888	3,252,700
PAYG Payable	114,426	109,822
Accruals	961,565	1,089,249
Other payables	301,910	244,050
	<u>5,136,789</u>	<u>4,695,821</u>

Note 22. Borrowings

	2024 \$	2023 \$
<i>Current liabilities</i>		
<i>Unsecured liability</i>		
Loan - Avatar Finance Pty Ltd	4,750,000	-
<i>Secured liability</i>		
Insurance Premium Funding	959,279	-
	<u>5,709,279</u>	<u>-</u>

On 18 April 2024, the Group entered into a Revolving Credit Agreement with Avatar Finance Pty Ltd. The total amount available under this facility was \$3,000,000 with an interest rate equal to the Reserve Bank rate, The facility was repayable on 1st September 2024.

The facility was extended to \$7,000,000 subsequent to 30 June 2024. Refer note 36 for details.

The Group has decided to use Insurance Premium Funding through Arteva Funding for the current year to maximise cash reserves for operations. Repayments are on a monthly basis with final payment due in January 2025. Normal commercial insurance funding terms apply to this secured facility.

Note 23. Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis.

The lease payments are discounted using the interest implicit in the lease. If the rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in similar economic environment with similar terms and conditions.

Lease are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Note 23. Lease liabilities (continued)

The Group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 5 years.

Extension and termination options, and residual value guarantees are included in a number of property and equipment leases of the Group. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Some property and equipment lease payments contain variable lease payments that are linked to consumer price index and are included in the calculations of right-of-use assets and lease liabilities in relation to these leases.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

	2024 \$	2023 \$
<i>Current liabilities</i>		
Lease liability	<u>3,024,949</u>	<u>3,005,826</u>
<i>Non-current liabilities</i>		
Lease liability	<u>1,174,052</u>	<u>1,142,892</u>
	<u><u>4,199,001</u></u>	<u><u>4,148,718</u></u>

Critical accounting estimates - Measurement of right-of-use asset and lease liability - Legune Station

The Group entered into a series of agreements in relation to the Legune land lease arrangement. The Group considered these agreements as linked to ensure the substance of the arrangement is considered and accounted for as one transaction.

The estimation, at the inception of the lease, of the items outlined below required significant management judgement:

- The likelihood that the purchase option will be exercised;
- The likelihood of extending the lease contract beyond the period of the first and second break clauses at 30 years and 60 years or exercising the ability to terminate the lease before financial close has been reached on Project Sea Dragon respectively;
- The depreciation period / method; and
- The incremental borrowing rate and the impact of this rate on the discounted amount of the lease liability as well as the right to use asset.

Due to the significant review of Project Sea Dragon the management reassessed the lease term for the Legune Station lease at 30 June 2022. At that time termination of the lease was possible from December 2023, provided written notice of intention to terminate was provided to the landlord at least 6 months prior to the anniversary date of the lease (which falls in December). Management assessed that it was no longer reasonably certain to continue the lease for its originally assessed lease term of 30 years and consequently reassessed the lease term to approximately 18 months from June 2022.

As publicly stated, Project Sea Dragon will not proceed until adequate project financing has been obtained. However the Group continues to meet its obligations under the Legune Station lease. As at 30 June 2024, the Group had not elected to exercise its termination right under the lease and consequently, at balance date the earliest possible termination date was December 2025. Accordingly, the lease term has been reassessed to approximately 18 months from 30 June 2024. The attaching right of use asset was fully impaired given the funding has not yet been obtained.

Note 24. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	948,769	810,351
Long service leave	388,629	310,872
	<u>1,337,398</u>	<u>1,121,223</u>
<i>Non-current liabilities</i>		
Long service leave	216,310	366,264
	<u>1,553,708</u>	<u>1,487,487</u>

Note 25. Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

	2024 \$	2023 \$
<i>Current liabilities</i>		
Provision for rehabilitation	600,000	1,000,000
<i>Non-current liabilities</i>		
Lease make good	63,072	83,631
	<u>663,072</u>	<u>1,083,631</u>

Critical accounting estimates - Rehabilitation provision

The rehabilitation provision relies on an estimate of the cost of rehabilitating the Project Sea Dragon sites. The Group uses judgment in

- (i) assessing the extent of work required to be agreed with relevant stakeholders;
- (ii) developing a detailed scope of work to be undertaken to achieve the agreed work; and
- (iii) estimating the costs of performing that work. In estimating the cost of undertaking the work the Group will take into consideration quoted costs for undertaking similar work.

The balance of rehabilitation provisions as at 30 June 2024 of \$600,000 (2023: \$1,000,000) is an estimate of the cost of rehabilitating Project Sea Dragon project sites. This liability would only become payable in the event that the Group no longer proceeded to develop Project Sea Dragon on those sites.

Critical accounting estimates - Make good provision for leased premises

The Group is required to restore the leased premises to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

Note 25. Provisions (continued)

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Rehabilitation provision \$	Make good provision \$	Provision for construction liabilities \$	Total \$
2024				
Carrying amount at start of year	1,000,000	83,631	-	1,083,631
- provisions no longer required	(400,000)	(20,559)	-	(420,559)
Carrying amount at end of period	<u>600,000</u>	<u>63,072</u>	<u>-</u>	<u>663,072</u>
	Rehabilitation provision \$	Make good provision \$	Provision for construction liabilities \$	Total \$
2023				
Carrying amount at start of year	-	134,900	8,730,094	8,864,994
- additional provisions recognised	1,000,000	-	4,257,310	5,257,310
- recognised in current liabilities	-	-	(1,607,083)	(1,607,083)
- provisions no longer required	-	(51,269)	(11,380,321)	(11,431,590)
Carrying amount at end of period	<u>1,000,000</u>	<u>83,631</u>	<u>-</u>	<u>1,083,631</u>

As at 30 June 2022 the Group provisioned the sum of \$8,730,094 for the claims against Project Sea Dragon Pty Limited (PSD) by Canstruct with respect to construction work for Project Sea Dragon. The directors expressly noted that the provision was not an acknowledgement of debt. After completion of the 2022 Annual Report the directors received independent advice that the entire claim by Canstruct could be validly disputed by PSD. The directors formed the view that the provision previously recognised at 30 June 2022 was to be reversed in the comparative financial year, after consideration of relevant facts and other information pertaining to this dispute as further detailed in note 31.

Note 26. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	4,836,599,179	4,836,599,179	300,316,435	300,316,435
Convertible preference shares - fully paid	30,150,190	30,150,190	301	301
	<u>4,866,749,369</u>	<u>4,866,749,369</u>	<u>300,316,736</u>	<u>300,316,736</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 26. Issued capital (continued)

Convertible preference shares

The convertible preference shares were issued at \$0.00001. To convert to fully paid ordinary shares each holder is required to pay \$0.06499. Conversion can occur at any time at the election of the holders. Conversion of convertible preference shares may only be made in multiples of 1,000 convertible preference shares at a conversion ratio of 1 convertible preference share to 1 fully paid ordinary share. There is no debt component linked to the convertible preference shares and no maturity date.

The convertible preference shares have limited voting rights as described in ASX Listing Rule 6.3 and are entitled to the payment of a dividend equal to one hundred thousandth of any dividends declared in respect of ordinary shares and such dividend will rank in priority over ordinary shares for payment. Dividends on convertible preference shares will not be cumulative.

Options

Unlisted options

On 12 December 2018, the Company issued 30,000,000 unlisted share options to AAM Investment Partners as part of the Legune lease transaction. The options have an exercise period of 5 years from 12 December 2018 to 12 December 2023 at an exercise price of \$0.097 per unlisted option. During the current year these unlisted options were not exercised prior to expiry and therefore lapsed during the year.

On 24 August 2021, the Company issued 1,447,806,216 unlisted options. Of these options, 225,000 were exercised and converted to shares in FY22. The options were issued to equity investors at nil consideration, thus no fair value has been assessed. The balance of the 1,447,581,216 options expired 13 August 2024. The exercise price of the options is \$0.0975.

All options expired on 13 August 2024 un-exercised.

Note 27. Reserves

	2024 \$	2023 \$
Financial assets at fair value through other comprehensive income reserve	(24,740)	(24,740)
Share-based payments reserve	13,186,761	13,186,761
Options reserve	1,670,704	1,670,704
	<u>14,832,725</u>	<u>14,832,725</u>

Nature and purpose of other reserves

Share-based payments

The share-based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised
- the grant date fair value of shares issued to employees
- the issue of shares held by the Seafarms Employee Share Trust to employees
- the grant date fair value of options issued to third parties but not exercised.

Option premium

The option premium represents the fair value of 47,734,412 Seafarms Group Limited options issued historically.

Financial assets at fair value through other comprehensive income reserve

Changes in the fair value of financial assets are taken to the financial assets revaluation reserve.

Note 28. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 29. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2024 \$	2023 \$
Short-term employee benefits	1,821,536	1,579,729
Post-employment benefits	97,547	81,651
Long-term benefits	(2,419)	6,170
	<u>1,916,664</u>	<u>1,667,550</u>

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the Group :

	2024 \$	2023 \$
<i>Audit services - Pitcher Partners</i>		
Audit or review of the financial statements	<u>168,000</u>	<u>180,000</u>

Note 31. Canstruct Legal Claim

The Group's wholly owned subsidiary, Project Sea Dragon Pty Limited (PSD), entered into a Deed of Company Agreement (DOCA) with Shaun McKinnon, Andrew Fielding (as the deed Administrators) and Seafarms Group Limited as the Proponent.

The DOCA was executed on 23 March 2023 and a Deed of Rectification was executed shortly after on the 24 March 2023. Under the terms of the DOCA, SFG paid an amount to the Administrator (DOCA Funds) to settle payments to creditors of PSD and reimburse the Company for certain post administration payments made on behalf of PSD.

Before the Administrator was able to disburse the DOCA Funds Canstruct Pty Ltd (who is a creditor to PSD) sought to have the DOCA terminated and was granted an injunction by the court preventing the Administrator disbursing those funds until the case was determined. This case was heard in the Federal Court in August 2023 with a decision made in February 2024 finding in favour of Canstruct to set aside the DOCA and place PSD into liquidation. Seafarms appealed that decision and the execution of the court order to place PSD into liquidation was stayed until the appeal could be heard and determined.

That appeal was heard by the Full Court of the Federal Court in August 2024. No time frame has been provided for when a judgment may be handed down.

The Group has prepared the accounts on that basis that PSD will not go into liquidation and the DOCA funds distributed per the terms of that DOCA. This is a more conservative accounting approach with DOCA funds being distributed to creditors including the Company.

In the event the Federal Court gives an order for PSD to be placed into liquidation then the DOCA Funds will be returned to the Company, and funds to be distributed to creditors would be dependent on the value realised for PSD assets less liquidator fees with SFG being the largest creditor. It is expected that the value realised by SFG through a liquidation would be greater than the written down value of assets in PSD as recognised in the Group's consolidation accounts.

Note 32. Contingent liabilities

Secured liabilities and assets pledged as security

The Group has been required to provide guarantee facilities of \$198,079 (2023: \$198,079) in respect of office leases and a guarantee of \$133,920 (2023:\$133,920) in favour of Great Barrier Reef Marine Parks. The Group maintains term deposits with the bank to secure these facilities which are classified as other financial assets on the consolidated statement of financial position.

Note 33. Related party transactions

Parent entity

Seafarms Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

Loans to/from related parties

The following transactions occurred with related parties:

	2024	2023
<i>Loan from Avatar Finance Pty Ltd</i>	\$	\$
Funds advanced during the year	4,750,000	-

The terms and conditions of repayment of the loan are disclosed in note 22.

The facility from Avatar Finance Pty Ltd prior to the new arrangements was provided on commercial terms and conditions and at market rates and is to be repaid on 1 September 2024.

The facility at 30 June 2024 carries a variable Interest rate applicable to the Reserve Bank of Australia (RBA) rate and varies from time to time.

The facility was extended to \$7,000,000 subsequent to 30 June 2024. Refer note 36 for details.

Avatar Finance Pty Ltd is an entity controlled by a director, Mr Trahar.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 34. Parent entity information

The financial information for the Parent entity, Seafarms Group Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the consolidated financial statements of Seafarms Group Limited. Dividends received from subsidiaries are recognised in the Parent entity's profit or loss when its right to receive the dividend is established.

(ii) Financial guarantees

Where the Parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

	2024	2023
	\$	\$
Statement of comprehensive income		
Loss for the period	<u>(19,312,062)</u>	<u>(18,201,659)</u>
	2024	2023
	\$	\$
Statement of financial position		
Current assets	5,871,016	10,639,718
Non-current assets	<u>16,923,215</u>	<u>25,389,931</u>
	<u>22,794,231</u>	<u>36,029,649</u>
Current liabilities	(7,456,550)	(1,306,162)
Non-current liabilities	<u>(534,498)</u>	<u>(608,242)</u>
	<u>(7,991,048)</u>	<u>(1,914,404)</u>
Net Assets	<u>14,803,183</u>	<u>34,115,245</u>
<i>Shareholders' equity</i>		
Issued Capital	300,306,107	300,306,107
Reserves	14,857,465	14,857,465
Accumulated losses	<u>(300,360,389)</u>	<u>(281,048,327)</u>
Total equity	<u>14,803,183</u>	<u>34,115,245</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The Parent entity has guaranteed the obligations of Project Sea Dragon Pty Limited under the agreement for the lease of the Legune property as well as operational expenses and costs under the Federal Court order dated 9 May 2024.

Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2024 and 30 June 2023, the Parent entity had no contractual commitments for the acquisition of property, plant or equipment.

Note 35. Interests in subsidiaries

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024	2023
		%	%
Seafarms Operations Pty Limited (formerly Seafarms Operations Limited)	Australia	100.00%	100.00%
Seafarm Hinchinbrook Pty Ltd	Australia	100.00%	100.00%
Project Sea Dragon Pty Ltd	Australia	100.00%	100.00%
Marine Harvest Australia Pty Ltd	Australia	100.00%	100.00%
Marine Farms Pty Ltd	Australia	100.00%	100.00%
PSD Construction Employment Pty Ltd	Australia	100.00%	100.00%
Seafarm Queensland Pty Ltd	Australia	100.00%	100.00%
PSD Operations Employment Pty Ltd	Australia	100.00%	100.00%
Project Sea Dragon Finance Pty Ltd	Australia	100.00%	100.00%
PSD Infrastructure Co Pty Ltd	Australia	100.00%	100.00%
Sea Dragon Shrimp Pty Ltd	Australia	100.00%	100.00%
CO2 T'EE Employee Share Plan Pty Ltd	Australia	100.00%	100.00%

Note 36. Events after the reporting period

Sale of Farm 1 and Farm 2

On 20 June 2024, the Group announced that it had entered in agreement for the sale of Farm 1 and Farm 2 at Cardwell for \$13,500,000 plus GST subject to a number of conditions. These conditions were satisfied on 16 August 2024 and the sale will settle on 30 April 2025. The purchase price includes the land on which Farms 1 and 2 are located and all the assets associated with those farms including plant & equipment and leases but excluding the processing building and plant & equipment. Farm 3 and the hatchery were not part of the transaction.

The property plant & equipment that is being sold is reflected in current assets as 'Assets of disposal groups classified as held for sale' at note 16.

On settlement a gain of \$8,381,998 will be recognised less the transaction costs of the sale, less any completion adjustments (if any) and plus the value of the lease and right to subdivide the land on which the processing plant site is located. The value of the processing plant site has yet to be determined and will be based on an assessment of the market value of the right to use that site for 20 years for a peppercorn rent and the value of the right to subdivide that land and own it as freehold without further payments other than third party costs to effect the subdivision.

As part of sale transaction Mainstream agreed to provide a loan of \$7,560,000 to Seafarm Queensland Pty Limited to be repaid on settlement of the sale and secured by the assets being sold. The loan funds of \$7,560,000 were drawn down by Seafarm Queensland on 20 August 2024.

Avatar Finance Pty Ltd Facility

On 20 August a variation to the Avatar Revolving Credit Agreement was executed with the facility limit increased to \$7,000,000 and the interest rate amended to BBSY 30 days plus 4%. The expiry date extended to 7 days after the Annual General Meeting.

Unlisted Options

The 1,447,581,216 unlisted options at year end expired on 13 August 2024. All options expired on 13 August 2024 un-exercised.

Note 37. Reconciliation of loss after income tax to net cash used in operating activities

	2024 \$	2023 \$
Loss after income tax expense for the year	(19,312,062)	(15,355,902)
Adjustments for:		
Depreciation and amortisation	2,310,190	2,062,361
Impairment of right-of-use assets	2,099,359	2,100,509
Net loss on disposal of non-current assets	46,489	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(377,370)	(4,100,735)
Increase in Other current assets	(10,128)	(140,874)
Decrease/(increase) in biological assets	2,542,319	(1,617,854)
Decrease in inventories	2,806,497	525,199
Increase in trade and other payables	440,968	776,695
Increase/(decrease) in current employee benefits	216,175	(228,471)
Increase/(decrease) in non current employee benefits	(149,954)	330,546
Decrease in other provisions	(400,000)	(7,740,402)
Decrease in non current provisions	(20,559)	(40,960)
Net cash used in operating activities	<u>(9,808,076)</u>	<u>(23,429,888)</u>

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from Financing activities.

	Opening Balance 1 July 2023 \$	Cash movement \$	Non-cash movement \$	Closing Balance 30 June 2024
Borrowings (note 22)	-	5,709,279	-	5,709,279
Lease liabilities (note 23)	4,148,718	(2,558,638)	2,608,921	4,199,001
	<u>4,148,718</u>	<u>3,150,641</u>	<u>2,608,921</u>	<u>9,908,280</u>
	Opening Balance 1 July 2022 \$	Cash movement \$	Non-cash movement \$	Closing Balance 30 June 2023
Lease liabilities (note 23)	2,936,523	(1,516,130)	2,728,325	4,148,718
	<u>2,936,523</u>	<u>(1,516,130)</u>	<u>2,728,325</u>	<u>4,148,718</u>

Note 38. Earnings per share

	2024 \$	2023 \$
Loss per share from continuing operations attributable to the ordinary equity holders of the Company	<u>(19,312,062)</u>	<u>(15,355,902)</u>

Note 38. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	4,836,599,179	4,836,599,179
	Cents	Cents
Basic earnings per share	(0.40)	(0.32)
Diluted earnings per share	(0.40)	(0.32)

Note 39. Share-based payments

Share based compensation payments are provided to employees in accordance with the "Seafarms Group Employee Incentive Plan".

	2024		2023	
	Weighted average exercise price (cents per unit)	Number of Shares options	Weighted average exercise price (cents per unit)	Number of Shares options
Outstanding at beginning of the year	-	-	7.15	100,000,000
Forfeited during the year*	-	-	7.15	(100,000,000)
Outstanding at the end of the year	-	-	-	-

These options were forfeited when the relevant employees ceased being an employee of the Group. The terms and conditions relating to these options are contained in the Seafarms Group Employee Incentive Plan as approved by shareholders at the AGMs held on 1 February 2016, 25 November 2016 and 15 December 2020.

Seafarms Group Limited is required by Australian Accounting Standards to prepare consolidated financial statements in relation to the company and its controlled entities (the consolidated entity). In accordance with subsection 295(3A) of the *Corporations Act 2001*, this consolidated entity disclosure statement provides information about each entity that was part of the consolidated entity at the end of the financial year.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Seafarms Group Limited	Body Corporate	Australia	-	Australia
Seafarm Operations Pty Ltd	Body Corporate	Australia	100.00%	Australia
Marine Farms Pty Ltd	Body Corporate	Australia	100.00%	Australia
Seafarm Queensland Pty Ltd	Body Corporate	Australia	100.00%	Australia
Seafarm Hinchinbrook Pty Ltd	Body Corporate	Australia	100.00%	Australia
Marine Harvest Australia Pty Ltd	Body Corporate	Australia	100.00%	Australia
Project Sea Dragon Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSD Construction Employment Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSD Operations Employment Pty Ltd	Body Corporate	Australia	100.00%	Australia
Project Sea Dragon Finance Pty Ltd	Body Corporate	Australia	100.00%	Australia
PSD Infrastructure Co Pty Ltd	Body Corporate	Australia	100.00%	Australia
Sea Dragon Shrimp Pty Ltd	Body Corporate	Australia	100.00%	Australia
CO2 T'EE Employee Share Plan Pty Ltd	Body Corporate	Australia	100.00%	Australia

At the end of the financial year, no entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

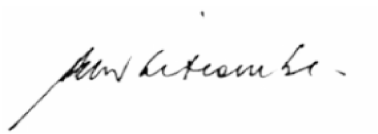
In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Harley Ronald Whitcombe
Company Secretary

29 August 2024
Brisbane

Independent Auditor's Report to the Members of Seafarms Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Seafarms Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred an operating cash outflow of \$9,808,076 and a net loss of \$19,312,062 for the year ended 30 June 2024. As at 30 June 2024, the Group had net current assets of \$4,255,171, including cash and cash equivalents of \$1,225,696. As stated in Note 1, these events and conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<p>Accounting for the Canstruct Legal Claim</p> <p>Refer to note 31</p> <p>During the financial year ended 30 June 2024, federal court proceedings initiated on 4 April 2023 against a wholly owned subsidiary of the Company, Project Sea Dragon Pty Ltd (“PSD”), remained ongoing. These proceedings deal with the validity of the Deed of Company Arrangement (DOCA) executed by the creditors of PSD during the period administrators were voluntarily appointed by the directors of PSD, events which occurred during the comparative financial year ended 30 June 2023.</p> <p>A judgement in these proceedings was handed down in February 2024 and has subsequently been appealed by the group. The appeal was heard in the Federal Court in August 2024; however no judgement has been ruled as at the date of this report. A stay on the execution of court orders prescribed in the initial Federal Court judgement remains in place until such time as the appeal is finalised.</p> <p>The financial statements continue to reflect the accounting prescribed under the disputed DOCA. Note 31 to the financial statements describes this accounting, and the financial consequences where the Group is unsuccessful in its defence of this claim, which include timely liquidation of PSD.</p> <p>This has been assessed as a key audit matter due to the complex nature of the legal proceedings and their pervasiveness to the financial statements, as well as the significant judgements made by management in applying the requirements of Australian Accounting Standards to account for the effects of the legal proceedings in the financial statements.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding and evaluating the design and implementation of controls related to accounting for the Canstruct legal claim. • Obtaining correspondence from, and holding discussions with, the Group’s legal advisors to assess: <ul style="list-style-type: none"> - The likelihood of the proceedings against PSD being successful; and - The financial reporting consequences if the proceedings against PSD are successful; • Agreeing the amounts of liabilities and assets recognised to the amounts prescribed in the DOCA; • Assessing the adequacy of financial statement disclosures; and • Evaluating the potential implications of proceedings on the Group’s application of the going concern assumption.

Key Audit Matter
How our audit addressed the key audit matter
Classification of non-current assets held for sale
Refer to note 16

The Group executed legal agreements to dispose of property, plant and equipment for two of its three Queensland prawn farms (farms 1 and 2) in June 2024, subject to a number of conditions precedent which have been satisfied subsequent to balance date.

Farm 1 and 2 assets (collectively a disposal group) have been classified as non-current assets held for sale as at 30 June 2024.

This has been assessed as a key audit matter due to its material nature and effect on the presentation of the Group's financial statements.

Our audit procedures included, amongst others:

- Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with classification and measurement of non-current assets held for sale;
- Reading and obtaining an understanding of the legal agreements giving effect to the sale transaction;
- Confirming that the criteria for classification of farm 1 and 2 assets as held for sale under *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* were satisfied as at 30 June 2024;
- Testing the completeness and accuracy of the listing of assets identified by management as belonging to the disposal group;
- Assessing whether the disposal group was correctly measured at the lower of its carrying amount and fair value less costs to sell as at the date of classification as held for sale.
- Assessing the adequacy of disclosures in the financial statements.

Valuation of biological assets
Refer to note 14

As at 30 June 2024, the group held \$1,529,706 of biological assets. This balance comprises live prawn crops of \$1,329,706 carried at fair value less estimated costs to sell, and prawn broodstock of \$200,000 carried at current replacement cost.

Live prawn crops are valued using a model which requires management to exercise significant judgement in respect of:

- Survival rates
- Harvest average body weight
- Average production cost per kilogram
- Sales price per type and category of prawn; and
- Costs to sell

Prawn broodstock is valued using a model which estimates the costs to replace existing broodstock (which are internally produced domesticated animals) with wild caught broodstock, including trawler and shipping costs.

This was assessed as a key audit matter due to the significant judgements and assumptions required for inputs used in the valuation of these assets under a level 3 fair value methodology.

Our audit procedures included, amongst others:

- Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with the valuation of biological assets;
- Assessing and concluding on the appropriateness of the valuation methodologies adopted;
- Assessing and challenging the key assumptions in the valuation models, through:
 - Comparison of survival rate and harvest average body weight to historical actual results achieved in previous harvests;
 - Comparison of average production costs against actual historical costs;
 - Comparison of sales and costs to sell assumptions against recent historical, forecast, and actual post balance date sales prices net of actual and forecast costs to sell; and
 - Examining support for replacement cost assumptions applied by management;
- Undertaking sensitivity analysis on the valuation outcome by applying reasonably possible alternative assumptions; and
- Assessing the adequacy of the disclosures in the financial statements.

Key Audit Matter
How our audit addressed the key audit matter
Valuation of non-current assets – Queensland Aquaculture
Refer to note 17

As at 30 June 2024 the carrying value of property, plant and equipment for the Queensland Aquaculture cash-generating unit (CGU) was \$10,307,267. This carrying value excludes those assets which have been presented as held-for-sale.

Management has identified an indicator of impairment relating to the Queensland aquaculture CGU as at 30 June 2024. In response, management assessed the recoverable amount of the CGU using the Fair Value Less Cost of Disposal (FVLCD) of the CGU.

FVLCD was derived from independent valuations of CGU assets. Significant judgement was applied by management in respect of:

- Identification of the assets included within the scope of the valuations; and
- The estimated fair value per hectare of the land on which the CGU is operated, which is the key assumption used as the basis for valuation of all assets integral to Queensland aquaculture operations.

The recoverable amount was compared against the carrying value of the CGU in assessing whether the CGU assets were impaired.

This was assessed as a key audit matter due to the significant judgements and assumptions required in measuring the recoverable amount of the CGU.

Our audit procedures included, amongst others:

- Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with assessing non-current assets for impairment, and the impairment assessment itself (including the determination of recoverable amount);
- Evaluating whether management's identification of impairment indicators was adequately supported;
- Assessing whether management's impairment assessment was performed in accordance with the prescribed requirements of AASB 136 *Impairment of Assets*;
- Obtaining an understanding of the work of the expert engaged by management to provide the independent valuations, including:
 - Evaluating the independence, competence, capabilities and objectivity of the expert;
 - Evaluating the data (comparable sales information) relied on by the expert in deriving the valuations and confirming the expert's position was supported by this data;
 - Evaluating and concluding on the appropriateness of the expert's work for the purpose intended by management;
- Assessing possible movements in the expert's valuation between the effective date of the valuation and the balance date;
- Reperforming the impairment calculation; and
- Assessing the adequacy of the disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- (a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- (b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and
- (c) for such internal control as the directors determine is necessary to enable the preparation of:
 - (i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
 - (ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 6 to 13 of the directors' report for the year ended 30 June 2024. In our opinion, the Remuneration Report of Seafarms Group Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners

PITCHER PARTNERS



DANIEL COLWELL
Partner

Brisbane, Queensland
29 August 2024

The shareholder information set out below was applicable as at 31 July 2024.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	258	-	-	-
1,001 to 5,000	463	0.03	-	-
5,001 to 10,000	736	0.12	-	-
10,001 to 100,000	2,496	2.20	-	-
100,001 and over	1,744	97.65	-	-
	<u>5,697</u>	<u>100.00</u>	<u>-</u>	<u>-</u>
Holding less than a marketable parcel	<u>4,685</u>	<u>4.77</u>	<u>-</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
1 Mutual Trust Pty Ltd	952,347,727	19.69
2 Avatar Industries Pty Ltd (HIN)	636,422,064	13.16
3 Avatar Finance Pty Ltd	312,727,273	6.47
4 Nippon Suisan Kaisha Ltd	283,230,208	5.86
5 Avatar Industries Pty Ltd	245,791,047	5.08
6 Gabor Holdings Pty Ltd (The Tricorp A/C)	197,230,722	4.08
7 UBS Nominees Pty Ltd	162,681,098	3.36
8 Rubino Group Pty Ltd Rubino Group A/C	114,546,091	2.37
9 Perpetual Corporate Trust Limited Pastoral Dev Cattle A/C	90,909,091	1.88
10 Fifty Second Celebration Pty Ltd JC McBain Family A/c	81,048,296	1.68
11 Pinnacle Superannuation P/L PJF S/F A/C	40,462,120	0.84
12 Thirty Fifth Celebration Pty Ltd JC McBain Super Fund A/c	40,000,000	0.83
13 Narrow Lane Pty Ltd Super Fund A/C	33,045,683	0.68
14 Mr Robert Scott Wynd	27,411,036	0.57
15 Ace Property Holdings Pty Ltd	24,600,000	0.51
16 Wilbow Group Pty Ltd Wilbow Group A/C	23,636,364	0.49
17 Permfast Pty Limited Heyworth Super Fund A/C	23,094,553	0.48
18 Mr Xi Yu Zhang	22,798,226	0.47
19 Wilbow Group Pty Ltd	21,718,368	0.45
20 Gabor Holdings Pty Ltd	21,016,472	0.43
	<u>3,354,716,439</u>	<u>69.38</u>

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Gabor Holdings Pty Ltd	1,714,864,377	35.46
Janet Heather Cameron	952,347,727	19.69

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.