



Australian Agricultural Company Limited

ABN 15 010 892 270

FINANCIAL REPORT

**For the half-year ended
30 September 2024**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 31 March 2024 and any public announcements made by Australian Agricultural Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your Directors present their report on the Group consisting of Australian Agricultural Company Limited and the entities it controlled (AACo) for the half-year ended 30 September 2024.

DIRECTORS

The following persons were Directors of Australian Agricultural Company Limited during the half-year and up to the date of this report. Directors were in office for this entire period unless otherwise stated.

Donald McGauchie AO (Non-executive Chairman)

David Harris (Managing Director)

Stuart Black AM (Non-executive Director)

Anthony Abraham (Non-executive Director)

Neil Reisman (Non-executive Director)

Jessica Rudd (Non-executive Director)

Marc Blazer (Non-executive Director)

Sarah Gentry (Non-executive Director)

Joshua Levy (Non-executive Director)

OPERATING AND FINANCIAL REVIEW

About AACo

AACo is an Australian beef company with a heritage dating back to 1824. AACo is one of Australia's largest integrated cattle and Wagyu beef producers, and is the oldest continuously operating company in Australia. AACo distributes branded Wagyu beef to a range of customers across the world, tailoring its route-to-market model by country to capitalise on regional opportunities. The Company is large enough to obtain production efficiencies, whilst targeting key markets and customers.

Key Financial Indicators Used by Management

The following table summarises financial indicators used by Management to monitor and manage the Company. Operating Profit is a key measure of profitability, which removes unrealised livestock mark-to-market fluctuations from the Statutory Profit result, and measures cost of goods sold using production costs rather than fair value. Management therefore believe external stakeholders benefit from this metric being reported.

The table below includes results which are unaudited, non-IFRS financial information: Operating Profit, Statutory EBIT and Statutory EBITDA.

	6 MONTHS TO 30 SEP 2024	6 MONTHS TO 30 SEP 2023
	\$'000	\$'000
Meat sales	147,943	131,824
Cattle sales	47,626	35,259
Operating Profit	20,249	30,124
Statutory EBITDA	64,507	(124,885)
Statutory EBIT	50,901	(136,666)
Statutory Net profit / (loss) after tax	23,601	(105,536)
Net cash inflow from operating activities	4,303	2,574

Statutory EBIT is earnings before interest and tax. Statutory EBITDA is earnings before interest, tax, depreciation and amortisation.

Discussion on drivers of movements in key financial indicators are included in the following Sales & Marketing, Production and Statutory Financial Results sections.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (continued)

Sales and Marketing

Wagyu beef revenues have increased on the prior comparative period, driven by 37% higher volumes from 30% more head processed combined with an increase in cattle live weight kilograms. This was achieved through the production of animals already within our integrated supply chain and partially as a result of greater feeding capacity following completion of the Goonoo Feedlot Expansion.

Increased volumes have been partially offset by lower average sales \$/kg, which were impacted during the period by continued challenging global market dynamics. Investment and engagement with our brands and global distribution network softened the impact of these market conditions on overall price performance.

Investment in marketing increased during the period as the Westholme brand was relaunched globally, with targeted events across key markets. AACo's 1824 brand launched in targeted markets specifically in retail and food service in iconic venues.

	6 MONTHS TO 30 SEP 2024	6 MONTHS TO 30 SEP 2023
Wagyu beef revenue – \$ mil ⁽¹⁾	147.9	129.8
Wagyu beef kgs sold – mil kg CW ⁽²⁾	8.5	6.2
Wagyu beef sold – \$/kg CW	\$17.46	\$20.96
Cattle revenue – \$ mil	47.6	35.3
Cattle sales – mil kg LW ⁽²⁾	18.2	12.1
Cattle sales - \$/Kg LW	\$2.62	\$2.92

⁽¹⁾ Wagyu beef sales represents total meat sales excluding by-products

⁽²⁾ CW – carton weight containing saleable boxed meat, LW – live animal weight.

Production

Kilograms produced is a measure of the number of cattle live weight kilograms grown throughout the breeding, backgrounding and feedlot operations of the Company during the period, excluding the offsetting impact of attrition kilograms. Kilograms produced has increased by 9% on the prior comparative period, resulting from higher calving rates combined with an increase in average branding weights reflecting continued favourable seasonal conditions.

Cost of production is a measure of the operating costs incurred to produce a kilogram of live weight of cattle throughout the breeding, backgrounding and feedlot operations of the Company during the period. This calculation is the sum of production costs incurred at each of the Company's productive properties, divided by the number of total live weight kilograms produced over the period. Cost of production has increased by 8% on the prior comparative period, primarily due to the impact of higher cattle expenses driven by commodity pricing and inflationary impacts on inputs. Increased productivity and tight fiscal controls reduced the full impact of the commodity price increases.

In addition, completion of the feedlot capacity expansion resulted in an increase of Wagyu production within the intensive feeding process which has a higher cost and higher value than other breeds, the impact has also been partially offset by higher kilograms produced.

	6 MONTHS TO 30 SEP 2024	6 MONTHS TO 30 SEP 2023
Kilograms produced – mil kg LW	48.0	44.2
Cost of production – \$/kg LW	\$2.48	\$2.29

Statutory Financial Results

The H1FY25 results include a Statutory EBITDA profit of \$64.5 million (H1FY24 loss of (\$124.9) million), driven by the \$34.6 million unrealised market valuation increase on the herd (H1FY24 unrealised market valuation decrease of (\$175.5) million). Cattle fair value adjustments have increased materially due to market price movements since March 2024, with the cattle market having recovered from a four-year low at the previous half-year end.

An Operating cash inflow of \$4.3 million was achieved in H1FY25 compared with an operating cash inflow of \$2.6 million in H1FY24. The net positive operating cash flow result has been achieved in the current period through higher receipts from branded beef sales due to greater volumes offset by higher payments to suppliers, employees and other, in line with the higher costs of production.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (continued)

Reconciliation of Operating Profit to Statutory Profit

The measure of Operating Profit is a key indicator which is used to monitor and manage the Company and represents an adjusted Statutory EBITDA. Operating Profit is a key measure of profitability for AACo which removes unrealised livestock mark-to-market fluctuations from the Statutory Profit result, and measures cost of goods sold using production costs rather than fair value. Management therefore believe that external stakeholders benefit from this metric being reported, as it is a better reflection of financial performance within the control of Management.

Operating Profit for H1FY25 of \$20.2 million (H1FY24 \$30.1 million) has declined on the prior comparative period due to lower product margins in meat sales resulting from market allocations and pricing pressure in market.

Operating Profit, Statutory EBIT and Statutory EBITDA are unaudited, non-IFRS financial information. A reconciliation of Operating Profit to Statutory EBITDA and Net Profit After Tax (NPAT) is provided below:

	6 MONTHS TO 30 SEP 2024	6 MONTHS TO 30 SEP 2023
	\$'000	\$'000
Operating Profit	20,249	30,124
Unrealised mark-to-market of herd	34,596	(175,504)
Cost versus Fair Value: Kg sold or produced	6,602	17,714
Other income	3,060	2,781
Statutory EBITDA⁽¹⁾	64,507	(124,885)
Depreciation and amortisation	(13,606)	(11,781)
Statutory EBIT	50,901	(136,666)
Finance costs	(13,643)	(11,872)
Income tax (expense) / benefit	(13,657)	43,002
Statutory Net Profit / (loss) after tax	23,601	(105,536)

⁽¹⁾ EBITDA is defined by the Company as earnings before interest, tax, depreciation, amortisation, impairment, and changes in the fair value of property.

Capital Structure

The Company continues to target a gearing ratio of 20.0% to 35.0%, excluding the impacts of AASB 16.

	30 SEP 2024	31 MAR 2024
	\$'000	\$'000
ASSETS AND CAPITAL STRUCTURE		
Current debt		
Interest-bearing liabilities	8,301	6,345
Lease liabilities	7,921	8,180
Non-current debt		
Interest-bearing liabilities	19,362	18,555
Lease liabilities	30,780	32,651
Bank loan facility ⁽¹⁾	420,588	413,656
Bank guarantees	1,052	1,052
Cash	(6,166)	(8,963)
Net debt	481,838	471,476
Equity employed	1,553,466	1,516,882
Total capital employed	2,035,304	1,988,358
Gearing (net debt / net debt + equity)	23.7%	23.7%
Gearing (net debt / net debt + equity) pre AASB 16 adoption	22.2%	21.7%

⁽¹⁾ The gearing ratio is calculated utilising the drawn-down balance of the bank loan facility. This is not offset by \$0.7 million of prepaid borrowing costs.

DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW (continued)

Net Tangible Assets

The Company's Net Tangible Assets per share was \$2.55 as at 30 September 2024, compared to \$2.51 as at 31 March 2024. Net Tangible Assets of the Company include leasehold land assets.

The increase in Net Tangible Assets is driven by the \$34.6 million market value increase on cattle values at the half-year end, with cattle prices having recovered from the four-year lows experienced during H1FY24. This change in market price is driven by market dynamics, and is an unrealised mark-to-market adjustment on our herd. Our herd is primarily held for the production of beef and therefore the majority are not disposed of through the market sales process.

Dividends

There were no dividends declared or paid during the six months to 30 September 2024, and therefore the Company's Dividend Reinvestment Plan (DRP) was inactive throughout the period.

Risk Management

As an international branded beef business with an integrated supply chain, AACo faces various risks which could have a material impact on its future strategy and financial performance.

The nature, likelihood, timing and potential impact of risks are not static and are impacted by the Company's ability to manage and mitigate these risks. It is possible for several relatively minor risks to converge into a new risk that was unforeseen and is material to the business. We concentrate our risk planning on those risks relating to factors that Management can measure and reasonably control, and consider mitigation strategies if available.

We continue to monitor, mitigate and manage business risks and their potential impact on the Company's operations, financial performance and business strategies for future financial years. The business risks that have the potential to impact the Company's ability to deliver its strategy and achieve its business objectives, as detailed in the AACo 2024 Annual Report, remain relevant for the interim 2024 period.

For more information, refer to the following documents at www.aaco.com.au:

- > AACo 2024 Annual Report
- > AACo 2024 Sustainability Report
- > AACo 2024 Corporate Governance Statement

Business Strategies, Likely Developments and Expected Results

The Board is committed to increasing shareholder value and continues to review the Company's strategic direction. Whilst we will remain focused on maximising earnings and value creation from our premium branded Wagyu beef operations including our extensive global distribution network, the strategy development will include various alternative areas for value generation, through:

- > unlocking the value of our vast asset base and skill sets,
- > partnering with organisations that are identifying innovative solutions in the agricultural industry,
- > focussing on the efficiency and effectiveness of the end-to-end supply chain, and the improvement and development of its extensive Pastoral assets, and
- > furthering sustainability initiatives.

DIRECTORS' REPORT

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

There have been no significant events after the balance sheet date which require disclosure in the financial report.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the period ended 30 September 2024.

ROUNDING

Amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars for presentation where noted (\$'000). This has been completed under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) *Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

Signed in accordance with a resolution of the Directors.



Donald McGauchie

Chairman

Brisbane

14 November 2024



David Harris

Managing Director and CEO

Brisbane

14 November 2024

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following independence declaration from our auditors KPMG.



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

To the Directors of Australian Agricultural Company Limited

I declare that, to the best of my knowledge and belief, in relation to the half-year review of Australian Agricultural Company Limited for the half-year ended 30 September 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG
KPMG

Scott Guse
Scott Guse
Partner

Brisbane
14 November 2024

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

For the half-year ended 30 September 2024

	6 MONTHS TO 30 SEP 2024	6 MONTHS TO 30 SEP 2023
	\$'000	\$'000
Meat sales	147,943	131,824
Cattle sales	47,626	35,259
	195,569	167,083
Cattle fair value adjustments	168,795	(31,710)
	364,364	135,373
Cost of meat sold	(104,967)	(104,999)
Cost of cattle sold	(44,565)	(33,090)
Cattle and feedlot expenses	(64,094)	(49,083)
Gross margin	150,738	(51,799)
Other income	3,391	3,422
Employee expenses	(37,134)	(32,944)
Marketing and selling costs	(11,086)	(7,707)
Administration costs	(17,196)	(14,882)
Other operating costs	(21,591)	(18,556)
Property costs	(2,615)	(2,419)
Depreciation and amortisation	(13,606)	(11,781)
Profit / (loss) before finance costs and income tax	50,901	(136,666)
Finance costs	(13,643)	(11,872)
Profit / (loss) before income tax	37,258	(148,538)
Income tax (expense) / benefit	(13,657)	43,002
Net profit / (loss) after tax	23,601	(105,536)
PROFIT / (LOSS) PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT	CENTS	CENTS
Basic earnings / (loss) per share	3.95	(17.63)
Diluted earnings / (loss) per share	3.92	(17.63)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income

For the half-year ended 30 September 2024

	6 MONTHS TO 30 SEP 2024	6 MONTHS TO 30 SEP 2023
	\$'000	\$'000
Net profit / (loss) for the period	23,601	(105,536)
Other comprehensive income / (loss)		
Items that may be reclassified subsequently to profit or loss:		
Revaluation of foreign currency operations, net of tax	1,370	(714)
Changes in fair value of cash flow hedges, net of tax	10,722	(3,280)
Other comprehensive income / (loss) for the period, net of tax	12,092	(3,994)
Total comprehensive income / (loss) for the period, net of tax	35,693	(109,530)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As at 30 September 2024

	NOTE	AS AT 30 SEP 2024 \$'000	AS AT 31 MAR 2024 \$'000
Current assets			
Cash and cash equivalents		6,166	8,963
Trade and other receivables		19,936	19,079
Inventories and consumables		39,812	32,338
Livestock		314,450	285,154
Derivatives	6	4,949	1,790
Other assets		3,105	6,535
Total current assets		388,418	353,859
Non-current assets			
Livestock		330,822	326,142
Property, plant and equipment	4	1,633,770	1,629,674
Intangible assets		17,227	17,227
Right-of-use assets	5	34,667	36,132
Investments		1,259	238
Derivatives	6	5,494	–
Other assets		1,104	1,182
Total non-current assets		2,024,343	2,010,595
Total assets		2,412,761	2,364,454
Current liabilities			
Trade and other payables		32,377	40,251
Provisions		5,872	4,889
Lease liabilities	5	7,921	8,180
Derivatives	6	114	2,655
Interest-bearing liabilities	7	8,301	6,345
Total current liabilities		54,585	62,320
Non-current liabilities			
Provisions		925	876
Lease liabilities	5	30,780	32,651
Derivatives	6	309	229
Interest-bearing liabilities	7	439,223	431,303
Deferred tax liabilities		333,473	320,193
Total non-current liabilities		804,710	785,252
Total liabilities		859,295	847,572
Net assets		1,553,466	1,516,882
Equity			
Contributed equity		528,822	528,822
Reserves		997,164	984,181
Retained earnings		27,480	3,879
Total equity		1,553,466	1,516,882

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Changes in Equity

For the half-year ended 30 September 2024

	CONTRIBUTED EQUITY \$'000	RESERVES \$'000	(ACCUMULATED LOSSES)/RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
At 1 April 2023	528,822	934,767	98,497	1,562,086
(Loss) for the period	-	-	(105,536)	(105,536)
Other comprehensive (loss)	-	(3,994)	-	(3,994)
Total comprehensive (loss) for the period	-	(3,994)	(105,536)	(109,530)
Transactions with owners in their capacity as owners:				
Cost of share-based payments	-	499	-	499
At 30 September 2023	528,822	931,272	(7,039)	1,453,055
At 1 April 2024	528,822	984,181	3,879	1,516,882
Profit for the period	-	-	23,601	23,601
Other comprehensive income	-	12,092	-	12,092
Total comprehensive income for the period	-	12,092	23,601	35,693
Transactions with owners in their capacity as owners:				
Cost of share-based payments	-	891	-	891
At 30 September 2024	528,822	997,164	27,480	1,553,466

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

For the half-year ended 30 September 2024

	6 MONTHS TO 30 SEP 2024	6 MONTHS TO 30 SEP 2023
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	209,686	172,998
Payments to suppliers, employees and others	(191,725)	(158,599)
Payment of interest and finance costs	(13,799)	(11,909)
Interest received	141	84
Net cash inflow from operating activities	4,303	2,574
Cash flows from investing activities		
Payments for property, plant and equipment	(7,754)	(17,534)
Proceeds from sale of property, plant and equipment	309	904
Payments for equity interests	(1,021)	–
Net cash outflow from investing activities	(8,466)	(16,630)
Cash flows from financing activities		
Proceeds from interest-bearing liabilities	25,000	40,000
Repayments of interest-bearing liabilities	(15,000)	(15,000)
Principal repayments of leases	(8,634)	(8,842)
Net cash inflow from financing activities	1,366	16,158
Net (decrease) / increase in cash	(2,797)	2,102
Cash at the beginning of the period	8,963	4,019
Cash at the end of the period	6,166	6,121

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2024

1. Basis of preparation

a) Corporate information

AACo is a company limited by shares, incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Securities Exchange (ASX).

The interim financial statements for the half-year ended 30 September 2024 were authorised for issue in accordance with a resolution of the Directors on 14 November 2024.

b) Basis of preparation

This general purpose financial report for the half-year ended 30 September 2024 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all notes of the type normally included within the annual financial report. Accordingly, this report should be read in conjunction with the financial report for the year ended 31 March 2024 and considered together with any public announcements made by AACo during the half-year ended 30 September 2024, in accordance with the continuous disclosure obligations of the ASX listing rules.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with the legislative instrument, amounts in the interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

c) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires judgements, estimates and assumptions to be made that affect the reported amounts in the financial statements. Judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses are continually evaluated. Judgements and estimates are based on historical experience and on other various factors considered reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Management's approach to significant judgements, estimates and assumptions is consistent with that applied for the 31 March 2024 consolidated financial report.

2. Accounting policies

a) Livestock

Livestock are measured at fair value less costs to sell, with any change recognised in the income statement. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs.

The fair value of livestock is based on its present location and condition. AASB 13 *Fair Value Measurement* establishes the hierarchy for valuation techniques used to measure fair value, with the highest priority given to quoted prices in active markets for identical assets or liabilities (Level 1 Price Input), and the lowest priority to unobservable inputs (Level 3 Price Input).

If an active market exists for an identical livestock asset in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset (Level 1 Price Input). Where access to multiple markets exists, then the most relevant market is used to determine fair value.

If an active market does not exist then other observable inputs are used, when available, in determining fair value (Level 2 Price Input):

- > the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period; or
- > market prices, in markets accessible to the entity, for similar assets with adjustments to reflect differences.

In the event that market determined prices or values are not available for livestock in its present condition, the fair value price input is not based on observable market data (unobservable inputs) (Level 3 Price Input).

Consistent with previous reporting periods, at 30 September 2024 cattle have been valued using Fair Value Level 2 and Level 3 price inputs as defined by AASB 13 *Fair Value Measurement*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2024

2. Accounting policies (continued)

b) Pastoral property and improvements at fair value

Pastoral property and improvements are carried at a revalued amount, which is the fair value at the date of the revaluation, less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by the Directors with reference to work performed by external independent valuers and performed on an annual basis with reference to market-based evidence, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position, unless it reverses a revaluation decrement of the same asset previously recognised in profit or loss. Any revaluation decrement is recognised in profit or loss unless it directly offsets a previous increment of the same asset in the asset revaluation reserve.

In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal of property and improvements, any revaluation reserve relating to the particular asset being sold is transferred to the capital profits reserve.

All initial lump sum payments in respect of pastoral and perpetual property leases have been classified as land. The remaining lease payments are nominal and are therefore expensed to the income statement as incurred. Leasehold properties in Queensland are mainly pastoral holdings which are rolling term leases. In the Northern Territory, the pastoral leases held have been granted on a perpetual basis by the Northern Territory Government. We treat statutory pastoral leases held with government bodies as perpetual leases and as such, specifically excluded these from measurement under AASB 16 *Leases*.

Commercial leases for pastoral properties that are held with third parties are measured under AASB 16 and recorded as a right-of-use asset with a corresponding debt obligation.

c) Property, Plant and Equipment at cost

Plant and equipment and industrial property and improvements are stated at historical cost less accumulated depreciation and any accumulated impairment losses. We review the carrying values of plant and equipment and industrial property and improvements for impairment when events or changes in circumstances indicate the current carrying value may not be recoverable.

The Livingstone Beef Cash Generating Unit (CGU) is the only location with property and improvements measured under the cost model by the Company per AASB 116 *Property, Plant and Equipment*. Under the requirements of AASB 136 *Impairment of Assets*, at each reporting period an assessment of internal and external factors must be made to determine whether there are indicators of impairment. Where indicators exist, a formal estimate of the recoverable amount of these assets is undertaken.

During H1FY25, operations continue to be suspended at Livingstone Beef. As at 30 September 2024, Management have reassessed internal and external factors that may indicate further impairment of the CGU. As a result of this assessment, no factors were identified that may indicate the CGU's recoverable amount was materially different from its carrying value as at 30 September 2024.

d) Taxes

The Company's consolidated effective tax rate in respect of continuing operations for the six months ended 30 September 2024 was 36.7% (for the six months ended 30 September 2023: 29.0%).

e) Intangible Assets

Intangible assets are stated at historical cost less accumulated depreciation and accumulated impairment losses, unless acquired free of charge or for nominal consideration.

Australian Carbon Credit Units (ACCUs) have been acquired by the Company without consideration, through the Clean Energy Regulator for carbon abatement. ACCUs meet the definition of an intangible asset under AASB 138 *Intangible assets*, and are recognised in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* at fair value.

ACCUs are initially recognised at fair value upon receipt, and are subsequently measured under the AASB 138 Cost Model.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2024

3. Segment information

Identification of reportable segments

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Company, that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Company's chief decision maker is the Managing Director/Chief Executive Officer and, along with the Board and Executive Leadership team, reviews financial information for the Company at least monthly and as one operating segment.

Accounting policies – reportable segments

The accounting policies used in reporting segments are the same as those contained in the financial statements and in the prior period.

The measure of Operating Profit is a key indicator which is used to monitor and manage the Company and represents an adjusted Statutory EBITDA. Operating Profit is a key measure of profitability for AACo which removes unrealised livestock mark-to-market fluctuations from the Statutory Profit result, and measures cost of goods sold using production costs rather than fair value. Management therefore believe that external stakeholders benefit from this metric being reported, as it is a better reflection of financial performance within the control of Management.

The following table presents the revenue and profit information by operating segment (incorporating a reconciliation of Operating Profit to Statutory NPAT) for the six months to 30 September 2024 and 30 September 2023.

	30 SEP 2024	30 SEP 2023
	\$'000	\$'000
Segment revenue	195,569	167,083
Revenue from external customers	195,569	167,083
Operating Profit	20,249	30,124
Unrealised mark-to-market of herd	34,596	(175,504)
Cost versus Fair Value: Kg sold or produced	6,602	17,714
Other income	3,060	2,781
Statutory EBITDA	64,507	(124,885)
Depreciation and amortisation	(13,606)	(11,781)
Statutory EBIT	50,901	(136,666)
Net finance costs	(13,643)	(11,872)
Income tax (expense) / benefit	(13,657)	43,002
Net profit / (loss) after tax	23,601	(105,536)

Revenues from external customers

	30 SEP 2024	30 SEP 2023
	\$'000	\$'000
MEAT SALES REVENUES		
South Korea	43,832	35,664
USA	31,555	29,671
Australia	17,956	11,273
Japan	10,259	3,778
Indonesia	9,392	3,361
Other countries	34,949	48,077
Total meat sales revenue per Income Statement	147,943	131,824
	30 SEP 2024	30 SEP 2023
	\$'000	\$'000
CATTLE SALES REVENUES		
Australia	47,626	35,259
Total cattle sales revenue per Income Statement	47,626	35,259

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2024

4. Property, plant and equipment

Acquisitions and disposals

During the six months ended 30 September 2024, the Company acquired assets with a cost of \$7.9 million (six months to 30 September 2023: \$17.5 million). No property acquisitions were made during the period.

Assets with a combined net book value of \$0.08 million were disposed of by the Company during the six months ended 30 September 2024 (six months to 30 September 2023: \$0.2 million). No sales of property were made during the period.

5. Right-of-use assets and lease liabilities

Right-of-use assets relate to buildings, property, vehicles and equipment leased by the Company, excluding pastoral property held under statutory leases. When measuring liabilities for leases that were previously classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019, the date of adoption of AASB 16. When measuring liabilities for new lease agreements, the Company discounts lease payments using its incremental borrowing rate at the lease commencement date. The weighted average interest rate applied to measure leases is 3.85%.

	30 SEP 2024	31 MAR 2024
	\$'000	\$'000
Right-of-use assets		
Non-current	34,667	36,132
Lease liabilities		
Current	7,921	8,180
Non-current	30,780	32,651
	38,701	40,831

During the six month period to 30 September 2024, the Company renewed the lease for Comet Downs on a two-year term.

6. Derivatives

	30 SEP 2024		31 MAR 2024	
	\$'000	\$'000	\$'000	\$'000
	Current	Non-Current	Current	Non-Current
Financial assets				
Foreign currency contracts	4,949	5,494	1,790	-
	4,949	5,494	1,790	-
Financial liabilities				
Foreign currency contracts	19	-	2,648	216
Interest rate swap contracts	95	309	7	13
	114	309	2,655	229

Fair values

As at 30 September 2024 and 31 March 2024, the only financial instruments recognised at fair value were interest rate swaps and forward currency contracts. These are valued using a 'Level 2' method under AASB 13 *Fair Value Measurement*, which estimates fair value using inputs that are observable either directly (as prices) or indirectly (derived from prices). The carrying amount of all other financial assets and liabilities approximates the fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2024

6. Derivatives (continued)

Forward currency exchange contracts

Foreign currency contracts are entered in to hedge the cash flows of foreign denominated forecast meat sales. As these contracts are hedge accounted, their effectiveness was required to be assessed under AASB 9 *Financial Instruments*. The effective portion of the gain or loss is accounted for in Other Comprehensive Income and the ineffective portion posted to profit or loss. Forward currency contracts can have maturities of up to 36 months. These contracts sell in US dollars and buy in Australian dollars. The total notional value of these contracts at 30 September 2024 was AUD \$257.8 million (31 March 2024: AUD \$265.2 million).

Interest rate swap contracts

The Company has entered into interest rate swaps which are economic hedges. Interest rate swaps manage the mix of borrowings between fixed and floating rates as per our Treasury Policy. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the forward interest rate curves at reporting date. At the half-year balance date, the Company holds \$268 million interest rate swaps with differing tenors, which have being designated as effective hedges and therefore satisfy the accounting standard requirements for hedge accounting.

As at 30 September 2024, the notional principal amounts and period of expiry of the interest rate swaps are as follows:

	30 SEP 2024	31 MAR 2024
	\$'000	\$'000
0-1 years	180,000	170,000
1-7 years	88,000	42,000
	268,000	212,000

7. Interest-bearing liabilities

	30 SEP 2024	31 MAR 2024
	\$'000	\$'000
Current		
Asset financing	8,301	6,345
Non-Current		
Secured bank loan facility	419,861	412,748
Asset financing	19,362	18,555
	439,223	431,303

Asset financing has been obtained over some of the Company's vehicles, plant and equipment. These liabilities are discounted using the interest rate implicit in the financing arrangement. The weighted average rate is 5.47%.

Secured bank loan facility

The Company's Club Debt Facilities committed facility capacity is \$600 million, with an expiry of 8 October 2026. Interest drawn on borrowings under the Club Debt Facilities is charged at the applicable BBSY rate + Margin. The facility is currently drawn down by \$420.6 million (31 March 2024: \$413.7 million).

The Facility A limit is \$410 million, repayable on 8 October 2026. The Facility B limit is \$190 million, repayable on 8 April 2026 with a rolling 18 month tenor. Financing facilities are provided on a secured basis, with security given over all assets under fixed and floating charges. Financial covenants are in place over the Company's Loan to Value Ratio (LVR).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2024

7. Interest-bearing liabilities (continued)

Secured bank loan facility (continued)

The following financing facilities are available:

	30 SEP 2024	31 MAR 2024
	\$'000	\$'000
Borrowing Capacity under Facility A and Facility B	600,000	600,000
Guarantee Facility Capacity	3,000	3,000
Facility A and B drawn-down	(420,588)	(413,656)
Bank guarantee utilised	(1,052)	(1,052)
Unused	181,360	188,292

8. Equity securities issued

Equity securities issued

No shares were issued during the six months to 30 September 2024 (six months to 30 September 2023: nil).

Dividends

No dividend was declared or paid during the six months to 30 September 2024 (six months to 30 September 2023: nil).

9. Commitments

Capital commitments

Capital expenditure of \$14.7 million has been contractually committed to in respect of property, plant and equipment as at 30 September 2024 (31 March 2024: \$4.7 million).

Other commitments

Forward purchase contracts have been entered into for \$12.0 million worth of grain commodities and no forward purchase contracts for cattle as at 30 September 2024 (31 March 2024: \$8.9 million worth of grain commodities and no forward purchase contracts for cattle). The contracts are expected to be settled within 12 months from balance date.

10. Related party disclosures

From time to time Directors may buy goods from the Group. These purchases are on the same terms and conditions as those entered into by other employees.

There were no material transactions with related parties during the six months to 30 September 2024 (30 September 2023: nil). Associates are entities considered to be related parties, due to the Group having significant but not controlling influence over the entity.

11. Events after the balance sheet date

There have been no significant events after the balance date which require disclosure in the financial report.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Australian Agricultural Company Limited, I state that:

In the opinion of the Directors:

- a) The consolidated financial statements and notes of Australian Agricultural Company Limited set out on pages 9 to 19 are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 30 September 2024 and its performance for the half-year ended on that date;
 - ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Donald McGauchie

Chairman

Brisbane

14 November 2024

INDEPENDENT AUDITOR'S REVIEW REPORT



Independent Auditor's Review Report

To the shareholders of Australian Agricultural Company Limited

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Australian Agricultural Company Limited.

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

- giving a true and fair view of the **Group's** financial position as at 30 September 2024 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

- Consolidated statement of financial position as at 30 September 2024
- Consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 11 comprising material accounting policies and other explanatory information
- The Directors' Declaration.

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

Basis for Conclusion

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

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

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INDEPENDENT AUDITOR'S REVIEW REPORT



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

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

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

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 September 2024 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

KPMG

Scott Guse
Partner

14 November 2024

COMPANY INFORMATION

Name of Entity

Australian Agricultural Company Limited

ABN

15 010 892 270

Registered Office

Principal Place of Business

Gasworks Plaza

Level 1, Lobby 1

76 Skyring Terrace

Newstead QLD 4006

Ph: (07) 3368 4400

Fax: (07) 3368 4401

www.aaco.com.au

Share Registry

MUFG Corporate Markets

Level 21, 10 Eagle Street

Brisbane QLD 4000

Ph: 1300 554 474

www.linkmarketservices.com.au

AACo shares are quoted on the Australian Securities Exchange under listing Code AAC.

Solicitors

Allens Linklaters

Level 26, 480 Queen Street

Brisbane QLD 4000

Auditors

KPMG

Level 11, Heritage Lanes

80 Ann Street

Brisbane QLD 4000