



**TASSAL GROUP**  
*a better tomorrow*

# 2021 ANNUAL GENERAL MEETING

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28 OCTOBER 2021

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# ONLINE ATTENDEES – QUESTION PROCESS

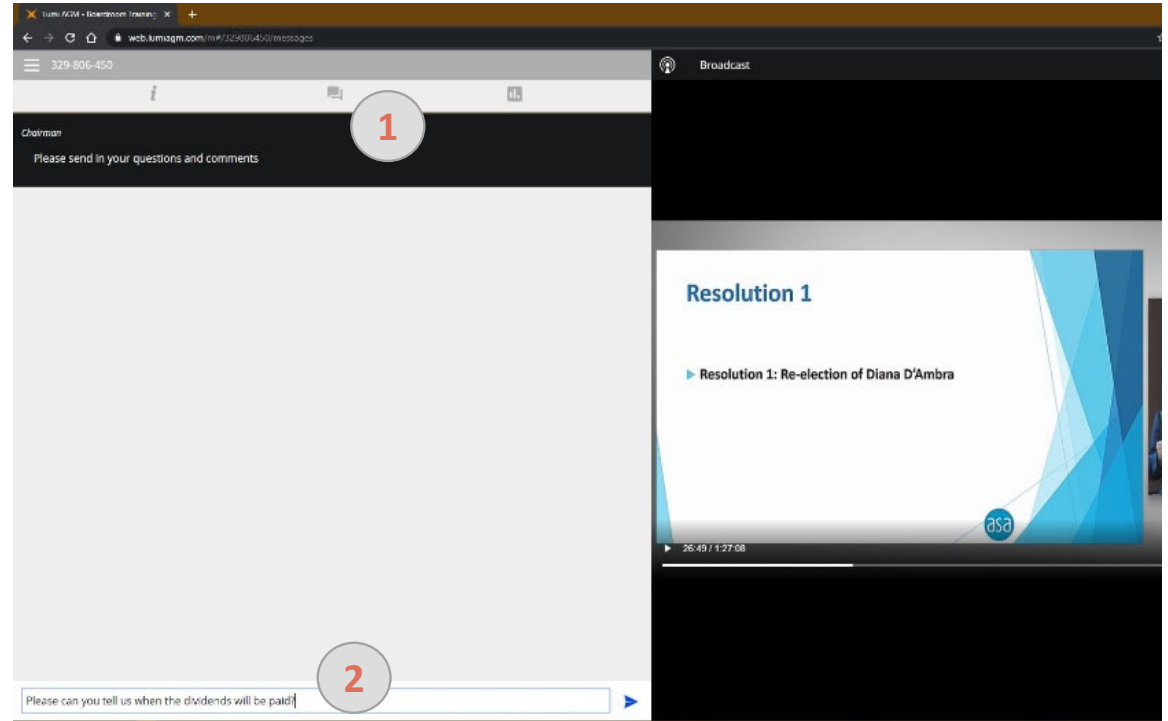
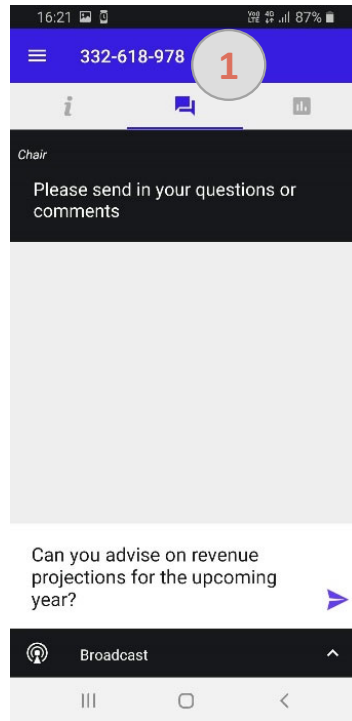
## HOW TO

When the **question function is available**, the Q&A icon **1** will appear at the top of the app.

To **send a question**, simply click in the “Ask a Question box” **2** type your question and the press the send arrow.

Your question will be **sent immediately** for review.

**Submit your questions now** on any resolution.



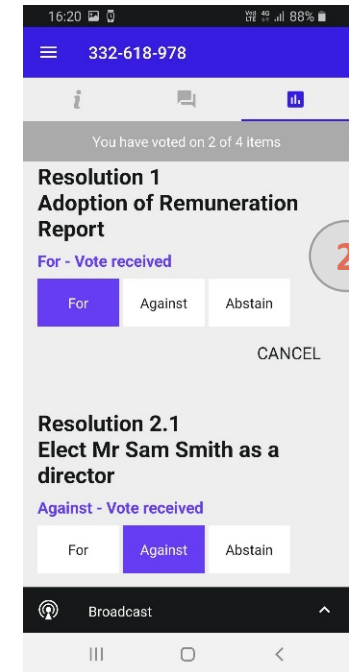
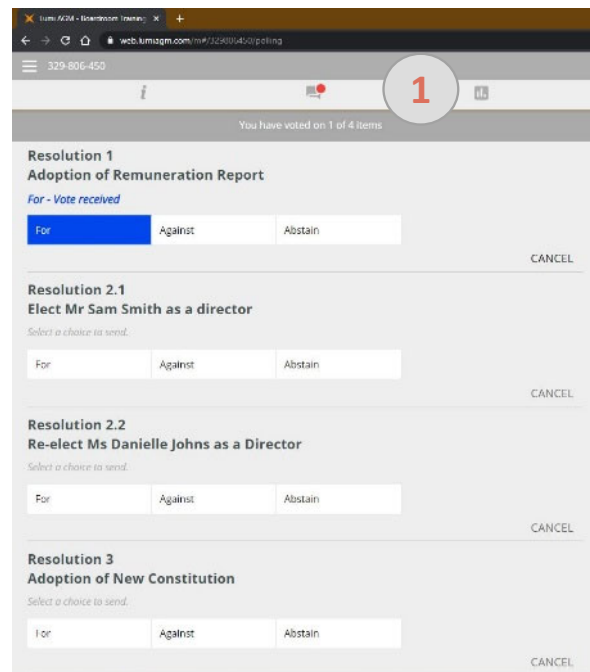
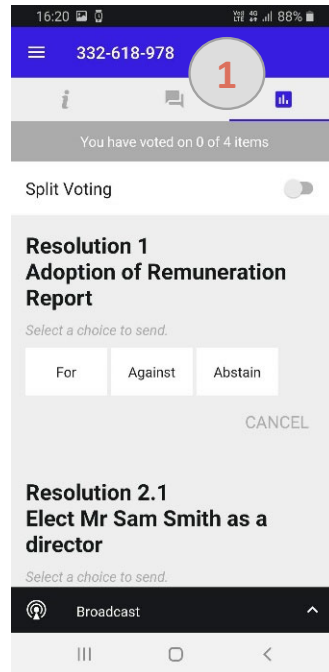
# ONLINE ATTENDEES – VOTING PROCESS

## HOW TO

When the **poll is open**, the vote will be accessible by selecting the voting icon at the top of the screen. **1**

**To vote**, simply select the option you wish to send, the selected option will change colour. **2**

There is **no submit or send button**, your selection is automatically recorded.



# ITEM 1 – FINANCIAL STATEMENTS & REPORTS

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To receive and consider the **COMPANY'S FINANCIAL REPORT**, the **DIRECTOR'S REPORT** and the **AUDITOR'S REPORT** for the financial year ended 30 June 2021 (FY21).

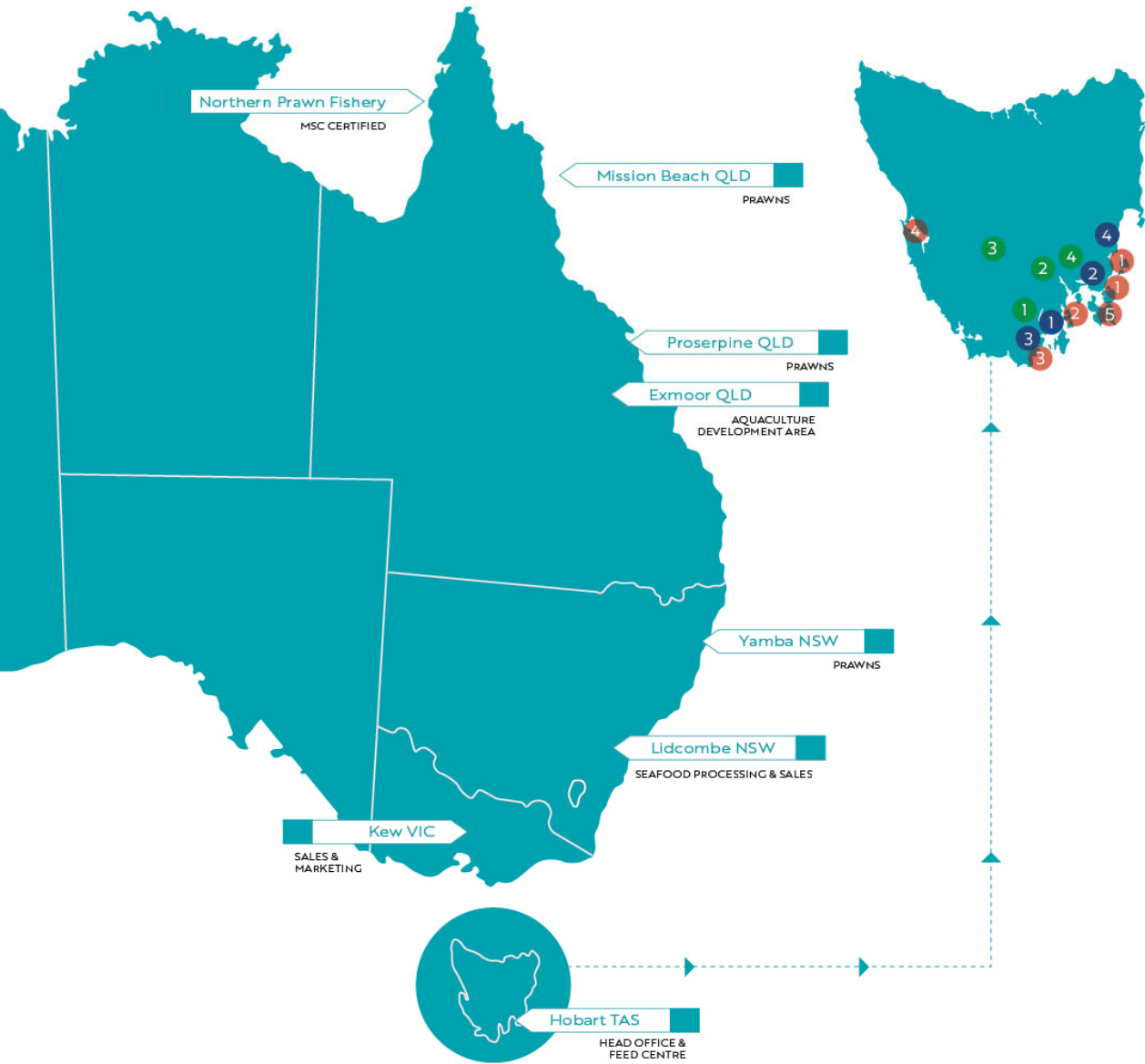




# CHAIRMAN'S ADDRESS

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Mr. Allan McCallum AO



**OUR FOOTPRINT: SEAFOOD & PRAWNS**

- Northern Prawn Fishery - Xanadu
- Mission Beach QLD - Prawn farm, hatchery & processing facility
- Proserpine QLD - Prawn farm, hatchery & processing facility
- Exmoor Station QLD - Aquaculture Development Area
- Yamba NSW - Prawn farm & processing facility
- Lidcombe NSW- Seafood processing facility

**OUR FOOTPRINT: SALMON**

**MARINE FARMING ZONES**

1. Eastern Zone  
Okehampton Bay & Port Arthur
2. Channel Zone  
D'Entrecasteaux Channel
3. Southern Zone  
Dover & Huon River
4. Western Zone  
Macquarie Harbour
5. Storm Bay Zone  
Nubeena & West of Wedge

**FRESHWATER HATCHERIES**

1. Rookwood I & II  
Ranelagh
2. Russell Falls & Karanja  
Mount Field
3. SALTAS (industry hatchery)  
Wayatinah
4. HRAS (future development)  
Hamilton

**PROCESSING FACILITIES**

1. Huonville  
Salmon processing
2. Margate  
Salmon processing
3. Dover  
Salmon processing
4. Triabunna  
Rendering facility

OVER  
**35 YEARS**  
OF BEST PRACTICE  
AQUACULTURE  
EXPERIENCE

IN FY21  
WE PRODUCED  
**40,087t SALMON**  
**3915t PRAWNS**

OVER  
**1700**  
EMPLOYEES  
ACROSS  
AUSTRALIA

AQUACULTURE  
IS ONE OF THE  
MOST EFFICIENT  
FORMS OF PROTEIN  
PRODUCTION

AUD  
**\$575**  
MILLION INVESTED  
IN AUSTRALIAN  
SUPPLIERS  
IN FY21

# TASSAL'S GROWTH STRATEGY

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## GROWTH STRATEGY

Our **growth strategy** is underpinned by 5 pillars:

1. Being the market leader on all operational, financial, environmental and societal value metrics;
2. Ensuring geographic and species diversification;
3. Driving domestic per capita consumption growth;
4. Maintaining an Eastern Seaboard supply chain: ensuring Tassal is freshest to market on a national basis; and
5. Maintaining best practice aquaculture: being regarded as global leaders in aquaculture production and environmental stewardship.

Our growth strategy, together with the focus on driving operating efficiencies and lowering costs, risk management systems and business continuity planning, cashflows and strong balance sheet, supported our navigation through a volatile COVID-19 operating environment in FY21.



## MISSION

Our **mission** is that as farmers of the ocean and land, it is our responsibility to:

1. Produce healthy and accessible food for the world;
2. Build resilient and supported employees and communities; and
3. Deliver strong and consistent economic returns.

While respecting our planet for future generations as we build a **better tomorrow**.



*Every day, we proudly play our role in the global production of responsibly farmed salmon and prawns that enables us to make a valuable contribution to feeding Australians and the world. We strive to create a future that ensures our oceans and coasts flourish; our aquaculture stocks thrive; our people are safe; and the communities in which we operate, our partners and our investors prosper.*







**TASSAL GROUP**  
*a better tomorrow*

# BEYOND SUSTAINABILITY

SUSTAINABILITY REPORT 2021



FARMERS OF THE OCEAN & LAND

# FY 21 – DOING WHAT WE SAID WE WOULD

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There is much to be proud of in FY21 including...

## SMARTFARMING

Our **SmartFarming** technology and ways of working, first established in our salmon farms, were rolled out across our prawn farms. This initiative represents the biggest leap in innovation to prawn farming in Australia.

## CLIMATE ACTION

We added to our actions a **blueprint** to substitute all marine based compressors on our salmon farms to electric compressors to further reduce GHG emissions and address excess noise in sensitive areas was set in motion.

## PREVENTING MARINE DEBRIS

Our ongoing commitment to **stop it at the source** and our partnership with pakana for the shoreline clean-up Marine Debris Campaign meant we reached our marine debris target. Building upon that, we have launched our next campaign as we continue to work **towards zero marine debris** generated by Tassal's operations.



## WILDLIFE EXCLUSION

Our roll out of **sanctuary pens** has considerably reduced the use of government approved deterrents when our peoples' safety is directly threatened. At a cost of \$500,000 per pen, this circa \$90 million investment in world leading exclusion driven infrastructure is our commitment to keeping our fish and our people safe while keeping wildlife in its natural habitat.

## INCLUSION & DIVERSITY

We established new policies and targets for **inclusion and diversity**. We are determined to be a workplace where we can be ourselves, build inclusive leadership, bolster our culturally and gender diverse workforce, be bold on our quest towards gender balance in Executive Leadership, and boost inclusion, wellbeing and mental health.

## OCEAN GUARDIANS

Sadly, some of our people faced a heartbreaking situation as they took on leading roles in the **Macquarie Harbour rescue** and disposal operation for 470 long-finned pilot whales, Australia's largest recorded whale stranding. Whether it's rescuing people, towing boats, removing marine debris, or saving wildlife, our people are truly Tasmania's ocean first responders.



## PROSPERITY

Innovation and best practice drive change in our operations to further improve production, fish health and welfare, while keeping our people safe.

Our ambition to deliver a responsible and inclusive business is matched by our delivery of continued and sustainable growth for our shareholders.

For us, our people and our reputation will always be our most valuable assets, and this has been a catalyst to continue our pursuit to respond to what matters to our stakeholders – our people, communities, customers, consumers and investors.

40,018  
TONNE OF  
SALMON (HOG)  
HARVESTED  
IN FY21

3915  
TONNE OF  
PRAWNS  
HARVESTED  
IN FY21



SUSTAINABLE DEVELOPMENT GOALS



## PEOPLE

Our people are our heartbeat and the communities we operate within are our heartland. We value how we work just as much as what we achieve. This means doing the right thing, being valued by our best on-ground team, being a responsible neighbour, a good partner and using our resources to build a better tomorrow.

ACHIEVE  
40:40:20  
GENDER  
REPRESENTATION  
IN SENIOR LEADER  
POSITIONS  
BY 2026

1712  
EMPLOYEES



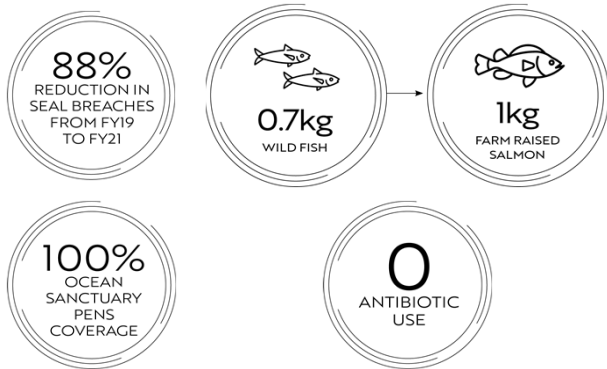
### SUSTAINABLE DEVELOPMENT GOALS



# PLANET

Responsible farming and food production rely on an ongoing understanding of the local environment we operate within and our contributions and responses to transboundary issues like water security, biodiversity, responsible waste practices and climate change.

Our long history of compliance and voluntary action across our business, including environmental management in our farming and processing operations, ensures the health of our stock and seeks to maintain a healthy environment for the benefit of future generations.



## SUSTAINABLE DEVELOPMENT GOALS



## PRODUCT

Our salmon, prawns and seafood reach dinner tables and lunch boxes having followed a well-travelled path of responsible farming, processing and distribution.

We continue to invest in initiatives that support ongoing health and wellbeing of consumers and improve growth and performance outcomes for our customers.



# TRANSPARENCY IS IMPORTANT TO US

## NUMBER ONE

First salmon company globally to achieve Aquaculture Stewardship Council (ASC) certification across all its harvest sites - an effort that still no other global salmon company has achieved. Tassal still has the highest % of its leases ASC certified globally and is the only Tasmanian company now with ASC certification.

## ONE HUNDRED PER CENT

100% of Tassal harvested volume of salmon in 2020 were sustainably certified by a Global Salmon Initiative (GSI) recognised standard.

## LEADING

### Australian Council of Superannuation Investors (ACSI)

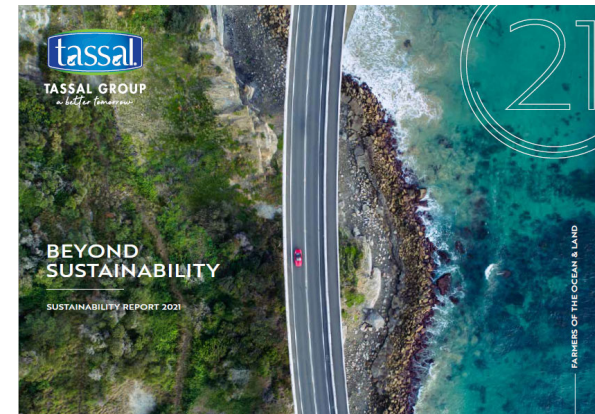
- 2019 - 'Leading' level of ESG reporting.
- 2020 - 'Leading' level of ESG reporting.
- 2021 - 'Leading' level of ESG reporting.

### Seafood Intelligence benchmarking (ceased after 2017)

- 2013 - 2017 Sustainability Report ranked in top three.

### FAIRR Pandemic Ranking (June 2020)

- Ranked #6 out of 60 companies under the FAIRR Pandemic Ranking for our performance across ESG risks relevant to pandemics.





# MANAGING DIRECTOR & CEO ADDRESS

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Mr. Mark Ryan



# FY21 – DELIVERING ON FACTORS IN OUR CONTROL

## FACTORS IN OUR CONTROL

**Salmon retail “Tassal” branded volume growth** - MAP up 27.7% and smoked up 19.5%, reflecting a focussed marketing campaign that delivered increased brand strength and trust, and successful leveraging of the megatrends that underpin salmon growth.

**Our largest salmon harvest** – 40,018 hog tonnes achieved (up 16.3%), 3 years ahead of strategic plan, underpinned by improved survival and food conversion rates.

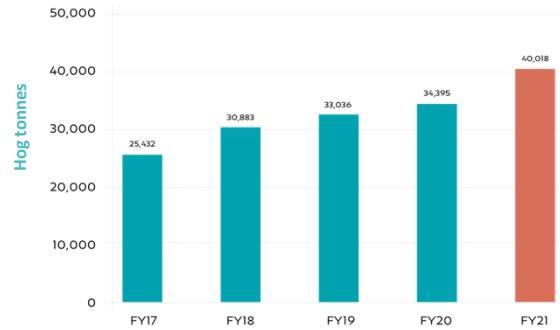
**Australia’s largest prawn harvest** – 3915 tonnes achieved (up 59.1%) underpinned by significant improvements in farming yield and harvest biomass.

**Strong efficiency gains** – cost of growing and production savings of \$0.33/kg and \$1.45/kg across both salmon and prawns, respectively through infrastructure upgrades and operation optimisation.

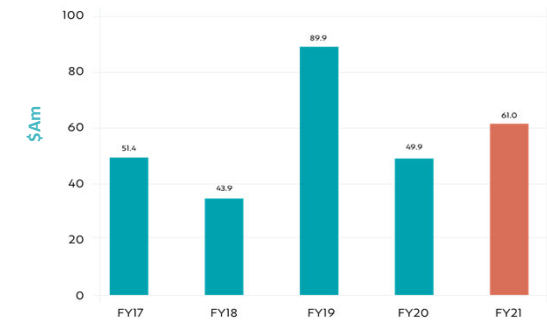
**Sustainability** – Responsible Business platform implemented to cement Tassal’s ESG and sustainability industry leadership.

**Free Cashflow** - Free cashflow of \$29.5m (up 104.9%).

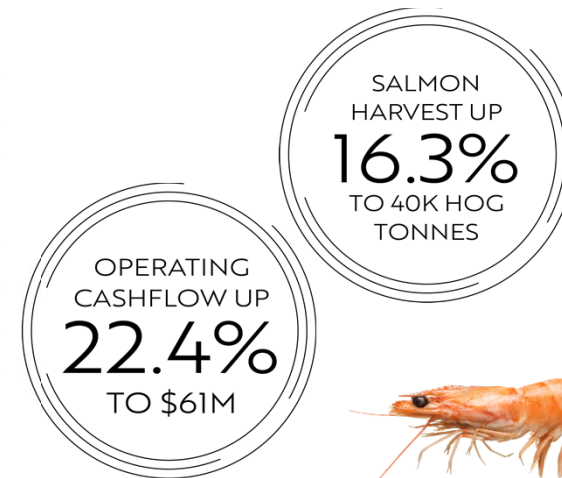
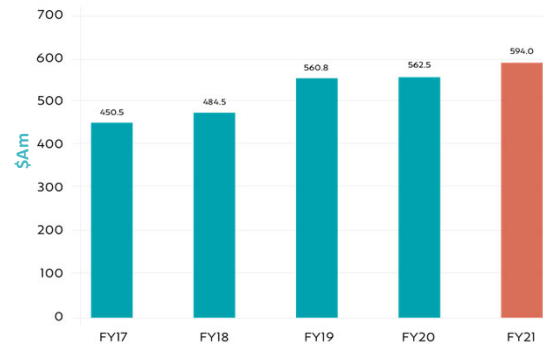
## SALMON HARVEST



## OPERATING REVENUE



## REVENUE



# FY21 – STRONG EXECUTION ON CONTROLLABLE FACTORS

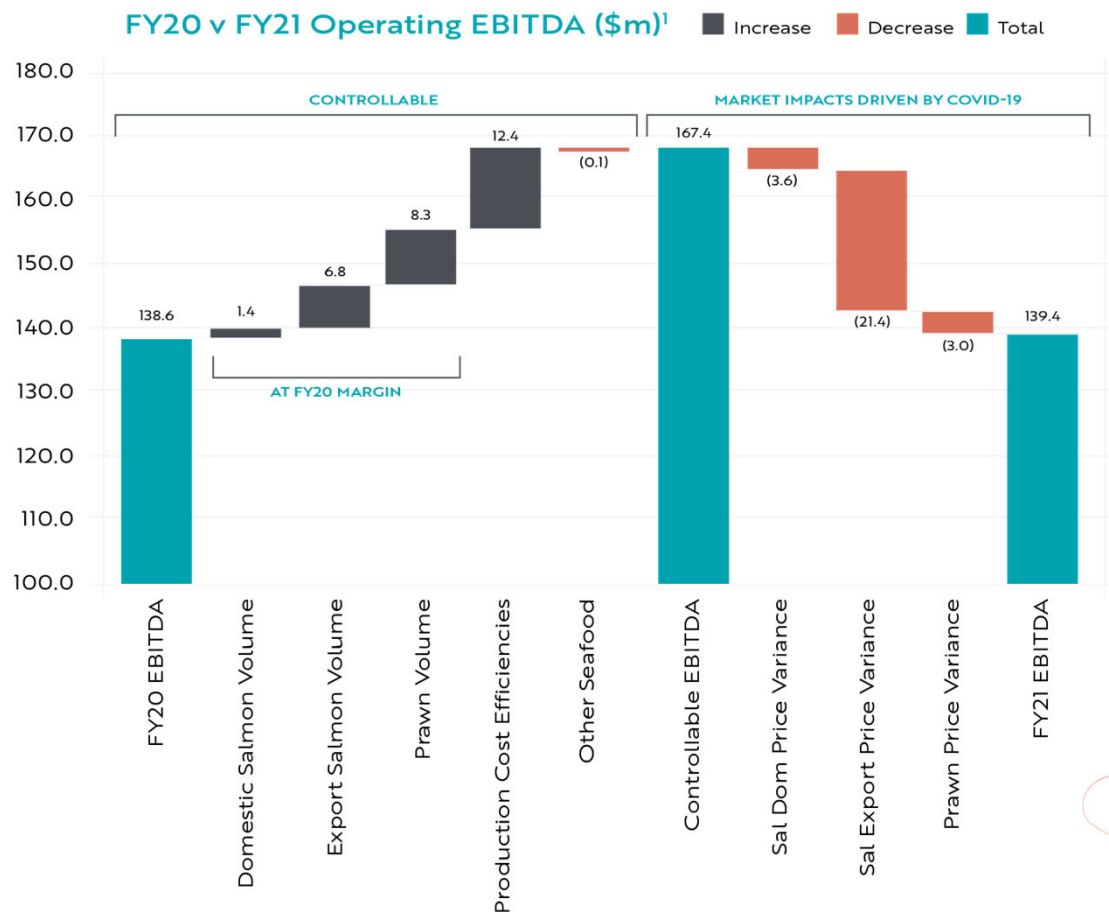
“Controllable” FY21 EBITDA was **up 20.7%** to \$167.4m.

Operating EBITDA was **up 0.6%** to \$139.4m.

Operating EBITDA (pre AASB 16) was **down 12.2%** to \$111.7m.

## GLOBAL PRICING

Global pricing significantly impacted by COVID-19 which in turn negatively influenced both export and domestic markets for Tassal.



Significant items of \$16.4m for FY21 (FY20: 5.1m) have been added back to Operating EBITDA



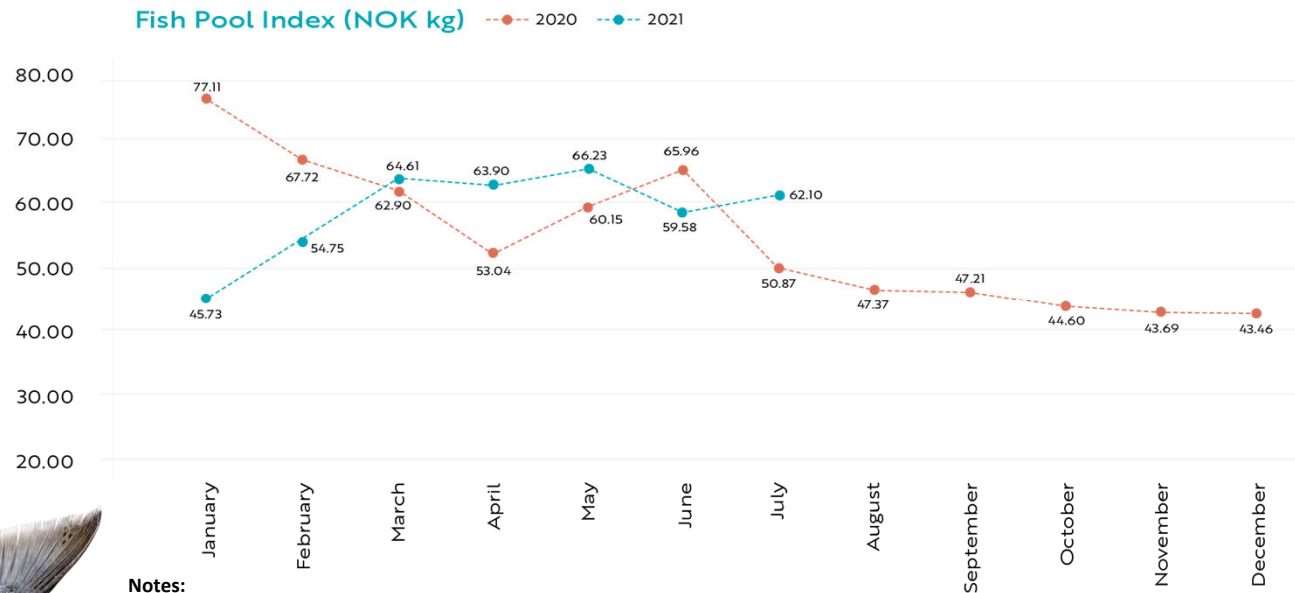
1. Operating EBITDA (earnings before interest, tax, depreciation and amortisation) excluding significant items and SGARA

# FY21 - NON-CONTROLLABLE: COVID-19 MARKET IMPACT

After growing at 9% pa (2005-20), global salmon demand fell by -11% in CY20 as a result of global lockdowns and restrictions on foodservice, with the market impact compounded by a 6% increase in global supply.

**Significant dislocation in global markets in CY20** (particularly from July 2020) impacted salmon domestic wholesale pricing in 1H21 (currently recovering) and retail deli contracts for supply from 4Q21 (Tassal reduced supply into fresh deli).

**Asian export markets**, the key export region for Australian salmon producers, were impacted with foodservice shutdowns from resulting lockdowns and high logistics costs associated with shortages in air freight capacity (particularly in 1H21).



**Notes:**

1. Source: Fish Pool Index 2021.

**Rabobank forecasts global demand growing at between 10% to 15% in CY21, with only a 2% increase in global supply forecast.**



# FY21 - FINANCIAL SUMMARY

	FY21	FY20	Change
<b>Revenue</b>	594.04	562.54	5.6%
<b>Statutory results</b>			
AASB 141 SGARA Impact <sup>1</sup>	(3.11)	12.17	(125.5%)
EBITDA	119.81	145.61	(17.7%)
EBIT	61.36	106.87	(42.6%)
NPAT	34.62	69.11	(49.9%)
<b>Operating results</b>			
EBITDA <sup>2</sup>	139.35	138.55	0.6%
Salmon EBITDA \$/Kg	3.20	3.60	(11.0%)
Prawn EBITDA \$/Kg	5.13	6.42	(20.1%)
EBIT <sup>2</sup>	80.90	99.82	(19.0%)
NPAT <sup>2</sup>	48.30	64.17	(24.7%)
<b>Operating cashflow</b>	61.02	49.85	22.4%
Final dividend - cps	7.00	9.00	(22.2%)
Total dividend - cps <sup>3</sup>	14.00	18.00	(22.2%)

## Notes:

1. SGARA post tax decrement (\$2.2m) (FY20: increase \$8.5m).
2. Before significant items of \$16.4m (FY20: \$5.1m) and SGARA.
3. The final dividend unfranked (FY20: Final dividend 25% franked).

**Statutory EBITDA** down 17.7% to \$119.8m, reflecting global and domestic pricing pressures, together with the material impact of export supply chain costs (i.e., significant item) and a SGARA decrement.

**Operating EBITDA** up 0.6% to \$139.4m, with reductions in cost of growing and efficiencies in salmon and prawns of \$0.33/kg and \$1.43/kg, respectively offsetting global and domestic pricing pressures.

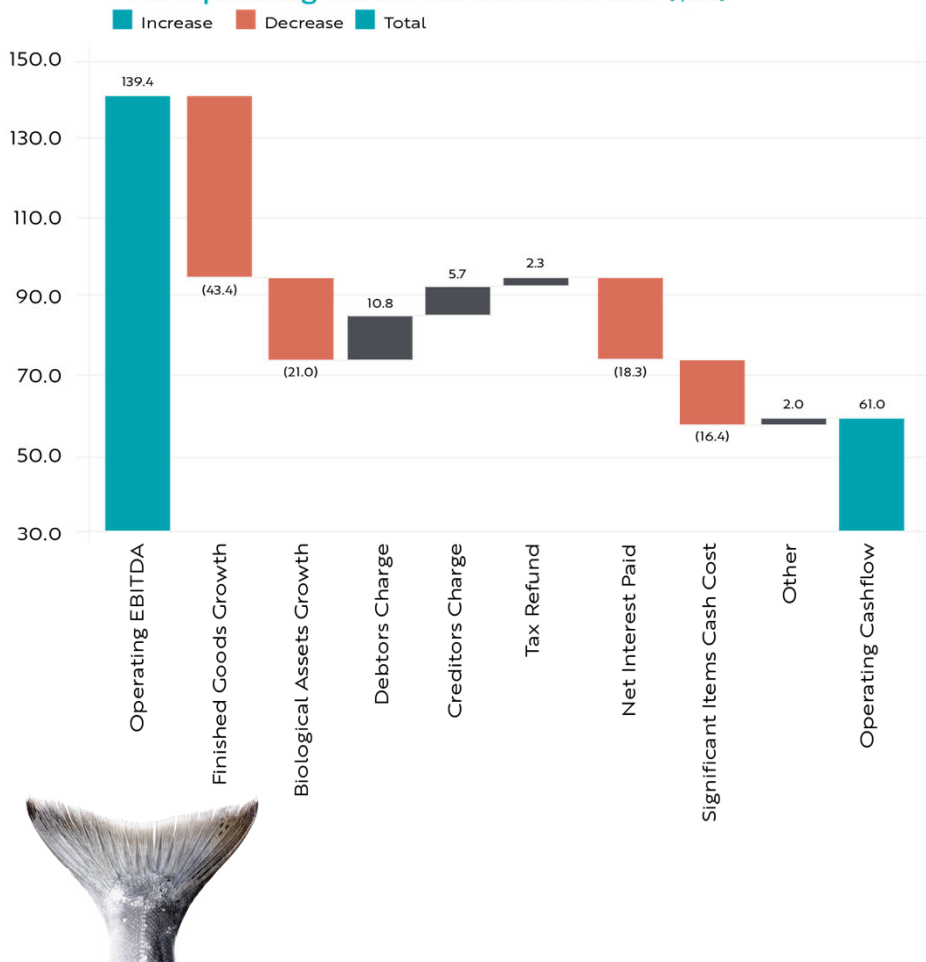
**Operating cash flow** up 22.4% to \$61.0m as prior year growth in biomass translated to cash inflows.

**Final dividend** of 7 cents per share declared, taking total FY21 dividends to 14 cents per share, consistent with payout ratio of at least 50% of Operating NPAT.



# FY21 - OPERATING & FREE CASHFLOW

FY21 Operating EBITDA to Cashflow Rec (\$m)



Operating cashflow is expected to **move closer towards Operating EBITDA** now that we are looking to maintain salmon biomass at circa 41,000 hog tonnes for the mid-term.

COVID-19 related impacts:

- Growth in finished goods of \$43.4m was due to lack of capacity in airfreight in the early stages of COVID-19 which has **now been resolved** to a large extent. Record export sales recorded in Q1 22 to support this position.
- Biological assets growth of \$21.0m was driven by the **excellent growth performance** on salmon and prawns. We are not planning for this to replicate in FY22.
- Significant Items of \$16.4m largely reflected elevated export freight costs. Given the cost of export supply chains is still elevated, we expect this cost to occur again in FY22.

Free cashflow up 104.9% to \$29.5m. We **expect strong free cashflow** in FY22.

Operating cashflow to Free cashflow (\$m)

	FY21	FY20
Operating Cashflow	61.0	49.9
Salmon Maintenance Capex	(29.8)	(33.0)
Prawn Maintenance Capex	(1.7)	(2.5)
<b>Total Maint Capex</b>	<b>(31.5)</b>	<b>(35.5)</b>
Free Cashflow	29.5	14.4



# FUNDING IN PLACE TO SUPPORT GROWTH

Funding	30 Jun 21	30 Jun 20	Change
Debt	348.4	219.6	(58.7%) ▼
Cash and cash equivalents	(30.6)	(21.9)	40.1% ▲
<b>Net debt</b>	<b>317.8</b>	<b>197.7</b>	<b>(60.7%) ▼</b>
Lease liabilities	209.1	217.3	3.8% ▲
<b>Total Funding</b>	<b>526.9</b>	<b>415.1</b>	<b>(26.9%) ▼</b>

Credit Metrics	30 Jun 21	30 Sept 21
Leverage (Gross debt/ Operating EBITDA)	2.6	2.8
Debt service cover ratio (Operating EBITDA less taxation payments plus rental commitments/ principal, interest and rental commitments)	2.7	2.6
Gearing ratio - (Net debt / Equity)	39.7%	44.5%

Committed Debt Facilities	30 Jun 21		
	Facility	Drawn	Undrawn
Debt facilities	467.0	348.4	118.6
Cash and cash equivalents			30.6
Receivables Purchase Facility (RPF)	110.0	68.1	41.9

## Notes

1. Bank debt / Operating EBITDA (post AASB 16).
2. Operating EBITDA (post AASB 16) less taxation payments plus rental commitments / principal, interest and rental commitments.
3. Net debt / Equity.

Diversity of funding sources – bank debt, leasing and receivable purchase facility (RPF).

Drawdown in debt to fund salmon and prawn growth.

Appropriate tenor in the bank debt book (weighted average 2.3 years at 30 June 2021).

Prudent credit metrics at 30 June 2021 – significant headroom to banking covenants.

Substantial headroom available in debt facilities with \$118.6m in undrawn debt facilities + cash of \$30.6m at 30 June 2021.

**Recently increased our financing ability for the business with core debt facilities to \$517.0m (30 June 2021: \$467.0m) and increased the tenor to 3.77 years (30 June 2021: 2.34 years). Significant headroom remains in our core facilities.**



# BEYOND SUSTAINABILITY

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## SUSTAINABILITY & ESG OUTLOOK

We are a purpose driven company, and we know that being a responsible business is more than sustainability and routine disclosure – it's about learning from the past, innovating and evolving into the future.

In FY21 we reframed **Tassal Group's ESG and sustainability outlook** and operations against our 5Ps of People, Planet, Product, Prosperity and Principles of Governance. This framework underpins our commitment to creating long-term value and making a positive contribution to society. This considers global challenges, demands and trends, and incorporates what matters to our consumers, customers, investors, people, and the communities in which we operate.

## RESPONSIBLE BUSINESS

Our new **Beyond Sustainability, Responsible Business Roadmap** sets out an accelerated program of inclusive action across seven areas of transformation: waste, people and communities, climate and circularity, freshwater, responsible sourcing, governance and animal welfare.

It involves more transparency on our progress, including visual transparency into Tassal Group's operations and farms. In this spirit, **we do what we say we do, and we show you.**

**Responsible Business** is our offer of a stronger, more stable, and more enduring ESG and sustainability value proposition to our people and our partners.

The establishment of a new Committee of the Board of Directors for Risk & Sustainability will further support enduring corporate governance for Tassal Group's ESG and sustainability outlook.





We are confident Tassal Group's new **Responsible Business Roadmap** will not only accelerate our ESG and sustainability journey to 2030 but put us on track to be one of the world's most sustainable protein producers.

This is our down payment on a **better tomorrow.**










# ENVIRONMENTAL FOOTPRINT

TASSAL SALMON AND TROPIC CO PRAWNS PERFORM WELL WHEN COMPARED TO OTHER LAND ANIMAL PROTEINS

		SALMON LAND-BASED RAS IF BASED IN NSW	SALMON LAND-BASED RAS IF BASED IN TASMANIA
			
PROTEIN RETENTION	28%	28%	28%
FEED CONVERSION RATIO (FCR)	1.3	1.1 <sup>1</sup>	1.1 <sup>1</sup>
EDIBLE MEAT PER 100KG FEED	48kg	48kg	48kg
CARBON FOOTPRINT (KG CO <sub>2</sub> -e/KG EDIBLE MEAT)	12kg	49kg <sup>2</sup>	18kg <sup>2</sup>

1. FCR of 1.1 based on a 10% improvement of FCR in RAS systems  
 2. The carbon footprint of land-based grow out RAS has been estimated using publicly available production volumes and energy use values for existing land-based RAS grow-out operations. We have created hypothetical scenarios of land-based RAS facilities, one located close to market in N.S.W. and the other in Tasmania using current feed composition and emission factors for each state

							
PROTEIN RETENTION <sup>2</sup>	28%	32%	28%	32%	37%	21%	13%
FEED CONVERSION RATIO (FCR)	1.3	2.1	1.3	2.1	1.6 <sup>3</sup>	3.1 <sup>4</sup>	8.0 <sup>2</sup>
EDIBLE MEAT PER 100KG FEED <sup>5</sup>	48kg	47kg	48kg	47kg	39kg	19kg	7kg
CARBON FOOTPRINT (KG CO <sub>2</sub> -e/KG EDIBLE MEAT)	12kg	11kg	12kg	11kg	7kg	13kg	66kg

1. All data presented for Tassal and Tropic Co based on raw data provided by Tassal  
 2. Based on global average taken from Fry et al (2018) Feed conversion efficiency in aquaculture: do we measure it correctly? Environ. Res. Lett. 13 024017  
 3. Based on average for Australian grown broilers taken from <https://www.chicken.org.au/facts-and-figures/>  
 4. Based on average for Australian grown pork taken from <http://potkrc.com.au/wp-content/uploads/2016/06/4C-117-Plant-report.pdf>  
 5. Based on global average taken from <http://www.fao.org/gleam/results/en/#c300947> converted from kg protein to kg edible meat using FSANZ Australian Food Composition Database <https://www.foodstandards.gov.au/science/monitoringnutrients/atcd/Pages/default.aspx>







TRADING UPDATE & OUTLOOK

# FY22 – POSITIVE START

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## FOCUS ON FACTORS IN OUR CONTROL

**Specific focus on reducing finished goods holdings (i.e. selling more salmon and prawns than we harvest), strong free cashflow , reducing financial leverage, and limiting growth capex (i.e. until we see a clear pathway “post COVID-19”).**

While still early into FY22 and there are many factors not controllable due to COVID-19 for the balance of FY22, Q1 22 unaudited trading results have been strong:

- Salmon sales are up circa 25% to 11,500 hog tonnes – with **stable trading conditions in the domestic market and an outperformance of the export market** (noting export is on average a lower margin than domestic).
- Domestic wholesale pricing has remained stable during Q1. **Strong growth in export sales volume** (up circa 148%) and pricing returns (up circa 20%) which has more than offset domestic wholesale volume impacted by New South Wales and Victorian COVID-19 restrictions, ensuring **increasing bottom-line returns are as targeted for FY22.**

- Salmon and prawn **production volumes remain on track** to harvest circa 41,000 hog tonnes and 5,000 tonnes respectively for FY22.
- **Finished goods stock holding levels** for salmon and prawns at 30 June 2021 **have reduced** by circa 1,500 hog tonnes and 1,000 tonnes, respectively.
- The combination of the above has resulted in **strong free cashflow** (i.e. Operating Cashflow less Maintenance Capex) which is anticipated to continue for the balance of FY22.



# SALMON OUTLOOK

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## MACRO FACTORS

Global salmon market recovering with the “opening” of Northern Hemisphere markets. Current **forward export pricing remains promising** (*Source: Fish Pool Index 2021*). Unit economics will remain dependent on exchange rates and the cost and availability of airfreight.

Political risk surrounding China exports remain, though Tassal maintains **strong relationships** in the region.

Domestic pricing in both wholesale and retail markets is **expected to remain stable for the balance of FY22** – noting that fresh deli contract pricing reduced at end of FY21.

Domestic volume is **expected to grow in FY22** – with wholesale volume improving with the easing of lockdown restrictions.



## FOCUS TO REMAIN ON CONTROLLABLE FACTORS IN FY22

Driving **strong free cashflow** which will be supported by current favourable trading conditions.

Driving cost-out \$/kg **efficiencies and fish performance**.

Circa 41,000 hog tonnes of salmon production expected - and we will seek to **maintain this level** until more favourable domestic conditions return.

Salmon replacement and **upgrade capital expenditure** of circa \$50m expected – which will enable the housing of 41,000 hog tonnes.

Continue to invest in “Tassal” brand to support **no.1 brand status and top of mind awareness**.



# PRAWN OUTLOOK

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Committed to the **sustainable growth strategy of 20,000 tonnes by 2030** – once fully authorised and developed – which can be brought forward if considered appropriate in a “post COVID-19” world.

**Production growth expected from improving yield** (survival and growth) via a similar path to salmon – fish husbandry (health), domestication (i.e. selective breeding), automated feeding systems, improving fish diets and diet cost.

Given the shorter working capital cycle (6 months) and capital cycle (12 months) in prawns, the **growth program can be flexed** as market conditions evolve.

Similar to salmon, **branding** will become central.

**Remain on track for circa 5,000 tonnes of prawn production in FY22.**

- Sales volumes supported by the Coles contract that commenced in December 2020.

**Current 369 ha of ponds and associated infrastructure** at Proserpine, Mission Beach and Yamba is sufficient to achieve FY22 production targets, with limited growth capex required in FY22.



***Vision is for Tropic Co to be Australia’s no. 1 farmed Tiger Prawn brand, recognised and trusted by customers and consumers.***





STRATEGY UPDATE

# OUR STRATEGY ... OUR JOURNEY

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## TASSAL IS THE LARGEST VERTICALLY INTEGRATED SEAFOOD PRODUCER IN AUSTRALIA

**With more than 35 years experience in responsible aquaculture, our passion drives our commitment to meet the growing market and customer demand for healthy, sustainable and nutritious food.**

We are **committed to responsible growth** for today and future generations. Our history has its foundations in salmon farming in Tasmania.

Over the past five years we have **solidified our leadership position** in the Australian aquaculture industry.

Building on our **salmon strengths** and platforms through the acquisition of De Costi Seafoods, followed by our more recent prawn diversification.

Our **short to mid-term focus** and returns will come from innovating, value adding and capitalising on the learnings from and increased consumption of farmed salmon and prawns in kitchens and restaurants across Australia and overseas.

We are targeting by 2030:

- Up to **45,000 tonnes of salmon** production annually from the existing lease hectares in Tasmanian waterways.
- Up to **20,000 tonnes of prawns** (subject to relevant approvals and licences).
- Circa 50% of our future earnings coming from sea production (i.e. salmon) and 50% from the land (i.e. prawns).



# OUR STRATEGY ... MORE THAN SALMON & PRAWNS

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## EVOLUTION

We are **evolving our strategy** to be more than salmon and prawns. We are elevating to be positioned “outside” or different to our current market of aquaculture competitors.

We see the strategic platform that we have built through our “**can do safely**” **culture** and through technology and innovation as being fundamental to our current and future success.

**“Our strategic vision is to be a global leader in the “blue agri-tech” space.**



**“We must always listen, learn and adapt to our environment and our community’s expectations. That’s why our commitment to continuous innovation, research and participating in world leading partnerships will continue to improve how we farm and participate with mutual respect in Tasmania.**

## WITH RESPECT TO SALMON

**The Tasmanian Government has announced the development of a ten-year plan for the salmon industry.**

Tassal welcomes the Government’s intention to reset the salmon industry. This is the right plan at this time.

Our view is that the industry doesn’t need more hectares in Tasmanian waters, and we are committed to working responsibly within the current salmon footprint.

Growth for Tassal will come from considering species and geographical diversification, expanding land based production through our prawns and salmon lifecycle extension, and through better use of technology in our existing farms, such as expanding our seaweed production to remove carbon and nitrogen from waterways.

Tasmanian has a world class aquaculture industry, producing healthy food for millions of Australians while providing highly skilled jobs in a well-regulated, innovative, sustainable Tasmanian industry.



# OUR LONG TERM STRATEGY ... “BLUE AGRI-TECH” BUSINESS

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## OUR APPROACH

Position Tassal as the **enabler of the aquaculture industry** (through technology and innovation).

Establish “invest” level of innovation pipeline of diverse, **environmentally sustainable aquaculture** / agriculture products.

Pivot from salmon in Tasmania and prawns in Queensland to the wider national **“blue agri-tech”** position.

Enable industry-level **visual transparency** of ESG performance towards industry carbon and climate “positivity”.

## SUCCESS LOOKS LIKE

Tassal’s **technology-enabled** ways of operating are embedded into the everyday operations of traditional competitors.

Tassal showcasing globally how it drives **national sustainable aquaculture** biosecurity, environmental and fish welfare practices.

Tassal is both **carbon and climate “positive”** and has leveraged its technology gains in this space for commercial benefit.

Tassal is generating tangible profit from “other” products **beyond salmon and prawns** (e.g. seaweed/algae, other species, R&D/innovation advisory services, farming/processing automations, waste minimisation/processing, etc.).

ASX200 **top quartile** returns.





An aerial photograph of a tropical beach. The left side shows turquoise water with white waves crashing onto a wide, golden sand beach. On the right side, there is a dense line of palm trees with long shadows cast onto the sand. The overall scene is bright and sunny.

QUESTION & ANSWER

# ITEM 1 - QUESTION 1

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## BRIAN COLE, SHAREHOLDER

“Can the management provide details on the performance and returns on the investment in the De Costi business?”

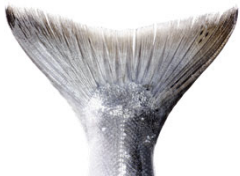
## ANSWER

### FROM MARK RYAN

Tassal acquired De Costi Seafoods on 1 July 2015 in exchange for an upfront cash payment of \$50 million and contingent consideration in the form of an equity earn-out over a three year period which ceased on 30 June 2018.

Tassal reported on the earn-out and payment of shares up until 30 June 2019 under the notes of to the financial statements that dealt with contingent consideration and as part of investor presentations. There has been no reporting on the performance and returns on the investment in the De Costi Seafoods business since as it has been fully integrated into the operations of Tassal.

The strategic decision to acquire De Costi Seafoods was the right one as the assets acquired has supported Tassal to be freshest to market for salmon and prawns on the Eastern Seaboard of Australia and drive per capita consumption growth of seafood in Australia.



## ITEM 1 - QUESTION 2

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### MICHAEL MURRAY, SHAREHOLDER

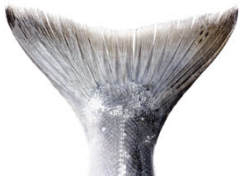
“How does Tassal compare with the best international countries for hi-tech, mechanical final stages preparation and processing of salmon/prawns ?”

### ANSWER

#### FROM MARK RYAN

Tassal compares favourably in all aspects of the business with respect to technology – all the way through the supply and value chain. Tassal has both innovated and adapted global leading technologies with its salmon value chain and is now using those learnings and practices within the prawn value chain. We believe that we are global leading with our use of technology.

This platform that we have developed underpins our strategic vision to be a global leader in the Blue Agri-Tech space. Our long term strategy is to position Tassal as the enabler of the aquaculture industry (through technology and innovation) – with our technology-enabled ways of operating.



## ITEM 1 - QUESTION 3

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### MICHAEL MURRAY, SHAREHOLDER

“Does Tassal have plans to replace the high cost of labour with advanced mechanisation?”

### ANSWER

#### FROM MARK RYAN

Tassal is always looking at technology and innovation as a competitive advantage – working with its labour force to ensure it continues to build skills and capacity in many of the remote and regional areas in which we operate in Australia.

This does not mean replacing high cost labour with advanced mechanisation – it means supplementing our labour force with technology. Given where we operate in Australia, we are seeing limited numbers of people from which we can employ – it is one of our challenges as we move forward.

Accordingly, we feel that technology and innovation will allow us to both operate as a responsible business and also optimise our supply and value chain and ultimately returns.



## ITEM 1 - QUESTION 4

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### MICHAEL MURRAY, SHAREHOLDER

“Does Tassal give preference to labour over mechanisation regardless of cost (to maintain local state employment) ?”

### ANSWER

#### FROM MARK RYAN

Our people at Tassal are our heartbeat and the communities we operate in our heartland. We value how we work just as much as what we achieve. We value and support our people.

We have reframed our ESG and sustainability outlook and operations against our 5Ps of People, Planet, Product, Prosperity and Principles of Governance. This framework underpins our commitment to create long-term value and making a positive contribution to society.

Our framework is about ensuring balance across all facets of the 5Ps - both external and internal – from global challenges, demands and trends, and incorporates what matters to our consumers, customers, investors, people, and the communities in which we operate.



## ITEM 1 - QUESTION 5

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**MICHAEL MURRAY, SHAREHOLDER**

“What expenditure is allocated for this business purpose ?”

**ANSWER**

**FROM MARK RYAN**

Our spend on technology and innovation over the last 10 years has been significant. With respect to research and development and capital expenditure we have spent \$360.0 million and \$622.5 million, respectively.

We believe this was responsibly spent and we will continue to invest in both research and development and capital expenditure moving forward.



# ITEM 1 - QUESTION 6

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## CHRIS LOBB, REPRESENTATIVE OF THE AUSTRALIAN SHAREHOLDERS ASSOCIATION (ASA)

“The salmon industry in Tasmania is being aggressively challenged for its impact on the local environment. What reassurance can the Tassal Board give to shareholders that a strategic approach has been formulated to address these concerns to ensure salmon aquaculture assets do not become stranded assets i.e., salmon aquaculture in Tasmania does not become the “new coal” ?”

## ANSWER

### FROM MARK RYAN

While a lot of what’s been said publicly against the salmon industry is not grounded in fact, Tassal nevertheless takes its environmental responsibilities very seriously and we are confident in both our actions and responding in a strong and strategic way, both as an industry and as a company.

- Firstly, regarding the comparison with the coal industry: the global outlook for aquaculture is fundamentally different to coal. Aquaculture is necessary, and will remain necessary, to solve some of the world’s biggest environmental challenges, including:
  - Feeding a growing global population in a sustainable way.
  - Improving health in both an ageing population and growing global middle class.
  - Preventing decline in wild fisheries.
  - Mitigating climate change by providing low carbon animal proteins that reduce pressure on exhaustible resources.



## ITEM 1 - QUESTION 6 continued...

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- Secondly, Tassal brings more than a decade of transparency and reporting, which we have expanded this year. Our Responsible Business Roadmap will take that level of transparency further as we commit to targets across seven areas for acceleration.

Our memberships of global, national and statewide associations and their routine disclosure of ESG criteria, such as the Global Salmon Initiative's benchmarked member annual disclosure, is further evidence of our commitment to transparency in our industry.

Our ESG efforts and achievements are globally and nationally recognised. For example through achieving the Australian Council of Superannuation Investors (ACSI) 'Leading' level of ESG reporting from 2019 – 2021.

- Thirdly, we support strongly the Tasmanian Government's plan to develop a new, Ten Year Plan for the salmon industry to ensure it operates sustainability into the future.

We have publicly stated that we don't need more lease hectares in Tasmanian waters and that Tassal will continue working responsibly in our current salmon footprint.

- Fourthly, we continue to work with our industry to deliver a united strategy, supported strongly by all three Tasmanian salmon growers (Huon, Petuna and Tassal) through the Tasmanian Salmon Growers Association (TSGA). These include:
  - Following the release of Toxic, the TSGA members worked together on a four-week ad campaign, media participation campaign and ongoing efforts to refute erroneous claims.
  - The TSGA has developed fact decks for retailers, fact sheets for the public, web update, social media pipeline and a series of community advisory group meetings.
  - These efforts were welcomed by many of our stakeholders, many of whom have taken the opportunity to talk through the claims, and the industry's response to them, directly.
- Finally, we continue to monitor closely community sentiment.
  - Tasmania's farmed salmon industry is supported.
  - Independent polls commissioned by the TSGA in May & June this year confirmed positive community sentiment towards the industry amongst 78% of respondents.
  - So, while our critics are loud, they are a minority.

As an industry, and as a company, we will continue to meet our responsibility to refute claims that are non-specific, not proven and lack credibility. At the same time, we will work with our research, regulatory and science communities to continuously improve our own operations to ensure we operate sustainably.





## ITEM 1 - QUESTION 7

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### **CHRIS LOBB, REPRESENTATIVE OF THE AUSTRALIAN SHAREHOLDERS ASSOCIATION (ASA)**

“For the last 2 financial years, cashflow from basic operations (receipts from customers less payments to suppliers and employees) has been less than the cash needed to pay interest, dividends, and leasing by \$16m for 2021 and \$27m for 2020. When does the company expect to become operating cashflow positive again?”

### **ANSWER**

#### **FROM MARK RYAN**

Management’s specific focus for FY22 is on reducing finished goods holdings (i.e. selling more salmon and prawns than we harvest), strong free cashflow, reducing financial leverage, and limiting growth capex (i.e. until we see a clear pathway “post Covid-19”).

Our operating cashflow from operations was positive over FY20 and FY21 – and we are targeting this for FY22 ... albeit we note that for FY20 and FY21 that after deducting interest, dividends and leasing – the operating cashflow generated was not enough to cover these.

The reason for this deficit in FY21 was due to the significant impact of the factors outside our control – i.e. COVID-19 related impacts:

- Growth in finished goods of \$43.4m was due to lack of capacity in airfreight in the early stages of COVID-19 which has now been resolved to a large extent. Record export sales recorded in Q1 22 to support this position.
- Biological assets growth of \$21.0m was driven by the excellent growth performance on salmon and prawns. We are not planning for this to replicate in FY22.
- Significant Items of \$16.4m largely reflected elevated export freight costs. Given the cost of export supply chains is still elevated, we expect this cost to occur again in FY22.

We expect strong free cashflow in FY22.



## ITEM 1 - QUESTION 8

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**CHRIS LOBB, REPRESENTATIVE OF THE AUSTRALIAN SHAREHOLDERS ASSOCIATION (ASA)**

“When will the cash advance facility liability commence principal reductions (having noted a weighted average tenor of 2.3 years and the current annual cashflow deficiency identified in the previous question) ?”

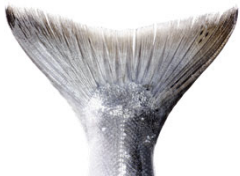
**ANSWER**

**FROM MARK RYAN**

There is no current plan to commence principal reductions on the cash advance facility. Tassal has in place a carefully considered financing strategy and underpinning metrics to support the growth in the business. Management uses those metrics to ensure that we target an appropriate debt structure – both short and long term. The key metrics being:

- Tenor of debt at greater than 3 years.
- Headroom buffer of core debt facilities of at least 20% of prior year sales.
- Target leverage & debt service cover ratios to be below levels mandated by our debt facility agreements.

We are pleased to advise that we have recently increased our financing ability for the business with core debt facilities to \$517.0 million (30 June 2021: \$467.0 million) and increased the tenor to 3.77 years (30 June 2021: 2.34 years). Significant headroom remains in our core facilities.





TASSAL AGM RESOLUTIONS

## ITEM 2 - REMUNERATION REPORT

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“That the Remuneration Report for the financial year ended 30 June 2021 (as set out on the Directors’ Report) be adopted.”

PROXY	FOR	AGAINST	PROXY’S DISCRETION	ABSTAIN
Votes	117,205,111	2,528,161	508,572	690,732
%.	96.33	2.08	0.42	N/A



## ITEM 2 - QUESTION 1

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### CHRIS LOBB, REPRESENTATIVE OF THE AUSTRALIAN SHAREHOLDERS ASSOCIATION(ASA)

“... to assist shareholders understanding of the company’s remuneration policy, could the Chairman expand on the following: Short Term Incentives (‘STI’s”) - outline further what changes are proposed for the assessment of Executive STI’s for the upcoming FY22 and its reasons for its current policy of paying all Short-Term Incentives in cash only. ASA policy being that at least some of these incentives should be paid in the form of Company’s securities.”

### ANSWER

#### FROM ALLAN MCCALLUM

With respect to the STI for FY22, the Board has resolved to move from just an Operational NPAT threshold as had historically been the case to the STI being structured as follows:

- 70% - on achieving an Operational NPAT threshold; and
- 30% at risk – based on Responsible Business Balanced Scorecard outcomes, which is more aligned to current ESG trends and in accordance with our 5Ps – Planet, People, Product, Prosperity & Performance and Principles of Governance.

Further, that 10% of the 30% at risk component is tied to purely people safety, whereby if a fatality is unfortunately suffered, then 10% of the STI would not be available for payment.

The payment for the STI will be cash, consistent with the approach companies pay cash for STIs - and shares are used for LTIs as this aims to align long term returns for shareholders and management.



## ITEM 2 - QUESTION 2

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**CHRIS LOBB, REPRESENTATIVE OF THE AUSTRALIAN SHAREHOLDERS ASSOCIATION (ASA)**

“Long Term Incentives (LTI’s”) explain the reasons for changes made to the FY22 Performance Rights vesting conditions from that of the previous year, including the reasons for adopting the Return on Assets and Earnings Per Share criteria when testing these vesting conditions.”

**ANSWER**

**FROM ALLAN MCCALLUM**

With respect to the LTI Plan 2022, the Board has resolved to keep each performance metric consistent with previous LTI Plans whereby both earnings per share (EPS0 and return on assets (ROA) apply equally to the performance rights granted.

The EPS performance rights for LTI Plan 2021 have a hurdle rate of a minimum of 5% and cap out at 10% (LTI Plan 2020 had included a minimum target of 4%). The EPS target growth rate is linked to the Company’s Strategic Plan.

The ROA performance rights for LTI Plan 2021 have a hurdle rate of a minimum of 7% and cap out at 9% (LTI Plan 2020 had included a minimum target of 8% and cap out at 10%). The ROA target was reduced by 1% as the impact of applying the new AASB16 Leases accounting standard in the ROA calculation reduced it by circa 1%.

The Board believes that the selection and structuring of both EPS and ROA performance hurdles provides a suitably balanced approach to creating long term shareholder value whilst ensuring that rewards reflect sustainable performance results. Further, the performance hurdles have been aligned with the performance expectations underlying the delivery of the strategic plan.

In order to ensure long term outcomes are aligned between shareholders and management, the Board has, and will continue to, regularly review the LTI hurdles. This is why the FY22 Performance Rights’ vesting conditions were updated this year.



## ITEM 3 - RE-ELECTION OF GEORGINA LYNCH AS A DIRECTOR

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“That Ms Georgina Lynch, being a Director of the Company, who retires in accordance with Clause 24.1 of the Company’s Constitution and being eligible, is re-elected a Director.”

PROXY	FOR	AGAINST	PROXY’S DISCRETION	ABSTAIN
Votes	119,822,570	887,910	521,579	531,215
%.	97.69	0.72	0.43	N/A



## ITEM 3 - QUESTION 1

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**CHRIS LOBB, REPRESENTATIVE OF THE AUSTRALIAN SHAREHOLDERS ASSOCIATION(ASA)**

“Under ASA policy relating to director’s individual shareholdings, directors should invest at least one year’s worth of director’s base cash fees in the company’s shares. We note that Tassal company policy is to similarly encourage this level of shareholding in the company. We note that although Ms. Lynch holds some shares in the company, she has to date failed to achieve this threshold. Could she comment please and outline how she intends to address this current lack of material “skin in the game” ?

**ANSWER**

**FROM GEORGINA LYNCH**

Thank you for the question.

I intend to fully comply with the recommendation in our policy in the next available buying window.





## ITEM 4 – LONG-TERM INCENTIVE PLAN - GRANT OF 186,586 PERFORMANCE RIGHTS TO MR MARK RYAN PURSUANT TO THE 2021 PERFORMANCE RIGHTS PACKAGE

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“That, in connection with the Company’s Long-Term Incentive Plan and for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given to the grant to Mr Mark Ryan, the Managing Director of the Company, of up to a maximum of 186,586 performance rights in accordance with the terms and conditions of the Company’s Long-Term Incentive Plan (with each performance right being a right to be allocated one fully paid ordinary share in the capital of the Company (“Share”) subject to the terms and conditions of the Company’s Long-Term Incentive Plan), and the issue of all resultant Shares that are able to be allocated as a result from the vesting of any of those performance rights in accordance the terms and conditions of the Company’s Long-Term Incentive Plan, as summarised in the Explanatory Notes which form part of this Notice of Meeting.”

PROXY	FOR	AGAINST	PROXY’S DISCRETION	ABSTAIN
Votes	117,782,396	2,683,419	507,072	813,407
%.	96.26	2.19	0.41	N/A





# INCOMING CHAIR'S WELCOME & GOODBYE

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Mr. James Fazzino

## INCOMING CHAIR'S MESSAGE

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It is a privilege to be appointed chair of Tassal Group. As I take on the role, I am buoyed and inspired by the efforts of our team, their significant achievements and our shared commitment to our people, our planet, our product, our prosperity and our principles of governance.

I want to briefly pay tribute to Allan McCallum, and to his wife Christine. Together, they have been fundamental to the success of this business and this industry. In Allan's 18 years as Chair of Tassal, the business has created more than \$1 billion in value for you as shareholders. That's a remarkable achievement, even more-so because it has been achieved without flash and fanfare. Such is Allan's unassuming and authentic style.

Allan is a giant of Australian agriculture, with one of the best commercial minds in the industry. We see that in Tassal of course, but also in his many other successes in the oilseeds, grains and fertiliser industries, and in the emerging medical cannabis sector. In all these examples, I have always admired Allan's ability to imagine what's possible in an emerging industry, and to remain focused both on what's good for the company and what's good for Australia.

I have been fortunate to count Allan as a mentor, coach and friend over a long period of time, as I know others on the Tassal Board and Executive team have. I wish Allan and Christine every success in his next horizon, and I am humbled by the very big shoes that I will fill as his successor.



***Responsibly growing healthy and accessible protein to feed a growing population is important to so many - it deserves our greatest attention.***



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