



15 February 2022

The Manager, Listings
Australian Securities Exchange
Company Announcements Office
Level 4,
Exchange Centre
20 Bridge Street
Sydney, NSW 2000

Tassal Group Limited
ABN 15 106 067 270
Tassal Operations Pty Ltd
ABN 38 106 324 127
De Costi Seafoods
ABN 81 606 307 804
GPO Box 1645
Hobart, TAS 7001
tassal@tassal.com.au
www.tassalgroup.com.au

Via e-lodgement

Dear Sir

Tassal Group Limited (TGR): Market Release
Results for the Half-Year Ended 31 December 2021

We attach the following:

1. Results announcement for the half-year ended 31 December 2021.
2. Appendix 4D – "Half-Year Report" incorporating the consolidated financial report and the Directors' Report.
3. Investor presentation for the half-year ended 31 December 2021.

Please release this information to the market.

Yours faithfully

A blue ink signature of Monika Maedler, written in a cursive style.

Monika Maedler
Company Secretary
Tassal Group Limited
monika.maedler@tassal.com.au
(03) 6244 9035

HOBART

Level 9, 1 Franklin Wharf,
Hobart, Tasmania 7000
Telephone (03) 6244 9099
Facsimile (03) 6244 9002

MELBOURNE

Level 2, 1-9 Derrick Street,
Kew, Victoria 3101
Telephone 1300 66 4731
Facsimile 1300 88 1429

HUONVILLE

20 Glen Road,
Huonville, Tasmania 7109
Telephone 1300 66 4251
Facsimile 1300 88 0239

SYDNEY (De Costi Seafoods)

29 Bachell Avenue,
Lidcombe, NSW 2141
Telephone (02) 9649 7699
Facsimile (02) 9649 7655



TASSAL GROUP LIMITED

ABN 15 106 067 270

APPENDIX 4D

HALF-YEAR REPORT

for the Half-Year ended 31 December 2021

(previous corresponding period: Half-Year ended 31 December 2020)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Compliance Statement

1. The attached financial report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Interpretations or other standards acceptable to ASX.
2. The attached financial report, and the accounts upon which the report is based, use the same accounting policies.
3. The attached financial report gives a true and fair view of the matters disclosed.
4. The attached financial report has been independently reviewed by the Company's auditors. The financial report is not subject to a qualified independent Auditor's Review Report.
5. The entity has a formally constituted Audit Committee.

A handwritten signature in blue ink, appearing to read "J. Fazzino".

J. Fazzino
Chair
Tassal Group Limited
Hobart, 15 February 2022



TASSAL GROUP LIMITED

ABN 15 106 067 270

APPENDIX 4D HALF-YEAR REPORT for the Half-Year ended 31 December 2021 (previous corresponding period: Half-Year ended 31 December 2020)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half Year ended 31 December 2021 \$'000	Half-Year ended 31 December 2020 \$'000	Period Movement up / (down) \$'000	Period Movement up / (down) %
Revenue (from all sources)	419,081	292,478	126,603	43.29
EBITDA	96,880	77,511	19,369	24.99
EBIT	57,433	45,897	11,536	25.13
Profit before income tax expense attributable to members	48,979	39,013	9,966	25.55
Income tax expense	(12,605)	(11,375)	1,230	10.81
Net profit after income tax expense attributable to members	36,374	27,638	8,736	31.61
Basic EPS – cents per share	17.08cps	13.14cps		

Dividends (Ordinary Shares)	Amount per security	Franked amount per security
Final dividend: - Previous financial year – payment date 29 September 2021	7.00c	0.00c
Interim dividend: - Current reporting period * - payment date 30 March 2022 - Previous corresponding period – payment date 30 March 2021	8.00c 7.00c	0.00c 0.00c

*The financial effect of the Interim Dividend in respect of the current reporting period will be recognised in the next reporting period because it has been declared subsequent to 31 December 2021

Record date for determining entitlements to the Interim Dividend	15 March 2022
Date of payment of Interim Dividend	30 March 2022

Brief explanation of any of the figures reported above necessary to enable figures to be understood.

Refer to the "Review of Operations" section at Item 4 in the accompanying Directors' Report which forms part of the Appendix 4D Half-Year Report, together with the Company's H1 2022 results media release.



TASSAL GROUP LIMITED

ABN 15 106 067 270

APPENDIX 4D

HALF-YEAR REPORT

for the Half-Year ended 31 December 2021

(previous corresponding period: Half-Year ended 31 December 2020)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reported Earnings Per Ordinary Fully Paid Share (EPS)	Current Period	Previous Corresponding Period
Basic EPS – cents per share	17.08	13.14
Diluted EPS – cents per share	17.01	13.10
NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	\$3.33	\$3.27

TABLE A: Impact of AASB 141 "Agriculture".

The following tables illustrate the effect on net profit after income tax from applying the AASB 141 "Agriculture" accounting standard.

Half-year ended 31 December 2021	AASB 141 Impact \$'000
Revenue (from all sources)	\$0
EBITDA	\$27,925
EBIT	\$27,925
Profit before income tax expense	\$27,925
Income tax expense	\$(8,378)
Net profit after income tax expense	\$19,547

Half-year ended 31 December 2020	AASB 141 Impact \$'000
Revenue (from all sources)	\$0
EBITDA	\$9,465
EBIT	\$9,465
Profit before income tax expense	\$9,465
Income tax expense	\$(2,839)
Net profit after income tax expense	\$6,626

Monika Maedler
Company Secretary
Tassal Group Limited
15 February 2022



Tassal Group Limited

and its Controlled Entities

ABN 15 106 067 270

Appendix 4D: Half-Year Report (Pursuant to Listing Rule 4.2A)

**Financial Report for the Half-Year Ended
31 December 2021**

(The Half-Year financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that the Half-Year Report is read in conjunction with the Annual Financial Report of Tassal Group Limited for the Financial Year ended 30 June 2021 together with any public announcements made by Tassal Group Limited and its controlled entities during the half-year ended 31 December 2021 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange).

CONTENTS

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

DIRECTORS' REPORT	3-15
AUDITOR'S INDEPENDENCE DECLARATION	17
CONDENSED CONSOLIDATED INCOME STATEMENT	18
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	19
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	20
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	21
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS	22
NOTES TO THE CONDENSED FINANCIAL STATEMENTS	23-30
DIRECTORS' DECLARATION	31
INDEPENDENT AUDITOR'S REVIEW REPORT	32-33

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

The Directors of Tassal Group Limited ("Tassal" or "the Company") submit the financial report for the half-year ended 31 December 2021 of the consolidated entity, being the Company and its controlled entities.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

1. DIRECTORS

The names of the Directors of Tassal Group Limited who held office at any time during or since the end of the half-year are:

Name:

Mr James Fazzino (Appointed Chair on 28 October 2021)
Mr Allan McCallum (Resigned as Chair and from the Board on 28 October 2021)
Mr Mark Ryan (Managing Director and Chief Executive Officer)
Mr Richard Haire
Ms Kathy Parsons (Appointed on 29 October 2021)
Mr John Watson
Ms Georgina Lynch
Ms Jackie McArthur

2. PRINCIPAL ACTIVITIES

During the half-year the principal activities of the consolidated entity were the farming of Atlantic Salmon and Tiger Prawns, and the processing and marketing of salmon, prawns and other seafood.

3. REVIEW OF OPERATIONS

Tassal's Directors are pleased to present the Company's Appendix 4D: Half Year Report to 31 December 2021 (1H22) that saw the Company generate a statutory net profit after tax of \$36.4 million.

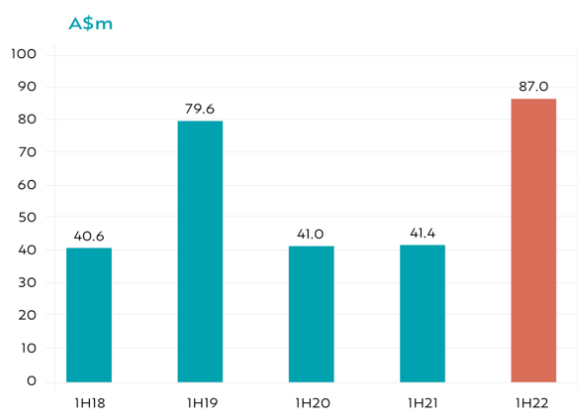
Leveraging the investments made in salmon and prawn infrastructure and the resulting scale achieved, Tassal has delivered a step-change in cashflows in 1H22, and is focussed on further optimising cashflows and returns.

Tassal has the right strategy in place to drive long-term growth in sustainable earnings, cashflows and returns, and is targeting ASX200 top quartile free cashflow conversion.

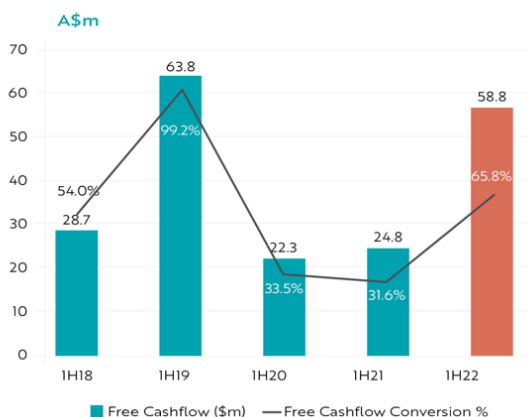
Key 1H22 takeaways:

- Step-change in cashflows:** Tassal delivered strong operating cashflow of \$86.99 million (up 110.2%) and free cashflow¹ of \$58.83 million (up 137.3%), and is well positioned to further grow cashflows and optimise returns

STRONG OPERATING CASHFLOW UP 110.2% TO \$87.0M



STRONG FREE CASHFLOW UP \$34.0M TO \$58.8M



¹ Free Cashflow (FCF) for 1H equals cashflows from operating activities less maintenance capex. FCF excludes growth capex, ROU liability repayments, debt proceeds and repayments, and dividends. FCF Conversion equals FCF divided by Operating EBITDA

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

2. Investments and scale underpin future cashflows and returns

- **Salmon:** at a sustainable annual harvest of c40,000 hog tonnes from existing marine leases, Tassal has a scale position and no longer requires incremental funding for growth. The focus is now on targeted price, sales mix, cost optimisation, brand building and product innovation initiatives to offset any underlying supply chain costs and drive future returns
- **Prawns:** with a shorter capital and working capital cycle for prawns, this delivers superior cashflow conversion and returns. Any future investments will be aligned to domestic market growth

3. Strong biomass supporting favourable market dynamics

- **Salmon revenue growth through sales mix:** Up 37.1% to \$349.92 million with a recovery in both export pricing and volume, and domestic out-of-home
- **Prawn revenue growth through domestic market:** Up 480% to \$30.19 million with gains in harvested tonnes, average yield and sell through of frozen inventory

4. **Sustainability:** As Australia's Blue AgTech leader, Tassal continues to focus on achieving the right balance between minimising its environmental impact and maximising shareholder value to ensure earnings and returns are optimised and sustainable.

Operational & financial highlights

Financial results

Statutory and Operating financial performance

EBITDA, EBIT and NPAT excluding significant items are financial measures not prescribed by Australian Accounting Standards (**AIFRS**) and represent the profit under AIFRS adjusted for specific significant items. The Directors consider these measures to reflect the core earnings of the Company, and are described in this report as 'operating' profit (when considered before the impact of AASB 141).

Tassal has followed the guidance for underlying profit as issued by the Australian Institute of Company Directors and Financial Services Institute of Australasia in March 2009, and ASIC Regulatory Guide RG 230 '*Disclosing non-IFRS financial information*'.

The key financial results for 1H22 were:

Half Year ended 31 December 2021	Statutory Profit \$'000	Significant Items \$'000	AASB 141 Impact \$'000	Operating Profit \$'000
Revenue (from all sources)	\$419,081	\$0	\$0	\$419,081
EBITDA	\$96,880	\$20,504	(\$27,925)	\$89,459
EBIT	\$57,433	\$20,504	(\$27,925)	\$50,012
Profit before income tax expense	\$48,979	\$20,504	(\$27,925)	\$41,558
Income tax expense	(\$12,605)	(\$6,152)	\$8,378	(\$10,379)
Net profit after income tax expense	\$36,374	\$14,352	(\$19,547)	\$31,179

Half Year ended 31 December 2020	Statutory Profit \$'000	Significant Items \$'000	AASB 141 Impact \$'000	Operating Profit \$'000
Revenue (from all sources)	\$292,478	\$0	\$0	\$292,478
EBITDA	\$77,511	\$10,351	(\$9,465)	\$78,397
EBIT	\$45,897	\$10,351	(\$9,465)	\$46,783
Profit before income tax expense	\$39,013	\$10,351	(\$9,465)	\$39,899
Income tax expense	(\$11,375)	(\$3,105)	\$2,839	(\$11,641)
Net profit after income tax expense	\$27,638	\$7,246	(\$6,626)	\$28,258

Statutory results

Biological assets (being salmon at sea and prawns in ponds) are accounted for in accordance with Accounting Standard AASB 141 'Agriculture'. The biological assets are accounted for at the fair value of the salmon and prawns at an estimated harvest tonnage and at an estimated future net market value.

Further, finished goods (being harvested salmon and prawns on hand at reporting date) are accounted for in accordance with AASB 102 'Inventories'. The finished goods are accounted for at the fair value of the raw materials (i.e. salmon and prawns) at the point of harvest (not including processing costs) at an estimated future net market value.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

The combination of the above calculations are, in aggregate, compared to the values at the previous reporting period (i.e. half year ended 31 December 2020) with any difference in value then applied to the income statement as an increment (SGARA uplift) or decrement (SGARA reduction).

The Company's pre-tax adjustment for 1H22 was an increment of \$27.93 million (1H21: \$9.46 million increment), of which salmon SGARA increment was \$6.31 million and prawn SGARA increment was \$21.62 million.

The key 1H22 statutory financial results were:

- **EBITDA** up 25.0% to \$96.88 million (1H21: \$77.51 million)
- **EBIT** up 25.1% to \$57.43 million (1H21: \$45.90 million)
- **NPAT** up 31.6% to \$36.37 million (1H21: \$27.64 million).

Operating results

Over 1H22 Tassal was able to increase salmon and prawn live and harvest biomass, continue to drive domestic consumption growth, optimise margins via sales mix, generate operating efficiencies/cost out opportunities, and deliver a strong, diversified operating platform to deliver long-term growth in cashflows and returns.

Reflecting the underlying performance of the business and excluding the impact of SGARA and significant items, the key 1H22 operating results were:

- **Revenue** up 43.3% to \$419.14 million (1H21: \$292.48 million)
- **EBITDA**² up 14.1% to \$89.46 million (1H21: \$78.40 million)
- **EBIT**² up 6.9% to \$50.01 million (1H21: \$46.78 million)
- **NPAT**³ up 10.3% to \$31.18 million (1H21: \$28.26 million).

Operating cashflow⁴ increased 110.2% to \$86.99 million

Operating cashflow was more aligned with Operating EBITDA now that salmon biomass has reached circa 40,000 hog tonnes annually and frozen salmon inventory has reduced to normal levels.

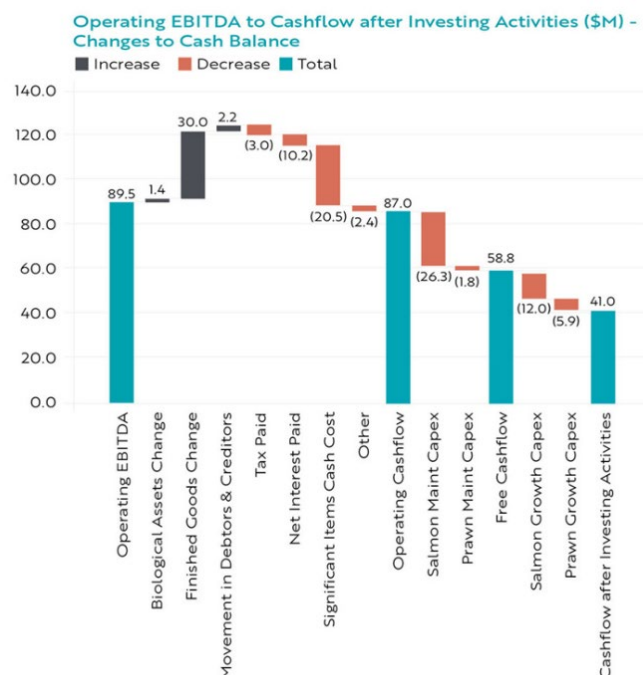
² Before significant items of \$20.5 million (1H21: \$10.3 million) and SGARA. The Federal Government's International Freight Assistance Mechanism (IFAM) was implemented to assist with COVID-19 impacted international airfreight. While Tassal continues to be grateful for this Government support program, overall export freight costs for 1H22 were still \$20.5 million higher before tax (relative to the pre-COVID-19 cost \$/kg rates) post receiving this rebate (1H21: \$9.6 million). The additional cost of export freight is presented as a Significant Item and added back to underlying results to present Operating EBIT, EBITDA and NPAT.

³ Before significant items after tax.

⁴ Includes significant items of \$20.5 million.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021



COVID-19 related impacts were limited to the Significant Items of \$20.5 million, which represented excess export freight costs above pre-COVID rates. There has been some downward movement on cost for some major freight rates, albeit they were not material movements. Supply chain from Australia is still likely to be the greatest risk going forward – both from a capacity and cost perspective.

Overall, the cost of export supply chains is still elevated, and we expect this cost to continue in 2H22. The number of Australian outbound flights is circa 80% below pre COVID-19 levels, and IFAM has been extended for FY22.

Tassal expects to further grow operating and free cashflows from 2H22. The salmon growth capital spend of \$12.0 million in 1H22 and targeted \$9.2 million for 2H22 relates to final infrastructure required for an annualised harvest of c40,000 hog tonnes. Salmon capital for the mid-term will be focused on maintenance spend. Overall for FY22, total capital maintenance spend for Tassal should approximate total depreciation.

Dividends

The Directors of Tassal have declared an unfranked 1H22 interim dividend of 8.0 cps (1H21: 7.0 cps unfranked), consistent with the dividend payout policy of at least 50% of Operating NPAT.

The record and payment dates for this dividend are 15 March and 30 March 2022, respectively.

The Company's Dividend Reinvestment Plan (DRP) will apply to the 1H22 interim dividend, and shareholders electing to participate in the non-underwritten DRP will receive a 2% discount.

Business performance

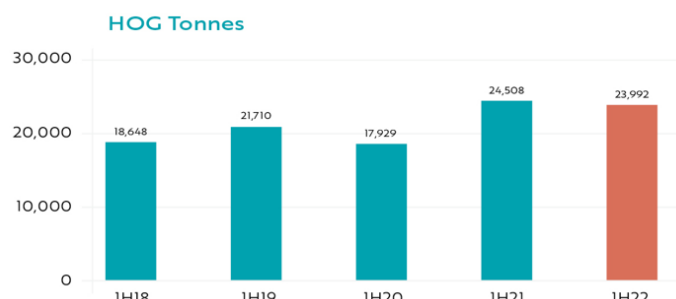
Salmon: Given the scale now achieved in annual harvest volume at a sustainable c40,000 hog tonnes, Tassal's focus is on optimising returns buoyed by executing the Company's sales mix strategy and pricing recovery

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

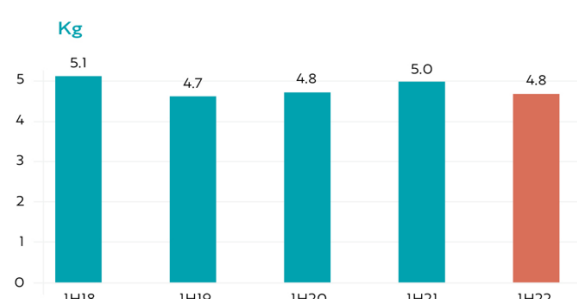
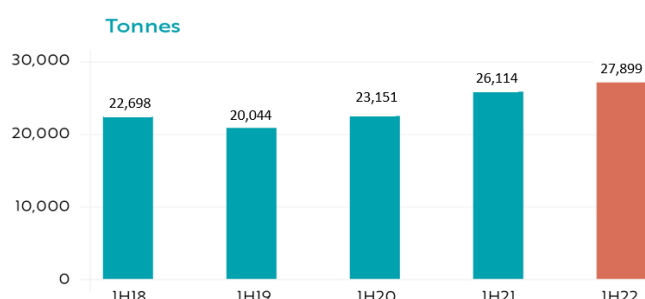
- Salmon biomass now at scale

SALMON HARVEST
STABLE AT 23,992 HOG TONNES



LIVE SALMON BIOMASS
UP 6.8% TO 27,899 TONNES

SALMON HARVEST SIZE
STABLE AT 4.8 HOG KG



- Smolt input** has been materially the same over the past three years, so growth reflects improved survival and SmartFarm application
- Survival improvements** given POMV vaccine and successful investment in Ocean Sanctuary Pens decreasing seal impacts, have led to high survival rates of c90%
- Fish size maintained** supported by Well Boat, automated Feed Centre, improved diets, and a more tolerant fish to summer water temperatures
- Cost of growing \$/kg increasing globally** due to an increase in supply chain cost increases – with energy, feed commodities, labour, and domestic freight costs all materially increasing
- Sustainable and maintainable annual harvest of c40,000 hog tonnes.**
- Growing returns are targeted to come from sales mix and pricing.**

Salmon experienced a strong pricing recovery in International markets and commencement of pricing recovery in Out-Of-Home markets in 1H22, which is expected to continue in 2H22⁵ for both International and targeted in Out-Of-Home markets.

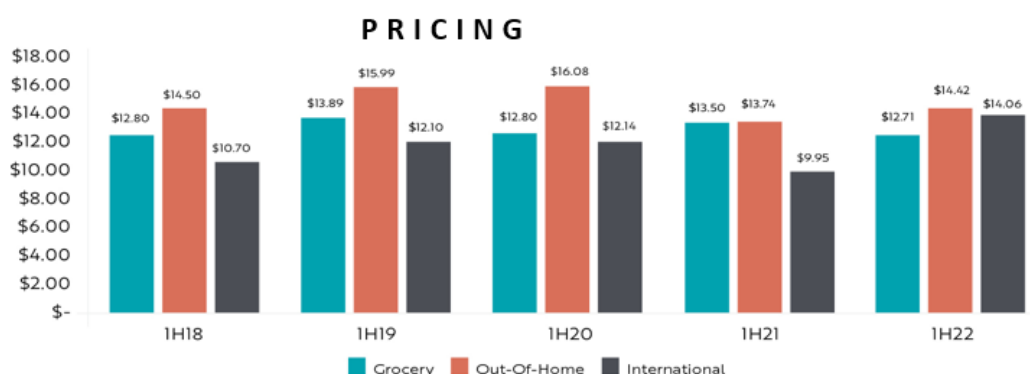
⁵ Fish Pool, Kepler Chevreux, Rabobank, 2022

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

Operating EBITDA was up 8.3%:

Salmon Sales Volume (Hog equiv tonnes)	1H22	1H21	Change
Domestic Salmon Market	11,843	14,219	(16.7%) ▼
International Salmon Market	13,758	6,243	120.4% ▲
Total Salmon Market	25,601	20,462	25.1% ▲
Domestic Grocery Market	8,411	9,963	(15.6%) ▼
Domestic Out-Of-Home Market	3,432	4,256	(19.4%) ▼
Total Domestic Salmon Market	11,843	14,219	(16.7%) ▼



- Tassal made the strategic decision to execute its sales mix strategy – i.e. lowering fixed (Grocery contracted volume) and increasing variable (Out-Of-Home & International Fresh HOG) sales positions during late FY21, to enable the business to leverage favourable market dynamics that were targeted for FY22
- Global pricing increased significantly during 1H22 driven by strong demand and reduced supply. Strong demand reflected “at home consumption” of Tassal branded products – i.e. people cooking at home from Grocery (“retail”) purchases
- Partially offset in 1H22 by material supply chain cost increases – energy, feed commodities, labour, and domestic freight.

Operating EBITDA \$/kg was down 13.4%:

Total Salmon Sales (A\$m)	1H22	1H21	Change
Salmon Volume (Hog equiv tonnes)	25,601	20,462	25.1% ▲
Salmon Average Price (\$/Hog kg equivalent)	\$ 13.67	\$ 12.47	9.6% ▲
Salmon Revenue (\$m)	349.92	255.16	37.1% ▲
Operating EBITDA	82.30	75.97	8.3% ▲
Operating EBITDA (\$/kg)	\$ 3.21	\$ 3.71	(13.4%) ▼

- Reduced EBITDA \$/kg for Grocery – tenders in late FY21 resulted in reduced pricing for unbranded Grocery Deli contracts and the introduction of lower margin Private Label MAP contracts
- Material supply chain cost increases – energy, feed commodities, labour, and domestic freight costs
- However, pleasingly EBITDA \$/kg increased for combined International and Out-Of-Home markets based on the pricing recovery in both markets.

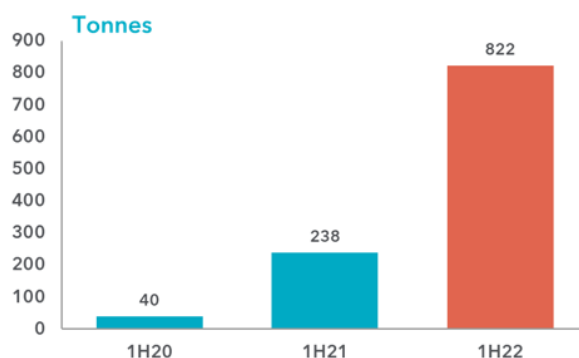
DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

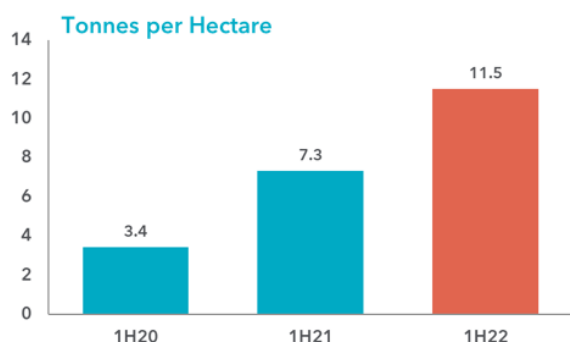
Prawns & seaweed: Prawn infrastructure is now positioned to accelerate returns given scale from the Proserpine Farming precinct, with incremental seaweed initiatives now in play

- Tassal is Australia's largest prawn farmer, with further scale advantages to come

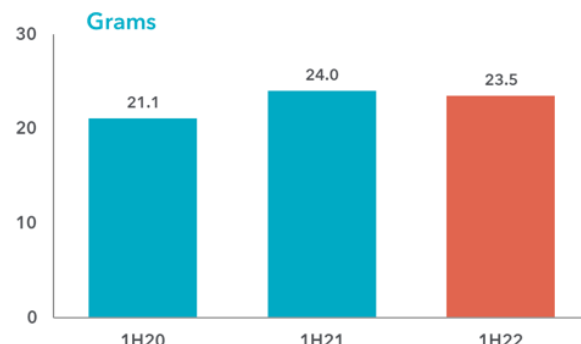
HARVESTED TONNES
UP 244.9% TO 822 TONNES



AVERAGE YIELD
UP 57.5% TO 11.5 TONNES/HECTARE



AVERAGE HARVEST SIZE
STABLE AT 23.5 GRAMS



- **Delivering:** Since the commencement of our prawn farming operations, we have continued to deliver on commitments made regarding targeted annual harvest tonnage
- **Operations:** Successful implementation of innovation and expertise from salmon to prawn farming model evident – data capture and insights continuing to drive yield gains and improved utilisation of assets
- **Harvesting uplift:** Planned earlier stocking program in 2021 facilitated a significant uplift in harvest volumes – particularly for the key Christmas period
- **Future yield and growth improvement** via SmartFarm, improved feed diets and fish husbandry, leading to improved sizes, survival, live and harvest biomass.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

- **Growing returns targeted to come from sales mix and pricing. Total prawn volume and revenue grew strongly with improved pricing in the Out-Of-Home market, which is targeted to continue into 2H22**

Operating EBITDA up 395.0%:

Prawn Sales Volume (tonnes)	1H22	1H21	Change
Domestic Prawn Market	1,520	359	323.7% ▲
International Prawn Market	150	0	100.0% ▲
Total Prawn Market	1,670	359	365.3% ▲
Domestic Grocery Market	792	180	339.0% ▲
Domestic Out-Of-Home Market	728	178	308.2% ▲
Total Domestic Prawn Market	1,520	359	323.7% ▲

- Tassal made the strategic decision during FY21 to:
 - Sell more frozen prawn inventory domestically to increase overall domestic consumption per capita. Frozen inventory was reduced from 1,215 tonnes at 30 June 2021 to 330 tonnes at 31 December 2021
 - Grow more fresh stock for the key Christmas sales market. With its scale, the business was able to leverage favourable market dynamics (demand outstripping supply) in the variable (Out-of-Home) sales market and ultimately optimise pricing
- Partially offset in 1H22 by material supply chain cost increases – energy, feed commodities, labour, and domestic freight.

Operating EBITDA\$/kg was up 6.4%:

Total Prawn Sales (\$Am)	1H22	1H21	Change
Prawn Volume (tonnes)	1,670	359	365.3% ▲
Prawn Average Price (\$/kg)	\$ 18.08	\$ 14.50	24.7% ▲
Prawn Revenue (\$m)	30.19	5.21	480.0% ▲
Operating EBITDA	6.53	1.32	395.0% ▲
Operating EBITDA (\$/kg)	\$ 3.91	\$ 3.67	6.4% ▲

- Out-Of-Home market grew underpinned by pricing increases in 1H22 - which are targeted to continue in 2H22
- Partially offset due to:
 - sales mix skewed toward Out-of-Home during 1H22 and with fixed pricing the supply chain cost increases were not able to be passed on
 - further, frozen prawns traditionally generate a lower return vs fresh cooked prawns.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

- **Tassal's seaweed initiative commenced with a pilot R&D project.**

Seaweed offers a nature-based solution for water quality restoration while also unlocking market opportunities in terms of commodity or future blue carbon credits

Tassal continues to take a "beyond carbon neutral" approach and looks toward both carbon and climate positivity. In 1H22, the Company initiated new R&D partnerships and initiatives to abate greenhouse gases through the introduction of a solar farm during FY23 and introduced R&D trials on seaweed farming to abate nutrient outputs. These measures further support food system adaptation.



In 1H22, 13 hectares of settlement pond area was converted into seaweed production at Tassal's Proserpine Prawn Farm as an R&D project, and 305 tonnes of seaweed was harvested by 31 December 2021.

This has been spearheaded through a new partnership with the University of Sunshine Coast Seaweed Research Group.

The Proserpine Prawn Farm is Tassal's largest and the principal site of future expansion. This is a nature-based solution to both reduce nutrient loads discharged from the farm and further protect the local environment.

Tassal is looking into opportunities to commercialise seaweed harvests, including fertiliser and soil conditioning, biochar for carbon sequestration, animal feed supplements and human food and nutraceuticals.

Safety & wellbeing

Tassal's operations have been and are running close to normal despite COVID-19 restrictions – maintaining strict measures, and securing the health and safety of the Company's employees and quality of its seafood products.

At Tassal, safety is one of the Company's highest priorities. It drives and underpins our **ZeroByChoice** safety culture. ZeroByChoice, my choice - our choice. Tassal's commitment to safety is consistent with the Company's focus on maximising shareholder value. Ultimately, no job is so important that it cannot be done safely.



- Tassal's focus and relentless pursuit is to achieve the core value of "Zero Harm".
- Tassal's goal from a Total Recordable Injury Frequency Rate (TRIFR) perspective is < 10. This goal was not achieved with a result of 14.2 negatively impacted by a lost time incident for Dover of 22 in May 2021.

TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)

FY18	FY19	FY20	FY21	1H22
12.18	12.05	8.03	14.13	14.21

Tassal's training and focus is to instil a philosophy and culture of zero tolerance to medical treatment incidents. The reduction of manual tasks through automation and operational advancements, such as our Wellboat the "Aqua Spa" and Centralised Feed Centre, will continue to support Tassal's priority goal of achieving Zero Harm.

Tassal is proud of the role it plays in the global production of responsibly farmed salmon and prawns, that in turn provides nutritious and healthy food to a growing population in Australia and globally.

In line with the United Nations' Sustainable Development Goals, and supported by world-class partnerships and certification programs, long-term financial, operational, social, biosecurity and environmental ambitions have been established by Tassal that are centred on collaboration, shared value, and responsible growth.

The Directors are mindful of Tassal's social licence to operate, and responsibly balance the Company's initiatives and outcomes against its 5Ps:

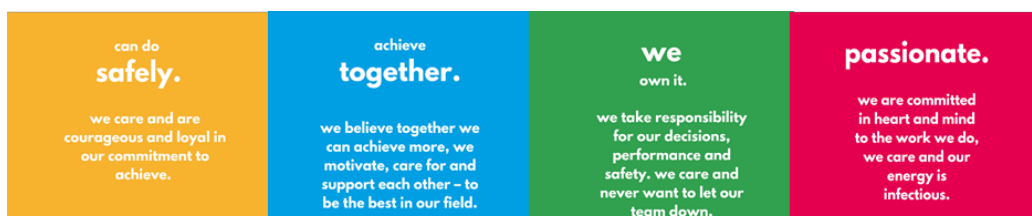
DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021



The 5P framework is a united platform to drive long-term value and make a lasting positive contribution to the Company's shareholders and the broader global community. This considers global challenges, demand and trends and incorporates what matters to our consumers, customers shareholders, people, and the communities within which Tassal operates.

Tassal's 5P's and shared values are an essential part of delivering on the Company's purpose, business objectives and culture – they define us. They underpin and guide Tassal's commitment, attitude, how we work and the quality of our products.



Tassal's commitment to ESG and sustainability, and recognition for it, can be seen in the following achievements and certifications:



Further information on Tassal's ESG initiatives and performance metrics can be found in the Company's 1H22 results presentation and its Appendices, and FY21 Sustainability Report.

"The essence of sustainable development is that today's generations meet their needs without prejudicing future generations' ability to meet theirs."

Business fundamentals and risks

Tassal has a robust risk management system in place with an overall "conservative" risk appetite. A comprehensive risk management system and business continuity planning process manages risks in the short-term (including COVID-19) and for the long-term (including climate change).

Tassal actively engages with experts to continue lowering its environmental impact, and the Company prides itself on being a leader in sustainability within the global aquaculture industry. Utilising the latest technology and data to monitor environmental impacts, Tassal has continuously innovated to reduce environmental impacts and provide high quality Australian grown sustainable products for consumers.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

Like all farming operations across Australia, Tassal is at the will of nature – storms, droughts, and warmer waters. All these events can create challenges for understanding the effects of climate change on an operation like ours. However, the Company is confident it can navigate these challenges and continue its responsible growth pathway.

Risk mitigation, particularly around operational risk in the marine environment, is a continuous focus at Tassal. The key and associated mitigation strategies Tassal has put in place include:

- **Managing climate risk – a comprehensive risk management system is used to manage long-term risks, issues and opportunities presented by climate change and respond accordingly**
- **Understanding the environment and the effects of climate change is crucial to Tassal's ongoing operations, particularly in summer where water temperatures affect the growth of salmon – managing stock in a sustainable and responsible way**
 - The Aqua Spa provides improved farming practices and has been in operation for over 2 years
 - Automated feeding and improved diets, a focus on net hygiene, appropriate level of harvest for frozen hog – i.e. inventory – (for later and further value adding) and isolating larger fish to cooler sites, are all factors to help decrease mortality rates and improve overall health of our salmon
 - Summer water temperatures on average are around the same as last summer (which was around 1 degree warmer than the previous summer) – we will continue to monitor summer water temperatures closely and manage our live biomass prudently
- **Tassal has developed considerable options for adapting to climate change:**
 - Species diversification with prawns – prawns are a 'warmer' climate species
 - Selective Breeding Program (SBP) for salmon, focusing on families/lines that can withstand temperature increases and volatility
 - Improved feed diets for both salmon and prawns
 - Modified farming technologies and practices
 - Geographic diversification
- **Listening to the science:** Tassal supplements the work of its environmental team with external scientists to identify emerging climate trends, system responses and to undertake comprehensive broadscale monitoring.
- **COVID-19** – Tassal is classed as an "Essential Service" and the Company's operations have, due to the risk mitigation measures employed, effectively continued as "normal" over the past 2 years. Tassal has worked hard to ensure the continued safety and wellbeing of its employees and customers – strategies were developed and implemented from both a physical and mental wellbeing perspective. In addition, the Company's supply chain has been resilient.

However, the current environment impacted by COVID-19 is volatile, sometimes unpredictable and always challenging, particularly in terms of the Government's preparedness and responses for risk and risk management. Tassal is as best prepared as it can be. While the Company is not immune to global and local forces outside of its control, the key strengths that should assist mitigating this environment – Tassal's diversification strategies across customers and consumers, growing and processing areas, and species and products – combined with a focus on sustainability and more efficient operations, position the Company to continue its growth trajectory.

- **Summer and Autumn water temperatures and the impact on the rate of salmon growth and survival** – Tassal has continued to develop its advanced SBP for salmon. The current focus of the program is breeding from fish more resilient to higher water temperatures. Summer and Autumn water temperatures remain challenging – but pleasingly, we are seeing survival benefits from our SBP.
- **Amoebic Gill Disease (AGD) remains a significant issue** – To ensure Tassal's fish remain healthy and active, they are bathed in fresh water. This bathing process cleans the amoeba from the gills of the fish and allows the fish to intake oxygen and release carbon dioxide more efficiently and effectively. To bathe the fish, fish are transferred from saltwater to fresh water. Tassal has mitigated this risk through the introduction of the harvest strategy for the South East, together with fish grown in Macquarie Harbour (where there is no AGD) and with all fish now from the SBP.

Tassal has successfully integrated its Aqua Spa into the operations and it has been fundamental in allowing the Company to grow its current salmon biomass volumes ahead of Strategic Plan targets. The Aqua Spa is under a 10-year lease (with Tassal holding a 5-year option). The Well Boat has a 3,500m³ water capacity – enough to completely bathe one of Tassal's largest pens around three (3) times quicker than current methods – and is able to both re-use freshwater and through its desalination plant use seawater to make freshwater. The Aqua Spa also enables higher fish survival rates, improved biosecurity and fish health and welfare.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

- **Seals remain a significant challenge** – Seals are attracted to salmon farms. The risk of seal interactions is a continual challenge. Our roll out of **Ocean 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.
- **Community activism** – This is not unique to aquaculture nor Tassal, and is part of doing business in many industries. A proactive engagement strategy, centred around shared value principles, has been implemented by Tassal across operating communities and more broadly. This focuses on a range of partnerships and initiatives aligned to the Company's Community Charter.
- **Ability to grow-out salmon to full harvest size – either fully offshore and/or onshore (based on current technologies and methodologies) – will be challenging** – Adaptive management and innovation have always been at the core of Tassal's business and growth; in fact it is a strong competitive advantage for Tassal. We believe we need to continue to learn, adapt and innovate as we move forward.

To mitigate this risk, Tassal has and continues to use technology to optimise its operations. The Company is considered a leader in digital technology – and it is this technology that underpins our Australian leadership credentials in Blue AgTech. Tassal's approach to Blue AgTech enables the Company to ensure that it optimises all opportunities to grow-out salmon to full harvest size, including those associated with larger salmon growth on land.

Strategic update & outlook

Positive outlook for optimising cash and returns

While Tassal does not provide earnings guidance, the Company provides the following outlook commentary.

- **Positive outlook for global salmon pricing**
 - Market analysis is for global supply growth to be 0%, potentially contracting in the first half of calendar year 2022 (i.e. 2H22), with high demand remaining across retail and foodservice demand growing.
 - Demand is expected to continue to outstrip supply; particularly in South-East Asia which has allowed Tassal to generate significant pricing recovery Vs. FY21⁶.
- **Positive outlook for salmon returns**
 - **Footprint:** The Tasmanian Government has announced the development of a 10-year plan for the salmon industry. With the Government's position being that the industry does not need more hectares in Tasmanian waters, Tassal is committed to working responsibly within its current salmon footprint.
 - **Pricing:** The global salmon market has recovered with pricing restored to pre-COVID 19 levels. Demand into South-East Asia remains strong with pricing expected to remain stable for the remainder of this financial year⁵.

Tassal is well placed to capitalise on improving Out-Of-Home and higher International Fresh Hog pricing conditions and focus on Tassal brand expansion with Grocery customers and channels.

- **Production:** Targeting a sustainable harvest of c40,000 hog tonnes in FY22. Therefore, overall capex spend will be decreasing following the completion of the salmon expansion programme.
- **Supply chain costs:** Have materially increased – with energy, feed commodities, labour, and domestic freight costs all increased in 1H22 – and management is not expecting any relief from these increases in 2H22.
- **Initiatives:** Tassal will continue driving price improvement, sales mix and cost-out \$/kg efficiencies and fish performance. In addition, the Company will continue investing in brand to support its no. 1 brand status and top of mind awareness, with the marketing plan to build on FY21's success to continue to drive long term demand for "Tassal" branded products.

⁶ Rabobank, 2022.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

- **Positive outlook for prawn returns**

- **Footprint:** Tassal's current 369 hectares of ponds and associated infrastructure at Proserpine, Mission Beach and Yamba is sufficient to achieve FY22 production targets, with limited growth capex required.
- **Pricing:** Domestically, demand continues to outstrip supply at key periods with strong \$/kg gains experienced in 1H22 and targeted to continue in 2H22.
- **Production:** Tassal remains on track for c5,300 tonnes in FY22, and c5,500 to 6,000 tonnes of production targeted for FY23. Given the shorter working capital cycle and capital cycle in prawns, the growth program can be flexed as market conditions evolve.
- **Supply chain costs:** Have materially increased – with energy, feed commodities, labour, and domestic freight costs all increased in 1H22 – and management is not expecting any relief from these increases in 2H22.
- **Initiatives:** Production growth is 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 diets and diet cost.

Like salmon, branding will become central – the Company's vision is for Tropic Co to be Australia's no. 1 farmed Tiger Prawn brand, recognised and trusted by customers and consumers.

- **Funding: increasing free cashflow is now reducing net debt**

- The Company's diversity of funding sources – bank debt, leasing and receivable purchase facility (RPF) – is appropriate.
- Pleasingly and as planned, reported net debt and total funding is now reducing. With the end of the salmon growth capital spend, reduction in salmon inventory and a sustainable and maintainable c40,000 hog tonne annual harvest for salmon, Tassal is focused on further debt reduction.
- Leverage reduced from 2.55 to 2.37 over 1H22, as cash was used to lower debt and EBITDA grew (in line with operating cashflow).
- Tassal has appropriate tenor in its bank debt book (weighted average 3.5 years at 31 December 2021).
- Tassal has prudent credit metrics at 31 December 2021, with significant headroom to banking covenants. Substantial headroom is available under the current debt facilities with \$160.1 million in undrawn debt facilities and \$43.1 million of cash at 31 December 2021.
- **Tassal has a sound funding position with growing sales and cashflows, and reduced capex leading to decreasing debt.**

- **Attractive long-term cashflow outlook given salmon investments already made and growth platform in place for prawns**

- **Tassal is targeting ASX200 top quartile free cashflow conversion**
- **Pricing:** Based on market dynamics, Tassal believes that the salmon and prawn markets will both benefit from strong global retail demand and for the foodservice demand to continue to improve with little to no supply growth in calendar year 2022⁵.
- **Production:** Tassal is targeting by 2030:
 - c40,000 tonnes of salmon production annually from existing lease hectares in Tasmanian waterways
 - Up to 20,000 tonnes of prawns (subject to relevant approvals and licences), with the growth aimed to domestic market growth
 - Circa 50% of future earnings coming from sea production (i.e. salmon) and 50% from the land (i.e. prawns).
- **Blue AgTech:** Reflecting Tassal's Blue AgTech leadership in Australia, the Company envisions that its technology-enabled ways of operating will become embedded into the everyday operations of other aquaculture industry participants.

Tassal is becoming both carbon and climate "positive" and plans to leverage its technology gains for commercial benefit.

DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

4. SUBSEQUENT EVENTS

Other than as outlined in note 2 in the notes to the condensed consolidated financial statements, there has not arisen in the interval between the end of the half-year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of Tassal, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in subsequent financial periods.

5. BUSINESS DEVELOPMENT

The Company has and continues to examine a number of business development opportunities to grow the business organically.

6. INDEPENDENCE DECLARATION BY AUDITOR

The auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 13 and forms part of this Directors' Report for the half-year ended 31 December 2021.

7. ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the half-year financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to Section 306 (3) of the Corporations Act 2001.

On behalf of the Directors,



J. Fazzino
Chair



M. A. Ryan
Managing Director & Chief Executive Officer

Hobart, this 15th day of February 2022

AUDITOR'S INDEPENDENCE DECLARATION

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021



Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 8, 22 Elizabeth Street
Hobart, TAS, 7000
Australia

Phone: +61 3 6237 7000
www.deloitte.com.au

The Board of Directors
Tassal Group Limited
1 Franklin Wharf
Hobart TAS 7000

15 February 2022

Dear Board Members

Auditor's Independence Declaration to Tassal Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Tassal Group Limited.

As lead audit partner for the review of the financial report of Tassal Group Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

A handwritten signature in black ink, appearing to read "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "Chris Biermann".

Chris Biermann
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network

CONDENSED CONSOLIDATED INCOME STATEMENT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

	Note	Half-Year Ended 31 Dec 2021 \$'000	Half-Year Ended 31 Dec 2020 \$'000
Revenue	3 (a)	408,831	288,470
Other income	3 (b)	10,304	4,009
Fair value adjustment of biological assets		41,818	(7,963)
Fair value adjustment of biological assets at point of harvest		(13,893)	17,428
Share of profits / (losses) of associates and jointly controlled entities accounted for using the equity method		936	(82)
Changes in inventories of finished goods and work in progress		(30,033)	43,333
Raw materials and consumables used		(214,699)	(179,365)
Significant item – export supply chain expense		(20,504)	(9,576)
Employee benefits expense		(71,917)	(66,811)
Depreciation and amortisation expense	3 (c)	(39,447)	(31,614)
Finance costs	3 (c)	(8,454)	(6,884)
Property transaction costs		-	(775)
Other expenses		(13,963)	(11,157)
Profit before income tax expense		48,979	39,013
Income tax expense		(12,605)	(11,375)
Profit for the period		36,374	27,638

	Half-Year Ended 31 Dec 2021	Half-Year Ended 31 Dec 2020
Earnings per ordinary share (EPS)		
Basic (cents per share)	17.08	13.14
Diluted (cents per share)	17.01	13.10

Notes to the condensed financial statements are included on pages 22 to 29.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

	Note	Half-Year Ended 31 Dec 2021 \$'000	Half-Year Ended 31 Dec 2020 \$'000
Profit for the period		36,374	27,638
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain/(loss) on revaluation of property		-	-
Income tax relating to items that will not be reclassified subsequently		-	-
Items that may be reclassified subsequently to profit or loss :			
Gain/(loss) on cashflow hedges		-	-
Income tax relating to items that may be reclassified subsequently		-	-
Other comprehensive income for the period (net of tax)		-	-
Total comprehensive income for the period attributed to owners of the parent		36,374	27,638

Notes to the condensed financial statements are included on pages 22 to 29.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

	Note	As at 31 Dec 2021 \$'000	As at 30 June 2021 \$'000	As at 31 Dec 2020 \$'000
Current Assets				
Cash and cash equivalents		43,138	30,623	35,463
Trade and other receivables		82,176	37,294	47,218
Inventories		89,080	133,006	135,533
Biological assets		506,939	463,235	456,211
Current tax assets		-	1,795	11,234
Other financial assets		574	622	666
Other		5,543	8,070	7,965
Total Current Assets		727,450	674,645	694,290
Non-Current Assets				
Investments accounted for using the equity method		13,825	12,889	11,832
Other financial assets		1,723	1,910	2,000
Property, plant and equipment		620,529	594,635	598,136
Investment property		10,662	10,662	-
Right-of-use-assets		229,847	232,447	219,924
Goodwill	6	89,894	89,894	89,894
Other intangible assets		24,184	24,184	24,184
Other		5,961	6,091	5,667
Total Non-Current Assets		996,625	972,712	951,637
Total Assets		1,724,075	1,647,357	1,645,927
Current Liabilities				
Trade and other payables		157,119	102,559	142,022
Borrowings		-	-	6,111
Lease liabilities		46,431	45,446	46,721
Provisions		14,298	14,186	13,776
Total Current Liabilities		217,848	162,191	208,630
Non-Current Liabilities				
Borrowings		356,867	348,443	291,257
Lease liabilities		150,017	163,627	165,077
Deferred tax liabilities		170,459	169,869	173,040
Provisions		2,586	2,681	2,641
Total Non-Current Liabilities		679,929	684,620	632,015
Total Liabilities		897,777	846,811	840,645
Net Assets		826,298	800,546	805,282
Equity				
Issued capital	5	433,779	429,499	426,193
Reserves		15,676	15,714	15,945
Retained Earnings		376,843	355,333	363,144
Total Equity		826,298	800,546	805,282

Notes to the condensed financial statements are included on pages 22 to 29.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

	Ordinary shares	Asset revaluation reserve	Hedging reserve	Equity- settled employee benefits reserve	Retained earnings	Total attributable to equity holders of the parent
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2020	418,635	14,090	-	1,982	354,342	789,049
Profit for the period	-	-	-	-	27,638	27,638
Gain/(loss) on cashflow hedge (net of any related tax)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	27,638	27,638
Payment of dividends	-	-	-	-	(18,836)	(18,836)
Issue of shares pursuant to dividend reinvestment plan	7,126	-	-	-	-	7,126
Issue of shares pursuant to Executive Long Term Incentive Plan	432	-	-	(432)	-	-
Recognition of share- based payments	-	-	-	305	-	305
Balance as at 31 December 2020	426,193	14,090	-	1,855	363,144	805,282
Balance as at 1 July 2021	429,499	14,090	-	1,624	355,333	800,546
Profit for the period	-	-	-	-	36,374	36,374
Gain/(loss) on cashflow hedge (net of any related tax)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	36,374	36,374
Payment of dividends	-	-	-	-	(14,864)	(14,864)
Issue of shares pursuant to dividend reinvestment plan	4,280	-	-	-	-	4,280
Issue of shares pursuant to Executive Long Term Incentive Plan	-	-	-	-	-	-
Recognition of share- based payments	-	-	-	(38)	-	(38)
Balance as at 31 December 2021	433,779	14,090	-	1,586	376,843	826,298

Notes to the condensed financial statements are included on pages 22 to 29.

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

	Note	Half-Year Ended 31 Dec 2021	Half-Year Ended 31 Dec 2020
			\$'000
Cashflows from Operating Activities			
Receipts from customers		394,999	321,526
Payments to suppliers and employees		(294,871)	(266,875)
Interest received		-	1
Interest and other costs of finance paid		(10,181)	(9,073)
Income taxes (paid)/refunded		(2,961)	(4,195)
Net cash (used in) / provided by operating activities		86,986	41,384
Cashflows from Investing Activities			
Payment for property, plant and equipment		(45,994)	(67,661)
Net cash (used in) investing activities		(45,994)	(67,661)
Cashflows from Financing Activities			
Proceeds from borrowings		8,425	77,758
Repayment of borrowings		-	-
Repayment of lease liabilities		(26,318)	(26,167)
Dividends paid to members of the parent entity		(10,584)	(11,711)
Net cash (used in) / provided by financing activities		(28,477)	39,880
Net increase / (decrease) in cash and cash equivalents		12,515	13,603
Cash and cash equivalents at the beginning of the Half-Year		30,623	21,860
Cash and cash equivalents at the end of the Half-Year		43,138	35,463

Notes to the condensed financial statements are included on pages 22 to 29.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

1. Summary of accounting policies

a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the financial year ended 30 June 2021, together with any public announcements made by Tassal Group Limited and its controlled entities during the half-year ended 31 December 2021, in accordance with the continuous disclosure requirement of the Listing Rules of the Australian Securities Exchange.

The half-year financial report was authorised for issue by the Directors on 15 February 2022.

b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except if relevant, for the revaluation of certain non-current assets, biological assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the half-year financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

c) Significant accounting policies

The accounting policies and methods of computation in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2021 other than leases as detailed below. Where appropriate figures for the comparative period have been restated to make them comparable with the disclosure for the half-year ended 31 December 2020.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

d) Adoption of new and revised Accounting Standards

(i) Amendments to AASBs and the new interpretations that are mandatorily effective for the current half-year

The adoption of the following new and amended standards have not had any material impact on the disclosures or on the amounts reported in these financial statements. These amendments applicable to the Group include:

- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

(ii) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard / Interpretation	Effective for financial years commencing on or after	Expected to be initially applied in the financial year ending
AASB 17 Insurance Contracts	1 January 2023	30 June 2024
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture,	1 January 2022	30 June 2023

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections		
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The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

2. Subsequent events

Interim dividend declared

On 15 February 2022 the Directors declared an interim dividend of \$17.089 million (8.00 cents per ordinary share) in respect of the half-year ended 31 December 2021. The interim dividend will be unfranked. The interim dividend has not been recognised in this half-year report because the interim dividend was declared subsequent to 31 December 2021. The record date for determining entitlements to this interim dividend is 15 March 2022. The interim dividend will be paid on 30 March 2022. The Company's Dividend Reinvestment Plan will apply to the interim dividend and a discount rate of 2% has been determined by the Directors.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

	Note	Half-Year Ended 31 Dec 2021	Half-Year Ended 31 Dec 2020
		\$'000	\$'000
3. Profit from operations			
Profit from operations before income tax expense includes the following items of revenue and expense:			
(a) Revenue			
Revenue from the sale of goods:			
- Domestic wholesale market		63,528	73,595
- Domestic retail market		148,789	153,457
- Export market		196,514	61,417
Interest revenue		-	1
Total revenue		408,831	288,470
(b) Other Income			
Gain/(loss) on disposal of property, plant and equipment		31	5
Government grants received		2,722	2,435
Other		7,551	1,569
Total other income		10,304	4,009
(c) Expenses			
Depreciation of non-current assets		22,873	20,276
Depreciation of right of use assets		16,559	11,323
Amortisation of non-current assets		15	15
Total depreciation and amortisation		39,447	31,614
Interest – other entities		4,358	3,185
Interest – lease liabilities		4,096	3,699
Total finance costs		8,454	6,884

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

	Half-Year Ended 31 December 2021		Financial Year Ended 30 June 2021		Half-Year Ended 31 December 2020	
	Cents per share	Total \$'000	Cents per share	Total \$'000	Cents per share	Total \$'000
4. Dividends						
(a) Recognised amounts						
Fully paid ordinary shares:						
Interim dividend paid in respect of current financial year	-	-	7.00	14,794	-	-
Final dividend paid in respect of prior financial year	7.00	14,864	9.00	18,836	9.00	18,836
	7.00	14,864	16.00	33,630	9.00	18,836

On 17 August 2021, the Directors declared a final dividend of \$14.864 million (7.00 cents per ordinary share) in respect of the financial year ended 30 June 2021. The dividend was unfranked and paid on 29 September 2021.

(b) Unrecognised amounts

Fully paid ordinary shares:

Interim dividend in respect of current financial year	8.00	17,089	-	-	7.00	14,794
Final dividend in respect of current financial year	-	-	7.00	14,864	-	-
	8.00	17,089	7.00	14,864	7.00	14,794

On 15 February 2022, the Directors declared an interim dividend of \$17.089 million (8.00 cents per ordinary share) in respect of the half-year ended 31 December 2021. The interim dividend will be unfranked. The record date for determining entitlements to this dividend is 15 March 2022. The interim dividend will be paid on 30 March 2022.

The Company's Dividend Reinvestment Plan will apply to the interim dividend and a discount rate of 2% has been determined by the Directors.

The interim dividend in respect of ordinary shares for the half-year ended 31 December 2021 has not been recognised in this Half-Year report because the interim dividend was declared subsequent to 31 December 2021.

No portion of the interim dividend declared for the half-year ended 31 December 2021 constitutes Conduit Foreign Income.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

5. Issued capital

	Note	As at 31 December 2021 Number	\$'000	As at 31 December 2020 Number	\$'000
(a) Ordinary share capital (fully paid)					
Ordinary shares		213,608,448	433,779	211,334,135	426,193
(b) Movements in ordinary share capital					
Balance as at the beginning of the half-year		212,342,143	429,499	209,118,582	418,635
Issue of shares pursuant to dividend reinvestment plan	(i)	1,266,305	4,280	2,041,802	7,126
Issue of shares pursuant to executive long term incentive plan	(ii)	-	-	173,751	432
Balance as at the end of the half-year		213,608,448	433,779	211,334,135	426,193

Current Financial Year

- (i) On 29 September 2021, 1,266,305 ordinary shares were issued pursuant to the Company's dividend reinvestment plan at an issue price of \$3.38 per share. A discount of 2% was applicable.

Previous Financial Year

- (i) On 29 September 2020, 2,041,802 ordinary shares were issued pursuant to the Company's dividend reinvestment plan at an issue price of \$3.49 per share. A discount of 2% was applicable.
- (ii) On 25 August 2020, 173,751 ordinary shares were issued pursuant to the Company's long term incentive plan at an issue price of \$2.4854 per share. There was no exercise price paid on this conversion.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

	Half-Year Ended 31 Dec 2021	Half-Year Ended 31 Dec 2020
	\$'000	\$'000
6. Goodwill		
Gross carrying amount		
Opening balance	89,894	89,894
Additional amounts recognised from business combinations occurring during the period	-	-
Closing balance	89,894	89,894
Accumulated impairment losses		
Opening balance	-	-
Impairment losses for the year	-	-
Closing balance	-	-
Net book value		
Opening balance	89,894	89,894
Closing balance	89,894	89,894

Impairment test for goodwill

Goodwill relates to the consolidated entity's acquisition of the wholly-owned controlled entities, Aquatas Pty Ltd acquired in FY05, De Costi Seafoods Pty Ltd acquired in FY16 and the Fortune Group prawn aquaculture business acquired in FY19. At 31 December 2021, Tassal assessed whether there were any indicators of impairment, and determined that there was, being the market capitalisation lower than net assets. As such, and as required under AASB 136, Tassal tested its goodwill and other assets for impairment at 31 December 2021. For impairment testing purposes, goodwill has been tested at the cash generating unit (CGU) level, being the domestic and export CGU's. The recoverable amount of each CGU is determined based on the value-in-use calculation and is consistent with the disclosure for segment reporting. These calculations use a discounted cashflow projection using a post-tax discount rate of 6.00% (2021: 6.00%). The calculations are based on management approved cashflows and financial projections to 2026, and a terminal value. The recoverable amount calculated exceeds the carrying value of goodwill. The cashflows beyond a five-year period have been extrapolated using a 2.25% (2021: 2.25%) per annum growth rate.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

7. Contingent liabilities and contingent assets

There are no material contingent liabilities or contingent assets at the date of this half-year report.

8. Seasonality

The consolidated entity's principal activities, being the farming of Atlantic Salmon and Tiger Prawns and the processing and marketing of salmon, prawns and other seafood are not generally subject to material or significant seasonal fluctuations.

9. Segment information

The Group has identified operating segments based on the internal reports that are reviewed by the chief operating decision maker (CODM) in assessing performance and in determining the allocation of resources. The CODM at Tassal is considered to be the Board of Directors.

The principal activities of the Group are to farm, process, market and sell salmon and prawns and to procure, process, market and sell other seafood species.

Reportable segments are determined by the similarity of goods sold and the method used to distribute the goods. Information reported to the CODM is primarily focused on geographical regions. The Group's reportable segments under AASB 8 'Operating Segments' are therefore domestic and export markets for the sale of all seafood products.

Operational EBITDA is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

31 December 2021	Domestic Segment \$'000	Export Segment \$'000	Consolidated \$'000
Sales (1)	212,317	196,514	408,831
Segment operational EBITDA	45,092	44,367	89,459
Significant export supply chain expense			(20,504)
Fair value adjustment of biological assets	-	-	27,925
Statutory EBITDA	-	-	96,880
Depreciation expense	-	-	(39,447)
Finance costs	-	-	(8,454)
Profit before income tax expense	-	-	48,979
Income tax expense	-	-	(12,605)
Profit for the period	-	-	36,374
(1) Sales Information	Salmon \$'000	Seafood \$'000	Total \$'000
Domestic wholesale	49,490	14,038	63,528
Domestic retail	106,918	41,871	148,789
Export	193,507	3,007	196,514
Total sales	349,915	58,916	408,831

31 December 2020	Domestic Segment \$'000	Export Segment \$'000	Consolidated \$'000
Sales (1)	227,052	61,417	288,469
Segment operational EBITDA	69,615	8,782	78,397
Property transaction costs			(775)
Significant export supply chain expense			(9,576)
Fair value adjustment of biological assets	-	-	9,465
Statutory EBITDA	-	-	77,511
Depreciation expense	-	-	(31,614)
Finance costs	-	-	(6,884)
Profit before income tax expense	-	-	39,013
Income tax expense	-	-	(11,375)
Profit for the period	-	-	27,638
(1) Sales Information	Salmon \$'000	Seafood \$'000	Total \$'000
Domestic wholesale	68,161	5,434	73,595
Domestic retail	123,658	29,799	153,457
Export	63,338	(1,921)	61,417
Total sales	255,157	33,312	288,469

DIRECTORS' DECLARATION

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

The Directors declare on 15 February 2022 that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors



J. Fazzino
Chairman
Hobart, 15 February 2022

INDEPENDENT REVIEW REPORT

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2021



Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 8, 22 Elizabeth Street
Hobart, TAS, 7000
Australia

Phone: +61 3 6237 7000
www.deloitte.com.au

Independent Auditor's Review Report to the Members of Tassal Group Limited

Conclusion

We have reviewed the half-year financial report of Tassal Group Limited (the "Entity") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on page 31.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibilities for the Half-year Financial Report

The directors of the Entity 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* and for 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

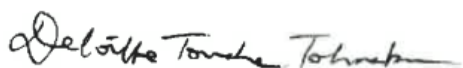
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Network

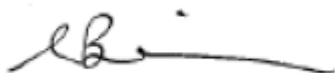
INDEPENDENT REVIEW REPORT

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2021

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.



DELOITTE TOUCHE TOHMATSU



Chris Biermann
Partner
Chartered Accountants
Hobart, 15 February 2022