



TASSAL GROUP
a better tomorrow



TASSAL GROUP LIMITED
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30 September 2022

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

Via e-lodgement

SCHEME BOOKLET REGISTERED WITH ASIC

Tassal Group Limited (ASX:TGR) ("Tassal") refers to its announcement earlier today that the Supreme Court of New South Wales has made orders approving the convening of a meeting of Tassal shareholders ("Tassal Shareholders") (other than certain excluded Tassal Shareholders ("Excluded Shareholders")) ("Scheme Meeting") to consider and vote on the proposed acquisition of Tassal by Aquaculture Australia Company Pty Ltd, a wholly owned subsidiary of Cooke Inc. ("Cooke"), by way of scheme of arrangement ("Scheme") and approving the distribution to Tassal Shareholders of the scheme booklet providing information about the Scheme ("Scheme Booklet").

Scheme Booklet

Tassal confirms that the Scheme Booklet has now been registered with the Australian Securities and Investments Commission ("ASIC"). A copy of the Scheme Booklet is attached to this announcement and will be made available online at <https://tassalgroup.com.au/investors/>. A sample of the proxy form for the Scheme Meeting is also attached to this announcement.

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SYDNEY (De Costi Seafoods)

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The Scheme Booklet (including the independent expert's report and Notice of Scheme Meeting) and proxy form will be dispatched to Tassal Shareholders shortly, in the manner described in the announcement made earlier today.

Tassal Shareholders should read the Scheme Booklet in its entirety before making a decision on whether or not to vote in favour of the Scheme.

Independent Expert's Report

The Scheme Booklet contains a copy of the independent expert's report prepared by Kroll Australia Pty Ltd ("Independent Expert"). The Independent Expert has concluded the Scheme is fair and reasonable and consequently in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal. The Independent Expert has assessed the full underlying value of Tassal on a controlling interest basis at between \$4.64 and \$5.35 per Tassal Share. The Scheme Consideration of \$5.23 per Tassal Share is within the top quarter of this range.

The Independent Expert's conclusion should be read in context with the full Independent Expert's report and the Scheme Booklet.

Tassal Board recommendation

The Tassal Board continues to unanimously recommend that Tassal Shareholders (other than Excluded Shareholders) vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders). Subject to those same qualifications, each Tassal Director intends to vote, or procure the voting of, all Tassal Shares held or controlled by them in favour of the Scheme and the Chair of the Scheme Meeting intends to vote all available undirected proxies in favour of the Scheme.

Scheme Meeting

As announced earlier today, the Scheme Meeting, at which Tassal Shareholders (other than Excluded Shareholders) will vote on the proposed Scheme is scheduled to be held in person at Stamford Plaza Melbourne at 111 Little Collins Street, Melbourne VIC 3000 at **10:00am (AEDT) on 3 November 2022**. You are encouraged to vote by attending the Scheme Meeting in person or alternatively by completing and

ensuring the Proxy Form accompanying the Scheme Booklet is received by **10.00am (AEDT) on 1 November 2022**.

Further information

For more information, please refer to the Scheme Booklet. If you have any questions in relation to the Scheme Booklet or the Scheme, please contact the Tassal Shareholder Information Line on 1300 290 691 (within Australia) or +61 2 9066 4081 (outside Australia) between 9:00am and 5:00pm (AEDT), Monday to Friday (excluding public holidays).

If you would like to obtain details, or have any questions, regarding your shareholding in Tassal, please contact the Tassal Share Registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia), between 8:30am and 8:00pm (AEDT), Monday to Friday (excluding public holidays).

Approved for release to ASX by the Board of Tassal Group Limited.

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SCHEME BOOKLET



TASSAL GROUP
sustainably feeding tomorrow

For a scheme of arrangement between Tassal Group Limited ACN 106 067 270 (**Tassal**) and the Scheme Shareholders in relation to the proposed acquisition of Tassal by Aquaculture Australia Company Pty Ltd ACN 660 056 888 (**Cooke Sub**), a wholly owned subsidiary of Cooke Inc (**Cooke**).

VOTE IN FAVOUR

Your Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders).

The Independent Expert has concluded that the Scheme is fair and reasonable and consequently in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal.

This is an important document and requires your immediate attention.

You should read it entirely before deciding whether or not to vote in favour of the Scheme.

If you are in any doubt about how to deal with this document, you should contact your broker or financial, taxation, legal or other professional adviser immediately.

Financial Adviser



**HERBERT
SMITH
FREEHILLS**

Legal Adviser

IMPORTANT NOTICES

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting.

Nature of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to Tassal Shareholders, or a solicitation of an offer from Tassal Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1). Instead, Tassal Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with paragraph 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearings to approve the Scheme.

A copy of this Scheme Booklet has been provided to the ASX. Neither the ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Defined terms

Capitalised terms used in this Scheme Booklet are defined in section 10 of this Scheme Booklet, which also sets out some rules of interpretation which apply to this Scheme Booklet. Some of the documents reproduced in the annexures to this Scheme Booklet have their own defined terms, which are sometimes different to those set out in section 10.

Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how Tassal Shareholders (other than Excluded Shareholders) should vote (on this matter Tassal Shareholders (other than Excluded Shareholders) must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure 4.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any Tassal Shareholder may appear at the Second Court Hearing, currently expected to be held at 9.15am (AEDT) on 8 November 2022 at the Law Courts Building, Queens Square,

Sydney, New South Wales 2000, Australia. Any Tassal Shareholder (other than an Excluded Shareholder) who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on Tassal a notice of appearance in the prescribed court form together with any affidavit that the Tassal Shareholder proposes to rely on. The notice of appearance and affidavit must be served on Tassal at its address for service at least one day before the Second Court Hearing.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Tassal Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice.

You are encouraged to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme.

This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure 1 and the risk factors set out in section 7 of this Scheme Booklet. If you are in doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser immediately.

Forward looking statements

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words.

Similarly, statements that describe the objectives, plans, goals, intentions or expectations of Tassal, Cooke or their related entities are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to Tassal, Cooke, their related entities and/or the industries in which they operate, as well as factors and risks relating to the ongoing COVID-19 pandemic, general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and deviations are both normal and to be expected. None of Tassal, Cooke, their related entities or any of their respective officers, directors, employees or advisers, any person named in this Scheme Booklet, or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Tassal, Cooke, their related entities and any of their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

Tassal has prepared, and is solely responsible for, the Tassal Information. Neither Cooke nor any of its Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

Kroll Australia Pty Ltd has prepared the Independent Expert's Report (as set out in Annexure 1) and takes sole responsibility for that report. None of Tassal, Cooke or any of their respective Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of Tassal, in relation to the information which it has provided to the Independent Expert.

KPMG has prepared, and is solely responsible for, the information set out in section 8 of this Scheme Booklet. None of Tassal, Cooke or any of their respective Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in section 8 of this Scheme Booklet.

Cooke and Cooke Sub have prepared, and are solely responsible for, the Cooke Information. Neither Tassal nor any of its Subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of such information.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside Australia.

Tassal Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

Financial amounts and effects of rounding

All financial and dollar amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated (see section 10.2(j) of this Scheme Booklet for further details). A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding. All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

Timetable and dates

All times and dates referred to in this Scheme Booklet are Australian Eastern Daylight Time (AEDT) times and dates, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to Tassal Shareholder (other than Excluded Shareholder) approval and Court approval.

External websites

Unless expressly stated otherwise, the content of the websites of Tassal and Cooke, or any other websites referenced in this Scheme Booklet, do not form part of this Scheme Booklet and you should not rely on any such content.

Privacy

Tassal may collect personal information in the process of implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in Tassal and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist Tassal to conduct the Scheme Meeting and implement the Scheme. Without this information, Tassal may be hindered in its ability to issue this Scheme Booklet and implement the Scheme. Personal information of the type described above may be disclosed to the Tassal Share Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of Tassal, Government Agencies, and also where disclosure is otherwise required or allowed by law. Tassal Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the Tassal Share Registry in connection with Tassal Shares, please contact the Tassal Share Registry, Computershare Investor Services Pty Limited by contacting 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia), between 8:30am and 8:00pm (AEDT), Monday to Friday (excluding public holidays). Tassal Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above.

Further information about how Tassal collects, uses, discloses and holds personal information is contained in Tassal's Privacy Policy located at the following webpage: <https://tassalgroup.com.au/privacy-policy/>.

Date of Scheme Booklet

This Scheme Booklet is dated 30 September 2022.

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LETTER FROM THE CHAIR OF TASSAL



Dear Tassal Shareholder,

On behalf of the Tassal Board, I am pleased to present you with this Scheme Booklet, which contains information in relation to the proposed acquisition of Tassal by Aquaculture Australia Company Pty Ltd (**Cooke Sub**), a wholly owned subsidiary of Cooke Inc. (**Cooke**).

Background to the Scheme

On 16 August 2022, Tassal announced that it had entered into a Scheme Implementation Deed with Cooke and Cooke Sub, under which it is proposed that Cooke Sub will acquire all of the Tassal Shares held by Tassal Shareholders (other than Excluded Shareholders¹) by way of a scheme of arrangement between Tassal and Tassal Shareholders (other than Excluded Shareholders) under Part 5.1 of the Corporations Act (**Scheme**).

Under the Scheme, you will be entitled to receive \$5.23 cash for each Tassal share that you own.

The Scheme Consideration represents:

- a 49% premium to Tassal's undisturbed closing share price of \$3.52 on 22 June 2022, being the last trading day prior to press reports of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring a stake in Tassal;
- a 47% premium to the 1-month volume-weighted average price (**VWAP**) of \$3.55 to 22 June 2022;
- a 46% premium to the 3-month VWAP of \$3.59 to 22 June 2022;
- a 47% premium to the two-year VWAP of \$3.55 to 22 June 2022; and
- a 32% premium to Tassal's highest closing share price over the two years prior to 22 June 2022, being \$3.97 on 16 April 2021.

The Scheme Consideration implies an equity value for Tassal of approximately \$1.1 billion and an enterprise value of \$1.7 billion, and represents an EV/EBITDA acquisition multiple of approximately 10.0x² Tassal's FY2022 EBITDA.³

The Scheme follows previous non-binding, indicative proposals received from Cooke at indicative cash prices of \$4.67, \$4.80 and \$4.85 per Tassal Share, which were rejected by the Tassal Board as the Tassal Board considered these did not reflect the fundamental value of Tassal. The Tassal Board has engaged constructively with Cooke over recent months, and in doing so has secured a 12% uplift in the Scheme Consideration compared to the indicative cash price of \$4.67 per Tassal Share initially proposed by Cooke.

Tassal Directors' recommendation

Your Directors unanimously recommend that you **vote in favour** of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders). Subject to the same qualifications, each Tassal Director intends to vote, or procure the voting of, all Tassal Shares held or controlled by them in favour of the Scheme.

The Tassal Directors, together with Tassal's advisers, have conducted a comprehensive evaluation of the proposal from Cooke as well as the alternative options available to Tassal, including maintaining the status quo or pursuing other potential transactions, and the Tassal Directors consider that the Scheme is in the best interests of Tassal Shareholders (other than Excluded Shareholders). The Tassal Directors believe that the Scheme Consideration of \$5.23 per Tassal Share fairly reflects the fundamental value of Tassal.

1. The Excluded Shareholders comprise any Tassal Shareholder who is a member of the Cooke Group or any Tassal Shareholder who holds any Tassal Shares on behalf of, or for the benefit of, or as nominee for, any members of the Cooke Group at the Scheme Record Date.
2. Includes lease liabilities of \$198 million and RPF of \$81 million.
3. Based on FY2022 Operating EBITDA of \$175 million before significant items of \$32 million and SGARA.

LETTER FROM THE CHAIR OF TASSAL continued

The key reasons for the Tassal Directors' recommendation are as follows:

- (a) The Independent Expert has concluded that the Scheme is fair and reasonable and consequently in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal.
- (b) The Scheme Consideration represents a significant premium to the undisturbed trading prices of Tassal Shares.
- (c) The all-cash Scheme Consideration provides you with certainty of value for your investment in Tassal and, if the Scheme proceeds, you will receive the Scheme Consideration on the Implementation Date and will not be exposed to risks associated with Tassal's business.
- (d) The Scheme has limited conditionality. Cooke has already received Foreign Investment Review Board approval for the proposed acquisition, and the Scheme is subject only to customary conditions and is not subject to regulatory or financing conditions.
- (e) No Superior Proposal has emerged as at the date of this Scheme Booklet. Additionally, as at the date of this booklet, the Tassal Directors are not aware of any Superior Proposal that is likely to emerge.
- (f) The Tassal Share price may fall if the Scheme does not proceed.
- (g) Brokerage charges will not apply to the transfer of your Tassal Shares under the Scheme.

In forming their view that the Scheme is in the best interests of Tassal Shareholders (other than Excluded Shareholders), the Tassal Directors also considered the potential disadvantages of the Scheme proceeding and the risk factors noted in section 7. In particular:

- (a) You may disagree with the Tassal Directors' unanimous recommendation and the Independent Expert's conclusion.
- (b) You may prefer to participate in the future financial performance of the Tassal business.
- (c) You may believe it is in your best interests to maintain your current investment and risk profile.
- (d) You may believe that there is potential for a Superior Proposal to emerge.
- (e) The tax consequences of transferring your Tassal Shares pursuant to the Scheme may not be attractive to you.

The interests of Mr Mark Ryan, Managing Director and Chief Executive Officer (**CEO**) of Tassal, are disclosed in section 9 of this Scheme Booklet, including details regarding the implications of the Scheme for Mr Ryan's Tassal Performance Rights which are set out in section 9.2(c). Tassal Shareholders should have regard to these interests when considering how to vote on the Scheme, including Mr Ryan's recommendation on the Scheme, which appears throughout this Scheme Booklet.⁴

Independent Expert's opinion

The Tassal Directors appointed Kroll Australia Pty Ltd ACN 116 738 535 as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and consequently in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal.

The Independent Expert has assessed the value of a Tassal Share on a controlling interest basis to be in the range of \$4.64 and \$5.35. The Scheme Consideration of \$5.23 per Tassal Share is within the top quarter of this range.

A copy of the Independent Expert's Report is included in Annexure 1.

4. If the Scheme becomes Effective, Mr Ryan will become entitled to the vesting of 231,040 out of his 363,740 unvested Tassal Performance Rights and 231,040 Tassal Shares will be allocated to him in respect of those vested Tassal Performance Rights before the Scheme Record Date. The vesting of the Tassal Performance Rights held by Mr Ryan will occur on a pro-rata basis, further details of which are set out in section 9.2. All other Tassal Performance Rights held by Mr Mark Ryan (that is, Mr Ryan's remaining 132,700 Tassal Performance Rights) will lapse on the Effective Date.

As a result of these arrangements, if the Scheme becomes Effective, Mr Ryan is entitled to receive approximately \$1,208,339 in connection with the vesting of 231,040 of his unvested Tassal Performance Rights.

The Tassal Board (excluding Mr Ryan) considers that, despite these arrangements (which will have no impact on the Scheme Consideration to be paid to Scheme Shareholders), it is appropriate for Mr Ryan to make a recommendation on the Scheme given his role in the operation and management of Tassal and that Tassal Shareholders would wish to know Mr Ryan's views in relation to the Scheme. Mr Ryan also considers that it is appropriate for him to make a recommendation.

Mr Ryan's employment contract provides that as his position is an executive appointment, both STI and LTI incentives apply and are to be maintained as a minimum at current levels as they form part of the remuneration package. Mr Ryan considers that Tassal is obliged to ensure he suffers no loss in respect of his LTI incentives as a result of the Scheme, such that all his unvested Tassal Performance Rights including 188,297 Tassal Performance Rights that he considers were resolved by the Tassal Board to be granted to him for 2022 before Tassal signed the Scheme Implementation Deed (resulting in a total of 552,057 for 2020, 2021 and 2022) must either vest or if they are to be lapsed, they are not lapsed without an equivalent replacement LTI being put in place with his agreement.

Mr Ryan considers that the pro rata vesting of his Tassal Performance Rights with the balance lapsing, with no equivalent alternative LTI in place, does not accord with his contract. Tassal disagrees with Mr Ryan's position on this issue.

What should you do?

The Scheme can only proceed if, among other conditions, the Requisite Majorities of Tassal Shareholders (other than Excluded Shareholders) approve it at the Scheme Meeting which is scheduled for 10:00am (AEDT) on 3 November 2022 at Stamford Plaza Melbourne at 111 Little Collins St, Melbourne VIC 3000. This requires more than 50% of shareholders present and voting and at least 75% of votes cast at the Scheme Meeting to be in favour of the Scheme. The Scheme also requires court approval.

Your vote is important and I encourage you to vote by attending the Scheme Meeting in person or alternatively by completing and ensuring the Proxy Form accompanying this Scheme Booklet is received by 10.00am (AEDT) on 1 November 2022.

If you wish the Scheme to proceed, it is important that you vote in favour of the Scheme.

Further information

You should carefully read this Scheme Booklet in its entirety before making any decision in relation to the Scheme.

If you have any questions in relation to the Scheme Booklet or the Scheme, please contact the Tassal Shareholder Information Line on 1300 290 691 (within Australia) or +61 2 9066 4081 (outside Australia), between 9:00am and 5:00pm (AEDT), Monday to Friday (excluding public holidays).

If you would like to obtain details, or have any questions, regarding your shareholding in Tassal, please contact the Tassal Share Registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia), between 8:30am and 8:00pm (AEDT), Monday to Friday (excluding public holidays).

If you are in any doubt as to what you should do, please consult your legal, financial, tax or other professional adviser without delay.

On behalf of the Tassal Board, I would like to take this opportunity to thank you for your continued support of Tassal, and I look forward to your participation in the Scheme Meeting.

Yours sincerely,



James Fazzino

Chair

Tassal Group Limited ACN 106 067 270

KEY DATES

Event	Time and date
First Court Date	30 September 2022
Date of this Scheme Booklet	30 September 2022
Latest time and date for receipt of Proxy Forms or powers of attorney by the Tassal Share Registry for the Scheme Meeting	10.00am (AEDT) on 1 November 2022
Time and date for determining eligibility to vote at the Scheme Meeting	7.00pm (AEDT) on 1 November 2022
Scheme Meeting The Scheme Meeting will be held in person, and the Tassal Shareholders (other than Excluded Shareholders) and their authorised proxies, attorneys and corporate representatives may attend, participate in and vote at the Scheme Meeting in person at Stamford Plaza Melbourne at 111 Little Collins St, Melbourne VIC 3000. Further details relating to the Scheme Meeting are set out in the Notice of Scheme Meeting set out in Annexure 4 to this Scheme Booklet.	10.00am (AEDT) on 3 November 2022
If the Scheme is approved by Tassal Shareholders (other than Excluded Shareholders)	
Second Court Date Court hearing to approve the Scheme	8 November 2022
Effective Date Court order lodged with ASIC and announcement to ASX Last day of trading in Tassal Shares – Tassal Shares will be suspended from trading on the ASX from close of trading	9 November 2022
Scheme Record Date (for determining entitlements to Scheme Consideration)	7.00pm on 14 November 2022
Implementation Date (Scheme Consideration will be dispatched to Scheme Shareholders on the Implementation Date)	21 November 2022

All times and dates in the above timetable are references to Australian Eastern Daylight Time (**AEDT**) times and dates and all such times and dates are subject to change. Certain times and dates are conditional on the approval of the Scheme by Tassal Shareholders (other than Excluded Shareholders) and by the Court. Any changes will be announced by Tassal to the ASX.

A smiling male worker wearing a light-colored cap and a high-visibility vest, standing in front of a blurred industrial background. The entire image is overlaid with a teal color. A large, white-outlined number '1' is positioned in the top left corner.

1

KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

The Scheme has a number of advantages and potential disadvantages that may affect Scheme Shareholders in different ways depending on their individual circumstances.

Section 1.2 sets out the key reasons why the Tassal Board unanimously recommends Tassal Shareholders (other than Excluded Shareholders) vote in favour of the Scheme. There are also reasons why Tassal Shareholders (other than Excluded Shareholders) may not support the Scheme and may consider voting against the Scheme. These reasons are set out in section 1.3.

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote at the Scheme Meeting.

While the Tassal Directors acknowledge the reasons to vote against the Scheme, they believe the advantages of the Scheme outweigh the disadvantages.

In considering the potential reasons why you may consider voting against the Scheme, you should be aware that even if you vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Tassal Shareholders (other than Excluded Shareholders) and by the Court. If this occurs, your Tassal Shares will be transferred to Cooke Sub and you will receive the Scheme Consideration even though you voted against the Scheme.

1.1 Summary of key reasons why you might vote in favour of or against the Scheme

REASONS TO VOTE IN FAVOUR OF THE SCHEME

✓	The Tassal Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders)	The Independent Expert has concluded that the Scheme is fair and reasonable and consequently in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal	The Scheme Consideration represents a significant premium to the undisturbed trading prices of Tassal Shares
	The all-cash Scheme Consideration provides you with certainty of value for your investment in Tassal and, if the Scheme proceeds, you will receive the Scheme Consideration on the Implementation Date and will not be exposed to risks associated with Tassal's business	The Scheme has limited conditionality. Cooke has already received FIRB approval for the proposed acquisition, and the Scheme is subject only to customary conditions and is not subject to regulatory or financing conditions	No Superior Proposal has emerged as at the date of this Scheme Booklet. Additionally, as at the date of this booklet, the Tassal Directors are not aware of any Superior Proposal that is likely to emerge
	The Tassal Share price may fall if the Scheme does not proceed	Brokerage charges will not apply to the transfer of your Tassal Shares under the Scheme	

POTENTIAL REASONS TO VOTE AGAINST THE SCHEME

✗	You may disagree with the Tassal Directors' unanimous recommendation and the Independent Expert's conclusion	You may prefer to participate in the future financial performance of the Tassal business	You may believe it is in your best interests to maintain your current investment and risk profile
	You may believe that there is potential for a Superior Proposal to emerge	The tax consequences of transferring your Tassal Shares pursuant to the Scheme may not be attractive to you	

1.2 Reasons why you should vote in favour of the Scheme

(a) The Tassal Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders)

The Tassal Directors unanimously recommend that Tassal Shareholders (other than Excluded Shareholders) vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders).

Subject to those same qualifications, each Tassal Director intends to vote, or procure the voting of, all Tassal Shares held or controlled by them in favour of the Scheme.

The interests of the Tassal Directors in Tassal Shares, including the interests of Mr Mark Ryan, Managing Director and CEO of Tassal, are set out in section 9, including details regarding the implications of the Scheme for Mr Ryan's Tassal Performance Rights which are set out in section 9.2(c). Tassal Shareholders should have regard to these interests when considering how to vote on the Transaction, including Mr Ryan's recommendation on the Transaction.¹

(b) The Independent Expert has concluded that the Scheme is fair and reasonable and consequently in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal

The Independent Expert has analysed Tassal's business and, in light of this analysis, the Independent Expert has concluded that the Scheme is fair and reasonable and consequently in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal.

The Independent Expert has assessed the value of a Tassal Share on a controlling interest basis to be in the range of \$4.64 and \$5.35. The Scheme Consideration of \$5.23 per Tassal Share is within the top quarter of this range.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure 1. The Tassal Directors encourage you to read this report in its entirety.

1. If the Scheme becomes Effective, Mr Ryan will become entitled to the vesting of 231,040 out of his 363,740 unvested Tassal Performance Rights and 231,040 Tassal Shares will be allocated to him in respect of those vested Tassal Performance Rights before the Scheme Record Date. The vesting of the Tassal Performance Rights held by Mr Ryan will occur on a pro-rata basis, further details of which are set out in section 9.2. All other Tassal Performance Rights held by Mr Mark Ryan (that is, Mr Ryan's remaining 132,700 Tassal Performance Rights) will lapse on the Effective Date.

As a result of these arrangements, if the Scheme becomes Effective, Mr Ryan is entitled to receive approximately \$1,208,339 in connection with the vesting of 231,040 of his unvested Tassal Performance Rights.

The Tassal Board (excluding Mr Ryan) considers that, despite these arrangements (which will have no impact on the Scheme Consideration to be paid to Scheme Shareholders), it is appropriate for Mr Ryan to make a recommendation on the Scheme given his role in the operation and management of Tassal and that Tassal Shareholders would wish to know Mr Ryan's views in relation to the Scheme. Mr Ryan also considers that it is appropriate for him to make a recommendation.

Mr Ryan's employment contract provides that as his position is an executive appointment, both STI and LTI incentives apply and are to be maintained as a minimum at current levels as they form part of the remuneration package relatively. Mr Ryan considers that Tassal is obliged to ensure he suffers no loss in respect of his LTI incentives as a result of the Scheme, such that all his unvested Tassal Performance Rights including 188,297 Tassal Performance Rights that he considers were resolved by the Tassal Board to be granted to him for 2022 before Tassal signed the Scheme Implementation Deed (resulting in a total of 552,057 for 2020, 2021 and 2022) must either vest or if they are to be lapsed, they are not lapsed without an equivalent replacement LTI being put in place with his agreement.

Mr Ryan considers that the pro rata vesting of his Tassal Performance Rights with the balance lapsing, with no equivalent alternative LTI in place, does not accord with his contract. Tassal disagrees with Mr Ryan's position on this issue.

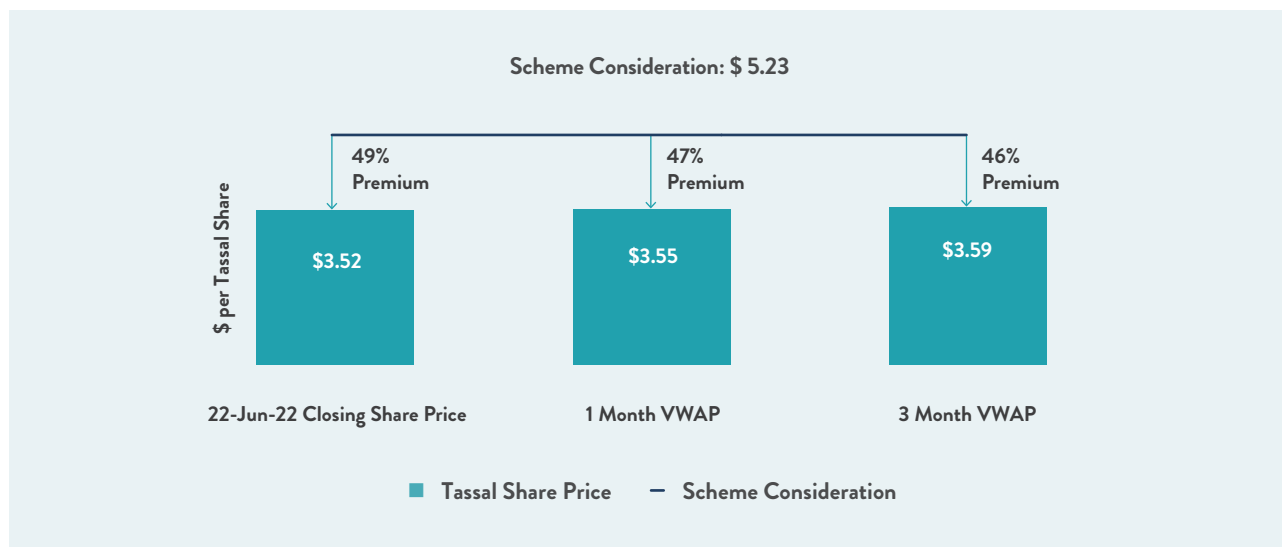
KEY CONSIDERATIONS RELEVANT TO YOUR VOTE

continued

(c) The Scheme Consideration represents a significant premium to the undisturbed trading prices of Tassal's Shares

The total cash consideration of \$5.23 per Tassal Share under the Scheme represents:

- a 49% premium to Tassal's closing share price of \$3.52 on 22 June 2022, being the last day prior to press reports of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring a stake in Tassal;
- a 47% premium to the 1-month VWAP of \$3.55 of Tassal Shares to 22 June 2022; and
- a 46% premium to the 3-month VWAP of \$3.59 to 22 June 2022.



Source: VWAPs based on IRESS data. IRESS has not consented to the use of this information in this Scheme Booklet.

(d) Certainty of value for your investment in Tassal and you will not be exposed to risks associated with Tassal's business

The 100% cash consideration provides Tassal Shareholders (other than Excluded Shareholders) with certainty of value and the opportunity to realise their investment in full for the Scheme Consideration.

In particular, the Scheme Consideration, with its substantial premium to the undisturbed trading prices of Tassal Shares, provides certainty against the risks associated with the execution of Tassal's long term strategy.

If the Scheme does not proceed, the amount which Tassal Shareholders will be able to realise in terms of price and future dividends will necessarily be uncertain and subject to a number of risks, including those outlined in section 7.

The Scheme removes these risks and uncertainties for Scheme Shareholders and allows Scheme Shareholders to exit their investment in Tassal at a price that Tassal Directors consider attractive.

(e) The Scheme has limited conditionality

The Scheme is not subject to any financing or due diligence conditions or any regulatory approval conditions. As announced by Tassal to the ASX on 16 August 2022, Cooke has already obtained approval from FIRB in relation to the Scheme.

The Scheme is only subject to customary conditions consistent with schemes of arrangement, including approval from Tassal Shareholders (other than Excluded Shareholders), Court approval and the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders). Further information relating to the conditions can be found in section 9.4(b) of this Scheme Booklet.

(f) No Superior Proposal has emerged as at the date of this Scheme Booklet

Since the proposed Scheme was announced up until the date of this Scheme Booklet, no Superior Proposal has emerged. The Tassal Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

The Scheme Implementation Deed contains customary provisions that regulate the way in which Tassal can respond to Competing Proposals, details of which are summarised in section 9.4(f) of this Scheme Booklet.

(g) The Tassal Share price may fall if the Scheme does not proceed

If the Scheme does not proceed, and no comparable proposal or Superior Proposal is received by the Tassal Board, then the Tassal Share price may fall.

Since market close on 22 June 2022 (being the last day on which Tassal Shares traded prior to press reports of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring a stake in Tassal), the Tassal Share price has increased 47% up to a closing price of \$5.17 on the Last Practicable Date.

(h) Brokerage charges will not apply to the transfer of your Tassal Shares under the Scheme

You will not incur any brokerage charges on the transfer of your Tassal Shares to Cooke Sub under the Scheme.

It is possible that such brokerage charges (and, potentially GST on those charges) would be incurred if you dispose of your Tassal Shares other than under the Scheme.

1.3 Reasons why you may consider voting against the Scheme

(a) You may disagree with the Tassal Directors' unanimous recommendation and the Independent Expert's conclusion

Despite the unanimous recommendation of the Tassal Directors to vote in favour of the Scheme and the conclusion of the Independent Expert that the Scheme is fair and reasonable and consequently in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal, you may believe that the Scheme is not in your best interests.

(b) You may prefer to participate in the future financial performance of the Tassal business

If the Scheme is implemented, you will no longer be a Tassal Shareholder and will forgo any benefits that may result from being a Tassal Shareholder.

This will mean that you will not participate in the future performance of Tassal or retain any exposure to Tassal's business or assets or have the potential to share in the value that could be generated by Tassal in the future. However, there is no guarantee as to Tassal's future performance, as is the case with all investments. An overview of Tassal's business as well as historical financial information about Tassal and current trading commentary and outlook of Tassal are set out in section 5 of this Scheme Booklet.

(c) You may believe it is in your best interests to maintain your current investment and risk profile

You may prefer to keep your Tassal Shares to preserve your investment in a listed company with the specific characteristics of Tassal.

In particular, you may consider that, despite the risk factors relevant to Tassal's potential future operations (including those set out in section 6), Tassal may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future.

You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of Tassal or may incur transaction costs in undertaking any new investment.

(d) You may believe that there is potential for a Superior Proposal to emerge

You may consider that a Superior Proposal could emerge in the future. The Tassal Directors are, as at the date of this Scheme Booklet, not aware of, and have not received, any Superior Proposal.

(e) The tax consequences of transferring your Tassal Shares pursuant to the Scheme may not be attractive to you

The tax consequences of the Scheme will depend on your personal situation. You may consider that the tax consequences of transferring your Tassal Shares to Cooke Sub pursuant to the Scheme are not attractive to you.

Tassal Shareholders should read the tax implications of the Scheme outlined in section 8. However, section 8 is general in nature, and Tassal Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

2

FREQUENTLY ASKED QUESTIONS

FREQUENTLY ASKED QUESTIONS

This section 2 answers some frequently asked questions relating to the Scheme. It is not intended to address all relevant issues for Tassal Shareholders. This section 2 should be read together with all other parts of this Scheme Booklet.

Question	Answer	More information
Overview of the Scheme		
Why have I received this Scheme Booklet?	This Scheme Booklet has been sent to you because you are a Tassal Shareholder and you are being asked to vote on the Scheme. This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme at the Scheme Meeting.	Section 4
What is the Scheme?	The Scheme is a scheme of arrangement between Tassal and the Scheme Shareholders. A “scheme of arrangement” is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of ownership or control of a company. In addition to requiring Court approval, schemes of arrangement require a shareholder vote in favour of a resolution to implement the scheme of arrangement by the Requisite Majorities. The Scheme Shareholders do not include the Excluded Shareholders. Excluded Shareholders are excluded from the Scheme and are not entitled to participate in or vote on the Scheme. The Excluded Shareholders comprise any Tassal Shareholder who is a member of the Cooke Group or any Tassal Shareholder who holds any Tassal Shares on behalf of, or for the benefit of, or as nominee for, any members of the Cooke Group and does not hold Tassal Shares on behalf of, or for the benefit of, or as nominee for, any other person, in each case, at the Scheme Record Date. As at the date of this Scheme Booklet, Cooke Sub is the only Excluded Shareholder, holding legal and beneficial title in approximately 10.49% of the Tassal Shares on issue.¹ If the Scheme becomes Effective, Cooke Sub will acquire all of the Scheme Shares for the Scheme Consideration. Tassal is expected to be delisted from the ASX and will become a wholly owned subsidiary of Cooke.	Section 4 and Annexure 2
Who is Cooke?²	Cooke is a Canadian company, with its registered office in Saint John, New Brunswick, Canada. The Cooke Group operates a global seafood business. Further information about Cooke is available on Cooke’s website, www.cookeseafood.com/.	Section 6.1
Who is Cooke Sub?³	Cooke Sub is an Australian special purpose company, which was incorporated for the sole purpose of acquiring and holding Tassal Shares and entering into financing arrangements in connection with the Scheme.	Section 6.1(d)

1. The information concerning Cooke Sub’s legal and beneficial title in approximately 10.49% of the Tassal Shares on issue has been prepared by Cooke and is the responsibility of Cooke. Tassal and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.
2. The answer to this frequently asked question has been prepared by Cooke and is the responsibility of Cooke. Tassal and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.
3. The answer to this frequently asked question has been prepared by Cooke and is the responsibility of Cooke. Tassal and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

FREQUENTLY ASKED QUESTIONS

continued

Question	Answer	More information
Recommendations and intentions		
What do the Tassal Directors recommend?	The Tassal Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders). The reasons for this recommendation and other relevant considerations are set out in section 1.2. The interests of the Tassal Directors in Tassal Shares, including the interest of Mr Ryan, Managing Director and CEO of Tassal Group, are set out in section 9, including details regarding the implications of the Scheme for Mr Ryan's Tassal Performance Rights which are set out in section 9.2(c). Tassal Shareholders (other than Excluded Shareholders) should have regard to these interests when considering how to vote on the Transaction, including Mr Ryan's recommendation on the Transaction. The Tassal Directors encourage you to seek independent legal, financial, taxation or other appropriate professional advice.	Letter from the Chair of the Tassal Board
What are the intentions of the Tassal Directors?	Each Tassal Director intends to vote, or procure the voting of, any Tassal Shares held or controlled by them at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders).	Letter from the Chair of the Tassal Board and section 1.2(a).
What is the conclusion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and consequently is in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal. The Independent Expert has assessed the value of a Tassal Share on a controlling interest basis to be in the range of \$4.64 and \$5.35. The Scheme Consideration of \$5.23 per Tassal Share is within the top quarter of this range. You should read the Independent Expert's Report, which is contained in Annexure 1, carefully and in its entirety.	Annexure 1.
Overview of the Scheme Consideration		
What is the Scheme Consideration?	If the Scheme is implemented, the Scheme Shareholders will receive the Scheme Consideration of \$5.23 in cash per Tassal Share that they own as at the Scheme Record Date (payable by Cooke Sub).	Section 4.2
When and how will I receive my Scheme Consideration?	If the Scheme becomes effective, the Scheme Shareholders will be sent the Scheme Consideration (being \$5.23 cash per Tassal Share) on the Implementation Date (currently expected to be 21 November 2022). The Scheme Shareholders who have validly registered their bank account details with the Tassal Share Registry before the Scheme Record Date may have their Scheme Consideration sent directly to their bank account. Otherwise, the Scheme Shareholders will have their Scheme Consideration sent by cheque to their address shown on the Tassal Share Register.	Section 4.3
Will I have to pay brokerage?	You will not have to pay brokerage on the transfer of your Tassal Shares to Cooke Sub under the Scheme.	Section 1.2(h)
What are the taxation implications of the Scheme?	The taxation implications of the Scheme will depend on your particular circumstances. Section 8 provides a general description of the Australian taxation consequences for Scheme Shareholders. You should seek independent professional taxation advice with respect to your particular circumstances.	Section 8

Question	Answer	More information
Conditions to the Scheme		
Are there any conditions to the Scheme?	Yes. The conditions to the Scheme are summarised in section 4.4. As at the date of this Scheme Booklet, the Tassal Directors are not aware of any reason why any condition to the Scheme will not be satisfied. The Scheme is not subject to any financing or due diligence conditions or any regulatory approval conditions. As announced by Tassal to the ASX on 16 August 2022, Cooke has already obtained approval from FIRB in relation to the Scheme.	Section 4.4
What is required for the Scheme to become effective?	The Scheme will become Effective if: - the Scheme is approved by the Requisite Majorities of Tassal Shareholders (other than Excluded Shareholders) at the Scheme Meeting to be held on 3 November 2022; - the Court approves the Scheme at the Second Court Hearing; and - all of the other conditions precedent to the Scheme are satisfied or waived (as applicable). The Scheme is not subject to any financing or due diligence conditions or regulatory approval conditions.	N/A
Are there any regulatory approvals for the Scheme to become Effective?	No. The Scheme is not conditional upon any regulatory approvals. As announced by Tassal to the ASX on 16 August 2022, Cooke has already obtained approval from FIRB in relation to the Scheme.	Section 4.4
When and where will the Scheme Meeting be held?	The Scheme Meeting is scheduled to be held in person at Stamford Plaza Melbourne at 111 Little Collins St, Melbourne VIC 3000 at 10:00am (AEDT) on 3 November 2022. Tassal Shareholders (other than Excluded Shareholders) and their authorised proxies, attorneys and corporate representatives may attend and participate in the Scheme Meeting in person at Stamford Plaza Melbourne at 111 Little Collins St, Melbourne VIC 3000.	Annexure 4
What will Tassal Shareholders (other than Excluded Shareholders) be asked to vote on at the Scheme Meeting?	At the Scheme Meeting, Tassal Shareholders (other than Excluded Shareholders) will be asked to vote on whether to approve the Scheme.	Annexure 4
What is the Tassal Shareholder approval threshold for the Scheme?	In order to become effective, the Scheme must be approved by the Requisite Majorities, being: - unless the Court orders otherwise, a majority in number (more than 50%) of Tassal Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Tassal Shareholders (other than Excluded Shareholders), body corporate representative); and - at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Tassal Shareholders (other than Excluded Shareholders) present and voting (either in person or by proxy, attorney or, in the case of corporate Tassal Shareholders (other than Excluded Shareholders), body corporate representative). Even if the Scheme is approved by the Requisite Majorities of Tassal Shareholders (other than Excluded Shareholders) at the Scheme Meeting, the Scheme is still subject to the approval of the Court.	Section 4.6

FREQUENTLY ASKED QUESTIONS

continued

Question	Answer	More information
Conditions to the Scheme		
Am I entitled to vote at the Scheme Meeting?	If you are registered as a Tassal Shareholder (and are not an Excluded Shareholder) on the Tassal Share Register as at 7.00pm (AEDT) on 1 November 2022, you will be entitled to attend and vote at the Scheme Meeting. Please note that the Excluded Shareholders are excluded from the Scheme and are not permitted to vote on the Scheme.	Annexure 4
How can I vote if I can't attend the Scheme Meeting?	If you would like to vote but cannot attend the Scheme Meeting in person you can appoint a proxy (including by lodging your Proxy Form online at www.investorvote.com.au) or attorney to attend and vote on your behalf. You may also vote by corporate representative if that option is applicable to you.	Annexure 4
When will the results of the Scheme Meeting be known?	The results of the Scheme Meeting are expected to be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX (www2.asx.com.au) once available.	N/A
What happens to my Tassal Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes effective and is implemented?	If you do not vote, or vote against the Scheme, and the Scheme becomes effective and is implemented, any Scheme Shares held by you on the Scheme Record Date (currently expected to be 7:00pm (AEDT) on 14 November 2022) will be transferred to Cooke Sub and you will receive the Scheme Consideration, despite not having voted or having voted against the Scheme.	Section 4.6(a)
Other questions		
Who are the Excluded Shareholders? Why does the Scheme not apply to Tassal Shares held by the Excluded Shareholders?	An Excluded Shareholder is any Tassal Shareholder who is a member of the Cooke Group or any Tassal Shareholder who holds any Tassal Shares on behalf of, or for the benefit of, or as nominee for, any member of the Cooke Group and does not hold Tassal Shares on behalf of, or for the benefit of, or as nominee for, any other person, in each case, at the Scheme Record Date. As at the date of this Scheme Booklet, Cooke Sub is the only Excluded Shareholder, holding legal and beneficial title in approximately 10.49% of the Tassal Shares on issue.⁴ The Tassal Shares held by the Excluded Shareholders will not be acquired by Cooke Sub pursuant to the Scheme, and the Excluded Shareholders will not be permitted to exercise any votes in respect of such shares at the Scheme Meeting.	See Section 10.1
Will Tassal still hold an annual general meeting (AGM) this year?	It is currently proposed that the implementation date for the Scheme will be 21 November 2022. However, it is possible that implementation of the Scheme may be delayed, such that implementation of the Scheme may occur after 30 November 2022 (being the latest date on which Tassal is permitted to hold its 2022 AGM). Tassal does not consider that it is in the interest of Tassal Shareholders to incur the time and expense (including director and management time) associated with the preparation of the notice of AGM and the holding of a listed company AGM, which will become unnecessary if the Scheme is approved and implemented. Tassal has therefore applied to ASIC under section 250P of the Corporations Act to extend the period within which it would otherwise be required to hold its annual general meeting for the financial year ended 30 June 2022 by three months. Tassal will announce to the ASX whether ASIC has granted the extension requested as soon as the decision is available. As at the date of this Scheme Booklet, ASIC has advised Tassal that it has made a decision in principle that, should the need for an AGM become necessary, ASIC will extend the time for holding that AGM for 6 weeks to allow for additional time for the preparation of meeting materials.	N/A

4. The information concerning Cooke Sub's legal and beneficial title in approximately 10.49% of the Tassal Shares on issue has been prepared by Cooke and is the responsibility of Cooke. Tassal and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

Question	Answer	More information
Other questions		
Does Tassal intend to pay a dividend to Tassal Shareholders prior to implementation of the Scheme?	No. Under the terms of the Scheme Implementation Deed, Tassal is not permitted to pay any dividends to Tassal Shareholders, including any final dividend for FY2022, without Cooke's written consent.	N/A
Will I receive any further dividends from Tassal?	Under the terms of the Scheme Implementation Deed, Tassal is not permitted to pay any dividends to Tassal Shareholders, including any final dividend for FY2022, without Cooke's written consent.	N/A
What happens if a Competing Proposal is received?	If a Competing Proposal is received, the Tassal Directors will carefully consider it. Tassal must notify Cooke of that Competing Proposal in accordance with the Scheme Implementation Deed. Tassal Shareholders should note that Tassal has agreed to certain exclusivity provisions in favour of Cooke under the Scheme Implementation Deed. A full copy of the Scheme Implementation Deed was released to ASX on 16 August 2022 and can be obtained from www2.asx.com.au.	Section 9.4(f)
Is there a break fee?	Under the Scheme Implementation Deed, a break fee of \$11,300,000 (which is approximately 1% of the equity value of Tassal) is payable by Tassal to Cooke if: - any member of the Tassal Board withdraws or adversely changes their recommendation in relation to the Scheme, unless: - the Independent Expert concludes that the Scheme is not fair, not reasonable or not in the best interests of Tassal Shareholders (other than Excluded Shareholders); - a court of competent jurisdiction, ASIC or the Takeovers Panel requires a change to the recommendation; or - Tassal is entitled to terminate the Scheme Implementation Deed for material breach and has given the appropriate termination notice to Cooke; - a Competing Proposal is announced prior to the End Date and completes within 9 months; or - Cooke terminates the Scheme Implementation Deed following a material breach by Tassal, including of Tassal's representations and warranties. A failure to pass the resolution approving the Scheme by the Requisite Majorities or the failure of the Court to approve the Scheme will not trigger the payment of the break fee by Tassal.	Section 9.4(g)
Can I sell my Tassal Shares now?	You can sell your Tassal Shares on market at any time before the close of trading on the ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration). Tassal intends to apply to the ASX for Tassal Shares to be suspended from trading on the ASX from close of trading on the Effective Date. You will not be able to sell your Tassal Shares on market after this date. If you sell your Tassal Shares on market, you may pay brokerage on the sale, you will not receive the Scheme Consideration and there may be different tax consequences compared to those that would arise if you retain those shares until the Scheme is implemented.	N/A
What if I have further questions about the Scheme?	For further information in relation to the Scheme Booklet or the Scheme, please contact the Tassal Shareholder Information Line on 1300 290 691 (within Australia) or +61 2 9066 4081 (outside Australia), between 9:00am and 5:00pm (AEDT), Monday to Friday (excluding public holidays). If you would like to obtain details, or have any questions, regarding your shareholding in Tassal, please contact the Tassal Share Registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia), between 8:30am and 8:00pm (AEDT), Monday to Friday (excluding public holidays). If you are in doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser immediately.	N/A

3

**WHAT SHOULD
YOU DO?**



WHAT SHOULD YOU DO?

3.1 Read this Scheme Booklet

You should carefully read this Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme.

If you have any questions in relation to the Scheme Booklet or the Scheme, please contact the Tassal Shareholder Information Line on 1300 290 691 (within Australia) or +61 2 9066 4081 (outside Australia), between 9:00am and 5:00pm (AEDT), Monday to Friday (excluding public holidays).

If you would like to obtain details, or have any questions, regarding your shareholding in Tassal, please contact the Tassal Share Registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia), between 8:30am and 8:00pm (AEDT), Monday to Friday (excluding public holidays).

If you are in any doubt as to what you should do, please consult your legal, financial, tax or other professional adviser without delay.

3.2 Vote on the Scheme

(a) Your vote is important

For the Scheme to proceed, it is necessary that sufficient Tassal Shareholders (other than Excluded Shareholders) vote in favour of the Scheme.

(b) Who is entitled to vote?

If you are registered on the Tassal Share Register at 7.00pm on 1 November 2022, you will be entitled to vote on the Scheme (unless you are an Excluded Shareholder).

Excluded Shareholders are excluded from the Scheme and are not entitled to participate in or vote on the Scheme. The Excluded Shareholders comprise any Tassal Shareholder who is a member of the Cooke Group or any Tassal Shareholder who holds any Tassal Shares on behalf of, or for the benefit of, or as nominee for, any members of the Cooke Group. As at the date of this Scheme Booklet, Cooke Sub is the only Excluded Shareholder, holding legal and beneficial title in approximately 10.49% of the Tassal Shares on issue.¹

Information on entitlements to vote, including if you are a joint holder of Scheme Shares, are contained in the Notice of Scheme Meeting attached as Annexure 4.

(c) Details of Scheme Meeting

The Scheme Meeting to approve the Scheme is scheduled to be held in person at Stamford Plaza Melbourne at 111 Little Collins St, Melbourne VIC 3000 at 10:00am (AEDT) on 3 November 2022.

Tassal Shareholders (other than Excluded Shareholders) and their proxies, attorneys or corporate representatives will be able to participate in person.

Further information about attending the Scheme Meeting can be found in the Notice of Scheme Meeting in Annexure 4.

(d) How to vote?

If you are a Tassal Shareholder entitled to vote at the Scheme Meeting (and are not an Excluded Shareholder), you may vote:

- **in person**, by attending the Scheme Meeting;
- **by proxy**, by lodging a Proxy Form online at www.investorvote.com.au or by completing, signing and lodging a Proxy Form for the Scheme Meeting in accordance with the instructions set out on the form. To be valid, your Proxy Form must be received by the Tassal Share Registry by 10:00am (AEDT) on 1 November 2022;
- **by attorney**, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Tassal Share Registry by 10:00am (AEDT) on 1 November 2022; or
- **by corporate representative**, in the case of a body corporate, by appointing a corporate representative to attend and vote at the Scheme Meeting on your behalf and providing a duly executed certificate of appointment (in accordance with section 250D of the Corporations Act) prior to the Scheme Meeting.

Further details on how to vote using each of these methods are contained in the Notice of Scheme Meeting attached as Annexure 4.

1. The information concerning Cooke Sub's legal and beneficial title in approximately 10.49% of the Tassal Shares on issue has been prepared by Cooke and is the responsibility of Cooke. Tassal and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

4

OVERVIEW OF THE SCHEME

OVERVIEW OF THE SCHEME

4.1 Background to the Scheme

On 28 June 2022, Tassal announced that it had received a non-binding, indicative, incomplete and conditional proposal from Cooke to acquire 100% of Tassal's ordinary shares by scheme of arrangement for a cash consideration of \$4.85 per Tassal Share (**Indicative Proposal**), which was rejected by the Tassal Board. This followed previous indicative non-binding confidential proposals received from Cooke for \$4.67 and \$4.80 per Tassal Share.

Following receipt of a revised indicative proposal from Cooke, on 16 August 2022, Tassal announced that it had entered into a Scheme Implementation Deed with Cooke and Cooke Sub under which Cooke Sub will acquire all of the Tassal Shares held by Tassal Shareholders (other than Excluded Shareholders) by way of the Scheme. Under the terms of the Scheme, Tassal Shareholders (other than Excluded Shareholders) will receive cash consideration of \$5.23 per Tassal share.

The Tassal Directors, together with Tassal's advisers, assessed the merits of the proposal from Cooke as well as the alternative options available to Tassal, including maintaining the status quo or pursuing other potential transactions, and the Tassal Directors consider that the Scheme is in the best interests of Tassal Shareholders (other than Excluded Shareholders).

4.2 Overview of the Scheme Consideration

If the Scheme is implemented, Scheme Shareholders will be entitled to receive the Scheme Consideration of \$5.23 cash per Tassal Share held by them on the Scheme Record Date.

4.3 Provision of Scheme Consideration

The Scheme Consideration will be sent to Scheme Shareholders on the Implementation Date (currently expected to be 21 November 2022). Scheme Shareholders who have validly registered their bank account details with the Tassal Share Registry before the Scheme Record Date may have their Scheme Consideration sent directly to their bank account. Otherwise, Scheme Shareholders will have their Scheme Consideration sent by cheque to their address shown on the Tassal Share Register.

It is important to note that you will only receive the Scheme Consideration if you are a Scheme Shareholder. You will be a Scheme Shareholder if you are not an Excluded Shareholder and you hold Tassal Shares at the Scheme Record Date (currently expected to be 7:00pm (AEDT) on 14 November 2022 or such other time and date as Tassal and Cooke agree in writing).

4.4 Conditions to the Scheme

The Scheme will not become Effective and you will not receive the Scheme Consideration unless all of the conditions precedent to the Scheme are satisfied or waived (if capable of waiver) in accordance with the Scheme Implementation Deed.

The conditions precedent to the Scheme are summarised in section 9.4(b) of this Scheme Booklet and are set out in full in clause 3.1 of the Scheme Implementation Deed. These include approval by the Court and Tassal Shareholders (other than Excluded Shareholders).

The Scheme is not subject to any financing or due diligence conditions or any regulatory approval conditions. As announced by Tassal to the ASX on 16 August 2022, Cooke has already obtained approval from FIRB in relation to the Scheme.

As at the date of this Scheme Booklet, none of the Tassal Directors or Cooke Directors are aware of any circumstances which would cause any condition precedent not to be satisfied.

4.5 Implications if the Scheme does not become Effective

If the Scheme is not implemented:

- unless Tassal Shareholders choose to sell their Tassal Shares on the ASX, Tassal Shareholders will continue to hold Tassal Shares and will be exposed to general risks as well as risks specific to Tassal, including those set out in section 6;
- Scheme Shareholders will not receive the Scheme Consideration;
- a break fee of \$11,300,000 (excluding GST) may be payable by Tassal to Cooke under certain circumstances. Those circumstances do not include the failure by Tassal Shareholders to approve the Scheme at the Scheme Meeting. Further information on the break fee is set out in section 9.4(g);
- Tassal will continue as an ASX-listed entity with management continuing to implement the business plan and financial and operating strategies it had in place prior to 16 August 2022, being the date of announcement of the Scheme to the ASX; and
- the price of a Tassal Share on the ASX will continue to be subject to market volatility and may fall in the absence of a superior proposal.

OVERVIEW OF THE SCHEME

continued

4.6 Key steps in the Scheme

(a) Scheme Meeting and Scheme approval requirements

The Court has ordered Tassal to convene the Scheme Meeting at which Tassal Shareholders (other than Excluded Shareholders) will be asked to approve the Scheme.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure 4.

The Scheme will only become effective and be implemented if:

- it is approved by the Requisite Majorities of Tassal Shareholders (other than Excluded Shareholders) at the Scheme Meeting to be held on 3 November 2022;
- it is approved by the Court at the Second Court Hearing; and
- the other conditions precedent to the Scheme outlined in section 4.4 are satisfied or waived (as applicable).

The Requisite Majorities of Tassal Shareholders to approve the Scheme are:

- unless the Court orders otherwise, a majority in number (more than 50%) of Tassal Shareholders (other than Excluded Shareholders) present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate Tassal Shareholders, body corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by Tassal Shareholders (other than Excluded Shareholders) present and voting (either in person or by proxy, attorney or, in the case of corporate Tassal Shareholders, body corporate representative).

The Court has the power to waive the first requirement.

The entitlement of Tassal Shareholders (other than Excluded Shareholders) to attend and vote at the Scheme Meeting is set out in the Notice of Scheme Meeting in Annexure 4.

Voting is not compulsory. However, the Tassal Directors unanimously recommend that Tassal Shareholders (other than Excluded Shareholders) vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable in the best interests of Tassal Shareholders (other than Excluded Shareholders).

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of Tassal Shareholders (other than Excluded Shareholders) and the Court. If this occurs, your Tassal Shares will be transferred to Cooke Sub and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and will be announced to the ASX (www2.asx.com.au) once available.

(b) Court approval of the Scheme

In the event that:

- the Scheme is approved by the Requisite Majorities of Tassal Shareholders (other than Excluded Shareholders) at the Scheme Meeting; and
- all other conditions precedent to the Scheme (except Court approval of the Scheme) have been satisfied or waived (as applicable),

then Tassal will apply to the Court for orders approving the Scheme.

Each Tassal Shareholder has the right to appear at the Second Court Hearing.

(c) Effective Date

If the Court approves the Scheme, the Scheme will become effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. Tassal will, on the Scheme becoming effective, give notice of that event to the ASX.

Tassal intends to apply to the ASX for Tassal Shares to be suspended from trading on the ASX from close of trading on the Effective Date.

(d) Scheme Record Date and entitlement to Scheme Consideration

Those Tassal Shareholders (other than Excluded Shareholders) who are recorded on the Tassal Share Register on the Scheme Record Date (currently expected to be 7.00pm (AEDT) on 14 November 2022 or such other time and date as the parties agree in writing) will be entitled to receive the Scheme Consideration in respect of the Tassal Shares they hold at that time.

(1) Dealings on or prior to the Scheme Record Date

For the purposes of determining which Tassal Shareholders are eligible to participate in the Scheme, dealings in Tassal Shares will be recognised only if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on the Tassal Share Register as the holder of the relevant Tassal Shares before the Scheme Record Date and is not an Excluded Shareholder; and
- in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by the Tassal Share Registry before the Scheme Record Date (and the transferee remains registered as at the Scheme Record Date and is not an Excluded Shareholder).

For the purposes of determining entitlements under the Scheme, Tassal will not accept for registration or recognise any transfer or transmission applications in respect of Tassal Shares received after the Scheme Record Date.

(2) Dealings after the Scheme Record Date

For the purpose of determining entitlements to the Scheme Consideration, Tassal must maintain the Tassal Share Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The Tassal Share Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all statements of holding for Tassal Shares (other than statements of holding in favour of Cooke) will cease to have effect as documents relating to title in respect of such Tassal Shares; and
- each entry on the Tassal Share Register (other than entries on the Tassal Share Register in respect of Cooke) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Tassal Shares relating to that entry.

(e) Implementation Date

By no later than the Business Day before the Implementation Date (currently expected to be 21 November 2022), Cooke will deposit (or will procure the deposit) into a Tassal operated Australian dollar denominated trust account with an authorised deposit taking institution in Australia as trustee for the Scheme Shareholders, an amount equal to the aggregate Scheme Consideration to be provided to Scheme Shareholders.

Scheme Shareholders will be sent or issued (as relevant) the Scheme Consideration on the Implementation Date. Immediately after the Scheme Consideration is sent to Scheme Shareholders, the Scheme Shares will be transferred to Cooke Sub.

(f) Deed Poll

As at the date of this Scheme Booklet, a Deed Poll has been entered into by Cooke and Cooke Sub in favour of the Scheme Shareholders, to:

- provide the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme, subject to the Scheme becoming effective; and
- undertake all other actions attributed to Cooke under the Scheme.

A copy of the Deed Poll is contained in Annexure 3.

OVERVIEW OF THE SCHEME

continued

4.7 Warranties by Scheme Shareholders

Under the terms of the Scheme, each Scheme Shareholder is taken to have warranted to Tassal and Cooke, and appointed and authorised Tassal as its attorney and agent to warrant to Cooke, on the Implementation Date, that:

- all their Tassal Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- they have full power and capacity to transfer their Scheme Shares to Cooke Sub together with any rights attaching to those shares.

4.8 Delisting of Tassal

If the Scheme becomes Effective, Tassal will apply to ASX to have Tassal removed from the official list of ASX, and quotation of Tassal Shares on the ASX terminated, with effect on and from the close of trading on the trading day immediately following the Implementation Date (unless otherwise directed by Cooke in writing).

5

INFORMATION ABOUT TASSAL

INFORMATION ABOUT TASSAL

5.1 Introduction

Tassal was founded in 1986 and was re-listed on the ASX in 2003. Tassal Group is now the largest vertically integrated salmon and prawn farmer, seafood processor and Blue AgTech business in Australia.

Tassal's purpose is 'Sustainably Feeding Tomorrow'. Tassal has been ranked Australia's most sustainable protein producer and 8th in the world by the FAIRR Initiative.

5.2 Business overview

Tassal supplies a range of products to both the Australian and international markets including Asia, New Zealand and the United States, and employs over 1700 people across Australia as at the Last Practicable Date.

Tassal's farming, hatcheries and processing plants are situated across Tasmania, New South Wales and Queensland, including five (5) salmon farming zones, three (3) operating prawn farms, four (3) dedicated salmon processing facilities, three (3) prawn processing facilities, one (1) salmon and seafood processing facility, one (1) rendering facility, three (3) hatcheries, one (1) recirculating aquaculture system (which is approved but not constructed) and the Salmon Enterprises of Tasmania Pty Ltd (SALTAS). Saltas produces salmon smolt and eggs from its facilities and is also the owner of Broodstock and intellectual property underpinning the Salmon Selective Breeding Program (SBP) which Tassal benefits from directly. SALTAS is jointly owned by Tassal (which has an indirect majority interest in SALTAS), Huon Aquaculture Company Pty Ltd, the Minister of Sea Fisheries and South East Aquaculture Pty Ltd.

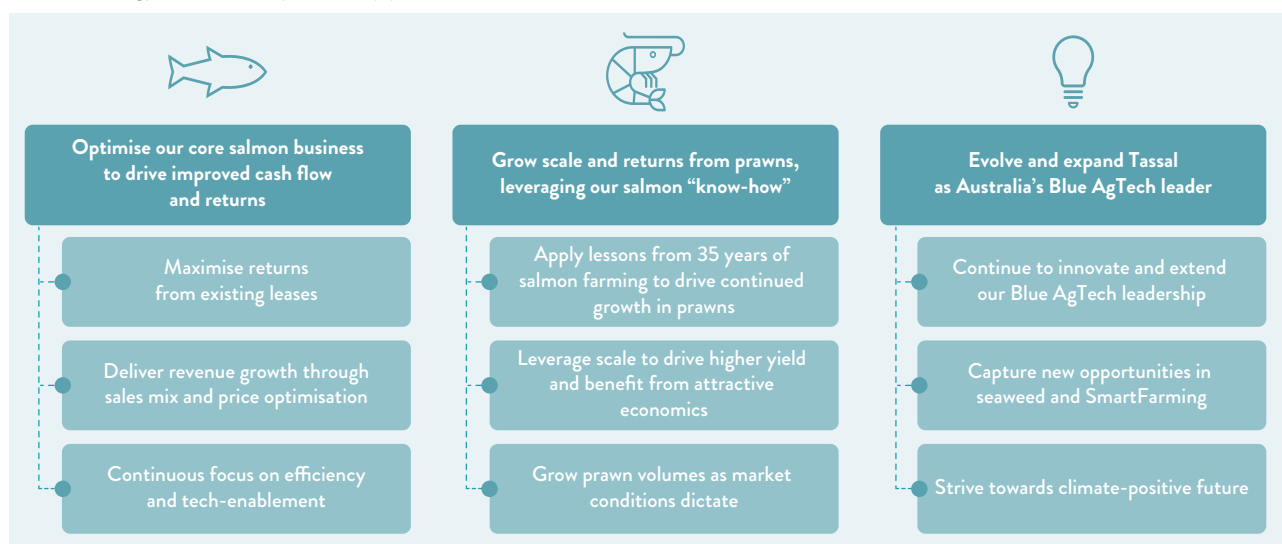
In the financial year ended 30 June 2022, Tassal generated revenue of \$789 million, Operating EBITDA of \$175 million and Operating NPAT of \$64 million.

Tassal distributes salmon and prawns through its De Costi Seafood business in Lidcombe, New South Wales, Australia, where it also sources and processes a range of seafood. Salmon is offered as fresh deli-grade, fresh packaged and smoked for supermarkets. Prawns are distributed through supermarkets, delicatessens, and fish markets under the Tropic Co trademark.

5.3 Tassal's strategy

Tassal's strategic intent is to leverage its assets and scale to optimise the existing business, while capturing new opportunities to innovate and grow.

Tassal's strategy is informed by three key priorities:



Further information about Tassal's strategy is available on Tassal's website (<https://tassalgroup.com.au/about-us/strategy/>) or ASX's website (www2.asx.com.au).

5.4 Tassal Board and senior management

(a) Tassal Board

As at the date of this Scheme Booklet, the Tassal Board comprises the following directors:

NAME	POSITION
James Fazzino	Chair and Independent Non-Executive Director
Mark Ryan	Managing Director and Chief Executive Officer
John Watson, AM	Independent Non-Executive Director
Jackie McArthur	Independent Non-Executive Director
Georgina Lynch	Independent Non-Executive Director
Richard Haire	Independent Non-Executive Director
Kathy Parsons	Independent Non-Executive Director

Further information about the Tassal Directors can be found on Tassal's website (<https://tassalgroup.com.au/investors/>).

(b) Tassal senior management

As at the date of this Scheme Booklet, Tassal's senior management comprises the following members:

NAME	POSITION
Mark Ryan	Managing Director and CEO
Simon Barrile	General Counsel and Company Secretary
Mark Asman	Head of Aquaculture
Andrew Creswell	Chief Financial Officer
Kaylene Little	Head of People and Communities
Hamish Sutton	Head of Strategy and Supply Chain
Matthew Vince	Head of Sales and Marketing

5.5 Sustainability Linked Loan

On 15 August 2022, Tassal announced that it had signed a Sustainability-Linked Loan (**SLL**) for \$497 million of facilities, linking some of the interest charges on its loans to sustainability key performance indicators. The maximum term of the SLL is 5 years.

Under the SLL, Tassal is incentivised to perform against the following sustainability areas:

- Greenhouse Gas (**GHG**) emission reduction, across scope 1, 2 and 3, that is, the reduction of Scope 1 and 2 combined GHG emissions (salmon only) of 4.2% per annum versus FY2021 baseline and the reduction in Scope 3 GHG emissions (salmon only) of 2.5% per annum versus FY2021 baseline;
- Greater feed use efficiency, that is, the improvement of the biological feed conversion ratio for salmon and increase in percentage of certified marine feed ingredients (fish meal and fish oil); and
- Commitment to continuous improvement initiatives required to maintain Aquaculture Stewardship Council (**ASC**) certification. This comprises maintaining ASC certification across South-East harvest leases (salmon).

If individual targets are met, the interest charge is reduced by 1 basis point (with a corresponding increase if an individual target is not met). The maximum impact is 5 basis points in any 12 month period.

At the end of each 12 month period, an independent third party reviews whether the targets set out above had been met and issues a certificate setting out the outcome of its review. The interest charge is then adjusted based on the certificate that is provided.

The maximum potential benefit (or disadvantage) of the interest charge under the SLL when compared to a non-sustainability linked loan with the same interest charge is a 5 basis point differential. The financial value of a change of 1 basis point under the SLL is \$49,700 per annum. As such, the maximum potential financial benefit (or disadvantage) under the SLL is an amount equal to \$248,500 per annum. Tassal considers this to be immaterial.

INFORMATION ABOUT TASSAL

continued

5.6 Historical financial information

(a) Basis of preparation

This section 5.6 sets out a summary of historical financial information in relation to Tassal for the purpose of this Scheme Booklet. The financial information has been derived from Tassal's financial statements for the financial years ended 30 June 2020, 30 June 2021 and 30 June 2022, which were audited by Deloitte.

The historical financial information of Tassal is presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Tassal considers that for the purposes of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to Tassal Shareholders.

The full financial accounts of Tassal, including all notes to those accounts, can be found in:

- Tassal's Appendix 4E for the financial year ended 30 June 2022 (released to the ASX on 16 August 2022);
- Tassal's Appendix 4E for the financial year ended 30 June 2021 (released to the ASX on 17 August 2021) and the 2021 Tassal Annual Report (released to the ASX on 24 September 2021); and
- Tassal's Appendix 4E for the financial year ended 30 June 2020 (released to the ASX on 19 August 2020) and the 2020 Tassal Annual Report (released to the ASX on 25 September 2020).

These documents can be found on the ASX website (www2.asx.com.au). Tassal will also ensure that a copy of its audited financial statements for the financial year ended 30 June 2022 (which are contained in Tassal's Appendix 4E for the financial year ended 30 June 2022 (released to the ASX on 16 August 2022)) is made available, free of charge, to any Tassal Shareholder who requests a copy by calling the Tassal Shareholder Information Line on 1300 290 691 (within Australia) or +61 2 9066 4081 (outside Australia), between 9:00am and 5:00pm (AEDT), Monday to Friday (excluding public holidays).

(b) Historical consolidated income statement

	CONSOLIDATED 2022	CONSOLIDATED 2021	CONSOLIDATED 2020
	\$'000	\$'000	\$'000
Revenue	773,338	583,860	552,706
Other income	15,332	10,175	9,834
Fair value adjustment of biological assets	43,408	(17,918)	6,109
Fair value adjustment of biological assets at point of harvest	(23,213)	14,812	6,061
Share of profits / (losses) of associates accounted for using the equity method	1,271	975	816
Changes in inventories of finished goods and work in progress	(47,519)	43,422	18,771
Raw materials and consumables used	(386,920)	(335,454)	(296,967)
Significant item – De Costi wages settlement	(2,206)	-	-
Significant item – export supply chain expense	(29,911)	(14,832)	-
Employee benefits expense	(153,710)	(139,786)	(125,791)
Depreciation and amortisation expense	(72,165)	(58,455)	(38,731)
Finance costs	(15,854)	(13,297)	(10,311)
Significant item – property transaction costs	-	(1,599)	-
Exmoor station acquisition costs	-	-	(2,253)
Other expenses	(27,227)	(23,842)	(23,681)
Profit before income tax expense	74,624	48,061	96,563
Income tax expense	(19,279)	(13,441)	(27,452)
Net profit for the period attributable to members of the Company	55,345	34,620	69,111
	Cents per share	Cents per share	Cents per share
	2022	2021	2020
Earnings per ordinary share:			
Basic (cents per share)	25.91	16.40	34.03
Diluted (cents per share)	25.80	16.35	33.93

(c) Historical consolidated comprehensive income

	CONSOLIDATED 2022	CONSOLIDATED 2021	CONSOLIDATED 2020
	\$'000	\$'000	\$'000
Profit for the period	55,345	34,620	69,111
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain / (loss) on revaluation of property	12,661	-	-
Income tax relating to items that will not be reclassified subsequently	(3,798)	-	-
Items that may be reclassified subsequently to profit or loss:			
Gain / (loss) on cashflow hedges	-	-	263
Income tax relating to items that may be reclassified subsequently	-	-	(79)
Other comprehensive income for the period (net of tax)	8,863	-	184
Total comprehensive income for the period attributed to owners of the parent	64,208	34,620	69,295

INFORMATION ABOUT TASSAL

continued

(d) Historical consolidated statement of financial position

	CONSOLIDATED 2022	CONSOLIDATED 2021	CONSOLIDATED 2020
	\$'000	\$'000	\$'000
Current Assets			
Cash and cash equivalents	29,746	30,623	21,860
Trade and other receivables	66,795	37,294	48,123
Inventories	62,274	133,006	74,772
Biological assets	518,798	463,235	460,121
Current tax asset	-	1,795	7,038
Other financial assets	530	622	725
Other	8,835	8,070	7,785
Total Current Assets	686,978	674,645	620,424
Non-Current Assets			
Investments accounted for using the equity method	14,160	12,889	9,752
Other financial assets	1,632	1,910	2,218
Property, plant and equipment	632,891	594,635	522,886
Investment property	10,662	10,662	25,427
Right-of-use assets	240,938	232,447	214,136
Goodwill	89,894	89,894	89,894
Other intangible assets	24,184	24,184	24,184
Other	9,608	6,091	5,885
Total Non-Current Assets	1,023,969	972,712	894,382
Total Assets	1,710,947	1,647,357	1,514,806
Current Liabilities			
Trade and other payables	104,975	102,559	109,017
Borrowings	6,000	-	12,222
Current tax liability	4,756	-	-
Lease liabilities	48,040	45,446	44,408
Provisions	18,714	14,186	14,673
Total Current Liabilities	182,485	162,191	180,320
Non-Current Liabilities			
Borrowings	357,079	348,443	207,388
Lease liabilities	150,106	163,627	172,928
Deferred tax liabilities	177,533	169,869	162,943
Provisions	2,687	2,681	2,178
Total Non-Current Liabilities	687,405	684,620	545,437
Total Liabilities	869,890	846,811	725,757
Net Assets	841,057	800,546	789,049
Equity			
Issued capital	437,854	429,499	418,635
Reserves	24,479	15,715	16,072
Retained earnings	378,724	355,332	354,342
Total Equity	841,057	800,546	789,049

(e) Historical consolidated statement of changes in equity

Consolidated	ISSUED CAPITAL	ASSET REVALUATION RESERVE	HEDGING RESERVE	EQUITY- SETTLED EMPLOYEE BENEFITS RESERVE	RETAINED EARNINGS	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE ENTITY
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2019	288,814	14,090	(184)	2,097	322,181	626,998
Profit for the period	-	-	-	-	69,111	69,111
Gain / (loss) on revaluation of property (net of any related tax)	-	-	-	-	-	-
Gain / (loss) on cashflow hedges (net of any related tax)	-	-	184	-	-	184
Total comprehensive income for the period	-	-	184	-	69,111	69,295
Payment of dividends	-	-	-	-	(36,950)	(36,950)
Issue of shares pursuant to dividend reinvestment plan	5,266	-	-	-	-	5,266
Issue of shares pursuant to share placement	108,416	-	-	-	-	108,416
Share placement costs	(3,060)	-	-	-	-	(3,060)
Related income tax	1,557	-	-	-	-	1,557
Issue of shares pursuant to share purchase plan	17,431	-	-	-	-	17,431
Issue of shares pursuant to executive long term incentive plan	211	-	-	(211)	-	-
Recognition of share-based payments	-	-	-	96	-	96
Balance as at 30 June 2020	418,635	14,090	-	1,982	354,342	789,049
Balance as at 1 July 2020	418,635	14,090	-	1,982	354,342	789,049
Profit for the period	-	-	-	-	34,620	34,620
Total comprehensive income for the period	-	-	-	-	34,620	34,620
Payment of dividends	-	-	-	-	(33,630)	(33,630)
Issue of shares pursuant to dividend reinvestment plan	10,432	-	-	-	-	10,432
Issue of shares pursuant to executive long term incentive plan	432	-	-	(432)	-	-
Recognition of share-based payments	-	-	-	75	-	75
Balance as at 30 June 2021	429,499	14,090	-	1,625	355,332	800,546
Balance as at 1 July 2021	429,499	14,090	-	1,625	355,332	800,546
Profit for the period	-	-	-	-	55,345	55,345
Gain / (loss) on revaluation of property (net of any related tax)	-	8,863	-	-	-	8,863
Total comprehensive income for the period	-	8,863	-	-	55,345	64,208
Payment of dividends	-	-	-	-	(31,953)	(31,953)
Issue of shares pursuant to dividend reinvestment plan	8,355	-	-	-	-	8,355
Recognition of share-based payments	-	-	-	(99)	-	(99)
Balance as at 30 June 2022	437,854	22,953	-	1,526	378,724	841,057

INFORMATION ABOUT TASSAL

continued

(f) Historical consolidated statement of cash flows

	CONSOLIDATED 2022	CONSOLIDATED 2021	CONSOLIDATED 2020
	\$'000	\$'000	\$'000
Cashflows from Operating Activities			
Receipts from customers	804,796	663,881	578,504
Payments to suppliers and employees	(647,660)	(586,888)	(508,938)
Interest received	10	2	92
Interest and other costs of finance paid	(19,916)	(18,260)	(17,770)
Income taxes (paid)/refunded	1,795	2,282	(2,036)
Net cash (used in) / provided by operating activities	139,025	61,017	49,852
Cashflows from Investing Activities			
Payment for property, plant and equipment	(76,392)	(120,892)	(113,287)
Payment for investment property	-	-	(25,427)
Proceeds from sale of property, plant and equipment	52	9	12
Proceeds from sale of investment property	-	15,000	-
Net cash (used in) / provided by investing activities	(76,340)	(105,883)	(138,702)
Cashflows from Financing Activities			
Proceeds from borrowings	14,636	128,833	42,960
Repayment of lease liabilities	(54,600)	(52,006)	(47,919)
Proceeds from issue of equity securities	-	-	125,847
Payment for share issue costs	-	-	(3,060)
Dividends paid to members of the parent entity	(23,598)	(23,198)	(31,684)
Net cash (used in) / provided by financing activities	(63,562)	53,629	86,144
Net increase / (decrease) in cash and cash equivalents	(877)	8,763	(2,706)
Cash and cash equivalents at the beginning of the financial year	30,623	21,860	24,566
Cash and cash equivalents at the end of the financial year	29,746	30,623	21,860

5.7 Material changes in financial position (since 30 June 2022)

To the knowledge of the Tassal Directors, there have been no material changes to the financial position of Tassal since 30 June 2022.

5.8 Outlook

As at the date of this Scheme Booklet, the Tassal Group business has a privileged asset position, with the Tasmanian Government having announced that no new lease hectares for salmon farming will be granted in Tasmanian waterways and nitrogen caps are in place for prawn farming.

Based on market dynamics, as at the date of this Scheme Booklet, Tassal expects that salmon markets will continue to benefit from strong global demand. As at the date of this Scheme Booklet, Tassal also expects low growth in supply globally for calendar years 2022 (balance of the year) and 2023. In addition, up to the date of this Scheme Booklet, there has been growing per capita consumption of salmon as a protein source.

Despite the above, as at the date of this Scheme Booklet, there is insufficient knowledge to predict with certainty the Tassal Group's future earnings. Uncertainties in relation to the future performance of the Tassal Group's business remain. In particular, while current global salmon demand outweighs supply, these trends may not continue.

Additionally, there are existing risks relating to the Tassal Group business which will continue to be relevant to Tassal Shareholders if the Scheme does not become Effective. A summary of the key risks relating to the Tassal Group business and an investment in Tassal is set out in section 7. There also may be additional risks and uncertainties not currently known to Tassal which may have a material adverse effect on Tassal's operating and financial performance and the value of Tassal Shares.

5.9 Capital structure

As at Last Practicable Date, the capital structure of Tassal was:

TYPE OF SECURITY	NUMBER ON ISSUE
Tassal Shares	214,821,181
Tassal Performance Rights	1,397,836

5.10 Substantial holders of Tassal Shares

As extracted from filings released on the ASX on or before the Last Practicable Date, the following persons were substantial holders of Tassal Shares:

SUBSTANTIAL HOLDER	NUMBER OF TASSAL SHARES	VOTING POWER IN TASSAL
Glenn Bruce Cooke, Cooke Family Inc., Cooke Inc. and the controlled entities of Cooke Inc. from time to time (interests controlled by Cooke)	22,535,121	10.49%
Mitsubishi UFJ Financial Group, Inc (MUFG) and First Sentier Investors Holdings Pty Limited and its related bodies corporate ¹	12,616,732	5.87%
Morgan Stanley and its subsidiaries ²	11,377,757	5.30%
UBS Group AG and its related bodies corporate	11,320,432	5.27%

5.11 Tassal Share price history

As at 22 June 2022, being the last trading day for Tassal Shares prior to press reports of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring a stake in Tassal:

- (a) the closing price of Tassal Shares on the ASX was \$3.52.
- (b) the highest recorded daily closing price for Tassal Shares on the ASX in the previous 3 months was \$3.78 on 26 April 2022; and
- (c) the lowest recorded daily closing price for Tassal Shares on the ASX in the previous 3 months was \$3.41 on 14 June 2022.

As at 23 September 2022, being the Last Practicable Date:

- (a) the closing price of Tassal Shares on the ASX was \$5.17.
- (b) the highest recorded daily closing price for Tassal Shares on the ASX in the previous 3 months was \$5.18 on 15 September 2022; and
- (c) the lowest recorded daily closing price for Tassal Shares on the ASX in the previous 3 months was \$3.85 on 24 June 2022.

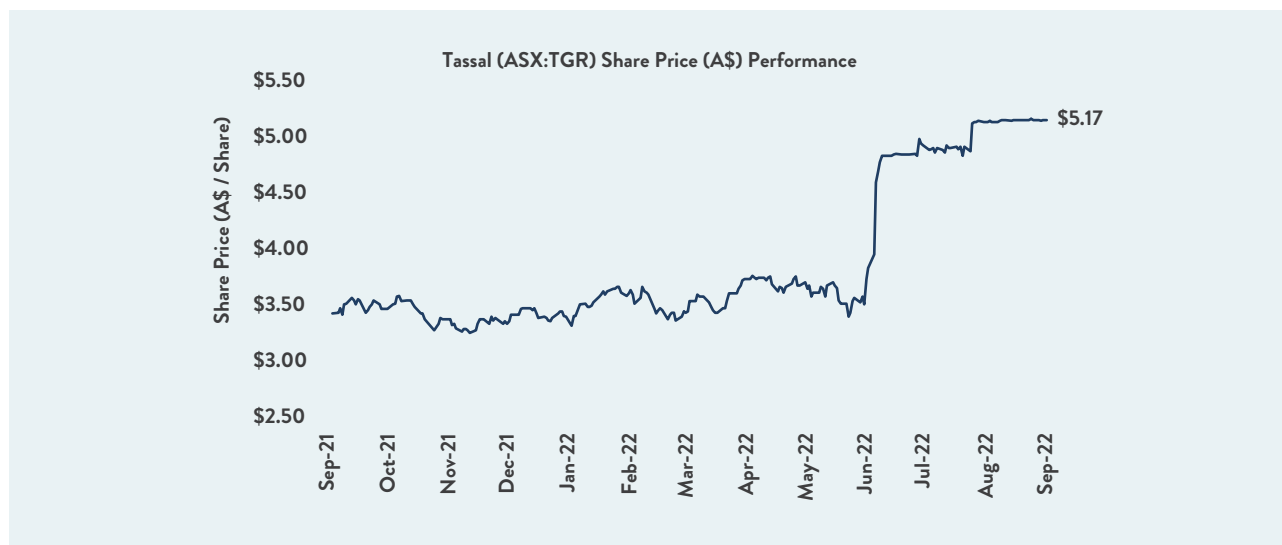
1. It appears from the Form 604 (Notice of change of interests of substantial holder) filed by MUFG dated 14 September 2022 and the Form 603 (Notice of initial substantial holder) filed by Morgan Stanley dated 19 September 2022 that both MUFG and Morgan Stanley have a relevant interest in a parcel of shares in connection with an International Prime Brokerage Agreement.

2. See above.

INFORMATION ABOUT TASSAL

continued

The graph below shows Tassal's share price performance over the 12 months up to and including the Last Practicable Date:



The current price of Tassal Shares on the ASX (ASX: TGR) can be obtained from the ASX website (www2.asx.com.au).

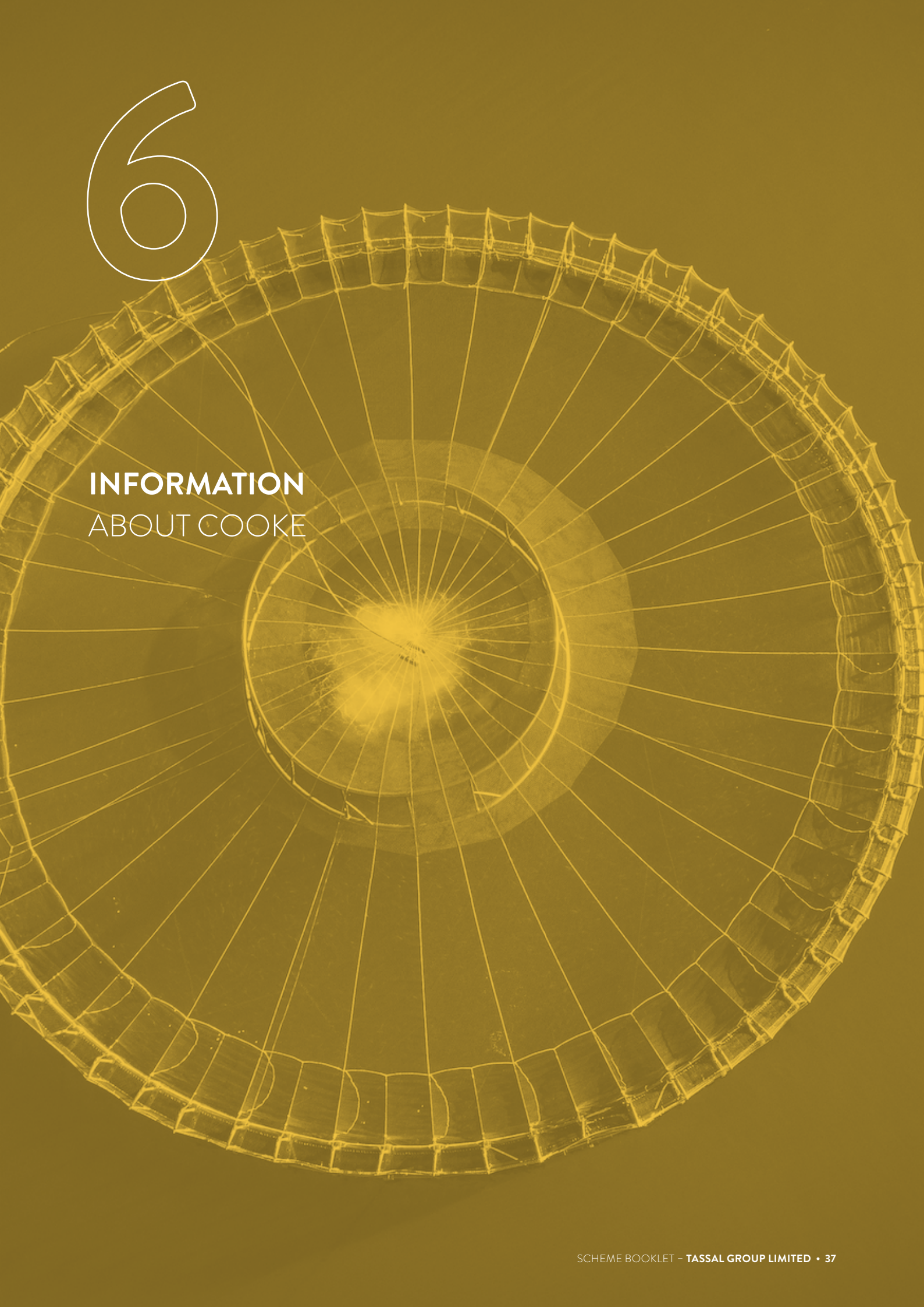
5.12 Publicly available information about Tassal

Tassal is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on ASX, Tassal is subject to Listing Rules which require (subject to some exceptions) continuous disclosure of any information that Tassal has that a reasonable person would expect to have a material effect on the price or value of Tassal Shares.

ASX maintains files containing publicly disclosed information about all entities listed on ASX. Information disclosed to ASX by Tassal is available on ASX's website at www2.asx.com.au.

In addition, Tassal is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Tassal may be obtained from an ASIC office.

Tassal Shareholders may obtain a copy of Tassal's financial statements for the financial year ended 30 June 2022 from ASX's website (www2.asx.com.au), from Tassal's website (<https://tassalgroup.com.au/>) or by calling the Tassal Shareholder Information Line on 1300 290 691 (within Australia) or +61 2 9066 4081 (outside Australia), between 9:00am and 5:00pm (AEDT), Monday to Friday (excluding public holidays).



6

INFORMATION ABOUT COOKE

INFORMATION ABOUT COOKE

This section 6 has been prepared by Cooke. The information in this section 6 (and any definitions in section 10.1 which relate solely to this section 6) is the responsibility of Cooke. Tassal and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

6.1 Overview of Cooke

(a) Cooke and its principal activities

Cooke is a Canadian company, with its registered office in Saint John, New Brunswick, Canada. The Cooke family business was founded in 1985 by brothers Glenn Bruce Cooke and Michael Gifford Cooke and their father, Gifford C. Cooke. Glenn Bruce Cooke is Cooke's Chief Executive Officer. Cooke is the parent company of Cooke Sub.

The Cooke Group includes global aquaculture divisions including its wholly-owned subsidiary Cooke Aquaculture Inc., as well as seafood and wild fishery divisions under Cooke Seafood USA, Inc., Wanchese Fish Company, Inc., Omega Protein Corporation, Cooke Aquaculture Scotland Limited, Northeast Nutrition Scotland Limited, Culmarex S.A.U. and its Affiliates (Cooke Aquaculture Spain), Bioriginal Europe/Asia B.V. in the Netherlands, Cooke Uruguay S.A., the Seajoy Seafood group of companies located in Central America and Morubel N.V. in Western Europe.

Cooke has previously been named as one of the Top 25 Seafood Suppliers in North America for Sustainability & Conservation. Cooke Aquaculture Inc. has been recognised as one of Canada's Best Managed Companies.

Cooke's core purpose is to 'cultivate the ocean with care, nourish the world, provide for our families, and build stronger communities'.

Further information about Cooke is available on its website, www.cookeseafood.com/.

(b) Ownership of Cooke

Cooke is a privately owned Canadian company, which is controlled and majority owned by Mr Glenn Bruce Cooke and other members of the Cooke family.

Further information on Cooke's ownership of Cooke Sub is illustrated by the diagram in section 6.1(d)(2).

(c) Cooke Board

As at the date of this Scheme Booklet, the Cooke Board comprises the following directors: Glenn Bruce Cooke, Michael Cooke and Gifford Cooke.

(d) Overview of Cooke Sub

(1) Introduction

Cooke Sub is an Australian special purpose company, which was incorporated for the sole purpose of acquiring and holding Tassal Shares and entering into financing arrangements in connection with the Scheme. If the Scheme is implemented, and subject to Cooke Sub having paid the Scheme Consideration, Cooke Sub will acquire all of the Scheme Shares on the Implementation Date.

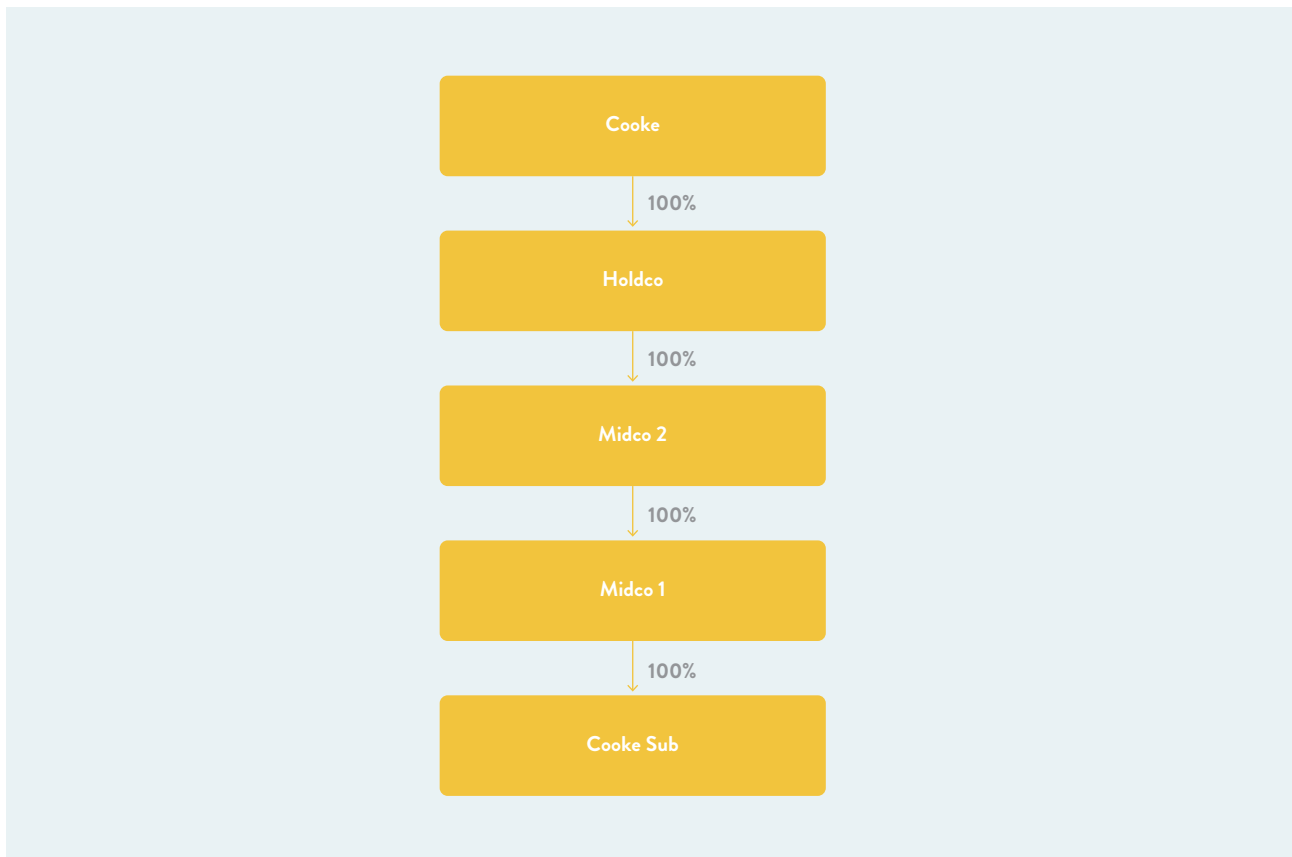
(2) Ownership of Cooke Sub

The direct holding company of Cooke Sub is Aquaculture Australia Midco 1 Pty Ltd (ACN 660 056 708) (**Midco 1**), which is wholly owned by Aquaculture Australia Midco 2 Pty Ltd (ACN 660 056 593) (**Midco 2**). Midco 2 is wholly owned by Aquaculture Australia Holdco Pty Ltd (ACN 660 056 440) (**Holdco**).

Each of Midco 1, Midco 2 and Holdco are also Australian special purpose companies that have been incorporated for the purpose of holding shares in the relevant Subsidiary and entering into certain financing arrangements in connection with the Scheme.

The direct holding company of Holdco is Cooke.

The diagram below sets out Cooke's ownership of Cooke Sub:



(e) Cooke Sub directors

As at the date of this Scheme Booklet, the directors of each of Cooke Sub, Midco 1, Midco 2 and Holdco are the same, being Mr Glenn Bruce Cooke, Mr James Christopher Trask and Mr Ian Garth McGill.

6.2 Rationale for proposed acquisition of Tassal

Over the last few decades, Cooke has become one of the leading global seafood companies, driven in part by a strategy of organic growth and complementary acquisitions. The proposed acquisition of Tassal continues to build on this strategy, including by adding to Cooke's distribution channels. The proposed acquisition of Tassal will be Cooke's first acquisition in Australasia.

Culturally and commercially, Cooke believes there are many similarities between the two companies. Cooke intends to grow Tassal into a globally competitive salmon and prawn producer, supplying customers in the domestic and international marketplace.

Operationally, as owner of Tassal, Cooke intends to continue its commitment to the continuous improvement of animal husbandry, biosecurity, environmental management and sustainable farming practices. Cooke's aim is to grow responsibly. Cooke believes its proposed acquisition of Tassal will assist it in achieving this outcome.

INFORMATION ABOUT COOKE

continued

6.3 Funding arrangements for the Scheme Consideration

(a) Scheme Consideration

The Scheme Consideration will be provided wholly in cash.

Under the terms of the Deed Poll and subject to the Scheme becoming Effective, Cooke Sub has undertaken in favour of each Scheme Shareholder to deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme, into an Australian dollar denominated trust account operated by Tassal as trustee for the Scheme Shareholders. Under the same Deed Poll, Cooke has undertaken to perform such obligation if Cooke Sub fails to do so.

The maximum aggregate Scheme Consideration is approximately A\$1,010,238,950. This amount is calculated on the basis that there will be a maximum of 193,162,323 Scheme Shares.¹

Cooke Sub intends to fund payment of the Scheme Consideration using a combination of funding from Cooke and external debt financing. These funding arrangements are described respectively in sections 6.3(b) and 6.3(c) below.

The proceeds available to Cooke Sub under the funding from Cooke and the external debt funding are in excess of the maximum aggregate Scheme Consideration.

(b) Funding from Cooke

Cooke has undertaken in favour of Cooke Sub to provide, or procure that one or more of its Subsidiaries provides, Cooke Sub with a cash amount of not more than A\$782,007,232 (the **Commitment Amount**), which Cooke Sub must use to pay part of the aggregate Scheme Consideration. In addition, under the Deed Poll, Cooke has effectively guaranteed the performance of Cooke Sub's obligation to pay the Scheme Consideration.

The Commitment Amount will be provided or made available to Cooke Sub not later than 5 Business Days before the Implementation Date. The provision of the Commitment Amount from Cooke to Cooke Sub is subject only to the Scheme becoming Effective.

Cooke will fund the Commitment Amount by way of existing cash reserves and an existing credit facility, as described below.

As at the date of this Scheme Booklet, Cooke has existing cash reserves of approximately A\$432,007,232 held in one or more bank accounts, and such amount will remain available in one or more bank accounts to, subject to the Scheme becoming Effective, provide, or procure the provision through one or more of its Subsidiaries, to Cooke Sub to pay part of the Commitment Amount.

Cooke and 737399 N.B. Inc., a wholly owned Subsidiary of Cooke, have entered into a debt commitment letter dated 23 September 2022 (the Credit Facility Debt Commitment Letter) with DNB Bank ASA, New York Branch, DNB Capital LLC, DNB Markets, Inc. and Export Development Canada pursuant to which Cooke has access to credit facilities in an aggregate amount of A\$350 million, which are available to be used to fund the Scheme Consideration (the **Credit Facility**). The availability of the Credit Facility is subject to the satisfaction of certain customary conditions precedent of a corporate nature, which are unrelated to the Scheme, including:

- (1) execution of a definitive long form facility agreement (and related definitive financing documentation); and
- (2) the accuracy of certain representations, and the non-occurrence of certain events of default, identified in the Credit Facility Debt Commitment Letter with respect to each of Cooke and 737399 N.B. Inc..

It is expected that, prior to the Second Court Date, the Credit Facility Debt Commitment Letter will be superseded by a definitive long form facility agreement and related definitive financing documentation required to be entered into as a condition precedent to the initial utilisation of the Credit Facility among the parties to the Credit Facility Debt Commitment Letter, the material terms and conditions of which are specified in the Credit Facility Debt Commitment Letter.

It is expected that the conditions to drawdown of the Credit Facility will be satisfied on or before the Second Court Date. As at the Last Practicable Date, Cooke is not aware of any reason why the conditions to the Credit Facility will not be satisfied so as to enable the relevant Credit Facility to be drawn for the purpose of funding part of the Commitment Amount to Cooke Sub.

¹ This number comprises the 214,821,181 Tassal Shares on issue as at the date of this Scheme Booklet, minus 22,535,121 Tassal Shares held by Excluded Shareholders, plus 876,263 Tassal Shares which may be issued by Tassal on vesting of 876,263 Tassal Performance Rights in the manner described in section 9.2.

(c) External debt funding

Cooke and Cooke Sub have entered into a debt commitment letter dated 6 June 2022 (as amended) (the **Debt Commitment Letter**) with DNB Bank ASA, New York Branch, DNB Capital LLC, DNB Markets, Inc., Coöperatieve Rabobank U.A., Australia Branch and Export Development Canada (together, the **Senior Debt Financiers**) pursuant to which the Senior Debt Financiers will provide Cooke Sub with secured loan facilities in an aggregate amount of A\$957.5 million, with A\$657.5 million of that amount available to fund part of the Scheme Consideration (**Senior Loan Facilities**).

The borrower under the Senior Loan Facilities will be Cooke Sub, who is permitted to use part of the proceeds of borrowings under the Senior Loan Facilities to fund part of the Scheme Consideration, and also to pay certain transaction fees, costs and expenses and to refinance certain existing indebtedness of Tassal and its Subsidiaries (including associated break costs, fees and expenses). Cooke Sub intends to use the proceeds from borrowings under the Senior Loan Facilities to fund not less than A\$228,231,718 of the aggregate Scheme Consideration.

The availability of the Senior Loan Facilities provided by the Senior Debt Financiers is subject to the satisfaction of certain customary conditions precedent, including:

- (1) confirmation that all material authorisations required to consummate the acquisition of the Scheme Shares by Cooke Sub under the Scheme have been obtained;
- (2) confirmation that there has been no termination of, amendment to, or waiver of any condition precedent under, the Scheme Implementation Deed which would be materially prejudicial to the interests of the Senior Debt Financiers unless they have provided their prior written consent;
- (3) execution of a definitive long form syndicated facility agreement (and related definitive financing documentation) as described below; and
- (4) the accuracy of certain representations identified in the Debt Commitment Letter made with respect to Midco 1 and Cooke Sub.

It is expected that, prior to the Second Court Date, the Debt Commitment Letter will be superseded by a definitive long form syndicated facility agreement and related definitive financing documentation required to be entered into as a condition precedent to the initial utilisation of the Senior Loan Facilities among the parties to the Debt Commitment Letter, the material terms and conditions of which are specified in the Debt Commitment Letter.

It is expected that the conditions to the Senior Loan Facilities will be satisfied on or before the Second Court Date (other than certain procedural conditions which are intended to be satisfied concurrently with, or prior to, the initial utilisation of the Senior Loan Facilities, including the payment of fees, costs and expenses, and other than the condition that the Scheme becomes Effective).

As at the Last Practicable Date, neither Cooke nor Cooke Sub is aware of any reason why the conditions to the Senior Loan Facilities will not be satisfied so as to enable the relevant Senior Loan Facilities to be drawn for the purpose of funding part of the aggregate Scheme Consideration.

(d) Provision of Scheme Consideration

On the basis of the arrangements described above, Cooke Sub is of the opinion that it has a reasonable basis for holding the view, and holds the view, that it will be able to pay the Scheme Consideration under the Scheme.

6.4 Intentions if the Scheme is implemented

This section 6.4 sets out the current intentions of Cooke Sub in relation to:

- (a) the de-listing of Tassal from the ASX;
- (b) the continuation of the business of Tassal;
- (c) any major changes to be made to the business of Tassal and any redeployment of the fixed assets of Tassal; and
- (d) the future employment of the present employees of Tassal,

assuming Cooke Sub acquires the Scheme Shares as a result of implementation of the Scheme.

These intentions are based on the information concerning Tassal, its business and the general business environment which is known to Cooke and Cooke Sub at the time of preparation of this Scheme Booklet.

Cooke Sub does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax and financial implications of its current intentions. If the Scheme is implemented, Cooke Sub intends to undertake a detailed review of Tassal's assets and operations, including to evaluate their performance, prospects and strategic relevance. Final decisions regarding these matters will only be made by Cooke Sub following this review and based on the facts and circumstances at the relevant time.

INFORMATION ABOUT COOKE

continued

Cooke Sub is a wholly owned subsidiary of Cooke. The intentions of Cooke Sub in this section 6.4 are the same as those of Cooke and are both collectively referred to as the intentions of Cooke Sub in this section 6.4.

(a) Tassal's removal from the ASX

Under the Scheme Implementation Deed, if the Scheme becomes Effective, Tassal must apply to ASX to have Tassal removed from the official list of ASX, and quotation of Tassal Shares on the ASX terminated, with effect on and from the close of trading on the Trading Day immediately following the Implementation Date (unless otherwise directed by Cooke in writing). Cooke does not intend to make any direction to Tassal which is inconsistent with this requirement.

(b) Board of directors

If the Scheme is implemented, the Tassal Board will be reconstituted, such that all of the directors will be replaced, except for Mr Mark Ryan, with effect on and from the Implementation Date. Cooke Sub intends for at least the following individuals to be appointed to the board of Tassal: Mr Glenn Bruce Cooke and Mr James Trask.

(c) Head office

If the Scheme is implemented, Cooke Sub currently intends for Tassal to maintain its existing head office following implementation of the Scheme.

(d) Business, operations and assets

Subject to the findings of the post-acquisition review referred to in this section 6.4, if the Scheme is implemented, Cooke Sub's current intention is to continue the strategic direction and operations of Tassal, whereby it continues its focus on the production of top quality, sustainably sourced seafood at scale, without any major changes to be made to the operations of Tassal. Cooke Sub will also look to advance Tassal's mission to be one of the world's most sustainable protein producers. Further, Cooke Sub intends to make strategic investments in engineering, science and technology to further enhance Tassal's capabilities, in addition to growing Tassal's sales reach through leveraging Cooke's worldwide seafood distribution channels.

(e) Employees

Cooke Sub recognises that Tassal's employees have been an integral part of the success of Tassal's business and are critical to the future growth of the business. It is intended that Mr Mark Ryan will remain the Chief Executive Officer of Tassal after the Implementation Date.

If the Scheme is implemented, Cooke Sub does not intend to make any material changes to Tassal's employees. However, final decisions on Tassal's employment arrangements will be made following a review to be undertaken by Cooke Sub after implementation of the Scheme. That review will be undertaken with the objective of identifying a suitable mix of employees and skills that is appropriate for an unlisted entity to enhance the Tassal business going forward and to enable the business to pursue growth opportunities.

(f) Changes to Tassal's constitution

If the Scheme is implemented, Cooke Sub intends to replace Tassal's constitution with one that is appropriate for an unlisted Australian company.

6.5 Cooke Sub's interests in Tassal Shares

(a) Interests in Tassal Shares

As at the date of this Scheme Booklet, Cooke Sub is the registered and beneficial holder of 22,535,121 Tassal Shares, representing 10.49% of all the Tassal Shares on issue. Accordingly, Cooke Sub has a Relevant Interest in these Tassal Shares.

(b) Voting power in Tassal

As at the date of this Scheme Booklet, Cooke Sub's Voting Power in Tassal is 10.49%. Cooke Sub will be excluded from voting these Tassal Shares at the Scheme Meeting.

(c) Dealings in Tassal Shares in previous four months

Except as set out below and other than Cooke and Cooke Sub's agreement in the Scheme Implementation Deed to pay the Scheme Consideration if the Scheme becomes Effective, in the four months prior to the date of this Scheme Booklet, neither Cooke Sub nor any of its Associates has provided, or agreed to provide, consideration for Tassal Shares under a purchase or agreement, other than under the agreement to pay the Scheme Consideration if the Scheme becomes Effective.

- On 16 September 2022, Cooke Sub acquired from Cooke (via transfers down the corporate chain through Holdco, Midco 2 and Midco 1) a beneficial interest in 22,535,121 Tassal Shares for a total consideration of A\$92,959,658. Before this transfer, the Tassal Shares were held by Amore Foods as nominee for Cooke.
- On 20 and 21 September 2022, Cooke Sub acquired from Amore Foods, for no consideration, legal title to the 22,535,121 Tassal Shares that Amore Foods was holding as nominee for Cooke Sub.
- These 22,535,121 Tassal Shares were acquired by Amore Foods as nominee for Cooke via on-market purchases in the four month period prior to the date of this Scheme Booklet. The average purchase price per Tassal Share was approximately A\$4.13. A summary of the purchase details is set out below (and further details can be found in the substantial holder notices lodged by Cooke and Cooke Sub with the ASX).

DATE OF PURCHASE	NUMBER OF TASSAL SHARES PURCHASED	RANGE OF PURCHASE PRICES (PER TASSAL SHARE) (A\$)	TOTAL CONSIDERATION PAID (A\$) ¹
17 June 2022	10,436,109	\$3.425-\$3.580	\$36,845,965.08
21 June 2022	304,900	\$3.525-\$3.590	\$1,085,243.62
23 June 2022	385,179	\$3.680-\$3.750	\$1,436,269.17
24 June 2022	470,367	\$3.740-\$3.850	\$1,793,012.93
27 June 2022	629,784	\$3.855-\$3.980	\$2,480,584.36
28 June 2022	1,313,026	\$4.470-\$4.600	\$5,974,116.88
29 June 2022	887,049	\$4.570-\$4.710	\$4,113,190.58
30 June 2022	718,407	\$4.700-\$4.800	\$3,426,777.72
1 July 2022	1,179,698	\$4.750-\$4.850	\$5,687,273.75
4 July 2022	598,927	\$4.830-\$4.850	\$2,902,640.66
5 July 2022	393,337	\$4.845-\$4.850	\$1,907,395.80
6 July 2022	461,685	\$4.840-\$4.850	\$2,238,995.05
7 July 2022	516,068	\$4.840-\$4.850	\$2,502,901.91
8 July 2022	424,032	\$4.845-\$4.850	\$2,056,526.74
11 July 2022	294,880	\$4.845-\$4.850	\$1,430,167.83
12 July 2022	83,637	\$4.850	\$405,639.45
13 July 2022	73,876	\$4.850	\$358,298.60
14 July 2022	1,064,661	\$4.820-\$4.850	\$5,162,437.97
15 July 2022	1,388,478	\$4.845-\$4.850	\$6,733,859.14
18 July 2022	51,086	\$4.850	\$247,767.10
19 July 2022	859,935	\$4.845-\$4.850	\$4,170,593.51
Total	22,535,121		\$92,959,658

INFORMATION ABOUT COOKE

continued

(d) No inducing benefits to Tassal Shareholders in previous four months

Other than the cash consideration paid to acquire interests in Tassal Shares as disclosed in section 6.5(c), during the four months before the date of this Scheme Booklet, none of Cooke Sub or its Associates have given, or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an Associate to:

- (1) vote in favour of the Scheme; or
- (2) dispose of Scheme Shares,

where the benefit was not offered to all of Tassal Shareholders.

(e) No benefits to current Tassal officers

Neither Cooke Sub nor any of its Associates will be making any payment or giving any benefit to any current officers of Tassal or any of Tassal's Subsidiaries as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices dependent on the Scheme being implemented.

(f) Interests of Cooke Sub directors in Tassal Shares

Except as set out below, none of Cooke Sub's directors have a Relevant Interest in any Tassal Shares:

NAME	NUMBER OF TASSAL SHARES	% OF ALL ISSUED TASSAL SHARES
Glenn Bruce Cooke	22,535,121	10.49%

This Relevant Interest arises under section 608(3) of the Corporations Act, due to Cooke being controlled by Mr Glenn Bruce Cooke, which indirectly wholly owns Cooke Sub. As at the date of this Scheme Booklet, Mr Glenn Bruce Cooke indirectly holds 22,535,121 Tassal Shares which are registered in the name of Cooke Sub.

6.6 No other material information

Other than as disclosed in this Scheme Booklet, there is no other information regarding Cooke, or its intentions regarding Tassal, that is material to the making of a decision by a Tassal Shareholder in relation to the Scheme that is within the knowledge of the directors of Cooke or Cooke Sub as at the date of this Scheme Booklet that has not been previously disclosed to Tassal Shareholders.

7

RISK FACTORS

RISK FACTORS

7.1 Introduction

In considering the Scheme, Tassal Shareholders should be aware that there are a number of risk factors, both general and specifically relating to Tassal, which may affect the future operating and financial performance of Tassal and the price and/or value of Tassal Shares.

If the Scheme proceeds, Scheme Shareholders will receive the Scheme Consideration, will cease to hold Tassal Shares and will also no longer be exposed to the risks set out in this section 7 (and other risks to which Tassal may be exposed).

If the Scheme does not proceed, Tassal Shareholders will continue to hold Tassal Shares and continue to be exposed to risks and opportunities associated with investment in Tassal.

In deciding whether to vote in favour of the Scheme, Tassal Shareholders should read this Scheme Booklet carefully and consider the following risk factors. These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of Tassal Shareholders. In addition, this section 7 is a summary only and does not purport to list every risk that may be associated with an investment in Tassal now or in the future. There also may be additional risks and uncertainties not currently known to Tassal which may have a material adverse effect on Tassal's operating and financial performance and the value of Tassal Shares.

Whilst the Tassal Directors unanimously recommend that Tassal Shareholders (other than Excluded Shareholders) vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders), Tassal Shareholders (other than Excluded Shareholders) are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme.

7.2 General risks

Tassal is exposed to a number of general risks that could materially adversely affect its assets and liabilities, financial position, profits, prospects and potential to make further distributions to Tassal Shareholders, and the price and/or value of Tassal Shares. General risks that may impact on Tassal or the market for Tassal Shares include:

- natural disasters, diseases, storms, extreme weather events or catastrophes and other general operational and business risks;
- changes in general business, industry cycles and economic conditions including inflation, interest rates, exchange rates, input costs and market prices and consumer demand;
- changes to government policy, legislation or regulation;
- the nature of competition in which Tassal operates;
- inclusion or removal from major market indices;
- acts of war and hostilities, acts of terrorism, civil disturbance and other force majeure risks;
- variations in Tassal's operating results;
- recommendations by securities analysts;
- changes in investor sentiment and overall performance of the Australian and international stock markets;
- the operating and trading price performance of other comparable listed entities; and
- changes to accounting standards and reporting standards.

Some of these factors could affect Tassal's share price regardless of Tassal's underlying operating performance.

7.3 Risk factors relating to the business and operations of Tassal

Some of the more material specific business risks faced by Tassal are considered below in more detail.

(a) Key personnel risks

Tassal's ability to retain, engage, develop and attract the right employees is critical to its ongoing success. Tightening labour market forces are an ongoing risk to Tassal's business and performance. Tassal's operations also depend on its senior executives maintaining relationships with customers, suppliers, employees, unions, regulators and the broader community particularly in Tasmania. Ensuring senior leadership of Tassal retains the specific knowledge and experience relevant to Tassal's operations is also critical to Tassal's ongoing success. Tassal may be unable to retain its senior leadership if their expectations regarding remuneration are not met.

(b) Economic and political risks

(1) Macroeconomic and geopolitical volatilities

Tassal's financial performance is subject to a number of market volatilities beyond the control of Tassal, such as movements in interest rates, inflation, fuel and energy prices, disruptions of global supply chains and bilateral relations between Australia and Tassal's export destination countries such as China. As Tassal's business is extensively linked to the Australian and the global markets, these factors may negatively affect Tassal's business, operations and financial performance in substantial and unforeseeable ways.

(c) Financial risks

(1) Liquidity risks

Tassal's business is exposed to movements in interest rates, foreign exchange rates, and customer default. These factors may negatively impact Tassal's operations, business and financial performance in substantial and unforeseeable ways.

(2) Pricing risk

Tassal's financial performance is subject to a number of market factors, including pricing variability. Future pricing outcomes may differ materially from the current pricing due to (but not limited to) changes in general business and economic conditions, which may have a material negative impact on Tassal's operations, business and financial performance.

(3) Debt facilities

The Tassal Group has a number of debt facilities. Termination of or a breach of any debt facility may adversely affect the ability to obtain new or renew existing debt finance and may adversely affect Tassal's operations and/or financial position and performance.

(d) Product and operational risks

(1) Significant weather events risk

As Tassal is a seafood producer, there is a risk that Tassal could be exposed to a number of natural events such as storms, droughts and fluctuating water temperatures. All of these events could create challenges for Tassal's business or operations and materially adversely affect Tassal's financial performance.

(2) Product quality issues

There is a risk of contamination or tampering of seafood products made or sold by the Tassal Group which could result in human health impacts. This may have an adverse impact on the Tassal Group in the short-term, such as an initial product recall affecting short-term sales, and potentially in the longer-term due to, for example, regulatory consequence or diminished reputation and loss of customers in markets where these issues arise.

RISK FACTORS

continued

(3) Operational risks for livestock in farming environment

As a farmer, Tassal is subject to a range of operational risks for livestock in the marine and land farming environment, including:

- natural risks – for example, inclement weather, or fluctuating water temperatures (including higher ocean temperatures over summer);
- predation – for example, seals prey on salmon;
- disease and biological events – for example, Amoebic Gill Disease (AGD) or Pilchard Orthomyxovirus (POMV) may affect salmon, and White Spot Syndrome Virus (WSSV) may affect prawns.

These risk factors may adversely impact growth, harvest weight and volume, mortality, product quality and reputation.

A key risk consideration for Tassal is aquaculture insurance. Tassal continues to rely on risk management programs in lieu of taking out livestock insurance policies. Loss of livestock held by Tassal may have a material adverse impact on Tassal's operations and/or financial position and performance.

(A) Amoebic Gill Disease risk

There is a risk that diseases such as Amoebic Gill Disease (AGD) in Tassal's fish may have an adverse impact on their health. An outbreak of AGD may have material adverse consequences for Tassal's operations, business and financial performance.

(B) Predator risk

Wildlife that prey on salmon such as seals can cause increased mortalities and this remains a continual risk to Tassal's business, operations and financial performance.

(4) Farming infrastructure and equipment risks

Tassal's vertically integrated business involves various Tassal facilities, including hatcheries, vessels and shore bases, primary and value-add processing facilities. A loss, or disruption to a facility or key equipment could occur through a range of events (for example, natural disasters, fire, extended loss of critical service or infrastructure, equipment failures or breakdowns), and this may impact workplace health and safety as well as stock production and performance.

(5) Insurance risks

Tassal has insurance policies to protect against certain risks. However, not all risks and liabilities are insurable or insured by its existing insurance coverage. There is no assurance that adequate insurance cover for all potential liabilities and losses will be available in the future on commercially viable terms. Uncovered losses or the payment of a larger deductible may have a material adverse impact on Tassal's operations and/or financial position and performance.

(6) Information technology, operational technology and cyber risk

Tassal's operations rely on information technology and operational technology systems. Cyber-attacks on Tassal or on the Tassal Group's key business partners have the potential to disrupt the Tassal Group's operations.

(7) Technology and methodology risks

Tassal's ability to grow salmon based on current technologies, methodologies, and production sites (including new prospects) is becoming more difficult, and is a risk to the ongoing operation of the business and Tassal's performance. The industry is starting to test the 'natural capacity' and growth limits for fish farming in current lease areas using current technologies and methodologies.

(8) Workplace health and safety risk

There is an inherent risk of serious injury to employees, visitors or contractors due to the nature of Tassal's operations. Actual or potential harm to any workers or other persons in the workplace could have a negative reputational and financial impact on the Tassal Group, including increases in insurance premiums, penalties and decrease in staff morale and productivity.

(e) Legal, regulatory and compliance risks

(1) Potential for legislative and regulatory changes

Tassal's business is influenced and affected by laws, regulations and government policy. Political and/or regulatory change, including (among others) changes to environmental, employment and import regulations, could affect Tassal's current operations or plans for future expansion, and performance.

(2) Compliance and operating licences

Tassal's operations are subject to local, state and federal regulation, including extensive regulation by environmental agencies. In particular, Tassal's marine farming operations are dependent on fish farming licences. Non-compliance may have serious regulatory, financial and reputational consequences for Tassal.

(3) Litigation risk

As with any company, Tassal may be exposed to potential claims, disputes or legal proceedings. If the Tassal Group is involved in such claims, disputes or legal proceedings, this may disrupt the Tassal Group's business operations, cause the Tassal Group to incur significant legal costs and may divert management's attention away from the day-to-day operations of the business.

(f) Other risks

(1) Competition risks

Tassal may lose market share to existing or new entrants to the various markets in which it operates, which may adversely affect its sales revenue and financial performance.

(2) Negative community sentiment and media coverage

Aquaculture-raised salmon and marine farming practices have in some instances been subject to criticism in the media. Negative publicity may impact demand for Tassal products and Tassal's performance.

(3) Climate change

Tassal's business is subject to risks associated with climate change, including:

- acute and chronic physical risks relating to the physical changes to climatic conditions (such as extreme weather events, rise in sea temperatures and potential changes in the ecosystem); and
- transition risks to a lower carbon economy (such as changes in policy, regulation, technology, market and reputation).

Failure to adequately plan for both physical and transition risks associated with climate change is a risk for Tassal which has the potential to have a material negative impact on Tassal's reputation, business, operations and financial performance.

(4) Environmental, social and governance risks (ESG)

Tassal recognises that management and disclosure of sustainability risks (including ESG and climate change) is key to maintaining its reputation and performance. A failure to deliver on Tassal's consumer, investor and community expectations in relation to social and environmental impacts created by the Tassal Group's activities could result in damage to the Tassal Group's brand, reputation and consumer sentiment.

(5) COVID-19 and other disease outbreak

The COVID-19 pandemic continues to have profound global health, social and economic impacts. Tassal considers COVID-19 to be a material risk factor that has the potential to alter other risks that Tassal faces, including potential disruption to Tassal's workforce and supply chain and increased freight costs. Other disease outbreaks may also impact Tassal's business and operations.

(6) Unknown risks

The information set out in this section 7.3 is non-exhaustive and additional unknown risks and uncertainties may have a material adverse impact on Tassal's financial and operational performance.

RISK FACTORS

continued

7.4 Risks relating to the Scheme

(a) Risks relating to implementing the Scheme

The Scheme is subject to a limited number of conditions precedent that must be satisfied or waived (if capable of waiver) in order for the Scheme to be implemented. These conditions precedent are outlined in section 9.4(b) of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed. The failure of a condition precedent to be satisfied or waived (if capable of waiver) may also give rise to a right of either Tassal or Cooke to terminate the Scheme Implementation Deed.

The conditions precedent include approval by the Court and Tassal Shareholders (other than Excluded Shareholders). There is the risk that the Court may not approve the Scheme, or may only be willing to approve the Scheme subject to conditions that Tassal and/or Cooke (as applicable) are not prepared to accept. There is also a risk that some or all of the aspects of the Tassal Shareholder and Court approvals required for the Scheme to proceed may be delayed and incapable of satisfaction or waiver by the End Date.

(b) Implications for Tassal and Scheme Shareholders if Scheme is not implemented

If the Scheme does not become Effective and is not implemented, or if the Scheme becomes Effective but is not implemented for any reason, Scheme Shareholders will not receive the Scheme Consideration and Tassal will continue, in the absence of a superior proposal, to operate as a standalone entity and remain listed on the ASX.

Unless Tassal Shareholders choose to sell their Tassal Shares on the ASX, Tassal Shareholders will continue to hold Tassal Shares and be exposed to both the risks (including those set out in this section 7) and potential future benefits in retaining exposure to Tassal's business and assets.

The Tassal Share price will also remain subject to market volatility and may fall in the absence of a superior proposal.

(c) Tax consequences for Scheme Shareholders

If the Scheme becomes Effective, there will be tax consequences for the Scheme Shareholders which may include tax being payable. For further detail regarding general Australian tax consequences of the Scheme, refer to section 8 of this Scheme Booklet. The tax consequences may vary depending on the nature and characteristics of Scheme Shareholders and their specific circumstances. Accordingly, you should seek professional tax advice in relation to your particular circumstances.

8

TAX IMPLICATIONS

TAX IMPLICATIONS

8.1 Introduction

This is a general outline of the key Australian income tax, goods and services tax (GST) and stamp duty consequences for Scheme Shareholders who dispose of their Tassal Shares under the Scheme. The purpose of the summary is to assist Tassal Shareholders (other than Excluded Shareholders) understand the potential Australian tax consequences of being a Scheme Shareholder.

These comments assume that the Scheme will be implemented in accordance with the terms described in the Scheme Implementation Deed.

This general outline is based upon Australian taxation law currently in force as at the date of this Scheme Booklet and does not anticipate changes in the current law either by way of legislative action or Court decision.

This outline is general in nature only, and it is not intended to be an authoritative or complete statement of the tax laws applicable to the particular circumstances of Scheme Shareholders. It is therefore recommended that Scheme Shareholders obtain their own professional tax advice relevant to their circumstances.

This outline is relevant to Scheme Shareholders who are individuals, companies (other than life insurance companies), trusts and complying superannuation funds that hold their Tassal Shares on capital account for Australian tax purposes.

This outline does not apply to all Scheme Shareholders, for example it does not apply to Scheme Shareholders who:

- (a) hold their Tassal Shares as trading stock, as part of a profit-making undertaking or scheme, under an arrangement which qualifies as an employee share or rights plan for Australian tax purposes, or otherwise on revenue account;
- (b) may be subject to special rules, such as banks, insurance companies, tax exempt organisations, certain trusts, superannuation funds (unless otherwise stated) or dealers in securities;
- (c) obtained rollover relief in connection with the acquisition of the relevant Tassal Shares;
- (d) have not been a resident of the same country for tax purposes throughout the period they owned the relevant shares;
- (e) are not tax residents for Australian income tax purposes and who hold their Tassal Shares as an asset of a permanent establishment in Australia;
- (f) are not tax residents for Australian income tax purposes and who, together with their associates, hold 10% or more of the shares in Tassal; or
- (g) are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses that may arise on disposal of their Tassal Shares.

The summary does not consider the tax laws of jurisdictions other than Australia. Accordingly, Scheme Shareholders who may be subject to tax in a jurisdiction outside Australia should obtain independent professional taxation advice relevant to their particular circumstances.

8.2 Scheme Shareholders that are Australian residents

If the Scheme becomes Effective, Scheme Shareholders will dispose of their Tassal Shares to Cooke Sub in exchange for the Scheme Consideration under the Scheme.

(a) Capital Gains Tax event

Under the proposed Scheme, Scheme Shareholders will transfer their Tassal Shares to Cooke Sub. The transfer of the Tassal Shares will cause a change in ownership of the Tassal Shares and will trigger a CGT event A1 for Australian tax purposes.

The CGT event should occur on the date on which the transfer of Tassal Shares occurs, that is, the Implementation Date.

(b) Calculation of capital gain or loss

Scheme Shareholders will make a prima facie capital gain on disposal of the Tassal Shares to the extent that the capital proceeds received exceeds the cost base of each Tassal Share held. Conversely, a Scheme Shareholder will make a capital loss if the capital proceeds are less than the reduced cost base of their Tassal Shares.

(c) Capital proceeds

The capital proceeds from a CGT event are the total of the monies and any other property a taxpayer receives, or is entitled to receive, in respect of the CGT event happening.

The capital proceeds received by the Scheme Shareholders for the disposal of their Tassal Shares to Cooke Sub under the Scheme should be the Scheme Consideration, being \$5.23 per Tassal Share.

(d) Cost base and reduced cost base

The cost base of Tassal Shares will generally include the amount of money paid, or the value of any property given, in order to acquire the Tassal Shares, plus certain non-deductible incidental costs of acquisition. The reduced cost base of the Tassal Shares is usually determined in a similar, but not identical, manner.

The cost base and reduced cost base of a Scheme Shareholder's Tassal Shares will depend on their own specific circumstances. Scheme Shareholders should consult their own independent tax adviser.

(e) CGT discount

If a Scheme Shareholder is an individual, complying superannuation fund or trust and acquired their Tassal Shares at least 12 months before the Implementation Date, the amount of the capital gain (after being reduced for current year capital losses and prior year capital losses, if any) is reduced by the applicable CGT discount.

The CGT discount percentage for individuals and trusts is 50% and for complying superannuation entities is 33.33%.

The rules relating to discount capital gains for trusts are complex, we recommend trustees seek their own advice on how the CGT discount provisions will apply to them and the beneficiaries of the trust.

No CGT discount is available for Scheme Shareholders that are companies or Scheme Shareholders who have held their Tassal Shares for less than 12 months.

(f) Capital losses

Current year capital losses and prior year capital losses of a Scheme Shareholder should be applied against a capital gain arising on the disposal of the Tassal Shares (subject to satisfaction of certain loss recoupment rules), however the capital gain cannot be reduced below zero.

In the event that a capital loss arises in the income tax year of disposal, the capital loss cannot be deducted from other assessable income of the Scheme Shareholder. However, the capital loss may be carried forward to offset capital gains made by Scheme Shareholders in future income years, subject to satisfaction of the loss recoupment tests.

Specific loss recoupment rules apply to companies and trusts to restrict their ability to utilise capital losses in future years in some circumstances. All Scheme Shareholders should obtain their own tax advice in relation to the operation of these rules.

8.3 Scheme Shareholders that are non-residents of Australia

(a) Australian income tax consequences arising on disposal of Tassal Shares

Scheme Shareholders that are not tax residents of Australia and who, together with their associates, hold a less than 10% interest in Tassal should be able to disregard any capital gain or capital loss arising from the disposal of Tassal Shares as the Tassal Shares should not constitute 'taxable Australian property'.

Scheme Shareholders that are not tax residents of Australia (particularly those holding a greater than 10% interest in Tassal) should seek independent professional advice on the Australian tax consequences arising from the disposal of Tassal Shares having regard to their particular circumstances.

(b) Foreign Resident Capital Gains Withholding Tax

Provided the Tassal Shares held by the Scheme Shareholders are not 'taxable Australian property', the foreign resident capital gains tax withholding tax regime should not apply.

Accordingly, Cooke Sub should not be required to withhold an amount of the Scheme Consideration that is to be paid to the Scheme Shareholders that are not tax residents of Australia where those Scheme Shareholders and their associates hold less than a 10% interest in Tassal.

Scheme Shareholders that are not tax residents of Australia (particularly those holding a 10% or greater interest in Tassal) should seek independent professional taxation advice in this regard.

TAX IMPLICATIONS

continued

8.4 GST

Scheme Shareholders should not be liable for GST in respect of a disposal of the Tassal Shares.

Scheme Shareholders may be charged GST on costs incurred in relation to the disposal (e.g. tax, legal or other advisory fees). Certain Scheme Shareholders that are registered (or required to be registered) may be entitled to claim input tax credits (or reduced input tax credits) in relation to GST incurred on these costs.

Scheme Shareholders should seek their own independent tax advice on the impact of GST in their own particular circumstances.

8.5 Stamp duty

No stamp duty should be payable in any Australian jurisdiction by Scheme Shareholders on disposal of their Tassal Shares.

9

ADDITIONAL INFORMATION

ADDITIONAL INFORMATION

9.1 Interests of Tassal Directors in Tassal Shares and equity incentives

(a) Interests in Tassal Shares

As at the Last Practicable Date, the Tassal Directors have the following Relevant Interests in Tassal Shares:

Tassal Director	Number of Tassal Shares
James Fazzino	131,369 ¹
Mark Ryan	234,512 ²
John Watson, AM	240,841 ³
Jackie McArthur	55,879 ⁴
Georgina Lynch	35,833 ⁵
Richard Haire	17,000 ⁶
Kathy Parsons	45,749 ⁷

Tassal Directors who hold Tassal Shares, or entities who hold Tassal Shares on behalf of Tassal Directors, will be entitled to vote at the Scheme Meeting and, if the Scheme is implemented, will receive the Scheme Consideration for their Tassal Shares along with the other Scheme Shareholders.

Each Tassal Director intends to vote, or procure the voting of, any Tassal Shares held or controlled by them at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders).

No Tassal Director acquired or disposed of a Relevant Interest in any Tassal Shares during the four months before the date of this Scheme Booklet.

(b) Interests in Tassal equity incentives

As at the Last Practicable Date, none of the Tassal Directors have a Relevant Interest in any Tassal equity incentives, other than the Managing Director and CEO, Mr Mark Ryan.

As at the Last Practicable Date, Mr Ryan holds 363,740 unvested Tassal Performance Rights, comprised of:

- 177,154 Tassal Performance Rights granted under the 2020 LTIP; and
- 186,586 Tassal Performance Rights granted under the 2021 LTIP.²¹

See section 9.2(c) for information regarding the implications of the Scheme for Mr Ryan's Tassal Performance Rights.

No Tassal Director acquired or disposed of a Relevant Interest in any Tassal Performance Rights during the four months before the date of this Scheme Booklet.

1. Comprised of 130,152 Tassal Shares held indirectly through Stefenna Pty Ltd ATF Stefenna Trust and 1,217 Tassal Shares held directly.

2. Directly held by Mr Ryan.

3. Directly held by Mr Watson jointly with Linda Gladys Watson.

4. Comprised of 30,879 Tassal Shares held indirectly through Ian McArthur & Associates Pty Ltd as trustee for the McArthur Family Trust and 25,000 Tassal Shares held through Ian McArthur Holdings Pty Ltd for and on behalf of Ms McArthur's superannuation fund.

5. Indirectly held through G. Lynch Investments Pty Ltd ATF Elswick Super Fund.

6. Directly held by Mr Haire.

7. Directly held by Ms Parsons jointly with Matthew Thomas Parsons as trustees for the MKP Superfund.

8. In addition to the 177,154 Tassal Performance Rights granted to Mr Ryan under the 2020 LTIP and 186,586 Tassal Performance Rights granted to Mr Ryan under the 2021 LTIP, Mr Ryan has indicated to Tassal that he considers that 188,297 performance rights that were proposed to be granted to him by the Tassal Board (excluding Mr Ryan) for 2022 have already been granted. Tassal disagrees with Mr Ryan's position on this issue.

9.2 Tassal equity incentive arrangements

(a) Overview of arrangements

Tassal operates an incentive plan under which short-term and long-term incentives are offered to senior management as an incentive and reward. In particular:

- the remuneration packages of the Managing Director and CEO and the Executive Leadership Team (**ELT**) include a short-term incentive (**STI**) component that is linked to the overall financial and operational performance of Tassal. STIs are, subject to relevant targets being achieved, paid in cash; and
- the Managing Director and CEO and ELT and other senior management may also be invited to participate in Tassal's long-term incentive plan (**LTI Plan**).

(1) Tassal STIs

Tassal's STI is set on achieving a Tassal Board approved Operational NPAT threshold. Achieving this threshold results in ELT participants being entitled to 70% of the STI entitlement, with entitlement to the remaining 30% of the STI allocated against responsible business scorecard targets that are also approved by the Tassal Board.

In accordance with the terms applicable to the FY2022 STIs, on 1 September 2022, Tassal made cash payments in the ordinary course in respect of FY2022 STIs amounting to a total amount of \$3,564,422. This included a cash payment of \$688,000 to Tassal Managing Director and CEO, Mr Mark Ryan.

(2) Tassal LTI Plan

Under Tassal's LTI Plan, each Tassal Performance Right entitles the holder to receive Tassal Shares, subject to achievement of specified performance criteria during the performance period. If these performance criteria are satisfied, Tassal Shares will be allocated at the end of the performance period. The number of Tassal Shares that a participant will ultimately receive will depend on the extent to which the performance criteria are met. If specified minimum performance hurdles are not met, no Tassal Shares will be allocated in respect of the Tassal Performance Rights.

Holders of Tassal Performance Rights do not need to pay for Tassal Shares allocated to them on vesting of the Tassal Performance Rights. On vesting (subject to the satisfaction of certain conditions), participants are entitled to be allocated 1 Tassal Share for every vested Tassal Performance Right that they hold.

As at the Last Practicable Date, Tassal had 1,397,836 Tassal Performance Rights, comprised of:

- 646,056 Tassal Performance Rights granted under the 2020 LTIP; and
- 751,780 Tassal Performance Rights granted under the 2021 LTIP.

Further details about Tassal's employee incentive arrangements can be found in announcements lodged by Tassal with the ASX.

(b) Implications of the Scheme for participants in the incentive arrangements

Under the Scheme Implementation Deed, Tassal must ensure that, by no later than the Scheme Record Date, there are no Tassal Performance Rights in existence. In order to comply with this obligation, under the Scheme Implementation Deed, Tassal must:

- (1) cause some or all of the outstanding Tassal Performance Rights to lapse for nil value;
- (2) cause some or all of the outstanding Tassal Performance Rights to vest and be exercised and, following such vesting and exercise, cause the relevant number of Tassal Shares to be transferred or issued (as applicable) to allow the relevant former holders of those Tassal Performance Rights to participate in the Scheme; or
- (3) cause some or all of the outstanding Tassal Performance Rights to vest and be exercised and, following such vesting and exercise, cash settle those Tassal Performance Rights in accordance with the terms of the long-term incentive plan applicable to those Tassal Performance Rights by a cash payment in respect of each such Tassal Performance Right equal to the Scheme Consideration net of applicable taxes, statutory superannuation contributions or other withholdings (the **Cash Equivalent Value**) of such Tassal Performance Right,

provided that the aggregate number of Tassal Performance Rights to vest is no more than 876,263. No Tassal Performance Rights may be vested for an amount exceeding their Cash Equivalent Value.

ADDITIONAL INFORMATION

continued

Under the terms applicable to the Tassal Performance Rights, the occurrence of a 'Capital Event' (which includes the Scheme) will entitle relevant participants to be allocated Tassal Shares for the Tassal Performance Rights they hold on a pro-rata basis according to the proportion of the performance period completed and subject to the satisfaction of the relevant performance condition(s) from the start of the performance period up to the Capital Event, unless the Tassal Board, in its absolute discretion, determines otherwise. Any Tassal Performance Rights held by a participant in respect of which Tassal Shares are not allocated will lapse and the participant will be treated as having never held any right or interest in those Tassal Performance Rights.

The Tassal Board (excluding Tassal Managing Director and CEO, Mr Mark Ryan) has exercised its discretion to resolve that, subject to the Scheme becoming Effective, the Tassal Performance Rights will:

- (4) vest on a pro-rata basis according to the proportion of the relevant performance period completed assuming a 'Capital Event' occurs as at 30 November 2022 and not subject to the satisfaction of the applicable performance conditions; and
- (5) following such vesting, relevant participants will be allocated 1 Tassal Share for every vested Tassal Performance Right that they hold prior to the Scheme Record Date,

provided that the aggregated number of Tassal Performance Rights to vest is no more than 876,263.

Accordingly, if the Scheme becomes Effective:

- (6) 876,263 Tassal Performance Rights will vest and holders of those Tassal Performance Rights will receive, for each Tassal Performance Right, 1 Tassal Share (that is, on a one for one basis) prior to the Scheme Record Date; and
- (7) 521,573 Tassal Performance Rights will lapse.

Under the terms of the Transaction agreed with Cooke and Cooke Sub, Tassal is not permitted to make any grant of long-term incentives for 2022 or make a cash payment in respect of any such long-term incentives without Cooke's prior written consent.

Tassal is not permitted to pay any FY2023 short term incentives under the terms of the Transaction agreed with Cooke and Cooke Sub without Cooke's prior written consent.

In accordance with the terms of the Scheme Implementation Deed and to reflect that Tassal will no longer be an ASX-listed company if the Scheme is implemented, the effect of the pro-rata vesting of the Tassal Performance Rights, with the balance lapsing, is that Tassal will no longer have its existing LTI plan in place.

Tassal Managing Director and CEO, Mr Mark Ryan, has informed the Board that he considers that the pro-rata vesting of the Tassal Performance Rights, Tassal not granting any performance rights for 2022 and the cessation of Tassal's existing LTI plan may have a potential adverse effect on the retention of the ELT, in particular after implementation of the Scheme.

(c) Tassal Performance Rights held by Tassal Managing Director and CEO, Mr Mark Ryan

Subject to the Scheme becoming Effective, Tassal Managing Director and CEO, Mr Mark Ryan will become entitled to the vesting of 231,040 out of his 363,740 unvested Tassal Performance Rights and 231,040 Tassal Shares will be allocated to him in respect of those vested Tassal Performance Rights prior to the Scheme Record Date. The vesting of the Tassal Performance Rights held by Mr Ryan will occur on a pro-rata basis according to the proportion of the performance period completed (assuming a 'Capital Event' occurs as at 30 November 2022) but not subject to the satisfaction of the applicable performance conditions. All other Tassal Performance Rights held by Mr Mark Ryan (that is, Mr Ryan's remaining 132,700 Tassal Performance Rights) will lapse on the Effective Date. As a result of these arrangements, if the Scheme becomes Effective, Mr Ryan will therefore be entitled to receive approximately \$1,208,339 in connection with the vesting of 231,040 of his unvested Tassal Performance Rights.

Mr Ryan's employment contract provides that as his position is an executive appointment, both STI and LTI incentives apply and are to be maintained as a minimum at current levels as they form part of the remuneration package relativity. Mr Ryan considers that Tassal is obliged to ensure he suffers no loss in respect of his LTI incentives as a result of the Scheme, such that all his unvested Tassal Performance Rights including 188,297 Tassal Performance Rights that he considers were resolved by the Tassal Board to be granted to him for 2022 before Tassal signed the Scheme Implementation Deed (resulting in a total of 552,057 for 2020, 2021 and 2022) must either vest or if they are to be lapsed, they are not lapsed without an equivalent replacement LTI being put in place with his agreement.

Mr Ryan considers that the pro rata vesting of his Tassal Performance Rights with the balance lapsing, with no equivalent alternative LTI in place, does not accord with his contract. Tassal disagrees with Mr Ryan's position on this issue.

Mr Ryan will not be entitled to vote at the Scheme Meeting in respect of the 231,040 Tassal Shares allocated to him in respect of his vested Tassal Performance Rights (as such Tassal Performance Rights would only vest and such Tassal Shares would only be allocated following the Scheme Meeting if the Scheme becomes Effective). However, in such circumstances, if the Scheme becomes Effective, Mr Ryan will receive the Scheme Consideration in respect of the 231,040 Tassal Shares allocated to him in respect of his vested Tassal Performance Rights (provided they are held by him on the Scheme Record Date).

The Tassal Board (excluding Mr Ryan) considers that, despite these arrangements (which will have no impact on the Scheme Consideration to be paid to Scheme Shareholders), it is appropriate for Mr Ryan to make a recommendation on the Scheme given his role in the operation and management of Tassal and given that Tassal Shareholders would wish to know Mr Ryan's views in relation to the Scheme. Mr Ryan also considers that it is appropriate for him to make a recommendation.

9.3 Other benefits and agreements

(a) Interests of Tassal Directors in Cooke or Cooke Sub securities

No Tassal Director has a Relevant Interest in any securities in Cooke or Cooke Sub.

No Tassal Director has acquired or disposed of a Relevant Interest in any securities in Cooke or Cooke Sub during the four months before the date of this Scheme Booklet.

(b) Interests of Tassal Directors in contracts with Cooke or Cooke Sub

No Tassal Director has any interest in any contract entered into by Cooke or Cooke Sub, or any of their related bodies corporate.

(c) Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of Tassal (or any of its related bodies corporate) as compensation for the loss of, or consideration for or in connection with their retirement from, office in Tassal (or any of its related bodies corporate) in connection with the Scheme.

(d) Deeds of indemnity, insurance and access

Tassal has entered into deeds of indemnity, insurance and access with the directors and officers of the Tassal Group, on customary terms (**D&O Deeds**). The D&O Deeds include terms that provide for each Tassal Group Member to indemnify each of its directors and officers against all liability arising as a result of such persons acting as a director or officer, to the extent permitted by law.

Tassal also pays a premium in respect of a directors and officers insurance policy for the benefit of the directors and officers of Tassal. If the Scheme is implemented, Tassal may enter into an arrangement to provide run-off insurance coverage for all current Tassal directors and officers for seven years from the Implementation Date. As at the Last Practicable Date, Tassal expects that the premium for entry into such run-off arrangement will be approximately \$2,027,939.70. The entry into such arrangements by Tassal is permitted by clause 7.3 of the Scheme Implementation Deed. In addition, under clause 7.3(a)(2) of the Scheme Implementation Deed, Cooke must ensure that such cover for applicable directors and officers is maintained for a period of seven years from the retirement date of each director and officer.

(e) Benefits from Cooke or Cooke Sub

No Tassal Director has agreed to receive, or is entitled to receive, any benefit from Cooke, or any of its related bodies corporate, which is conditional on, or is related to, the Scheme.

(f) Agreements connected with or conditional on the Scheme

Other than as disclosed in sections 9.1(b) or 9.2(c), there are no agreements or arrangements made between any Tassal Director and any other person in connection with, or conditional on, the outcome of the Scheme.

9.4 Scheme Implementation Deed

(a) Introduction

On 16 August 2022, Tassal, Cooke and Cooke Sub entered into the Scheme Implementation Deed, which governs the conduct of the Scheme.

A summary of the key terms of the Scheme Implementation Deed is set out below. A full copy of the Scheme Implementation Deed was released to ASX on 16 August 2022 and can be obtained from www2.asx.com.au.

ADDITIONAL INFORMATION

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(b) Conditions precedent (Clause 3.1)

Implementation of the Scheme is subject to the following outstanding conditions precedent:

- (1) **Shareholder approval:** the Requisite Majorities of Tassal Shareholders (other than Excluded Shareholders) approve the Scheme at the Scheme Meeting;
- (2) **Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act (either unconditionally and without modification or amendment, or with modifications, amendments or conditions consented to by Cooke and Tassal in accordance with clause 4.2 of the Scheme Implementation Deed);
- (3) **Restraints:** no law, rule, regulation, permanent restraining order, permanent injunction or other final decision, order or decree is made by an Australian court of competent jurisdiction or Australian Government Agency, which restrains, prohibits, impedes or otherwise materially adversely impacts upon implementation of the Scheme, is in effect at 8.00am on the Second Court Date;
- (4) **No Tassal Material Adverse Change:** no Tassal Material Adverse Change occurs, or is reasonably likely to occur, or is announced, publicly disclosed or otherwise becomes actually known to Cooke between (and including) 16 August 2022 and 8.00am on the Second Court Date; and
- (5) **No Tassal Prescribed Occurrence:** no Tassal Prescribed Occurrence occurs between (and including) 16 August 2022 and 8.00am on the Second Court Date.

The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Deed.

The Scheme will not proceed unless all of the conditions precedent to the Scheme are satisfied or waived (as applicable) in accordance with the Scheme Implementation Deed.

(c) Tassal Board recommendation (Clause 5.9)

The Scheme Implementation Deed requires Tassal to use its best endeavours to procure that the Tassal Board collectively do not, and each Tassal Director does not, change, withdraw, adversely modify or adversely qualify (including by making a public statement supporting, endorsing or recommending a Competing Proposal and / or to the effect that they no longer support the Scheme) or their recommendation or intention to vote in favour of the Scheme unless:

- (1) the Independent Expert concludes that the Scheme is not fair, not reasonable or not in the best interests of Tassal Shareholders (other than Excluded Shareholders);
- (2) Tassal has received a Competing Proposal and the Tassal Board has determined that the Competing Proposal constitutes a Superior Proposal; or
- (3) the Tassal Board or any of the Tassal Directors is requested or required by a court of competent jurisdiction, ASIC or the Takeovers Panel after the date of the Scheme Implementation Deed to abstain from making a recommendation that Tassal Shareholders (other than Excluded Shareholders) vote in favour of the Scheme.

(d) Conduct of business (Clause 5.4)

The Scheme Implementation Deed requires that Tassal carry on its business and operations in the ordinary course.

In addition, Tassal must also:

- comply in all material respects with all applicable authorisations, laws, regulations and material contracts to which it is party;
- maintain and if necessary, renew each of its material authorisations, accreditations, licences and policies of insurance necessary to conduct the Tassal Group's business;
- maintain its businesses and assets;
- keep available the services of its officers and employees;
- maintain the policies of insurance held by the Tassal Group as at the date of the Scheme Implementation Deed;
- not enter into any material new line of business or other activity or alter the scale of the business or other activity of Tassal;
- ensure no 'Tassal Regulated Event' occurs; and
- use reasonable endeavours to preserve its relationships with Government Agencies and material customers, suppliers, landlords, licensors, licensees, joint venture partners and others having business dealings with Tassal or any other Tassal Group Member.

However, Tassal will be able to take any actions:

- fairly disclosed in the Disclosure Materials or disclosed in public documents within two years prior to the date of the Scheme Implementation Deed;
- agreed to in writing by or are within the actual knowledge of Cooke;
- required or permitted by law, the Scheme Implementation Deed or the Scheme; or
- to respond to regulatory or legislative changes, an emergency or a disaster (including Covid-19 pandemic or any other disease outbreak) provided Tassal has consulted with Cooke in good faith and taken into account any reasonable requests from Cooke.

(e) Representations and warranties (Clause 6)

The Scheme Implementation Deed contains customary representations and warranties given by each of Tassal and Cooke to each other.

These representations and warranties are set out in Schedule 4 (in the case of Tassal) and Schedule 3 (in the case of Cooke) of the Scheme Implementation Deed.

(f) Exclusivity (Clause 10)

The Scheme Implementation Deed contains the following customary exclusivity provisions:

- no shop;
- no talk (subject to a fiduciary out);
- no due diligence (subject to a fiduciary out);
- notification right for Cooke if Tassal is approached with a Competing Proposal; and
- matching rights.

(g) Break fee (Clause 11)

The Scheme Implementation Deed contains a customary break fee of \$11.3 million (which is approximately 1% of the equity value of Tassal) which will be triggered if:

- any member of the Tassal Board changes their recommendation in relation to the Scheme, unless:
 - the Independent Expert concludes that the Scheme is not fair, not reasonable or not in the best interests of Tassal Shareholders (other than Excluded Shareholders);
 - a Court or Government Agency requires a change to the recommendation; or
 - Tassal is entitled to terminate the Scheme Implementation Deed for material breach;
- a Competing Proposal is announced prior to the End Date and completes within 9 months; or
- Cooke terminates the Scheme Implementation Deed as a result of Tassal being in material breach of the Scheme Implementation Deed (including a material breach of warranty).

(h) Termination (Clause 12)

Each of Tassal and Cooke may terminate the Scheme Implementation Deed:

- for material breach of the Scheme Implementation Deed (including a material breach of warranty);
- for failure of a condition precedent to the Scheme (as outlined in section 4.4);
- if Tassal Shareholders (other than Excluded Shareholders) do not approve the Scheme at the Scheme Meeting by the Requisite Majorities; or
- if the Scheme is not effective by 16 February 2023.

In addition, Cooke may also terminate the Scheme Implementation Deed:

- if any member of the Tassal Board changes their recommendation in relation to the Scheme for any reason and whether or not permitted to do so under the Scheme Implementation Deed except as a result of a court of competent jurisdiction, ASIC or the Takeovers Panel requiring a change to the recommendation; or
- if Tassal enters into a definitive agreement in relation to the implementation of a Competing Proposal.

Further, Tassal may also terminate the Scheme Implementation Deed if a majority of the Tassal Board changes their recommendation in relation to the Scheme where expressly permitted by, and in accordance with the Scheme Implementation Deed.

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9.5 Standstill arrangements

Under the Confidentiality Deed, Cooke and its Associates (which include Cooke Sub) (**Standstill Parties**) are subject to a standstill regime under which the Standstill Parties must not (in summary):

- acquire, purchase or dispose of any securities in, a Relevant Interest in any securities in, or any assets of, Tassal or its Related Bodies Corporate;
- enter into, or obtain, dispose of or exercise any rights or interest under any derivative contracts or any other agreement which confer rights the economic effect of which is equivalent or substantially equivalent to holding, acquiring or disposing of securities in Tassal or any of its Related Bodies Corporate or of any assets of Tassal or of any of its Related Bodies Corporate;
- solicit proxies from securityholders of Tassal, solicit support from securityholders of Tassal for any proposal by Cooke, or other arrangement in relation to Tassal or its assets, or otherwise seek to influence or control the management or policies of Tassal;
- enter into any arrangements or undertakings or enter into or continue any discussions in relation to Tassal or any of its Related Bodies Corporate or any securities, business, operations or assets (or any interest in any securities, business, operations or assets) of Tassal or any of its Related Bodies Corporate, with any person; or
- announce a proposal, desire or an intention to do, or aid, abet, counsel, procure or induce any other person to do any of the things mentioned above.

The standstill regime applies until the earliest to occur of:

- in respect of a disposal, or entry into an agreement to dispose, of securities or a relevant interest in any securities or assets of Tassal or its Related Bodies Corporate, or the disposal of a derivative that has the economic effect of holding, acquiring or disposing of securities or a relevant interest in any securities or assets of Tassal or its Related Bodies Corporate, the date of termination of the Scheme Implementation Deed in accordance with the terms of the Scheme Implementation Deed other than a termination as a result of a material breach by Cooke; and
- 30 June 2023.

The standstill regime is also subject to certain exceptions including actions to the extent:

- they occur under or in connection with a scheme of arrangement or a takeover bid to which Cooke (or a Controlled Entity of Cooke) is a party and to which the Board of Tassal or relevant committee of Tassal has publicly recommended when first announced (in the absence of a Superior Proposal);
- that:
 - a takeover bid is made for all the issued shares in Tassal pursuant to a transaction recommended by the Board of Tassal by a person other than Cooke (either alone or together with one or more of its Controlled Entities, Associates, or any Associates of its Controlled Entities or through any of the foregoing); or
 - the board of Tassal recommends a scheme of arrangement proposed by a person other than Cooke (either alone or together with one or more of its Controlled Entities, Associates, or any Associates of its Controlled Entities or through any of the foregoing) under which that person will acquire all the issued shares of Tassal,

(each a **Competing Proposal**), and the relevant action then occurs under a subsequent takeover bid made by Cooke (or a Controlled Entity of Cooke) for all of the issued shares in Tassal at a cash price per Tassal share that is higher than that offered under the Competing Proposal; or

- Tassal has given its prior written consent to the relevant action being taken.

9.6 Consents and disclosures

(a) Consents

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- Cooke and Cooke Sub in respect of the Cooke Information only;
- Kroll as the Independent Expert; and
- KPMG in respect of section 8 of this Scheme Booklet.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Scheme Booklet.

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Goldman Sachs Australia Pty Ltd as financial adviser to Tassal;
- Herbert Smith Freehills as legal adviser to Tassal;
- Kroll as the Independent Expert;
- KPMG as tax adviser to Tassal; and
- Computershare Investor Services Pty Limited as the Tassal Share Registry.

(b) Disclosures and responsibility

Each person named in section 9.6(a):

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
 - Cooke in respect of the Cooke Information only;
 - KPMG in relation to section 8 of this Scheme Booklet only; and
 - Kroll in relation to its Independent Expert's Report; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 9.6(b).

9.7 Intentions of Tassal Directors

Under the Scheme Implementation Deed, if the Scheme becomes Effective, the existing Tassal Board will be reconstituted, except for Mr Mark Ryan, on the Implementation Date. Accordingly, it is not possible for the Tassal Directors (other than Mr Ryan) to provide a statement of their intentions regarding:

- the continuation of the business of Tassal or how Tassal's existing business will be conducted;
- any major changes to be made to the business of Tassal, including any deployment of the fixed assets of Tassal; and
- the future employment of the present employees of Tassal,

in each case, after the Scheme is implemented.

The intentions of Mr Ryan regarding the matters set out above are as set out in section 6.4 of this Scheme Booklet.

If the Scheme is implemented, Cooke Sub will own 100% of Tassal Shares and will control Tassal. The Tassal Directors understand that the intentions of Cooke and Cooke Sub are as set out in section 6.4.

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9.8 Regulatory relief

(a) ASX waiver

ASX has granted Tassal a waiver from ASX Listing Rule 6.23.2, subject to certain conditions (as set out below), to the extent necessary to permit Tassal to treat the Tassal Performance Rights in the manner set out in sections 9.2(b) and 9.2(c):

- that the Scheme be approved by Tassal Shareholders by the Requisite Majority and by a court of competent jurisdiction, and the Court's orders subsequently be lodged with the Australian Securities and Investment Commission such that the Scheme becomes Effective; and
- that full details of the cancellation of the Tassal Performance Rights and the consideration payable for their cancellation be set out to ASX's satisfaction in the Scheme Booklet. ASX has confirmed this condition has been satisfied.

(b) ASIC relief

(1) Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations

Paragraph 8302(d) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out particulars of any payment or benefit proposed to be made or given to any director, secretary or executive officer of Tassal or a Related Body Corporate (each a **Relevant Person**) as compensation for loss of office in Tassal or a Related Body Corporate or as conditions for or in connection with their retirement from office in Tassal or a Related Body Corporate.

ASIC has granted Tassal relief from this requirement on the basis that Tassal is not required to set out in this Scheme Booklet:

- the particulars of any payments or benefits proposed be made or given to a Relevant Person in relation to their loss of office, or retirement from office, unless either:
 - the Relevant Person will lose office or retire from office as a consequence of, or in connection with, the Scheme; or
 - the amount of any payment or benefit which may be made to the Relevant Person upon their loss of office or retirement from office may be materially affected by the Scheme; and
- the identity of any Relevant Person who will lose office or retire from office in connection with the Scheme, unless that person is a director of Tassal; and
- particulars of any payments or benefits to Relevant Persons, other than directors of Tassal, that would otherwise be required to be disclosed, provided such payments or benefits are disclosed on an aggregate basis.

(2) Paragraph 8302(h) of Part 3 of Schedule 8

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the Tassal Directors, the financial position of Tassal has materially changed since the date of the last balance sheet laid before Tassal Shareholders in accordance with sections 314 or 317 of the Corporations Act, being 30 June 2021.

ASIC has granted Tassal relief from this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge of the Tassal Directors, the financial position of Tassal has materially changed since 30 June 2022 (being the last date of the period to which the financial statements for the financial year ended 30 June 2022 relate), and on the basis that:

- Tassal has complied with Division 2 of Part 2M.3 of the Corporations Act in respect of FY2022;
- Tassal released its audited financial statements in respect of FY2022; and
- Tassal discloses in announcements to ASX any material changes to its financial position that occur after the date of lodgement of the Scheme Booklet for registration with ASIC but prior to the scheme being approved by the Court.

Tassal will ensure that a copy of its financial statements for the financial year ended 30 June 2022 is made available, free of charge, to any Tassal Shareholder who requests a copy before the Scheme is approved by order of the Court. Tassal Shareholders can also access a copy of Tassal's Appendix 4E providing its audited financial report for the full year ended 30 June 2022, which was released to the ASX on 16 August 2021, from the ASX website (www2.asx.com.au).

(3) Section 250N of the Corporations Act

Section 250N of the Corporations Act requires Tassal to hold its AGM for the financial year ended 30 June 2022 by no later than 30 November 2022.

Tassal has applied to ASIC under section 250P of the Corporations Act to extend the period within which it would otherwise be required to hold its AGM for the financial year ended 30 June 2022 by three months. Tassal will announce to the ASX whether ASIC has granted the extension requested as soon as the decision is available.

As at the date of this Scheme Booklet, ASIC has advised Tassal that it has made a decision in principle that, should the need for an AGM become necessary, ASIC will extend the time for holding that AGM for 6 weeks to allow for additional time for the preparation of meeting materials.

9.9 No unacceptable circumstances

The Tassal Directors believe that the Scheme does not involve any circumstances in relation to the affairs of Tassal that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

9.10 Transaction costs

In aggregate, if the Scheme is implemented, Tassal expects that it will incur approximately \$16 million in external transaction costs which relate to the Scheme. This includes advisory fees (including for Tassal's financial, legal and tax advisers), the Independent Expert's fees, Court fees, registry fees, printing and mailing costs and expenses associated with convening and holding the Scheme Meeting, but excludes any insurance premium cost or other costs Tassal expects to pay for entry into the directors' and officers' run-off insurance cover as set out in section 9.3(d). Of this, approximately \$7 million will be incurred regardless of whether or not the Scheme is implemented, excluding any break fee that may be payable to Cooke.

9.11 No other material information

Except as disclosed elsewhere in this Scheme Booklet, so far as the Tassal Directors are aware, there is no other information that is:

- material to the making of a decision by a Tassal Shareholder whether or not to vote in favour of the Scheme; and
- known to any Tassal Director at the date of lodging this Scheme Booklet with ASIC for registration,

which has not previously been disclosed to Tassal Shareholders.

9.12 Supplementary disclosure

Tassal will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, Tassal may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to Tassal Shareholders at their address shown on the Tassal Share Register; and/or
- posting a statement on Tassal's website at <https://tassalgroup.com.au/>,

as Tassal, in its absolute discretion, considers appropriate.

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10.1 Definitions

In this Scheme Booklet, unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
2020 LTIP	the long term incentive plan operated by Tassal in respect of the performance period between 1 July 2020 and 30 June 2023.
2021 LTIP	the long term incentive plan operated by Tassal in respect of the performance period between 1 July 2021 and 30 June 2024.
AEDT	Australian Eastern Daylight Time.
Affiliates	in relation to Tassal, Cooke or Cooke Sub (as applicable): 1 a Related Body Corporate of that party; and 2 an entity, fund, partnership or collective investment vehicle over which a party (or a Related Body Corporate of that party) exercises control within the meaning of section 50AA of the Corporations Act (but read as though section 50AA(4) were omitted) or that is managed or advised by that party or a Related Body Corporate of that party.
AGM	annual general meeting.
Amore Foods	Amore Foods Pty Ltd ACN 107 831 934.
ASC	has the meaning given in section 5.5.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act as if section 12(1) of the Corporations Act included a reference to this (or other relevant) document as if the 'designated body' is Tassal.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	Australian Taxation Office.
Australian Government Agency	any Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government (including, ASIC and the Takeovers Panel).
Business Day	a day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, Australia.
Cash Equivalent Value	has the meaning given in section 9.2(b).
CGT	capital gains tax.
CHESS	Clearing House Electronic Subregister System.
Competing Bidder	a person other than Cooke, any other Cooke Group Member and their respective Associates.

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Term	Meaning
Competing Proposal	any proposal, offer, expression of interest, agreement, arrangement or transaction, which, if entered into or completed substantially in accordance with its terms, would result in a Competing Bidder (either alone or together with any Associate(s)): 1 directly or indirectly acquiring or having the right to acquire (a) a Relevant Interest in; (b) a legal, beneficial or economic interest (including by way of an equity swap, contract for difference or similar transaction or arrangement) in; or (c) control of, 20% or more of the Tassal Shares; 2 acquiring Control (as determined in accordance with section 50AA of the Corporations Act, but disregarding sub-section 50AA(4)) of Tassal; 3 directly or indirectly acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of Tassal's business or assets or the business or assets of the Tassal Group; 4 otherwise directly or indirectly acquiring, being stapled to, or merging with Tassal; or 5 requiring Tassal to abandon, or otherwise fail to proceed with, the Transaction, whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other transaction or arrangement. For the avoidance of doubt, each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.
Condition Precedent	each of the conditions set out in clause 3.1 of the Scheme Implementation Deed.
Confidentiality Deed	the deed of confidentiality between Tassal and Cooke dated 14 August 2022.
Control	has the meaning given in section 50AA of the Corporations Act.
Controlled Entities	in relation to Tassal, Cooke or Cooke Sub (as applicable): 1 a Related Body Corporate of that party; or 2 an entity, fund or partnership over which a party (or a Related Body Corporate of a party) exercises control, or by which a party is controlled, within the meaning of section 50AA of the Corporations Act (but read as though section 50AA(4) were omitted).
Cooke	Cooke Inc.
Cooke Board	the board of directors of Cooke.
Cooke Director	a member of the Cooke Board.
Cooke FAQs	1 the statements that as at the date of this Scheme Booklet, Cooke Sub is the only Excluded Shareholder, holding legal and beneficial title in approximately 10.49% of the Tassal Shares on issue; 2 the answer to the frequently asked question, "Who is Cooke?" in section 2; and 3 the answer to the frequently asked question, "Who is Cooke Sub?" in section 2.
Cooke Group	Cooke, Cooke Sub, any equity investor in Cooke, and each of their respective Affiliates and a reference to a Cooke Group Member is to any one of them (except that the Cooke Group does not include any equity investor in Cooke or any Affiliates of such equity investor where this Scheme Booklet describes the operations, business divisions and employees of the Cooke Group).
Cooke Information	information regarding the Cooke Group provided by Cooke to Tassal in writing for inclusion in this Scheme Booklet including: 1 the Cooke FAQs; 2 section 6 ('Information about Cooke') and any definitions in section 10.1 which relate solely to section 6; and 3 information identified in this Scheme Booklet as being prepared by and the responsibility of Cooke (whether or not that information appears in section 6 ('Information about Cooke')). For the avoidance of doubt, the Cooke Information excludes the Tassal Information, the Independent Expert's Report and the information contained in section 8 ('Tax implications') of this Scheme Booklet.

Term	Meaning
Cooke Sub	Aquaculture Australia Company Pty Ltd ACN 660 056 888.
Corporations Act	the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Cooke and Tassal.
D&O Deeds	deeds of indemnity, insurance and access entered into by Tassal and Tassal Group Members with the directors and officers of the Tassal Group.
Debt Commitment Letter	the binding, credit-approved, executed debt commitment letter and accompanying term sheet from the Senior Debt Financiers addressed to one or more Cooke Group Members and dated 6 June 2022 (as amended).
Deed Poll	a deed poll in the form of Annexure 3 under which Cooke and Cooke Sub covenant in favour of the Scheme Shareholders to perform the obligations attributed to Cooke and Cooke Sub under the Scheme.
Disclosure Letter	a letter identified as such provided by Tassal to Cooke and Cooke Sub and countersigned by Cooke and Cooke Sub prior to entry into the Scheme Implementation Deed.
Disclosure Materials	1 the Disclosure Letter; and 2 any other information made available by Tassal or its Related Persons to Cooke Group or its Related Persons prior to execution of the Scheme Implementation Deed which is agreed between the parties in writing on or prior to the date of the Scheme Implementation Deed.
Duty	any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective, currently expected to be 8 November 2022.
ELT	Executive Leadership Team.
End Date	1 16 February 2023; or 2 such other date as agreed in writing by the parties.
Excluded Shareholder	any Tassal Shareholder who is a member of the Cooke Group or any Tassal Shareholder who holds any Tassal Shares on behalf of, or for the benefit of, or as nominee for, any member of the Cooke Group and does not hold Tassal Shares on behalf of, or for the benefit of, or as nominee for, any other person, in each case, at the Scheme Record Date. As at the date of the Scheme Booklet, Cooke Sub is the only Excluded Shareholder. ¹
Financial Adviser	any financial adviser retained by a Tassal Group Member in relation to the Transaction from time to time.

1. The statement that Cooke Sub is the only Excluded Shareholder as at the date of the Scheme Booklet has been prepared by Cooke and is the responsibility of Cooke. Tassal and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information

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Term	Meaning
Financial Indebtedness	any debt or other monetary liability (whether actual or contingent), together with all interest, fees and penalties accrued thereon, in respect of monies borrowed or raised or any financial accommodation including under or in respect of any: 1 interest or non-interest bearing loan or other financing liability or obligation, including an overdraft or any other liability in the nature of borrowed money (whether secured or unsecured); 2 bill, bond, debenture, note or similar instrument; 3 acceptance, endorsement or discounting arrangement; 4 guarantee or letter of credit; 5 finance or capital lease; 6 redeemable share or security; 7 agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service; 8 obligation to deliver goods or provide services paid for in advance by any financier; or 9 recourse or non-recourse liability (whether conditional or unconditional, present or future) arising from any transaction(s) related to the assignment or securitisation of receivables for financing purposes to any third party, including a factoring agreement or a similar agreement executed for the purpose of obtaining financing and including any amount raised pursuant to such agreement but which, in accordance with accounting standards, has not otherwise been recognised on the balance sheet as a liability.
FIRB	the Australian Foreign Investment Review Board.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard, with such hearing being the first court hearing.
FY2021	the financial year ended 30 June 2021.
FY2022	the financial year ended 30 June 2022.
FY2023	the financial year ending 30 June 2023.
GHG	has the meaning given in section 5.5.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian (including ASIC and the Takeovers Panel).
GST	goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.
GST Act	the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
GST Law	has the same meaning as in the GST Act.
HIN	Holder Identification Number.
Holdco	Aquaculture Australia Holdco Pty Ltd ACN 660 056 440.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as Tassal and Cooke agree in writing, currently expected to be 21 November 2022.
Independent Expert	Kroll Australia Pty Ltd ACN 116 738 535, the independent expert in respect of the Scheme appointed by the Tassal Directors.

Term	Meaning
Independent Expert's Report	the report issued by the Independent Expert in connection with the Scheme, as set out in Annexure 1.
Insolvency Event	in relation to an entity: 1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity (other than where the order is set aside within 14 days); 2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets; 3 the entity executing a deed of company arrangement; 4 the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of the Scheme Implementation Deed; 5 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation); or 6 the entity being deregistered as a company or otherwise dissolved, or any other like event, matter or circumstance occurring in relation to an entity in another jurisdiction.
KPMG	KPMG ABN 51 194 660 183.
Last Practicable Date	23 September 2022.
LTI Plan	has the meaning given in section 9.2(a).
Listing Rules	the official listing rules of the ASX.
Midco 1	Aquaculture Australia Midco 1 Pty Ltd ACN 660 056 708.
Midco 2	Aquaculture Australia Midco 2 Pty Ltd ACN 660 056 593.
Operating EBITDA	earnings before interest, tax, depreciation and amortisation, excluding the impact of significant items and AASB 141.
Operating NPAT	net profit after tax, excluding the after tax impact of significant items and AASB 141.
PPS Register	the register maintained under the PPSA.
PPSA	the <i>Personal Property Securities Act 2009</i> (Cth).
Proxy Form	the proxy form for the Scheme Meeting which accompanies this Scheme Booklet.
Related Bodies Corporate	has the meaning set out in section 50 of the Corporations Act.
Related Person	1 in respect of a party or its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and 2 in respect of a Financial Adviser, each director, officer or employee of that Financial Adviser.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Relevant Person	any director, secretary or executive officer of Tassal or a Related Body Corporate.

GLOSSARY

continued

Term	Meaning
Requisite Majorities	in relation to the Scheme Resolution to be put to Tassal Shareholders (other than Excluded Shareholders) at the Scheme Meeting, the resolution being passed by: 1 a majority in number (more than 50%) of Tassal Shareholders (other than Excluded Shareholders) who are present and voting at the Scheme Meeting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative, except to the extent the Court orders otherwise under subsection 411(4)(a)(ii)(A) of the Corporations Act and, in that case, in accordance with that Court order; and 2 at least 75% of the votes cast on the resolution by Tassal Shareholders (other than Excluded Shareholders) who are present and voting at the Scheme Meeting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative.
Scheme	the members' scheme of arrangement under Part 5.1 of the Corporations Act between Tassal and the Scheme Shareholders under which all of the Scheme Shares will be transferred to Cooke Sub and the Scheme Shareholders will be entitled to receive the Scheme Consideration, the form of which is attached as Annexure 2 (or such other form as agreed in writing by Cooke and Tassal), together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and consented to by Cooke in accordance with clause 4.2 of the Scheme Implementation Deed.
Scheme Booklet	this document being the explanatory statement in respect of the Scheme, which has been prepared by Tassal in accordance with section 412 of the Corporations Act.
Scheme Consideration	the consideration to be provided by Cooke Sub to each Scheme Shareholder for the transfer to Cooke Sub of each Scheme Share is \$5.23 in cash for each Tassal Share held by a Scheme Shareholder as at the Scheme Record Date.
Scheme Implementation Deed or SID	the Scheme Implementation Deed dated 16 August 2022 between Tassal, Cooke and Cooke Sub, a copy of which was released to the ASX on 16 August 2022.
Scheme Meeting	the meeting of Tassal Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme Resolution and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm (AEDT) on 14 November 2022 or such other time and date as the parties agree in writing.
Scheme Resolution	the resolution to approve the terms of the Scheme, as set out in the Notice of Scheme Meeting in Annexure 4.
Scheme Shareholder	a Tassal Shareholder as at the Scheme Record Date, other than any Tassal Shareholder which is an Excluded Shareholder.
Scheme Shares	all Tassal Shares held by the Scheme Shareholders as at the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard, currently expected to be 8 November 2022, or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Senior Debt Financiers	has the meaning given in section 6.3(c).
Senior Loan Facilities	has the meaning given in section 6.3(c).
SRN	Shareholder Reference Number.
STI	short-term incentive.

Term	Meaning
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Superior Proposal	a bona fide, written Competing Proposal: - of the kind referred to in any of paragraphs 2, 3 or 4 of the definition of 'Competing Proposal'; and - not resulting from a breach by Tassal of any of its obligations under clause 10 of the Scheme Implementation Deed, that the Tassal Board, acting in the best interests of Tassal Shareholders and in good faith and in order to satisfy what the Tassal Board considers to be the Tassal Directors' statutory or fiduciary duties (after having obtained advice from Tassal's Financial Advisers and reputable external Australian legal advisers specialising in the area of corporate law) determines: - is reasonably capable of being valued and completed within a reasonable timeframe in accordance with its terms, taking into account all terms, conditions and other aspects of the Competing Proposal, including, but not limited to: - the identity, reputation and financial condition of the party making the Competing Proposal; - the ability of the party making the Competing Proposal to consummate the transactions contemplated by the Competing Proposal; and - all relevant legal, financial, regulatory and other matters; and - would, if completed substantially in accordance with its terms, be reasonably likely to result in a transaction that is more favourable to Tassal Shareholders (as a whole) (other than Excluded Shareholders) than the Transaction, taking into account all terms and conditions and other aspects of: - the Competing Proposal (including the value and type of consideration, funding, any timing considerations, any conditions precedent, the identity, reputation and financial condition of the proponent, the views of Tassal Shareholders in relation to the Competing Proposal compared to the Transaction, the ability of the proponent to complete the transactions contemplated by the Competing Proposal and the probability of the Competing Proposal being completed compared to the Transaction and relevant legal, financial, regulatory and other matters); and - the Transaction (including the matters described in paragraph (A) above in respect of the Transaction).
Tassal	Tassal Group Limited ACN 106 067 270.
Tassal Board	the board of directors of Tassal from time to time.
Tassal Director	any director of Tassal comprising part of the Tassal Board from time to time.
Tassal Director Share	any Tassal Share: - held by or on behalf of, or controlled by, any Tassal Director; or - listed as an indirect interest in the latest Appendix 3X or Appendix 3Y lodged by Tassal with ASX in respect of any Tassal Director.
Tassal Group	Tassal and each of its Subsidiaries, and a reference to a Tassal Group Member is to Tassal or any of its Subsidiaries.
Tassal Information	the information contained in this Scheme Booklet, other than: - the Cooke Information; - the Independent Expert's Report; and - section 8 ('Tax implications') of this Scheme Booklet.

GLOSSARY

continued

Term	Meaning
Tassal Material Adverse Change	an event, change, condition, matter, circumstance or thing (Specified Event) occurring or being reasonably likely to occur after the date of the Scheme Implementation Deed, or which occurred before the date of the Scheme Implementation Deed but which is only announced, publicly disclosed or otherwise becomes actually known to Cooke after the date of the Scheme Implementation Deed, whether individually or when aggregated with all events, changes, conditions, matters, circumstances or things of a like kind that have occurred or are reasonably likely to occur, has had or would be considered reasonably likely to have, the effect of: (i) a diminution in the consolidated net assets of the Tassal Group (calculated in accordance with the accounting policies and practices applied by Tassal as at the date of the Scheme Implementation Deed), taken as a whole, by at least 12.5% against what it would reasonably have expected to be but for that Specified Event; (ii) fish mortalities resulting in a reduction in Tassal Group's biomass value by at least \$30,000,000 above the Tassal Group's budgeted mortality for the financial year ending 30 June 2023; (iii) in relation to the Tassal Group's salt water salmon operations - a 20% or greater biomass loss by fish count, in any year class, compared with the budgeted loss for the financial year ending 30 June 2023 (provided that the loss by fish count in a year class will be deemed to be the loss by fish count in that year class reduced by the number of any fish in the relevant year class at the time owned, managed or controlled by the Tassal Group which are located in the Tassal Group's hatcheries and not at sea); (iv) in relation to the Tassal Group's fresh water salmon operations - a 15% or greater biomass loss by fish count, in any year class, compared with the budgeted loss for the financial year ending 30 June 2023 (not including end of year culling in the ordinary course); or (v) in relation to the Tassal Group's prawn operations - a 20% or greater mortality per cycle above the Tassal Group's budgeted mortality for the financial year ending 30 June 2023, determined after taking into account any Specified Event which offsets the impact of the Specified Event giving rise to the adverse effect, other than those events, changes, conditions, matters, circumstances or things: 1 that were Fairly Disclosed in: (i) the Disclosure Materials; (ii) an announcement made by Tassal or a Tassal Group Member to the ASX within 2 years prior to the date of the Scheme Implementation Deed; (iii) a publicly available document lodged by Tassal or a Tassal Group Member with ASIC (which would be disclosed in a search of ASIC's records that are open to public inspection) within 2 years prior to the date of the Scheme Implementation Deed; or (iv) a publicly available document which would be disclosed in a search of the PPS Register or the public records maintained by any Australian court in relation to Tassal or a Tassal Group Member (as applicable), in each case as at the date of the Scheme Implementation Deed; 2 that are within the actual knowledge of Cooke as at the date of the Scheme Implementation Deed; 3 arising from changes in economic or business conditions (including changes to interest rates, exchange rates, commodity prices or markets (including domestic or international financial markets)); 4 arising from the Coronavirus or Covid-19 pandemic (or any mutation, variation or derivative thereof) or any other disease, epidemic, pandemic or outbreak or the like affecting humans and not fish, including the outbreak, escalation or any impact of, or recovery from, the Coronavirus or Covid-19 pandemic (or any mutation, variation or derivative thereof), and including in connection with any lockdowns, travel restrictions, quarantining, work force reductions, closures, social distancing, absenteeism and restrictions of and on activities, venues and gatherings or other requirements, restrictions or obligations, having regard to any applicable recommendations, guidance or directions of a Government Agency; 5 arising from any change in law (including subordinate legislation), regulation, generally accepted accounting standards or generally accepted accounting principles or the interpretation of any such standards or principles, or the practice or policy of a Government Agency (whether or not retrospective in effect); 6 required, permitted or contemplated to be done or procured by the Tassal Group, or contemplated, under the Scheme Implementation Deed or the Scheme or the transactions contemplated therein; 7 which relate to or are caused by the identity of any Cooke Group Member; 8 any loss, damage or expense that is recoverable under the Tassal Group's insurance policies; 9 agreed to, or requested, by Cooke in writing; or 10 arising from, or which may be reasonably considered to have resulted from, any act of terrorism, cyber-attacks, outbreak or escalation of war (whether or not declared) or major hostilities (including in connection with or resulting or arising from any conflict between or involving Ukraine or Russia), civil unrest, an act of God, lightning, flood, fire, earthquake or explosion, landslide, pollution or environmental damage, hazard or adverse effect or other natural disaster (but excluding storm, cyclone, tidal wave or adverse weather conditions, and seasonal or other changes in water temperature).

Term	Meaning
Tassal Performance Rights	the 1,397,836 performance rights on issue in Tassal as at the date of the Scheme Implementation Deed.
Tassal Prescribed Occurrence	other than: - as Fairly Disclosed in: - the Disclosure Materials; - an announcement made by Tassal or a Tassal Group Member to the ASX within 2 years prior to the date of the Scheme Implementation Deed; - a publicly available document lodged by Tassal or a Tassal Group Member with ASIC (which would be disclosed in a search of ASIC's records that are open to public inspection) within 2 years prior to the date of the Scheme Implementation Deed; or - a publicly available document which would be disclosed in a search of the PPS Register or the public records maintained by any Australian court in relation to Tassal or a Tassal Group Member (as applicable), in each case as at the date of the Scheme Implementation Deed; - which is required by any applicable law, regulation, generally accepted accounting standards or generally accepted accounting principles (but for the avoidance of doubt not including as a result of any election or similar action by Tassal or any Tassal Group Member which is not required by the applicable law, regulation, generally accepted accounting standards or generally accepted accounting principles), contract (but only to the extent such contract was entered into before the date of the Scheme Implementation Deed or otherwise in accordance with the Scheme Implementation Deed) or by a Government Agency; - which is within the actual knowledge of Cooke before the date of the Scheme Implementation Deed; - arising from changes in economic or business conditions (including changes to interest rates, exchange rates, commodity prices or markets (including domestic or international financial markets)); - arising from any change in law (including subordinate legislation), regulation, generally accepted accounting standards or generally accepted accounting principles or the interpretation of any such standards or principles, or the practice or policy of a Government Agency (whether or not retrospective in effect); - arising from the Coronavirus or Covid-19 pandemic (or any mutation, variation or derivative thereof) or any other disease, epidemic, pandemic or outbreak or the like affecting humans and not fish, including the outbreak, escalation or any impact of, or recovery from, the Coronavirus or Covid-19 pandemic (or any mutation, variation or derivative thereof), and including in connection with any lockdowns, travel restrictions, quarantining, work force reductions, closures, social distancing, absenteeism and restrictions of and on activities, venues and gatherings or other requirements, restrictions or obligations, having regard to any applicable recommendations, guidance or directions of a Government Agency; - which relate to or are caused by the identity of any Cooke Group Member; - any loss or damage or expense that is recoverable under the Tassal Group's insurance policies; - arising from, or which may be reasonably considered to have resulted from, any act of terrorism, cyber-attacks, outbreak or escalation of war (whether or not declared) or major hostilities (including in connection with or resulting or arising from any conflict between or involving Ukraine or Russia), civil unrest, an act of God, lightning, flood, fire, earthquake or explosion, landslide, other natural disaster (but excluding storm, cyclone, tidal wave or adverse weather conditions and seasonal or other changes in water temperature in water temperatures); - as required or expressly permitted to be done or procured by the Tassal Group, or contemplated, in connection with the Scheme Implementation Deed or the Scheme or the transactions contemplated therein; or - as agreed to, or requested, by Cooke in writing. the occurrence of any of the following: - Tassal converting all or any of its securities (including the Tassal Shares) into a larger or smaller number; - Tassal resolving to reduce its share capital in any way; - a Tassal Group Member: - entering into a buy-back agreement; or - resolving to approve the terms of a buy-back agreement under the Corporations Act; - a Tassal Group Member issuing shares (including Tassal Shares), or granting a performance right or an option over its shares, or agreeing to make such an issue or grant such a right or an option, other than to a wholly-owned Subsidiary of Tassal; - a Tassal Group Member issuing or agreeing to issue securities convertible into shares (including any issue or agreement to issue performance rights or options or debt securities);

GLOSSARY

continued

Term	Meaning
	17 a Tassal Group Member reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; 18 Tassal declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to Tassal Shareholders; 19 a Tassal Group Member making any change to, or replacing, its constitution, other than where a Tassal Group Member that is not material in the context of the Tassal Group (taken as a whole) makes a change to, or replaces, its constitution that does not materially affect the Transaction or the Tassal Group (or its business); 20 a Tassal Group Member disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property (whether by way of a single transaction or series of related transactions); 21 a Tassal Group Member creating or granting an Encumbrance, or agreeing to create or grant an Encumbrance, in respect of the whole, or a substantial or material part, of the business, assets or property of the Tassal Group, other than a lien securing an obligation that is not yet due which arises by operation of law, legislation or which arises in the ordinary course of the Tassal Group's business; 22 an Insolvency Event occurs in relation to a material Tassal Group Member; 23 any material Tassal Group Member ceasing, or threatening to cease, the whole or a material part of its business; 24 any Tassal Group Member creates any new security-based (or phantom security-based) incentive plan or scheme which did not exist as at the date of the Scheme Implementation Deed; 25 Tassal Shares cease to be quoted, or are suspended from quotation, on ASX; or 26 any Tassal Group Member directly or indirectly authorises, commits or agrees to take any of the actions referred to in paragraphs 12 to 25 above insofar as it applies to the Tassal Group Member the subject of the relevant actions referred to in paragraphs 12 to 25 above.
Tassal Registry	Computershare Investor Services Pty Limited ACN 078 279 277.
Tassal Regulated Event	the occurrence of any of the following: 1 material acquisitions and disposals: a Tassal Group Member acquiring, leasing, licensing or disposing (or agreeing, proposing or offering to acquire, lease, licence or dispose) of any business, assets, property, entity or undertaking (whether by way of a single transaction or series of related transactions), the value of which exceeds \$10,000,000 (individually) or \$15,000,000 (in the aggregate); 2 joint ventures, mergers and profit sharing: a Tassal Group Member entering into, or offering to enter into, any joint venture, asset or profit sharing arrangement, partnership or merger of businesses or of corporate entities (including through a multiple listed companies structure) in respect of any one or more assets (including any one or more shares in any company) or undertakings having a market value that in aggregate is, or involving a commitment or liability that in aggregate is, \$10,000,000 or more; 3 material contracts: without limiting item 4, a Tassal Group Member entering into any contract or commitment (or series of related contracts or commitments), or materially varying any contract or commitment (or series of related contracts or commitments) in existence at the date of the Scheme Implementation Deed (excluding any contract or commitment in respect of Financial Indebtedness), requiring payments by the Tassal Group which exceeds \$10,000,000 (per annum) (individually) or \$20,000,000 (per annum) (in the aggregate); 4 feed agreements: a Tassal Group Member entering into any feed agreement, or materially varying any feed agreement in existence at the date of the Scheme Implementation Deed in each case requiring payments by the Tassal Group which exceed \$1,000,000 (per annum); 5 material disputes and proceedings: a Tassal Group Member commencing, compromising, settling or offering to settle any legal proceeding, claim, investigation, arbitration or like proceeding (or series of related legal proceedings, claims, investigations, arbitrations or like proceedings) where the net impact on the Tassal Group of the claimed or settlement amount (or, in the case of a series of related legal proceedings, claims, investigations, arbitrations or like proceedings, aggregate claimed or settlement amount) is in excess of \$5,000,000, other than as claimant in respect of the collection of trade debts arising in the ordinary course of the Tassal Group's business; 6 financing: a Tassal Group Member entering into any new contract or commitment (or series of related contracts or commitments), or materially varying any contract or commitment (or series of related contracts or commitments) in existence at the date of the Scheme Implementation Deed, in respect of Financial Indebtedness of an amount in excess of \$5,000,000 (either individually) or \$10,000,000 (in aggregate) other than in respect of any payment required by law; 7 accounting policy: a Tassal Group Member changing any accounting method, practice or principle used by it, other than as a result of changes in generally accepted accounting standards or generally accepted accounting principles or the interpretation of any of them;

Term	Meaning
8	employees and employment arrangements: a Tassal Group Member entering into any new employment or service agreement, or materially varying any employment or service agreement in existence at the date of the Scheme Implementation Deed, with an individual in respect of which the total fixed remuneration in respect of that individual is greater than \$400,000, provided that Tassal must consult with Cooke prior to entry into any new employment or service agreement (or any material variation to any such agreement) with an individual in respect of which the total fixed remuneration is greater than \$300,000;
9	remuneration, compensation and benefits: any Tassal Group Member: – materially increases the remuneration, compensation or benefits of any of its directors, officers or other members of the executive leadership team (other than in accordance with Tassal's normal salary review procedure conducted in good faith and in the ordinary and usual course of business consistent with past practice); – pays any bonus or issues any securities to, or otherwise materially varies the employment arrangements with, any of its directors, officers or other members of the executive leadership team (other than bonuses payable to any officer or member of the executive leadership team for the year ending 30 June 2022 in accordance with the employment terms of that officer or employee in existence as at the date of the Scheme Implementation Deed and in the ordinary and usual course of business); – accelerates the rights of any of its directors, officers or other members of the executive leadership team to benefits of any kind (other than those granted by Tassal before the date of the Scheme Implementation Deed); or – pays or agrees to pay a director, officer or other members of the executive leadership team a termination payment (including a 'golden parachute');
10	capital expenditure: any Tassal Group Member incurring or entering into any new commitment(s) involving a material annual capital expenditure, other than general maintenance capital expenditure on plant and equipment or for other like capital expenditure, of: – in respect of unbudgeted capital expenditure (as at the date of the Scheme Implementation Deed), more than \$1,000,000 (individually) or \$5,000,000 (in aggregate); and – in respect of budgeted capital expenditure (as at the date of the Scheme Implementation Deed), more than \$5,000,000 (individually) or \$40,000,000 (in aggregate);
11	restraints: a Tassal Group Member entering into a contract or commitment materially restraining a Tassal Group Member from competing with any person or conducting activities in any market;
12	Material Proceedings: either: – a Tassal Group Member receiving notice of any new material investigation, prosecution, penalty, arbitration, litigation or dispute against, or in respect of, a Tassal Group Member which would reasonably be expected to give rise to a liability for the Tassal Group with a net impact on the Tassal Group in excess of \$5,000,000 (Material Proceedings); or – facts, matters or circumstances arising which could reasonably be expected to give rise to any Material Proceedings, provided that Material Proceedings will not include any liability relating to an investigation, prosecution, arbitration, litigation or dispute to the extent that an insurer has agreed to cover the liability under an insurance policy maintained by a Tassal Group Member, unless those Material Proceedings would reasonably be expected to cause material reputational damage to the Tassal Group as a whole;
13	Tax elections: a Tassal Group Member makes any material Tax elections or changes any material Tax methodologies applied by it in the 12 months prior to the date of the Scheme Implementation Deed;
14	related party transactions: any Tassal Group Member entering into, or resolving to enter into, a transaction with a related party of Tassal, including giving or agreeing to give a financial benefit to a related party (other than a related party that is a Tassal Group Member) as defined in section 228 of the Corporations Act;
15	third party defaults: a Tassal Group Member waives any third party default where the net impact of the waiver on the Tassal Group as a whole will, or is reasonably likely to be, in excess of \$5,000,000 (individually); or
16	authorisation: a Tassal Group Member authorises, agrees, commits or resolves to do any of the matters set out above, whether conditionally or otherwise.
Tassal Share	a fully paid ordinary share in the capital of Tassal.
Tassal Share Register	the register of members of Tassal maintained in accordance with the Corporations Act.
Tassal Shareholder	each person who is registered as the holder of a Tassal Share in the Tassal Share Register.

GLOSSARY

continued

Term	Meaning
Tax	any tax, levy, charge, impost, fee, deduction, goods and services tax (including GST), compulsory loan or withholding, that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above, but excludes Duty.
Transaction	the acquisition of the Scheme Shares by Cooke Sub through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed.
VWAP	volume weighted average price.

10.2 Interpretation

In this Scheme Booklet, unless expressly stated or the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (a) words importing a gender include any gender;
- (b) words importing the singular include the plural and vice versa;
- (c) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (d) a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;
- (e) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (f) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (g) a reference to time is a reference to time in Sydney, Australia;
- (h) a reference to writing includes facsimile transmissions; and
- (i) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.



ANNEXURE 1

INDEPENDENT EXPERT'S REPORT

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
Sydney NSW 2000
www.kroll.com

Ph: (02) 8286 7200
PO Box: Q113, Queen Victoria Building 1230
ABN: 73 116 738 535



The Directors
Tassal Group Limited
Level 9, Marine Board Building
1 Franklin Wharf
Hobart TAS 7000

30 September 2022

Dear Directors

Part One – Independent Expert's Report

1 Introduction

On 16 August 2022, Tassal Group Limited (**Tassal**) announced that it had entered into a Scheme Implementation Deed with Cooke Inc. (**Cooke**) and Aquaculture Australia Company Pty Ltd ACN 660 056 888 (**Cooke Sub**) under which Cooke Sub would acquire 100% of the ordinary shares in Tassal (**Tassal Shares**) by way of a scheme of arrangement (the **Scheme**) (together, the **Transaction**).

Under the Scheme, Tassal shareholders (**Tassal Shareholders**) other than Excluded Shareholders (as defined in the Scheme Booklet) who hold Tassal Shares on the Scheme Record Date (as defined in the Scheme Implementation Deed) (**Scheme Shareholders**) will receive \$5.23 in cash per Tassal Share, assuming no final dividend is declared and paid for the financial year ending 30 June 2022 (**FY22**) (**Scheme Consideration**).¹

The Scheme is subject to a limited number of conditions as set out in Section 5.2 of this report.

Tassal is a vertically integrated salmon and prawn grower, and salmon, prawn and seafood processor, seller and marketer. It produces and sells premium salmon, prawn and seafood in both the Australian domestic and international markets and has over 1,700 employees. It is listed on the Australian Securities Exchange (**ASX**) and as at 22 June 2022, the last undisturbed trading day prior to press reports of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring an interest in Tassal Shares, Tassal had a market capitalisation of \$756.2 million.²

Cooke is a Canadian company, with its head office in Saint John, New Brunswick, Canada. The Cooke business was founded in 1985 by brothers Glenn Bruce Cooke and Michael Gifford Cooke and their father, Gifford C. Cooke. Glenn Bruce Cooke is Cooke's Chief Executive Officer. Cooke is the parent company of Cooke Sub.

The Scheme is subject to approval by Tassal Shareholders (other than Excluded Shareholders) at a meeting (**Scheme Meeting**³) to be held on 3 November 2022. Tassal Shareholders (other than Excluded Shareholders) registered on 1 November 2022 will be entitled to attend and vote on the Scheme. For the Scheme to proceed, the resolution must be approved by at least 75% of all votes cast by Tassal

¹ Under the terms of the Scheme Implementation Deed, Tassal is not permitted to pay any dividends to Tassal Shareholders, including any final dividend for FY2022, without Cooke's written consent.

² Calculated as closing share price on 22 June 2022 of \$3.52 multiplied by 214,821,181 ordinary shares. An example of a press report regarding Amore Foods is "Former Tassal Group owner David Williams back for a second helping", 22 June 2022, Australian Financial Review.

³ Any meetings of Tassal Shareholders as holders of Tassal Shares (other than Excluded Shareholders), ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the scheme of arrangement.



Shareholders (other than Excluded Shareholders) and 50% in number of Tassal Shareholders present and voting (in person or by proxy) (other than Excluded Shareholders). Cooke will not be permitted to vote its interest in Tassal at the Scheme Meeting.

In order to assist Tassal Shareholders (other than Excluded Shareholders) in assessing the Scheme, the directors of Tassal (**Tassal Directors**) have appointed Kroll Australia Pty Ltd (**Kroll**) to prepare an independent expert's report setting out whether, in our opinion, the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal.

This report sets out Kroll's opinion as to the merits or otherwise of the Scheme and will be included in the Scheme Booklet and Explanatory Statement (**Scheme Booklet**) to be sent to Tassal Shareholders.

Further information regarding Kroll, as it pertains to the preparation of this report, is set out in Appendix 1.

Kroll's Financial Services Guide is contained in Part Two of this report.

2 Scope of report

The Transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act 2001 (Cth) (**Corporations Act**) and requires approval of Tassal Shareholders (other than Excluded Shareholders). Section 412(1) of the Corporations Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement includes information that is material to the making of a decision by a creditor or member as to whether or not to approve the scheme.

In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides in particular, Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an independent expert report to consider.

Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Section 6 of this report.

3 Opinion

3.1 Background

Tassal is the largest vertically-integrated salmon and prawn grower in Australia with a circa 40% market share of domestic salmon supply. It is the only listed salmon farming business in Australia.

Tassal benefits from high barriers to entry for salmon farming in Australia as a result of cost and freshness constraints, biosecurity restrictions on imports, the limitations on granting of marine leases in appropriate locations (water temperatures restrict the availability of appropriate sites) and marine farming and environmental licensing restrictions. Internationally, Tassal has advantages in relation to sales in Asia (freshness and freight costs), however, as a result of strict environmental regulations and high labour costs, the cost of salmon farming in Australia is high in comparison to international standards. This has led Tassal to invest in technology to reduce costs and improve yield.

As an agribusiness with globally traded products, Tassal is subject to significant risks in the short term, including fluctuations in global salmon prices and foreign exchange rates, as well as production risks (e.g. disease, variations in water temperature, predators and escapes). Tassal is also exposed to long term risks such as global warming, growing environmental, social and governance (**ESG**) concerns, increasing regulation and the resulting impact on marine leases, licensing requirements and remediation costs.

The growth opportunities for Tassal in relation to its salmon business are limited. Capacity constraints arising from marine leases and the moratorium on the granting of further leases results in limited upside potential in the salmon business other than through better-than-expected pricing or by introducing further improvements in technology that benefit production volumes. In the next five years there is a potential to increase capacity by growing salmon for longer onshore and/or utilising Tassal's unutilised lease space in Storm Bay. After five years it may be possible to grow salmon in Commonwealth waters.

Whilst there is significant growth opportunity in the prawn business, Tassal believes the most appropriate way to grow the prawn business in the short term is to align the growth primarily to the domestic market growth to ensure appropriate returns.

In summary, although Tassal benefits from high barriers to entry in Australia, significant risks remain, with limited upside opportunity in the salmon business within the next five years as well as the significant capital

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued



required to significantly grow the prawn business, and it is within this context that we have evaluated the offer from Cooke.

3.2 Summary of opinion

In our opinion, we consider the Scheme is in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal.

In arriving at this opinion, we have assessed whether the Scheme is:

- **fair**, by comparing the Scheme Consideration to our assessed value of a Tassal Share on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111; and
- **reasonable**, by assessing the implications of the Scheme for Tassal Shareholders (other than Excluded Shareholders), the alternatives to the Scheme that are available to Tassal, and the consequences for Tassal Shareholders (other than Excluded Shareholders) of not approving the Scheme.

We have assessed the Scheme to be fair and reasonable. Consequently, consistent with RG 111, we have concluded that the Scheme is in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal.

We have assessed the value of a Tassal Share on a controlling interest basis to be in the range \$4.64 to \$5.35. As the Scheme Consideration of \$5.23 falls within our assessed value range for a Tassal Share, we consider the Scheme to be fair.

In forming our view as to the value of Tassal, we have considered a range of factors including the high barriers to entry, Tassal's advantages in relation to sales to Asia, the high cost of salmon farming in Australia, Tassal's history of implementing farming technology, the strategic importance of Tassal's marine leases and its market position as the largest salmon producer in Australia, its strong financial position and high cash conversion ratio, capacity constraints associated with the marine leases for salmon, the opportunity presented by the prawn business and associated capital expenditure requirements, the significant risks associated with being an agribusiness with globally traded products, production risks and ESG concerns and global warming. The valuation also captures the value of synergies available to a pool of potential acquirers.

Critically, the Scheme Consideration effectively de-risks the significant risks facing Tassal. Our analysis of the fairness of the Scheme is detailed further in Section 3.3 of this report.

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Scheme to be fair, it is also reasonable. Regardless of this requirement, we have considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme, including:

- the Scheme Consideration represents a substantial premium to undisturbed trading prices of Tassal Shares and reflects that Cook is a natural acquirer of Tassal. In Kroll's view, the Scheme represents the best opportunity for Tassal Shareholders (other than Excluded Shareholders) to realise a control value for their shares in the absence of a superior proposal;
- the Scheme Consideration is in cash and provides certainty of the pre-tax amount that Tassal Shareholders (other than Excluded Shareholders) will receive;
- Tassal Shareholders (other than Excluded Shareholders) will not participate in any future increases in value of Tassal, however, will no longer be exposed to the significant risks facing the business;
- in the event that the Scheme is not approved or any other conditions precedent prevent the Scheme from being implemented, Tassal will continue to operate in its current form and its share price is likely to fall to levels consistent with the undisturbed trading price of Tassal Shares, subject to any future financial achievements in the subsequent period, industry developments and the impact of broader trends in equity markets; and
- no alternative bidder has emerged since the announcement of the Transaction. The likelihood of a superior proposal is impacted by the significant premium offered by Cooke and Cooke's 10.5% shareholding in Tassal.

Other matters which Tassal Shareholders (other than Excluded Shareholders) should consider in assessing the Scheme include:

- Tassal will incur transaction costs if the Scheme does not proceed;



- the outstanding conditions precedent which, if not satisfied, will result in the Scheme not being implemented; and
- the tax implications of the Scheme.

Our analysis of the reasonableness of the Scheme is detailed further in Section 3.4 of this report. The decision to approve the Scheme is a matter for individual Tassal Shareholders (other than Excluded Shareholders) based on their views as to value, expectations about future market conditions and their particular circumstances, including investment strategy and portfolio, risk profile and tax position. If in doubt, Tassal Shareholders (other than Excluded Shareholders) should consult their own professional adviser regarding the action they should take in relation to the Scheme.

3.3 The Scheme is fair

3.3.1 Valuation of Tassal

Kroll has assessed the value of Tassal's equity to be in the range of \$1,000 million to \$1,153 million, or \$4.64 to \$5.35 per Tassal Share. Our range of assessed values reflects 100% ownership of Tassal and, therefore, incorporates a control premium. The value of Tassal's equity is the value of Tassal's operating business plus its investment in Saltas, non-operating assets not reflected in the operating cash flows, less net borrowings (including lease liabilities). The valuation is summarised as follows.

Tassal Valuation Summary (\$ millions)

	Section Reference	Low	High
Value of Tassal's operating business (100% basis)	9.3 & 9.4	1,500.0	1,650.0
Equity accounted investment in Saltas	9.5	16.5	19.1
Other assets/(liabilities)	9.6	15.4	15.4
Tassal enterprise value		1,531.9	1,684.5
Net borrowings (including lease liability)	8.6	(531.5)	(531.5)
Value of equity to Tassal Shareholders		1,000.4	1,153.0
Diluted number of Tassal Shares on issue (million)	8.8	215.7	215.7
Value per Tassal Share		\$4.64	\$5.35

Source: Kroll analysis.

In assessing the value of Tassal's operating business, Kroll has adopted a discounted cash flow (DCF) analysis as the primary methodology (refer to Section 9.3 of this report). The value derived from the DCF analysis has been cross-checked using multiples of EBITDA, net assets and head-on, gutted (HOG) kilograms (kg) for publicly traded salmon producers and transactions involving salmon producers (refer to Section 9.4).

In forming our view as to the value of Tassal, we have considered a range of factors including:

- the high barriers to entry for salmon farming in Australia;
- Tassal's advantages in relation to sales to Asia (freight and freshness);
- the high cost of salmon farming in Australia relative to other countries;
- Tassal's history of implementing farming technology;
- the strategic importance of Tassal's marine leases and its market position as the largest salmon producer in Australia;
- Tassal's strong financial position and high cash conversion ratio;
- capacity constraints associated with the marine leases for salmon;
- the opportunity presented by the prawn business and the associated capital expenditure requirements;
- the significant risks associated with being an agribusiness, including production risks (e.g. weather, disease, predators and escapes) and the volatility of OOH and export salmon prices and exchange rates;
- growing ESG concerns and global warming, licensing requirements and remediation costs; and

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued



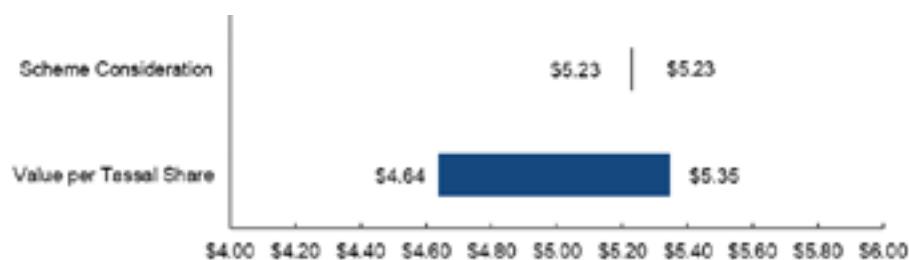
- synergies available to a pool of potential acquirers.

Our valuation range of \$4.64 to \$5.35 per Tassal Share reflects a premium over the closing price on 22 June 2022, the last undisturbed trading day prior to press reports of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring an interest in Tassal Shares, in the range of 31.8% to 51.9%, and a premium to the one-month VWAP in the range of 30.8% to 50.7%. This premium reflects that our valuation of Tassal includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. The premium is towards the high end of or above premiums observed in completed transactions, which are broadly in the range of 25% to 40% depending on the individual circumstances.⁴ In this regard, we note that synergies available to strategic buyers of Tassal are potentially material, with a larger participant potentially able to generate procurement synergies as well as public company costs. It also reflects 'soft' synergies available to a northern hemisphere buyer that is able to diversify their operations (i.e. reducing their risks associated with e.g. unfavourable weather or disease in any particular region), as well as possibly an element of scarcity value of Tassal as the last publicly listed salmon producer in Australia.

3.3.2 Assessment of fairness

A comparison of our assessed value per Tassal Share, on a control basis, to the Scheme Consideration is illustrated as follows.

Fairness Assessment



Source: Kroll analysis

As the Scheme Consideration falls within the range of values for a Tassal Share, **the Scheme is fair**. We note that the Scheme Consideration is towards the high end of the valuation range. This likely reflects that Cooke is a natural acquirer of Tassal as it may be able achieve certain synergies that are not generally available to many other purchasers such as leveraging Tassal's feeding technology across its existing prawn operations.

3.4 The Scheme is reasonable

In accordance with RG 111, an offer is reasonable if it is fair. **As we have assessed the Scheme to be fair, it is also reasonable.** However, irrespective of the requirement to conclude the Scheme is reasonable, we have also considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme.

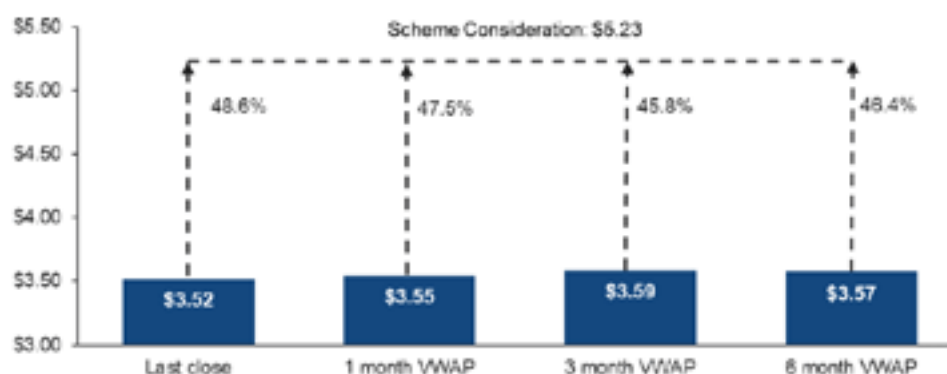
3.4.1 The Scheme Consideration represents a substantial premium to the undisturbed trading prices of Tassal Shares

The Scheme Consideration of \$5.23 represents a substantial premium to Tassal's closing share price and VWAP calculated over a range of periods up until close on 22 June 2022, the last undisturbed trading day prior to press reports of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring an interest in Tassal Shares.

⁴ 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.



Premium of Scheme Consideration over the Tassal Share Price



Source: Kroll analysis

Note: The premiums illustrated above have been calculated based on Tassal's closing share price and VWAP up until close on 22 June 2022, the last undisturbed trading day prior to press reports of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring an interest in Tassal Shares.

The Scheme Consideration represents a substantial premium over recent Tassal Share prices and above the range of premiums typically observed. We note that:

- observations from transaction evidence indicates that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.⁵ However, in transactions where it was estimated the combined entity would be able to achieve significant synergies, the premium was frequently estimated to be in excess of this range. In addition, there is evidence to suggest that control premiums have risen since the COVID-19 pandemic to around 50%, driven by strategically opportunistic deals and supported by lower costs of capital;⁶ and
- Cooke is a natural acquirer of Tassal. In addition to the significant synergies available to a range of large salmon producers located in the northern hemisphere that are reflected in Kroll's valuation of Tassal, including procurement synergies, public company costs, a range of 'soft' synergies such as diversification benefits and possibly an element of scarcity value of Tassal as the only publicly listed salmon producer in Australia (refer to Section 3.3.1 of this report), Cooke may be able achieve certain synergies not generally available to many other purchasers such as leveraging Tassal's feeding technology across its existing prawn operations.

3.4.2 Certainty of value

The Transaction offers Tassal Shareholders (other than Excluded Shareholders) an opportunity to exit their investment in Tassal at a price that is certain and which, as noted above, incorporates a substantial premium to Tassal's undisturbed trading prices. Whilst trading of Tassal Shares is sufficient to give Tassal Shareholders (other than Excluded Shareholders) confidence that they would be able to exit their investment at a time of their choosing, there is no certainty as to the price at which Tassal Shareholders (other than Excluded Shareholders) would realise their investment at that time, particularly given the significant risks facing Tassal, including in relation to production, salmon pricing, exchange rates, growing ESG concerns and global warming. These risks are detailed in Section 7.3 of the Scheme Booklet.

Furthermore, any future on-market sale by Tassal Shareholders (other than Excluded Shareholders) would likely incur brokerage costs, which would be avoided if the Scheme is approved.

⁵ 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

⁶ Source: RSM Australia 2021 Control Premium Study

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continued



3.4.3 By exiting their investment in Tassal, Tassal Shareholders (other than Excluded Shareholders) will not participate in any future growth in the value of Tassal

By exiting their investment in Tassal, Shareholders (other than Excluded Shareholders) will not participate in any future growth in the value of Tassal. In this regard, we note that there is limited growth potential associated with the salmon business as a result of capacity constraints associated with the Tasmanian Government indicating that no new marine licences will be issued. Furthermore, Kroll's valuation of Tassal, which overlaps with the Scheme Consideration, already includes growth and capital investment associated with the prawn operations.

3.4.4 Tassal's share price will likely fall in the absence of the Transaction

The current share price of Tassal reflects the terms of the Transaction and, therefore, includes a control premium. As such, in the absence of the Transaction, a superior proposal or speculation concerning a superior proposal, the Tassal Share price is likely to fall to levels consistent with Tassal's undisturbed trading prices, with an allowance for:

- subsequent announcements in relation to company specific initiatives or financial performance which the market may assess as value enhancing;
- any industry developments (e.g. concerning competition or regulation) and movements in salmon prices or exchange rates; and
- the impact of trends in broader equity markets. In this regard, from 22 June 2022 (the last undisturbed trading day prior to press reports of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring an interest in Tassal Shares) until 23 September 2022, the S&P/ASX 200 Index (**ASX 200 Index**) has increased by 1.0%.

3.4.5 Likelihood of a superior proposal

Following the Indicative Proposal, Tassal directors engaged with a number of potential acquirers. No other binding offers were received and since the announcement of the Transaction, no alternative bidder has emerged. Whilst there will continue to be an opportunity for a superior proposal, we consider the likelihood of a superior proposal to be impacted by the following:

- it is open for Tassal Shareholders (other than Excluded Shareholders) to vote against the Scheme in the hope that the Tassal Board will be able to extract an increase in the offer price from Cooke. However, the Transaction is a consequence of negotiations between the Board of Tassal and Cooke that resulted in an increase in the offer price from \$4.67 to \$5.23 with the Tassal Board supporting the Transaction in its current form (in the absence of a superior proposal);
- Cooke currently has a relevant interest in Tassal shares of approximately 10.49% making it difficult for any other bidder to acquire 100% of Tassal through a takeover offer without Cooke's support as the interest represents a blocking stake to compulsory acquisition; and
- the Scheme Consideration represents a significant premium to Tassal's undisturbed trading prices. This is likely to limit the range of potential acquirers, given the need for a competing bid to exceed this offer price.

The following consideration is also likely to be influential for an alternative bidder:

- under the Scheme Implementation Deed, Tassal is restricted from either soliciting or entering into discussions with third parties in relation to superior proposals (other than as a result of the director fiduciary carve out). Tassal is also required to notify Cooke should it become aware of any possible superior proposal and the Bidder has a last right to match a competing proposal. Further, in certain circumstances, Tassal is required to pay a break fee to Cooke of \$11.3 million. Although the likelihood of a superior proposal is impacted by these terms, it does not preclude a superior proposal from being made. We note that the Tassal Board would be required under its fiduciary duty to consider the merits of a superior proposal should it arise.

3.4.6 Other considerations

In forming our opinion, we have also considered a number of other factors. Whilst we do not necessarily consider these factors to impact our assessment of the reasonableness of the Scheme, we have addressed them as follows.



One-off transaction costs

If the Scheme is not implemented, Tassal will incur approximately \$7.0 million (excluding GST) in transaction costs that will have been paid or committed prior to the Scheme Meetings.

The Scheme is subject to the satisfaction of certain customary conditions

There are certain customary conditions which, if not satisfied, will result in the Scheme not being implemented. If any conditions precedent prevent the Scheme from being implemented, Tassal Shareholders will continue to hold their existing Tassal Shares. We note that Cooke has already received Foreign Investment Review Board (FIRB) approval for the proposed acquisition, there are no other regulatory approvals required and no financing conditions associated with the offer by Cooke.

Taxation implications for Tassal Shareholders

General tax implications for Australian tax resident and non-resident shareholders who hold their Tassal Shares on capital account are outlined in Section 8 of the Scheme Booklet.

Sections 8.2 and 8.3 of the Scheme Booklet considers the implications of the disposal of Scheme Securities for Australian resident and non-resident Tassal Shareholders (other than Excluded Shareholders). In particular, the disposal of Tassal Shares will be a capital gains tax event for Australian resident and non-resident Tassal Shareholders (other than Excluded Shareholders). This means that Australian resident Tassal Shareholders (other than Excluded Shareholders) will need to determine whether a capital gain or a capital loss arises in respect of their disposal of Tassal shares. Non-resident Tassal Shareholders (other than Excluded Shareholders) will need to determine their own tax outcomes but depending on their circumstances may be able to disregard any capital gain or capital loss that would otherwise arise from the disposal of their Scheme Securities.

We note that Tassal Shareholders (other than Excluded Shareholders) should consider their individual taxation circumstances and review Section 8 of the Scheme Booklet for further information where it applies to their circumstances. Tassal Shareholders (other than Excluded Shareholders) should obtain their own independent professional advice on the tax consequences of disposing of their Tassal Shares under the Scheme.

3.4.7 Consequences if the Scheme does not proceed

In the event that the Scheme is not approved or any conditions precedent prevent the Scheme from being implemented, Tassal will continue to operate in its current form, remain listed on the ASX and execute upon its strategy. As a consequence:

- Tassal Shareholders will continue to be exposed to the risks and opportunities associated with an investment in Tassal. Kroll does not, however, consider the risks and opportunities to be equally weighted:
 - as an agribusiness with globally traded products, Tassal is exposed to significant risks in the short term, including fluctuations in global salmon prices and foreign exchange rates, as well as production risks (e.g. disease, variations in water temperature, predators and escapes). These risks expose Tassal to short selling. Tassal is also exposed to long term risks such as global warming, growing ESG concerns, increasing regulation and the resulting impact on marine leases, licensing requirements and remediation costs;
 - as a result of capacity constraints arising from marine leases and the moratorium on the granting of further leases, there is limited upside potential in the salmon business other than through better-than-expected pricing or by introducing improvements in technology. There is a potential to increase capacity by growing salmon for longer onshore or growing salmon in Commonwealth waters, however, this is not feasible in the next five years and its effectiveness is uncertain;
- the Tassal Share price will likely fall. The current price of Tassal Shares reflects the terms of the Transaction (including the benefit of the Scheme Consideration offered by Cooke) and includes a substantial control premium. As such, in the absence of the Transaction, a superior proposal or speculation concerning a superior proposal, the Tassal Share price is likely to fall (refer to Section 3.4.4 of this report);
- a break fee of \$11.3 million (excluding GST) may be payable by Tassal to Cooke in certain circumstances; and
- Tassal will incur an estimated \$7.0 million (excluding GST) of one-off transaction costs in relation to the Transaction.

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continued



4 Other matters

Our report has also been prepared in accordance with the relevant provisions of the *Corporations Act 2001* (Cth) (the **Corporations Act**) and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting Tassal Shareholders (other than Excluded Shareholders) in considering the Scheme. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of Tassal Shareholders. This advice, therefore, does not consider the financial situation, objectives or needs of individual Tassal Shareholders.

The decision of Tassal Shareholders (other than Excluded Shareholders) as to whether or not to approve the Scheme is a matter for individual shareholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to vote for or against the proposed resolutions may be influenced by their particular circumstances, we recommend that individual Tassal Shareholders (other than Excluded Shareholders), including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this report. This information, and our limitations and reliance on information section, are set out in Appendix 2. We have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Kroll has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the end of this report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

Yours faithfully

A handwritten signature in black ink, appearing to read "Ian Jedlin".

Ian Jedlin
Authorised Representative

A handwritten signature in black ink, appearing to read "Celeste Oakley".

Celeste Oakley
Managing Director



Independent Expert's Report
and
Financial Services Guide
in relation to the proposed acquisition of Tassal Group Limited by
Aquaculture Australia Company Pty Ltd, a wholly owned subsidiary of
Cooke Inc.



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5 The Scheme

5.1 Overview

After market close on 27 June 2022, Cooke lodged a notice of initial substantial holder with the ASX, disclosing that it had become a substantial holder in Tassal on 23 June 2022. This followed press reports on 22 June 2022 of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring an interest in Tassal Shares.⁷

On 28 June 2022, Tassal announced that it had received a non-binding, indicative, incomplete and conditional proposal from Cooke to acquire 100% of Tassal Shares by way of a scheme of arrangement at an indicative cash price of \$4.85 (**Indicative Proposal**), which was rejected by the Tassal Board. The Indicative Proposal followed previous indicative, non-binding, confidential proposals received from Cooke of \$4.67 and \$4.80 per Tassal Share.

Cooke has most recently disclosed (on 19 July 2022) that it has a relevant interest in 10.49% of the Tassal shares on issue.

On 16 August 2022, Tassal announced that it had entered into a Scheme Implementation Deed with Cooke and Cooke Sub under which Cooke Sub would acquire 100% of Tassal Shares by way of the Scheme. Under the terms of the Scheme, Tassal Shareholders (other than Excluded Shareholders) who hold Tassal Shares on the Scheme Record Date will receive cash consideration of \$5.23 per Tassal Share, assuming no final dividend is declared and paid for FY22.⁸

The Scheme is subject to a number of conditions as set out in Section 5.2 of this report.

The Tassal Board unanimously recommends that Tassal Shareholders (other than Excluded Shareholders) vote in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders). Subject to those same qualifications, each member of the Tassal Board intends to vote, or cause to be voted, any Tassal Shares held or controlled by them in favour of the Scheme.

5.2 Conditions precedent

Implementation of the Scheme is subject to customary conditions precedent as set out in Clause 3.1 of the Scheme Implementation Deed, including:

- approval of the Scheme Resolution by Tassal Shareholders (other than Excluded Shareholders) at the Scheme Meeting by the requisite majorities;
- the independent expert concluding (and continuing to conclude) that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders), in the absence of a superior proposal;
- approval of the Supreme Court of New South Wales; and
- no restraints, material adverse change or prescribed occurrence.

Cooke has advised that it has already obtained Foreign Investment Board approval in relation to the Scheme.

The Scheme Implementation Deed contains customary exclusivity provisions that apply during the Exclusivity Period,⁹ including 'no shop', 'no talk' and notification obligations. There is a matching right regime in respect of any superior proposal received by Tassal. Further, a break fee of \$11.3 million may be payable by Tassal to Cooke in certain circumstances.

⁷ An example of a press report regarding Amore Foods is "Former Tassal Group owner David Williams back for a second helping", 22 June 2022, Australian Financial Review.

⁸ Under the terms of the Scheme Implementation Deed, Tassal is not permitted to pay any dividends to Tassal Shareholders, including any final dividend for FY2022, without Cooke's written consent.

⁹ The Exclusivity Period is the period from and including the date of the Scheme Implementation Deed until the earlier of the date on which the Scheme has been implemented, the date of termination of the Scheme Implementation Deed or the End Date as defined in the Scheme Implementation Deed.

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5.3 Transaction costs

If the Scheme is implemented, Tassal expects that an aggregate of approximately \$16.0 million (excluding GST and disbursements) in external transaction costs will be paid in connection with the Scheme. The external transaction costs primarily relate to Tassal's advisory fees (including for Tassal's legal, financial, and tax advisers), the independent expert, registry fees, printing and mailing costs and expenses associated with convening and holding the Scheme Meeting. If the Scheme is not implemented, Tassal expects that external transaction costs will be approximately \$7.0 million (excluding GST).

6 Scope of the report

6.1 Purpose

The Transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act and requires approval of Tassal Shareholders (other than Excluded Shareholders). Section 412(1) of the Corporations Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement includes information that is material to the making of a decision by a creditor or member as to whether or not to approve the scheme.

Even where an independent expert's report is not strictly required by the law, it is not uncommon for directors to commission one to ensure they are providing the information that is material to the making of a decision by a creditor or member. The Tassal Directors have requested Kroll prepare an independent expert's report for Tassal Shareholders (other than Excluded Shareholders) in relation to the Scheme.

6.2 Basis of assessment

We have referred to guidance provided by ASIC in its Regulatory Guides in particular, RG 111, which outlines the principles and matters which it expects a person preparing an independent expert's report to consider when providing an opinion on whether a scheme of arrangement is in the best interests of shareholders.

RG 111 distinguishes between the analysis required for control transactions and other transactions. RG 111.18 states that where a scheme of arrangement is used as an alternative to a takeover bid, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is 'fair and reasonable' and, as such, incorporates issues as to value. In relation to control transactions, RG 111.10-12 states:

- 'fair and reasonable' is not regarded as a compound phrase;
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer;
- the comparison should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash;
- the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison; and
- an offer is 'reasonable' if it is 'fair'. An offer might be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.13 sets out the factors an expert might consider in assessing whether an offer is reasonable:

- the bidder's pre-existing voting power in securities in the target;
- other significant shareholding blocks in the target;
- the liquidity of the market in the target's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to the bidder, such as particular technology, etc;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.



RG 111.20 states that if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is 'in the best interests' of members.

RG 111.21 states that if an expert would conclude that a proposal was 'not fair but reasonable' if it was in the form of a takeover bid, it is still open to the expert to also conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.11 provides that an offer is fair if the value of the consideration is equal to or greater than the value of the securities subject to the offer. This comparison can be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding of the bidder or its associates in the target entity. That is, RG 111.11 requires the value of the target to be assessed as if the bidder was acquiring 100% of the issued equity (i.e. on a controlling interest basis). In addition, any special value of the 'target' to a particular 'bidder' (e.g. synergies that are not available to other bidders) should not be taken into account under the comparison.

Accordingly, when assessing the full underlying value of Tassal, we have considered those synergies and benefits which would be available to more than one potential purchaser (or a pool of potential purchasers) of Tassal. As such, we have not included the value of special benefits that may be unique to Cooke.

7 Industry

7.1 Overview

Aquaculture is defined by the Food and Agriculture Organization (**FAO**) of the United Nations as the farming of aquatic organisms including fish, molluscs, crustaceans and aquatic plants with some sort of intervention in the rearing process to enhance production, such as regular stocking, feeding and protection from predators.

There are various stages in aquaculture operations including:

- a breeding program;
- a hatchery operation, which produces fertilised eggs, larvae or fingerlings;¹⁰
- a nursery operation, which nurses small larvae to fingerlings or juveniles; and
- a grow-out operation, which farms fingerlings or juveniles to marketable sizes.

Depending on the species being farmed, aquaculture can be carried out in freshwater, brackish water or marine water. There are a number of different systems that can be used for aquaculture, including ponds, tanks, pens and floating pens.

Aquaculture occurs throughout Australia and the gross value production¹¹ (**GVP**) of aquaculture was approximately \$1.6 billion in FY21.¹² The top five aquaculture species produced in Australia by production value are salmon, tuna, edible oysters, pearl oysters and prawns.¹³ In FY21, Australian produced salmonids¹⁴ (predominantly farmed salmon) with a GVP of around \$1.0 billion, which was forecasted to grow to around \$1.4 billion in FY22.¹⁵ In relation to the production of prawns, in FY21 Australia produced approximately 25,200 tonnes of prawns with a GVP of around \$424 million.¹⁶ In FY20, approximately 27.6% of Australian prawns were farmed.¹⁷

¹⁰ Term applied to juvenile fish.

¹¹ Gross value production is an estimate of the monetary value of commercial fisheries and aquaculture production, calculated by multiplying the whole weight of production by the landed unit value (the beach price for fish species caught in wild-catch fisheries and the farm gate price for aquaculture products).

¹² "Australian fisheries and aquaculture statistics 2020", ABARES, August 2021.

¹³ "Aquaculture industry in Australia", Department of Agriculture, Fisheries and Forestry.

¹⁴ Salmonids is the common name for several species of ray-finned fish in the Salmonidae family, including salmon, trout, char, grayling and whitefish.

¹⁵ "Australian fisheries and aquaculture outlook 2022", ABARES.

¹⁶ "Australian fisheries and aquaculture outlook 2022", ABARES.

¹⁷ "Fisheries and aquaculture statistics 2020", ABARES.

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7.2 Salmon production

7.2.1 Salmon farming overview

Salmon farming started as an industry in Norway in the 1980s and today, farmed salmon accounts for approximately 76% of the world's salmon harvest.¹⁸ Whilst several salmon species are available from both wild and farmed sources, most commercially available farmed salmon is Atlantic salmon.

Depending on the region, the salmon farming cycle lasts approximately 24 to 36 months.¹⁹ As salmon are anadromous (they are born in fresh water and return to freshwater after spending time in the marine environment), the farming cycle starts in a controlled freshwater environment where salmon are hatched and nursed. Subsequently, salmon are transported to seawater pens. When the salmon reach a harvestable size, they are transported to processing plants. Salmon farming is seasonal in nature. Salmon grow quicker during the warmer months of summer and autumn and more slowly during the cooler months winter and spring. As harvest patterns are relatively constant during the year, working capital is higher during cooler months.²⁰

Typically, salmon require temperatures of between 4°C and 18°C, although salmon that can tolerate higher temperatures can be selectively bred.²¹

Globally, in excess of 3.7 million gutted weighted tonnes (GWT) of salmonids were produced in 2021, with approximately 2.8 million tonnes being farmed and 0.9 million tonnes being wild caught.²² The largest salmon producers globally are Norway and Chile, with Canada, Scotland and the Faroe Islands also having sizeable production. In all salmon producing regions, licensing regimes are in place, usually restricting the maximum production for each company or for the industry as a whole.²³

7.2.2 Australian salmon production

The first domestic commercial harvest of salmon took place in Tasmania in 1986, following the import of Atlantic salmon ova (unfertilised eggs) from Canada. There are currently 47 licenced salmonid farms in Tasmania, and with an annual GVP exceeding \$1 billion, salmonid production is the largest primary industry in Tasmania.²⁴

Salmon farming is limited by water temperature such that in Australia it is best farmed in the cooler waters of Tasmania. Tasmanian waters are amongst the warmest in the world for Atlantic salmon farming, which allows salmon to grow to a harvestable size relatively quickly (up to 15 months after being transferred to the grow-out site)²⁵ but can also cause early maturation which can affect product availability and quality.

¹⁸ "Salmon Farming Industry Handbook 2022", Mowi.

¹⁹ "Tassal Group Limited Prospectus", Tassal, 9 October 2003.

²⁰ "Salmon Farming Industry Handbook 2022", Mowi.

²¹ "Salmon Farming Industry Handbook 2022", Mowi.

²² "Salmon Farming Industry Handbook 2022", Mowi.

²³ "Salmon Farming Industry Handbook 2022", Mowi.

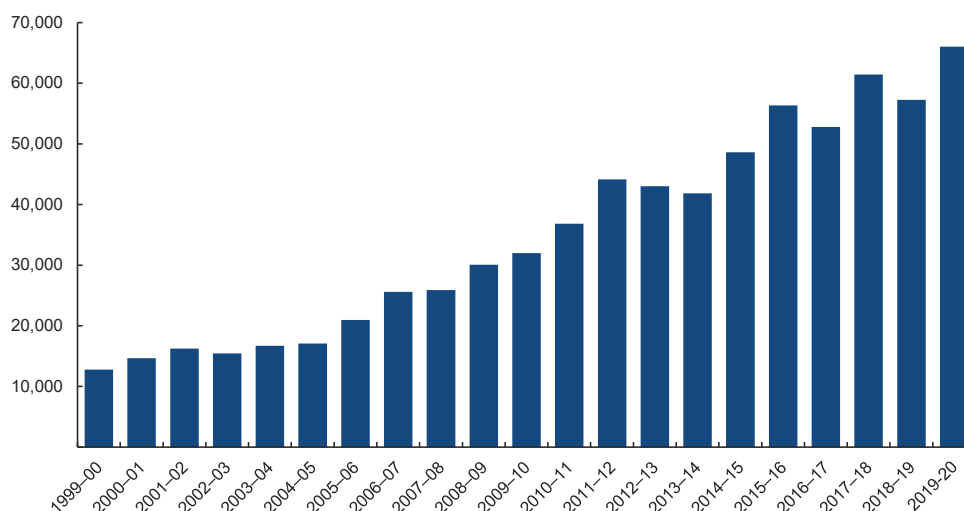
²⁴ "Discussion Paper – Towards a 10-Year Salmon Plan", Tasmanian Government, July 2022.

²⁵ "Tassal Group Limited Prospectus", Tassal, 9 October 2003.



The Tasmanian salmon farming industry has grown rapidly over the past two decades, as shown in the following chart.

Australian Farmed Salmonids¹ Production (tonnes)



Source: "Fisheries and aquaculture statistics 2020", Australian Bureau of Agricultural and Resource Economics (ABARES).

Notes:

1. Australian salmonid production is primarily Atlantic salmon.

In the 10 years to FY20, Australian farmed salmonid production increased from 12,794 tonnes to 66,015 tonnes per annum, at an average annual growth rate of 8.6%.

7.2.3 Competition and barriers to entry

There are three main salmon producers in Australia: Tassal, Huon Aquaculture Group Limited (**Huon**) and Petuna Pty Ltd (**Petuna**). In November 2021, the second largest salmon producer in Australia, Huon, was acquired by JBS Australia Pty Limited, a subsidiary of Brazilian beef packing multinational, JBS S.A. (**JBS**). Petuna is a subsidiary of New Zealand based Sealord Group Limited, which is owned by Aotearoa Fisheries Limited and Tokyo based Nippon Suisan Kaisha, Ltd.

In addition, Salmon Enterprises Tasmania Pty Ltd (**Saltas**), an industry owned salmon hatchery operation, has as its primary function the Selective Breeding Program (**SBP**) for the industry and also produces salmon eggs, fry and baby fish (known as smolt) for its shareholders. It was established in 1985 as a co-operative venture between the Tasmanian Government and Tasmanian salmon growers in order to provide a controlled source of salmon for the developing industry.

Barriers to entry in the Australian salmon industry are significant, and include:

- cost and freshness constraints. The significant distance between Australia and the major salmon producing countries increases the cost of importing salmon. In addition, biosecurity restrictions prevent the importation of Atlantic salmon with heads on, which hastens spoilage compared to HOG salmon. The combination of these factors makes it less viable to import fresh salmon into Australia;
- biosecurity restrictions which prevent the import of salmon genetics including salmon semen and ova. This means that new industry entrants must acquire genetics from one of the existing domestic producers;
- large capital investments and a long capital cycle;
- long lead time and working capital cycles; and

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- limitations on the granting of marine leases in appropriate locations (water temperatures restrict the availability of appropriate sites) and marine farming and environmental licensing restrictions (discussed in the following section).

7.2.4 Regulation

The Tasmanian government places a range of regulatory restrictions on salmon farming (and other marine farming activities) to reduce its environmental impact. In order for a company to hold a marine lease, the area must be covered under a Marine Farming Development Plan (**MFDP**). MFDPs specify how an area may be used for aquaculture (for example, whether it can be used for farming fish), and place restrictions on where marine farming may occur and limits on the environmental effect permitted.

Salmon farming also requires the possession of a marine farming licence and an environmental licence. Marine farming licences place restrictions on farming activities, including relating to the release of fish into State waters, significant illness, the mooring of equipment, stock record keeping and chemical and therapeutic usage. Environmental licences impose additional conditions, including in relation to environmental monitoring, noise control, production limits, waste management, wastewater reuse and rehabilitation following the cessation of farming.²⁶

In September 2021, the Tasmanian government announced that it was developing a new 10-Year Salmon Plan which is expected to be enacted in 2023. The announcement noted that one of the four principles guiding the development of the plan would be that there will be no net increase in leased farming areas in Tasmanian waters. The successful implementation of this principle by the Tasmanian Government will effectively restrict future industry growth within Tasmanian waterways to improvements of productivity of existing salmon leases (such as by allowing salmon to grow to a larger size onshore before being transported to seawater pens). Salmon production is forecast to be maintained at around 84,000 tonnes annually between FY23 to FY27.²⁷

7.2.5 Production risks and mitigating factors

Disease and environmental issues are significant risks for salmon producers.

Disease

Salmon can be impacted by a variety of health risks, including cardiomyopathy syndrome (a chronic disease caused by a virus) and salmonid rickettsial septicaemia (caused by bacteria). Particular threats to salmon health in Australia and overseas include Amoebic gill disease (**AGD**) and harmful algal bloom (**HAB**) events.

AGD significantly affects farmed salmon. AGD prevents proper oxygen diffusion through a fish's gills, and is particularly likely to occur if the water is warm. The most effective treatment to AGD is bathing the affected fish in fresh water. Some industry participants in Australia operate 'well boats' which can be used to bathe salmon in fresh water.

Whilst most algae species are of little consequence to salmon, some species may irritate the gills of salmon. Internationally, HAB events have led to significant losses in farmed salmon stock. For example, in 2016 an algal bloom caused by unusually high ocean temperatures led to the loss of between 15% to 20% of Chile's production for the year, equivalent to approximately US\$800 million in value, and in 2019 approximately 8 million farmed Norwegian salmon with an economic value of approximately US\$82 million were suffocated by persistent algal blooms. The risk of algal blooms is managed by Australian industry participants by regular algae sampling, and, in the case of severe blooms, shading water with a tarp or oxygenating water.²⁸ The Broadscale Environmental Monitoring Program initiated in 2009 for monitoring ecosystems in the D'Entrecasteaux Channel and Huon Estuary salmon farming areas found that the vast majority of algae detected has been non-harmful species.²⁹

Environmental Issues

The Australian salmon farming industry, like its global counterparts, has faced criticism from scientists and environmentalists with regards to a range of environmental issues, including:

²⁶ "The Tasmanian Regulatory Framework for Aquaculture", Department of Natural Resources and Environmental Protection Agency Tasmania.

²⁷ "Australian fisheries and aquaculture outlook 2022", ABARES.

²⁸ "Escapes & Algal Blooms", Tassal.

²⁹ "Broadscale Environmental Monitoring Program - D'Entrecasteaux Channel and Huon Marine Farming Development Plan Sites", Aquenal, 2022.

- increase in nutrient loading (partially caused by dissolved nitrogen and phosphorous released by salmon gills and urea) in Tasmanian waterways impacting water quality, including concerns that nutrient loading from inland upriver hatcheries could contaminate municipal drinking water;³⁰
- routine cleaning of salmon pens can result in clouds of hydroid fragments³¹ which can exacerbate gill disease in salmon and can negatively impact surrounding ecosystems;³² and
- causing oxygen-depleted water conditions due to waste accumulating below fish pens, which allegedly historically occurred in Macquarie Harbour.³³

In addition to the above issues, climate change may impact production because even relatively mild increases in ocean temperature and temperature volatility can have unwanted impacts on salmon growth and survival. It can also increase the frequency of HAB events and bacterial diseases. At water temperatures above 20°C, salmon growth stops and mortality increases.³⁴ Industry participants in Australia have developed selective breeding programs to breed fish more resilient to higher ocean temperatures.

Sustainability

Salmon compares favourably to other protein sources in terms of protein retention, feed conversion ratio and carbon footprint per gram of edible protein, as shown in the following table.

Protein Retention, Feed Conversion Ratio, Water Consumption and Carbon Footprint for Salmon, Prawns, Chicken, Pork and Beef

	Farmed Atlantic salmon	Farmed prawns	Chicken	Pork	Beef
Protein retention ¹	28%	32%	37%	21%	13%
Feed conversion ratio ²	1.3	2.1	1.6	3.1	8
Edible meat per 100kg feed ³	48	47	39	19	7
Carbon footprint ⁴	4.6	11.4	7	13	66

Source: "FY22 Results Presentation", Tassal.

Notes:

1. Protein retention calculated as grams protein in edible portion divided by grams protein in feed. Based on data for Tassal salmon and Tropic Co prawns.
2. Feed conversion ratio is weight of feed intake divided by weight gained by the animal. Based on global average.
3. Based on global average taken from FAO.
4. Carbon footprint in CO2 equivalent per typical serving of 1kg edible protein.

7.3 Demand for salmon

7.3.1 Overview

Australian salmon is sold into the domestic Grocery³⁵ and Out of Home (OOH)³⁶ channels and into International³⁷ markets. Australian salmon prices are partly driven by world salmon prices, which are determined by global supply and demand, and partly driven by local salmon market dynamics and the relative pricing to other proteins. Global salmon prices are represented by the Fish Pool Index, which is a weekly price used for the settlement of all contracts at Fish Pool ASA (**Fish Pool**), an international, regulated, marketplace for trading financial salmon contracts.

³⁰ "Report on Finfish farming in Tasmania", Parliament of Tasmania, 2022.

³¹ Hydroids are a life stage for animals of the class Hydrozoa, related to jellyfish.

³² "The Price of Salmon", Dr Dain Bolwell and Dr Lisa-ann Gershwin, 2019.

³³ "Not just fish poo – why Macquarie Harbour has an oxygen problem", CSIRO, 2018.

³⁴ "Rising sea temperatures could threaten Atlantic Salmon Production", Phys.org, 2020.

³⁵ Sales to retail supermarkets in Australia (i.e. Woolworths, Coles, Aldi, Costco, IGA).

³⁶ Sales to Wholesalers & Distributors who on sell to Wet Fish shops, restaurants, hotels, cafes.

³⁷ Sales to customers who are located outside of Australia in which Tassal exports to.

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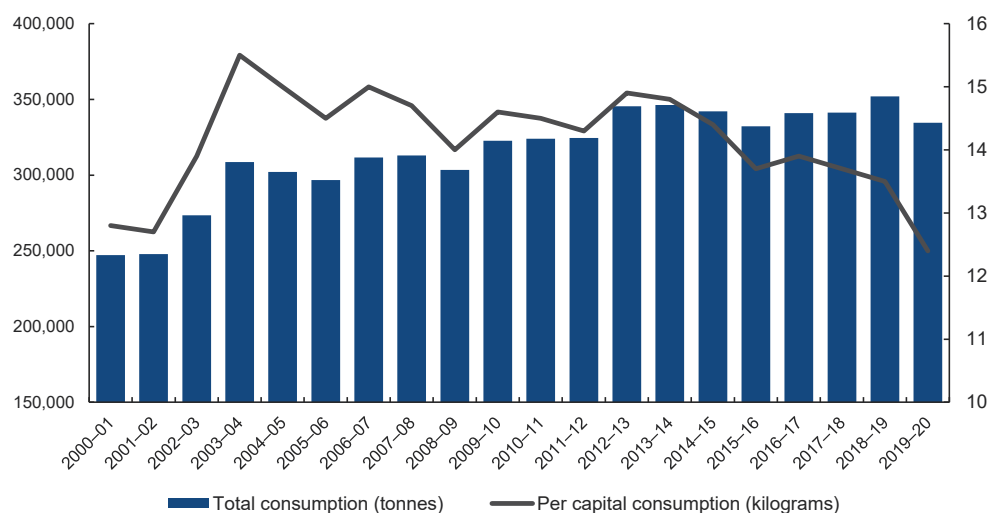
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7.3.2 Domestic salmon consumption

Australian apparent³⁸ total consumption of seafood has increased over the past two decades, as shown in the following chart.

Australian Apparent Total Consumption and Per Capita Consumption of Seafood



Source: "Seafood consumption in Australia", ABARES, 2020. Statistics per product are unavailable.

Apparent seafood consumption in 2018-19 was approximately 350 million kg in aggregate, with per capita consumption of 13.5 kg. This represents a 2.0% compound annual growth rate (CAGR) for aggregate consumption and 0.3% CAGR for per capita consumption since 2000-01. Apparent per capita consumption declined by 8.1% between 2019 and 2020, reflecting the impact of the COVID-19 pandemic which disrupted the food services sector.

The consumption of salmon is driven by a combination of positive attributes including taste, ease of use, versatility, look and texture, and the trend to healthier eating. Whilst other species of fish such as mackerel, flathead and snapper can be substituted for salmon, they have substantially different taste, look and colour. Salmon is also considered a healthy food due to its high content of protein, omega-3 fatty acids, vitamins and minerals.

The most important domestic distributions channels in Australia are the domestic Grocery channel including the major supermarket chains and independent grocery stores and the domestic OOH channel which includes distributors such as specialty fish "wet shops" and food service and hospitality clients.

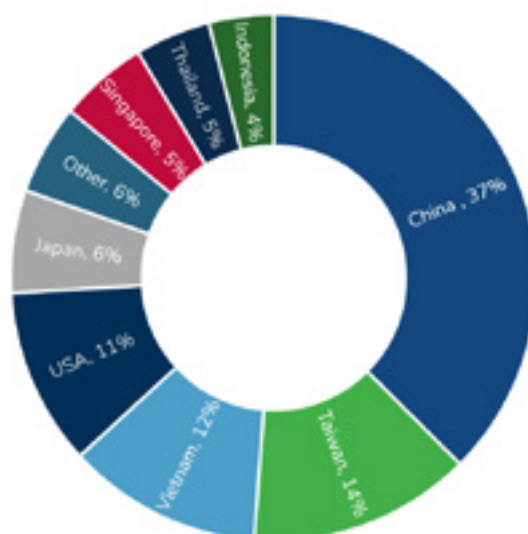
The major supermarket chains and independent grocery stores are the largest distribution channel for domestically produced salmon. The mix of sales to domestic Grocery and domestic OOH channels differs between industry participants. In FY21, Tassal's domestic sales were 68.8% through the Grocery channel and 31.2% through the OOH channel. Huon's domestic sales were 39.7% through the Grocery channel 60.3% through the OOH channel. The dominance of the two largest supermarket chains Woolworths and Coles gives them substantial bargaining power over salmon producers, which can negatively impact sales margins. Both Woolworths and Coles have introduced private label salmon products which provide lower margins to domestic producers.

³⁸ Apparent consumption is total production plus imported seafood, less exports of seafood. Apparent consumption provides an estimate of total seafood consumption in Australia.

7.3.3 Salmon exports

In terms of International sales value, the largest International markets for Australian salmon are China, Taiwan, Vietnam and the United States of America.

2020 Value of Australian Salmon Exports by Country



Source: Salmon exports (almost) double in 2020Q1 2021", Department of Agriculture, Water and Environment

Australian salmon producers have a proximity advantage in relation to Asian markets, with reduced freight costs and improved product freshness in comparison to producers in Europe and the Americas.

In January 2019, Australian fisheries products were granted duty-free access to Chinese markets under the China-Australia Free Trade Agreement (**ChAFTA**). By 2020, China (excluding Taiwan) represented approximately 37% of Australia's salmon exports by value. Despite recent trade tensions, China's large per capita consumption represents a growth opportunity for Australian salmon producers.

Global seafood consumption trends

The global demand for salmon is expected to be positively affected by trends including a growing world population, growing consumption of protein due to rising global incomes, and rising demand for alternative sources of protein. The Organisation for Economic Co-operation and Development (**OECD**) and the FAO has published forecasts for global fish consumption, as shown below.

Growth in Total and Per Capita Food Fish Consumption by 2031

Income category ¹	Growth in total food fish consumption	Growth in per capita food fish consumption	Food fish consumption per capita in 2031 (kg)
World	15.2%	4.2%	21.4
Low income countries	19.2%	-6.1%	11.8
Lower-middle income countries	23.1%	8.3%	15.1
Upper-middle income countries	15.2%	9.7%	30.2
High Income countries	4.3%	1.8%	26.8

Source: "OECD/FAO Agricultural Outlook 2022-2031", OECD/FAO.

Notes:

- 38 individual countries are classified into four income groups according to their respective per-capita income in 2018. The applied thresholds are: low < US\$1,550, lower-middle < US\$3,895, upper-middle < US\$13,000, high >US\$13,000.

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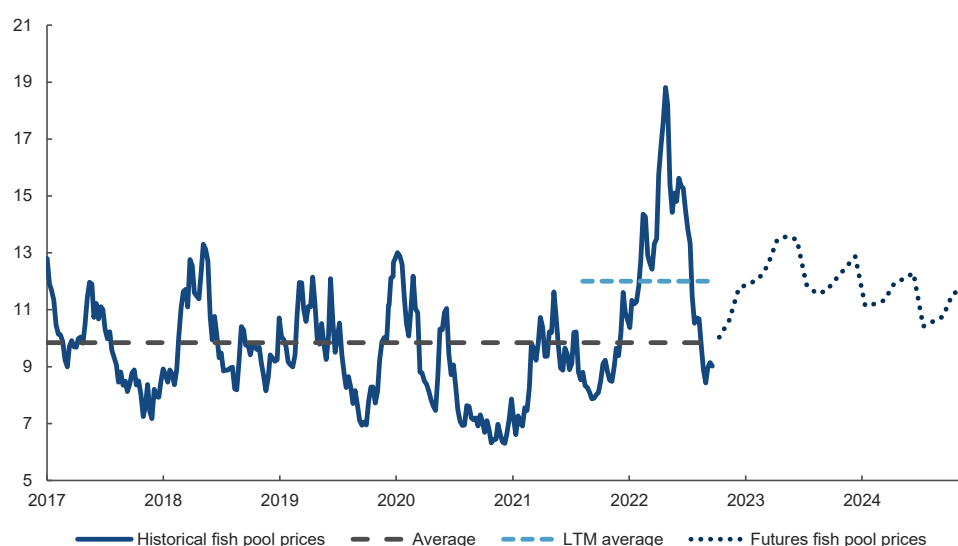


OECD and FAO forecast global fish consumption to increase by 15.2% between 2019-21 to 2031, with low and middle-income countries driving consumption growth. High income and upper-middle income countries have higher per capita fish consumption than low income and lower-middle income countries, suggesting rising global incomes will increase fish consumption per capita.

7.3.4 Fish Pool pricing

The Fish Pool global exchange provides a key reference point for global salmon prices. Prices are volatile, with weather patterns, shifting exchange rates, cost of inputs including energy and feedstock all influencing global salmon prices. Prices are seasonal in nature, reflecting the cyclical nature of salmon farming described in Section 7.2.1. Salmon prices as observed on the Fish Pool from 1 June 2017 to 23 September 2022 and forecast prices until December 2024 are illustrated below:

Historical Fish Pool Prices (A\$/HOG kg Equivalent)



Source: Euronext N.V. Group, Bloomberg, Capital IQ, Kroll analysis.

Notes:

1. Norwegian Krone (NOK) prices converted to A\$ at historical exchange rates for historical fish pool prices and Capital IQ estimated future exchange rates for futures fish pool prices.

Average Fish Pool Prices for the last twelve months to 23 September 2022 were significantly higher than for the prior year, averaging A\$12.00 per kg, which represents an increase of 21.9% to the average price between 6 January 2017 and 23 September 2022, reflecting:

- growth in global consumption, which increased approximately 9.0% in 2021 compared to 2020, driven by recovery of foodservice demand as world economies emerged from the COVID-19 pandemic and strong retail demand;³⁹
- supply growth of 6% in 2021 falling short of demand growth, partially because supply from Chile fell approximately 67,200 tonnes between 2020 and 2021 due to lower available biomass;⁴⁰
- low supply and strong demand continuing into 2022;⁴¹
- the impact of supply side constraints including rising feed prices and higher shipping costs in 2022. For example, the FAO Food Price Index, a measure of the monthly change in international prices of a basket of food commodities, increased from 135.6 in January 2022 to an all-time high of 159.7 in

³⁹ "Mowi Annual Report 2021", Mowi.

⁴⁰ Biomass in aquaculture is the total number of fish counted in a specific area of water multiplied by the average weight of fish sampled.

⁴¹ "Mowi FQ1 2022 Earnings Call", Mowi.

March 2022, before declining to a still elevated level of 138.0 by August 2022. Feed costs are the most important input factor in salmon aquaculture, with a cost share of 40%⁴² to over 50%,⁴³ depending on the feed conversion ratio achieved; and

- food inflation in 2022 causing higher prices for substitute products.

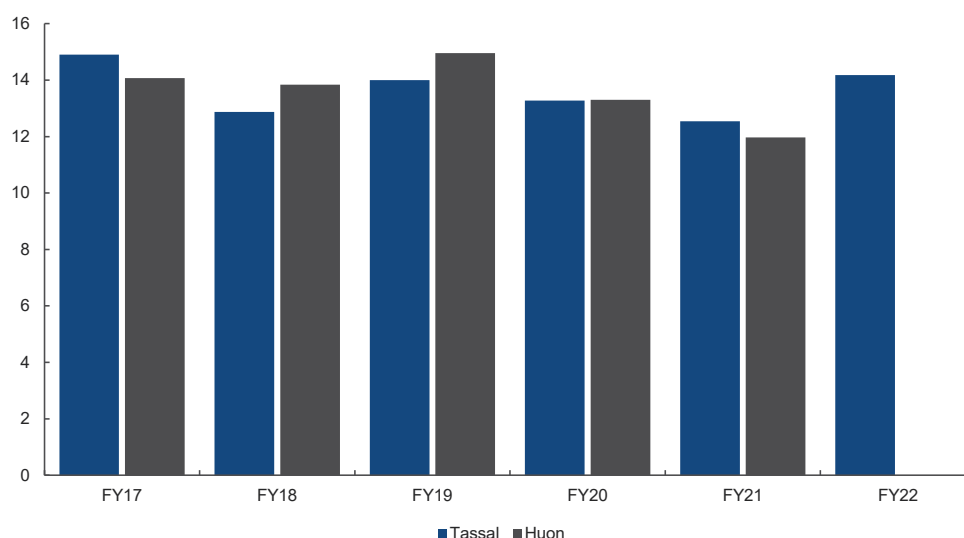
After peaking at A\$18.81 per kg on 29 April 2022, Fish Pool prices began to decline, reaching A\$9.02 per kg on 23 September 2022. This decline reflects high seasonal supply in the Europe and the Americas. Supply was positively impacted by an unusually hot European summer.⁴⁴ Forward Fish Pool trading imply that the Fish Pool price will increase to A\$10.03 by October 2022.⁴⁵

7.3.5 Australian salmon pricing

Australian salmon pricing is typically higher than international salmon prices due to the presence of significant barriers to entry to the Australian market, as described in Section 7.2.3. Prices for the Grocery channel tend to be more stable and tend to lag international salmon prices because Grocery contracts are negotiated with review periods ranging from 12 months to 5 years. Australian OOH channel sales have variable pricing. As producers have the option of selling into the international market, international salmon prices effectively set a floor for domestic prices.

Australia's two largest salmon producers, Tassal and Huon have historically disclosed average annual realised prices for salmon. Each company negotiates prices on an individual basis and has a different product mix. Nonetheless, the graph provides insight into historical trends.

Average Realised Prices for Salmon¹ (A\$/HOG kg Equivalent)



Source: Tassal and Huon Annual Reports and Presentations.

Notes:

1. FY22 averaged realised price for Huon is not available after it was acquired by JBS in 2021.

Broader conditions that have an impact on pricing include per capita consumption, global salmon pricing, exchange rates, competitive conditions in Australia, and biological and licensing restrictions that reduce supply and imports. In addition, Australian salmon producers have recently been able to pass through rising costs, such as feed costs (described in Section 7.3.4) through the Grocery channel.

⁴² "Mowi FQ2 2022 Earnings Call", Mowi.

⁴³ "Production cost and competitiveness in major salmon farming countries 2003–2018", Iversen et al. May 2020.

⁴⁴ "Mowi Q2 2022 Earnings Call", Mowi, 24 August 2022.

⁴⁵ Forward Fish Pool price in NOK converted to A\$ using Capital IQ estimated future exchange rates.

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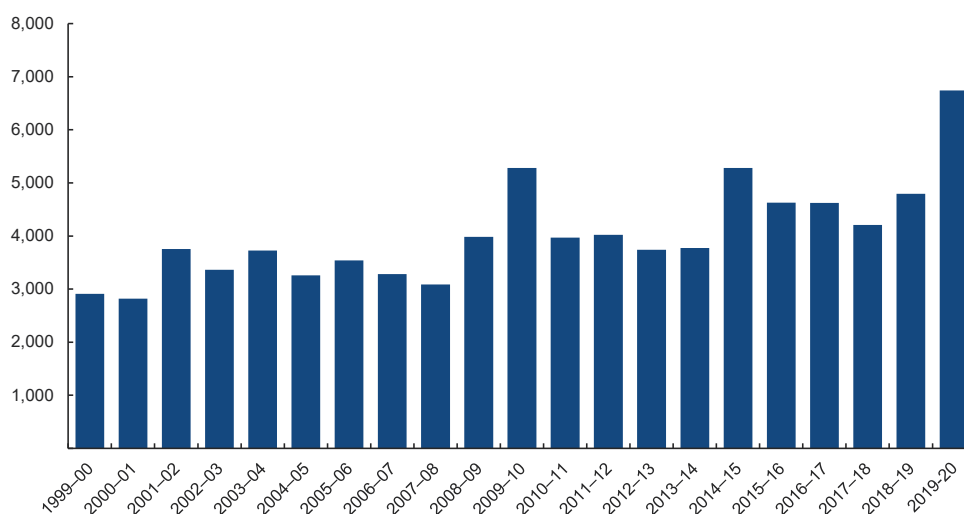
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7.4 Australian prawn aquaculture

Although most Australian prawn production is wild caught, the share of aquaculture prawns is increasing, having grown from 10.8% of total prawn production in FY00 to 27.7% in FY20. The most farmed prawn species in Australia are the black tiger prawn and the banana prawn. The growth of farmed prawn production is shown in the following graph.

Australian Farmed Prawns Production (tonnes)



Source: "Fisheries and aquaculture statistics 2020", ABARES.

In 2019-20, Queensland accounted for approximately 80% of Australia's farmed prawn production, with the remainder primarily from New South Wales (**NSW**). According to the Queensland Government's Aquaculture production summary for Queensland 2020-21, the value of Queensland farmed prawn production grew significantly between FY20 and FY21, from \$124.6 million to \$146.6 million. In FY21, NSW farmed prawn production had an economic value of \$13.1m.⁴⁶

Seafarms Group Ltd (**Seafarms**) has plans to build one of the world's largest prawn farms in the Northern Territory with capacity of up to 180,000 tonnes per annum, however the project faces significant financial, operational, and environmental challenges and Seafarms is currently undertaking an assessment to determine the development path of the project.⁴⁷ Nitrogen caps in Queensland (which limit the total amount of nitrogen from the nutrient output of farming operations) act as a hurdle to new domestic entrants.⁴⁸

Unlike salmon, farmed prawns are grown on land in saltwater ponds. The lifecycle of prawns is shorter than salmon and on average, a prawn takes four to six months to grow to a harvestable size.

Aside from domestic production, Australia imports a significant quantity of prawns to meet domestic demand, although these imports are generally of a lower unit value than prawns produced domestically. Biosecurity restrictions restrict the import of uncooked prawns to a limited list of countries that can meet enhanced import conditions.⁴⁹

⁴⁶ "Aquaculture Production Report 2020-2021", NSW Department of Primary Industries.

⁴⁷ "Project Sea Dragon Update", Seafarms, 21 June 2022.

⁴⁸ "Tassal FY22 Results Presentation", Tassal, 16 August 22.

⁴⁹ "Uncooked prawns and other prawn products for human consumption", Department of Agriculture, Fisheries and Forestry.

8 Profile of Tassal

8.1 Overview

Tassal is a vertically integrated salmon and prawn grower, and salmon, prawn and seafood processor, seller and marketer. As at 30 June 2022, the share of operating revenue represented by salmon, prawn and seafood sales were 79.0%, 14.0% and 7.0% respectively. It produces and sells premium salmon, prawn and seafood in both the Australian domestic and International markets, and provides its products under the Tassal, Tropic Co, Superior Gold, Tasmanian Smokehouse, and De Costi Seafoods brands predominantly to the Australian Grocery market as well as through OOH channels.

Tassal is listed on the ASX and as at 22 June 2022, the last undisturbed trading day prior to press reports of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring an interest in Tassal Shares, it had a market capitalisation of \$756.2 million.⁵⁰ The company is headquartered in Hobart, Tasmania, and employs over 1,700 staff members.

8.2 Background

Tassal Group Limited was registered on 5 September 2003 to acquire the Tassal business from receivers and managers.⁵¹ Tassal Group Limited was listed on the ASX in November 2003.

Since listing, Tassal has grown organically and through acquisition, introducing new products and entering new markets. Key acquisitions that have grown the salmon business include:

- in 2005, Aquatas Pty Ltd, the third largest vertically integrated salmon business at the time, with fish farms located in Tasmania's North West Bay region and Macquarie Harbour, and a value-add processing facility at Margate;
- in 2006, Springfield Fisheries Pty Ltd, a specialist salmon and trout hatchery business operating in north eastern Tasmania. The acquisition was made on a joint 50/50 basis with Huon. Tassal disposed of this investment in 2010 following the commissioning of Tassal's Rookwood Road Hatchery; and
- in 2008, the brand name, assets and intellectual property of *Superior Gold*, a market leading brand for smoked salmon and trout for \$26.5 million in cash.

In order to broaden Tassal's seafood offering and market access in Australia, and support further growth in salmon and seafood consumption, Tassal's subsequent acquisitions expanded the Company into seafood and prawn farming:

- in 2015, De Costi Seafoods Pty Ltd (**De Costi Seafoods**), one of the largest seafood businesses in Australia's seafood industry. The De Costi Seafoods' Sydney Fish Market and The Costi Grocery outlets (wet fish shops) were excluded from the acquisition;
- in 2018, De Costi Seafoods acquired the land, assets and inventory of the Fortune Group prawn aquaculture business, the largest footprint of prawn farming in Australia. The Fortune Group was a long-term supplier to De Costi Seafoods;
- between 2019 and 2021, following a \$108 million institutional placement to fund an acceleration of Tassal's prawn growth strategy, Tassal acquired Exmoor Station, Billy Creek and Mid Farm to expand prawn farmland for approximately \$30 million (net of gains from the disposal of surplus land). Remaining placement funds supported continued prawn growth and general working capital requirements.

Tassal is now the largest vertically-integrated salmon and prawn producer in Australia with a circa 40% market share of domestic supply.⁵² It has long term marine leases to farm approximately 1,300 hectares (ha) of Tasmanian waterways. Further detail regarding Tassal's current operations is provided in the following sections.

8.3 Corporate structure

The corporate structure of Tassal is summarised in the following chart.

⁵⁰ Calculated as closing share price of \$3.52 multiplied by 214,821,181 ordinary shares.

⁵¹ Tassal Group Limited was incorporated on 5 September 2003 as Natamy Limited and changed its name to Tassal Group Limited on 23 September 2003.

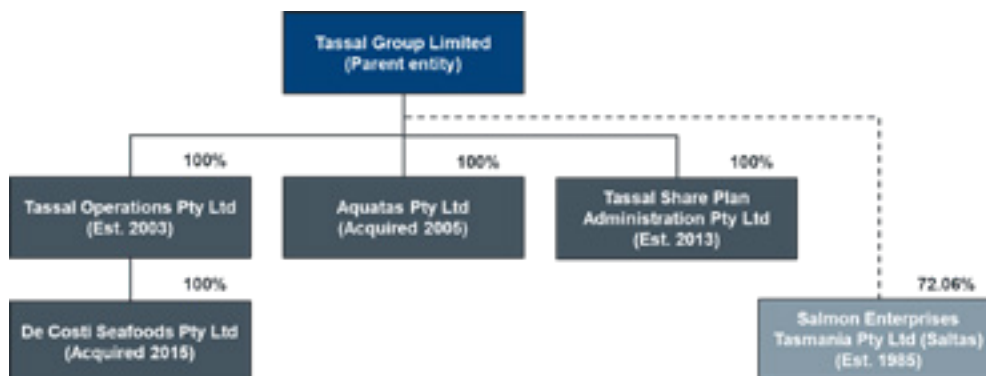
⁵² Tassal FY22 Preliminary Final Report.

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued



Tassal Corporate Structure



Source: Tassal, Kroll Analysis

As at 30 June 2022, the consolidated Tassal entity owned 72.06% of the issued capital and 61.22% of the voting shares of Saltas, the industry hatchery. The remaining shareholders are Huon, Alstergren Aquaculture and the Tasmanian Government. Saltas provides salmon growers with an entitlement to purchase smolt in proportion to their ordinary shareholding in the company.

8.3.1 Strategy

Tassal's strategic intent is to leverage its assets and scale to optimise the existing business, while capturing new opportunities to innovate and grow. The Company seeks to be the world leader in responsibly growing the value of aquaculture through the adoption of technology and innovation ('Blue AgTech'), ensuring a prosperous, healthy planet for future generations.

Key goals presented in Tassal's FY22 Results Presentation are to:

- optimise the core salmon business and establish prawns;
- grow scale and returns from prawns, seaweed and managing farms using modern information and communication technologies to optimise operations ('SmartFarming'); and
- evolve and expand Tassal as a Blue AgTech leader.

At a sustainable annual salmon harvest of circa 40,000 HOG tonnes from its existing marine leases, Tassal has a scale position and no longer requires incremental funding for growth. Tassal's focus is on achieving targeted pricing, sales mix, cost optimisation, brand building and product innovation initiatives to cover any underlying supply chain cost increases and to drive future returns. It has publicly stated its benchmarks include free cash flow growth and conversion, an attractive return on assets, and to be carbon/climate net positive.

8.3.2 Environmental, Social and Governance

Tassal has committed to its social and regulatory obligations with regard to maintaining and sustaining the environment impacted by Tassal's operations. Tassal remains Australia's number 1 ranked and top 8 globally ranked sustainable protein producer on the FAIRR Protein Producer Index, and have consistently maintained certification against leading aquaculture certification standards and have very good compliance performance.⁵³

Tassal's Responsible Business Roadmap 2030 sets out the Company's tailored program of inclusive action and targets across seven areas of accelerated transformation:

- waste;
- people and communities;
- climate and circularity;
- freshwater;

⁵³ Tassal



- responsible sourcing;
- governance;
- animal welfare; and
- provides for enhanced reporting and transparency.

A recent environmental initiative explored by Tassal has included growing seaweed which has proven to be a reliable nature-based solution for water quality restoration. With circa 3,300 tonnes of seaweed grown to date and an estimated 22 tonnes of nitrogen removed from prawn ponds, Tassal has become Australia's largest seaweed farmer. Tassal is researching opportunities to grow a genus of edible red seaweed *Asparagopsis*, with the potential to become a food source for cattle. Seaweed farming may also present a future opportunity for earning carbon credits.

In August 2022, Tassal integrated sustainability performance within its financing framework, signing a Sustainability-Linked Loan (**SLL**) for \$497 million of facilities, linking some of the interest charges on its loans to sustainability key performance indicators, a first for any aquaculture company in Australia.

Kroll considers that Tassal's ESG credentials are essential in providing a social licence to operate. If these measures were not taken, licencing restrictions may increase, Tassal may be required to incur further costs to maintain its marine leases (over and above those assumed) or improve public perception.

8.4 Operations

8.4.1 Overview of facilities

Tassal either owns and/or controls every stage of production. This vertical integration enables Tassal to control the quality, reliability and procedures for products across its hatchery, farming, processing and sales operations.

The geographic diversification of Tassal's salmon and prawn farm locations around Australia and De Costi seafood sources, assists in mitigating risk of supply loss from disease, predators and seasonal and environmental conditions.

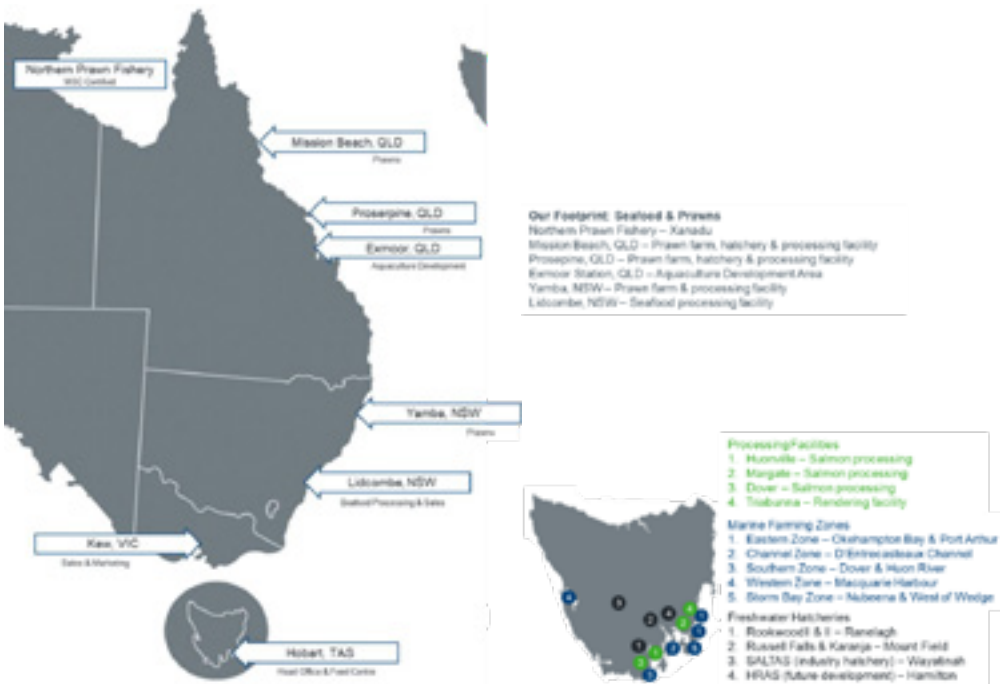
ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued



The location of Tassal's various operational facilities are summarised on the following chart.

Tassal Footprint



Source: Tassal FY22 Results Presentation

Salmon

Following a period of growth phase of infrastructure investment, Tassal has reached a position to deliver a sustainable salmon harvest at scale of around 40,000 HOG tonnes per annum. As at FY22, salmon production is now considered by Tassal to be at scale (it is farming most of its licenced marine farm lease area - other than West of Wedge), with further top and bottom line growth expected through continued optimisation and efficiency.⁵⁴

⁵⁴ FY22 Results Presentation

The following chart provides a representation of Tassal's salmon production, processing, sale and administration operations.

Salmon Operations



Source: Tassal, Kroll analysis

Notes:

1. Hamilton Recirculating Aquaculture System (HRAS) is a proposed new hatchery facility, yet to be constructed.
2. Processing is also undertaken at George Town Seafoods and other third party processors.

Tassal's salmon production typically has a 5-year capital cycle and a 3-year working capital cycle.

Freshwater hatcheries

Salmon eggs sourced via an industry Selective Breeding Program are grown into smolt at one of Tassal's salmon hatcheries. Three hatcheries are directly controlled by Tassal and Tassal holds a majority ownership of industry hatchery Saltas. The majority of the smolt are reared at the company's state-of-the-art land-based Rookwood Road Nursery in Ranelagh, Tasmania, with a much smaller number reared at the flow through hatchery at Russell Falls. Together, the hatcheries have the capacity to produce circa 10 million smolt annually.⁵⁵ 92% of Tassal's smolt were grown in a RAS facility in FY22. Any waste water is used to irrigate nearby farm land providing natural fertiliser.

In April 2020, Tassal received approval from the Environmental Protection Agency for the construction of HRAS. The estimated capital cost of HRAS was \$46 million in 2020, however Management note that building costs may have materially changed since 2020. The construction of this facility is currently on hold. The project approvals remain live should a change to Tassal's strategy require implementation of this project.

⁵⁵ Tassal website: <https://tassalgroup.com.au/our-planet/our-operations/>

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued



Marine operations

After 12 to 18 months, once the smolt reach a certain weight, they are transferred to sea. The Aqua Spa, Tassal's well boat, operates throughout Tasmania's southern waterways for bathing fish in freshwater to help manage AGD, and transporting juvenile fish from the hatcheries to the grow out areas.

Tassal has five marine farming zones, where salmon are kept in large sea pens for between 12 to 18 months to grow until they are ready to be harvested. The target size for harvesting is an average salmon weight of 5.0kg HOG. Approximately 50% of Tassal's pens are 120m in circumference with a volume of 11,500 cubic meters and 50% are 168m in circumference with a volume of 22,500 cubic meters.⁵⁶ Every marine farm has access to a shorebase used to store feed, assemble and repair sea pens and other equipment as well as provide office space and staff amenities.

The areas in which Tassal conducts marine farming are subject to various marine farm leases and associated licences. Tassal holds a range of licences and permits, issued by various regulatory authorities, across its freshwater, marine and processing operations.

SmartFarming techniques have been developed and employed in Tassal's operations to manage optimal fish feeding, visibility and health of the fish, and to manage labour costs.

Processing operations

Harvesting takes place on purpose built vessels at the marine sites, then the fish are taken for wet processing to either Dover or Georgetown factories.

- **Dover:** This wet processing facility has been operating since 1986 and is Tassal's original and primary processing facility. Whole fish are received from harvesting vessels, gutted, and either packed as HOG fish to Grocery and OOH markets or sent to one of the other processing facilities for further 'value added' processing. Fish can also be wet processed at Tassal's contract primary processing factory at Georgetown.
- **Margate:** This processing facility was acquired in 2005 and produces a range of value added Atlantic Salmon products.
- **Huonville:** The Huonville plant was commissioned in 1998 as a salmon and trout on-processing facility, producing fresh and frozen, smoked and un-smoked products. Fresh salmon is received from Dover processing and filleted on an automated filleting line. Tassal's cold smoked salmon product is prepared, sliced and packaged in the Huonville facility.
- **Triabunna:** This facility produces fish oil and fish meal from fish by-products and mortals.

Retail

Tassal also has one retail outlet "The Salmon Shop", in Salamanca Square in Hobart, and a retail presence at 3,375 other locations. The head office and feed centre is located in Hobart, and sales and marketing activities are based in Sydney and Melbourne.

Seafood

Tassal's product range was expanded to include fresh and frozen seafood in 2015, with the acquisition of the De Costi Seafoods business.

Seafood is sourced from Australia and the Asia Pacific region.

Processing is undertaken at a specialist operational facility located on a 7,746m² site in Lidcombe, Sydney, that has three main production areas with pallet freezer capacity, cool rooms, packing rooms and dry goods space to facilitate high volume production and packing for distribution. Products such as basa, whiting, squid and prawns are processed, along with salmon, to be distributed nationally. As well as processing, Lidcombe is Tassal's Innovation Centre to pilot new product ideas.

Prawns

Tassal operates three tiger prawn farms in land-based aquaculture systems across Queensland and NSW:

- **Proserpine:** This prawn farm in far north Queensland is Tassal's largest prawn farm, with more than 200 hectares of land-based pond systems across the site.

⁵⁶ Tassal website: <https://tassalgroup.com.au/our-planet/our-operations/>

- **Mission Beach:** Also in far north Queensland, Mission Beach is Tassal's warmest facility which best facilitates growing prawns for the Christmas trade period.
- **Yamba:** Situated on more than 45 hectares of land-based ponds on the Clarence River in northern NSW, this is Tassal's most southerly prawn farming operation.

The prawns are harvested after processing, before being shipped. Prawns are further processed onsite or shipped to consumers. Tassal's typical growing/ working capital cycle for prawns is one year.

In August 2019, Tassal accelerated its prawn growth strategy, announcing plans to invest circa \$85 million in staged expansion at Proserpine, hatchery capacity and domestication program, processing facility and the development of SmartFarm technology at the three existing prawn farms. Tassal acquired Exmoor Station, a strategically located property with 2,093ha identified by the Queensland Government as an Aquaculture Development Area, providing the additional land to support growth of the prawn business. Tassal subsequently sold all surplus land at Exmoor Station not suitable for prawn farming. In October 2020, Tassal acquired Billy Creek, a property neighbouring the Proserpine prawn farm in October 2020, providing the opportunity for an additional circa 350ha of ponds, and in May 2021, Tassal acquired Mid Farm, a property neighbouring the Proserpine prawn farm and Billy Creek.

Tassal has invested over \$150 million in prawn infrastructure and production capacity since FY19 and as at FY22 harvested 5,137 tonnes and sold 5,697 tonnes of prawns. Subject to regulatory approvals and licences, Tassal aims to build a platform to deliver 20,000 tonnes of annual prawn production. In FY23, Tassal is seeking EPBC Act approval for expansion at Proserpine. The expansion is planned but cannot be implemented until that regulatory approval has been granted. No prawn pond or marine lease expansion projects are planned for FY23. Once optimal scale is established, Tassal's prawn operations are expected to have lower capital intensity than salmon.

SmartFarming technologies are also applied to Tassal's prawn farming. The feeding technology is considered by Tassal to be world class increasing the efficiency of production.

8.4.2 Overview of products

An overview of Tassal's product suite is outlined in the following table.

Tassal Products

Product	Description	Brands
Atlantic Salmon (<i>Salmo salar</i>)	▪ The original <i>Salmo salar</i> bloodlines were imported from Nova Scotia in Canada in the 1960s. ▪ The lifecycle of a Tassal Salmon takes three years to grow, one and a half years in fresh water, then one and a half years in the sea.	▪ Tassal, for everyday protein, fresh, smoked and frozen. ▪ Superior Gold, the connoisseur's choice, from smoked salmon to hot smoked salmon. ▪ Tasmanian Smokehouse, cured and traditionally smoked, available exclusively through independent retailers.
Australian Black Tiger Prawns (<i>Penaeus monodon</i>)	▪ Small, 68-88 prawns per kg ▪ Medium, 46-66 prawns per kg ▪ Large, 35-44 prawns per kg ▪ X-Large, 22-34 prawns per kg ▪ Jumbo, less than 22 prawns per kg	▪ Tropic Co. ▪ Whole prawns are sold either cooked or green.



ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued

KROLL

Seafood

- Fish (including salmon and white fish), prawns and crab sticks.
- Packaged seafood products including pre-marinated and crumbed products and seafood salads.
- De Costi Seafoods provides consumers, food service and wholesalers with a large array of seafood options.



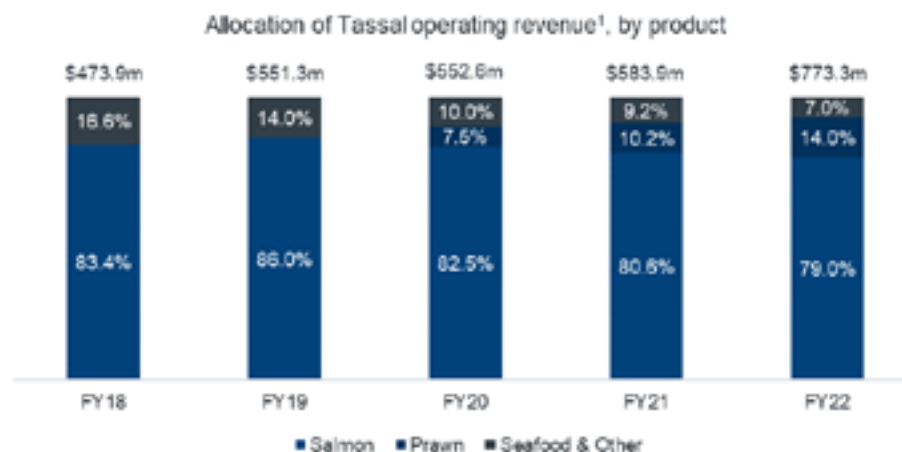
Source: Tassal

For Tassal branded products distributed through retailers, there are no contracts. Rather, ranging and pricing is determined through a semi-annual category review process.

Private label/ non-branded salmon, seafood and prawn products distributed through retailers are contracted under 1-year to 3-year agreements, with yearly price reviews.

The following chart presents the allocation of reported revenue from all sources, by product mix.

Tassal Product Mix



Source: Tassal Annual Reports and Result Presentations, Kroll analysis.

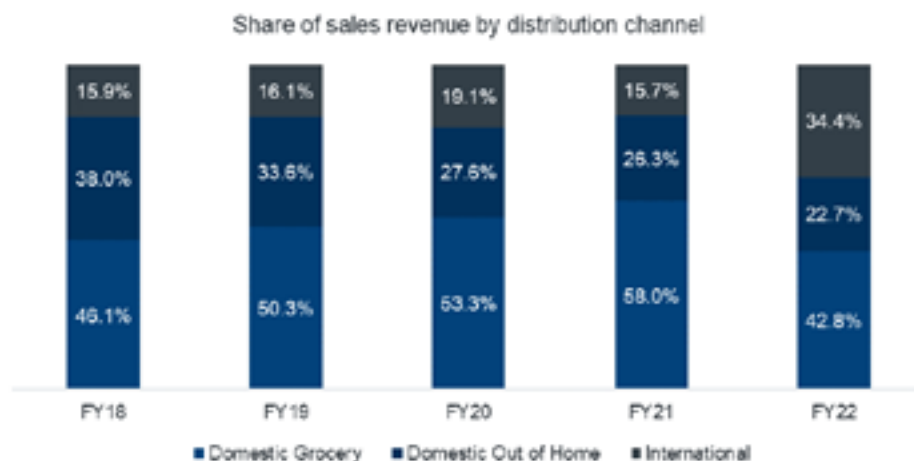
Notes:

1. Calculated based on operating revenue excluding interest income.

8.4.3 Distribution channels

Tassal's major distribution channel is the domestic Grocery market (under the Tassal, Superior Gold and Tasmanian Smokehouse brands), with the remainder entering the domestic OOH and International channels. The diversification of channels allows for the optimisation of harvest utilisation and returns. The mix of distribution channels and sales revenue by product between FY18 and FY22 are shown in the following charts.

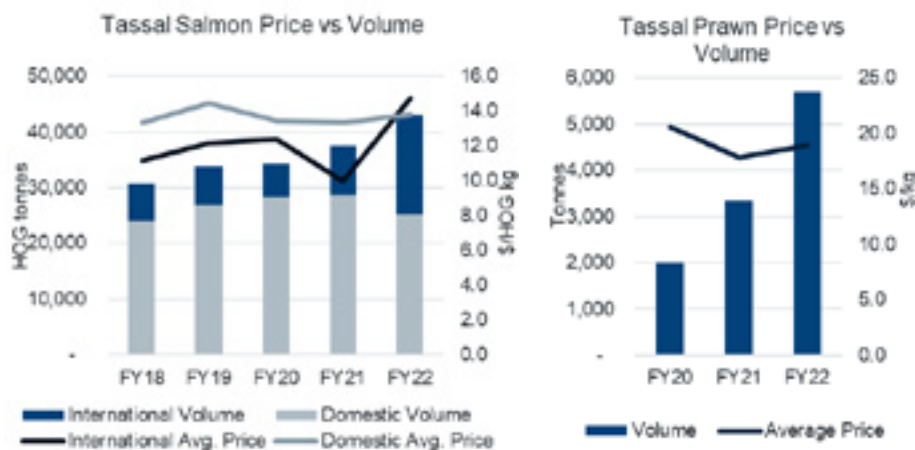
Distribution Channel Mix 2018 to 2022



Source: Tassal Annual Reports, Kroll analysis.

Tassal's salmon and prawn product average prices and total volumes are illustrated in the following charts.

Tassal Salmon and Prawn Price vs. Volume



Source: Tassal Results Presentations, Kroll analysis.

Domestic market, Grocery and OOH

The domestic market has been the dominant distribution channel for salmon and prawns, with Grocery representing 50.1% of total sales and domestic OOH representing 29.7% of total sales on average over the last five years. Tassal has a significant share of salmon sales with all major retailers.

In recent years, Tassal's distribution strategy for salmon has been to increase the portion of sales that come from the more profitable domestic channels (particularly OOH and branded products), focusing on optimising pricing and increasing salmon returns. Tassal is prioritising the domestic market for prawns and driving per capita consumption with retailers and consumer preference for Australian tiger prawns.

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued



In FY20, the Company initiated a new marketing campaign for FY21 for both salmon and prawns, focusing on the Australian provenance of the Tassal brand, branded retail product lines and Tropic Co Tiger brand to further grow the domestic market and leverage current relationships.⁵⁷

Agreements with retailers have underpinned domestic pricing levels. For prawns, domestic market sales were supported by the fresh prawn supply contract with Coles that commenced in December 2020.⁵⁸

Whilst Tassal experienced significant pricing volatility during the COVID-19 pandemic, 'At home' consumption increased sharply in all regions driving Tassal's domestic Grocery salmon sales volumes.⁵⁹ Supply to fresh deli, however, reduced as the domestic OOH market softened.

Domestic pricing is recovering (particularly in the OOH market) in line with global pricing recovery, and domestic retailers have accepted price rises to pass on costs increases, however, tenders in late FY21 for three to five year retail agreements resulted in reduced pricing to support unbranded Grocery Deli contracts and the introduction of lower margin Private Label modified atmosphere/air packaging (**MAP**) contracts. The average price for domestic Grocery market salmon decreased from \$13.14 per kg in FY21 to \$12.82 per HOG kg in FY22. A strong increase in salmon and prawn prices was experienced globally throughout FY22, supporting the domestic OOH channel. The average price for domestic OOH market salmon was higher than for the Grocery market and increased by 16.3% from \$13.84 per HOG kg in FY21 to \$16.10 in FY22.

For prawns, the average price for domestic Grocery market prawns increased by 10.7% from \$17.08 per kg in FY21 to \$18.90 per kg in FY22. Prices for domestic OOH market prawns are slightly higher but increased by only 2.9% from \$18.48 per kg in FY21 to \$19.02 in FY22.

International market

Tassal's diversity in domestic and international distribution channels for salmon provides flexibility to optimise sales mix, opting for higher margin markets depending on current pricing trends.

The International market has been utilised by Tassal as a strategic lever to optimise sales, targeted for excess salmon supply and as an attractive market for larger fish. Unit economics remain dependent on exchange rates and the cost and availability of airfreight.

International markets are not currently a priority in prawns given global competitive dynamics and are used as risk mitigation.⁶⁰ Only 4% of prawn volume sold in FY22 was exported, at an average price of \$18.55 per kg, lower than the domestic markets.

Prior to the COVID-19 pandemic, approximately 80% of short shelf-life fresh food in Australia were transported to International markets in passenger planes. Once general travel restrictions were imposed and airlines subsequently grounded during the COVID-19 pandemic, only traditional freight carriers continued (circa 10% of the market). As airfreight capacity for International markets became limited, freight rates rose significantly and fresh salmon products were either double-handled and/or redirected, also at additional cost.⁶¹

In FY21, Asian export markets, the key export region for Australian salmon producers, were impacted by foodservice shutdowns during the COVID-19 pandemic lockdowns, and high logistics costs associated with shortages in air freight capacity. The Federal Government's International Freight Assistance Mechanism (**IFAM**) was implemented to assist with the impact from the COVID-19 pandemic on international airfreight. The International salmon market was also impacted by lower global pricing and an appreciated A\$/US\$ rate during the COVID-19 pandemic.

Record International sales in July and August of 2021 were due to strong growth in fish stocks and then proactively mitigating market volatility with the COVID-19 pandemic.

In 2022, International sales volumes doubled as this market became a strong viable alternative to the lower value (deli) sales, and Tassal leveraged its supply chain advantage of proximity to Asia. Strong salmon pricing recovery in international markets also boosted International salmon sales revenues in FY22. The average International price for salmon increased 47.7% from \$9.97 in FY21 to \$14.72 in FY22. Tassal's export prices generally exceed the fish pool index as it generally exports larger fish (an average of 4.7 kg in FY22) compared with the fish pool index (which uses a weighting of 30% 3-4 kg fish, 40% 4-5 kg fish and

⁵⁷ Tassal FY20 Annual Report

⁵⁸ Tassal FY21 Annual Report

⁵⁹ Tassal 1H21 Investor Results Presentation

⁶⁰ Tassal FY22 Results Presentation, FY20 Annual Report

⁶¹ Tassal 1H21 Investor Results Presentation



30% 5-6 kg fish) and higher export prices are received for larger fish. In FY22, Tassal's average export price of \$14.72 was 26.7% higher than the average fish pool index price.

The number of Australian outbound flights remains below pre COVID 19 pandemic levels, and IFAM is not continuing in FY23. Salmon and prawn revenues are driven by farm capacity, product condition and weight, and volume growth, sales mix, and market dynamics around product pricing of demand (consumption per capita) and supply.

8.5 Financial performance

8.5.1 Historical financial performance

Tassal's consolidated financial performance over the last five years from FY18 to FY22 is summarised in the following table.

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continued



Tassal Financial Performance (\$ millions)

	FY18 Audited	FY19 Audited	FY20 ¹ Audited	FY21 Audited	FY22 Audited
Domestic Grocery market	218.4	277.3	294.4	338.7	331.2
Domestic OOH market	180.0	185.5	152.8	153.8	175.8
International market	75.5	88.5	105.5	91.4	266.4
Interest revenue	0.1	0.5	0.1	0.0	0.0
Total revenue	474.1	551.8	552.7	583.9	773.3
Other income ²	10.5	8.5	9.8	10.2	15.3
Revenue (from all sources)	484.6	560.4	562.5	594.0	788.7
Share of profits/ (losses) of associates accounted for using the equity method ³	(0.0)	0.4	0.8	1.0	1.3
Changes in inventories of finished goods and work in progress	4.9	(10.5)	18.8	43.4	(47.5)
Raw materials and consumables used	(267.6)	(296.0)	(294.1)	(335.5)	(386.9)
Employee benefits expense	(101.1)	(116.1)	(125.8)	(139.8)	(153.7)
Contingent consideration expense ⁴	-	(0.1)	-	-	-
Other expenses	(21.0)	(25.8)	(23.7)	(23.8)	(27.2)
Operating EBITDA⁵	99.8	112.3	138.5	139.4	174.6
Depreciation and amortisation expense	(23.0)	(23.8)	(38.7)	(58.5)	(72.2)
Operating EBIT⁵	76.8	88.6	99.8	80.9	102.4
Finance costs	(7.7)	(9.2)	(10.3)	(13.3)	(15.9)
Operating profit before tax⁵	69.1	79.4	89.5	67.6	86.5
Fair value adjustment of biological assets ⁶	6.8	10.3	6.1	(17.9)	43.4
Fair value adjustment of biological assets at point of harvest ⁶	4.0	(5.7)	6.1	14.8	(23.2)
Significant items (pre tax)	(0.6)	(2.0)	(5.1)	(16.4)	(32.1)
Net profit before tax (NPBT)	79.3	82.0	96.5	48.1	74.6
Income tax expense	(22.0)	(23.6)	(27.5)	(13.4)	(19.3)
Net profit after tax (NPAT)	57.3	58.4	69.1	34.6	55.3
Growth					
Revenue (from all sources) growth	7.6%	15.6%	0.4%	5.6%	32.8%
Operating EBITDA growth	21.3%	12.6%	23.3%	0.6%	25.3%
NPAT growth	(1.4%)	2.0%	18.2%	(49.9%)	59.9%
Profitability					
Operating EBITDA margin ⁷	21.0%	20.4%	25.1%	23.9%	22.6%
NPAT margin ⁸	11.8%	10.4%	12.3%	5.8%	7.0%
Shareholder returns					
Weighted average number of shares (million)	172.9	177.1	203.1	211.1	213.6
Weighted average number of shares (diluted by deemed performance rights, million)	173.5	177.8	203.7	211.8	214.5
Basic EPS (cents per share)	33.13	33.01	34.03	16.40	25.91
Diluted EPS (cents per share)	33.01	32.88	33.93	16.35	25.80
DPS (cents per share)	16.00	18.00	18.00	14.00	8.00
Payout ratio	48.3%	54.5%	52.9%	85.4%	30.9%
Operational					
Salmon EBITDA (A\$/kg) ⁹	3.04	3.16	3.60	3.20	3.40
Prawn EBITDA (A\$/kg) ⁹	-	6.12	6.42	5.13	4.72

Source: Tassal Annual Reports and FY22 Preliminary Final Report, Kroll analysis

Notes:

1. Tassal adopted AASB 16 'Leases' from 1 July 2019. Subsequent financial years include additional depreciation of right-of-use assets and interest on lease liabilities due to the addition of \$214.1 million in right-of-use assets and \$217.3 million in lease liabilities to the balance sheet in FY20.
2. Other income includes gains/losses on disposal of property, plant and equipment and investment property; Government grants received and Research and development concessions; and other income.
3. For accounting purposes, Saltas is an associate of Tassal. Whilst Tassal owns 72.06% of the issued capital and 61.22% of the voting shares of Saltas, the Board of Tassal has concluded that the consolidated entity does not control Saltas, but has significant influence.

(Notes continued)

4. This cost relates to contingent consideration negotiated as part of Tassal's acquisition of De Costi Seafoods in 2015.
5. Operating EBITDA, EBIT and Profit before tax exclude fair value adjustments to biological assets in accordance with AASB 141 (discussed below) and significant items. These metrics have been shown to reflect the core earnings of the Company.
6. Biological assets (being salmon at sea and prawns in ponds), are valued at fair value of the salmon and prawns at an estimated harvest tonnage and at an estimated future net market value, in accordance with Accounting Standard AASB 141 'Agriculture'. Finished goods (being harvested salmon and prawns on hand at reporting date) are accounted for at the fair value of the raw materials at the point of harvest (not including processing costs), at an estimated future net market value, in accordance with AASB 102 'Inventories'. Any uplift or reduction in aggregate value compared to the values at the previous reporting period is applied to the income statement. The fair values of biological assets have been determined in accordance with Tassal Director's valuation and assessed by the Company Auditor utilising a discounted cash flow and sensitivity analysis based on observable market prices and input costs.
7. Operating EBITDA margin is Operating EBITDA divided by Total revenue.
8. NPAT margin is Net Profit After Tax divided by Revenue (from all sources).
9. FY20 salmon EBITDA A\$ per kg is \$3.29 on a pre-AASB 16 basis and \$3.60 on a post-AASB 16 basis. FY20 prawn EBITDA A\$ per kg is \$6.11 on a pre-AASB 16 basis and \$6.42 on a post-AASB 16 basis.

With regard to Tassal's historical financial performance summarised above, we note the following:

- performance in FY18 and FY19, prior to the COVID-19 pandemic, was strong driven by investments in salmon, prawn and seafood growth and infrastructure, and due to favourable market dynamics in those years;
- as noted in Section 8.4.3, the COVID-19 pandemic related lockdowns resulted in increased domestic 'At home' consumption, supporting continued growth in the domestic Grocery market in FY20 and FY21. OOH and International revenues were, however, impacted by weak and volatile global salmon pricing and the resulting restrictions and market fractures;
- in FY22, revenue increased by 32.8% to \$788.7 million as sales mix was directed towards International markets to leverage the recovery in global salmon pricing and volumes, as noted in Section 8.4.3. Domestic OOH revenue benefited from the impact of favourable market conditions on domestic OOH prices and the profitable sale of excess frozen inventory through smoked salmon sales. The reduction in domestic Grocery revenue reflects Tassal's disciplined approach to retail pricing contracts agreed during the pandemic. Prawn revenue growth was supported by gains in harvested tonnes, the average yield and sell through of frozen inventory in 1H22, however prawn EBITDA/kg decreased in FY22 as the prawn sales mix shifted to the lower margin Grocery channel;
- Tassal receives assistance from the Australian Government in the form of transfers of resources in return for past or future compliance with certain conditions relating to Tassal's operating activities, and during the COVID-19 pandemic, IFAM, as noted in Section 8.4.3. Grant income together with research and development concessions are included in other income. Tassal did not receive nor sought to receive any JobKeeper payments during the period;
- supply chain costs have materially increased due to COVID-19 pandemic, the escalation of the Russia-Ukraine conflict, and significant weather events. Energy, feed commodities, labour and domestic freight costs all increased in FY22. Raw material and consumable costs were approximately 50.0% of revenue from all sources, and employee benefits expense represented approximately 19.5% of revenue from all sources in FY22. Savings in the cost of growing are achieved through infrastructure and technology upgrades and generating farming and processing efficiencies;
- operating EBITDA increased 25.3% in FY22 as a result of the strong revenue growth with price rises in FY22 more than offsetting inflation across the supply chain;
- operating EBITDA margins have fallen since FY20, impacted by supply chain costs and the shift in sales mix, however, remain above pre-COVID-19 pandemic margins;
- by product, the increase in salmon EBITDA margin up to FY20 resulted from operating and supply chain efficiencies and reflected growing salmon consumption per capita. Initial prawn EBITDA margins up to FY20 remained relatively flat (on a pre-AASB 16 basis). In FY21, both salmon and prawn EBITDA margins fell due to weak International pricing;

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

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- the increase in depreciation and amortisation from FY20 reflects the addition of right-of-use assets following the adoption of AASB 16 'Leases', and growing Tassal asset base following infrastructure investment over the period;
- the NPAT margin in FY21 and FY22 was impacted by significant items discussed in the following section; and
- the Directors of Tassal have historically targeted the payment of a fully franked dividend of approximately 50% of operating net profit after tax (50% dividend payout ratio). The payout ratio exceeded 50% between FY19 and FY21. No final dividend was paid for FY22.

Tassal's significant items and supporting notes for FY18 to FY22 are set out as follows.

Significant Items (\$ millions)

	FY18 Audited	FY19 Audited	FY20 Audited	FY21 Audited	FY22 Audited
Significant items					
De Costi wages settlement ¹	-	-	-	-	(2.2)
Export supply chain expense ²	-	-	(2.9)	(14.8)	(29.9)
Property transaction costs ³	-	-	(2.3)	(1.6)	-
Prawn farm business acquisition costs ⁴	-	(2.0)	-	-	-
Contingent consideration expense ⁵	(0.6)	-	-	-	-
Total significant items (pre tax)	(0.6)	(2.0)	(5.1)	(16.4)	(32.1)

Source: Tassal Annual Reports and FY22 Preliminary Final Report, Kroll analysis

Notes:

- The Australian Workers Union (AWU) won a case lodged with the Federal Court against De Costi Seafood relating to not paying penalty rates for two members whose shifts started before 6am. Tassal objected that employees who worked before that time were not entitled to any payments for early starts. The AWU also reported that it believed about 50 current workers and hundreds of former employees had been badly paid.⁶² \$2.2 million of costs paid in FY22 relates to the settlement of the De Costi wage issue.
- Although Tassal received government support towards airfreight costs through IFAM, overall international freight costs were still higher by \$2.9 million in FY20, \$14.8 million in FY21 and \$29.9 million in FY22, before tax, relative to pre-COVID-19 pandemic rates after receiving the rebate.
- Property transaction costs relate to the acquisition costs of the Exmoor Station, Billy Creek and Mid Farm properties.
- Additional costs relating to the acquisition of the Fortune Group business of \$2.0 million were excluded from the consideration transferred and recognised as an expense.
- This cost relates to contingent consideration negotiated as part of the acquisition of De Costi Seafoods in 2015.

Kroll have adjusted operating EBITDA to exclude interest revenue and income from associates in order to benchmark against comparable companies.

Adjusted Operating EBITDA (\$ millions)

	FY18 Audited	FY19 Audited	FY20 Audited	FY21 Audited	FY22 Audited
Operating EBITDA	99.8	112.3	138.5	139.4	174.6
Less: Interest revenue	(0.1)	(0.5)	(0.1)	(0.0)	(0.0)
Less: Share of profits/ (losses) of associates accounted for using the equity method	0.0	(0.4)	(0.8)	(1.0)	(1.3)
Adjusted Operating EBITDA	99.7	111.4	137.6	138.4	173.3

Source: Kroll analysis

8.5.2 Outlook

Tassal has not provided earnings guidance for FY23 or beyond. Consequently, Kroll has considered broker consensus forecasts for Tassal. As far as Kroll is aware, Tassal is followed by four brokers, each of whom has published reports following the release of the FY22 Results and Preliminary Final Report. One of the

⁶² <https://insidefmcg.com.au/2022/03/21/tassals-de-costi-could-face-1m-backpay-bill-after-awu-wins-court-case/>



brokers is currently advising Tassal and has, therefore, been excluded from our analysis. A summary of the outlook of the remaining three brokers is presented in the following table.

Tassal Broker Consensus (\$ millions)

	Actual FY22	Broker consensus				
		FY23	FY24	FY25	FY26 ¹	FY27 ¹
Adjusted Operating revenue²	773.3	787.0	806.4	844.3	886.4	930.8
Gross profit³		384.7	387.0	405.0	424.0	456.0
Adjusted Operating EBITDA⁴	173.3	186.5	189.0	202.9	213.9	224.8
Depreciation and amortisation	(72.2)	(75.8)	(71.1)	(79.1)	(79.8)	(83.0)
Adjusted Operating EBIT⁴	101.1	110.7	117.9	123.8	134.2	141.9
Net interest	(15.9)	(15.7)	(20.0)	(19.9)	(14.1)	(14.1)
Adjusted Operating Profit before tax⁴	85.2	95.0	97.9	103.9	120.1	127.8
NPAT⁵	55.3	70.8	83.3	89.7	87.0	92.5
Growth						
Adjusted Operating revenue growth	32.5%	1.8%	2.5%	4.7%	5.0%	5.0%
Adjusted Operating EBITDA growth	25.3%	7.6%	1.3%	7.4%	5.4%	5.1%
NPAT growth	59.9%	28.0%	17.7%	7.7%	-3.0%	6.3%
Profitability						
Gross margin		48.9%	48.0%	48.0%	47.8%	49.0%
Adjusted Operating EBITDA margin ⁶	22.4%	23.7%	23.4%	24.0%	24.1%	24.2%
NPAT margin ⁷	7.0%	9.0%	10.3%	10.6%	9.8%	9.9%
Shareholder returns						
Diluted EPS (cents per share) ⁸	25.80	32.90	38.80	41.74	40.42	42.93
DPS (cents per share)	8.00	16.80	16.60	17.60	20.00	22.00
Payout ratio	30.9%	51.1%	42.8%	42.2%	49.5%	51.2%
Operational						
Salmon Price per kg (A\$)	14.2	15.4	15.3	15.1	15.2	15.0
Prawn Price per kg (A\$)	18.9	19.5	20.0	20.6	20.8	19.0
Salmon Volumes (kt)	43.1	39.5	40.0	40.4	40.4	40.0
Prawn Volumes (kt)	5.7	6.4	7.0	8.4	9.5	10.0
Salmon EBITDA (A\$/kg)	3.4	4.0	3.8	3.9	3.9	-
Prawn EBITDA (A\$/kg) ⁹	4.7	5.4	5.7	6.0	6.1	-
Group EBITDA (A\$/kg)	3.6	4.2	4.2	4.2	4.3	4.2

Source: FY22 Preliminary Final Report, Tassal broker reports

Notes:

1. FY26 and FY27 reflect the forecasts of only two brokers.
2. Adjusted operating revenue differs from the Total revenue shown in the historical financial performance table above as it excludes assumed interest income.
3. Gross profit has been forecast by one broker.
4. Adjusted operating EBITDA and EBIT exclude interest revenue, biological asset fair value adjustments, significant items, and income from associates. Adjusted operating profit before tax excludes biological asset fair value adjustments, significant items, and income from associates.
5. NPAT forecasts reflect broker forecasts for statutory/ reported NPAT.
6. Adjusted Operating EBITDA margin is Adjusted Operating EBITDA divided by Adjusted Operating revenue.
7. NPAT margin is Net Profit After Tax divided by Adjusted Operating revenue
8. EPS is based on reported NPAT.
9. Only one broker forecast Prawn EBITDA per kg.

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The brokers provided the following commentary with regard to their outlook for Tassal:

- salmon prices are forecast to increase based on FishPool forward pricing data. Long term prices are forecast to be above historical/ pre COVID-19 pandemic averages. Based on the prices forecast per distribution channel by one broker, the majority of the salmon price growth is expected from the International and domestic OOH channels;
- salmon volumes are forecast to remain fairly steady;
- prawn prices are also forecast to remain relatively flat;
- prawn volumes are forecast to grow moderately from FY22 to FY24 as Tassal optimises cash flow before ramping up from FY25 to the targeted 20,000 tonnes by FY30. One broker's forecast implies that the prawn business will grow from 15% of group EBITDA in FY22 to 41% in FY30;
- gross margins are forecast to remain relatively flat. Operating EBITDA margins are forecast to grow, suggesting that pricing strength is forecast to more than offset likely indirect cost increases; and
- NPAT margins are impacted by increasing interest costs.

Further details of the broker estimates are included in Appendix 3.

8.6 Financial position

Tassal's consolidated financial position for the five years up to 30 June 2022 is summarised as follows.

Tassal Financial Position (\$ millions)

	As at 30 June				
	2018 Audited	2019 Audited	2020 Audited	2021 Audited	2022 Audited
Receivables and other current assets	32.4	27.2	63.7	47.8	76.2
Biological assets and inventories	422.6	449.8	534.9	596.2	581.1
Payables, current provisions and other liabilities	(101.5)	(101.2)	(123.7)	(116.7)	(128.4)
Net working capital	353.4	375.9	474.9	527.3	528.8
Property, plant and equipment	353.0	451.3	522.9	594.6	632.9
Investment property	-	-	25.4	10.7	10.7
Investments accounted for using the equity method	8.5	8.9	9.8	12.9	14.2
Intangible assets	106.5	114.1	114.1	114.1	114.1
Other financial assets	2.7	2.5	2.2	1.9	1.6
Right-of-use assets	-	-	214.1	232.4	240.9
Other assets and liabilities	3.0	3.1	3.7	3.4	6.9
Deferred tax liabilities	(131.6)	(143.3)	(162.9)	(169.9)	(177.5)
Total funds employed	695.5	812.5	1,204.1	1,327.4	1,372.5
Cash and cash equivalents	23.8	24.6	21.9	30.6	29.7
Interest bearing liabilities	(133.4)	(203.2)	(219.6)	(348.4)	(363.1)
Net debt (excluding lease liabilities)	(109.6)	(178.7)	(197.8)	(317.8)	(333.3)
Lease liability	-	-	(217.3)	(209.1)	(198.1)
Net debt (including lease liabilities)	(109.6)	(178.7)	(415.1)	(526.9)	(531.5)
Net assets	586.0	633.9	789.0	800.5	841.1
Equity attributable to Tassel Shareholders	586.0	633.9	789.0	800.5	841.1
Statistics					
Number of shares at period end (million)	174.5	178.5	209.1	212.3	214.8
Net assets per share (\$)	3.36	3.55	3.77	3.77	3.92

Source: Tassal Annual Reports and FY22 Preliminary Final Report, Kroll analysis



With regard to the consolidated financial position as at 30 June 2022, we note the following:

- Tassal's net working capital has grown since FY18. Trade receivables are on average credit terms of 30 days, and trade payables are on an average credit period of 60 days. Provisions relate to employee benefits;
- property, plant and equipment is primarily comprised of plant and equipment, with a net book value of \$370.1 million, followed by buildings with a net book value of \$164.7 million. Freehold land and capital works in progress make up the remaining balance. Four properties included in the asset balance are not fully utilised at present, these have a combined book value as at 30 June 2022 of \$13.3 million;
- the balance held for investment property relates to the remaining Exmoor Station land held for sale at cost. Consistent with the ASX announcement at acquisition, it has been the Company's intention to dispose of the majority of the land, which was surplus and not suitable for prawn farming;
- the equity accounted investment is Saltas;⁶³
- the intangibles balance is primarily comprised of goodwill relating to the consolidated Tassal entity's acquisition of Aquatas Pty Ltd in FY05, De Costi Seafoods in FY16 and the Fortune Group prawn business in FY19. The remaining intangible asset balance relates to the Superior Gold brand of \$24.2 million;
- other financial assets in FY22 include \$43k in shares in other entities and \$1.6 million in non-current loans to other parties;
- the Tassal group leases several assets including buildings, plant, equipment, vessel, marine licences and IT equipment. The balance of right of use assets as at 30 June 2022 was \$240.9 million with an average term of 6.2 years; and
- other assets and liabilities include the marine farming lease, held at cost of \$0.8 million less accumulated amortisation of \$0.6 million, a selective breeding program contribution asset of \$9.4 million and non-current employee provisions.

8.6.1 Financing

Tassal's drawn borrowings as at 30 June 2022 consisted of \$6.0 million current and \$357.1 million in non-current cash advances from Commonwealth Bank, Rabobank and Westpac, secured by registered mortgages over the consolidated entity's assets and undertakings, freehold land and buildings and shares in other related parties, the current market value of which exceeds the value of the mortgages.

The debt funding includes an SLL signed in August 2022 for \$497 million, as discussed in Section 8.3.2. Under the SLL, Tassal is incentivised to perform against the following sustainability areas:

- Greenhouse Gas emission reduction, across scope 1, 2 and 3;
- greater feed use efficiency; and
- commitment to continuous improvement initiatives required to maintain Aquaculture Stewardship Council (ASC) certification. As at August 2022, Tassal was the only Atlantic salmon farmer in Australia to have maintained ASC certification.

The SLL has been verified by leading ESG firm, Sustainalytics, who provided the Second Party Opinion that the loan is aligned with the Asia Pacific Loan Market Association Sustainability-Linked Loan Principles. The agreement is with Commonwealth Bank, Rabobank and Westpac who acted as Joint Sustainability Coordinators.⁶⁴

⁶³ The Tassal Board has concluded that despite the ownership interest and voting rights held by the consolidated entity, Tassal does not control Saltas. Tassal only has the power to appoint one out of four Directors on the Saltas Board. Given Tassal's involvement on the Saltas Board, the Tassal Board has concluded it has significant influence.

⁶⁴ ASX announcement 15 August 2022

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As at 30 June 2022, \$153.9 million remained undrawn. An overview of Tassal's financing facilities as at 30 June 2022 is provided in the following table.

Tassal Financing Facilities as at 30 June 2022 (\$ millions)

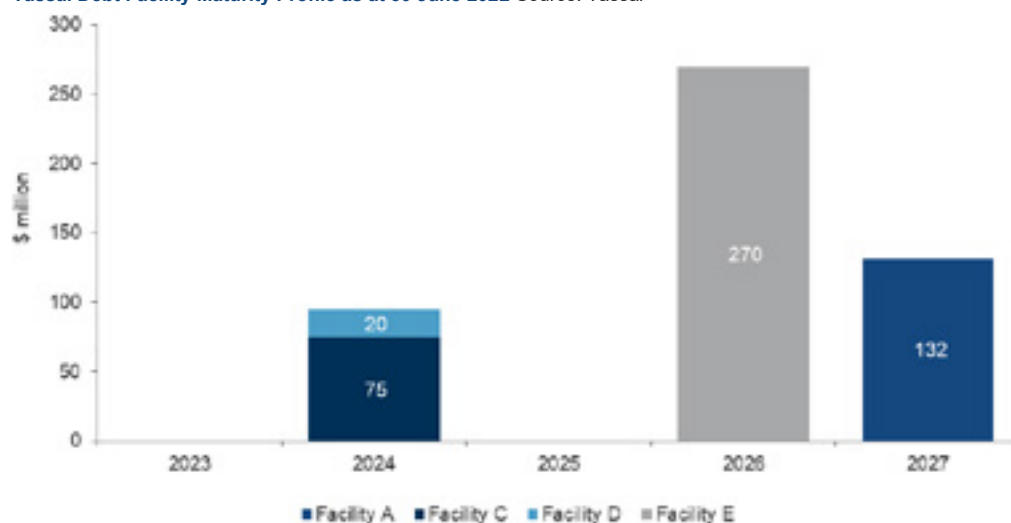
Type	Facility Limit	Undrawn	Amount Drawn	Issue Currency	Maturity
SLL - Facility A	132.0			A\$	February 2027
SLL - Facility C	75.0			A\$	February 2024
SLL - Facility D	20.0			A\$	February 2024
SLL - Facility E	270.0			A\$	April 2026
Overdraft	20.0			A\$	At call
Total	517.0	153.9	363.1	A\$	na

Source: Tassal

Tassal also has an off balance sheet Receivable Purchase Facility for \$110 million, maturing in August 2024.

Tassal maintains a well spread and well diversified debt maturity profile, as illustrated in the following chart.. As at 30 June 2022, the average tenor of Tassal's debt facilities was 3.6 years.

Tassal Debt Facility Maturity Profile as at 30 June 2022 Source: Tassal



Tassal's key credit metrics are set out as follows.

Tassal's Credit Metrics

Credit Metrics	As at 30 June				
	2018	2019	2020	2021	2022
Funding leverage ¹	1.3	1.8	1.6	2.5	2.1
Gearing ²	18.7%	28.2%	25.1%	39.7%	39.6%

Source: Tassal Annual Results Presentations

Notes:

1. Funding leverage has been calculated as bank debt over Operating EBITDA (post AASB 16).
2. Gearing is calculated as Net debt (excluding lease liabilities) over Equity (including all capital and reserves).

Tassal's gearing has increased from 18.7% in FY18 to 39.6% in FY22. With the completion of Tassal's significant capital expenditure program and improvement in cash flows, Tassal's net debt position is expected to stabilise.

8.6.2 Hedging policy

The Company undertakes certain transactions denominated in foreign currencies and is therefore exposed to exchange rate fluctuations. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts. Tassal enters into forward exchange contracts to hedge the exchange rate risk arising on the purchase and sale of imported and exported supply of salmon, and all foreign currency plant and equipment purchases in excess of A\$1 million. As at 24 August 2022, Tassal had A\$/US\$ foreign exchange hedges with a total net value of US\$ \$72.5 million/A\$ \$101.5m.

Tassal is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by a mix of fixed and floating rate borrowings. Under Tassal's Treasury Policy, the Company may use interest rate swap contracts to manage interest rate exposure. No interest rate hedges are currently in place.

8.7 Cash flows

Tassal's statement of cash flows for FY18 to FY22 is summarised as follows.

Tassal Cash Flow (\$ millions)

	FY18 Audited	FY19 Audited	FY20 Audited	FY21 Audited	FY22 Audited
Operating EBITDA¹	99.8	112.3	138.5	139.4	174.6
Significant items cash cost	(0.6)	(2.0)	(5.1)	(16.4)	(32.1)
Change in working capital and other adjustments ²	(33.1)	(10.8)	(63.8)	(45.9)	14.7
Net cash receipts from operating activities³	66.1	99.5	69.6	77.0	157.1
Net interest received/ (paid)	(6.8)	(9.2)	(17.7)	(18.3)	(19.9)
Income taxes (paid)/ refunded	(15.5)	(0.4)	(2.0)	2.3	1.8
Net cash flows from operating activities	43.9	89.9	49.9	61.0	139.0
Lease financing costs	-	(13.9)	(47.9)	(52.0)	(54.6)
Capital expenditure - Maintenance	(27.6)	(33.6)	(35.5)	(31.5)	(43.6)
Capital expenditure - Growth	(41.5)	(71.2)	(75.7)	(75.7)	(32.8)
Land acquisition	-	-	(27.5)	(13.7)	-
Free cash flow	(25.3)	(28.8)	(136.8)	(111.9)	8.1
Dividends paid	(17.5)	(20.3)	(31.7)	(23.2)	(23.6)
Proceeds from issue of equity, net of transaction costs	-	-	122.8	-	-
Receipt from/ (repayment of) borrowings, net of transaction costs	36.0	83.8	43.0	128.8	14.6
Proceeds from/ (payment for) investment property	-	-	-	15.0	-
Payment for acquisition of a business, net of cash acquired	-	(34.0)	-	-	-
Net cash generated/(used)	(6.7)	0.7	(2.7)	8.8	(0.9)
Opening cash and cash equivalents	30.6	23.8	24.6	21.9	30.6
Closing cash and cash equivalents	23.8	24.6	21.9	30.6	29.7
Net debt (excluding lease liabilities) - opening	(66.8)	(109.6)	(178.7)	(197.7)	(317.8)
Change in fair value of debt	(36.0)	(69.8)	(16.4)	(128.8)	(14.6)
Net cash generated/ (used)	(6.7)	0.7	(2.7)	8.8	(0.9)
Net debt (excluding lease liabilities) - closing	(109.6)	(178.7)	(197.7)	(317.8)	(333.3)
Statistics					
Growth in net cash flows from operating activities	(14.6%)	104.9%	(44.5%)	22.4%	127.8%
Cash conversion ratio ⁴	44.0%	80.0%	36.0%	43.8%	79.6%

Source: Tassal Annual Reports and FY22 Preliminary Final Report, Kroll analysis

Notes:

- Operating EBITDA is profit/(loss) before depreciation, amortisation, net interest income/(expense), income tax and other income/(expenses), and differs from statutory EBITDA, which includes significant items and fair value adjustments to biological assets in accordance with AASB 141.
- Adjustments to reconcile reported Operating Profit with net cash receipts after deducting working capital movements and significant items. Significant items were discussed in Section 8.5.1.
- Cash receipts from customers, less payments to suppliers and employees.
- The cash conversion ratio has been calculated as Net cash flows from operating activities over Operating EBITDA.

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With regard to the consolidated statement of cash flows summarised above, we note the following:

- Tassal's has generated positive net cash flows from operating activities over the last five years growing from \$43.9 million in FY18 to \$139.0 million in FY22. Net cash flows from operating activities, together with proceeds from borrowings, institutional placements and share purchase plans have been used to pay dividends, and maintain and expand Tassal's biological asset and property plant and equipment base;
- the step change in FY19 with 104.9% growth in net cash flows from operating activities followed substantial investment across technology, infrastructure and prawns with the acquisition of the Fortune Group in that financial year;
- in FY20, \$138.7 million was invested in salmon and prawn growth and maintenance capital expenditure, and the acquisition of Exmoor Station for \$27.5 million. The expenditure was funded by an institutional placement raising \$108.4 million and share purchase plan raising \$17.4million. Net cash flows from operations was invested in working capital to grow salmon and prawn stock for earnings and returns in FY21.;
- FY21 net cash flows from operating activities grew 22.4% with growth in biomass. Capital expenditure reduced to \$105.9 million (net of a \$1.4 million benefit from Prawn land sale and acquisitions) as the major investment program rolled off. Billy Creek and Mid Farm were acquired in this financial year;
- excess export freight and supply chain costs during the COVID-19 pandemic, together with the significant investment in salmon and prawn infrastructure placed a drain on Tassal's cash conversion ratio in FY20 and FY21; and
- a second step change in FY22 with 127.8% growth in net cash flows from operating activities and return to 80% cash conversion followed completion of the salmon growth and prawn infrastructure investment phases, together with lower funding requirements for salmon working capital growth and the profitable sale of excess frozen inventory.

8.8 Capital structure and ownership

Tassal had the following securities on issue as at 23 September 2022: 214,821,181 fully paid ordinary shares; and 1,397,836 performance rights.

8.8.1 Ordinary Shareholders

As at 23 September 2022, Tassal had 12,856 registered shareholders. The top 20 registered shareholders accounted for 73.8% of shares on issue and mainly included institutional nominees. Retail investors (investors holding 10,000 shares or less) accounted for 91.8% of shareholders and 11.9% of shares.

Since the announcement of the Transaction, a number of hedge funds have become substantial shareholders. Tassal has received notices from the following substantial shareholders:

Tassal Substantial Shareholders as at 23 September 2022

Substantial shareholder	Date of notice	Number of shares	Percentage ¹
UBS Group AG	20 September 2022	11,320,432	5.27%
Mitsubishi UFJ Financial Group, Inc. ²	14 September 2022	12,616,732	5.87%
First Sentier Investors Holdings Pty Ltd ²	13 September 2022	12,616,732	5.87%
Glenn Bruce Cooke, Cooke Family Inc., Cooke Inc. and the controlled entities of Cooke Inc. from time to time including Aquaculture Australia Company Pty Ltd, Aquaculture Australia Midco 2 Pty Ltd, Aquaculture Australia Midco 1 Pty Ltd and Aquaculture Australia Holdco Pty Ltd	19 July 2022	22,535,121	10.49%

Source: ASX announcements

Notes:

1. As at date of notice.
2. These shares are comprised of 2,444,973 shares held directly by First Sentier Holdings Pty Ltd and its subsidiaries, and 10,171,759 held by Mitsubishi UFJ Financial Group Inc, First Sentier Investor Holdings Pty Ltd's ultimate parent.



8.8.2 Tassal performance rights

Tassal operates a Long-term Incentive Plan (**LTIP**) under which performance rights are granted to the Managing Director and CEO and other key management personnel. Vesting is subject to certain performance and service criteria over a three-year period. Each right converts to a Tassal share, or at the Board's discretion, cash. In the event of a change of control, unvested rights may, at the Board's discretion, pro rata or vest some, or all, of the performance rights.

Tassal has the following performance rights on issue:

Tassal Performance Rights

Grant Date	Performance Period	Number Unvested	Total
30 November 2020	FY20 to FY23	646,056	646,056
30 November 2021	FY21 to FY24	751,780	751,780
Total		1,397,836	1,397,836

Source: Tassal FY22 Preliminary Final Report.

On 16 August, the date of the Scheme Implementation Deed, there were 1,397,836 performance rights outstanding. In accordance with the terms applicable to the Tassal Performance Rights, the Tassal Board (excluding Tassal Managing Director and CEO, Mr Mark Ryan) has exercised its discretion to resolve that, subject to the Scheme becoming effective, the Tassal Performance Rights will:

- vest on a pro-rata basis according to the proportion of the relevant performance period completed assuming a 'Capital Event' occurs as at 30 November 2022 and not subject to the satisfaction of the applicable performance conditions; and
- following such vesting, relevant participants will be allocated 1 Tassal Share for every vested Tassal Performance Right that they hold prior to the Scheme Record Date;

provided that the aggregated number of Tassal Performance Rights to vest is no more than 876,263.

Accordingly, if the Scheme becomes Effective:

- 876,263 Tassal Performance Rights will vest and holders of those Tassal Performance Rights will receive, for each Tassal Performance Right, 1 Tassal Share (that is, on a one-for-one-basis) prior to the Scheme Record Date; and
- 521,573 Tassal Performance Rights will lapse.

This will result in the dilution of total Tassal shares on issue to up to 215,697,444.

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continued



8.8.3 Recent share market trading

The trading price and volume of Tassal shares since 2 January 2018 is set out as follows.

Tassal Trading Price and Volume per Share



Source: S&P Capital IQ and Kroll analysis

From 14 February 2018 to July 2019, the Tassal share price increased by 50.0%, closing at a high of \$5.19 on 25 July 2019, reflecting:

- positive earnings announcements, underpinned by a recovery of international salmon prices, which had declined throughout 2017, and growth in International markets;
- EPA approvals (e.g. on 27 July 2018, EPA approved restocking of Tassal's Franklin Lease and on 29 October 2018, the approval of Tassal's Storm Bay lease area);
- acquisitions (e.g. on 23 August 2018, Tassal announced the entry into prawn farming through the acquisition of land, assets and inventory from Fortune Group); and
- a favourable judgement announced on 15 April 2019 regarding the usage of KGrid nets, which Tassal was already using, across Okehampton Bay to prevent predator attacks, providing certainty regarding the continuation of operations in the area.

The share price closed broadly in the range of \$4.64 to \$5.19 from 19 February 2019 to 14 August 2019. The share price then declined by 20.5% from 14 August 2019 to 10 October 2019 to close in the range of \$4.06 to \$4.45 until 11 February 2020. The lower trading range likely reflects:

- the announcement on 20 August 2019 of a \$108 million capital raising to fund the accelerated prawn growth strategy. The placement price of \$4.40 represented a 6.8% discount to the closing price of \$4.72 on 19 August 2019; and
- shares trading ex-distribution of \$0.09 from 10 September 2019.

On 12 February 2020, the Tassal share price increased by 11.9% to \$4.61 on the release of Tassal's 1H20 financial results, which indicated a 15.8% decrease in revenue and a 3.4% increase in operating EBITDA, reflecting a targeted reduction in International market sales and increased operating margins.

The onset of the COVID-19 pandemic resulted in a sharp decline in the share price, which decreased by 37.0% from 13 February 2020 to close at \$2.90 on 23 March 2020, following the broader market. It then increased by 34.5% from 23 March 2020 to \$3.90 on 17 April 2020, following the recovery of the broader market and the resilience of domestic retail food sales during the COVID-19 pandemic lockdowns. This reflects the announcement on 22 March 2020 of the second stimulus payment of \$750 in response to the COVID-19 pandemic. In addition, Tassal was regarded as well placed to capitalise from its 'essential service' status, given their ability to supply retail and online demand.



From 22 April 2020 to 22 June 2022, Tassal's share price generally traded within the range of \$3.21 to \$4.11. During this period:

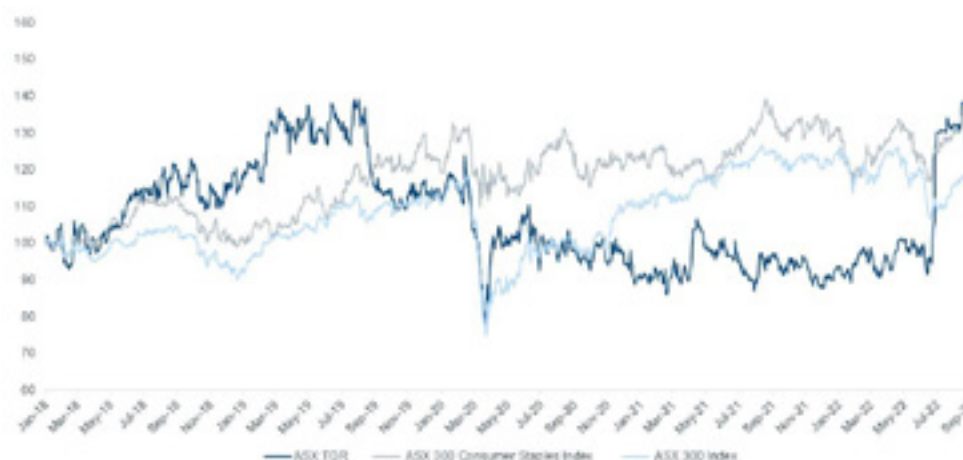
- global salmon prices initially decreased, as salmon demand was initially impacted by the COVID-19 pandemic;
- on 19 August 2020 Tassal announced its results for FY20, which indicated operating EBITDA had increased by 23.4% due to resilient domestic sales, optimised harvest size, reduced production costs and higher margins;
- on 16 February 2021 Tassal released their results for the first half of the financial year ended 30 June 2021 (1H21). Tassal reported an increase in revenue and earnings compared to the prior corresponding period. This result was driven by the operations having run close to normal despite the COVID-19 pandemic and strong sales volumes. However this was offset by lower returns from the International market given the impact of reduced global pricing;
- on 17 August 2021 Tassal announced its results for FY21. Earnings were in line with FY20 reflecting volume increases in salmon and prawns offset by falls in global salmon pricing and elevated cost of airfreight. Weak global pricing also impacted domestic pricing in the OOH and Grocery channels; and
- on 15 February 2022 Tassal released their results for the first half of the financial year ended 30 June 2022 (1H22). Tassal reported strong increases in revenue and operating earnings compared to the prior corresponding period. The company benefited from improved pricing compared to FY21 both in the domestic market and the International market. Higher prices were however offset by still elevated supply chain costs.

In the three months to 22 June 2022, the last undisturbed trading day prior to press reports of an entity associated with Cooke acquiring an interest in Tassal Shares, Tassal shares traded in the range of \$3.41 to \$3.78, at a VWAP of \$3.61. Since the announcement of the Transaction until 23 September 2022, Tassal shares have traded at a VWAP of \$5.15, in the range of \$5.14 to \$5.18. Approximately 33.4% of shares have been traded as retail investors have sold down and hedge funds have acquired interests in Tassal.

8.8.4 Relative share price performance

Tassal is a constituent of the ASX 300 Index (0.04% weighting), ASX 300 Consumer Staples (1.0% weighting) and ASX Small Ordinaries Index (0.3% weighting). The following chart illustrates Tassal's share price performance relative to the ASX 300 Index and the ASX 300 Consumer Staples Index (rebased to 100).

Tassal Relative Share Price Performance since 1 January 2018 (rebased to 100)



Source: S&P Capital IQ, Bloomberg and Kroll Analysis

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Between the last quarter of 2018 and March 2019, the Tassal share price outperformed the ASX 300 and ASX 300 Consumer Staples index, reflecting a range of positive announcements described above, then remained flat (albeit volatile) while the indices increased.

The Tassal share price underperformed in August 2019 following the announcement of the \$108 million capital raising to fund its Prawn expansion strategy and the shares trading ex distribution, then tracked the indices.

At the onset of the COVID-19 pandemic, from 12 February 2020 to 23 March 2020, the Tassal share price decreased by 37.1% while the ASX 300 Index declined by 36.1% and the ASX 300 Consumer Staples Index was relatively resilient, declining by 13.8%. The ASX 300 Consumer Staples Index has significant weighting to Woolworths Group Limited & Coles Group Limited (accounting for 59.6%) which performed well during the COVID-19 pandemic lockdowns.

After recovering some ground, the Tassal share price has remained relatively subdued, underperforming both the ASX 300, which continued to rebound strongly on expansionary monetary and fiscal policy and the ASX 300 Consumer Staples, which increased modestly. The underperformance likely reflects Tassal's exposure to volatile global salmon pricing and to increased supply chain costs.

8.8.5 Liquidity

An analysis of the volume of trading in Tassal Shares, including the VWAP for various periods up to 22 June 2022 (the last undisturbed trading day prior to press reports of an entity associated with Cooke acquiring an interest in Tassal Shares) is set out as follows.

Tassal Liquidity

Period	Price (\$)			Cumulative value (\$ million)	Cumulative volume (\$ million)	Percentage of issued capital
	Low	High	VWAP			
1 day	3.50	3.60	3.54	1.6	0.5	0.2%
1 week	3.41	3.62	3.53	48.1	13.6	6.3%
1 month	3.20	3.77	3.55	86.2	24.3	11.3%
3 months	3.20	3.79	3.59	160.4	44.7	20.8%
6 months	3.20	3.79	3.57	307.3	86.0	40.2%
12 months	3.20	3.79	3.51	558.9	159.1	74.2%

Source: Kroll analysis.

In the 12 months to 22 June 2022, 74.2% of issued shares were traded. This level of trading indicates that Tassal Shares are liquid.

9 Valuation of Tassal

9.1 Summary

Kroll has assessed the value of Tassal's equity to be in the range of \$1,000 million to \$1,153 million, or \$4.64 to \$5.35 per Tassal Share. Our range of assessed values reflects 100% ownership of Tassal and, therefore, incorporates a control premium. The value of Tassal's equity is the value of Tassal's operating business plus its investment in Saltas, non-operating assets not reflected in the operating cash flows, less net borrowings (including lease liabilities). The valuation is summarised as follows.



Tassal Valuation Summary (\$ millions)

	Section Reference	Low	High
Value of Tassal's operating business (100% basis)	9.3 & 9.4	1,500.0	1,650.0
Equity accounted investment in Saltas	9.5	16.5	19.1
Other assets/(liabilities)	9.6	15.4	15.4
Tassal enterprise value		1,531.9	1,684.5
Net borrowings (including lease liability)	8.6	(531.5)	(531.5)
Value of equity to Tassal Shareholders		1,000.4	1,153.0
Diluted number of Tassal Shares on issue (million)	8.8	215.7	215.7
Value per Tassal Share		\$4.64	\$5.35

Source: Kroll analysis.

In assessing the value of Tassal's operating business, Kroll has adopted a DCF analysis as a primary methodology (refer to Section 9.3 of this report). The value derived from the DCF analysis has been cross-checked using multiples of EBITDA and HOG kg for publicly traded salmon producers and transactions involving salmon producers (refer to Section 9.4).

In forming our view as to the value of Tassal, we have considered a range of factors including:

- the high barriers to entry for salmon farming in Australia;
- Tassal's advantages in relation to sales to Asia (freight and freshness);
- the high cost of salmon farming in Australia relative to other countries;
- Tassal's history of implementing farming technology;
- the strategic importance of Tassal's marine leases and its market position as the largest salmon producer in Australia;
- Tassal's strong financial position and high cash conversion ratio;
- capacity constraints associated with the marine leases for salmon;
- the opportunity presented by the prawn business and the associated capital expenditure requirements;
- the significant risks associated with being an agribusiness, including production risks (e.g. weather, disease, predators and escapes) and the volatility of OOH and International salmon prices and exchange rates;
- growing ESG concerns and global warming, licensing requirements and remediation costs; and
- synergies available to a pool of potential acquirers.

Our valuation range of \$4.64 to \$5.35 per Tassal Share reflects a premium over the closing share price on 22 June 2022, the last undisturbed trading day prior to press reports of Amore Foods Pty Ltd (an entity associated with Cooke) acquiring an interest in Tassal Shares, in the range of 31.8% to 51.9%, and a premium to the one-month VWAP in the range of 30.8% to 50.7%. This premium reflects that our valuation of Tassal includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. The premium is towards the high end of or above premiums observed in completed transactions, which are broadly in the range of 25% to 40% depending on the individual circumstances.⁶⁵ In this regard, we note that synergies available to strategic buyers of Tassal are potentially material, with a larger participant potentially able to generate procurement synergies and save public company costs. It also reflects 'soft' synergies available to a northern hemisphere buyer that is able to diversify their operations (i.e. reducing their risks associated with e.g. unfavourable weather or disease in any particular region), as well as possibly an element of scarcity value of Tassal as the last publicly listed salmon producer in Australia.

⁶⁵ 2022 Mergerstat Review. Range represents median premium from 2012 to 2021. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

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9.2 Approach

9.2.1 Overview

Our valuation of Tassal has been prepared on the basis of 'fair value'. The generally accepted definition of fair value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length.

Fair value excludes 'special value', which is the value over and above the value that a particular buyer, which can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

Fair value is commonly derived by applying one or more of the following valuation approaches:

- income approach;
- the market approach; or
- cost approach.

These approaches are discussed in further detail in Appendix 4. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved. A secondary methodology is often adopted as a cross-check to ensure the reasonableness of the outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, the market approach and income approach are commonly used as they reflect 'going concern' values, which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich (e.g. real estate investment trusts), a cost approach is typically adopted as there tends to be minimal goodwill, if any.



9.2.2 Selection of methodology

A discussion of the rationale for the selection of the valuation methodologies is set out below.

Income approach

Under an income approach the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history, there is a variable pattern of cash flow, or the asset has a finite life.

The most common application of the income approach is the DCF methodology. A DCF methodology has been adopted as our primary methodology for valuing Tassal's operating business. This methodology allows for cash flows to reflect the stabilisation of salmon International prices and changes in channel mix and allows for a range of scenarios to be modelled (e.g. to reflect the impact on value of production risks such as weather, disease, predators and escapes and changes in OOH and International prices and exchange rates).

A DCF methodology can be applied to cash flows to the whole asset or cash flows to equity. Cash flow to the whole asset is most commonly used because an asset should theoretically have a single value that is independent of how it is financed or whether income is paid as dividends or reinvested.

The DCF analysis was based on a long-term financial model developed by Kroll on the basis of the Strategic Plan Model (to 30 June 2027) provided by Tassal. Kroll has undertaken various enquiries in relation to the Strategic Plan Model, including holding discussions with Tassal management in regard to the key assumptions underlying the Strategic Plan Model and reviewing the key assumptions in the context of current economic and industry forecasts, financial and other conditions (e.g. regulatory, contractual).

Kroll is of the view that the forward looking information has been prepared on a reasonable basis and is, therefore, suitable as a basis for our valuation. In making this assessment, we have taken the following into account:

- the Strategic Plan Model is based on the Tassal five year Strategic Plan, which is presented to and signed off by the Tassal Board in May each year and incorporates the latest budget;
- the Strategic Plan Model is used in the day-to-day operations of Tassal and is periodically provided to banks for funding purposes;
- it is updated every six months based on actual results, budgets and changes in outlook. The current model forecast was prepared in May 2022 and was updated in September 2022 to reflect the FY22 actual results;
- the five year period captures Tassal's five year capital cycle and three year working capital cycle;
- salmon harvests reflect industry wide capacity constraints imposed by the Tasmanian Government;
- International salmon pricing takes into consideration futures for the salmon Fish Pool Index as well as differentials in freight and fish size;
- salmon Grocery revenues are mainly contracted over a period of 12 months to five years and are, therefore, relatively stable and predictable; and
- increases in COGS resulting from higher feed costs and labour and overheads can generally be passed through to customers as higher prices, as these costs tend to impact all producers.

There are, however, uncertainties in relation to certain assumptions underlying the Strategic Plan Model which are outside management's control, including salmon harvest volume, domestic OOH and International prices and exchange rates which can have a material impact on value. Consequently, Kroll has considered various scenarios to reflect the impact on value outcomes of these uncertainties.

Since the forecasts were prepared (in May 2022), the Fish Pool Index has declined from NOK102.5 on 27 May 2022 to NOK62.50 on 23 September 2022. Tassal management has advised that the assumed International prices continue to remain their best estimate of future International prices as at September 2022. Furthermore, the prices that Tassal is currently achieving in the International market are consistent

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with the forecasts. Kroll has updated the model to reflect current exchange rate forecasts and inflation expectations.

We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information, or tested the mathematical integrity of the Strategic Plan Model, however, we have made sufficient enquires and, where considered necessary, have made adjustments to reflect our judgement.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (market comparable methodology);
- there are frequent and/or observable transactions in comparable assets or businesses (comparable transactions methodology); and
- there is substantial operating history and a consistent earnings trend.

Tassal has a substantial operating history although as an agribusiness, its earnings are cyclical. In addition, globally, there are a number of publicly traded salmon producers and transactions involving salmon producers from which to calculate meaningful multiples. Consequently, a market approach has been used as a cross-check.

The earnings bases to which a multiple is commonly applied include revenue, EBITDA, EBIT, net profit after tax and book values. The choice will typically depend on the industry and characteristics of the subject asset.

For salmon producers, however, there is considerable variation in terms of ownership of farming licences. All salmon producing regions have a licensing regime in place. Licences restrict the maximum production for each company and the industry as a whole. Licensing regimes and their accounting treatment vary across jurisdictions. In Norway, fish farming licences are not a time-limited right and should not be subject to amortisation. They are recorded as intangible assets. In Australia, marine licences are granted for a limited amount of time and are recorded as right-of-use assets, which results in both an amortisation and interest charge for the assets. These variations distort EBIT multiples and consequently, Kroll has focused on EBITDA multiples for the purposes of our market approach cross-check.

In considering the appropriate earnings of the business being valued from which to calculate multiples, factors to take into account include whether the historical performance of the business reflects the expected level of future operating performance, such as when significant changes occur in the operating environment such as the COVID-19 pandemic, or the underlying business is cyclical. As an agribusiness, earnings are cyclical and depend on factors such as weather conditions, disease and global commodity prices. Typically, when valuing agribusinesses, a 'through the cycle' approach is taken to assessing multiples. In addition, the COVID-19 pandemic resulted in reduced global demand and prices. Consequently, Kroll has considered 'through the cycle' earnings and has placed greater reliance on earnings and harvest volumes of Tassal and comparable companies for the second and third forecast years by which time salmon markets are expected to have stabilised. In relation to comparable transactions, where they occurred after the onset of the COVID-19 pandemic and in 2021 in particular, we have considered FY18 and FY19 earnings, in addition to forecast earnings and harvest volumes for the second forecast year.

Tassal has not provided earnings guidance. Accordingly, the implied forward multiples used in our market approach cross-check have been calculated based on broker consensus forecasts. Kroll has compared the broker consensus forecast EBITDA for Tassal in FY23 to FY27 with the forecasts in the Strategic Plan Model and concluded that broker consensus forecasts are sufficiently close to be useful for analytical purposes.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them. Kroll has had regard to enterprise value per kg, a rule of thumb that is commonly utilised in valuing salmon producers.

Cost approach

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). Such an approach does not capture growth potential or internally generated intangible value associated with Tassal and consequently, has not been adopted.



9.2.3 Control premium

Consistent with the requirements of RG 111, we have assumed 100% ownership in valuing Tassal and, therefore, our valuation is inclusive of a control premium.

The multiples derived for listed comparable companies generally reflect prices at which portfolio interests are traded and consequently, they do not include a control premium. They may also be impacted by the level of liquidity in trading of the particular security. Accordingly, when valuing a business as a whole (i.e. on a 100% basis), it is appropriate to also reference the multiples achieved in recent transactions, where a control premium and breadth of purchaser interest are more fully reflected.

Globally, there are a number of salmon producers that are of sufficient scale to be able to acquire Tassal. Synergies available to strategic buyers of Tassal are potentially material, with a larger participant potentially able to generate procurement synergies. There are also a number of 'soft' (unquantifiable) synergies available to a northern hemisphere buyer that is able to diversify their operations (reducing their risks associated with e.g. unfavourable weather or disease in any particular region) as well as possibly an element of scarcity value of Tassal as the last publicly listed salmon producer in Australia. Kroll has assumed that a potential acquirer could save Tassal's public company costs (estimated at \$3.5 million before tax) and approximately \$25 million of procurement synergies related to salmon feed (\$0.46 per kg). The soft synergies have been reflected in the selected beta, which reflects a more geographically diversified operation than Tassal's.

9.3 Discounted cash flow analysis

As discussed, the DCF analysis was based on a long-term financial model developed by Kroll on the basis of a Strategic Plan Model provided by Tassal. The DCF analysis uses as a starting point the financial position of Tassal as at 30 June 2022 and projects nominal, unlevered, after tax cash flows to 30 June 2027, a period of five years. Unlevered, after tax cash flows are discounted by a weighted average cost of capital (**WACC**) in the range of 7.6% to 8.2% (refer to Appendix 5). A terminal value is calculated based on a Gordon Growth Model and a perpetual growth rate of 2.5%, taking into consideration the long term IHS Markit (Real) GDP forecasts and the RBA's inflation target. The resulting terminal value is equivalent to a midpoint multiple of 7.3 times FY27 EBITDA.

Cash flows are projected according to Tassal's three-year working capital cycle for salmon. For the first 8 to 12 months of the working capital cycle, fish are hatched and grown in land-based facilities before being transferred to sea. The majority of direct costs for a new class of fish inventory, including SBP and hatchery costs, are incurred at the rates and market conditions in the first year. The fish are then transferred and grown at sea for the following circa 18 months and harvested in their third year. The income and cash generated is subject to stock survival and market prices at time of harvest.

9.3.1 Base Case assumptions

The key assumptions underlying Scenario A are:

Salmon

- **inflation forecasts:** sourced from Bloomberg and IHS Markit;
- **harvest volume:** marine leases to 40,000 HOG kg of capacity are retained and renewed on expiration in 2030 and 2046 (which is beyond the discrete period of the cash flows and reflected in the terminal value), and no further leases are granted such that any growth in production volume can only be achieved via increases in survival rates or harvest size (kg per fish). As salmon are in the sea for around 18 months, harvest volumes in any particular year reflect survival rates and harvest size (kg per fish) approximately 18 months prior:
 - FY23 harvest volume of 37,449 HOG kg is lower than FY22 volume and reflects lower salmon survival and growth rates that have been experienced to date as part of the 18 month growing cycle and a slightly smaller harvest size of 4.54 kg, impacted by higher water temperatures;
 - FY24 harvest volume is 40,700 HOG kg and reflects a survival rate of 89.8% and harvest size of 4.6 kg, which is consistent with historical rates; and
 - future salmon survival rates and harvest size (kg per fish) are the same as for the most recent historical year such that FY24 harvest volume is maintained in FY25 to FY27;

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- **sales channel mix:** sales volumes are consistent with harvest volumes with no frozen stock being utilised. Sales reflects contracted Grocery volumes, assuming contract renewals and modest growth in purchased volumes, OOH volumes are determined by domestic demand and supply and exports represent the residual between Tassal's production and domestic sales. From FY22 to FY27:
 - Domestic Grocery volumes: increase by an average of 0.7% per annum such that domestic Grocery increases from 41% to 45% of total sales volume;
 - OOH volumes: increase by an average of 6.7% per annum such that OOH increases from 18% to 26% of total sales volume, reflecting the recovery of the OOH market following the COVID-19 pandemic lockdowns; and
 - International volumes: decrease by an average of 7.7% per annum (a decline of 4.2% after taking into account the 3,000 kt of frozen stock that were exported in FY22) such that International declines from 41% to 29% of total sales volume;
- **price per kg:** reflects the dynamics within each market:
 - Domestic Grocery prices: increase by an average of 5.0% per annum from FY22 to FY27, as existing contracts negotiated during the COVID-19 pandemic roll off and reflecting above average inflation (source Bloomberg and IHS Markit), the pass through of higher feed and supply chain costs and improved product mix;
 - OOH prices: increase by an average of 5.2% per annum from FY22 to FY27 and reflect the favourable demand-supply balance in the domestic market and recovery of the OOH market following the COVID-19 pandemic lockdowns; and
 - International prices: increase by an average of 5.5% per annum from FY22 to FY27 and take into account Fish Pool Index futures as well as differential freight rates and fish size for Tassal compared to the index. Exchange rates assume the run-off of existing hedges (70% of FY23 sales) and thereafter are based forward exchange rates sourced from Capital IQ;
- **feed conversion rate (kg of feed per kg of fish):** remains at 1.35, consistent with rates achieved for the most recent historical periods;
- **COGS per kg:** core materials COGS increases by an average of 5.8% per annum from FY22 to FY27, reflecting continued strong growth in feed costs and overheads in FY23 and FY24 (as was experienced in FY22) due to the COVID-19 pandemic, conflict in Ukraine and climate (weather events), offset by procurement synergies of \$0.46 per kg from FY23, followed by inflationary growth. Other COGS (e.g. packaging, processing) generally increase by inflation from FY24 to FY27;
- **direct selling cost per kg:**
 - International freight costs decline from FY22 to FY25 from currently elevated levels as passenger air traffic increases (noting salmon is transported in the belly of returning flights) but remain elevated (approximately 74% above FY19 pre-COVID pandemic levels), then increase by inflation;
 - \$3.5 million of public company costs are saved;
 - domestic freight costs increase by an average of 3.9% per annum from FY22 to FY27;
 - storage and distribution increase by inflation from FY24 to FY27;
 - average annual maintenance capital expenditure of \$47.5 million, higher than the FY22 historical requirement of \$40.4 million;
 - nil growth capital expenditure as the salmon business has completed the growth phase in FY22, is operating at full capacity within its marine leases and no further marine leases will be granted;
 - cash outlays for lease payments on right of use assets (less associated interest expense) have been deducted; and
 - working capital movements mainly relate to movement in inventories as depreciation relating to salmon is capitalised to inventory and later released when fish are harvested.

Prawn

- **inflation forecasts:** sourced from Bloomberg and IHS Markit;

- **harvest volume:** prawn harvest volumes are forecast to grow from 5,088 tonnes in FY22 to 7,652 tonnes in FY27, an average annual growth rate of 10.7%, increasing Tassal's market share from approximately 45.8% to 52.3%. Forecast volumes assume a 75% prawn survival rate (which is higher than historical rates of 70% in FY19, FY21 and FY22 and 61% in FY20) and growth in average prawn weight from approximately 34 grams in FY22 to 37 grams in FY27 as a result of Tassal's prawn growth program to optimise prawn harvest survival;
- **sales channel mix:** prawn sales have mostly been directed to domestic Grocery and OOH markets with only 4.1% of FY22 sales made to International markets. International volumes are forecast to grow to 25.3% of total harvest by FY27, whilst Grocery volume is forecast to decline from 49.0% to 33.9%, and OOH from 46.9% to 40.8%. International volume growth is dependent on prawn sizing as the International market demand is primarily for larger prawns;
- **price per kg:** prices are forecast to grow at an average annual rate of 5.7% for domestic Grocery, 5.3% for domestic OOH and 6.1% for International in the forecast period to FY27;
- **feed conversion rate (total feed per harvest biomass):** remains constant over the forecast period at an improved rate of 1.52 (1.62 in FY22), supported by Tassal feed monitoring and SmartFarming technologies;
- **COGS per kg:** core materials COGS including feed, hatchery farm and tech services costs, and are forecast to increase by an average of 1.9% per annum. Hatchery, farm and technology services costs at each of the Yamba, Mission Beach and Proserpine farms, together with other COGS (e.g. packaging and processing) are generally forecast to remain flat or decline slightly on a \$ per kg basis over the forecast period due to expected production efficiencies;
- **direct selling cost per kg:** freight and warehousing costs are assumed to remain fixed for Tassal's existing prawn farms; and
- **capital expenditure:** after a larger investment in maintenance capital expenditure in FY23 of \$14.7 million, annual prawn maintenance capex from FY24 to FY27 ranges between \$3 million to \$4 million. A further \$104.5 million in growth capital expenditure is forecast across FY24 to FY27.

9.3.2 Sensitivity analysis

Scenario A produces a net present value (**value outcome**) range for Tassal's operating business of \$1,549 million to \$1,733 million. Kroll has analysed Scenario A to assess the sensitivity of the value outcomes (based on the midpoint) to changes in the following variables:

For each of salmon and prawns:

- harvest size (kg per fish): -/+ 1% per annum;
- survival rate (%): -/+ 1% per annum;
- domestic Grocery volume (kg): +/- 1% per annum;
- domestic OOH volume (kg): -/+ 1% per annum;
- domestic Grocery price (A\$ per kg): -/+ 1% per annum;
- domestic OOH price (A\$ per kg): -/+ 1% per annum;
- international price (A\$ per kg): -/+ 1% per annum;
- A\$/US\$ exchange rate: +/- 1% per annum;
- feed conversion rate (kg of feed per kg of HOG kg): +/- 1% per annum
- feed cost (\$ per HOG kg): +/- 1% per annum;
- labour and overheads (\$ per HOG kg): +/- 1% per annum;
- international freight costs (\$ per HOG kg): +/- 1% per annum;
- domestic freight costs (\$ per HOG kg): +/- 1% per annum;
- maintenance capital expenditure (\$'000): +/- 1%; and
- growth capital expenditure (\$'000): +/- 1%.

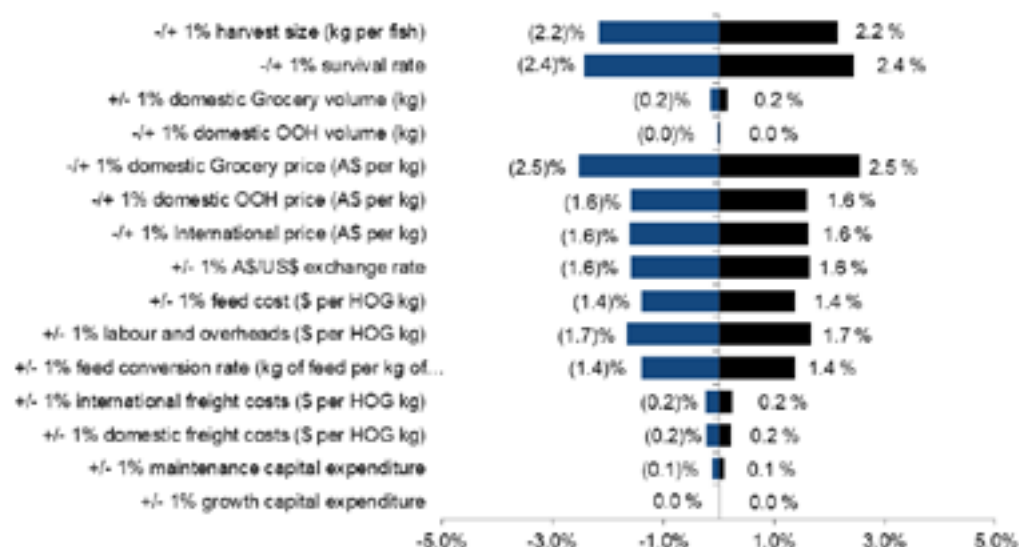
The output of the sensitivity analysis is summarised as follows.

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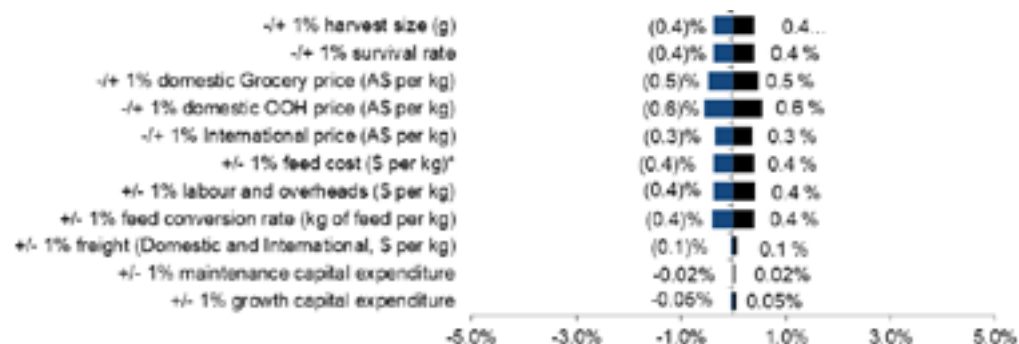


Salmon Sensitivity Analysis



Source: Kroll analysis

Prawn Sensitivity Analysis



Source: Kroll analysis

Notes:

1. Immaterial prawn sensitivity movements are not shown.

The chart above highlights the sensitivity of value outcomes to selected movements in a range of assumptions when they are moved individually and is, therefore, useful to understand the sensitivity in value outcomes but is not necessarily representative of the range of potential value outcomes for Tassal. Furthermore, the sensitivity analysis does not take into consideration the interrelationship between key variables (for example, the potential for higher feed costs or labour and overheads to be passed on to customers as higher prices is not reflected). The analysis indicates that:

- **harvest volume:** value outcomes are moderately sensitive to both harvest size (kg per fish) and survival rates. The impact on value is reduced by the relatively low degree of operating leverage (a significant portion of costs are variable);
- **sales channel mix:** an increase in domestic Grocery sales or OOH sales volume results in limited value change since International sales decrease by the same amount (i.e. there is a change in sales channel mix, but Tassal's total production and sales volume remains unchanged). Increases in Grocery volume reduce value since Grocery prices are lower than International prices. No sensitivity was run on International sales since International sales volume is the residual of production volumes

and domestic sales volumes and as such, increasing International volumes will not result in an increase in production volumes;

- **price per kg:** value is highly sensitive to changes in prices for all channels, however, is most sensitive to changes in Grocery prices since Grocery sales comprise a greater share of the channel mix;
- **A\$/US\$ exchange rates:** value is highly sensitive to changes in exchange rates, which impact Australian dollar export prices;
- **COGS:** although value is also sensitive to feed cost and labour and overheads, we would expect these costs to be able to be passed through to customers both domestically and in International markets since they impact all producers;
- **feed conversion rate:** value is also sensitive to feed conversion rates. A lower feed conversion rate would reduce COGS, however, unlike changes in feed cost and labour and overheads that affect all competitors, this increase in margin should be retained by Tassal since competitors cannot necessarily achieve the same conversion rates and likewise, we would not expect a price increase to arise from an increase in conversion rates as these factors are not shared by competitors;
- **freight costs:** value is not particularly sensitive to international and domestic freight costs since these represent a relatively small share of total costs;
- **capital expenditure:** value is not sensitive to changes in maintenance capital expenditure and no salmon growth capital expenditure is included in the forecasts since the business is operating at full capacity; and
- **prawn assumptions:** value is not particularly sensitive to prawn assumptions since this represents a relatively small share of sales revenue (20% in FY27).

The sensitivity analysis does not consider the extent to which management is able to react to changes in external factors (e.g. by introducing new technology to increase survival rates in warmer waters, changing sales mix to react to changes in prices in a particular market, changing the feed mix purchased to reduce feed costs, changing International markets to react to changes in international freight costs, reducing capital expenditure). Tassal management's ability to react to changes in prices is limited as domestic Grocery revenues are largely contracted. We also note that while the above sensitivities represent small changes in key variables, Tassal's ability to grow salmon volumes beyond certain levels is constrained by marine leases.

9.3.3 Scenario analysis

There is uncertainty regarding domestic OOH and International prices and production volume and, as demonstrated in the sensitivity analysis, changes in these assumptions have a significant impact on value. This results in there being a wide range of potential outcomes for Tassal. Kroll has developed a number of scenarios which reflect the risks to domestic OOH and International pricing and production volume as well as other opportunities and risks to which Tassal is exposed. We have, however, limited our scenarios to those we consider to be plausible based on the evidence available, as set out in the following:

- **lower salmon harvest volume:** Scenario A assumes a harvest volume of 37,449 HOG kg in FY23 and 40,600 HOG kg in FY24 to FY27. There is a risk of a short term decline in harvest volume (e.g. due to higher water temperatures, disease, seal predators and escapes) as well as a long term decline in harvest volume (e.g. as a result of sustained higher water temperatures due to global warming). Tassal's ability to increase harvest volume above 40,600 HOG kg is limited by capacity constraints provided by its marine licences, with an increase in time on land and offshore farming not possible within the forecast period as a result of the significant upfront funding required to build facilities and incremental salmon biomass. Changes in production levels are a function of both changes in survival rates and harvest size (kg per fish). For simplicity, scenarios have been modelled based on survival rates. The scenarios modelled are:
 - Scenario B ("short term production shock") assumes a 5% increase in harvest volume in FY24;
 - Scenario C ("global warming") assumes a 5% decrease in harvest volume from FY24 to FY27;
- **International prices:** are driven by global demand and supply dynamics. International prices could increase in the short term (e.g. as a result of a supply shock due to disease or unfavourable water temperatures in a particular region) or decrease in the short term (e.g. due to a favourable northern hemisphere growing season). International prices could increase in the long term (e.g. due to

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increasing restrictions on farming in different regions due to growing ESG concerns or better than expected demand), or decrease in the long term (e.g. if improvements in technology increase production or demand is lower than anticipated). The scenarios modelled are:

- Scenario D: International prices are 10% higher in FY24;
- Scenario E: International prices are 10% lower in FY24;
- Scenario F: International prices are 10% higher from FY24 to FY27; and
- Scenario G: International prices are 10% lower from FY24 to FY27;
- **A\$/US\$ exchange rates:** Scenario A assumes that the A\$/US\$ exchange rate remains at approximately \$0.67 and is based on the forward curve for exchange rates. There is a risk that the exchange rate could be higher (reducing Australian dollar prices of exports) or lower (increasing Australian dollar prices of exports). Scenarios modelled are:
 - Scenario H: A\$/US\$ exchange rate is 0.64 from FY24 to FY27;
 - Scenario I: A\$/US\$ exchange rate is 0.70 from FY24 to FY27;
- **feed conversion rate:** improvements in feeding technology have allowed Tassal to reduce the feed conversion rate from 1.52 in FY21 to 1.35 in FY22. There is a potential for further improvements in feeding technology to enable Tassal to reduce the feed conversion rate further, say, to 1.3 from FY24 to FY27 (Scenario J);
- **maintenance capital expenditure:** salmon and prawn capital expenditure could be higher than expected (e.g. due to additional ESG remediation costs or supply chain constraints). Scenario K assumes that salmon maintenance capital expenditure is 10% higher than anticipated in all years; and
- **prawn growth capital expenditure:** significant growth capital expenditure is required for Tassal's prawn business. There is a risk that expenditure could be higher than anticipated. Scenario L assumes expenditure is 10% higher than anticipated in all years.

We additionally considered the effect of combining Scenario B (short term production shock) with I (long term FX rate), and K (higher capex).

No scenarios have been run in relation to:

- non-renewal of salmon marine leases due to ESG concerns. The leases do not expire until at least 2030, which is beyond the discrete period of the cash flows. While the impact would be catastrophic to Tassal at the time, the present value of such an assumption is limited as a result of the time value of money and the likelihood of non-renewal is considered low;
- increases in harvest volume, since Tassal's ability to increase in harvest volume above 40,700 kg is limited by capacity constraints provided by marine licences, with an increase in time on land and offshore farming not feasible within the five year forecast period;
- changes in channel mix, which is within management's control and does not significantly impact value (as demonstrated above). Furthermore, salmon International volumes represent the residual between production volumes and domestic sales and the model does not allow production levels to change with changes in exports. However, as discussed, we have run scenarios on production volume, which impacts International volumes (the residual);
- domestic salmon prices, since these are covered by contracts (ranging from 12 months to 5 years);
- OOH prices, as scenarios in relation to International prices illustrate the potential impact on value of changes in prices;
- salmon COGS, since it is generally expected that these will be passed through to customers as higher prices, particularly as feed costs, labour and overheads tend to impact all producers; and
- prawn assumptions and freight costs since the impact on value is relatively minor.



These scenarios are summarised as follows.

Tassal Scenario Summary

Scenario Summary	
Scenario A	Assumptions as set out in Section 9.3.1 of this report
Scenario B	Scenario A, except 5% lower harvest volume in FY24
Scenario C	Scenario A, except 5% lower harvest volume in FY24 to FY27
Scenario D	Scenario A, except International prices are 10% higher in FY24
Scenario E	Scenario A, except International prices are 10% lower in FY24
Scenario F	Scenario A, except International prices are 10% higher in FY24 to FY27
Scenario G	Scenario A, except International prices are 10% lower in FY24 to FY27
Scenario H	Scenario A, except A\$/US\$ exchange rate is 0.64 from FY24 to FY27
Scenario I	Scenario A, except A\$/US\$ exchange rate is 0.70 from FY24 to FY27
Scenario J	Scenario A, except feed conversion rate improves to 1.30 kg of feed per HOG kg
Scenario K	Scenario A, except maintenance capital expenditure is 10% higher from FY24 to FY27
Scenario L	Scenario A, except prawn growth capital expenditure is 10% higher from FY24 to FY27
Scenario M	Scenario B except A\$/US\$ exchange rate is 0.70 from FY24 to FY27
Scenario N	Scenario B except maintenance capital expenditure is 10% higher from FY24 to FY27

Source: Kroll Analysis

The output of the DCF analysis for a range of discount rates is summarised as follows.

Tassal Scenario Analysis (\$ millions)

Scenario	Discount Rate				
	8.5%	8.2%	7.9%	7.6%	7.3%
Scenario A	1,470	1,549	1,636	1,733	1,843
Scenario B	1,428	1,504	1,589	1,683	1,790
Scenario C	1,312	1,381	1,459	1,546	1,644
Scenario D	1,455	1,531	1,617	1,712	1,819
Scenario E	1,485	1,566	1,655	1,755	1,867
Scenario F	1,690	1,779	1,878	1,989	2,114
Scenario G	1,250	1,318	1,393	1,478	1,572
Scenario H	1,572	1,656	1,749	1,853	1,970
Scenario I	1,375	1,449	1,531	1,623	1,726
Scenario J	1,546	1,629	1,720	1,822	1,937
Scenario K	1,451	1,530	1,617	1,714	1,824
Scenario L	1,462	1,540	1,628	1,725	1,835
Scenario M	1,331	1,403	1,482	1,571	1,671
Scenario N	1,409	1,485	1,570	1,665	1,771

Source: Kroll analysis.

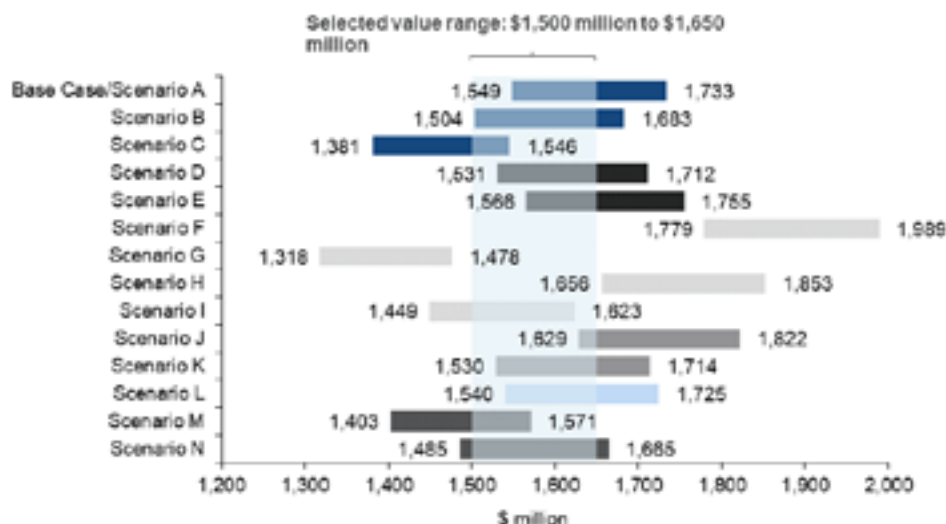
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The range of values for each scenario (based on our selected discount rate range of 7.6% to 8.2%) is illustrated in the following chart.

Tassal Scenario Analysis



Source: Kroll analysis.

Kroll has selected a value of Tassal's operating business in the range of \$1,500 million to \$1,650 million. This range overlaps with the outcomes for Scenarios M and N. In determining this range we consider that Tassal faces greater downside risks than opportunities. It would seem more likely than not that unfavourable growing conditions will impact Tassal's salmon harvest volume in one of the next five seasons (Scenario B). It also appears more likely that the A\$/US\$ exchange rate will be higher than forecast and Kroll has included these combined outcomes as Scenario M. Furthermore, given the risk that salmon maintenance capital expenditure will be higher than anticipated due to ESG remediation costs or supply chain risks, Kroll has included a short term impact on harvest volume with 10% higher maintenance capital expenditure as Scenario N. Furthermore, while not explicitly modelled, there is a risk that Tassal's marine leases will not be renewed. Although this is considered unlikely, the impact would be catastrophic to Tassal's operations.

In determining our value range for Tassal's operating business we make the following observations in relation to the results of our Scenario analysis.

Scenario A is considered to be optimistic in that it assumes that the recent increases in pricing in all markets are maintained, the A\$/US\$ exchange rate remains at historically low levels and production volume increases with no short term reductions in harvest volumes due to disease, warmer water, etc and no long term impact from global warming (or that Tassal is able to mitigate these risks through better farming techniques).

There is a significant risk that unfavourable growing conditions will impact Tassal's salmon harvest volume in one of the next five seasons (Scenario B). Further, there is a risk that global warming increases water temperatures, reducing production in the long term (Scenario C). A decline in production volume in the long term has a significant impact on value. Although better farming technologies such as breeding more resilient fish may mitigate these risks, this is uncertain. As discussed, an increase in harvest volume is limited by capacity constraints provided by marine leases, with an increase in time on land and offshore farming is not feasible within the five year forecast period.

OOH and International prices are uncertain and as an agricultural commodity, are impacted by the demand and supply dynamic within that market. Movements in International prices in the short term (Scenarios D and E) have a moderate impact on value, while movements in International prices over the long term (Scenarios F and G) have a significant impact on value. Similarly, movements in OOH prices also have a significant impact on value although have not been presented. However, given the wide range of factors influencing salmon prices, Kroll considers an increase in price to be no more or less probable than a decrease in prices.



Tassal's Australian dollar International sales are subject to movements in exchange rates, which are volatile. Scenario H shows a slight depreciation in the Australian dollar against the US dollar while Scenario I show a slight appreciation. The assumed A\$/US\$ exchange rate in the Strategic Plan Model is relatively low compared to historical levels. The average A\$/US\$ exchange rate over the last 20 years is 0.80. Scenario I shows that a slightly higher exchange rate of 0.70 from FY24 to FY27, and results in a moderate decline in value.

Tassal has been able to achieve a reduction in the feed conversion rate from 1.52 in FY21 to 1.35 in FY22 as a result of improvements in feeding technology. There is potential for further improvements in feeding technology to enable Tassal to reduce the feed conversion rate further to say, 1.3 from FY24 to FY27 (Scenario J). This results in a moderate increase in value.

Tassal's business is relatively capital intensive. Maintenance expenditure for the salmon business is significant now that the business is at scale and substantial growth capital expenditure is required to grow the prawn business. Salmon maintenance expenditure could be higher than expected (e.g. due to additional ESG remediation costs or supply chain risks) (Scenario K) and prawn growth expenditure could be higher than anticipated (Scenario L). These scenarios result in a modest decline in value.

As discussed, it would seem more likely than not that unfavourable growing conditions will impact Tassal's salmon harvest volume in one of the next five seasons (Scenario B). It also appears more likely that the A\$/US\$ exchange rate will be higher than forecast and Kroll has included these combined outcomes as Scenario M. Furthermore, given the risk that salmon maintenance capital expenditure will be higher than anticipated due to ESG remediation costs or supply chain risks, Kroll has included a short term impact on harvest volume with 10% higher maintenance capital expenditure as Scenario N.

9.4 Market approach cross-check

9.4.1 Overview

The multiples implied by our selected value range have been compared to multiples of EBITDA and harvest volume (\$ per kg) for transactions involving salmon farming and aquaculture companies and publicly traded salmon farming and aquaculture companies. These multiples are summarised below and are set out in further detail in Appendix 6.

9.4.2 Tassal implied EBITDA multiples

The value of Tassal's operating business of \$1,500 to \$1,650 million implies the following multiples of adjusted operating EBITDA:

Tassal Implied EBITDA Multiples (times)

	Parameter	Low	High
Value of Tassal's operating business (\$ millions)¹		1,500.0	1,650.0
FY22 adjusted operating EBITDA - actual (\$ millions)	173.3	8.7x	9.5x
FY23 adjusted operating EBITDA - broker consensus (\$ millions)	186.5	8.0x	8.8x
FY24 adjusted operating EBITDA - broker consensus (\$ millions)	189.0	7.9x	8.7x
FY25 adjusted operating EBITDA - broker consensus (\$ millions)	202.8	7.4x	8.1x

Source: Kroll analysis.

Historical and first forecast year multiples for the four most recent acquisitions (NRS, NTS, Huon and NRS) and for the comparable companies are impacted by the COVID-19 pandemic, which reduced demand and prices for salmon. Consequently, Kroll has focused on second forecast year multiples for the comparable transactions and second and third year multiples for the listed companies, as these periods reflect the recovery and normalisation of local and international trade.

The implied operating EBITDA multiples for Tassal are reasonable, taking into account the following:

- the most recent Australian transaction, the acquisition of Huon by JBS, occurred at a multiple of 8.4 times second forecast year EBITDA. The implied range of multiples for Tassal of 7.9 to 8.7 times FY24 EBITDA straddles this multiple. While Huon and Tassal's salmon farming operations are comparable in nature and volumes sold, Tassal has experienced more consistent profitability than Huon. Huon's significant sales to the international market during the COVID-19 pandemic were not profitable. Therefore, the Huon transaction multiple was based on the expectation that Huon's earnings would normalise in the years ahead;

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- compared to most international salmon producers, Tassal has limited growth prospects as a result of capacity constraints from marine leases. As such, we would expect a lower multiple for Tassal. In addition, the multiples implied by the pending acquisitions of NTS and NRS by SalMar and the acquisition of an equity stake in NRS by NTS are impacted by the significant synergies expected for salmon producers with overlapping geographical footprints, competitive tension and NTS is also significantly larger (\$5.4 billion transaction value) and more diversified than Tassal. These transactions occurred at multiples of 10.2, 10.8 and 9.5 times second forecast year EBITDA and as expected, are higher than the implied multiple for Tassal of 7.9 to 8.7 times FY24 EBITDA;
- the valuation of Tassal includes a premium for control, whereas multiples based on sharemarket evidence do not. Listed Australian and New Zealand aquaculture companies for which earnings multiples are available include Clean Seas Seafood, Sanford Limited and New Zealand King Salmon, which are trading at multiples of 10.2, 7.5 and 10.1 times second forecast year EBITDA and 8.4, 6.6 and 8.6 times third forecast year EBITDA. These multiples are at or above the implied multiples for Tassal of 7.9 to 8.7 times second forecast year EBITDA and 7.4 to 8.1 times third forecast year EBITDA. We note that this likely reflects that although Tassal is larger than these companies, it has limited growth prospects compared to these participants as a result of its capacity constraints. Clean Seas Seafood and Sanford do not focus on salmon and New Zealand King Salmon is planning to more double its capacity as a result of an expansion to open sea farming in the Cook Strait with the first harvest as early as 2024; and
- for producers outside Australia and New Zealand (other than Atlantic Sapphire), the median of the second and third forecast year EBITDA multiples are 8.8 times and 7.5 times, respectively. The ranges of implied multiples for Tassal straddle these medians, noting that northern hemisphere producers have fewer capacity constraints and greater resilience to global warming as a result of their ability to expand into the cool Arctic waters. In addition, a number of the companies are significantly larger, more diversified and/or more vertically integrated than Tassal.

9.4.3 Tassal implied multiples of harvest volume

Multiples of harvest volume (\$ per kg) is a rule of thumb commonly used in the valuation of aquaculture businesses. It is important to note, however, that differences can arise depending on the nature of the products sold (e.g. fresh fish or smoked salmon), extent of the company's other operations (e.g. prawns) and differences in margins. As a result, we have placed less reliance on these multiples.

The value of Tassal's operating business of \$1,500 to \$1,650 million implies the following multiples of harvest volume (\$ per kg):

Tassal Implied Multiple of Harvest Volume (\$ per kg)

	Parameter	Low	High
Value of Tassal's operating business (\$ millions)¹		1,500.0	1,650.0
FY22 harvest volume - actual (kt)	43.1	\$34.8	\$38.3
FY23 harvest volume - broker consensus (kt)	39.5	\$38.0	\$41.8
FY24 harvest volume - broker consensus (kt)	40.0	\$37.5	\$41.3
FY25 harvest volume - broker consensus (kt)	40.4	\$37.1	\$40.8

Source: Kroll analysis.

The implied multiples of harvest volume for Tassal are reasonable, taking into account the following:

- the acquisition of Huon by JBS, occurred at a multiple of \$21 per kg based on second forecast year harvest volume. This is significantly below the equivalent implied multiple for Tassal of \$37.5 to \$41.3 per kg. This is a reflection of the declining profitability of Huon caused by unprofitable sales into the international and domestic market;
- the NRS transactions implied a multiple of \$31 and \$36 per kg based on second forecast year harvest volume, which is broadly comparable to and below Tassal's equivalent range. This potentially reflects Tassal's relatively high margins arising from barriers to entry in Australian salmon farming as well as its prawn operations. The multiple based on second forecast year harvest volume for NTS of \$53 per kg is higher than the range of implied multiples for Tassal which is not unexpected, given NTS has significant operations outside of salmon farming (i.e. well boats, boat servicing), is significantly larger (which provides economies of scale), more diversified, has stronger growth prospects and the transaction likely involved greater potential synergies as a result of the overlapping geographical footprint; and



- New Zealand King Salmon is trading at \$18.1 per kg based on FY22 production levels. This is significantly lower than the ratio for Tassal of \$34.8 to \$38.3 per kg based on FY22 production levels and likely reflects despite its strong growth prospects, New Zealand King Salmon is currently loss making and the valuation of Tassal includes a control premium and is impacted by Tassal's prawn operations.

On this basis, the market approach cross-check, in our view, supports the valuation of Tassal derived under the primary DCF methodology.

9.4.4 Comparability of transactions and listed companies

It is difficult to compare salmon farming companies between countries as a result of differences in:

- **regulatory environment:** regulatory restrictions tend to differ between countries and to a certain extent depend on local federal and state governments, as relevant. The policies in relation to the granting of leases can differ depending on governments. As an example, recently the Tasmanian state government announced a long term plan regarding salmon farming which is based on four principles including no net increase in leased farming areas in Tasmanian waters. Other practices, like those related to the management of predators (i.e. seals) and diseases can also differ from country to country depending on the inherent conditions of each country;
- **farming areas:** while salmon farming licences restrict production in all markets, the relative availability of farming areas can be significant. Tasmanian water temperature is the only suitable region for salmon farming in Australia, however, the availability of farming areas is small compared to the vast salmon farming areas in Norway;
- **local and export markets:** as mentioned previously, a barrier to entry into this industry is the distance between production sites and consumer markets since salmon is typically marketed fresh. In Australia, the most significant proportion of the production is sold to the Australian local market and therefore Tassal is more subject to local market price volatility than to export market price volatility. Major Norwegian companies are more exposed to export markets price volatility given their export volumes;
- **production shocks:** production shocks due to disease and weather events can affect particular companies or regions;
- **diversity of products:** often companies farm different species, which are subject to different market factors. The Australian listed companies we have selected, while not producing salmon, farm other types of seafood. Given they sell mainly to the Australian market they are subject to similar market forces, such as demand and regulation. However, the degree of regulation, costs, price variations, and exposure to diseases can vary significantly between species; and
- **accounting treatment and taxation regime:** the accounting treatment of significant assets, such as land and marine leases can be different between countries. Similarly, taxation of marine farming can differ depending on federal and local governments.

9.4.5 COVID-19 pandemic

The COVID-19 pandemic had a significant, adverse impact on salmon producers. For transactions that occurred in 2021 (during the COVID-19 pandemic), the historical EBITDA multiples were calculated on a "through the cycle" basis i.e. based on an average of 2018 and 2019 earnings. Furthermore, Kroll has focused on second forecast year multiples for these transactions, as this period reflects the recovery and normalisation of local and international trade.

In terms of publicly listed companies, for companies with a December year end, the latest available financial year ended on 31 December 2021, which means that their historical and first forecast year earnings are impacted by the COVID-19 pandemic. Consequently, Kroll has focused on second and third forecast year multiples for the listed companies.

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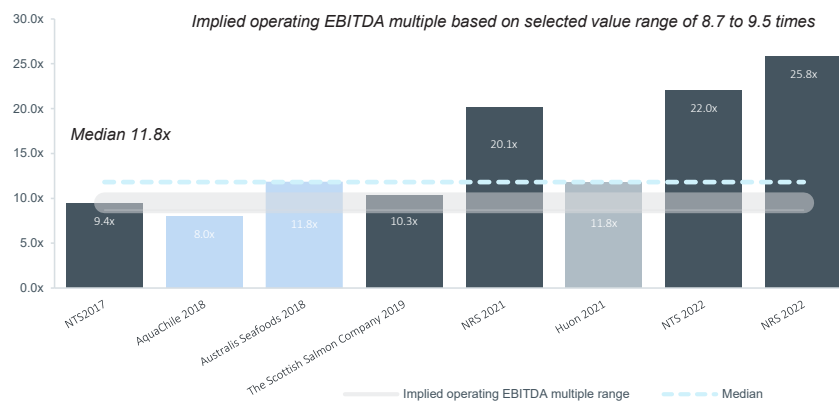
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9.4.6 Transaction evidence

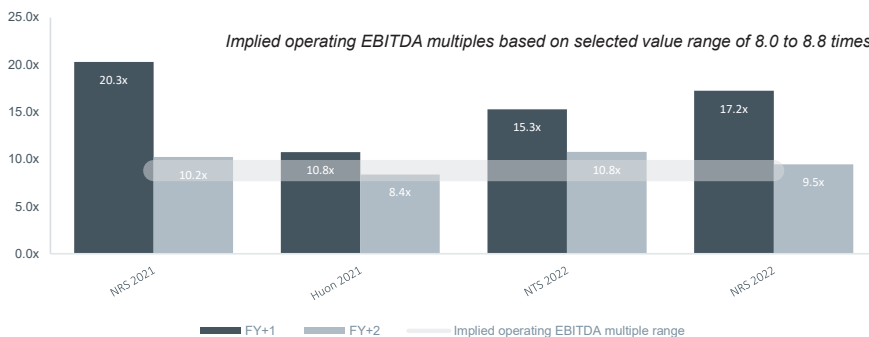
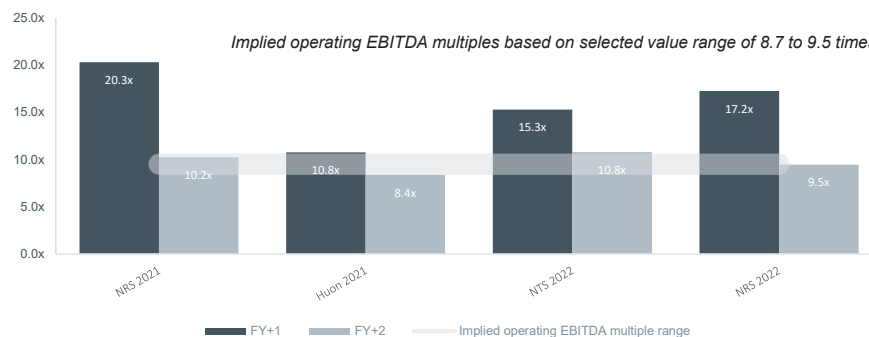
The following charts set out the implied historical and first and second year forecast EBITDA multiples for Tassal and the comparable transactions.

Historical Transaction Multiples



Source: Capital IQ, Kroll analysis.

Forecast Transaction Multiples for NRS, NTS and Huon



Source: Capital IQ, Kroll analysis.



We note the following in relation to the transaction multiples:

- transactions that occurred prior to the onset of the COVID-19 pandemic occurred at multiples in the range of 8.0 to 11.8 times historical EBITDA, at a median of 9.9 times. The multiples reflect the significant benefits expected from the acquisitions. Beijing Joyvios, a company mainly engaged in the fruit, animal protein-related and processed food businesses in China acquired Australis Seafoods at multiple of 11.8 times due to access of upstream salmon resources of Australis Seafoods. The P/F Bakkafrøst acquisition of The Scottish Salmon company at multiple of 10.3 times provides the former with an exposure to a niche and premium Scottish farming region and diversification of Bakkafrøst's operations from a pure play Faroe Islands company, gaining a presence in two attractive salmon markets.
- the most recent Australian transaction is the acquisition of Huon by JBS. Huon is engaged in the hatching, farming, processing, marketing, and selling of Atlantic salmon and ocean trout in Australia. The acquisition would enable JBS, a beef, poultry, pork and lamb producer, entry into salmon farming, which as discussed is characterised by strong barriers to entry. Huon operated 13 marine aquaculture sites farming salmon and trout, three processing facilities, and sales and marketing vehicles. Huon's FY21 financial performance was significantly impacted by the COVID-19 pandemic, which initially resulted in lower salmon prices. Huon's operating EBITDA declined by 74% in FY21. The transaction implied a multiple of 8.4 times second forecast year EBITDA and a multiple of \$21 per kg based on second forecast year harvest volume. As discussed previously, these multiples reflect an expectation that earnings would normalise in the years after the COVID-19 pandemic;
- the SalMar / NRS transaction (2022) (pending) implies a multiple of 9.5 times second forecast year EBITDA and \$31 per kg based on second forecast year production, which reflects the significant synergies that are expected to be facilitated by their overlapping geographical footprint, such as improved utilisation of the combined maximum allowable biomass (**MAB**) along with improvement in operations and cost structure. The transaction will result in SalMar being the second largest salmon producer globally;
- the SalMar / NTS transaction (2022) (pending) implies a multiple of 10.8 times second forecast year EBITDA and \$53 per kg based on first forecast year production, which reflects the competitive bidding process with Mowi, significant anticipated synergies arising from the more efficient utilisation of the common resources of both companies and substantial scale of NTS. The multiple of harvest volume likely also reflects that NTS has significant operations outside of salmon farming (i.e. well boats, boat servicing); and
- the NTS / NRS transaction (2021) implies a multiple of 10.2 times second forecast year EBITDA and \$36 per kg based on second forecast year production, and likely reflects the competitive bidding process and significant anticipated synergies. NTS sought to acquire the remaining 83.78% interest in NRS, however, was ultimately only successful in acquiring a 31.3% interest in NRS.

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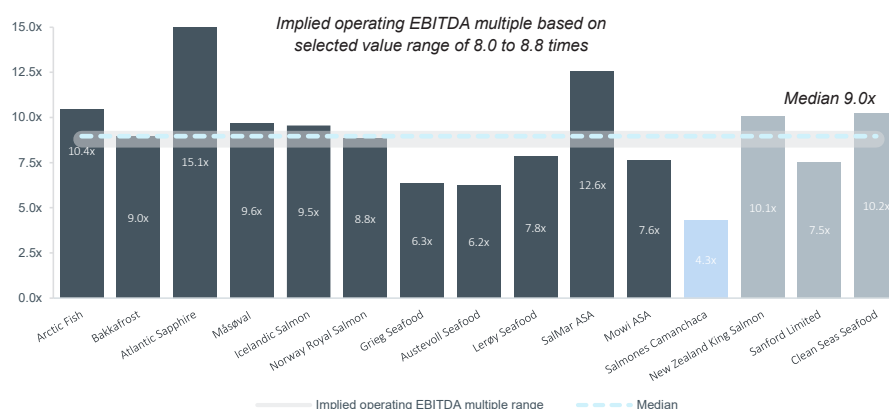
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9.4.7 Sharemarket evidence

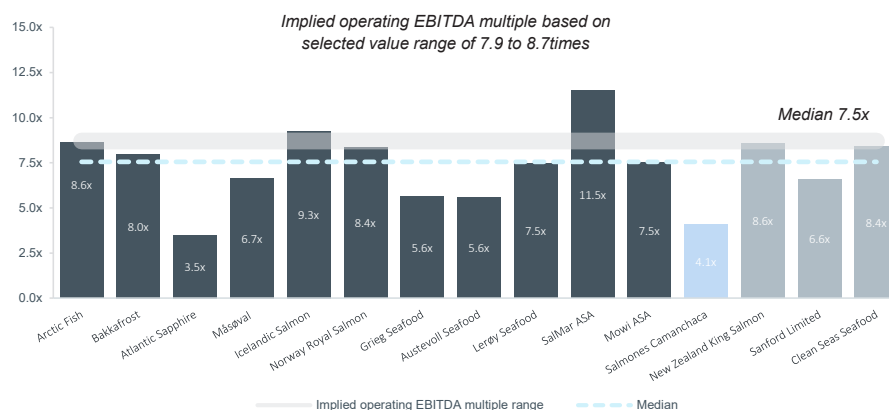
The following charts set out the implied second and third forecast year EBITDA multiples for Tassal and a range of listed salmon farming and aquaculture companies as at 23 September 2022.

Sharemarket Evidence – Second Forecast Year EBITDA Multiples



Source: Capital IQ, Kroll analysis.

Sharemarket Evidence – Third Forecast Year EBITDA Multiples



Source: Capital IQ, Kroll analysis.

We note the following in relation to the listed company multiples:

- listed Australian and New Zealand aquaculture companies for which earnings multiples are available include Clean Seas Seafood, Sanford Limited and New Zealand King Salmon, which are trading at multiples of 10.2, 7.5 and 10.1 times second forecast year EBITDA and 8.4, 6.6 and 8.6 times third forecast year EBITDA. Although they operate in Australia and New Zealand, these companies do not have significant capacity constraints. Clean Seas Seafood and Sanford do not focus on salmon and New Zealand King Salmon is planning to more double its capacity as a result of an expansion to open sea farming in the Cook Strait with the first harvest as early as 2024;
- New Zealand King Salmon is trading at \$18.1 per kg based on FY22 production levels. This is relatively low and likely reflects that despite its strong growth prospects, New Zealand King Salmon is currently loss making;
- Atlantic Sapphire's second forecast year multiple is higher due the expected completion in FY24 of the second phase of a plant expansion currently underway; and

- for the remaining producers outside Australia and New Zealand (other than Atlantic Sapphire), the median of the second and third forecast year EBITDA multiples are 8.8 times and 7.8 times, respectively. The northern hemisphere producers have relatively few capacity constraints and greater resilience to global warming as a result of their ability to expand into the cool Arctic waters. In addition, a number of the companies are of significant size (e.g. Mowi, SalMar), which creates economies of scale (e.g. through procurement benefits), are highly diversified (e.g. Mowi is diversified geographically and Austevoll has other operations outside salmon) and/or are vertically integrated (including the production of feed e.g. Mowi, Icelandic Salmon) which allows better control over value chain costs.

9.5 Investment in Saltas

Tassal notes in its Appendix 4E for the financial year ended 30 June 2022 (**FY22 Appendix 4E**) that it owns 72.06% of the issued capital and 61.22% of the voting shares of Saltas (the industry salmon hatchery). The FY22 Appendix 4E notes that the Tassal Board has concluded that despite the ownership interest and voting rights held by Tassal, Tassal does not control Saltas, and Tassal only has the power to appoint one out of four Directors on the Saltas Board. The FY22 Appendix 4E also notes that given Tassal's involvement on the Saltas Board, the Tassal Board has concluded it has significant influence.

As mentioned in Section 7.2.3, Saltas has as its primary function the SBP for the industry. It identifies and produces SBP families with excellent performance in commercial traits, including growth and disease resistance, and delivers these eggs to shareholders for use as commercial broodstock. During the 2020 and 2021 calendar years, Saltas distributed 2,350,594 fish, and 18,618,361 eyed eggs. The amount of fish and eyed eggs scheduled to be distributed in the 2022 calendar year are 2,170,138 fish and 14,179,975 eyed eggs. Saltas has produced a profit over the last two financial years.

A new three-year Research Agreement starting on 1 July 2021 was signed by Saltas and CSIRO in March 2021. The future focus of the SBP and the Research Agreement is to provide improvements in summer growth whilst continuing to provide gains in growth and AGD resistance.

Tassal's 72.06% economic interest in Saltas has been valued based on a market approach. Kroll has focused on EBITDA multiples for the valuation of Saltas in line with the market approach cross-check for Tassal. Saltas production is undertaken on an annual/ calendar year basis, therefore we have assessed a maintainable EBITDA on the basis of annual earnings as presented in the Saltas draft 2022 annual report. A normalised FY22 EBITDA of \$4.0 million was assessed on the basis of Saltas earnings excluding JobKeeper Grant/ Cashflow Boost income, interest income, profit and losses from sale of fixed assets and other non-operating revenue.

A market multiple range of 8.0 to 9.0 times FY22 EBITDA was assessed on the basis of the identified salmon industry multiples as noted in Section 9.4 and applied to reach a value for the Saltas operating business on a 100% basis. A 10% minority discount was applied to reflect the limitation of control in Tassal's 72.06% interest in Tassal.

Kroll has assessed the value of Tassal's 72.06% interest in Saltas to be in the range of \$16.5 million to \$19.1 million. The valuation is summarised in the following table.

Kroll Valuation of Saltas (\$ millions)

	Low	High
Saltas FY22 normalised EBITDA	4.0	4.0
EBITDA multiple	8.0 x	9.0 x
Value of Saltas' operating business (100% basis)	32.0	36.0
Net borrowings	(6.6)	(6.6)
Value of Saltas' equity (100% basis)	25.4	29.4
Tassal's interest	72.06%	72.06%
Minority discount	10.0%	10.0%
Value of Saltas' equity (minority basis)	16.5	19.1

Source: Kroll analysis.

We note that our valuation of Tassal's interest in Saltas is higher than the current book value of \$14.2 million.

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9.6 Non-operating assets

Tassal has certain non-operating assets that are not reflected in operating cash flows of the business. These assets have been valued as an asset of \$15.4 million and have been added to the value of Tassal's operating business. Refer to Section 8.6 of this report for further details.

Tassal Non-operating Assets (\$ millions)

	Low	High
Surplus land	13.3	13.3
Shares in other entities	0.0	0.0
Loans to other parties	2.1	2.1
Total non-operating assets	15.4	15.4

Source: Tassal



Appendix 1 – Kroll disclosures

Qualifications

The individuals with overall responsibility for preparing this report on behalf of Kroll are Ian Jedlin and Celeste Oakley. Ian is an Associate and Accredited Business Valuation Specialist of the Institute of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Securities Institute of Australia and holds a Master of Commerce. He is also a member of the Standards Review Board of the International Valuation Standards Council. Celeste holds a Bachelor of Economics, a Bachelor of Laws and a CFA designation. Both Ian and Celeste have extensive experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of independent expert reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Kroll's opinion as to whether the Scheme is in the best interests of Tassal (other than Excluded Shareholders), in the absence of a superior proposal. Kroll expressly disclaims any liability to any Tassal Shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, Kroll has had no involvement in the preparation of the Scheme Booklet or any other document prepared in respect of the Scheme. As such, Kroll takes no responsibility for the content of the Scheme Booklet as a whole or other documents prepared in respect of the Scheme (other than this report).

Independence

Kroll considers itself to be independent in accordance with the requirements of Regulatory Guide 112 issued by ASIC on 30 March 2011. In considering independence, it is noted that Kroll does not have, and has not had within the previous two years, any business or professional relationship with Tassal or Cooke or any financial or other interest that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to Tassal. Kroll's only role with respect to the Scheme has been the preparation of this report.

Kroll will receive a fixed fee of \$250,000 (excluding GST and out of pocket expenses) for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme Meetings. Kroll will receive no other benefit for the preparation of this report.

Declarations

Tassal has provided an indemnity to us for any claims arising out of any misstatement or omission in any material or information provided to us in the preparation of this report.

During the course of this engagement, Kroll provided draft copies of this report to management of Tassal for comment as to factual accuracy, as opposed to opinions, which are the responsibility of Kroll alone. Changes made to this report as a result of those reviews have not altered the methodology or opinions of Kroll as stated in this report.

The engagement has been conducted in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**).

Kroll is authorised by Millinium Capital Managers Limited, Australian Financial Services Licence no. 284336, to provide the following financial services as their Corporate Authorised Representative:

- provide financial product advice in respect of the following classes of financial products:
- interests in managed investment schemes including investor directed portfolio services; and
- securities;

with respect to retail clients and wholesale clients.

Consents

Kroll consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet to be issued to Tassal Shareholders. Neither the whole nor any part of this report or its attachments

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or any reference thereto may be included or attached to any other document without the prior written consent of Kroll as to the form and context in which it appears.



Appendix 2 – Limitations and reliance on information

Limitations and reliance on information

Kroll's opinion is based on prevailing economic, market, business and other conditions at the date of this report. However, the factors impacting these conditions continue to evolve and can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Our report is also based on financial and other information provided by Tassal and its advisers. Tassal has been responsible for ensuring that information provided by it and its representatives is not false or misleading or incomplete. Tassal has represented in writing to Kroll that to its knowledge, the information provided is complete and not incorrect or misleading in any material respect. Complete information is deemed to be information which at the time of completing this report should have been made available to Kroll and would have reasonably been expected to have been made available to Kroll to enable us to form our opinion. We have no reason to believe that any material facts have been withheld from us.

In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying such information. Nothing in this report should be taken to imply that Kroll has in any way carried out an audit of the books of account or other records of Tassal or Cooke for the purposes of this report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In addition, we have also had discussions with Tassal in relation to the nature of the business operations, specific risks and opportunities, historical results of Tassal and prospects for the foreseeable future of Tassal. This type of information has been evaluated through analysis, inquiry and review to the extent considered necessary or practical as part of the information used in forming our opinion is comprised of the opinions and judgements of management. Kroll does not warrant that its procedures and inquiries have identified all matters that a more extensive analysis might disclose as they did not include verification work nor an audit or review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. Such information is often not capable of external verification or validation.

The statements and opinions included in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Disclosure of information

In preparing this report, Kroll has had access to all financial information considered necessary in order to provide the required opinion. Tassal has requested Kroll limit the disclosure of certain information relating to Tassal. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising Tassal. As such the information in this report, unless otherwise indicated, has been limited to the type of information that is regularly placed into the public domain by Tassal.

Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information

- Scheme Booklet;
- Scheme Implementation Deed;
- results presentations and annual reports for Tassal for 2017 to 2022;

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- ASX announcements, press releases, media and analyst presentations and other public filings by Tassal including information available on its website;
- broker reports and recent press articles regarding Tassal;
- Salmon Farming Industry Handbook 2022 by Mowi;
- annual reports and earnings call transcripts by Mowi;
- discussion papers, reports, inquiry submissions and other publications by the Tasmanian Government;
- data and publications by ABARES;
- "Broadscale Environmental Monitoring Program - D'Entrecasteaux Channel and Huon Marine Farming Development Plan Sites", Aquenal;
- "Not just fish poo – why Macquarie Harbour has an oxygen problem", CSIRO;
- OECD and FAO Agricultural Outlook 2022-2031;
- historical prices and forward prices provided by Fish Pool ASA, part of Euronext N.V. Group;
- "Production cost and competitiveness in major salmon farming countries 2003–2018". Iversen et al. May 2020;
- Agriculture Production Report 2020-2021 by the NSW Department of Primary Industries;
- ASX announcements by Seafarms;
- Share Registry data from Tassal and Computershare; and
- information sourced from S&P Capital IQ and Bloomberg.

Non-public information

- Tassal Budget Presentation FY23;
- Tassal Strategic Plan Model;
- Saltas FY22 Draft Annual Report; and
- other confidential documents, presentations and workpapers.

In addition, we have had discussions with, and obtained information from, senior management of Tassal.

Appendix 3 – Broker consensus

Date of report	Adjusted Operating Revenue						Gross profit						Adjusted Operating EBITDA						Adjusted Operating EBIT					
	FY22	FY23	FY24	FY25	FY26	FY27	FY22	FY23	FY24	FY25	FY26	FY27	FY22	FY23	FY24	FY25	FY26	FY27	FY22	FY23	FY24	FY25	FY26	FY27
Broker1 16 August 2022	773.3	772.5	806.4	844.3	907.0	970.0	384.7	387.0	405.0	424.0	456.0	489.0	173.3	187.2	185.7	203.2	222.1	239.0	101.1	110.7	106.9	120.0	134.4	148.0
Broker2 16 August 2022	773.3	807.3	825.2	848.2	865.8	891.7							173.3	184.5	198.0	202.9	205.7	210.6	101.1	108.6	125.7	134.2	133.9	135.7
Broker3 16 August 2022	773.3	787.0	780.2	780.4									173.3	186.5	189.0	195.1			101.1	113.9	117.9	123.8		
Low	773.3	772.5	780.2	780.4	865.8	891.7	384.7	387.0	405.0	424.0	456.0	489.0	173.3	184.5	185.7	195.1	205.7	210.6	101.1	108.6	106.9	120.0	133.9	135.7
High	773.3	807.3	825.2	848.2	907.0	970.0	384.7	387.0	405.0	424.0	456.0	489.0	173.3	187.2	198.0	203.2	222.1	239.0	101.1	113.9	125.7	134.2	134.4	148.0
Median	773.3	787.0	806.4	844.3	886.4	930.8	384.7	387.0	405.0	424.0	456.0	489.0	173.3	186.5	189.0	202.9	213.9	224.8	101.1	110.7	117.9	123.8	134.2	141.9
Mean	773.3	788.9	803.9	824.3	886.4	930.8	384.7	387.0	405.0	424.0	456.0	489.0	173.3	186.1	190.9	200.4	213.9	224.8	101.1	111.1	116.8	126.0	134.2	141.9

Date of report	Adjusted Operating Profit Before Tax						NPAT						Diluted EPS (¢ per share)						DPS (¢ per share)					
	FY22	FY23	FY24	FY25	FY26	FY27	FY22	FY23	FY24	FY25	FY26	FY27	FY22	FY23	FY24	FY25	FY26	FY27	FY22	FY23	FY24	FY25	FY26	FY27
Broker1 16 August 2022	85.2	94.7	90.8	103.9	118.2	131.0	55.3	69.1	65.4	73.8	83.9	93.0	25.8	32.0	30.3	34.2	38.8	43.1	8.0	16.1	15.2	17.2	20.0	22.0
Broker2 16 August 2022	85.2	95.0	112.4	121.3	121.9	124.5	55.3	70.8	83.3	89.7	90.1	92.0	25.8	32.9	38.8	41.8	42.0	42.8	8.0					
Broker3 16 August 2022	85.2	95.6	97.9	103.5			55.3	71.4	91.1	89.9			25.8	33.2	42.3	41.7			8.0	17.5	18.0	18.0		
Low	85.2	94.7	90.8	103.5	118.2	124.5	55.3	69.1	65.4	73.8	83.9	92.0	25.8	32.0	30.3	34.2	38.8	42.8	8.0	16.1	15.2	17.2	20.0	22.0
High	85.2	95.6	112.4	121.3	121.9	131.0	55.3	71.4	91.1	89.9	90.1	93.0	25.8	33.2	42.3	41.8	42.0	43.1	8.0	17.5	18.0	18.0	20.0	22.0
Median	85.2	95.0	97.9	103.9	120.1	127.8	55.3	70.8	83.3	89.7	87.0	92.5	25.8	32.9	38.8	41.7	40.4	42.9	8.0	16.8	16.6	17.6	20.0	22.0
Mean	85.2	95.1	100.4	109.6	120.1	127.8	55.3	70.4	79.9	84.5	87.0	92.5	25.8	32.7	37.1	39.2	40.4	42.9	8.0	16.8	16.6	17.6	20.0	22.0

Date of report	Salmon Price per kg (A\$)						Prawn Price per kg (A\$)						Salmon Volume (kt)						Prawn Volume (kt)					
	FY22	FY23	FY24	FY25	FY26	FY27	FY22	FY23	FY24	FY25	FY26	FY27	FY22	FY23	FY24	FY25	FY26	FY27	FY22	FY23	FY24	FY25	FY26	FY27
Broker1 16 August 2022	14.2	15.7	15.6	15.2	15.3		18.9	19.9	21.0	22.1	22.5		43.1	38.3	40.0	40.4	40.8		5.7	5.8	6.0	7.9	10.0	
Broker2 16 August 2022	14.2	15.0	15.0	15.0	15.0	15.0	18.9	19.0	19.0	19.0	19.0	19.0	43.1	40.0	40.0	40.0	40.0	40.0	5.7	7.0	8.0	9.0	9.0	10.0
Broker3 16 August 2022	14.2												43.1	39.5	39.7	40.5			5.7					
Low	14.2	15.0	15.0	15.0	15.0	15.0	18.9	19.0	19.0	19.0	19.0	19.0	43.1	38.3	39.7	40.0	40.0	40.0	5.7	5.8	6.0	7.9	9.0	10.0
High	14.2	15.7	15.6	15.2	15.3	15.0	18.9	19.9	21.0	22.1	22.5	19.0	43.1	40.0	40.0	40.0	40.5	40.8	5.7	7.0	8.0	9.0	10.0	10.0
Median	14.2	15.4	15.3	15.1	15.2	15.0	18.9	19.5	20.0	20.6	20.8	19.0	43.1	39.5	40.0	40.4	40.4	40.4	5.7	6.4	7.0	8.4	9.5	10.0
Mean	14.2	15.4	15.3	15.1	15.2	15.0	18.9	19.5	20.0	20.6	20.8	19.0	43.1	39.3	39.9	40.3	40.4	40.4	5.7	6.4	7.0	8.4	9.5	10.0

Date of report	Adjusted Operating EBITDA - Salmon (A\$/kg)						Adjusted Operating EBITDA - Prawn (A\$/kg)						Adjusted Operating EBITDA - Group (A\$/kg)					
	FY22	FY23	FY24	FY25	FY26	FY27	FY22	FY23	FY24	FY25	FY26	FY27	FY22	FY23	FY24	FY25	FY26	FY27
Broker1 16 August 2022	3.4	4.0	3.8	3.8	3.9		4.7	5.4	5.7	6.0	6.1		3.6	4.2	4.0	4.2	4.4	
Broker2 16 August 2022	3.4						4.7						3.6	4.0	4.2	4.2	4.2	4.2
Broker3 16 August 2022	3.4	3.9	3.9	3.9			4.7						4.0	4.7	4.8	4.8		
Low	3.4	3.9	3.8	3.8	3.9	-	4.7	5.4	5.7	6.0	6.1	-	3.6	4.0	4.0	4.0	4.2	4.2
High	3.4	4.0	3.9	3.9	3.9	-	4.7	5.4	5.7	6.0	6.1	-	4.0	4.7	4.8	4.8	4.4	4.2
Median	3.4	4.0	3.8	3.9	3.9	-	4.7	5.4	5.7	6.0	6.1	-	3.6	4.2	4.2	4.2	4.3	4.2
Mean	3.4	4.0	3.8	3.9	3.9	-	4.7	5.4	5.7	6.0	6.1	-	3.7	4.3	4.3	4.4	4.4	4.2

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Appendix 4 – Valuation methodologies

The purpose of the valuation methodology adopted is, in the absence of direct market evidence, to provide an estimate of value using methodologies that rely on other sources of evidence. Consistent with International Valuation Standards, valuation methodologies applicable to assets or businesses can be categorised under three approaches: market approach, income approach and cost approach.

These approaches have application in different circumstances. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

The market comparable methodology indicates the value of a business by comparing it to publicly traded companies in similar lines of business. An analysis of the trading multiples of comparable companies yields insight into investor perceptions and, therefore, the value of the subject company. The multiples are evaluated and compared based on the relative growth potential and risk profile of the subject company vis-a-vis the publicly traded comparable companies. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands.

The comparable transaction methodology indicates value based on exchange prices in actual transactions. This process essentially involves the comparison and correlation of the subject company with other similar businesses recently sold or currently offered for sale. Considerations such as timeframe of transaction, premiums, and conditions of sale are analysed, and the observed transaction multiples are subjectively adjusted to indicate a value for the subject company.

A key step in both methods is determining the appropriate unit of comparison. In a business valuation common units of comparison include, revenue, EBITDA, EBIT, net profit after tax and book values. The choice will typically depend on the industry and characteristics of the subject asset.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

Income approach

Under an income approach the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history or there is a variable pattern of cash flow or the asset has a finite life.

The most common methodology adopted is the discounted cash flow (**DCF**) methodology. It has a strong theoretical basis and benefits by explicitly estimating future cash flows, allowing it to be used in a variety of circumstances, whether that be a start-up or an established business. It also allows for various scenarios and/or sensitivities to be modelled. Under a DCF methodology, forecast cash flows are discounted back to the valuation date resulting in a present value for the asset. Where there is an explicit forecast period a terminal value will typically be included, representing the value of the asset at the end of this period, which



is also discounted back to the valuation date to give an overall value for the business. The rate at which the future cash flows are discounted (the discount rate) should reflect not only the time value of money, but also the risk associated with the asset or business' future operations. Whilst discount rates are generally determined from observable data, substantial judgement is required in their determination. Further, the cash flows themselves also require considerable judgement in their preparation, placing significant importance on the quality of the underlying cash flow forecasts and the determination of an appropriate discount rate in order for a DCF methodology to produce a sensible valuation figure.

DCF's can also be extremely sensitive to what may be considered small changes in various assumptions and the longer the forecast period the more difficult it is in general to forecast cash flows with sufficient reliability. As such, it is important to adequately understand the basis and risks associated with the various assumptions used to derive the cash flow forecasts and recognise the impact it can have on resulting values including the value range. Notwithstanding, DCF methodologies are widely used and benefit from the rigour associated with the preparation of future cash flows.

Cost approach

Under a cost approach the value of an asset is determined having regard to the cost to replace or reproduce the asset. The most common methodologies include:

- the replacement cost;
- the reproduction cost method; and
- the summation method.

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies).

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

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Appendix 5 – Discount rate

Kroll has selected a WACC in the range of 7.6% to 8.2% for Tassal based on the selected parameters presented in the table below. In determining the WACC, the cost of equity is calculated using the capital asset pricing model (**CAPM**) and the cost of debt is based on long-term estimates based on market observations. The WACC is commonly employed as the basis for determining an appropriate discount rate where cash flow forecasts consist of free cash flows to both debt and equity holders. Whilst we have utilised the WACC we recognise that market participants often use less precise methods for determining a discount rate including target internal rates of return or hurdle rates. They also often do not distinguish between investment types or regions.

We have utilised the following parameters in deriving our discount rate.

Selected WACC Parameters for Tassal

Parameter	Symbol	Low	High
Risk-free Rate	R_f	3.7%	3.7%
Equity Risk Premium	ERP	6.0%	6.0%
Unlevered Beta		0.70	0.80
Tax Rate	t	30.0%	30.0%
Gearing [Net Debt / (Net Debt + Equity)]	D/(D+E)	25.0%	25.0%
Debt/Equity	D/E	33.3%	33.3%
Levered Beta	β	0.86	0.99
Company-specific Risk Premium (Alpha)	α	0.0%	0.0%
Cost of Equity (Post-Tax)	K_e	8.9%	9.6%
Pre-tax cost of debt	K_d	5.4%	5.9%
WACC		7.6%	8.2%
Selected Range		7.6%	8.2%

Source: Kroll analysis

The objective of the discount rate is to appropriately reflect the expected return of a hypothetical prudent purchaser, based upon the perceived risks associated with Tassal. In this respect, it is relevant to recognise that the selection of an appropriate discount rate to apply to the forecast cash flows of any asset or business operation is a matter of judgement and that the individual components should not be considered in isolation but rather as components of an overall discount rate. As a result of this subjectivity, the calculated discount rate should be treated as guidance rather than objective truth.

Furthermore, our discount rate reflects an assessment at a point in time as to both current market conditions and future expectations. To the extent that there are any changes in conditions and expectations over time, it is likely that an adjustment to the discount rate may be warranted.

Cost of equity

The cost of equity has been derived from the application of a modified CAPM.⁶⁶ The CAPM has been empirically tested and is widely accepted for the purpose of estimating a company's required return on equity. In applying the CAPM, the rate of return on equity is estimated as the current risk-free rate of return on a long-term government bond plus a market risk premium, multiplied by the "beta" for the shares. Beta is defined as a risk measure that reflects the sensitivity of a company's share price to the movements of the stock market as a whole and is a measure of systematic risk.

The modified CAPM rate of return on equity capital is calculated using the formula:

$$K_e = R_f + \beta * (R_m - R_f) + \alpha$$

Where:

K_e = Rate of return on equity capital;

⁶⁶ CAPM is modified by the inclusion of an alpha.



Rf = Risk-free rate of return (normalised long-term Australian sovereign risk);

β = Beta or systematic risk for this type of equity investment, re-levered to reflect the debt-to-equity profile of the Investment;

$R_m - R_f$ = Equity risk premium (**ERP**); the expected return on a broad portfolio of stocks in the market (**R_m**) less the risk-free rate (**R_f**); and

α = Alpha including where relevant, size or other company specific risk.

Risk-free rate

The risk-free rate is a key input in the Capital Asset Pricing Model (**CAPM**). It is the return available, as of a valuation date, on a security that the market generally regards as free of the risk of default. When valuing a going-concern business, the risk-free rate is typically measured over a long-term period. In practice, long-dated bonds issued by governments considered to be generally safe have traditionally been accepted as a proxy for a risk-free security. In Australia, the 10-year Commonwealth Government bond yield is commonly used as a proxy for the risk-free security. As at 23 September 2022, the spot 10-year yield was 3.93%, reflecting the impact from the interest rate increase of 0.75% in the United States announced by the Federal Reserve on 21 September 2022. As at 23 September 2022, the seven-day average of the 10-year Commonwealth Government bond was 3.72%.

Sovereign yields in many developed countries, including Australia, have been at or near historical lows in recent years. Periods of high uncertainty are often accompanied by flights to quality, which means investors shift significant capital to liquid assets considered “safe”, such as government securities of major advanced economies, lowering yields on these securities. Australia is one of the very few countries in the world carrying a AAA sovereign debt rating and is therefore considered a safe haven by global investors.

In addition, in order to mitigate the impact of the COVID-19 pandemic, the Reserve Bank of Australia (**RBA**), along with other major central banks, resorted to the use of unconventional monetary policies aimed at driving long-term interest rates lower and providing ample liquidity for financial markets thereby lowering the cost of capital and softening the impact of mandatory lockdown policies including:

- large-scale purchases of government securities and, in some cases, other financial assets (e.g., corporate bonds), known as quantitative easing (**QE**); and
- yield curve targeting policies—.

The combination of investor flight to quality and central bank interventions, particularly during the height of the COVID-19 pandemic, contributed to the record low yields observed during 2020.

During the first six months of 2022, inflation globally has continued to exceed expectations, with supply chain disruptions and the recent escalation of the Russia-Ukraine conflict exacerbating inflationary pressures. This precipitated a significant shift in the RBA's monetary policy stance relative to December 2021. This stance entails: more and/or larger policy interest rate (cash rate) hikes, and an end to the RBA's QE policies under which the RBA acquired almost \$224 billion of AGS and \$57 billion of semi government securities (instead, the RBA has initiated a quantitative tightening (**QT**) process). The RBA's goal is to keep consumer price inflation to two to three percent, on average, over the medium term.

These recent developments have led to a significant and very rapid rise in interest rates. The spot 10-year Australian Commonwealth Government bond yield increased from 1.68% as at 31 December 2021, to a high of 4.19% on 15 June 2022. It has since decreased to 3.93%. Similar movements in the yields of government securities can be seen globally.

During these periods of massive central bank interventions, where risk-free rates appear to be abnormally or artificially low, Kroll recommends the use of normalised risk-free rates. A normalised risk-free rate is an estimate of a risk-free security that would prevail in the absence of non-market factors affecting rates. A normalised risk-free can be accomplished in a number of ways, including

- (i) simple averaging
- (ii) various “build-up” methods

The first method of estimating a normalised risk-free rate entails calculating averages of yields-to-maturity on long-term government securities over various periods. This method's implied assumption is that

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government bond yields will revert to the mean. As of September 2022, the 10-year trailing average of the 10-year Australian Commonwealth Government bond yield was 2.5%.

The second method is to normalise risk-free rates relied on build-up models based on the "Fisher equation", which consists of adding a country's projected real rate based on stabilised medium- to long-term economic conditions to the long-term expected inflation.⁶⁷ The long-term real rate cannot be observed directly in the market but there are academic papers that provide attempt to estimate such rate. In the case of Australia, we found that these estimates ranged between (0.3) to 1.0.⁶⁸ For the second component of the equation, we use a number of well-established surveys and economic forecasting providers, to arrive at consensus estimates for long-term expected inflation in Australia. As of April 2022, the long-term estimates of inflation ranged from of 2.5% to 2.8%.⁶⁹ Based on this approach we arrived at a normalised risk-free rate of 3.7%.

Method 1: Long-Term Average		
10-Year Commonwealth Government Securities: ¹		
- Spot Rate	3.9%	
- Seven-day average	3.7%	
- Long-Term (10-year) Trailing Average Yield	2.5%	
Method 2: Fisher Equation		
Estimated Long-term Real Risk-Free Rate	Range (0.3%) to 1.0%	Median 0.9%
Expected Long-term Inflation	2.5% to 2.8%	2.6%
Range of Estimates	2.2% to 3.8%	3.5%
Concluded Normalised Risk-free Rate	3.7%	

Source: Kroll analysis

Notes:

1. Source RBA and Capital IQ

Equity risk premium

The equity risk premium (ERP) represents the required return for bearing the incremental risk of investing in a diversified portfolio of equities rather than investing in a risk-free asset (such as a government bond of a government considered safe of default). A forward-looking ERP is not directly observable in the market. Accordingly, valuation practitioners typically utilise historical data to estimate ERP. However, it is important to understand the level of risk-free rates used to measure the historical ERP and whether the resulting combination of risk-free rate and ERP result in a reasonable proxy for a forward-looking base cost of equity.

To the extent that the realised (i.e., historical) ERP equates on average to expected premiums in prior periods, the historical average ERP may be a useful starting point in developing a current forward-looking ERP estimate. A reason one might look to the historical ERP is that the expectations of investors will be framed from their experiences, and the average historical ERP might be expected to have an influence on investors' expectations about the future. Hence there is usually at least some reliance on average historical ERPs when developing current forward-looking ERP estimates.

However, this does not mean that the ERP estimate should be static over time. Periods of market stability (low volatility) likely indicate that the current forward-looking ERP estimate is below the historical average, and periods of heightened volatility likely indicate that the current forward-looking ERP estimate is above the historical average. The COVID-19 pandemic upended the global economy and created an even higher

⁶⁷ This is a simplified version of the "Fisher equation", named after Irving Fisher. Fisher's "The Theory of Interest" was first published by Macmillan (New York), in 1930. To be more precise, nominal interest rates incorporate not just inflation expectations, but also compensation for bearing inflation risk. In other words, inflation compensation economically consists of two components: expected inflation (the rate of inflation over the term of the risk-free investment) plus an inflation risk premium (the risk that expected inflation will increase or decrease relative to expected inflation). In essence, the inflation risk premium is related to the dispersion of forecasts of market participants around the expected future inflation rate. The greater the dispersion, the greater the uncertainty, the higher the premium demanded by investors to compensate for this risk.

⁶⁸ Nugent, T., and Tapas Strickland, "What does monetary policy neutrality look like today?", Australia Markets Weekly, June 2021, National Australia Bank; Guttmann, R., D. Lawson, and P. Rickards, "The Economic Effects of Low Interest Rates and Unconventional Monetary Policy", RBA Bulletin—September 2020. Bulletin, (September); McCrick, Rachael, and Daniel Rees, 2017 "The Neutral Interest Rate", RBA Bulletin, September Quarter 2017.

⁶⁹ Consensus Economics, Economist Intelligence Unit, IHS Markit, International Monetary Fund, Oxford Economics, and PwC.



level of uncertainty about short-term and medium-term economic growth prospects. Australia, like most countries in the world, adopted a lockdown policy that restricted population movement and closed businesses. The shape and the time of the recovery are still uncertain. As such, a higher ERP than historical averages could be appropriate, particularly if we were relying on a spot 10-year yield as a proxy for the risk-free rate.

The historical ERP has been estimated from an Australian investor perspective over different periods by various researchers and regulatory authorities. In forming our view we have had particular regard to the work of Dr Bishop,⁷⁰ as summarised and updated in “Appendix 3B: Additional Sources of Equity Risk Premium Data – Australia” in the *2021 Valuation Handbook – International Guide to the Cost of Capital*, published by Duff & Phelps (a Kroll business).⁷¹ Dr. Bishop estimated the historical Australian ERP for the period of 1900–2020 under different investor perspectives: (i) an Australian investor (in Australian Dollars, or AUD) with access to (i.e., eligible to receive) imputation tax benefits; (ii) an investor in AUD without access to imputation tax benefits.

The geometric average and the arithmetic average realised ERP were both calculated relative to Australian long-term government bonds. Both the geometric and arithmetic average ERP indications were estimated directly from the underlying data. We consider the arithmetic average to be more relevant for the valuation of businesses. The analysis indicated an arithmetic average ERP of 6.8% for an investor with access to imputation benefits and 6.4% for an investor without access to imputation benefits.

In order to be consistent with the approach we adopted to estimate the risk-free rate (based on a normalised estimate), we have applied a long-term view in determining the ERP. On this basis we consider an ERP of 6.0% as appropriate for the long-term investment climate in Australia.

Furthermore, an ERP of 6.0% is also within the range determined in various other academic studies and adopted by Australian regulators in recent decisions.

Beta

In selecting an appropriate beta to apply to Tassal, Kroll has considered Tassal’s beta as well as betas for selected listed companies engaged in the Australian and international salmon farming and aquaculture sectors as at 31 December 2019 and currently so as to illustrate any impact of the COVID-19 pandemic.

⁷⁰ Bishop, S., T. Carlton and T. Pan, “Market Risk Premium; Australian Evidence” Research Paper for the CAANZ Business Valuation Specialist Conference, 13- 14 August, 2018.

⁷¹ The *2021 Valuation Handbook – International Guide to the Cost of Capital* is available in the Cost of Capital Navigator online platform.

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Pre-COVID-19 pandemic

Comparable companies betas as at 31 December 2019 are summarised as follows.

Comparable Companies Betas as at 31 December 2019

Company Name	Market Cap (A\$ millions)	BARRA (Levered)			Capital IQ (Local Index) ¹			
		Global Predicted	Local Predicted	Global Historical	2 Year Weekly		5 Year Monthly	
					Levered	Unlevered	Levered	Unlevered
Australia								
Tassal Group	862.7	0.86	0.83	0.64	0.85	0.73	0.62	0.55
Huon Aquaculture Group	393.9	0.64	0.51	0.29	0.45	0.34	0.36	0.30
Seafarms Group	148.4	0.99	0.96	0.54	1.02	0.90	0.90	0.84
Murray Cod Australia	86.8	0.82	0.79	0.27	0.28	0.29	na ²	na
Clean Seas Seafood	72.1	0.95	0.84	0.43	0.34	0.32	1.33	1.34
New Zealand								
Sanford Limited	713.4	0.58	0.49	0.33	0.54	0.46	0.24	0.20
New Zealand King Salmon	273.4	0.64	0.60	0.26	0.58	0.55	na	na
Chile								
Multiexport Foods	910.1	0.83	0.59	0.38	0.46	0.46	1.12	1.12
Salmones Camanchaca	793.4	0.65	0.71	0.06	na	na	na	na
Norway								
Mowi ASA	19,107.3	0.46	0.54	0.02	0.48	0.47	0.33	0.32
SalMar ASA	8,215.2	0.55	0.63	0.17	0.71	0.68	0.25	0.24
Lerøy Seafood	5,621.3	0.67	0.67	0.23	0.73	0.68	0.48	0.44
Austevoll Seafood	2,942.8	0.67	0.71	0.16	0.84	0.75	0.34	0.30
Grieg Seafood	2,509.1	0.60	0.64	0.18	1.01	0.89	0.61	0.51
Norway Royal Salmon	1,682.2	0.47	0.52	0.12	0.38	0.37	0.82	0.77
Atlantic Sapphire	1,488.8	0.53	0.35	0.28	0.35	0.35	na	na
Icelandic Salmon	400.8	na	na	na	na	na	na	na
International								
P/F Bakkafrost	6,224.6	0.52	0.53	0.20	0.42	0.41	0.09	0.09
Maximum	19,107.3	0.99	0.96	0.64	1.02	0.90	1.33	1.34
Minimum	72.1	0.46	0.35	0.02	0.28	0.29	0.09	0.09
Mean	2,519.9	0.67	0.64	0.27	0.59	0.54	0.58	0.54
Median	793.4	0.64	0.63	0.26	0.51	0.47	0.48	0.44

Source: Barra and Capital IQ.

Notes:

- Capital IQ (Local Index) two-year and five-year levered betas are based on each of the comparable companies' correlation with a relevant local index. Two-year and five-year unlevered betas are calculated using the respective company's average two and five-year debt to equity (D/E) ratio. D/E is defined as Net Debt divided by the summation of Market Capitalisation and Minority interests. Barra betas as at 31 December 2019.
- "na" is not applicable.

Prior to the COVID-19 pandemic, salmon markets worldwide had been increasing in volume and value, reflecting a strong underlying demand for the product. Each producing region (i.e., Europe, Chile, the US and Australia) tends to sell their product into their local market or export it to nearby markets. A high price differential is required to justify overseas trade due to the cost of freight, given the product is marketed mainly fresh. Therefore, companies enjoyed a strong geographical entry barrier to their local markets and consequently less price elasticity⁷². Short-term pricing is subject to seasonal demand volatility, however prices experienced an increasing trend over the prior decade.

As at 31 December 2019:

- comparable companies appear to have been more influenced by movements in their local markets than global markets;
- two-year betas were generally higher than five-year betas;
- Tassal's predicted Barra beta (local index) was 0.83 and based on information from Capital IQ, its two-year weekly beta was 0.85 and its five-year monthly beta was 0.62;

⁷² Australia's bio-diversity rules add to this geographic entry barrier.



- the most comparable company, Huon, had a predicted Barra beta (local index) of 0.51, a two-year weekly beta of 0.45 and a five-year monthly beta of 0.36. The relatively lower beta compared to Tassal may reflect the companies' relative exposure to the export market; and
- the median predicted Barra beta (local index) was 0.64, the two-year median weekly beta was 0.51 and the median five-year monthly beta was 0.48. As mentioned, this likely reflects differences in local markets.

Post-COVID-19 pandemic

Comparable Companies Betas as at 23 September 2022

Company Name	Market Cap (A\$ millions)	BARRA (Levered) ¹			Capital IQ (Local Index) ¹			
		Global Predicted	Local Predicted	Global Historical	2 Year Weekly		5 Year Monthly	
					Levered	Unlevered	Levered	Unlevered
Australia								
Tassal Group	756.2	0.78	0.73	0.29	0.52	0.35	0.64	0.49
Clean Seas Seafood	98.5	0.96	0.82	0.32	0.42	0.44	1.03	1.02
Murray Cod Australia	130.1	1.51	1.14	0.84	1.29	1.35	0.34	0.35
Seafarms Group	58.4	1.42	1.17	0.50	0.43	0.45	1.37	1.35
New Zealand								
Sanford Limited	346.0	0.69	0.62	0.17	0.34	0.25	0.43	0.34
New Zealand King Salmon	102.6	1.06	0.88	0.22	0.96	0.77	0.98	0.87
Chile								
Multiexport Foods	483.8	0.85	0.72	0.33	0.88	0.88	0.95	0.95
Salmones Camanchaca	378.3	0.80	0.78	0.50	0.77	0.77	na	na
Norway								
Mowi ASA	13,326.3	1.01	0.59	0.51	0.98	0.97	0.92	0.91
SalMar ASA	9,940.7	0.91	0.53	0.36	0.64	0.60	0.57	0.54
Lerøy Seafood	5,231.2	1.00	0.57	0.47	0.98	0.88	0.89	0.81
Austevoll Seafood	2,773.1	1.04	0.62	0.53	1.01	0.86	1.01	0.86
Grieg Seafood	1,626.6	1.01	0.69	0.42	1.15	0.92	0.86	0.71
Norway Royal Salmon	1,595.0	1.02	0.65	0.33	0.39	0.33	0.29	0.27
Icelandic Salmon	759.3	0.90	0.44	0.36	0.59	0.59	na	na
Måsøval	756.4	0.89	0.43	0.38	na	na	na	na
Frøy	546.2	1.08	0.49	0.48	na	na	na	na
Atlantic Sapphire	252.9	2.01	1.10	0.52	1.53	1.52	1.51	1.51
International								
P/F Bakkafrost	4,399.0	1.04	0.60	0.58	0.88	0.84	0.63	0.60
Arctic Fish	464.4	1.05	0.52	0.30	na	na	na	na
Maximum	13,326.3	2.01	1.17	0.84	1.53	1.52	1.51	1.51
Minimum	58.4	0.69	0.43	0.17	0.34	0.25	0.29	0.27
Mean	2,277.3	1.07	0.70	0.43	0.83	0.78	0.84	0.79
Median	546.2	1.01	0.62	0.42	0.88	0.80	0.91	0.84

Source: Barra and Capital IQ.

Notes:

- Market capitalisation and Capital IQ betas are calculated as at 23 September 2022 other than Tassal, which is calculated as at 22 June 2022, the last undisturbed trading day and NRS, which was calculated as at 29 May 2022, the day before the announcement of its acquisition by SalMar. Barra betas as at 31 August 2022, other than Tassal which is calculated as at 31 May 2022 and NRS, which was calculated as at 30 April 2022.

Betas for comparable companies responded to the impact of the COVID-19 pandemic differently depending on their location. Following the initial impact of the COVID-19 pandemic, food producing companies were deemed 'essential services' and were allowed to continue trading. Tassal was among those companies. While demand from the OOH channel was disrupted given the closure of food services (such as restaurants) during the mandated lock-down periods, online and supermarket demand (the Grocery channel) remained resilient. During 2020 and 2021 international salmon prices were negatively impacted, in some cases returning to 2012 levels. Prices however improved substantially in 2022. Pricing volatility had a larger impact in companies with greater exposure to exports than to local markets.

As at 23 September 2022:

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- companies that are more exposed to the export market, mainly located in Norway, appear to be more influenced by international pricing volatility, and more recently by the increase in supply-chain costs caused by the escalation of the recent Russia-Ukraine conflict;
- overall, betas are similar when calculated over a two-year period and five-year period;
- Tassal predicted Barra beta (local index) was 0.73, its two-year weekly levered beta (as at 22 June 2022, the last trading day prior to the Offer) was 0.52 and its five-year monthly beta was 0.64;
- the most comparable company, Huon, was acquired by JBS in November 2021. The other listed Australian companies presented in the table above are not directly comparable to Tassal and are generally smaller. Further we note that Murray Cod Australia has a two-year beta of 1.29 and a five-year beta of 0.34. This divergence from the other comparable companies may be due to the fact that it is not exposed to export markets to the same extent as Tassal and its free-floating shares only amount to approximately 49.6% of the total shares outstanding;
- Clean Seas Seafood and Seafarms Group both are exposed to the local and export markets. Their Barra betas (local index) are 0.82 and 1.17 respectively and are higher than Tassal's predicted Barra beta (local index); and
- the median predicted Barra beta regressed against the respective local indices was 0.62, the median two-year weekly beta was 0.88 and the median five-year monthly beta was 0.91.

While Tassal was able to continue to trade during the COVID-19 pandemic lockdowns and benefited from strong local sales, it was exposed to international prices falls. More recently, supply-chain costs have eroded some of its profit margin due to elevated airfreight. The impact of this volatility is seen to a greater extent in the betas of companies that are more focused on exports, especially those in Norway. Companies in Norway that have global operations have been able to manage their risk through geographic diversification. In this regard, the benefit of an operation like Tassal's is that it would seasonal diversification compared to northern hemisphere operations, although at lower volumes.

The nature of the increase in supply-chain costs is systematic, given it stems from the escalation of the Russia-Ukraine conflict, which has impacted the cost of energy and raw materials globally. While Tassal has been able to pass through some cost increases, and salmon continues to enjoy strong demand, these systematic risks are likely to continue in the short to mid-term being magnified by the increasing inflation in Australia and globally and may be difficult to manage. In particular consecutive interest rate increases are eroding the disposable income available to households, who may revert to less expensive food sources temporarily.

Although many of these risks are expected to subside in the long term, investors may require higher returns to compensate them for the uncertainty around the timing of any resolution of the geopolitical conflicts and of an eventual decrease in inflation.

Intuitively, we would expect the beta for a consumer staple business in Australia to be 1 or less than 1. In selecting a beta for Tassal, we have sought to balance these factors noting that significant judgement is necessary. On balance, having regard to the factors discussed above Kroll has selected an unlevered beta for Tassal in the range of 0.7 to 0.8. Based on our selected market gearing of 33.3%, this results in a levered beta in the range of 0.86 to 0.99.

Gearing

In selecting an appropriate gearing ratio for Tassal for the purpose of re-leveraging our selected asset beta, we have considered the gearing levels of comparable companies as well as Tassal's forecast gearing.



The gearing ratios for the selected comparable companies are set out as follows.

Comparable Companies Gearing

Company Name	Market Cap (A\$ millions)	Average Gearing			
		As at 31 Dec 2019		As at Current Date	
		2 Year	5 Year	2 Year	5 Year
Australia					
Tassal Group	756.2	19.1%	16.8%	41.2%	29.2%
Clean Seas Seafood	98.5	6.5%	(1.5%)	(7.1%)	0.1%
Murray Cod Australia	130.1	(6.4%)	na	(7.7%)	(4.6%)
Seafarms Group	58.4	15.9%	9.5%	(13.1%)	(0.5%)
New Zealand					
Sanford Limited	346.0	21.0%	22.0%	32.5%	25.8%
New Zealand King Salmon	102.6	6.6%	na	25.2%	13.3%
Chile					
Multiexport Foods	483.8	0.0%	0.0%	0.0%	0.0%
Salmones Camanchaca	378.3	0.0%	na	0.1%	0.0%
Norway					
Mowi ASA	13,326.3	1.3%	1.5%	1.6%	1.5%
SalMar ASA	9,940.7	4.9%	7.0%	7.9%	6.5%
Lerøy Seafood	5,231.2	8.0%	9.5%	12.6%	11.5%
Austevoll Seafood	2,773.1	13.3%	16.8%	18.2%	17.4%
Grieg Seafood	1,626.6	14.9%	19.5%	23.6%	21.2%
Norway Royal Salmon	1,595.0	3.5%	6.5%	17.8%	10.3%
Icelandic Salmon	759.3	na	na	0.6%	na
Måsøval	756.4	na	na	23.9%	na
Frøy	546.2	na	na	45.0%	na
Atlantic Sapphire	252.9	(0.1%)	na	0.7%	(0.1%)
International					
P/F Bakkafrost	4,399.0	2.9%	3.1%	6.2%	4.3%
Arctic Fish	464.4	na	na	8.8%	na
Maximum	13,326.3	21.0%	22.0%	45.0%	25.8%
Minimum	58.4	(6.4%)	(1.5%)	(13.1%)	(4.6%)
Mean	2,277.3	6.2%	8.5%	10.3%	7.1%
Median	546.2	4.9%	7.0%	7.9%	4.3%

Source: Capital IQ

Note:

- Gearing is net debt (including leases) divided by the sum of net debt and market capitalisation as at 23 September 2021.

For any company, there is likely to be a level of gearing that represents the optimal capital structure for that company. In estimating a discount rate, the gearing assumption should reflect this optimal or target capital structure, however, "optimal" as opposed to "actual" capital structures are not readily observable. In practice, both the existing capital structure and those of comparable businesses are used as a guide taking into account the specific circumstances of the relevant entity.

The Australian comparable companies have substantially lower debt than Tassal, which is a reflection of factors such as the degree of development of the companies and the COVID-19 pandemic, which delayed the funding of capital projects, and prompted capital management initiatives. Gearing ratios for the international comparable companies also vary depending on the maturity of the company and stage in the investment cycle. As at the current date, Tassal's market gearing is 41.2% when measured over a two-year period and 29.2% when measured over a five-year period. Its current market gearing is 41.3%.

Tassal target gearing ratio is 20% to 30%. In the Strategic Plan Model, it is expected that gearing excluding finance lease liabilities will decrease from 39.6% in 2022 to 21.2% in 2027 and that the gearing including finance lease liabilities will decrease from 63.2% in 2022 to 32.9% in 2027.

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Having regard to these factors, we have selected a gearing ratio of 33.3% for Tassal.

Pre-tax cost of debt

For the purposes of assessing fair value however, we estimated a cost of debt from the perspective of the likely debt rate that would apply to Tassal if acquired by an external market participant. We have approximated the long term, pre-tax cost of debt for each business unit with the following methodology:

- using our long-term risk-free rate (3.7%) as a base;
- adding the credit risk spread between the five-year BBB rated Australian corporate bonds and five-year Australian Government bonds (2.0%);
- subtracting the yield differential between five- and 10-year bonds (-0.26%);
- considering the yield reduction that Tassal receives if it meets all of the sustainability criteria on its SLL; and
- applying an additional premium (0.5%) to provide a range reflecting refinancing costs and credit sustainability risk.

Based on the above, a long-term pre-tax cost of debt in the range of 5.40% to 5.90% is considered to be appropriate for a commercial business operating in a competitive market.

We note that the agreed yield reduction that Tassal receives under the SSL is a maximum of 0.05% if all the sustainability criteria are met. We consider this immaterial in relation to our long-term pre-tax cost of debt rate as this would mean a maximum yield reduction which is less than 1% of the low end of the long-term pre-tax cost of debt rate.

Tax rate

We have adopted a corporate tax rate of 30% based on the Australian statutory corporate tax rate. No adjustment has been made for franking credits as these are reflected in the cash flows.

Company specific risk premium (alpha)

Under CAPM theory, it is assumed that diversified investors require no additional returns to compensate for specific risks because across a diversified portfolio the net effect of specific risks will on average, be zero. In practice, many investors include an additional risk premium to reflect company specific factors or risks which may not otherwise be captured in financial forecasts and it is common for companies to set hurdle rates for investments above their own estimates of the cost of capital to deal with these issues. Such adjustments are, however, not able to be observed and are inherently subjective.

As discussed, the specific risks of Tassal have been captured in a scenario analysis, with the selected valuation range based on a weighting towards the scenarios that best account for these specific risks. Accordingly, to avoid double counting, no allowance for company specific risk has been included in the determination of the discount rate.

Cross-check

As a cross check to our cost of equity we have considered analysis of recent reports on Tassal by brokers which indicate that they are utilising a WACC in the range 7.30% to 9.80% in their valuation models. This range straddles the range of WACC selected by Kroll. We note that there are significant limitations in this evidence as a number of the brokers do not provide details of the assumptions they have utilised in the build-up of their discount rate.

Appendix 6 – Market evidence

Comparable transactions

The following tables set out the key comparable transactions within the salmon farming industry.

Comparable Transactions Earnings Multiples

Announcement Date	Target	Acquirer	Country of Target	Percentage Acquired (%)	Enterprise Value (100%) (A\$ millions)	EV/EBITDA (times)			Premium / (discount) based on 1 week VWAP (%)
						Historical	FY+1 ⁸	FY+2	
May 2022	NRS	SalMar	Norway	100.0	1,977.4	25.8 ¹	17.2	9.5	9.8
Feb 2022	NTS	SalMar	Norway	52.7	5,356.1	22.0 ²	15.3	10.8	16.6
Aug 2021	Huon	JBS Australia	Australia	100.0	720.6	11.8 ³	10.8	8.4	38.2
Jul 2021	NRS	NTS	Norway	31.3	2,041.4	20.1 ⁴	20.3	10.2	38.6
Sep 2019	The Scottish Salmon Company	Bakkafrost	United Kingdom	68.6	949.1	10.3 ⁵	9.0	na	(2.3)
Nov 2018	Australis Seafoods	Beijing Joyvio Zhongcheng	Chile	95.3	1,391.6	11.8 ⁶	na	na	35.0
Aug 2018	AquaChile	AGROSUPER	Chile	67.0	1,399.9	8.0 ⁶	na	na	24.1
Aug 2017	NTS	Midt-Norsk Havbruk	Norway	100.0	270.1	9.4 ⁷	na	na	na

Source: S&P Capital IQ, Merger Market, Company financial statements, Kroll analysis

Notes:

1. Operating EBITDA is based on a last twelve months (LTM) basis ending June 2022
2. Operating EBITDA is based on a LTM basis ending March 2022.
3. Based on the average of FY18-20 operating EBITDA
4. Based on the average of FY18 and FY19 operating EBITDA
5. Operating EBITDA is based on the year ended June 2019
6. Operating EBITDA is based on the year ended June 2018
7. Operating EBITDA is based on the period ended June 2017
8. FY+1 and FY+2 multiples are based on brokers forecasts at the time of each transaction

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued



Comparable Transactions Multiples of Harvest Size

Announcement Date	Target	Acquirer	Country of Target	Percentage Acquired (%)	Enterprise Value (100%) (A\$ millions)	EV(A\$)/kg		
						FY ¹ EV/kg	FY+1 ² EV/kg	FY+2 EV/kg
May 2022	NRS	SalMar	Norway	100.0	1,977.4	40	44	31
Feb 2022	NTS	SalMar	Norway	52.7	5,356.1	64	65	53
Aug 2021	Huon	JBS Australia	Australia	100.0	720.6	20	21	21
Jul 2021	NRS	NTS	Norway	31.3	2,041.4	67	43	36
Sep 2019	The Scottish Salmon Company	Bakkafrost	United Kingdom	68.6	949.1	29	na	na
Nov 2018	Australis Seafoods	Beijing Joyvio Zhencheng Technology	Chile	95.3	1,391.6	24	na	na
Aug 2018	AquaChile	AGROSUPER	Chile	67.0	1,399.9	14	na	na
Aug 2017	NTS	Midt-Norsk Havbruk	Norway	100.0	270.1	na	na	na

Source: S&P Capital IQ, Merger Market, Company financial statements, Kroll analysis

Notes:

1. EV/kg is calculated based on the production of the target company in the latest financial year close to the time of the transaction
2. FY+1 and FY+2 multiples are based on company announcements and brokers forecasts at the time of each transaction



Norway Royal Salmon AS / SalMar ASA

SalMar ASA (**SalMar**) and Norway Royal Salmon AS (**NRS**) entered into a merger plan on 30 May 2022 whereby SalMar will acquire NRS for a consideration of NOK 11.1 billion based on an exchange ratio of 0.369 shares of SalMar for every one share of NRS. This results in a value of NOK 265.18 per share for NRS which represents a premium of 9.8% to the 1 week trading day VWAP.

The merger is conditional on NRS's takeover of SalmoNor, a private company (announced on 11 January 2022, at an implied enterprise value of A\$1,309 million and subject to shareholder approval) being carried out immediately prior to the completion of the merger, and that all conditions for the implementation of SalMar's voluntary offer for the shares in NTS have been fulfilled or terminated, or the voluntary offer has been completed. The merger is expected to complete by the third quarter of 2022. The implied EBITDA multiple of the transaction is 25.8 times which reflects significant expected synergies, such as improved utilisation of the combined MAB along with improvement in operations and cost structure. The current NRS salmon MAB is 36,085 tonnes in Norway and 21,800 tonnes (plus 5,300 tonnes in trout licences) in Iceland. The Merger will result in SalMar being the second largest salmon producing company in the world.

NTS ASA / SalMar ASA

On 14 February 2022, SalMar made an offer to acquire NTS ASA (**NTS**) for NOK 15.1 billion. This offer represented a premium of 9.42% to an earlier offer made by Mowi in January 2022 that valued NTS at NOK 13.8 billion. In July 2022 the Norwegian Competition Authority approved SalMar's offer for NTS. The completion of the transaction is still subject to several conditions.

NTS ASA is an integrated aquaculture company providing well-boat, shipping, and service vessels businesses in Norway. NTS produces farmed salmon through its wholly owned subsidiary SalmoNor. SalMar ASA is one of the world's largest producers of farmed salmon and exports its products to Asia, the United States, Canada, Norway, and rest of Europe. SalMar is involved in the broodfish, lumpfish, and smolt production activities as well as and marine-phase farming, harvesting, packaging, processing, and selling farmed salmon. SalMar has a production capacity of 175,000 metric tonnes (**MT**) of salmon while NTS combined capacity is 124,000 MT. Together, the merged company will become the world's second largest salmon farmer.

The implied EV/EBITDA multiple of 22.0 times likely reflects Salmar's expectation of realising significant synergies through the more efficient utilisation of the common resources of both companies. The multiple also reflects the competitive bidding process between SalMar and Mowi.

Huon Aquaculture Group Limited / JBS Australia Pty Limited

On 6 August 2021, JBS Australia Pty Limited (**JBS Australia**) entered into a Scheme Implementation Deed to acquire Huon Aquaculture Group Limited (**Huon**) from a group of shareholders for approximately A\$420 million. Huon is engaged in the hatching, farming, processing, marketing, and selling of Atlantic salmon and ocean trout in Australia. The acquisition would enable JBS, a beef, poultry, pork and lamb producer, entry into salmon farming, which as mentioned previously is characterised by strong barriers to entry in Australia. Huon operates 13 marine aquaculture sites farming salmon and trout, three processing facilities, and sales and marketing vehicles.

Huon's financial performance was significantly impacted in FY21 due to the COVID-19 pandemic which initially resulted in lower salmon prices. Huon's operating EBITDA declined by 74% in FY21. As such, the implied EV/EBITDA multiple of 11.8 times is calculated based on the average operating EBITDA of FY2018, FY2019 and FY20 to exclude the impact of the COVID-19 pandemic. The implied EBITDA multiple of 11.8 times is in consistent with the median of the multiples of the comparable transactions.

Norway Royal Salmon AS / NTS ASA

On 16 July 2021, NTS ASA made an offer to acquire NRS pursuant to its acquisition of a 14.45% interest in NRS from Masoval AS (which resulted in NTS owning 34.57% of NRS). The offer was to acquire the remaining 65.43% interest at a price of NOK 209 per share. The offer price was revised to NOK 240 per share on 11 August 2021 and represented a premium of 38.6% with respect to the one week trading VWAP of NRS. On 26 August 2021 which was the last date of the offer, NTS acquired 31.3% in NRS for NOK 3.2 billion. NTS expects significant synergies from the acquisition.

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued



On 20 August 2021, SalMar made a voluntary cash offer to acquire stake in NRS at a price of NOK 270 per share. The offer was only valid if it reached a minimum 50% interest. SalMar cancelled the acquisition on 26 August 2021, after NTS became the owner of more than 50% of the shares in NRS.

Established in 1992, NRS has 36,085 MT of MAB for salmon farming in Troms and Finnmark in Norway, and 17,800 MT of MAB for salmon farming and 5,300 MT of MAB for trout farming in Iceland through the company Arctic Fish. It also holds a minority interest in two associated Norwegian fish farming companies which together own nine fish farming licenses. operating EBITDA in FY20 declined by 44% to NOK360 million due to the impact of the COVID-19 pandemic. As such the implied EBITDA multiple is based on the average of the operating EBITDA from FY2018 and FY2019. The implied EBITDA multiple of 20.1 times is on the higher end of the range of multiples which may be due to the competitive bidding process between Salmar and NTS.

The Scottish Salmon Company PLC / P/F Bakkafrøst

On 25 September 2019, P/F Bakkafrøst (**Bakkafrøst**) completed the acquisition of a 68.6% stake in The Scottish Salmon Company PLC (**The Scottish Salmon Company**). As a result of the acquisition, Bakkafrøst's total shareholding in The Scottish Salmon Company increased to 77.8%. The Scottish Salmon Company produces, processes, markets, and sells Scottish seafood products (primarily Scottish Salmon) in Scotland. Bakkafrøst, together with its subsidiaries, produces and sells salmon products under the Bakkafrøst and Havsbrún brands mainly in North America, Western Europe, Eastern Europe, and Asia.

The Scottish Salmon Company was valued at an implied EV/EBITDA multiple of 10.3 times. The acquisition was expected to provide Bakkafrøst with exposure to the premium Scottish salmon farming region with potential for synergies. The Scottish Salmon Company owned exclusive genetic rights to grow Native Hebridean Salmon, which it claimed to be stronger and leaner, than Atlantic salmon.

Australis Seafoods S.A. / Beijing Joyvios Zhencheng Technology Company Co., Ltd.

On 18 November 2018, Beijing Joyvio Technology Company Co., Ltd. (**Beijing Joyvio**) completed the acquisition of a 95.26% stake in Australis Seafoods S.A. (**Australis Seafoods**). Australis Seafoods produces, markets, and sells salmon in Chile and the global market. Its products include Atlantic salmon, Pacific salmon, and trout. Its activities involve breeding, growing and harvesting salmon. At the time of acquisition, Australis produced approximately 64,000 tonnes of salmon per year, accounting for 9% of Chile's total salmon production. Beijing Joyvio, a subsidiary of Joyvio Food Co. Ltd is mainly engaged in the fruit, animal protein and processed food businesses in China.

The implied EBITDA multiple of 11.8 times reflected Beijing Joyvio's expectation of strengthening its brand and market influence in the seafood businesses.

Empresas AquaChile S.A. / AGROSUPER S.A.

On 4 August 2018, Agrosuper S.A. (**AGROSUPER**) signed an agreement to acquire a 67% interest in Empresas AquaChile S.A. (**AquaChile**) for a consideration of US\$570 million. The offer price for the acquisition was US\$ 0.73 per share which was at a premium of 24% over AquaChile's one week trading day VWAP. Additionally, Agrosuper launched a public offer of shares to acquire the remaining 33% interest in AquaChile. AquaChile produces and distributes aquaculture products in Chile and globally. Its product offering includes Atlantic and Coho salmon, Sea trout, Verlasso, and Tilapia. AGROSUPER is engaged in the production, distribution, and marketing of chickens, pork, turkey, salmon, and processed foods.

The implied EBITDA multiple of 8.0 times which is lower than the multiples of the other recent transactions. The lower multiple likely accounts for the high risk of bacterial diseases in some Chilean aquaculture regions.

Midt Norsk Havbruk AS / NTS ASA

On 19 April 2017, Midt-Norsk Havbruk AS (**MNH**) entered into an agreement to acquire NTS in a reverse merger transaction. The transaction was carried out through a rights issue giving MNH control over 66% of NTS shares. NTS is an integrated aquaculture company which is engaged in the aquaculture, well-boat, shipping, and service vessels businesses in Norway. NTS provides services to power companies, port developers, ship owners, and the aquaculture industry. MNH was a provider of fish farming services focused on salmon farming in Norway. The company's fish farming services include breeding, processing and distribution of fresh-water salmon.



Comparable companies

The public salmon farming comparable companies we refer to in this section are based and listed in the countries that are suitable for salmon farming, being Norway, New Zealand, Chile, the Faroe Islands and Iceland. The largest companies are based in Norway, the Faroe Islands and Iceland, which together produced 1.5 million tonnes in 2022, while their local market only consumed 43,000 tonnes.⁷³ Therefore most of the production from those countries is exported to Europe, Asia and North America. In Australia, the only directly comparable company, Huon, was acquired by JBS in November 2021 and is no longer listed. The Australian listed companies we have selected, while not producing salmon, farm other types of seafood to sell mainly into the Australian market and are therefore subject to similar market forces, such as demand and regulation.

It is difficult to compare salmon farming companies between countries as a result of differences in:

- **regulatory environment:** regulatory restrictions tend to differ between countries and to a certain extent depend on local federal and state governments, as relevant. The policies in relation to the granting of leases can differ depending on governments. As an example, recently the Tasmanian state government announced a long term plan regarding salmon farming which is based on four principles including no net increase in leased farming areas in Tasmanian waters. Other practices, like those related to the management of predators (i.e. seals) and diseases can also differ from country to country depending on the inherent conditions of each country;
- **farming areas:** while salmon farming licences restrict production in all markets, the relative availability of farming areas can be significant. Tasmanian water temperature is the only suitable for salmon farming in Australia, however, the availability of farming areas is small compared to the vast salmon farming areas in Norway;
- **local and export markets:** as mentioned previously, a barrier to entry into this industry is the distance between production sites and consumer markets since salmon is typically marketed fresh. In Australia, the most significant proportion of the production is sold to the Australian local market and therefore Tassal is more subject to local market price volatility than to export market price volatility. Major Norwegian companies are more exposed to export markets price volatility given their export volumes;
- **production shocks:** production shocks due to disease and weather events can affect particular companies or regions;
- **diversity of products:** often companies farm different species, which are subject to different market factors. The Australian listed companies we have selected, while not producing salmon, farm other types of seafood. Given they sell mainly into the Australian market they are subject to similar market forces, such as demand and regulation. However, the degree of regulation, costs, price variations, and exposure to diseases can vary significantly between species; and
- **accounting treatment and taxation regime:** the accounting treatment of significant assets, such as land and marine leases can be different between countries. Similarly, taxation of marine farming can differ depending on federal and local governments.

The following table sets out trading multiples for the comparable companies to Tassal. It presents the forecast EV to EBITDA multiples for the three financial years (FY+1, FY+2 and FY+3) following the last available full financial year (FY) for each comparable company. These forecast multiples are based on brokers consensus. While we have considered the implied multiples based on the latest available FY, we are of the view that they do not represent a normalised level of trading given the impact of the COVID-19 pandemic. We have therefore placed more reliance on the forecast multiples.

⁷³ "Salmon Farming Industry Handbook 2022". Mowi

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued



Comparable Companies Earnings Multiples

Company Name	Market Cap ² (A\$ millions)	Enterprise Value (A\$ millions)	EV/EBITDA (times)		
			FY + 1	FY + 2	FY + 3
Australia					
Murray Cod Australia	130.1	111.1	nmf	nmf	nmf
Clean Seas Seafood	98.5	93.1	12.4	10.2	8.4
Seafarms Group	58.4	41.4	na	na	na
New Zealand					
Sanford Limited	346.0	535.1	9.0	7.5	6.6
New Zealand King Salmon	102.6	152.2	nmf	10.1	8.6
Chile					
Multiexport Foods	483.8	567.6	na	na	na
Salmones Camanchaca	378.3	512.2	5.4	4.3	4.1
Norway					
Mowi ASA	13,326.3	15,941.9	7.6	7.6	7.5
SalMar ASA	9,940.7	11,314.1	13.2	12.6	11.5
Lerøy Seafood	5,231.2	6,376.2	8.9	7.8	7.5
Austevoll Seafood	2,773.1	5,742.6	6.3	6.2	5.6
Grieg Seafood	1,626.6	1,919.7	5.3	6.3	5.6
Norway Royal Salmon	1,595.0	2,050.9	19.0	8.8	8.4
Icelandic Salmon	759.3	802.3	7.7	9.5	9.3
Måsøval	756.4	1,068.5	10.9	9.6	6.7
Atlantic Sapphire	252.9	316.7	nmf	15.1	3.5
International					
Bakkafrost	4,399.0	4,924.5	10.0	9.0	8.0
Arctic Fish	464.4	514.6	23.6	10.4	8.6

Source: S&P Capital IQ, Bloomberg, Refinitiv, Company financial statements; Kroll analysis

Note:

1. The companies presented report on different financial year-ends. The data presented for each company under the FY column corresponds to the most recent historical annual result.
2. Market capitalisation as at 23 September 2022, except for NRS which was calculated as at 29 May 2022, the last trading day before the announcement of the SalMar transaction.
3. "na" means not available, "nmf" means not meaningful.

Australia

Murray Cod Australia Limited

Murray Cod Australia Limited (**Murray Cod Australia**) breeds, grows, and supplies Murray Cod as a vertically integrated producer. Unlike salmon and many other fish species, Murray Cod cannot be wild caught. Murray Cod Australia was not profitable in FY22 and FY21, although forecast earnings suggest strong EBITDA growth due to increasing presence in grocery stores. Murray Cod Australia's revenue increased by 30.7% in FY22, however, its operating EBITDA was negative due to higher cost of goods sold and other expenses. While earnings estimates are increasing, they are not expected to be positive over the next three years and reflect Murray Cod Australia's early stages of development of its operations.

Clean Seas Seafood Limited

Clean Seas Seafood Limited (**Clean Seas**) is involved in the propagation, harvesting, growing and selling of Spencer Guld Hirmasa Yellowtail Kingfish, and the production and sale of fingerlings. Clean Seas serves seafood distributors and wholesalers such as restaurants and retailers. It sells its products mostly into the Australian market (57.3% in FY22, by volume), but also exports to Europe, North America and Asia.



Although Clean Seas Seafood reported negative operating EBITDA in FY21 and FY22, management expects to generate positive earnings in FY23, resulting from reductions in production costs.

Seafarms Group Limited

Seafarms Group Limited (**Seafarms Group**) is a sustainable aquaculture company which primarily builds, operates, and invests in platforms that produce fresh and frozen Crystal Bay Prawns and Crystal Bay Tiger Prawns, primarily in Australia. Fresh Prawn sales accounted for approximately 44.2% of total FY22 revenues, whilst Frozen Prawn sales account for the remaining 55.8%.

The company has not produced positive operating income in several years while at the same time its revenue levels have remained relatively stable. Seafarms Group has been undertaking a project designed to produce high-quality, year-round prawn volumes targeting export markets. However the project has suffered significant delays and is currently under review.

New Zealand

Sanford Limited

Sanford Limited (**Sanford**) owns and manages deep-water and inshore fisheries in New Zealand, engaging in the farming, harvesting, processing, storing and marketing of seafood products including orange roughy, squid, hoki, tuna, mussels and salmon. Sanford domestic sales accounted for 41.1% of FY21 total revenues and exports accounted for 58.9%. Primary export markets are North America and Australia, accounting for 17.4% and 12.3% of Sanford's FY21 revenues respectively. Sanford's FY21 EBITDA growth was impacted by the COVID-19 pandemic.

New Zealand King Salmon Investments

New Zealand King Salmon Investments Limited (NZ King Salmon) engages in the farming, processing, and sale of premium salmon products (including Whole Salmon, Fillets and Portions, Wood Roasted, Cold Smoked and other) primarily in the New Zealand market, which accounts for 40% of FY22 revenues. NZ King Salmon also serves international markets with significant exposure to North America (accounting for 39% of FY22 revenues) and Australia (7%). By sales channel, international food service and retail accounts for 60% of total FY22 revenues. NZ King Salmon's high EBITDA multiple compared to its global peers reflects its North American channel performance. NZ King Salmon management expects negative EBITDA growth in FY23 as a result of reducing farming in the company's warmer sites. NZ King Salmon is planning to more than double its capacity as a result of an expansion to open sea farming in the Cook Strait with the first harvest as early as 2024.

Chile

Multiexport Foods S.A.

Multiexport Foods SA (**Multiexport**) operates a salmon fish farm in Chile, primarily exporting to the United States, which comprises 54% of total FY21 exports. Multiexport's products include Atlantic salmon, salmon trout, smoked salmon, and mussels. The company also exports to Japan, Central Europe and Russia, China, Korea, Southeast Asia and the rest of Latin America. In FY21 Multiexport's operating EBITDA recovered from the losses sustained in FY20, with an increase in revenue of 33% during the year. The improved financial performance was driven by an increase in the price of its products due to the recovery of demand from hotels, restaurants and cafes.

Salmones Camanchaca S.A.

Salmones Camanchaca S.A. (**Salmones Camanchaca**) provides aquaculture fishing services, primarily engaging in salmon farming operations in Chile. It produces Atlantic salmon and Coho salmon in various formats (whole, filleted, portion, block) and other seafood products such as Harasu. Salmones Camanchaca mainly exports its products to the US, Russia, Brazil, China, Mexico, Korea, and Argentina. Salmones Camanchaca forecasts significant EBITDA growth of 1,890% in FY22, reflecting an expected increase in scale of operations and lower EBITDA base in FY21. It expects to increase its total harvest to be in a range of 51 to 55 thousand tonnes in FY22 as compared to a total harvest of 42 thousand tonnes in FY21. The company's gross profit margin has improved to 16.7% in 1H 2022 as compared to -8.5% in 1H 2021.

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued



Norway

Mowi ASA

Mowi ASA (**MOWI**) operates as the largest seafood company in Norway, producing and supplying farmed salmon products globally. MOWI is the world's largest Atlantic salmon farmer with harvest volumes in 2021 equivalent to a global market share of 20%. Supplying sustainably farmed salmon and processed seafood to more than 70 markets globally, MOWI is present in many of the major salmon farming regions worldwide. MOWI offers whole-gutted fish, including Label Rouge and organic salmon as well as white fish and other seafood products through its vertically integrated supply chain. MOWI's operating segments include: Farming, Feed, and Sales & Marketing which involves the marketing communications and sale of MOWI's value-added products.

SalMar ASA

SalMar ASA (**SalMar**) operates fisheries that produce and sell numerous kinds of farmed salmon, fish and shellfish primarily in Norway (accounting for 65.9% of FY21 revenues) and Iceland (5.2%). Continuing to strengthen and concentrate its efforts in the area of offshore aquaculture, Salmar has announced its purpose of creating the world-leading offshore farming company. SalMar Aker Ocean, a subsidiary of SalMar and formerly known as SalMar Ocean AS, aims for a production capacity of 150,000 tonnes of salmon per year at fish farms located in the open ocean within 2030. SalMar is trading at a higher EBITDA multiple as compared to its peers in Norway, attributable to the announced merger with Norway Royal Salmon in May 2022, whereby synergies are expected to be realised from the transaction.

Lerøy Seafood Group ASA

Lerøy Seafood Group ASA (**Lerøy Seafood**) produces, processes, markets, sells and distributes seafood products primarily in Europe (accounting for 53.4% of FY21 revenues by market), Norway (17.7%) with the remaining revenue originating from the international market. Lerøy offers both whole and processed salmon (together, comprising 66.3% of FY21 revenues), whitefish (16.4%), fjord trout (7.1%), shellfish (4.2%) and other seafoods, pelagic (0.4%) and other forms of fish. Lerøy Seafood operates in three segments: Wildcatch, Farming, and Value-Added Processing, Sales and Distribution. Lerøy Seafood operates as a subsidiary under Austevoll Seafood ASA (**Austevoll**).

Austevoll Seafood ASA

Austevoll is involved in the ownership and operation of fishing vessels, as well as farming, processing, sale, and distribution of salmon and trout primarily in Norway and across the European Union, the United Kingdom, Eastern Europe, North America and Asia. Austevoll operates a portfolio of world-leading Atlantic salmon and trout producers. Austevoll's operating activities include Lerøy Seafood's operations (comprising 86.9% of FY21 total revenue), which was acquired in 2008. The company is trading at a lower EBITDA multiple of 8.6x which is likely due to lower growth in EBITDA estimated for current and next fiscal year as compared to similar companies in Norway.

Grieg Seafood ASA

Grieg Seafood ASA (**Grieg Seafood**) farms salmon and trout. Grieg Seafood also owns smolt hatcheries, as well as harvest and processing plants. Sales are primarily to continental Europe, representing 65% of FY21 total revenues. Grieg Seafood also provides salmon and trout to North America (27%), Asia (6%) and the United Kingdom (2%). By 2025, Grieg Seafood aims to have achieved significant growth with a harvest of 130,000 tonnes, be cost competitive and have a stronger market position as a global protein producer.

Norway Royal Salmon AS

Norway Royal Salmon ASA (NRS) has salmon farms in Norway and Iceland. Holding eight off-shore development licenses as of FY21, NRS aims to expand its offshore farming capabilities, continuing to invest in Arctic offshore Farming where NRS is developing offshore technology. Whilst also continuing to invest in new smolt facilities, NRS continues to focus on increasing maximum allowable biomass (**MAB**) utilisation and reducing production costs. NRS announced a proposed merger with Salmar ASA in May 2022 which is expected to provide significant cost synergies. This is likely the reason for the higher EBITDA multiple against its peers.



Måsøval AS

Måsøval AS (**Måsøval**) operates in the aquaculture businesses. Måsøval produces and distributes salmon fish on the coast of central Norway. Recently acquiring four development licenses, Måsøval hopes to open new areas for salmon farming and reduce lice and disease contagion, improve fish health and lower operational costs. In December 2021, Måsøval acquired two post-smolt facilities to increase MAB utilisation and reduce production period in the sea. Management expects earnings to grow by 133% in FY22 as harvested quantity grew by 114% in 1H22.

Icelandic Salmon AS

Icelandic Salmon AS (**Icelandic Salmon**) operates as a fish farming company, with primary operations in the West Fjords of Iceland and is the parent company of Arnarlax ehf., the largest fish farmer and producer of Atlantic salmon in Iceland. Icelandic Salmon is considered a leading salmon farmer in Iceland, leveraging its vertically integrated value chain from hatchery to sales. As of 1H21, Icelandic Salmon holds farming licenses of MAB 25,200 tonnes in six sites in three fjords. Management expects earnings to grow significantly in FY22, driven by the increase in salmon market prices and its low share of contract sales, respectively.

Atlantic Sapphire ASA

Atlantic Sapphire ASA (**Atlantic Sapphire**) manufactures seafood products and engages in sea and land based salmon farming business. Atlantic Sapphire primarily serves customers both in the United States and Denmark, where Atlantic Sapphire owns and operates Bluehouse land-based salmon farms. Each Bluehouse contains the facilities to grow salmon from egg to fresh fillets packed for retail and food service. Of Atlantic Sapphire's total FY22 sales, 75% is derived from the US, whilst 7% is derived from Denmark. From a 2021 harvest of 2,374 tonnes, Atlantic Sapphire hopes to grow to deliver on its plan to produce 220,000 tonnes annual harvest volumes by 2031.

International

P/F Bakkafrost

P/F Bakkafrost (**Bakkafrost**) offers a wide range of salmon products supplied by its own vertically integrated processing facilities. Primarily operating in the Faroe Islands, Bakkafrost also produces and sells fishmeal, fish oil, and fish feed. Bakkafrost provides fresh salmon to fish markets, smokehouses and processors of ready meals, and frozen salmon portions vacuum packed in catering boxes or in retail boxes. Reporting in its FY21 annual report, Bakkafrost hopes to produce 150,000 tonnes head-on gutted weight salmon in 2026.

Arctic Fish Holding AS

Arctic Fish Holding AS (**Arctic Fish**) operates as a fish farming company, engaging in the salmon farming activities primarily in the Westfjords, Iceland. Arctic Fish primarily produces salmon fish, smolt and rainbow trout. Arctic Fish is a holding company which owns 100% of the shares in Arctic Fish ehf., the former parent company of the group. Founded in 2011, Arctic Fish ehf, is now one of the leading salmon farmers in Iceland. Arctic Fish is in the process of converting its rainbow trout licenses into salmon licenses. Arctic Fish's. The company's operating EBITDA grew by 187% in FY21 due to an increase in harvesting quantity from 7,443 tonnes in FY20 to 11,479 tonnes in FY21.

ANNEXURE 1 - INDEPENDENT EXPERT'S REPORT

continued



Part Two – Financial Services Guide

What is an FSG?

This Financial Services Guide ("FSG") is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

Who we are?

Kroll Australia Pty Ltd (ACN 116 738 535), ("We", "us" and "Kroll") is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) ("Millinium"), Australian Financial Services License ("AFSL") no. 284336, as a Corporate Authorised Representative ("CAR"). We have also appointed Mr. Ian Jedlin as an authorised representative to Millinium's AFSL (our "Authorised Representative"). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by Tassal Group Limited ("Tassal") to prepare an independent expert report ("Report") in connection with the proposed acquisition by Cooke Inc of Tassal. Tassal will provide our Report to you.

Our details

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Authorised Financial Services

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
 - interests in managed investment schemes including investor directed portfolio services; and
 - securities,
- with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

Personal Advice

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If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll, Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer
Millinium Capital Managers Limited
GPO Box 615
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:

<https://www.afca.org.au/make-a-complaint>

Telephone

1300 56 55 62 (local call rate)

Email

info@afca.org.au

Website

www.afca.org.au

Please note that AFCA can currently only deal with claims for compensation up to \$1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.



ANNEXURE 2

SCHEME OF ARRANGEMENT

ANNEXURE 2 - SCHEME OF ARRANGEMENT



Scheme of arrangement – share scheme

Tassal Group Limited

Scheme Shareholders

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia

T +61 2 9225 5000 F +61 2 9322 4000
herbertsmithfreehills.com DX 361 Sydney

ANNEXURE 2 – SCHEME OF ARRANGEMENT

continued



Scheme of arrangement – share scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Tassal	Tassal Group Limited ACN 106 067 270 of Level 9, Marine Board Building, 1 Franklin Wharf, Hobart, Tasmania 7000, Australia
Scheme Shareholders	Each holder of Tassal Shares recorded in the Tassal Share Register as at the Scheme Record Date (other than an Excluded Shareholder).

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

- (a) Tassal is a public company limited by shares, registered in Tasmania, Australia, and has been admitted to the official list of the ASX. Tassal Shares are quoted for trading on the ASX.
- (b) As at the date of the Implementation Deed, 214,821,181 Tassal Shares were on issue.
- (c) Cooke is a company limited by shares registered in New Brunswick, Canada.
- (d) Cooke Sub, a wholly-owned Subsidiary of Cooke, is a proprietary company limited by shares registered in Victoria, Australia.
- (e) If this Scheme becomes Effective:

- (1) Cooke and Cooke Sub must provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and
- (2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to Cooke Sub and Tassal will enter the name of Cooke Sub in the Tassal Share Register in respect of the Scheme Shares.
- (f) Tassal, Cooke and Cooke Sub have agreed, by executing the Implementation Deed, to implement this Scheme (among other things).
- (g) This Scheme attributes actions to Cooke and Cooke Sub but does not itself impose an obligation on them to perform those actions. Cooke and Cooke Sub have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect (and will not become Effective) until the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in clause 3.1(c) of the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Cooke and Tassal;
- (d) subject to clause 8.1, such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by Cooke and Tassal having been satisfied or waived; and
- (e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act, on or before the End Date (or any later date Tassal and Cooke agree in writing).

3.2 Certificate

- (a) Tassal and Cooke will provide to the Court on the Second Court Date a certificate (signed for and on behalf of Tassal, Cooke and Cooke Sub respectively), or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

ANNEXURE 2 – SCHEME OF ARRANGEMENT

continued



4 Implementation of this Scheme

3.3 Lapsing

Without limiting any rights under the Implementation Deed, this Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Tassal and Cooke otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

Tassal must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme.

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5.1(c), the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to Cooke Sub, without the need for any further act by any Scheme Shareholder (other than acts performed by Tassal as attorney and agent for Scheme Shareholders under clause 8.5), by:
 - (1) Tassal delivering to Cooke Sub a duly completed Scheme Transfer to transfer all of the Scheme Shares to Cooke Sub, executed on behalf of the Scheme Shareholders by Tassal as attorney and agent, for registration; and
 - (2) Cooke Sub duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Tassal for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), or the transfer being effected under section 1074D of the Corporations Act (as the case may be), Tassal must enter, or procure the entry of, the name of Cooke Sub in the Tassal Share Register in respect of all the Scheme Shares transferred to Cooke Sub in accordance with this Scheme.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

- (a) Cooke Sub must, and Tassal must use its best endeavours to procure that Cooke Sub does, by no later than the Business Day before the Implementation

Date, deposit, or procure the deposit, in cleared funds an amount equal to the aggregate cash amount of the Scheme Consideration payable to all Scheme Shareholders, into an Australian dollar denominated trust account with an Authorised Deposit-taking Institution (as defined by the *Banking Act 1959* (Cth)) operated by Tassal as trustee for the Scheme Shareholders, (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Cooke Sub's account).

- (b) In the event that Cooke Sub will not or does not fulfil its obligations under clause 5.1(a), Cooke must, and Tassal must use its best endeavours to procure that Cooke does, perform those obligations as if the references to Cooke Sub in clause 5.1(a) were references to Cooke.
- (c) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.1(a) or clause 5.1(b) (as applicable), Tassal must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 5.1(a).
- (d) If Cooke is required to make any withholding, deduction or payment for or on account of Tax (including under Subdivision 14-D of Schedule 1 of the *Taxation Administration Act 1953* (Cth) (**Subdivision 14-D**)) or by any Government Agency in respect of the acquisition of Scheme Shares from any one or more of the Scheme Shareholders, Cooke:
 - (1) must pay or procure the payment of the full amount of the withholding or deduction, or make or procure the making of the payment, to the appropriate Government Agency under applicable law; and
 - (2) will not be required to pay any additional amount and will be deemed for all purposes to have paid the full amount of the Scheme Consideration (or other payment) required under this Scheme to the relevant Scheme Shareholder or Scheme Shareholders.
- (e) The obligations of Tassal under clause 5.1(c) will be satisfied by Tassal (in its absolute discretion, and despite any election referred to in clause 5.1(e)(1) or authority referred to in clause 5.1(e)(2) made or given by the Scheme Shareholder):
 - (1) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Tassal Registry to receive dividend payments from Tassal by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;
 - (2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Tassal; or
 - (3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).
- (f) To the extent that, following satisfaction of Tassal's obligations under clause 5.1(c), there is a surplus in the amount held by Tassal as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus may be paid by Tassal to Cooke Sub.

ANNEXURE 2 - SCHEME OF ARRANGEMENT

continued



5 Scheme Consideration

- (g) If, following satisfaction of Cooke Sub's obligations under clause 5.1(a) but prior to the occurrence of all of the events described in clause 4.2(a), this Scheme lapses under clause 3.3, Tassal must immediately repay (or cause to be repaid) to or at the direction of Cooke Sub the funds that were deposited in the Trust Account plus any interest on the amounts deposited (less bank fees and other charges).

5.2 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 5.1(e), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Tassal, the holder whose name appears first in the Tassal Share Register as at the Scheme Record Date or to the joint holders (unless the joint holders have nominated a bank account under clauses 5.1(e)(1) or 5.1(e)(2), in which case the amount must be deposited directly to the nominated bank account of the joint holders); and
- (b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Tassal, the holder whose name appears first in the Tassal Share Register as at the Scheme Record Date or to the joint holders.

5.3 Unclaimed monies

- (a) Tassal may cancel a cheque issued under this clause 5 if the cheque:
 - (1) is returned to Tassal; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Tassal (or the Tassal Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Tassal must reissue a cheque that was previously cancelled under this clause 5.3.
- (c) The *Unclaimed Money Act 2008* (VIC) (the **Unclaimed Money Act**) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the Unclaimed Money Act).
- (d) Any interest or other benefit accruing from the unclaimed Scheme Consideration will be to the benefit of Cooke Sub.

5.4 Fractional entitlements

Where the calculation of the Scheme Consideration to be provided to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, that fractional entitlement will be rounded down to the nearest whole cent.

5.5 Orders of a court or Government Agency

- (a) If written notice is given to Tassal (or the Tassal Registry), Cooke, or Cooke Sub, of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (1) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Tassal in accordance with this clause 5, then Tassal shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
 - (2) prevents Tassal from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Tassal shall be entitled to (as applicable) retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.
- (b) To the extent that amounts are so deducted or withheld in accordance with clause 5.5(a), such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted as required.

6 Dealings in Tassal Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Tassal Shares or other alterations to the Tassal Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Tassal Share Register as the holder of the relevant Tassal Shares before the Scheme Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the Tassal Share Register is kept,

and Tassal must not accept for registration, nor recognise for any purpose (except a transfer to Cooke Sub pursuant to this Scheme and any subsequent transfer by Cooke Sub or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) Tassal must register registrable transmission applications or transfers of the Scheme Shares that are received in accordance with clause 6.1(b) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Tassal to register a transfer that would result in a Tassal Shareholder holding a parcel of Tassal Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a), 'marketable parcel' has the meaning given in the Operating Rules).

ANNEXURE 2 - SCHEME OF ARRANGEMENT

continued



7 Quotation of Tassal Shares

- (b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that holder) must not dispose of or otherwise deal with, or purport or agree to dispose of or otherwise deal with, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Tassal shall be entitled to disregard any such disposal, purported disposal, agreement or other dealing.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Tassal must maintain the Tassal Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Tassal Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Tassal Shares (other than statements of holding in favour of Cooke Sub or any Excluded Shareholder) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Tassal Share Register (other than entries on the Tassal Share Register in respect of Cooke Sub or any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Tassal Shares relating to that entry.
- (e) As soon as possible on or after the Scheme Record Date, and in any event by 5.00pm on the first Business Day after the Scheme Record Date, Tassal will ensure that details of the names, Registered Addresses and holdings of Tassal Shares for each Scheme Shareholder as shown in the Tassal Share Register are available to Cooke Sub in the form Cooke Sub reasonably requires.

7 Quotation of Tassal Shares

- (a) Tassal must apply to ASX to suspend trading on the ASX in Tassal Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by Cooke, Tassal must apply:
 - (1) for termination of the official quotation of Tassal Shares on the ASX; and
 - (2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Tassal may, by its counsel, consent on behalf of all persons concerned to those alterations or conditions to which Cooke has consented (such consent not to be unreasonably withheld or delayed); and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Tassal has consented to in accordance with clause 8.1(a).

8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
- (1) irrevocably agrees to the transfer of their Tassal Shares together with all rights and entitlements attaching to those Tassal Shares in accordance with this Scheme, without the need for any further act by that Scheme Shareholder;
 - (2) agrees to the variation, cancellation or modification of the rights attached to their Tassal Shares constituted by or resulting from this Scheme, without the need for any further act by that Scheme Shareholder;
 - (3) agrees to, on the direction of Cooke Sub, destroy any holding statements or share certificates relating to their Tassal Shares;
 - (4) who holds their Tassal Shares in a CHESS Holding agrees to the conversion of those Tassal Shares to an Issuer Sponsored Holding and irrevocably authorises Tassal to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and
 - (5) acknowledges and agrees that this Scheme binds Tassal and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting).
- (b) Each Scheme Shareholder is taken to have warranted to Tassal and Cooke Sub on the Implementation Date, and appointed and authorised Tassal as its attorney and agent to warrant to Cooke Sub on the Implementation Date, that:
- (1) all their Tassal Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth) (**PPSA**)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Tassal Shares to Cooke Sub together with any rights and entitlements attaching to those shares Tassal undertakes that it will provide such warranty to Cooke Sub as agent and attorney of each Scheme Shareholder; and
 - (2) they have no existing right to be issued any Tassal Shares, Tassal Performance Rights, or any other Tassal equity securities. Tassal undertakes that it will provide such warranty to Cooke Sub as agent and attorney of each Scheme Shareholder.
- (c) Tassal undertakes in favour of each Scheme Shareholder that it will provide the warranties in clause 8.2(b) to Cooke Sub as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Cooke Sub will, at the time of transfer of them to Cooke Sub, vest in Cooke Sub free from all mortgages, charges, liens, encumbrances, pledges, security

ANNEXURE 2 - SCHEME OF ARRANGEMENT

continued



8 General Scheme provisions

interests (including any 'security interests' within the meaning of section 12 of the PPSA) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

- (b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.1, Cooke Sub will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by Tassal of Cooke Sub in the Tassal Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.1(c), and until Tassal registers Cooke Sub as the holder of all Scheme Shares in the Tassal Share Register, each Scheme Shareholder:

- (a) is deemed to have irrevocably appointed Cooke Sub as attorney and agent (and directed Cooke Sub in each such capacity) to appoint any director, officer, secretary or agent nominated by Cooke Sub as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (b) must not, and undertakes to Cooke Sub not to, attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Cooke Sub reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), Cooke Sub and any director, officer, secretary or agent nominated by Cooke Sub under clause 8.4(a) may act in the best interests of Cooke Sub as the intended registered holder of the Scheme Shares.

8.5 Authority given to Tassal

Each Scheme Shareholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints Tassal and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against Cooke and Cooke Sub, and Tassal undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Cooke and Cooke Sub on behalf of and as agent and attorney for each Scheme Shareholder; and
- (b) on the Implementation Date, irrevocably appoints Tassal and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Tassal accepts each such appointment. Tassal as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

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8.6 Binding effect of Scheme

This Scheme binds Tassal and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Tassal.

9 General

9.1 Stamp duty

- (a) Cooke Sub:
 - (1) must pay all stamp duty and any related fines and penalties payable on or in connection with the transfer by the Scheme Shareholders of the Scheme Shares to Cooke Sub pursuant to this Scheme or the Deed Poll; and
 - (2) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a)(1),
- (b) In the event that Cooke Sub will not or does not fulfil its obligations under clause 9.1(a), Cooke:
 - (1) must perform those obligations; and
 - (2) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(b)(1).

9.2 Consent

Each of the Scheme Shareholders consents to Tassal doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Tassal or otherwise.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Tassal, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Tassal's registered office or at the office of the Tassal Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by an Tassal Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

- (a) This Scheme is governed by the laws in force in New South Wales, Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal

ANNEXURE 2 - SCHEME OF ARRANGEMENT

continued



9 General

process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

Tassal must do all things and execute all documents (whether on its behalf or on behalf of each Scheme Shareholder) required by law or necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that none of Tassal, Cooke or Cooke Sub nor any director, officer, secretary or employee of any of Tassal, Cooke, or Cooke Sub, shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney, Australia.
CHES	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CHES Holding	has the meaning given in the Settlement Rules.
Cooke	Cooke Inc.
Cooke Group	Cooke, Cooke Sub, the Equity Investor and each of their respective Affiliates (as defined in the Implementation Deed) and a reference to a Cooke Group Member is to any one of them.
Cooke Sub	Aquaculture Australia Company Pty Ltd ACN 660 056 888.
Corporations Act	the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.
Court	the Supreme Court of New South Wales, or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Cooke and Tassal.

ANNEXURE 2 - SCHEME OF ARRANGEMENT

continued



Schedule 1 Definitions and interpretation

Term	Meaning
Deed Poll	the deed poll in the form of Attachment 1 or such other form as agreed in writing between the parties under which Cooke and Cooke Sub covenants in favour of the Scheme Shareholders to perform the obligations attributed to Cooke and Cooke Sub under this Scheme.
Duty	any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	1 the date that is 6 months after the date of the Implementation Deed; or 2 such other date as agreed in writing by the parties.
Excluded Shareholder	any Tassal Shareholder who is a member of the Cooke Group or any Tassal Shareholder who holds any Tassal Shares on behalf of, or for the benefit of, or as a nominee for, any member of the Cooke Group and does not hold Tassal Shares on behalf of, or for the benefit of, or as a nominee for, any other person, in each case, at the Scheme Record Date.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian (including ASIC and the Takeovers Panel).
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as the parties agree in writing or is ordered by the Court or required by ASX.
Implementation Deed	the scheme implementation deed dated 16 August 2022 between Tassal, Cooke and Cooke Sub relating to the implementation of this Scheme.

Term	Meaning
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Listing Rules	the official listing rules of ASX.
Operating Rules	the official operating rules of ASX.
Registered Address	in relation to a Tassal Shareholder, the address shown in the Tassal Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between Tassal and the Scheme Shareholders under which all of the Scheme Shares will be transferred to Cooke Sub and the Scheme Shareholders will be entitled to receive the Scheme Consideration, together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and consented to by the Cooke in accordance with clause 4.2 of the Implementation Deed.
Scheme Consideration	the consideration to be provided by Cooke Sub to each Scheme Shareholder for the transfer to Cooke Sub of each Scheme Share, being for each Tassal Share held by a Scheme Shareholder as at the Scheme Record Date, an amount of \$5.23.
Scheme Meeting	the meeting of the Tassal Shareholders (other than Excluded Shareholders) ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme Resolution and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	the time and date for determining entitlements to receive the Scheme Consideration, being 7.00pm on the third Business Day after the Effective Date or such other time and date as the parties agree in writing.
Scheme Resolution	the resolution to approve this Scheme to be considered by Tassal Shareholders (other than Excluded Shareholders) at the Scheme Meeting.
Scheme Shareholder	a Tassal Shareholder as at the Scheme Record Date, other than any Tassal Shareholder which is an Excluded Shareholder.

ANNEXURE 2 - SCHEME OF ARRANGEMENT

continued



Schedule 1 Definitions and interpretation

Term	Meaning
Scheme Shares	all Tassal Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Cooke Sub as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Tassal	Tassal Group Limited ACN 106 067 270.
Tassal Group	Tassal and each of its Subsidiaries, and a reference to a Tassal Group Member is to Tassal or any of its Subsidiaries.
Tassal Performance Rights	the 1,397,8362 performance rights on issue in Tassal as at the date of this Scheme.
Tassal Registry	Computershare Investor Services Pty Limited.
Tassal Share	a fully paid ordinary share in the capital of Tassal.
Tassal Share Register	the register of members of Tassal maintained in accordance with the Corporations Act.
Tassal Shareholder	each person who is registered as the holder of a Tassal Share in the Tassal Share Register.
Tax	any tax, levy, charge, impost, fee, deduction, goods and services tax (including GST), compulsory loan or withholding, that is assessed,

Term	Meaning
	levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above, but excludes Duty.

2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;
- (k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;
- (n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or

ANNEXURE 2 - SCHEME OF ARRANGEMENT

continued



Schedule 1 Definitions and interpretation

- (2) whose powers or functions are transferred to another body,
is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (r) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and
- (s) a reference to the Listing Rules, Settlement Rules, and the Operating Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

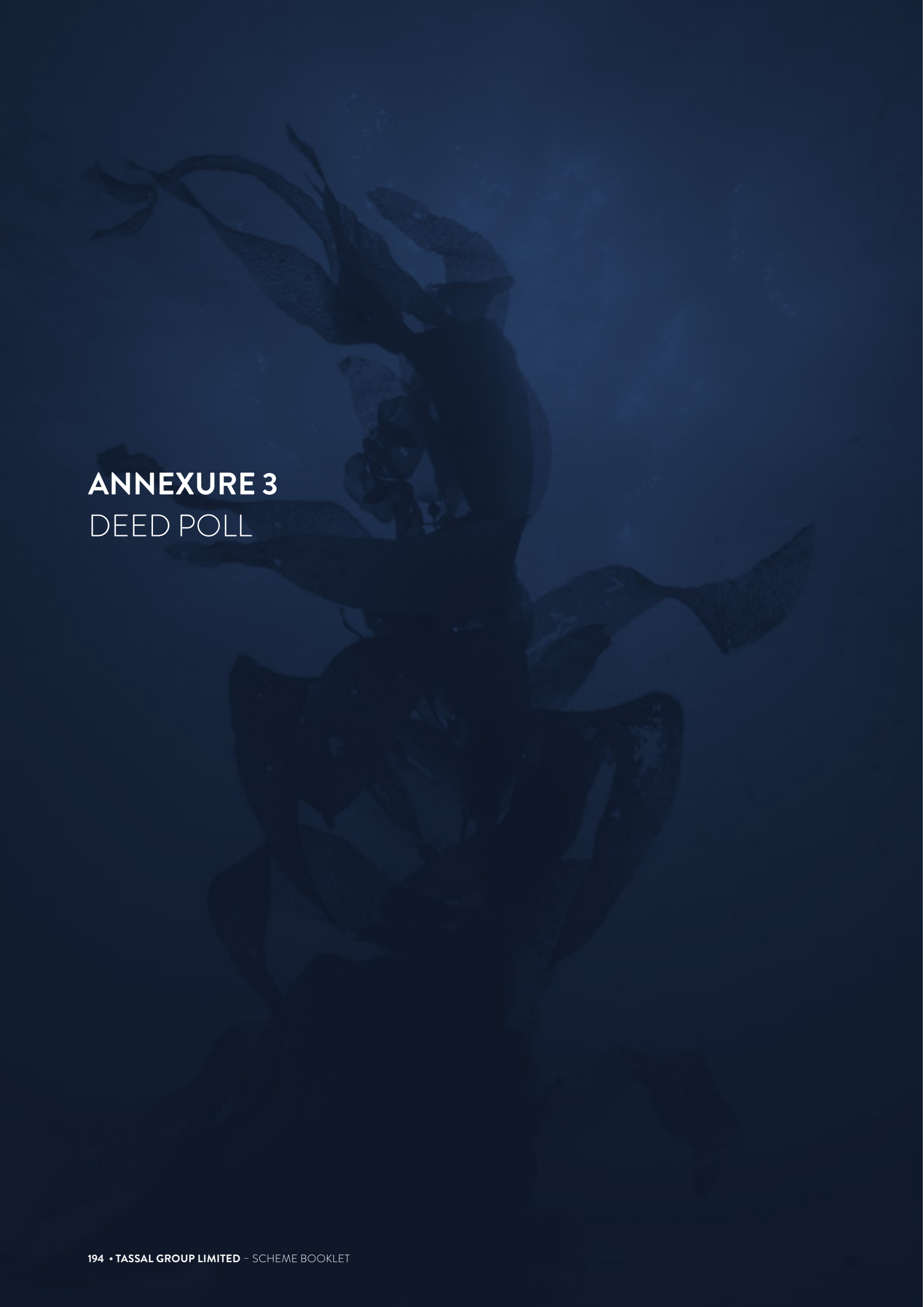
Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.



Attachment 1

Deed Poll

Attached.



ANNEXURE 3

DEED POLL

ANNEXURE 3 - DEED POLL



Deed

Share scheme deed poll

Cooke Inc.
Aquaculture Australia Company Pty Ltd

ANNEXURE 3 - DEED POLL

continued



HERBERT
SMITH
FREEHILLS

Share scheme deed poll

Date ► Sept 26, 2022

This deed poll is made

By	Cooke Inc. of 40 Wellington Row, Saint John, New Brunswick, Canada E2L 3H3 (Cooke) and Aquaculture Australia Company Pty Ltd ACN 660 056 888 of Level 33, 101 Collins Street, Melbourne VIC 3000 (Cooke Sub)
in favour of	each person registered as a holder of fully paid ordinary shares in Tassal Group Limited ACN 106 067 270 (Tassal) in the Tassal Share Register as at the Scheme Record Date (other than the Excluded Shareholders).
Recitals	1 Tassal, Cooke and Cooke Sub have entered into the Implementation Deed. 2 In the Implementation Deed, Cooke and Cooke Sub agreed to make this deed poll. 3 Cooke and Cooke Sub are making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform the actions and obligations attributed to each of them under the Scheme.

This deed poll provides as follows:



1 Definitions and interpretation

1.1 Definitions

- (a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under subsection 411(f) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Implementation Deed	the scheme implementation deed entered into by Tassal, Cooke and Cooke Sub dated 16 August 2022.
Scheme	the members' scheme of arrangement under Part 5.1 of the Corporations Act between Tassal and the Scheme Shareholders under which all of the Scheme Shares will be transferred to Cooke Sub and the Scheme Shareholders will be entitled to receive the Scheme Consideration, the form of which is set out in Attachment 1 (or such other form as agreed in writing by Cooke and Tassal), together with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and consented to by the Cooke in accordance with clause 4.2 of the Implementation Deed.

- (b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

Cooke and Cooke Sub acknowledge that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Tassal and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Cooke and Cooke Sub.

ANNEXURE 3 – DEED POLL

continued



HERBERT
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2 Conditions to obligations

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of Cooke and Cooke Sub under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Cooke and Cooke Sub under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
 - (b) the Scheme is not Effective on or before the End Date,
- unless Cooke, Cooke Sub and Tassal otherwise agree in writing (and, if required, as approved by the Court).

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Cooke and Cooke Sub are released from their obligations to further perform this deed poll; and
- (b) each Scheme Shareholder retains the rights they have against Cooke and Cooke Sub in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to be bound by the Scheme

Subject to clause 2, each of Cooke and Cooke Sub covenants in favour of each Scheme Shareholder that it will be bound by the terms of the Scheme as if it were a party to the Scheme and undertakes to perform all obligations and actions attributed to it under the Scheme, subject to and in accordance with the Scheme.

3.2 Undertaking to pay the Scheme Consideration

Subject to clause 2:

- (a) Cooke Sub undertakes in favour of each Scheme Shareholder to deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Tassal as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to Cooke Sub's account;

page 4



- (b) Cooke undertakes in favour of each Scheme Shareholder that, in the event Cooke Sub will not or does not fulfil its obligations under clause 3.2(a), Cooke will perform those obligations as if the references to Cooke Sub in clause 3.2(a) were references to Cooke; and
- (c) each of Cooke and Cooke Sub undertakes in favour of each Scheme Shareholder to undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to each of them under the Scheme,

subject to and in accordance with the terms of the Scheme.

4 Warranties

Each of Cooke and Cooke Sub represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

- (a) it is a validly existing corporation registered under the laws of its place of incorporation;
- (b) it has full capacity, corporate power and lawful authority to execute, deliver and enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution or articles of association, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Cooke and Cooke Sub have fully performed their obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and

ANNEXURE 3 - DEED POLL

continued



HERBERT
SMITH
FREEHILLS

6 Notices

- (b) addressed to Cooke and Cooke Sub in accordance with the details set out below (or any alternative details nominated by Cooke or Cooke Sub by Notice).

Attention Glenn B Cooke, Chief Executive Officer

Address 40 Wellington Row, Saint John, New Brunswick, Canada
E2L 3H3

Email address gcooke@cookeaqua.com
with a copy to:
wendy.rae@allens.com.au
hannah.biggin@allens.com.au
andrew.wong@allens.com.au

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (business hours period), in the place nominated by the addressee as its address in clause 6.1(b), then the Notice will instead be regarded as given and received at the start of the following business hours period in that place.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By express post to the nominated address	At 9.00am (addressee's time) on the fourth Business Day after the date of posting
By email to the nominated email address	The earlier of: 1 when the recipient's email server generates a message to the sender confirming that the email has been delivered to that server ("delivery receipt"), or at the time that the recipient "read" the email as stated in an automated message received by the sender ("read receipt"); 2 the time that the recipient confirms receipt of the email by reply email to the sender; and

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- 3 four hours after the time the email is sent (as recorded on the device from which the sender sent the email) unless the sender receives, within that four hour period, an automated message that the email has not been delivered.

6.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 6.2).

7 General

7.1 Stamp duty

- (a) Cooke Sub:
 - (1) must pay all stamp duty and any related fines and penalties payable on or in connection with the Scheme and this deed poll and the transfer by the Scheme Shareholders of the Scheme Shares to Cooke Sub pursuant to the Scheme; and
 - (2) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a)(1).
- (b) In the event that Cooke Sub will not or does not fulfil its obligations under clause 7.1(a), Cooke:
 - (1) must perform those obligations; and
 - (2) indemnifies each Scheme Shareholder against liability arising from failure to comply with clause 7.1(b)(1).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in New South Wales, Australia.
- (b) Cooke and Cooke Sub irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Cooke and Cooke Sub irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Service of process and opinion

- (a) Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of Notices under clause 6.
- (b) Cooke irrevocably appoints Cooke Sub as its agent for the service of process in Australia in relation to any matter arising out of this deed. If Cooke Sub ceases to be able to act as such or have an address in Australia, Cooke and Cooke

ANNEXURE 3 – DEED POLL

continued



HERBERT
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FREEHILLS

7 General

Sub each agree to appoint a new process agent in Australia and deliver to the other party within 10 Business Days a copy of a written acceptance of appointment by the process agent, upon receipt of which the new appointment becomes effective for the purpose of this deed. Cooke and Cooke Sub must inform Tassal in writing of any change in the address of its process agent within 10 Business Days of the change.

7.4 Waiver

- (a) Cooke and Cooke Sub may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.
- (b) No Scheme Shareholder may rely on words or conduct of Cooke or Cooke Sub as a waiver of any right unless the waiver is in writing and signed by Cooke or Cooke Sub, as appropriate. A waiver is limited to the specific instance to which it relates and to the specific purpose for which it is given.
- (c) The meanings of the terms used in this clause 7.4 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause 7.4.
waiver	includes an election between rights and remedies, and conduct, which might otherwise give rise to an estoppel.

7.5 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by Tassal in writing; or
- (b) if on or after the First Court Date, the variation is agreed to by Tassal in writing and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Cooke and Cooke Sub must enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.6 Cumulative rights

The rights, powers and remedies of Cooke, Cooke Sub and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

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7.7 Assignment

- (a) The rights created by this deed poll are personal to Cooke, Cooke Sub and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Cooke or Cooke Sub.
- (b) Any purported dealing in contravention of clause 7.7(a) is invalid.

7.8 Joint and several obligations

Cooke and Cooke Sub are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.

7.9 Further action

Cooke and Cooke Sub must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

ANNEXURE 3 - DEED POLL

continued



HERBERT
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FREEHILLS

Attachment 1

Scheme

Attached



HERBERT
SMITH
FREEHILLS

Signing page

Executed as a deed poll

Signed, sealed and delivered by
Cooke Inc. in the presence of

sign here ▶

Authorised signatory

print name

Glenn Cooke

sign here ▶

Witness

print name

James Trask

Seal

Signed, sealed and delivered by
Aquaculture Australia Company
Pty Ltd
by

sign here ▶

Company Secretary/Director

print name

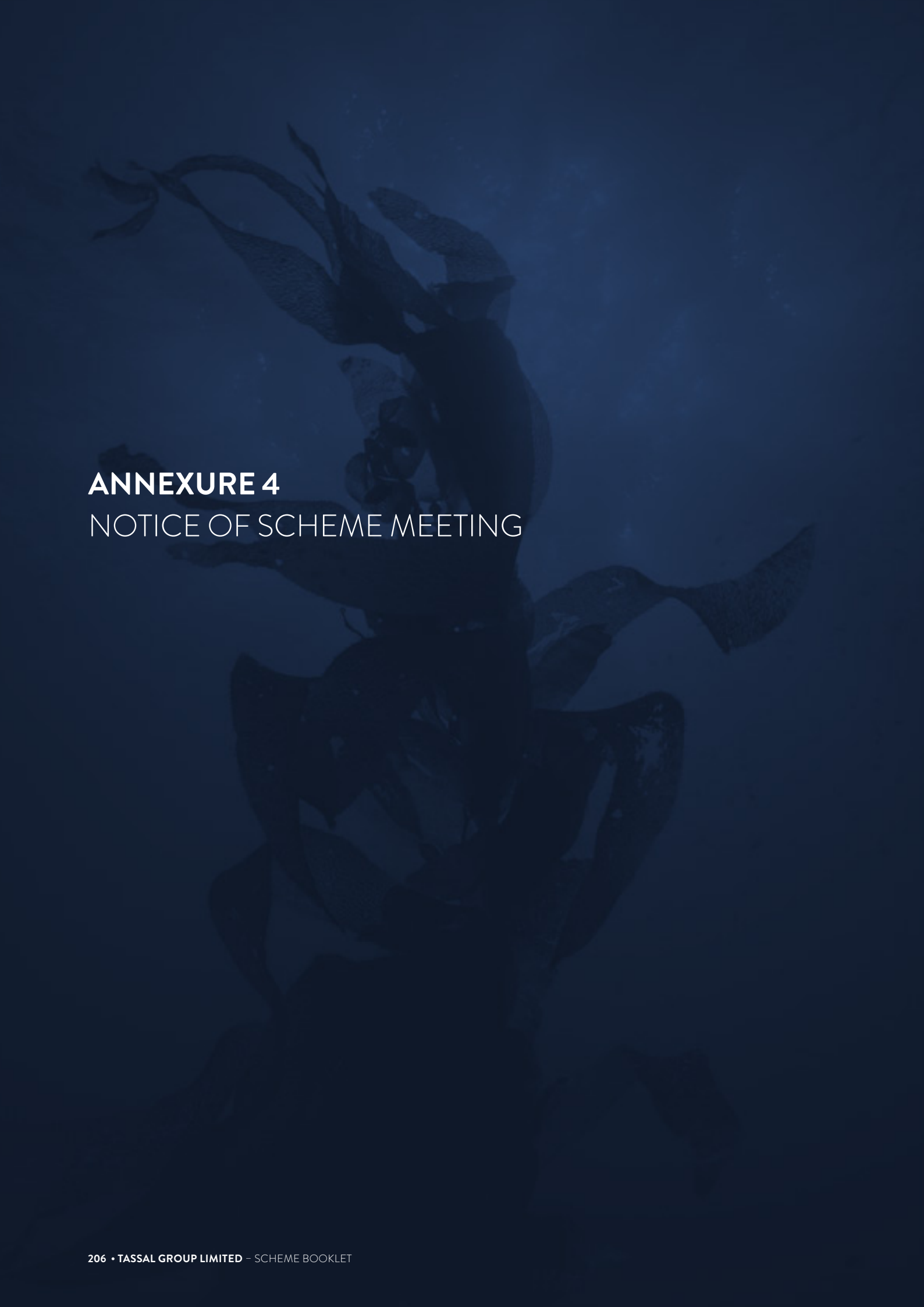
Glenn Cooke

sign here ▶

Director

print name

James Trask

A dark blue, monochromatic underwater photograph of seaweed or kelp. The seaweed is silhouetted against a slightly lighter blue background, creating a sense of depth and movement. The fronds of the seaweed are long and flowing, with some showing fine details of their texture.

ANNEXURE 4

NOTICE OF SCHEME MEETING

ANNEXURE 4 NOTICE OF SCHEME MEETING

Notice of Scheme Meeting

Tassal Group Limited ACN 106 067 270 (Tassal)

Notice is hereby given that, by an order of the Supreme Court of New South Wales made on 30 September 2022, pursuant to subsection 411(1) of the Corporations Act, a meeting of Tassal Shareholders (other than Excluded Shareholders) (**Scheme Meeting**) will be held:

Date: 3 November 2022

Time: 10.00am (AEDT)

Venue: Stamford Plaza Melbourne at 111 Little Collins St, Melbourne VIC 3000

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which Tassal and Aquaculture Australia Company Pty Ltd ACN 660 056 888 (**Cooke Sub**), a wholly owned subsidiary of Cooke Inc. (**Cooke**), agree) proposed to be made between Tassal and Tassal Shareholders (other than Excluded Shareholders) (the **Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part. Additional information about the Scheme Meeting is set out in the explanatory notes that accompany and form part of this notice. Capitalised terms used but not defined in this notice have the defined meanings set out in section 10.1 of the Scheme Booklet, unless the context otherwise requires.

Scheme Resolution

The Scheme Meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution (the Scheme Resolution):

‘That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between Tassal Group Limited and the holders of its fully paid ordinary shares (other than certain excluded shareholders), as contained in and more particularly described in the scheme booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Supreme Court of New South Wales to which Tassal Group Limited and Cooke Inc. agree.’

Dated 30 September 2022

By order of the Court and the Tassal Board.

sign here



Company Secretary

print name

Simon Barrile

ANNEXURE 4 NOTICE OF SCHEME MEETING

continued

Explanatory notes

1 General

These explanatory notes relate to the Transaction and should be read in conjunction with the Scheme Booklet dated 30 September 2022. These explanatory notes and the Scheme Booklet form part of the Notice of Scheme Meeting. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure 2 of the Scheme Booklet.

Capitalised terms used but not defined in this notice have the defined meanings set out in Section 10.1 of the Scheme Booklet, unless the context otherwise requires.

2 Meeting Format

The Scheme Meeting will be held as an in person meeting. This means that Tassal Shareholders (other than Excluded Shareholders) and their authorised proxies, attorneys and corporate representatives will be able to attend the Scheme Meeting in person at Stamford Plaza Melbourne at 111 Little Collins St, Melbourne VIC 3000.

Tassal Shareholders (other than Excluded Shareholders) who are unable to, or do not wish to, attend the Scheme Meeting, are encouraged to submit a directed proxy vote as early as possible and in any event by 10:00am (AEDT) on 1 November 2022 following the instructions below. Even if you plan to attend the Scheme Meeting, we encourage you to submit a directed proxy vote so that your vote will be counted if for any reason you cannot attend the Scheme Meeting.

3 Chair of the Scheme Meeting

The Court has directed that Mr James Fazzino is to act as Chair of the Scheme Meeting and that if Mr Fazzino is unable or unwilling to act, Georgina Lynch is to act as Chair of the Scheme Meeting.

4 Required Voting Majorities

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number of Tassal Shareholders (other than Excluded Shareholders) present and voting (either in person or by proxy, attorney or, in the case of corporate Tassal Shareholders (other than Excluded Shareholders), by body corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution at the Scheme Meeting by Tassal Shareholders (other than Excluded Shareholders) present and voting (either in person or by proxy, attorney or, in the case of corporate Tassal Shareholders (other than Excluded Shareholders), cast by a body corporate representative).

5 Court approval

Under paragraph 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is passed by the Requisite Majorities and the other conditions to the Scheme (other than approval by the Court) are satisfied or waived (if capable of waiver) by the time required under the Scheme, Tassal intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

6 Eligibility to vote

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Tassal Board has determined that the time for determining eligibility to vote at the Scheme Meeting is 7:00pm (AEDT) on 1 November 2022. Only those Tassal Shareholders (other than Excluded Shareholders) entered on the Register at that time will be entitled to attend and vote at the Scheme Meeting, either in person, by proxy or attorney, or in the case of a corporate Tassal Shareholder (other than an Excluded Shareholder), by a body corporate representative. Share transfers registered after that time will be disregarded in determining voting entitlements at the Scheme Meeting. The remaining comments in these explanatory notes are addressed to Tassal Shareholders (other than Excluded Shareholders) who are entitled to attend and vote at the Scheme Meeting.

7 Participation in the Scheme Meeting

7.1 Participating in person

Tassal will be observing social distancing and any other government requirements that apply at the time. Attendance at the Scheme Meeting in person is subject to any COVID-19 restrictions that may be applicable on the day.

If you wish to attend the Scheme Meeting in person, you will be required to register your attendance on the day of the Scheme Meeting in person at the registration desk at Stamford Plaza Melbourne at 111 Little Collins St, Melbourne VIC 3000. Due to the ongoing health and safety risks posed by COVID-19, restrictions and precautionary measures may also be imposed on attendance if necessary.

All persons attending are asked to arrive at least 30 minutes prior to the time the Scheme Meeting is to commence, so that either their shareholding can be checked against the Tassal Share Register, or any power of attorney or certificate of appointment of corporate representative verified, and their attendance noted.

7.2 Alternate arrangements

In the lead up to the Scheme Meeting, Tassal will be closely monitoring the COVID-19 situation. If it becomes necessary or appropriate to make alternative or supplementary arrangements to hold the Scheme Meeting to those set out in this notice, Tassal Shareholders will be given as much notice as possible. Information relating to alternate arrangements will be communicated to shareholders by way of an announcement to the ASX and published on Tassal's website at <https://tassalgroup.com.au/investors/>.

8 How to vote

Voting at the Scheme Meeting will be conducted by poll.

If you are a Tassal Shareholder entitled to vote at the Scheme Meeting (and are not an Excluded Shareholder), you may vote:

- **by attending the Scheme Meeting in person;**
- **by proxy**, by completing and submitting the Proxy Form in accordance with the instructions on that form. To be valid, your proxy appointment must be received by the Tassal Share Registry by 10:00am (AEDT) on 1 November 2022;
- **by attorney**, by appointing an attorney to participate in and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the Tassal Share Registry by 10:00am (AEDT) on 1 November 2022; or
- **by corporate representative**, in the case of a body corporate, appointing a body corporate representative to participate in and vote at the Scheme Meeting on your behalf, and providing a duly executed "Appointment of Corporate Representative" form (in accordance with section 250D of the Corporations Act) prior to the Scheme Meeting in accordance with section 10.4 below.

9 Jointly held securities

If you hold Tassal Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person at the Scheme Meeting, only the vote of the holder whose name appears first on the Tassal Register will be counted.

See also the comments in 10.2 below regarding the appointment of a proxy by persons who jointly hold Tassal Shares.

10 Voting

10.1 Voting in person

Tassal Shareholders (other than Excluded Shareholders) and their authorised proxies, attorneys and corporate representatives who are attending the Scheme Meeting in person may vote using the paper voting card provided at the Scheme Meeting.

10.2 Voting by proxy

If you are unable to attend the Scheme Meeting, you may appoint an individual or a body corporate as a proxy to attend the Scheme Meeting in person and vote.

ANNEXURE 4 NOTICE OF SCHEME MEETING

continued

A Tassal Shareholder (other than Excluded Shareholders) entitled to participate in and vote at the Scheme Meeting may appoint a person to participate in and vote at the Scheme Meeting as their proxy at any time between the date of this notice and 10:00am on 1 November 2022 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting). To do so, either they should mark the box under 'Appoint a Proxy' in Step 1 of the Proxy Form to appoint the Chair of the Scheme Meeting as their proxy, or insert the name and email address of their chosen proxy in the space provided. Please refer to section 10.5 of this Notice of Scheme Meeting below for further details in relation to how to submit a Proxy Form.

The following applies to proxy appointments:

- a proxy need not be another Tassal Shareholder, and may be an individual or a body corporate;
- if a body corporate is appointed as a proxy, it must ensure that it appoints an individual as its corporate representative (in accordance with section 250D of the Corporations Act) to exercise its powers as proxy at the Scheme Meeting in accordance with section 10.4 below;
- a Tassal Shareholder (other than an Excluded Shareholder) who is entitled to cast two or more votes at the Scheme Meeting may appoint up to two proxies and may specify the proportion or number of votes each proxy may exercise. If you wish to appoint a second proxy, a second hard copy Proxy Form should be used and you should clearly indicate on the second Proxy Form that it is a second proxy and not a revocation of your first proxy. Both Proxy Forms should be returned together in the same envelope. If you wish to appoint two proxies, please refer to the instructions on the Proxy Form. Where two proxies are appointed, each proxy may be appointed to represent a specified proportion of the Tassal Shareholder's voting rights. If a Tassal Shareholder (other than an Excluded Shareholder) appoints two proxies and the appointment does not specify the proportion or number of the Tassal Shareholder's votes, each proxy may only exercise half of that Tassal Shareholder's votes;
- if you hold Tassal Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of the joint holders must sign the Proxy Form; and
- each proxy will have the right to vote on the poll and also to ask questions at the Scheme Meeting.

If you have appointed a proxy and participate in and vote at the Scheme Meeting, the authority of your proxy to participate and vote, on your behalf, is automatically suspended. However, if you attend the Scheme Meeting in person as a 'visitor', you will not revoke your proxy appointment.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the Tassal Share Registry before the start of the Scheme Meeting (or, if the Scheme Meeting is adjourned or postponed, before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways in section 10.5 below.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after they have considered the matters discussed at the Scheme Meeting.

If you do not direct your proxy how to vote on the Scheme Resolution, the proxy may vote, or abstain from voting, as they think fit. If you instruct your proxy to abstain from voting on an item of business, they are directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the required majority.

If you return your Proxy Form:

- without identifying a proxy on it, you will be taken to have appointed the Chair of the Scheme Meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not participate in the Scheme Meeting or does not vote in accordance with your instructions, the Chair of the Scheme Meeting will act in place of your nominated proxy and vote in accordance with any directions on your Proxy Form.

The Chair of the Scheme Meeting intends to vote all available undirected proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders).

10.3 Voting by attorney

You may appoint an attorney to participate in and vote at the Scheme Meeting on your behalf. Your attorney need not be another Tassal Shareholder. Each attorney will have the right to vote on the poll and also to speak at the Scheme Meeting.

The power of attorney appointing your attorney to participate in and vote at the Scheme Meeting must be duly executed by you and specify your name, the company (that is, Tassal Group Limited), and the attorney, and also specify the Scheme Meeting at which the appointment may be used. The appointment may be a standing one.

The power of attorney, or a certified copy of the power of attorney, should be received by the Tassal Share Registry before 10:00am (AEDT) on 1 November 2022 (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways specified for Proxy Forms in section 10.5 below.

A validly appointed attorney wishing to participate in and vote at the Scheme Meeting in person will need to register their attendance and identify themselves as an attorney on the day of the Scheme Meeting in person at the registration desk at Stamford Plaza Melbourne at 111 Little Collins St, Melbourne VIC 3000.

10.4 Voting by corporate representative

A body corporate that is a Tassal Shareholder (other than an Excluded Shareholder), or that has been appointed as a proxy, must appoint an individual to act as its representative at the Scheme Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The 'Appointment of Corporate Representative' form may be downloaded from Tassal's share registry at www.investorcentre.com/au. The form of appointment may set out restrictions on the representative's powers.

The form of appointment must be received by the Tassal Share Registry prior to the Scheme Meeting. Tassal Shareholders (other than Excluded Shareholders) may submit the certificate in any of the ways specified for Proxy Forms in section 10.5 of this Notice of Scheme Meeting, except that a form of appointment of corporate representative cannot be lodged online or by mobile device.

If a form of appointment is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been received by the Tassal Registry.

A validly appointed corporate representative wishing to participate in and vote at the Scheme Meeting in person must bring a "Certificate of Appointment of Corporate Representative". A form of the certificate may be obtained from Tassal's share registry at www.investorcentre.com/au.

10.5 How to submit a Proxy Form

To appoint a proxy, you should complete and submit the Proxy Form in accordance with the instructions on that form.

To be effective, proxy appointments must be received by way of completed Proxy Form by the Tassal Share Registry by **10:00am (AEDT) on 1 November 2022** (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the following ways:

- (a) **online:** at www.investorvote.com.au and follow the prompts
- (b) **by mobile device:**

If you have a smart phone, you can now lodge your proxy appointment via www.investorvote.com.au or by scanning the QR code on the Proxy Form. To scan the QR code, you will need a QR code reader application which can be downloaded for free on your mobile device

- (c) **by post in the provided prepaid reply envelope to the Tassal Share Registry at the following address:**

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001 Australia

- (d) **by hand delivery (during normal business hours) to the Tassal Share Registry at the following address:**

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067 Australia

ANNEXURE 4 NOTICE OF SCHEME MEETING

continued

(e) **by fax to the Tassal Share Registry on:**

1800 783 447 (within Australia)

+61 3 9473 2555 (outside Australia)

Proxy forms received after **10:00am (AEDT) on 1 November 2022** (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) will be invalid.

If a Proxy Form is completed by an individual or corporation under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed Proxy Form unless the power of attorney or other authority has previously been received by the Tassal Share Registry.

11 Questions

Tassal Shareholders (other than Excluded Shareholders) will have a reasonable opportunity to ask questions during the Scheme Meeting.

Tassal Shareholders (other than Excluded Shareholders) who prefer to register questions in advance of the Scheme Meeting are also invited to do so by submitting questions online at www.investorvote.com.au. To allow time to collate questions and prepare answers, please submit any questions by 5:00pm (AEDT) on 27 October 2022.

Tassal Shareholders (other than Excluded Shareholders) are requested to restrict themselves to two questions or comments initially, and further questions will be considered if time permits. Questions and comments may be moderated to avoid repetition and to make them more concise.

The Chair of the Scheme Meeting will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the Scheme Meeting. However, there may not be sufficient time available during the Scheme Meeting to address all of the questions raised. Please note that individual responses will not be sent to Tassal Shareholders.

12 Advertisement

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone from ASX's website (www2.asx.com.au) or from Tassal's website (<https://tassalgroup.com.au/investors/>) or by contacting the Tassal Registry.

CORPORATE DIRECTORY

Tassal Group Limited

Level 9, 1 Franklin Wharf

Hobart TAS 7000

Financial adviser

Goldman Sachs Australia Pty Ltd

Level 46, Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Legal adviser

Herbert Smith Freehills

Level 33, 161 Castlereagh Street

Sydney NSW 2000

Independent Expert

Kroll Australia Pty Ltd

Level 32, 85 Castlereagh Street

Sydney NSW 2000

Computershare Investor Services Pty Limited

Yarra Falls

452 Johnston Street

Abbotsford VIC 3067



TASSAL GROUP
sustainably leading tea across



Tassal Group Limited
ABN 15 106 067 270

TGR

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEDT) on Tuesday, 1 November 2022** (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting)

Scheme Meeting Proxy Form

Capitalised terms used but not defined in this Proxy Form have the same meaning as given to them in Tassal Group Limited's (**Tassal** or the **Company**) Scheme Booklet which can be accessed on Tassal's announcement platform at www.asx.com.au (unless the context requires otherwise).

Scheme Meeting details

The Scheme Meeting of Tassal will be held in person at 10.00am (AEDT) on Thursday, 3 November 2022 at Stamford Plaza Melbourne at 111 Little Collins St, Melbourne VIC 3000.

How to Vote on the Scheme Resolution

All your Tassal Shares will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite the Scheme Resolution. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on the item your vote will be invalid on the item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: If you are entitled to cast two or more votes, you are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you may specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach the Power of Attorney or a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your proxy online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is:



Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Post:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Hand (during normal business hours):

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067 Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Tassal Group Limited hereby appoint

☐

the Chair of
the Scheme
Meeting

OR

PLEASE NOTE: Insert the name(s) and email address(es) of your chosen proxy here. Leave this box blank if you have selected the Chair of the Scheme Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Scheme Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote, or abstain from voting, in accordance with the following directions (or if no directions have been given as the proxy sees fit) at the Scheme Meeting of Tassal Group Limited to be held in person at the Stamford Plaza Melbourne, 111 Little Collins St, Melbourne VIC 3000 on Thursday, 3 November 2022 at 10:00am (AEDT) and at any adjournment or postponement of that meeting.

Step 2 Scheme Resolution

PLEASE NOTE: If you mark the **Abstain** box for the item, you are directing your proxy not to vote on your behalf on the poll and your votes will not be counted in computing the Requisite Majorities.

For Against Abstain

'That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Tassal Group Limited and the holders of its fully paid ordinary shares (other than certain excluded shareholders), as contained in and more particularly described in the scheme booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Supreme Court of New South Wales to which Tassal Group Limited and Cooke Inc. agree.'

☐☐☐

The Chair of the Scheme Meeting intends to vote all available undirected proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interests of Tassal Shareholders (other than Excluded Shareholders).

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

TGR

2 9 2 5 1 2 A



Computershare

