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16 February 2021

Tassal Group Limited
ABN 15 106 067 270
Tassal Operations Pty Ltd
ABN 38 106 324 127
De Costi Seafoods
ABN 81 606 307 804
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www.tassalgroup.com.au

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

Via e-lodgement

Dear Sir

Tassal Group Limited (TGR): Market Release
Results for the Half-Year Ended 31 December 2020

We attach the following:

1. Results Announcement for the Half-Year Ended 31 December 2020.
2. Appendix 4D – "Half-Year Report" incorporating the consolidated financial report and the Directors' Report.
3. Media Release.
4. Investor Presentation – Results for the six months ended 31 December 2020.

Please release this information to the market.

Yours faithfully

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

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TASSAL GROUP LIMITED

ABN 15 106 067 270

APPENDIX 4D
HALF-YEAR REPORT
for the Half-Year ended 31 December 2020
(previous corresponding period: Half-Year ended 31 December 2019)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Compliance Statement

1. The attached financial report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Interpretations or other standards acceptable to ASX.

2. The attached financial report, and the accounts upon which the report is based, use the same accounting policies.

3. The attached financial report gives a true and fair view of the matters disclosed.

4. The attached financial report has been independently reviewed by the Company's auditors. The financial report is not subject to a qualified independent review statement.

5. The entity has a formally constituted Audit Committee.



A. McCallum
Chairman
Tassal Group Limited
Hobart, 16 February 2021

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TASSAL GROUP LIMITED

ABN 15 106 067 270

APPENDIX 4D
HALF-YEAR REPORT
for the Half-Year ended 31 December 2020
(previous corresponding period: Half-Year ended 31 December 2019)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half Year ended 31 December 2020 $'000	Half-Year ended 31 December 2019 $'000	Period Movement up / (down) $'000	Period Movement up / (down) %
Revenue (from all sources)	292,478	274,492	17,986	6.55
EBITDA	77,511	81,002	(3,491)	(4.31)
EBIT	45,897	62,602	(16,705)	(26.68)
Profit before income tax expense attributable to members	39,013	57,631	(18,618)	(32.31)
Income tax expense	(11,375)	(16,814)	(5,439)	(32.35)
Net profit after income tax expense attributable to members	27,638	40,817	(13,179)	(32.29)
Basic EPS – cents per share	13.14cps	20.62cps		

Dividends (Ordinary Shares)	**Amount per security**	**Franked amount per security**
Final dividend: - Previous financial year – payment date 29 September 2020	9.00c	2.25c
Interim dividend: - Current reporting period * - payment date 30 March 2021 - Previous corresponding period – payment date 31 March 2020	7.00c 9.00c	0.00c 2.25c

*The financial effect of the Interim Dividend in respect of the current reporting period will be recognised in the next reporting period because it has been declared subsequent to 31 December 2020

Record date for determining entitlements to the Interim Dividend	15 March 2021
Date of payment of Interim Dividend	30 March 2021

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

Refer to the "Review of Operations" section at Item 4 in the accompanying Directors' Report which forms part of the Appendix 4D Half-Year Report, together with the Company's H1 2021 results media release.

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TASSAL GROUP LIMITED

ABN 15 106 067 270

APPENDIX 4D
HALF-YEAR REPORT
for the Half-Year ended 31 December 2020
(previous corresponding period: Half-Year ended 31 December 2019)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reported Earnings Per Ordinary Fully Paid Share (EPS)	Current Period	Previous Corresponding Period
Basic EPS – cents per share	13.14	20.62
Diluted EPS – cents per share	13.10	20.56

NTA Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	$3.27	$3.18

TABLE A: Impact of AASB 141 "Agriculture".

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

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

Half-year ended 31 December 2019	AASB 141 Impact $'000
Revenue (from all sources)	$0
EBITDA	$16,763
EBIT	$16,763
Profit before income tax expense	$16,763
Income tax expense	$(5,029)
Net profit after income tax expense	$11,734

Monika Maedler
Company Secretary
Tassal Group Limited
16 February 2021

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Tassal Group Limited

and its Controlled Entities

ABN 15 106 067 270

Appendix 4D: Half-Year Report

(Pursuant to Listing Rule 4.2A)

Financial Report for the Half-Year Ended 31 December 2020

(The Half-Year financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, it is recommended that the Half-Year Report is read in conjunction with the Annual Financial Report of Tassal Group Limited for the Financial Year ended 30 June 2020 together with any public announcements made by Tassal Group Limited and its controlled entities during the half-year ended 31 December 2020 in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange).

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DIRECTORS' REPORT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2020

The Directors of Tassal Group Limited ("Tassal" or "the Company") submit the financial report for the half-year ended 31 December 2020 of the consolidated entity, being the Company and its controlled entities.

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

1. DIRECTORS

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

Name:

Mr Allan McCallum (Chairman)
Mr Mark Ryan (Managing Director and Chief Executive Officer)
Mr Trevor Gerber (resigned 28 October 2020)
Mr Richard Haire
Mr James Fazzino
Mr John Watson
Ms Georgina Lynch
Ms Jackie McArthur

2. PRINCIPAL ACTIVITIES

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

3. REVIEW OF OPERATIONS

Tassal's Directors are pleased to present the Company's Appendix 4D: Half Year Report to 31 December 2020 (1H21) that saw the Company deliver on all its long-term strategic milestones. Tassal's diversification strategy, focus on driving operating efficiencies and lowering costs, risk management systems and business continuity planning, cashflows and strong balance sheet, supported the Company navigating through a volatile COVID-19 operating environment.

The Company's long-term growth strategy is underpinned by 5 pillars:

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

Tassal has the right strategy in place to drive long-term growth in sustainable earnings and returns; and has planned, executed and delivered on all factors in its control.

Key 1H21 highlights:

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

2. **Salmon production has outperformed:** Salmon harvest biomass was well ahead of Strategic Plan (current biomass was expected in 5 years' time), underpinned by multi-faceted operational improvement programs: superior infrastructure, fish health (POMV vaccine), technology and innovation all combining to support a significant uplift in survival and growth

3. **Balanced channel strategies:** Tassal is well positioned to capitalise on positive consumer trends – increasing demand for trusted, sustainable Australian brands; more in-home eating and cooking; increasing demand for easy to prepare meal solutions; greater health awareness; growing digital consumption and e-commerce

4. **Prawns harvest volume on target:** FY21 expected harvest volume of circa 4,000 tonnes, with a strategic goal to deliver 20,000 tonnes by 2030. Moving forward, Tassal is well placed to gain production efficiencies/cost-out and an optimised sales mix

5. **Strategic Proserpine farming footprint expansion supports delivery of Prawns' 20,000 tonne strategic goal**: Tassal has expanded the pond and building infrastructure at Proserpine, and delivered on the strategic expansion of the Proserpine farming footprint to include Billy Creek. Overall, these strategic efforts, combined with

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the planned divestment of surplus land at Exmoor Station, supports delivery of Tassal's strategic goal of 20,000 tonnes by 2030

6. **Exceptional strategy execution has reduced cost of operations $/kg for both salmon and prawns and maintained a strong balance sheet:** Tassal's strong balance sheet has supported continued expansion, replacement and upgrading of infrastructure (keeping our people and fish safe) in 1H21, optimised operations and is responsibly seeing the Company through a significant period of uncertainty. **Salmon cost of growing and production efficiency benefits were circa $0.50kg**

7. **Overall:** Increasing salmon and prawn live and harvest biomass, continuing to drive domestic consumption growth, further optimising margins via sales mix and operating efficiencies/cost-out opportunities, and delivering a strong, sustainable diversified operating platform, position Tassal to navigate as best as possible through COVID-19, and importantly to deliver long-term growing earnings and returns in a "post-COVID-19 world".

Like other global and domestic seafood companies, Tassal experienced significant pricing volatility in 1H21 due to COVID-19 and resulting restrictions and market fractures, particularly in global/export markets.

Key COVID-19 impacts:

1. **COVID-19:** Significant uncertainty caused by COVID-19 is expected to continue for the remainder of FY21 for both domestic and global markets. With new, more virulent strains of COVID-19 now emerging and further Government lockdowns across the globe, it is difficult to predict when we may enter a "post-COVID-19 world" and what that may look like:

   - **Global:** COVID-19 restrictions and market fractures, and displacement of traditional supply for wholesale/foodservice markets, put negative pressure on both salmon and prawn prices. Global salmon pricing, combined with an appreciating (i.e. negative) AUD/USD exchange rate materially impacted 1H21 financial performance.

Export Salmon Market	1H21	1H20	Change
Salmon Average Price ($/Hog kg equivalent)	$ 9.95	$ 12.14	(18.0%) ▼

Export Salmon Market	1H21	2H20	Change
Salmon Average Price ($/Hog kg equivalent)	$ 9.95	$ 12.73	(21.8%) ▼

Export Salmon Market	1H21	2H19	Change
Salmon Average Price ($/Hog kg equivalent)	$ 9.95	$ 13.27	(25.0%) ▼

   - **Domestic:** Strategy of driving increased domestic per capita consumption is well positioned to align consumer needs both during and post-COVID-19. The new marketing campaign, primarily TV-based, focused on Tassal branded products commenced mid-August 2020 with strong results. The shortfall in domestic wholesale/foodservice market volume was offset by strong growth in domestic retail sales volume

2. **Strong growth in sales volumes, offset by materially negative export market returns due to COVID-19:** Total sales volume growth for salmon (up 16.2%) and prawns (up 786.4%) was offset by materially negative returns from the export market. Export market returns were materially impacted by global pricing and an appreciating AUD/USD exchange rate. This export market position consequently resulted in declining wholesale market returns.

   While global salmon supply was tight, Chile salmon supply had significantly grown in 2020 and as traditional wholesale/foodservice markets were displaced, stock was moved into other markets causing prices to fall. For Tassal, export market salmon volume growth was up 74.3%, but export market pricing on an AUD basis for fresh hog salmon for 1H21 was down $2.19kg or [18.0]% to $9.95kg (vs 1H20).

3. **JobKeeper:** Tassal has not received, nor sought to receive, any JobKeeper payments.

The Directors are mindful of Tassal's social licence to operate, and responsibly balance the Company's initiatives and outcomes against scorecard objectives covering people, planet, product and performance.

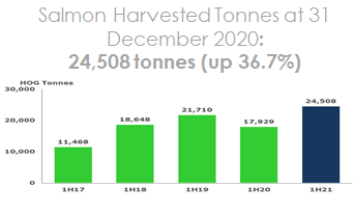
In line with the United Nations' Sustainable Development Goals, and supported by world-class partnerships and certification programs, long-term financial, operational, social, biosecurity and environmental ambitions have been established by Tassal that are centred on collaboration, shared value and responsible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

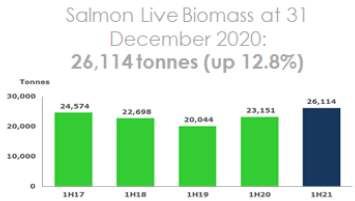
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Operational & financial highlights

Salmon

- **Salmon production has outperformed with salmon biomass well ahead of Strategic Plan**







  - **Smolt input** – has been materially the same in each of the last 3 years, so salmon biomass outperformance is purely survival and growth related
  - **Survival improvements** – combination of an efficacious POMV vaccine (POMV was the most significant cause of mortality in the previous year class) and the successful investment in Ocean Sanctuary Pens (Seal impacts continue to decrease), lead to circa 90% survival for the current harvest year class
  - **Growth improvements** – Well Boat (**Aqua Spa**) (facilitating better fish health), Feed Centre, improved diets and a cool summer for 2019/20 allowed fish to optimise size (both harvested and live)
  - **Cost of growing $/kg improvements** - combination of Aqua Spa, Feed Centre, improved fish diets and diet cost, and fish husbandry (including vaccine), led to improved survival, biomass and reduced cost of growing $/kg
  - **Processing $/kg improvements** – salmon processing costs at all of Tassal's processing plants was materially better than 1H20 as both size and condition factor of the fish led to an increase in yield and throughput
  - **Strategic increase in frozen hog volumes** – to risk mitigate summer water conditions and current low global pricing, this volume will be used for smoked salmon production in calendar year 2021, allowing Tassal to keep fish in the water longer to enable bigger size fish. Bigger size fish in the export market attract a premium price.

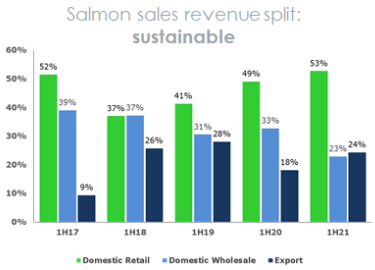
- **Domestic salmon retail volumes have outperformed to cover COVID-19 impacts in the domestic market in 1H21 –** noting that the pricing impact from the export salmon market (both low global price and an appreciating AUD/USD) has had a materially negative impact.

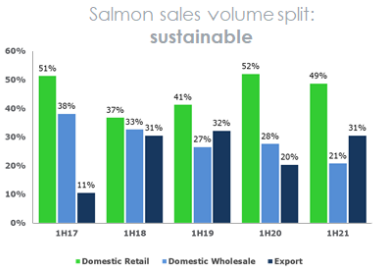
Salmon Sales Volume (Hog equiv tonnes)	1H21	1H20	Change
Domestic Salmon Market	14,219	14,030	1.3% ▲
Export Salmon Market	6,243	3,582	74.3% ▲
Total Salmon Market	20,462	17,612	16.2% ▲
Domestic Salmon Retail Market	9,963	9,165	8.7% ▲
Domestic Salmon Wholesale Market	4,256	4,866	(12.5%) ▼
Total Domestic Salmon Market	14,219	14,031	1.3% ▲

Export Salmon Market	1H21	1H20	Change
Salmon Average Price ($/Hog kg equivalent)	$ 9.95	$ 12.14	(18.0%) ▼

Export Salmon Market	1H21	2H20	Change
Salmon Average Price ($/Hog kg equivalent)	$ 9.95	$ 12.73	(21.8%) ▼

Export Salmon Market	1H21	2H19	Change
Salmon Average Price ($/Hog kg equivalent)	$ 9.95	$ 13.27	(25.0%) ▼







- **Salmon: EBITDA $/kg was materially negatively impacted by export market returns –** despite adding back the additional cost of export freight of $9.6 million. There was a negative flow on effect for domestic market returns as additional funds and activities were employed to stimulate further growth of domestic per capita consumption.

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Total Salmon Sales:
EBITDA $3.02kg (pre AASB 16 Leases impact)
EBITDA $3.71kg (post AASB 16 Leases impact)

Total Salmon Sales (A$m)	1H21	1H20	Change
Salmon Volume (Hog equiv tonnes)	20,462	17,612	16.2% ▲
Salmon Average Price ($/Hog kg equivalent)	$ 12.47	$ 13.57	(8.1%) ▼
Salmon Revenue ($m)	255.16	239.05	6.7% ▲
EBITDA	75.97	65.05	16.8% ▲
EBITDA ($/kg) (Pre AASB 16)	$ 3.02	$ 3.44	(12.2%) ▼
EBITDA ($/kg) (Post AASB 16)	$ 3.71	$ 3.69	0.5% ▲

Domestic Salmon Sales:
EBITDA $3.98kg (pre AASB 16 Leases impact)
EBITDA $4.68kg (post AASB 16 Leases impact)

Domestic Salmon Market	1H21	1H20	Change
Salmon Volume (Hog equiv tonnes)	14,219	14,030	1.3% ▲
Salmon Average Price ($/Hog kg equivalent)	$ 13.58	$ 13.94	(2.6%) ▼
Salmon Revenue ($m)	193.03	195.57	(1.3%) ▼
EBITDA	66.48	57.75	15.1% ▲
EBITDA ($/kg) (Pre AASB 16)	$ 3.98	$ 3.87	2.9% ▲
EBITDA ($/kg) (Post AASB 16)	$ 4.68	$ 4.12	13.6% ▲

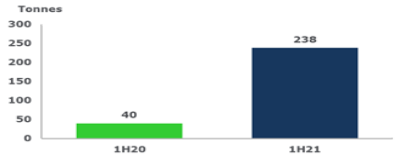
Export Salmon Sales:
EBITDA $0.83kg (pre AASB 16 Leases impact)
EBITDA $1.52kg (post AASB 16 Leases impact)

Export Salmon Market	1H21	1H20	Change
Salmon Volume (Hog equiv tonnes)	6,243	3,582	74.3% ▲
Salmon Average Price ($/Hog kg equivalent)	$ 9.95	$ 12.14	(18.0%) ▼
Salmon Revenue ($m)	62.13	43.47	42.9% ▲
EBITDA	9.50	7.31	30.0% ▲
EBITDA ($/kg) (Pre AASB 16)	$ 0.83	$ 1.79	(53.6%) ▼
EBITDA ($/kg) (Post AASB 16)	$ 1.52	$ 2.04	(25.4%) ▼

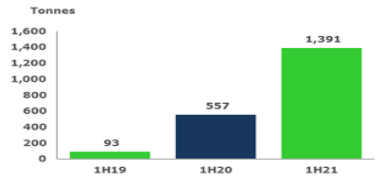
Prawns

- **Prawn harvest volumes on target for a FY21 harvest of circa 4,000 tonnes.**

Prawn Harvested Biomass at 31 December 2020:
238 tonnes



Prawn Live Biomass at 31 December 2020:
1,391 tonnes (up 149.7%)



- **Operations** – Tassal's farming model is continuing to improve based on learnings to date – focus on data capture and insights will drive yield gains and improved utilisation of assets
- **Harvesting uplift** – Tassal commenced an earlier stocking program in 2020 that facilitated a significant uplift in harvest volumes for 1H21 with 238 tonnes harvested (1H20: 40 tonnes)
- **Growth improvement** – combination of SmartFarm, improved feed diets and fish husbandry, led to improved sizes, survival and live biomass

Safety & wellbeing

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

Tassal's Board has endorsed a health and safety strategy, with a **Can-do Safely** culture at its core **– Zero Harm for Everyone, Everywhere.** Tassal's commitment to safety is consistent with the Company's focus on maximising shareholder value. Ultimately, no job is so important that it cannot be done safely.

Tassal's focus and relentless pursuit is to achieve the core value of "Zero Harm". Tassal's goal from a Total Recordable Injury Frequency Rate (**TRIFR**) perspective is < 10. Significantly, this goal was achieved with a result of **7.2** (1H20: 8.9). However, the Company needs to ensure that it continues to sustain this level of performance.
Tassal's training and focus is to instil a philosophy and culture of zero tolerance to medical treatment incidents. The reduction of manual tasks through automation and operational advancements, such as the Aqua Spa and Centralised Feed Centre, will continue to support Tassal's priority goal of achieving Zero Harm.

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Financial results

Statutory, Underlying and Operating Financial Performance

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

The key financial results for 1H21 were:

Half Year ended 31 December 2020	Statutory Profit $'000	Significant Items $'000	Underlying Profit $'000	AASB 141 Impact $'000	Operational Profit $'000
Revenue (from all sources)	$292,478	$0	$292,478	$0	$292,478
EBITDA	$77,511	$10,351	$87,862	($9,465)	$78,397
EBIT	$45,897	$10,351	$56,248	($9,465)	$46,783
Profit before income tax expense	$39,013	$10,351	$49,364	($9,465)	$39,899
Income tax expense	($11,375)	($3,105)	($14,480)	$2,839	($11,641)
Net profit after income tax expense	**$27,638**	**$7,246**	**$34,884**	**($6,626)**	**$28,258**

Half Year ended 31 December 2019	Statutory Profit $'000	Significant Items $'000	Underlying Profit $'000	AASB 141 Impact $'000	Operational Profit $'000
Revenue (from all sources)	$274,492	$0	$274,492	$0	$274,492
EBITDA	$81,002	$2,219	$83,221	($16,763)	$66,458
EBIT	$62,602	$2,219	$64,821	($16,763)	$48,058
Profit before income tax expense	$57,631	$2,219	$59,850	($16,763)	$43,087
Income tax expense	($16,814)	($666)	($17,480)	$5,029	($12,451)
Net profit after income tax expense	**$40,817**	**$1,553**	**$42,370**	**($11,734)**	**$30,636**

Statutory results

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

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

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

SGARA increment for 1H21 was $9.5 million, of which salmon SGARA decrement was $8.5 million and prawn SGARA increment was $18.0 million. For Prawns – due to the shorter working capital cycle – future earnings for 2H21 are effectively represented as the SGARA increment of $18.0 million at 31 December 2020 as all livestock of prawns is planned to be harvested and sold in 2H21 and realised as operating earnings before 30 June 2021.

The key 1H21 statutory financial results were:

- **EBITDA**[1] down 4.3% to $77.5 million (1H20: $81.0 million)
- **EBIT** down 26.7% to $45.9 million (1H20: $62.6 million)
- **NPAT** down 32.3% to $27.6 million (1H20: $40.8 million).

Underlying results

Underlying results adjust Tassal's statutory profit to reflect the ongoing business activities of the Company.

[1] 1H21 Statutory EBITDA and EBIT includes $14.7 million and $3.3 million, respectively benefit relating to AASB 16 Leases standard, with no impact to Operating NPAT

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Over 1H21 Tassal was able to increase salmon and prawn live and harvest biomass, continue to drive domestic consumption growth, further optimise margins via sales mix, generate operating efficiencies/cost out opportunities, and deliver a strong, diversified operating platform, to position Tassal to navigate as best as possible through COVID-19, and importantly to deliver long-term growing earnings and returns in a "post COVID-19 world".

Costs relating to the additional cost of export freight due to COVID-19 supply chain fractures and the purchase of Billy Creek were accounted for as non-recurring items.

Operating results

Reflecting the underlying performance of the business and excluding the impact of SGARA, the key 1H21 operating results were:

- **Revenue** up 6.6% to $292.5 million (1H20: $274.5 million)
- **EBITDA**[1] up 18.0% to $78.4 million (1H20: $66.5 million)
- **EBIT** down 2.6% to $46.8 million (1H20: $48.1 million)
- **NPAT** down 7.8% to $28.3 million (1H20: $30.6 million).

Despite the strong growth in sales volumes and salmon efficiency benefits, operating results were materially negatively impacted by export salmon pricing impact – both from negative global pricing and the appreciating AUD/USD.

Operating cashflow

Operating cashflow was used for strong harvest and live biomass growth and inventory – but was materially impacted by negative pricing and supply chain costs due to COVID-19:

- Reflects the impact on the increase in working capital costs to grow incremental salmon and prawn live biomass and inventory for earnings in 2H21 and beyond
  - salmon working capital increase $24.2 million
  - prawn working capital increase $10.9 million

- Reflects the negative material impact of COVID-19
  - lower export market returns for salmon with price $2.19kg lower than 1H20 with 6,243 hog tonnes sold
  - cash costs of Significant Items at $10.4 million (i.e. additional cost of export freight $9.6 million and Billy Creek acquisition $0.8 million)

Investing cashflow of $67.7 million in 1H21 (1H20: $96.0 million) comprised:
- Salmon growth capex – $15.2 million (1H20: $21.7 million)
- Salmon maintenance capex – $15.9 million (1H20: $17.2 million)
- Prawn land optimisation – $7.5 million for Billy Creek (1H20: Exmoor Station at $27.5 million)
- Prawn growth capex – $28.4 million (1H20: $28.1 million)
- Prawn maintenance capex – $0.7 million (1H20: $1.5 million).

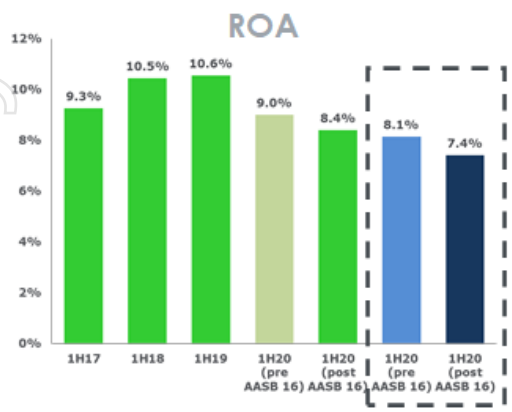
Tassal will continue to responsibly utilise its cashflows and debt facilities to consolidate salmon operations, optimise prawn operations and maintain a strong balance sheet.

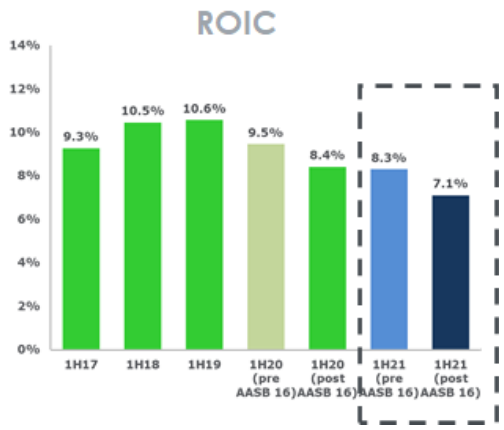
Financial returns

Tassal's 1H21 results clearly demonstrated that the Company outperformed on its salmon growth strategies and delivered on its prawn growth strategies. The Company has the right strategy in place to drive long-term growth in sustainable earnings and returns; and has planned, executed and delivered on all factors in its control.

Tassal's strategic investments in salmon and prawns should deliver strong earnings and returns in a "post-COVID-19 world". However, Tassal's short-term return performance has been impacted by COVID-19. Like other global and domestic seafood companies, Tassal has experienced significant pricing volatility due to COVID-19 and resulting restrictions and market fractures, particularly in global/export markets.

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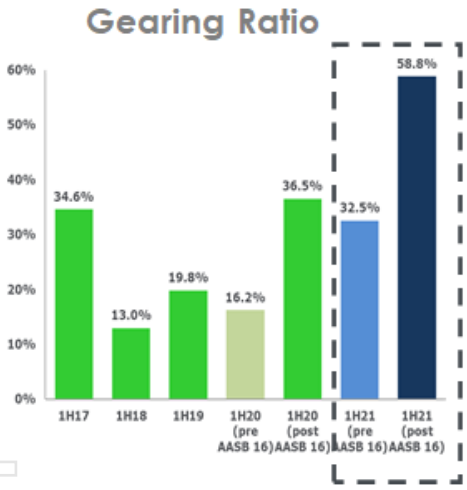


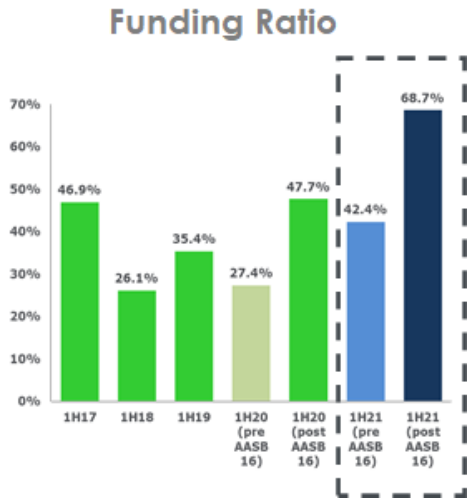


During FY20, the Board reviewed the post-tax weighted average cost of capital (post-tax WACC) for Tassal, and adopted a post-tax WACC of 6.0%. Tassal has maintained this position at 31 December 2020.

Moving forward, Tassal expects to generate ROA and ROIC from its prawn farming assets (once fully licenced and developed) above historic Group levels.

At 31 December 2020, Tassal had a gearing ratio (net debt to equity) of 32.5% (pre AASB 16 Leases impact) and a funding ratio (net debt + receivable purchase facility to equity) of 42.4% (pre AASB 16 Leases impact).





Dividends

The Directors of Tassal have declared an unfranked FY21 interim dividend of 7.0 cps (1H20: 9.0 cps, 25% franked). The dividend reflects the dividend payout policy of at least 50% of Operating NPAT.

The record and payment dates for this dividend are 15 and 30 March 2021, respectively.

The Company's Dividend Reinvestment Plan (DRP) will apply to the FY21 interim dividend, and shareholders electing to participate in the non-underwritten DRP will receive a 2% discount.

Business performance

Tassal has in place industry world-best Environmental, Social and Corporate Governance (**ESG**) initiatives that will underpin long-term sustainable growth for both salmon and prawns.

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Tassal's ongoing commitment is to continue to serve better: better quality salmon, prawns & seafood; better environmental outcomes; better community opportunities; better long-term sustainable returns to shareholders; and an overall better future for our people and communities.

For Tassal, sustainability and societal impact is more than the environment the Company operates in, it's the people we back and the communities we support. Tassal is not only a farmer, we are both an Essential Service and steward of the oceans and coasts providing responsibly farmed Australian seafood to millions of Australians through whatever challenges the world faces. Across nearly every ESG measure the Company tracks, Tassal has further improved its performance.

Tassal's right to responsibly grow is supported through balancing:

1. **Our people: People Safety & Culture**
   - Continuing to invest in our people
   - Driving towards Zero Harm for Everyone, Everywhere

2. **Our planet: Environment & Engagement**
   - Meeting all environmental legislative & regulatory requirements
   - Investing in programs delivering environmental and societal benefits and continuing to maintain world leading, independently audited, environmental certification
   - Ensuring highly engaged and aligned communities and stakeholders

3. **Our product: Food Quality & Marketing**
   - Delivering safe, high quality, products
   - Maintaining the most valued and recognised salmon and seafood brands
   - Tassal salmon and prawns winning a greater share of plate

4. **Our performance:**
   - Delivering long-term responsible and sustainable growth for shareholders.
   - Tassal is committed to providing Australians with responsibly produced and sourced seafood. In 2014, Tassal became the first salmon farming company in the world to be 100% certified by the Aquaculture Stewardship Council (ASC), the highest standard available for farmed seafood.

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

Business fundamentals and risks

Tassal has a robust risk management system in place with an overall "conservative" risk appetite. A comprehensive risk management system and business continuity planning process is used to manage both short-term (including COVID-19) and long-term risks (including climate change). Tassal actively engages with experts to continue lowering its environmental impact, and the Company prides itself on being a leader in sustainability within the global aquaculture industry. Utilising the latest technology and data to monitor environmental impacts, Tassal has continuously innovated to reduce environmental impacts and provide high quality Australian grown sustainable products for consumers.

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

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

- **Managing Climate Risk – a comprehensive risk management system is used to manage long-term risks, issues and opportunities presented by climate change and respond accordingly**
  - **Understanding the environment and the effects of climate change is crucial to Tassal's ongoing operations, particularly in summer where water temperatures affect the growth of salmon – managing stock in a sustainable and responsible way**
    - The Aqua Spa provides improved farming practices and has been in operation for 12 months now
    - Automated feeding and improved diets, a focus on net hygiene, appropriate level of harvest for frozen hog – i.e. inventory - (for later and further value adding) and isolating larger fish to cooler sites, are all factors to help decrease mortality rates and improve overall health of our salmon
    - Summer water temperatures on average for December 2020 and January 2021 were around 1.3 and 0.8 degrees warmer than the previous year – we will continue to monitor summer closely and manage our live biomass prudently

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- **Tassal has developed considerable options for adapting to climate change:**
  - Species diversification with prawns – prawns are a 'warmer' climate species
  - Selective Breeding Program (SBP) for salmon, focusing on families/lines that can withstand temperature increases and volatility
  - Improved feed diets for both salmon and prawns
  - Modified farming technologies and practices
  - Geographic diversification
- **Listening to the science:** Tassal supplements the work of its environmental team with external scientists to identify emerging climate trends, system responses and to undertake comprehensive broadscale monitoring.

- **COVID-19 -** Tassal is classed as an "Essential Service" and the Company's operations have, due to the risk mitigation measures employed, effectively continued as "normal". Tassal has worked hard to ensure the continued safety and wellbeing of its employees and customers – strategies were developed and implemented from both a physical and mental wellbeing perspective. In addition, the Company's supply chain has been resilient to date.

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

- **Summer and Autumn water temperatures and the impact on the rate of salmon growth and survival** – Tassal has continued to develop its advanced SBP. The current focus of the program is breeding from fish more resilient to higher water temperatures. Summer and Autumn water temperatures remain a challenge.

- **Amoebic Gill Disease (AGD) remains a significant issue** – To ensure Tassal's fish remain healthy and active, they are bathed in fresh water. This bathing process cleans the amoeba from the gills of the fish and allows the fish to intake oxygen and release carbon dioxide more efficiently and effectively. To bathe the fish, fish are transferred from saltwater to fresh water. Tassal has mitigated this risk through the introduction of the harvest strategy for the South East, together with fish grown in Macquarie Harbour (where there is no AGD) and with all fish now from the SBP.

  Tassal has successfully integrated its Aqua Spa into the operations and it has been fundamental in allowing the Company to grow its current salmon biomass volumes ahead of Strategic Plan targets. The Aqua Spa is under a 10-year lease (with Tassal holding a 5-year option). The Well Boat has a 3,500m^3 water capacity – enough to completely bathe one of Tassal's largest pens around three (3) times quicker than current methods. The Aqua Spa also aligns strategically to the Company's ambitions to farm salmon further offshore in higher energy areas and enable higher fish survival rates, improved biosecurity and fish health and welfare.

- **Seals remain a significant challenge** – Seals are attracted to salmon farms. The risk of seal interactions has increased, particularly as seal relocations ceased on 25 December 2017. Tassal monitors seals and seal interactions extremely closely, and its new ocean sanctuary pens provide the best risk mitigation for seals. The Company has seen significant improvement in lowering seal interactions.

- **Community activism is an increasing risk** – This is not unique to aquaculture nor Tassal, and is part of doing business in many industries. A proactive engagement strategy, centred around shared value principles, has been implemented by Tassal across operating communities and more broadly. This focuses on a range of partnerships and initiatives aligned to the Company's Community Charter.

- **Ability to grow salmon based on current technologies, methodologies, and production sites (including new prospects) is becoming more difficult** – The industry is starting to test the 'natural capacity' and growth limits for fish farming in current lease areas using today's technologies and methodologies. Adaptive management and innovation have always been at the core of Tassal's business and growth; in fact it is a strong competitive advantage for Tassal. We believe we need to continue to learn, adapt and innovate as we move forward.

  To mitigate this risk, Tassal has and continues to use technology to optimise operations. Heading into COVID-19, Tassal was considered a global seafood leader in digital technology – a key competitive advantage in FY21 that should be further enhanced in FY22.

Strategic update & outlook

Strategic update - Given the current volatility caused by COVID-19, particularly with sales markets, we have adjusted our short-term strategic growth trajectory by consolidating operations and reducing operating and capital spend

- **Salmon strategy – from "optimise" to "consolidate" operations**

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- Up to 1H21, Tassal's focus has been to optimise salmon operations – both from a lease and fish performance perspective. This has been successfully achieved – with the expected salmon harvest volume of 41,000 hog tonnes for FY21 that is 5 years in advance of the Company's Strategic Plan target. Tassal will now consolidate its salmon operations until the domestic market evidences a better supply / demand balance and pricing conditions improve
- The Company's focus now is on maintaining salmon production at circa 41,000 hog tonnes pa harvested – subject to agriculture and environmental risks. Given this harvest tonnage has been brought forward by 5 years, Tassal will potentially have an additional circa 15,000 hog tonnes to sell in addition to the Strategic Plan – albeit it is likely to be sold in the export market. Pleasingly, the working capital build for that 15,000 hog tonnes has now occurred
- The higher biomass for salmon (from the same level of smolt inputs) is heavily supporting the reduction in cost of growing of, and production efficiencies for, salmon – and subject to maintaining this production level, this "cost out" theme is expected to continue
- Appropriate capex will be spent to enable the "housing" of the 41,000 hog tonnes. Maintaining replacement and upgrade capital expenditure at circa $45 million to $50 million pa is fundamental to ensure Tassal's production is adequately protected. Depending on agriculture and environmental risk (i.e. leases holding up) this should allow substantial savings in capital spend vs Strategic Plan over the next 5 years
- **Overall, Tassal is confident of growing operating earnings and returns from salmon in a post-COVID-19 world through to 2030, through focusing on optimising our sales mix and returns and from a reduction in salmon cost of growing and processing $/kg.**

- **Prawns strategy -from "rapid expansion / growth" to "optimise" operations**
  - While prawns is in rapid growth, this market segment has also been impacted by similar market uncertainties that salmon has experienced. However, with a much shorter working capital cycle (6 months, not 3 years), the prawns growth program can be flexed much more quickly than salmon
  - For 2H21 planned growth capex will be prudently reduced and the Company will enter a phase of optimising its operations – focussing on yield – before reassessing the growth strategy later in CY2021
  - Growth capex for prawns will be paused in 2H21 – noting that all the hatchery and processing infrastructure planned for FY21 has been built, and of the 70ha of ponds planned for FY21 only 20ha will be completed – saving circa $6 million in capex in FY21
  - Forecast production is expected to increase in FY22, to 4,500 to 5,000 tonnes, supported by the completion of the additional 20ha of ponds and associated infrastructure at Proserpine in FY21 (circa 370ha of ponds in total at Proserpine, Mission Beach and Yamba in FY22)
  - Tassal is focused on improving prawns' yield (survival and growth) via a similar path to salmon – fish husbandry (health), domestification (i.e. SBP), automated feeding systems, improving fish diets and diet cost
  - **The goal of harvesting 20,000 tonnes by 2030 remains in place… and once we get to a "post-COVID-19 world" this path can be accelerated.**

- **Strategic Proserpine footprint expansion – and disposal of surplus land – supports the strategic goal of 20,000 tonnes**
  - **Optimising existing Proserpine farm** – approval has been received for 455ha of ponds, vs original target of 400ha. For FY21, 270ha of ponds have been fully stocked
  - **Strategic Proserpine farming footprint expansion** – Tassal will always consider strategic opportunities as they arise, resulting in the acquisition of the Billy Creek property on 9 November 2020. Billy Creek is a c 1,300ha property neighbouring the Company's existing Proserpine farm which enables the creation of an enlarged Proserpine "farming precinct":
    - Subject to the receipt of regulatory approvals and development, the combination provides an opportunity for an additional c350ha of ponds (i.e. 805ha of ponds across the wider precinct)
    - Proximity to the Bruce Highway provides ready power availability as well as existing road infrastructure
  - **Exmoor Station divestment of surplus land** – Tassal's strategy with Exmoor Station was to confirm its capacity, develop out Proserpine first and then explore the possibilities of Exmoor Station for pond and supporting infrastructure – selling off any surplus land to our requirements at Exmoor Station at the right time. The Company believes that with the expansion of the Proserpine farming footprint with Billy Creek and given the general increase in the land value for cattle grazing, it is now the right time to dispose of surplus land (i.e.

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land not suitable for prawn farming) at Exmoor Station. Tassal's intention is to dispose of circa 6,000ha of surplus land at Exmoor Station now and realise the value by 30 June 2021

- **Risk and risk mitigation** – an expanded farming system at Proserpine increases the need for advanced biosecurity protocols (such as water treatment and filtration) and a domesticated animal (i.e. Selective Breeding Program (**SBP**)) – both manageable.

Once fully authorised and developed, the Proserpine farming footprint expansion plus the remaining 1,000ha at Exmoor Station, provides an optimal path to 20,000 tonnes by 2030.

- **Technology – Tassal's global leadership in digital technology – a key competitive advantage in FY21 – should be further enhanced in FY22**
  - Investments in centralised feeding have contributed to a strong salmon biomass position through improved growth and performance, and reduced feed conversion rates (**FCR**). Tassal's feed centre provides the Company's salmon farming teams the agility to adapt to and better manage challenges than previously has been possible
  - Many of Tassal's salmon and prawn farming operational processes have been digitised, helping drive improvements in operational efficiency and farm asset utilisation. The Company's Prawn SmartFarm systems are enabling real-time information about the status of ponds and prawn stocks, which is providing the business with the insight required to achieve our prawn production targets
  - Going forward, Tassal will leverage the large amount of data it is now capturing with an increasingly advanced data analytics capability. This will allow the Company to continue to drive improvements in both salmon and prawn farming through growth optimisation, survival and FCR
  - Expansion of Tassal's automated feed systems in prawns will also underpin improvements in yield compared to traditional feeding methods
  - Implementation of advanced Integrated Business Planning systems and processes will better connect the systems and processes used to plan harvesting / sales mass-balance, improving visibility of the impact of changes in both demand or supply, and reducing the time it takes to make important supply planning decisions.

Outlook – COVID-19 continues to create significant short-term uncertainty for 2H21. However, the medium to long-term demand and supply fundamentals of the global salmon and prawn industries are positive in a "post-COVID-19 world"

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

- **COVID-19 related sales impacts are expected to continue through 2H21 for both salmon and prawns**
  - Continued lower export world prices, and a higher Australian dollar
  - Continued air freight disruption, in terms of both availability and cost
  - Tassal values its China based customers, however access may be disrupted by political events
  - Some degree of price pressure in domestic channels as higher harvests are balanced with domestic demand profiles

- **Salmon - significant pricing uncertainty in the near-term due to COVID-19**
  - Global salmon pricing is currently trading at historical lows, despite previously being expected to recover as evidenced through futures pricing indices and market analyst commentary. The negative impact from a global pricing perspective is on top of an already elevated AUD/USD exchange rate
  - On the positive, Tassal has salmon volume to sell and both these factors can change quickly (as seen in CY2020)

- **Prawns - harvesting commences in earnest in February and ramps up significantly to May**
  - Domestic market sales are supported by the fresh prawn supply contract with Coles that commenced in December 2020
  - Export markets, particularly foodservice, remain significantly restricted due to the continuation of lockdowns / restrictions in the Northern Hemisphere leading to lower USD pricing. The negative impact on global pricing is on top of an already elevated AUD/USD exchange rate

- **Strategic focus - expect to deliver more salmon volume, with prawn volume on track for FY21**

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- In light of the COVID-19 impacts on short term market dynamics, Tassal has reviewed its species mix for 2H21and FY22, in view of working capital demands and market risk, with the following adjustments being made:
    - Produce circa 41,000 hog tonnes of salmon in FY21 (circa 5,000 hog tonnes ahead of Strategic Plan), and maintain 41,000 hog tonnes for FY22 as this biomass is already at sea
    - Continue to use frozen hog for summer risk mitigation and then through smoked salmon production – leaving fish in the water to grow during key growing times
    - On track for 4,000 tonnes of prawns in FY21, and then slow down prawn growth to 4,500 to 5,000 tonnes for FY22 (instead of the previously planned 6,000 tonnes) by reducing the expansionary infrastructure program (20ha, not 70ha, of new ponds for FY22) and not expanding the stocking program (inputs for FY22 not due to commence until May/June 2021)
    - Market conditions will be reviewed during 2H21 for both species and the next growth steps then determined, i.e.:
        - Rapidly increase prawn growth back to plan, due to strong salmon conditions (i.e. improved working capital), and stability of prawn markets (i.e. 2H21 sales program executed to target); or
        - Adapt/further review our growth program as appropriate
    - This revised short term strategic plan supports prudent financial management in a more uncertain environment, providing the business and shareholders with a balance of growth for species, but the risk mitigation and flexibility to adapt/pivot as conditions evolve

- **Prudent balance sheet, capital and working capital management**

- Tassal's already strong balance sheet was further strengthened with available committed debt facilities extended in 1H21 by $100 million to $509.2 million (including Receivable Purchase Facility "RPF"), secured to April 2023. This enables the Company to withstand and respond to a range of economic scenarios while supporting its salmon and prawn operating platforms
- Moving forward, Tassal can both reduce and better balance its capital spend profile for salmon and prawns over the short-term while still maintaining an ability to accelerate growth in prawns should the opportunity arise
- FY21 operating cashflow is expected to grow, as FY20's working capital build, coupled with the increase in prawn biomass in 1H21 is converted into cash
- Plan to reduce working capital spend for prawns in FY22 to support production of circa 4,500 to 5,000 tonnes (vs previously advised 6,000 tonnes) given COVID-19 impact on short term pricing. Tassal is still well positioned to maximise returns on longer term investment when market conditions improve
- Plan to reduce both salmon and prawn capital spend from $125 million to $105 million in FY21 and to reduce prawn growth capex spend in FY22
- Plan to maintain dividend payout policy of circa 50% of operating NPAT

4. SUBSEQUENT EVENTS

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

5. BUSINESS DEVELOPMENT

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

6. INDEPENDENCE DECLARATION BY AUDITOR

The auditor's independence declaration made under section 307C of the Corporations Act 2001 is set out on page 13 and forms part of this Directors' Report for the half-year ended 31 December 2020.

7. ROUNDING OFF OF AMOUNTS

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

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

On behalf of the Directors,



A. D. McCallum
Chairman



M. A. Ryan
Managing Director & Chief Executive Officer

Hobart, this 16th day of February 2021

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AUDITOR'S INDEPENDENCE DECLARATION

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2020

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

16 February 2021

Dear Board Members

Auditor's Independence Declaration to Tassal Group Limited

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

As lead audit partner for the review of the financial report of Tassal Group Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants

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Member of Deloitte Asia Pacific Limited and the Deloitte Network

CONDENSED CONSOLIDATED INCOME STATEMENT

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2020

	Note	Half-Year Ended 31 Dec 2020	Half-Year Ended 31 Dec 2019
		$'000	$'000
Revenue	3 (a)	288,470	270,264
Other income	3 (b)	4,009	4,228
Fair value adjustment of biological assets		(7,963)	13,662
Fair value adjustment of biological assets at point of harvest		17,428	3,101
Share of profits / (losses) of associates and jointly controlled entities accounted for using the equity method		(82)	150
Changes in inventories of finished goods and work in progress		43,333	11,339
Raw materials and consumables used		(188,941)	(147,384)
Employee benefits expense		(66,811)	(59,781)
Depreciation and amortisation expense	3 (c)	(31,614)	(18,400)
Finance costs	3 (c)	(6,884)	(4,971)
Exmoor station acquisition costs		-	(2,219)
Billy Creek property acquisition costs		(775)	-
Other expenses		(11,157)	(12,358)
Profit before income tax expense		**39,013**	**57,631**
Income tax expense		(11,375)	(16,814)
Profit for the period		**27,638**	**40,817**

	Half-Year Ended 31 Dec 2020	Half-Year Ended 31 Dec 2019
Earnings per ordinary share (EPS)		
Basic (cents per share)	13.14	20.62
Diluted (cents per share)	13.10	20.56

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

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2020

	Note	Half-Year Ended 31 Dec 2020 $'000	Half-Year Ended 31 Dec 2019 $'000
Profit for the period		27,638	40,817
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Gain/(loss) on revaluation of property		-	-
Income tax relating to items that will not be reclassified subsequently		-	-
Items that may be reclassified subsequently to profit or loss :			
Gain/(loss) on cashflow hedges		-	118
Income tax relating to items that may be reclassified subsequently		-	(35)
Other comprehensive income for the period (net of tax)		-	83
Total comprehensive income for the period attributed to owners of the parent		**27,638**	**40,900**

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

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2020

	Note	As at 31 Dec 2020	As at 30 June 2020	As at 31 Dec 2019
		$'000	$'000	$'000
Current Assets				
Cash and cash equivalents		35,463	21,860	39,895
Trade and other receivables		47,218	48,123	34,610
Inventories		135,533	74,772	64,379
Biological assets		456,211	460,121	427,893
Current tax assets		11,234	7,038	6,870
Other financial assets		666	725	770
Other		7,965	7,785	4,527
Total Current Assets		**694,290**	**620,424**	**578,944**
Non-Current Assets				
Investments accounted for using the equity method		11,832	9,752	9,086
Other financial assets		2,000	2,218	2,308
Property, plant and equipment		598,136	548,313	524,898
Right-of-use-assets		219,924	214,136	138,462
Goodwill	**6**	89,894	89,894	89,894
Other intangible assets		24,184	24,184	24,184
Other		5,667	5,885	5,108
Total Non-Current Assets		**951,637**	**894,382**	**793,940**
Total Assets		**1,645,927**	**1,514,806**	**1,372,884**
Current Liabilities				
Trade and other payables		142,022	109,017	107,838
Borrowings		6,111	12,222	22,222
Lease liabilities		46,721	44,408	40,134
Provisions		13,776	14,673	11,913
Other financial liabilities		-	-	145
Total Current Liabilities		**208,630**	**180,320**	**182,252**
Non-Current Liabilities				
Borrowings		291,257	207,388	143,221
Lease liabilities		165,077	172,928	116,849
Deferred tax liabilities		173,040	162,943	155,093
Provisions		2,641	2,178	2,012
Total Non-Current Liabilities		**632,015**	**545,437**	**417,175**
Total Liabilities		**840,645**	**725,757**	**599,427**
Net Assets		**805,282**	**789,049**	**773,457**
Equity				
Issued capital	**5**	426,193	418,635	412,814
Reserves		15,945	16,072	15,932
Retained Earnings		363,144	354,342	344,711
Total Equity		**805,282**	**789,049**	**773,457**

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

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Tassal Group Limited and its Controlled Entities Financial Report for the Half-Year Ended 31 December 2020

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	Ordinary shares	Asset revaluation reserve	Hedging reserve	Equity-settled employee benefits reserve	Retained earnings	Total attributable to equity holders of the parent
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2019 (as previously reported)	**288,814**	**14,090**	**(184)**	**2,097**	**329,041**	**633,858**
Effect of change in accounting policy for initial application of IFRS 16	-	-	-	-	(6,860)	(6,860)
Balance as at 1 July 2019 – as restated	**288,814**	**14,090**	**(184)**	**2,097**	**322,181**	**626,998**
Profit for the period	-	-	-	-	40,817	40,817
Gain/(loss) on cashflow hedge (net of any related tax)	-	-	83	-	-	83
Total comprehensive income for the period	-	-	83	-	40,817	40,900
Payment of dividends	-	-	-	-	(18,287)	(18,287)
Issue of shares pursuant to share placement	108,416	-	-	-	-	108,416
Share placement costs	(2,940)	-	-	-	-	(2,940)
Related income tax	882	-	-	-	-	882
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	-	-	-	57	-	57
Balance as at 31 December 2019	**412,814**	**14,090**	**(101)**	**1,943**	**344,711**	**773,457**
Balance as at 1 July 2020	**418,635**	**14,090**	**-**	**1,982**	**354,342**	**789,049**
Profit for the period	-	-	-	-	27,638	27,638
Gain/(loss) on cashflow hedge (net of any related tax)	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	27,638	27,638
Payment of dividends	-	-	-	-	(18,836)	(18,836)
Issue of shares pursuant to dividend reinvestment plan	7,126	-	-	-	-	7,126
Issue of shares pursuant to Executive Long Term Incentive Plan	432	-	-	(432)	-	-
Recognition of share-based payments	-	-	-	305	-	305
Balance as at 31 December 2020	**426,193**	**14,090**	**-**	**1,855**	**363,144**	**805,282**

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

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2020

	Note	Half-Year Ended 31 Dec 2020	Half-Year Ended 31 Dec 2019
			$'000
Cashflows from Operating Activities			
Receipts from customers		321,526	277,226
Payments to suppliers and employees		(266,875)	(224,291)
Interest received		1	56
Interest and other costs of finance paid		(9,073)	(8,660)
Income taxes (paid)/refunded		(4,195)	(3,351)
Net cash (used in) / provided by operating activities		**41,384**	**40,980**
Cashflows from Investing Activities			
Payment for property, plant and equipment		(67,661)	(95,987)
Net cash (used in) investing activities		**(67,661)**	**(95,987)**
Cashflows from Financing Activities			
Proceeds from borrowings		77,758	-
Repayment of borrowings		-	(11,208)
Repayment of lease liabilities		(26,167)	(23,077)
Proceeds from issue of equity securities		-	125,847
Payment for share issue costs		-	(2,939)
Dividends paid to members of the parent entity		(11,711)	(18,287)
Net cash (used in) / provided by financing activities		**39,880**	**70,336**
Net increase / (decrease) in cash and cash equivalents		**13,603**	**15,329**
Cash and cash equivalents at the beginning of the Half-Year		21,860	224,566
Cash and cash equivalents at the end of the Half-Year		**35,463**	**39,895**

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

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1. Summary of accounting policies

a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report for the financial year ended 30 June 2020, together with any public announcements made by Tassal Group Limited and its controlled entities during the half-year ended 31 December 2020, in accordance with the continuous disclosure requirement of the Listing Rules of the Australian Securities Exchange.

The half-year financial report was authorised for issue by the Directors on 16 February 2021.

b) Basis of preparation

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

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

c) Significant accounting policies

The accounting policies and methods of computation in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 30 June 2020 other than leases as detailed below. Where appropriate figures for the comparative period have been restated to make them comparable with the disclosure for the half-year ended 31 December 2019 (except for the cumulative catch up approach as disclosed in note 1(d)).

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

d) Adoption of new and revised Accounting Standards

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

There are no new and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group.

(ii) Standards and Interpretations in issue not yet adopted

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

Standard / Interpretation	Effective for financial years commencing on or after	Expected to be initially applied in the financial year ending
AASB 17 Insurance Contracts	1 January 2023	30 June 2024
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date	1 January 2022	30 June 2023

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of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections		
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020	30 June 2021
AASB 2018-7 Amendment to Australian Accounting Standards – Definition of Material	1 January 2020	30 June 2021
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020	30 June 2021
AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform	1 January 2020	30 June 2021
AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	1 January 2020	30 June 2021
Conceptual Framework for Financial Reporting	1 January 2020	30 June 2021

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

2. Subsequent events

Interim dividend declared

On 16 February 2021 the Directors declared an interim dividend of $14.793 million (7.00 cents per ordinary share) in respect of the half-year ended 31 December 2020. The interim dividend will be unfranked. The interim dividend has not been recognised in this half-year report because the interim dividend was declared subsequent to 31 December 2020. The record date for determining entitlements to this interim dividend is 15 March 2021. The interim dividend will be paid on 30 March 2021. The Company's Dividend Reinvestment Plan will apply to the interim dividend and a discount rate of 2% has been determined by the Directors.

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3. Profit from operations

Profit from operations before income tax expense includes the following items of revenue and expense:

	Note	Half-Year Ended 31 Dec 2020	Half-Year Ended 31 Dec 2019
		$'000	$'000
(a) Revenue			
Revenue from the sale of goods:			
- Domestic wholesale market		73,595	87,869
- Domestic retail market		153,457	137,533
- Export market		61,417	44,806
Interest revenue		1	56
Total revenue		**288,470**	**270,264**
(b) Other Income			
Gain/(loss) on disposal of property, plant and equipment		5	10
Government grants received		2,435	1,849
Other		1,569	2,369
Total other income		**4,009**	**4,228**
(c) Expenses			
Depreciation of non-current assets		20,276	15,231
Depreciation of right of use assets		11,323	3,154
Amortisation of non-current assets		15	15
Total depreciation and amortisation		**31,614**	**18,400**
Interest – other entities		3,185	3,327
Interest – lease liabilities		3,699	1,644
Total finance costs		**6,884**	**4,971**

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4. Dividends

	Half-Year Ended 31 December 2020		Financial Year Ended 30 June 2020		Half-Year Ended 31 December 2019	
	Cents per share	Total $'000	Cents per share	Total $'000	Cents per share	Total $'000
(a) Recognised amounts						
Fully paid ordinary shares:						
Interim dividend paid in respect of current financial year	-	-	9.00	18,664	-	-
Final dividend paid in respect of prior financial year	9.00	18,836	9.00	18,286	9.00	18,286
	9.00	**18,836**	**18.00**	**36,950**	**9.00**	**18,286**

On 19 August 2019, the Directors declared a final dividend of $18.286 million (9.00 cents per ordinary share) in respect of the financial year ended 30 June 2019. The dividend was 25% franked and paid on 30 September 2019.

(b) Unrecognised amounts						
Fully paid ordinary shares:						
Interim dividend in respect of current financial year	7.00	14,793	-	-	9.00	18,664
Final dividend in respect of current financial year	-	-	9.00	18,836	-	-
	7.00	**14,793**	**9.00**	**18,836**	**9.00**	**18,664**

On 16 February 2021, the Directors declared an interim dividend of $14.793 million (7.00 cents per ordinary share) in respect of the half-year ended 31 December 2020. The interim dividend will be unfranked. The record date for determining entitlements to this dividend is 15 March 2021. The interim dividend will be paid on 30 March 2021.

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

The interim dividend in respect of ordinary shares for the half-year ended 31 December 2020 has not been recognised in this Half-Year report because the interim dividend was declared subsequent to 31 December 2020.

No portion of the interim dividend declared for the half-year ended 31 December 2020 constitutes Conduit Foreign Income.

5. Issued capital

	Note	As at 31 December 2020 Number	As at 31 December 2020 $'000	As at 31 December 2019 Number	As at 31 December 2019 $'000
(a) Ordinary share capital (fully paid)					
Ordinary shares		**211,334,135**	**426,193**	**207,374,785**	**412,814**
(b) Movements in ordinary share capital					
Balance as at the beginning of the half-year		209,118,582	418,635	178,450,013	288,814
Issue of shares pursuant to dividend reinvestment plan	(i)	2,041,802	7,126	-	-
Issue of shares pursuant to share placement	(ii)	-	-	24,640,001	108,416
Share placement costs		-	-	-	(2,940)
Related income tax		-	-	-	882
Issue of shares pursuant to share purchase plan	(iii)	-	-	4,188,623	17,431
Issue of shares pursuant to executive long term incentive plan	(iv)	173,751	432	96,148	211
Balance as at the end of the half-year		**211,334,135**	**426,193**	**207,374,785**	**412,814**

Current Financial Year

(i) On 29 September 2020, 2,041,802 ordinary shares were issued pursuant to the Company's dividend reinvestment plan at an issue price of $3.49 per share. A discount of 2% was applicable.

(iv) On 25 August 2020, 173,751 ordinary shares were issued pursuant to the Company's long term incentive plan at an issue price of $2.4854 per share. There was no exercise price paid on this conversion.

Previous Financial Year

(ii) On 26 August 2019, 24,640,001 ordinary shares were issued pursuant to a share placement at an issue price of $4.40 per share to enable the Company to invest in the accelerated prawn growth strategy.

(iii) On 23 September 2019, 4,188,623 ordinary shares were issued pursuant to a share purchase plan at an issue price of $4.1615 per share to enable the Company to invest in the accelerated prawn growth strategy.

(iv) On 26 August 2019, 96,148 ordinary shares were issued pursuant to the Company's long term incentive plan at an issue price of $2.1992 per share. There was no exercide price paid on this conversion.

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6. Goodwill

	Half-Year Ended 31 Dec 2020	Half-Year Ended 31 Dec 2019
	$'000	$'000
Gross carrying amount		
Opening balance	**89,894**	89,894
Additional amounts recognised from business combinations occurring during the period	**-**	-
Closing balance	**89,894**	89,894
Accumulated impairment losses		
Opening balance	**-**	-
Impairment losses for the year	**-**	-
Closing balance	**-**	-
Net book value		
Opening balance	**89,894**	89,894
Closing balance	**89,894**	89,894

Impairment test for goodwill

Goodwill relates to the consolidated entity's acquisition of the wholly-owned controlled entities, Aquatas Pty Ltd acquired in FY05, De Costi Seafoods Pty Ltd acquired in FY16 and the Fortune Group prawn aquaculture business acquired in FY19. At 31 December 2020, Tassal assessed whether there were any indicators of impairment, and determined that there were, being the market capitalisation lower than net assets, and the half year earnings being lower than budget. As such, and as required under AASB 136, Tassal tested it's goodwill and other assets for impairment at 31 December 2020. For impairment testing purposes, goodwill has been tested at the cash generating unit (CGU) level, being the domestic and export CGU's. The recoverable amount of each CGU is determined based on the value-in-use calculation and is consistent with the disclosure for segment reporting. These calculations use a discounted cashflow projection using a post-tax discount rate of 6.00% (2020: 6.00%). The calculations are based on management approved cashflows and financial projections to 2025, and a terminal value. The recoverable amount calculated exceeds the carrying value of goodwill. The cashflows beyond a five-year period have been extrapolated using a 2.5% (2020: 2.5%) per annum growth rate.

7. Contingent liabilities and contingent assets

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

8. Seasonality

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

9. Segment information

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

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

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

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

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

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31 December 2020	Domestic Segment $'000	Export Segment $'000	Consolidated $'000
Sales (1)	227,052	61,417	288,469
Segment operational EBITDA	69,555	8,842	78,397
Land acquisition costs			(775)
Significant export freight costs			(9,576)
Fair value adjustment of biological assets	-	-	9,465
Statutory EBITDA	-	-	77,511
Depreciation expense	-	-	(31,614)
Finance costs	-	-	(6,884)
Profit before income tax expense	-	-	39,013
Income tax expense	-	-	(11,375)
Profit for the period	-	-	27,638
(1) Sales Information	**Salmon $'000**	**Seafood $'000**	**Total $'000**
Domestic wholesale	68,161	5,434	73,595
Domestic retail	123,658	29,799	153,457
Export	63,338	(1,921)	61,417
Total sales	**255,156**	**33,312**	**288,469**

31 December 2019	Domestic Segment $'000	Export Segment $'000	Consolidated $'000
Sales (1)	225,402	44,806	270,208
Segment operational EBITDA	59,099	7,359	66,458
Land acquisition costs			(2,219)
Fair value adjustment of biological assets	-	-	16,763
Statutory EBITDA	-	-	81,002
Depreciation expense	-	-	(18,400)
Finance costs	-	-	(4,971)
Profit before income tax expense	-	-	57,631
Income tax expense	-	-	(16,814)
Profit for the period	-	-	40,817
(1) Sales Information	**Salmon $'000**	**Seafood $'000**	**Total $'000**
Domestic wholesale	78,253	9,616	87,869
Domestic retail	118,020	19,514	137,533
Export	43,472	1,334	44,806
Total sales	**239,744**	**30,464**	**270,208**

DIRECTORS' DECLARATION

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2020

The Directors declare on 16 February 2021 that:

a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors



A. McCallum
Chairman
Hobart, 16 February 2021

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INDEPENDENT REVIEW REPORT

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2020

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

Conclusion

We have reviewed the half-year financial report of Tassal Group Limited (the "Entity") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on page 30.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibilities for the Half-year Financial Report

The directors of the Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

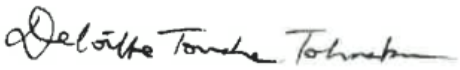
Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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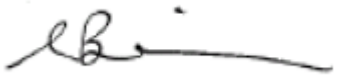
INDEPENDENT REVIEW REPORT

Tassal Group Limited its and Controlled Entities Financial Report for the Half-Year Ended 31 December 2020

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



DELOITTE TOUCHE TOHMATSU



Chris Biermann
Partner
Chartered Accountants
Hobart, 16 February 2021

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