



Premium organic oysters raised
in pure Tasmanian waters

Stakeholder Update

Potential IPO / Business Update / Board Update / Liquidity

Potential IPO:

As communicated in the April update, Tasmanian Oyster Company (TOC) had commenced planning to undertake an IPO in late 2022 calendar year, in parallel with exploring alternative pathways to liquidity.

Unfortunately, the significant correction experienced in financial markets during May and June, particularly in smaller capitalised companies, combined with inflationary pressures and interest rate rises, has created significant uncertainty around the ability of the Company to currently achieve a successful IPO with adequate aftermarket support. Accordingly, the Board has resolved to pause plans for an IPO in the 2022 calendar year and re-assess after finalisation of December 2022 quarter. Similarly, other offers have not sufficiently progressed to present an alternative liquidity pathway at this stage.

The Board remains committed to providing liquidity for noteholders and limited liquidity for shareholders which is outlined further below.

Business Update:

Pleasingly, despite challenges caused by rain events, bay closures, Covid induced staff absences and increasing cost pressures TOC has achieved several significant milestones during the year, including:

- Final expected consolidated underlying EBITDA is better than expected at circa \$4.7M vs \$3.5M FY21
- Sales Revenue has improved to \$15.2M vs \$10.8M in FY21
- Strong operating cashflows utilised to extinguish vendor finance loan of \$4M
- Eyre Shellfish spat sales have increased significantly in FY22 and the business has turned the corner with a positive EBITDA result for the first time
- We completed trial shipments of value-added oysters into QLD, NSW, and VIC with early positive feedback
- Exports have recommenced into Hong Kong, Vietnam, Singapore and Japan
- We have recommenced hatchery operations at our second hatchery site in Coffin Bay, SA
- There has been significant development in production and R&D of multiple strains of Asparagopsis and emerging external investor interest.



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Board Update:

As per the previous update, the Board has continued to evolve towards a market ready Board structure with the resignations of Directors Ken Fleming and Michael Cooper. Further, Janelle Cashin has been appointed as a consultant to assess scope for operational improvements and potentially assume the position of part time Executive Chair.

Janelle has spent the past 28yrs in the food, poultry and agricultural sectors. Most recently Janelle was the CEO of Fairglen Farms. Previously as Chief Operating Officer for the Ingham's Group, Janelle was a key member of the Ingham's Senior Executive Team, responsible for the Australian network with circa 7,000 employees across 62 breeder farms, ten hatcheries, 160 contract broiler farms, ten processing sites, seven distribution centres, and a fully integrated turkey division. Janelle is currently a Non-Executive Director of SunPork Group and Hewitt Cattle Australia.

The Board thanks Directors Fleming and Cooper for their respective contributions to TOC over the course of their tenure. Particularly, Ken for his pivotal assistance in strategy development, M&A and capital raising and Michael for his assistance with brand development and sales & marketing.

Liquidity Update:

The Company has secured a commitment of \$2.5M of funding from existing bank relationships to redeem convertible notes prior to their expiry date in October 2022, and the Board will in parallel seek to redeem the balance of the notes and achieve some potential liquidity for ordinary shareholders via;

- a) Conversion of a portion of notes into ordinary shares at a nominated share price, or
- b) A replacement of the note on renegotiated terms for a further period
- c) Potential partial sale of any identified surplus assets or minority interests
- d) Underwriting the balance of notes via a strategic investor.

The Board will continue to explore options and or seek to identify new potential investors prior to October 2022 to assist with the above options and update with outcomes.

Noteholders will separately be contacted to canvas preferred options within the next two weeks.

Sandy Beard
Chairman



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