



COMPANY

Update

Shareholder & Market Update | Summer 2022

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SOH continues forecasted growth trajectory

Seaweed trials attract global interest

Highly experienced new Hatchery Manager



Our oysters are grown in the wild and pristine waters of Tasmania.

Value Adding takes hold

Retail strategy on target.

Launched in late 2021, TOC's value-added retail lines have quickly gained traction in the market place. The Sales and Marketing team report strong interest across the range, together with positive engagement and feedback.

The Company is now a major supplier in Tasmania and has enjoyed promising early sales growth to major food service distributors in Queensland and Victoria. Planning is now underway to expand fresh shucked oysters to mainland retailers this calendar year.

The Company's focus during the early part of the new calendar year has been

to build maximum brand and value awareness through marketing and retailer engagement. This is particularly important as some retailers emerge from logistical issues caused by the emergence of the Omicron strain of Covid-19.

Such market awareness places TOC in a strong position to assist retailers rebound, and strong sales growth across all lines in Q4 can be expected. Two major distributors have already committed to ranging TOC product as soon as their Omicron issues subside.

The full range of TOC valued-added products offers consumers completely new food choices through the retail and food service sectors.

The fresh shucked (dozen) branded packages – or sleeves – were positioned to take advantage of festive demand in Tasmania. Thousands of packages were sold between December and mid-January with the high profile Tasmanian Hill Street IGA group prominent stockers of TOC product.

The value-added retail Kilpatrick, Rockefeller and Parmigiana lines saw good early sales growth to major foodservice distributors in Queensland and Victoria, with all three lines ranged for trial in selected Drakes IGA stores and numerous independent, high-end store formats. Indicative exit sales data at checkout suggests that product sales are in line with high-end product quality and pricing expectations.



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Managing Director's Report

Operating Revenue increases. Strong SOH. Successful half year at Eyre Shellfish.

I want to thank our staff for a remarkable effort during December, setting another record 2.8 million mature oysters sold for the month. It came after a somewhat challenging few months between July and November due to Covid-related supply chain disruptions, and higher than usual winter rainfalls that caused temporary closures of all our farms.

In December, the Company experienced a significant recovery, thanks to the efforts of our farm crews. It meant that the first half of the financial year (H1) returned an increase in mature sales of 48% year on year, and an increased operating revenue of 64%, as well as an increased unit price - up by 10%.

Across our operations, there is now a real sense of momentum. The Company has established a proven and comprehensive production model, which was designed in 2018 by our own mature oyster farm team.

This model sees the Company achieving a demonstrated track record by continually meeting and exceeding production goals, even when nature presents challenges such as adverse weather and even Covid-19.

We have built a world class team across all sections of our business, and continually explore new and additional ways in which we can expand our horizons, whether it be in R&D, the latest equipment technologies, or growing the expertise of our staff.

Following our recent expansion into the food retail area, the Company has also experienced very positive feedback from retailers, the food service sector, and restaurants. While the volumes of our retail offerings are currently small, they have provided a ~45% revenue increase with a similar margin increase. Rapidly growing demand demonstrates the potential to be unlocked in the future through this particular channel.

Stock on Hand (SOH) of 190 million continues our forecasted growth trajectory, with again record numbers of triploid oysters available to capitalise

on the summer/autumn demand. The company is holding sufficient volumes of stock to achieve our FY22 forecast.

Our Pipeclay Lagoon hatchery continues to operate at a very high level. Technical capacity has been boosted by the recent appointment of our new Hatchery Manager, Anna Overweter. In early January, as sea temperatures rose, our Pitt Water farm detected the now customary annual POMS summer arrival. However, our disease resistant breeding program has seen mortality rates at such low levels it is now hardly a noteworthy issue. We have learnt to use these annual POMS events to effectively cull very young, compromised, future brood stock to ensure we have high resistant breeding for the years ahead.

Eyre Shellfish (ES) in South Australia has had its most successful half yearly production period since the Company was formed in 2017, with recurring breeding runs and commercial sales occurring on a weekly basis. GM Allan Bryant continues to advance the red seaweed (*Asparagopsis*) project with his team, successfully completing the breeding component.

Commencing soon will be grow out trials, and if successful, ES will be the first in Australia to complete the full life cycle of *Asparagopsis*. This will be a significant development in this new industry which has potential to greatly benefit the environment. Our work in this field is attracting global interest and could unlock significant value for shareholders.

The Company continues to pursue a strong focus on staff health, safety and culture.

The "Shell" program, which takes potential recruits through a two month industry training course, is providing important connections between our Company and the community. It is proving to be a valuable and fertile recruiting means to attract committed, motivated, young people to our Company.

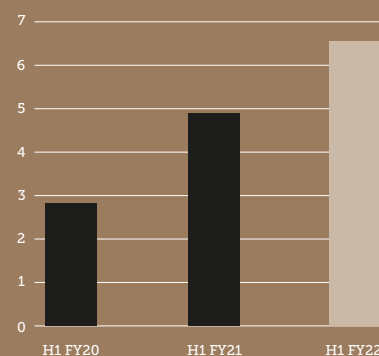
As to the wider industry, despite the temporary issues created by Covid-19 disruptions, the start of 2022 finds it in pretty good shape, which bodes well for TOC, increasingly recognised as one of the stalwart entities of the Australian oyster industry.



James Calvert, Managing Director

H1 Operating Revenue

\$ Million



Convertible Notes and Liquidity

Progress and Assessment.

The Board, assisted by Allier Capital, has continued to progress and assess proposals and facilities to enable the conversion of convertible notes and provide liquidity to all shareholders.

Whilst a proposal has not yet been advanced to the point where it can be presented, the Board is optimistic of being in a position to present something to shareholders prior to the end of March.

As was discussed in last year's TOC annual report, as our business grows, TOC appointed Allier Capital to provide expert advice as we explore the growth paths that are now evolving for our Company.

Challenges? Always.

Environmental factors. Export potential.

Heavier amounts of rain than normal in south eastern Tasmania closed TOC production areas for periods of time over spring and summer. In addition, Covid-19 and its variant, Omicron, continued to affect logistics.

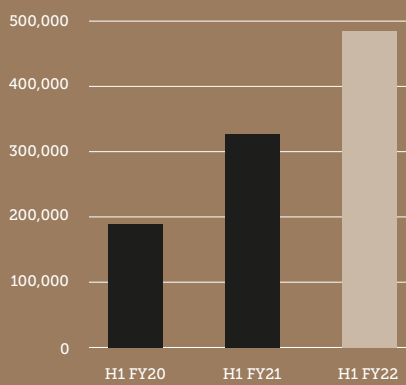
Despite these issues, TOC maintains a very strong – in fact, historic – stock on hand inventory, and enjoyed a record sales volume in the first half of the year. A strong export demand awaits, together with new markets to be explored.

"Without adverse weather our production of oysters would have been even higher than the record numbers we've achieved," says James Calvert, MD.

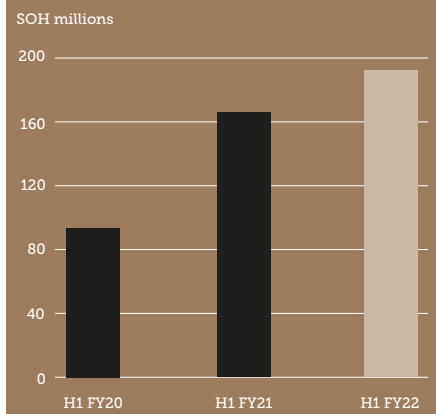
"As the global pandemic eases, international supply chains will also return to normal, and we're very keen at the earliest opportunity to go and meet with current and new export markets." TOC is confident that exports will increase significantly once the pandemic eases.

The POMS virus, an existential threat to the industry five years ago, made its first annual appearance in TOC growing waters in January this year. It is now well managed scientifically by TOC, and is being progressively negated by building increasing resistance into each new generation of TOC oysters.

H1 Sales Volume Dozens Sold



H1 Stock on Hand



Promising developments at Eyre Shellfish

Record sales of small spat.

Following the recent transformation of the Eyre Shellfish Hatchery's operating processes, the spat output has improved in health and strength. As a result, stock sales have started to increase.

After some production issues last year, TOC brought in an expert consultant with extensive experience in South Australian hatchery operations and their unique conditions.

Over the past four months, the stronger stock, which is being transferred to the harbour, has seen Eyre Shellfish selling increasing volumes to its customers with record sales of small spat recorded in December. "It's fair to say that Eyre Shellfish is moving in a positive direction and saleable stock in the harbour has started to increase," says General Manager Allan Bryant.

Seaweed trials

Eyre Shellfish also completed the design and development of its test Asparagopsis Hatchery at the start of December. The ES team has since introduced adult Asparagopsis Taxiformis from Franklin Harbour, where it grows naturally, to the hatchery.

Following very specific procedures the team has managed to encourage the adult seaweed plants to begin their reproductive cycle. ES has successfully moved the seaweed through its very complex reproductive phase to produce Tetrasporophytes. These are key elements in starting land and sea based growth trials. While at a preliminary stage and completed in a laboratory environment, it represents a significant step towards the development of valuable shareholder intellectual property in ES's Asparagopsis strategy.



Adult Asparagopsis Taxiformis growing on ropes on the ES lease.

Asparagopsis Explained

Asparagopsis is a seaweed which has the potential to significantly benefit our environment.

Used as a food supplement in cattle, it impedes an enzyme in the digestive system that contributes to methane production. In fact, some research indicates it can reduce methane emissions in cattle by more than 80 percent.

According to the CSIRO Asparagopsis not only drastically reduces the greenhouse gas contribution from agriculture, but there is also a strong indication it increases livestock productivity.

It says that if just 10 per cent of global ruminant producers used the supplement, the potential increases in livestock productivity could create enough food to feed an additional 23 million people.

Our people.

Anna Overweter, Hatchery Manager.

Anna Overweter joined TOC in October last year as Hatchery Manager at Pipeclay Lagoon, running a team of six.

Her appointment gives Senior Manager, Breeding and R&D, Scott Mactier, more scope to pursue R&D and breeding projects, an area of scientific endeavour where TOC has long excelled, accruing benefits to both the Company and the wider industry.

Anna has enormous experience in hatchery operations, even assisting in the establishment of new hatcheries in Malaysia and Townsville. "Most days you will find me in gumboots and apron, working to produce healthy marine larvae in the hatchery", she explains. "Always super excited about my work in the marine environment, and just love what I do."

Anna grew up in Launceston. "We had a shack on the North East coast where we spent a lot of time fishing and snorkelling, and that's where I first developed my interest in marine science."

After school, Anna undertook a degree in Applied Science (Aquaculture), followed by Honours at the University of Tasmania. She later undertook a Post Graduate Certificate in Marine Resource Management at the Australian Maritime College.

Anna worked extensively for UTAS at its Taroona aquaculture facility, gaining experience on species as diverse as tuna and scallops, (in fact, she's worked with 15 different species), and making her way from Live Feed Technician to Hatchery Manager.

She also managed a technical team that closed the life cycle of the Rock Lobster.

After two years flying between Tasmania and Queensland to help construct a new hatchery, Anna decided she wanted to settle back in Tasmania. "TOC is widely recognised as an industry leading aquaculture company that is innovative and professional, and growing."

"It's an opportunity for me to learn new things and use some of my experience to help drive TOC further. And anyway: who doesn't love oysters?"



Anna Overweter:
"Who doesn't love oysters?"

Innovations

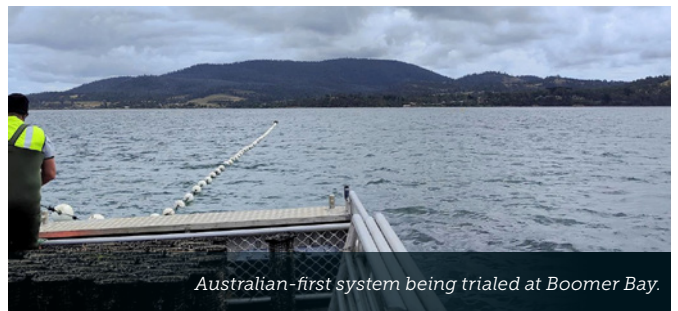
New oyster grader; farming system.



Our own innovations: new oyster graders.

TOC continually explores new ways to improve efficiency in our hatchery and farm production. Recently the Company partnered with Smithton based AC Engineering to design and build a new generation of oyster grader.

As a result, three new machines have been dispatched to Company farms, capable of grading/sizing ~50,000 oysters per hour with minimal labour input.



Australian-first system being trialed at Boomer Bay.

In early December (2021) Boomer Bay staff deployed a new growing system to utilise a previously spare 12ha water asset. The water enjoys a good clean flow, but is too deep for traditional intertidal farming, too weather exposed for surface farming, and too shallow for sub-tidal operations.

This new "sub-surface" system is designed to let the company exploit this asset, and is a first in Australia which is showing very positive early signs in the production of consistently high quality oysters. It requires considerably less – about 50% – infrastructure than traditional farming systems.

Trials will continue for a further four months, and if they prove successful, it will provide an additional grow-out system for 100,000 dozen mature oyster sales p.a.

A sustainable TOC

Stewards of our coast.

Sustainability is TOC's watch word. At every level of our operation we recognise that we are the stewards of our pristine coasts, seas, and ecosystems.

Building upon the Company's record in this area, TOC has achieved another successful audit as an Organic Certified

Oyster Company by the National Association for Sustainable Agriculture Australia (NASAA).

TOC has also renewed its sustainability accreditation Friends of the Sea by the World Sustainability Organisation, and has also maintained its program of regular waterway clean-ups around our farms.

