

Half Year Report FY26

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1. Introduction: About Tasmanian Irrigation

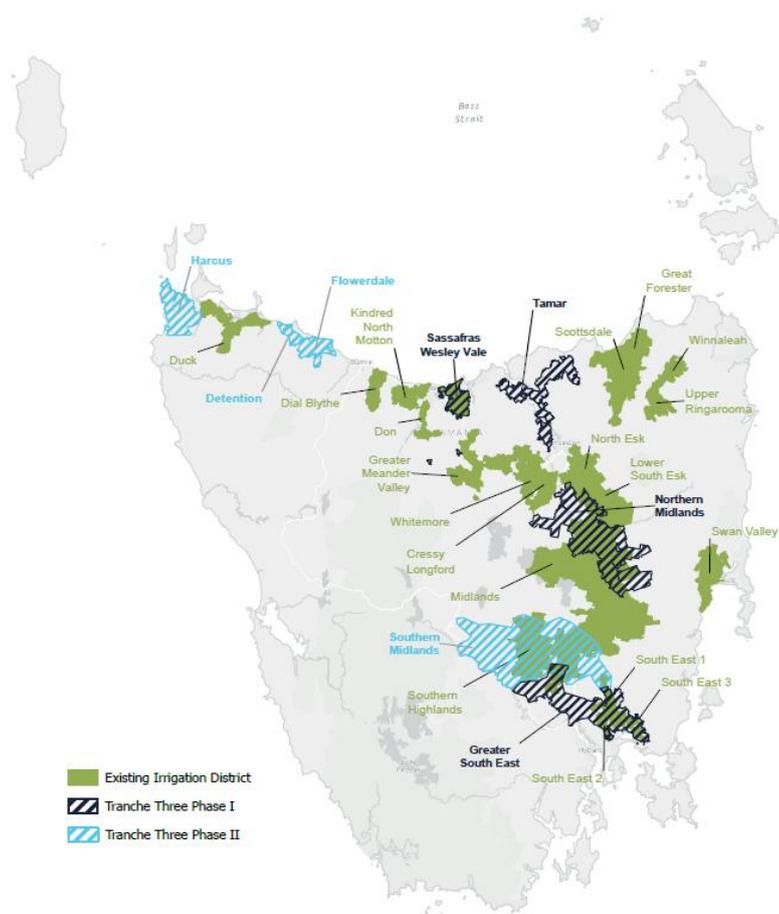
Tasmania's future prosperity is closely linked to the strength and resilience of its agricultural sector. Tasmanian Irrigation plays a central role in that future by developing, owning and operating modern irrigation schemes that deliver reliable water to farmers where and when it is needed. Our activities support the growth of Tasmanian agriculture in line with the Tasmanian Government's AgriVision 2050 target of increasing the annual value of agricultural production to \$10 billion by 2050.

Investment in irrigation infrastructure through Tasmanian Irrigation has driven substantial regional economic growth, created jobs, strengthened food security, supported agri-tourism, enabled diversification into higher-value crops, and improved on-farm climate resilience and water security. Our irrigation schemes are inter-generational, so the benefits flow not just to today's farmers, but to future generations.

Through a successful public-private partnership model, we have delivered 17 new irrigation schemes in as many years with strong community involvement in their development and ongoing management. We also manage legacy irrigation and drainage schemes on behalf of the Tasmanian Government to ensure safe, contemporary, and reliable water delivery across the State. Combined, our operations account for approximately 13% of all irrigation volume in Tasmania and predominantly the most reliable irrigation supply.

With construction of Tranche One and Two schemes completed and the schemes now in operational mode, Tasmanian Irrigation has commenced delivery of the ambitious Tranche Three program. The Don Irrigation Scheme is operational, and the Northern Midlands Irrigation Scheme and the Sassafras Wesley Vale Augmentation are under construction.

Our 2035 Strategy provides the direction needed to ensure the long-term sustainability of the Company and to continue supporting the State's agricultural growth, with a strong emphasis on environmental assurance and responsible water management.



2. Commentary on performance

This report presents an overview of performance to date for the 2025/26 financial year.

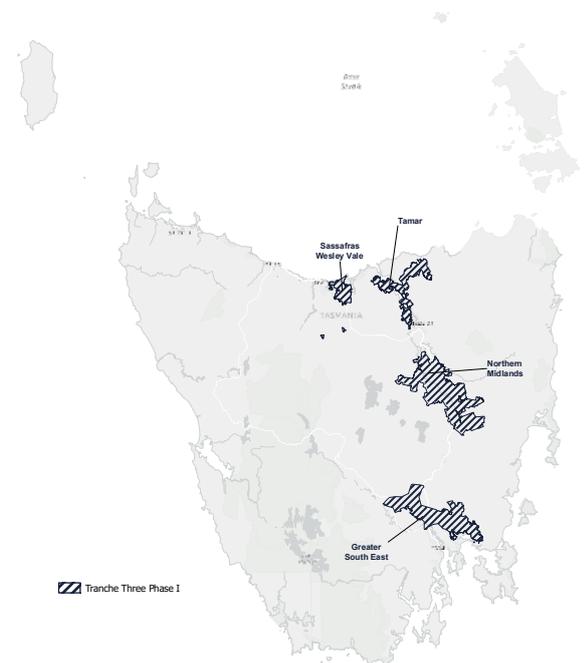
The year-to-date performance aligns with budget. This result demonstrates continued focus on cost control and prudent financial oversight. Financial forecasts for the full year are on budget. The Board has a continued focus on achieving the transition to being a financially self-sustaining business, with particular attention on prudent debt management. The majority of our debt relates to our project delivery funding model, where we borrow to construct new schemes and are reimbursed in arrears through milestone payments. A smaller portion of our debt relates to unsold water on schemes. While many schemes have sold all available water, some schemes have latent capacity to support future agricultural growth. Preserving this capacity has required borrowings to fund the cost of the unsold water entitlements, which results in an annual interest burden. We continue to work with the Tasmanian Government on pragmatic options to reduce the balance of unsold water and retire debt related to unsold water in our schemes. Post-construction water entitlement sales now exceed the annual budget.

Operationally, irrigators entered the 2025/26 season with full allocations, reflecting the reliability of Tasmanian Irrigation’s schemes and the organisation’s ability to support farming communities through dependable service delivery.

Delivery of Tranche Three continues to advance and, so far this year, we have invested a further \$49.8 million across five active projects, bringing total investment to \$231 million. Notably, two projects are under construction in parallel: Northern Midlands (NMIS) and the Sassafras Wesley Vale augmentation (SWISA). Post commissioning work for the Don Scheme remains on track, with flood-mitigation works scheduled for the second half of the year. The Tamar Preliminary Business Case is complete, and a Federal Funding Agreement amendment to include the Greater South East Irrigation Scheme (GSEIS) is now executed, which will unlock milestone claims. Meanwhile the GSEIS team has sensibly sequenced procurement activity into FY27 due to shorter-than-anticipated lead times. These decisions demonstrate proactive management and a commitment to delivering projects efficiently and responsibly. Tranche Three prefeasibility investigation is yet to be completed for Harcus, Flowerdale and Detention. A preferred option has been developed for Southern Midlands, with additional pre-feasibility work required. All four are currently on hold in agreement with Shareholder Ministers.

Tranche 3 Schemes in Progress

Scheme Information	GSEIS	NMIS	SWISA
Capacity (ML)	37,200	25,500	14,860
Irrigators	375	50	94
Pipeline Length (km)	160 new 368 total	152	102
Project Phase	Detailed Design 	Construction 	Construction 
Construction Start Date	2028	August 2024	Jan 2026
Commissioning Date	2030	Oct 2026	Nov 2027



2. Commentary on Performance (continued)

Safety performance remains a key area of focus, especially regarding the oversight of Principal Contractors, with one lost-time injury recorded in the quarter and the Total Injury Frequency Rate above target. We are working closely with NMIS contractors on a safety reset to lift capability and achieve sustained improvements.

Environmental compliance is strong, with one non-compliance to the EPBC permit conditions recorded earlier in the year on the NMIS project; it was self-reported, fully addressed, and resulted in no environmental harm.

People-related metrics continue to be an area of focus, with turnover tracking above target. In a competitive labour market, this remains a challenge, but HR strategies are being advanced to strengthen the employee value proposition, support development pathways, and leverage our already high staff engagement.

Overall, Tasmanian Irrigation is delivering value for irrigators and the State, continues to progress its major projects, and is demonstrating progress and commitment where KPIs are not yet aligned with targets.

No Directions have been given to Tasmanian Irrigation by our Shareholder Ministers during the reporting period.



3. Key Performance Indicators

Key Performance Indicators FY26		YTD	Target 30/6/26
Engaged Customers	Overall Customer Satisfaction	77%	68%
	Allocation ^[1] at season commencement	97%*	95%
	Surety ^[2] of supply	100%	95%
	Planned maintenance completed as per plan	96%	95%
Financially Self-Sustaining	Business cases approved for Tranche Three ^[3]	4/9	5/9
	Tranche Three projects delivered	1/9	1/9
	Asset Renewal Levy ^[4] at target	13/19	17/19
	Working capital at target ^[5]	9/19	9/19
	Unsold water ratio ^[6]	7%	6%
	Capital program \$ per budget	\$49.8M	\$114.2M
	Total Tranche Three Schemes under construction	2**	2
	Total Capital Funding milestone payments achieved per plan.	2	5
Stakeholder Support	Stakeholder Net Promoter Score	TBA	14
Environmental & Social Sustainability	No. of notifiable incidents (to EPA)	0	0
	Breaches of compliance ^[7] with major project permit conditions	1	0
	Reduction in CO2/t ^[8] in Water Delivery	TBA	-2%
People & Suppliers	Total Recordable Injury Frequency Rate ^[9]	36.9	<10
	Safety Culture Maturity Index ^[10]	2.54	≥3
	Employee Engagement	85%	85%
	Project value awarded to Tasmanian suppliers	97%	80%
	Employee turnover rate	24%	≤15%

Notes to the table:

*The Southern Highlands Irrigation Scheme season opened before the official commencement date at below 100% allocation. This had increased to 100% by the season opening date.

**Construction of SWISA began on 12 January 2026.

3. Notes to the Key Performance Indicators

[1] The percentage of water available to meet irrigator water entitlements when the irrigation season opens.

[2] Surety refers to the average reliability measured across each full irrigation season.

[3] There are 9 business cases for Tranche Three, 7 of which are targeted to be approved during the corporate planning period.

[4] Asset Renewal Levies are reserved funds for each scheme dedicated to asset renewals in line with asset strategy and plans for each scheme.

[5] Working capital for each scheme in line with asset strategy and plans.

[6] Ratio of unsold water to total capacity of operational schemes.

[7] Compliance refers to breaches of EPBC project permit conditions.

[8] Refers to Scope 1 and 2 emissions in the water delivery line of business.

[9] Lost time and medically treated injuries per one million person hours worked.

[10] Taken predominantly from annual staff survey results, 0-Initiation, 1-Developing, 2-Defined, 3-Managed, 4-Optimised.

3. Discussion of Key Performance Indicators

Engaged Customers

Customer satisfaction increased over the year, exceeding the target. A range of factors have likely contributed to the result including the reliability of water delivery from Tasmanian Irrigation, a proactive approach to asset management that ensures minimal unplanned downtime, and enhanced visibility and transparent communication with customers.

Financially Self-Sustaining

Tranche Three projects are being progressed as planned and are on track to meet planned funding milestone payments, noting that delays in progressing the Greater South East and Sassafras Wesley Vale augmentation projects have impacted the planned capital spend. With the start of construction on SWISA, it's expected we will meet the target by year end.

The majority of schemes in the portfolio maintain sufficient Asset Renewal Levy balance over the 100-year life of each scheme. For the schemes that do not yet meet this requirement, a planned pathway is in place to achieve a sustainable long-term position. Working capital for nine schemes has met the target of 100% of scheme fixed costs, allowing each scheme to sustain and fund its own operations over the next twelve months. A further six schemes are between 75% - 100% of target, while four schemes are below 75% of the target working capital balance. The ten schemes without the necessary balance are on a planned pathway to become fully self funded within the next one to five years.

Stakeholder Support

The work to assess stakeholder engagement is yet to be completed but remains a focus for this year.

Environmental & Social Sustainability

There have been no notifiable incidents to the EPA (0 against a target of 0). One non-compliance against an EPBC project permit condition has been recorded year-to-date; it was self-identified, self-reported and resolved, with no environmental harm. Importantly, there have been no further non-compliances since July 2025.

The KPI for reduction in CO₂ in water delivery remains "TBA" for the year-to-date period. Work continues to identify practical opportunities to accurately measure and reduce emissions in water delivery, noting Scope 2 emissions are closely linked to electricity consumption associated with pumping. As new schemes come online, the baseline for water delivery emissions will require periodic rebasing to reflect changes in delivery volumes, pumping profiles and the expanded asset portfolio. While TI continues to operate onsite generation (mini-hydro and solar), which reduces grid draw at the time of generation and can create export revenue, emissions reporting will continue to align with established carbon accounting requirements. The focus for the next reporting period is to finalise the measurement approach and confirm a stable baseline that supports credible tracking of improvement over time.

3. Discussion of Key Performance Indicators (continued)

People & Suppliers

Safety performance is above target year-to-date, with Total Recordable Injury Frequency Rate (TRIFR) at 37.1 against a target of <10. The elevated result has been influenced primarily by contractor performance on NMIS. In response, a safety reset was undertaken and there has been a sustained Board and Management focus on strengthening supervision, verification of critical controls and contractor assurance across both major projects currently under construction. Performance improvements have been notable over the past three months, and this focus will continue through the second half of the year.

The Safety Culture Maturity Index (2.54 against a target of 3) is measured annually and was previously 2.22. This result will not be remeasured until the end of the financial year, so progress against this metric will not be visible in reporting until the FY26 year-end measure.

Employee engagement is on target at 85%. Turnover is 24% against a target of $\leq 15\%$, reflecting a competitive workforce environment as well as normal workforce movements including retirements and a small number of non-voluntary separations aimed at balancing cost with increasing efficiency. Actions underway are focused on attraction and retention in key skill areas and strengthening workforce planning.

Refreshed organisational values were developed during the reporting period by employees across the business, refined by Management and approved by the Board, resulting in values that are strongly reflective of our workforce and provide a clear foundation for expected behaviours and culture.

5. Key achievements for Major Projects

Northern Midlands Irrigation Scheme

The NMIS has a total forecast cost of \$217.9 million and will supply 25,500 ML of highly reliable water to approximately 50 irrigators. The scheme is on track to be commissioned to deliver its first water in time for the 2026/27 summer irrigation season. The NMIS will be the largest irrigation scheme in the State in terms of its capital value and summer capacity, including a pipeline of 152.4 km, one pump station, two boost pump stations and one buffer dam.

Key achievements during the reporting period:

- Installation of 115 km pipe
- Completion of pipe manufacture
- Completion of buffer dam
- Commencement of first filling of pipeline sections

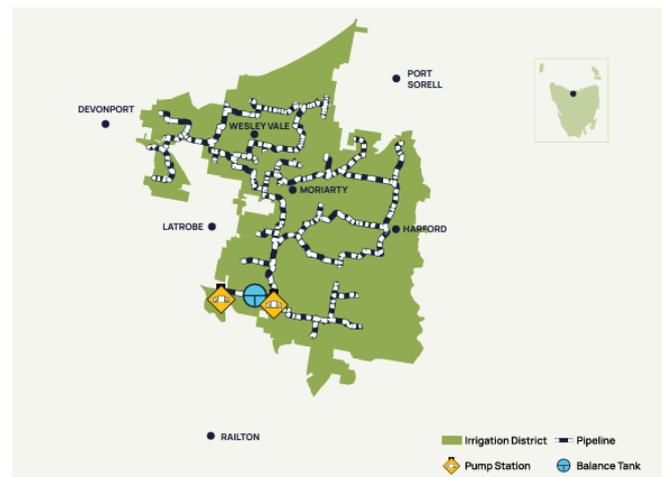


Sassafras Wesley Vale Irrigation Scheme Augmentation

The total forecast cost of the SWISA project is \$124.4 million and it will supply new water to 94 irrigators. The augmentation will increase the capacity of the existing Sassafras Wesley Vale Irrigation Scheme, delivering an additional 9,200 ML of summer water, nearly tripling the amount of high surety irrigation water available to farmers in Tasmania's north west.

Key achievements during the reporting period:

- Completion of permits and approvals including EPBC approval
- Approval of recommendation to construct
- Appointment of head contractor
- Start of pipeline manufacturing



5. Key achievements for Major Projects (continued)

Greater South East Irrigation Scheme

The GSEIS is a \$301 million project that will transform irrigated agriculture in the south east of Tasmania. The project will secure a reliable water source, integrate the three existing south east schemes, and service existing and additional demand, increasing reliability of supply in one of the driest areas in the State. It will supply water to 375 irrigators and enable irrigation of an additional 9,200 hectares of land. It is expected to be commissioned in mid-2030.

Key achievements during the reporting period:

- Appointment of Project Director
- Commencement of detailed design, approvals and permits
- Acceptance of a further \$6 million in water sales



Tamar Water Scheme

The construction of the Tamar Water Scheme would increase the reliability of water available on existing and new agricultural enterprises and facilitate expansion of activity and conversion to high value commodities. After multiple attempts to solicit irrigator appetite, it was not possible to achieve a scalable and efficient stand alone agricultural scheme. Tasmanian Irrigation is working with Renewables, Climate and Future Industries Tasmania (ReCFIT) to explore options for the Tamar Water Scheme to be developed as a combined agricultural / industrial scheme, supplying water to Bell Bay for hydrogen production. Developing the combined scheme relies on securing a hydrogen proponent, on commercial terms.

Key achievements during the reporting period:

- Submission of preliminary Business Case to Tasmanian Government



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