

MONARTO, SOUTH AUSTRALIA MUSHROOM PRODUCTION FACILITY INVESTOR SITE TOUR

18 October 2022



Costa Group Holdings Ltd (ASX:CGC)



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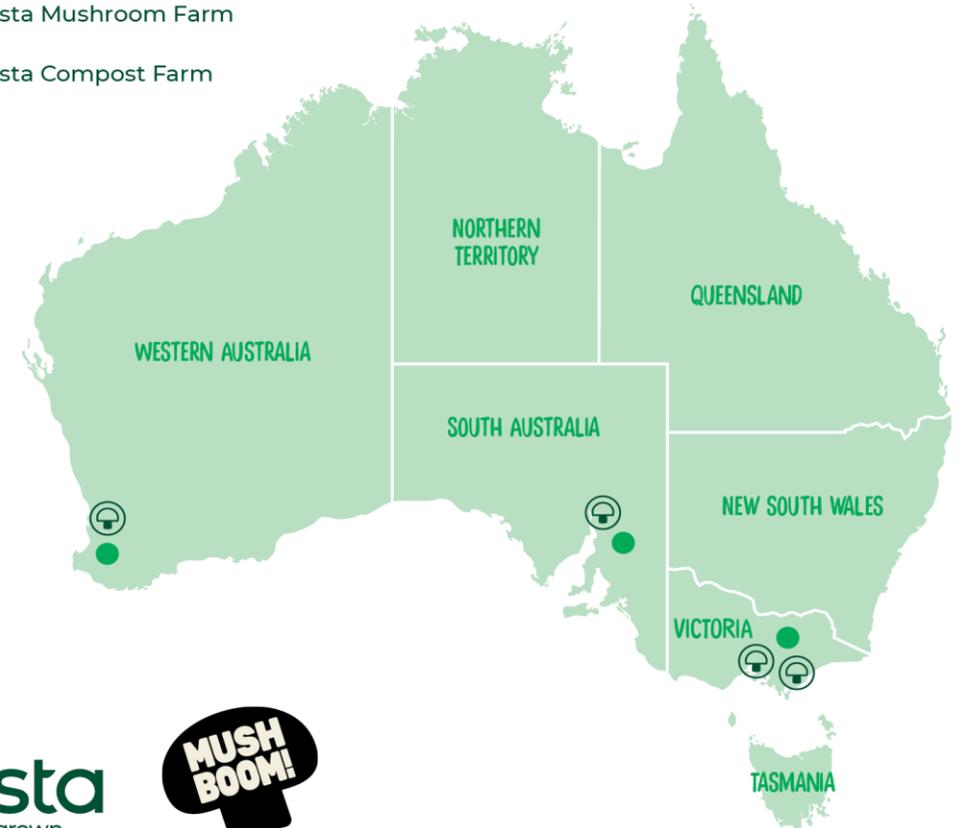
Costa mushroom production footprint

#1 Mushroom Industry Player

- Market leading position - Costa is the largest grower, packer and marketer of fresh mushrooms in Australia.
- Producing YTD on average more than 550 tonnes of white and brown mushrooms per week.
- Geographic diversity, with mushroom production facilities located in key locations - South Australia (Monarto), Victoria and Western Australia.
- Our extensive production footprint means we can supply every Australian capital city within 24 hours of harvest – ensuring consumers can enjoy the freshest premium mushrooms
- Produce own compost, reducing reliance on third party suppliers and guaranteeing control over quality of growing medium.

WHERE WE GROW

-  Costa Mushroom Farm
-  Costa Compost Farm



Costa Monarto mushroom production facility

Expanded production capacity

- Costa acquired the Adelaide Mushroom business located at Monarto, South Australia in March 2013.
- Harvesting and packing occur 365 days of the year.
- In 2018/2019, Costa made a significant capital investment of \$90m to expand the Monarto facility.
- Doubled production capacity of the Monarto facility from 120 tonnes per week to 240 tonnes – 8 million mushrooms per week.
- Construction of state of the art phase I, II, and III compost manufacture technology.
- Establishment of a prepack mushroom processing line for whole and sliced mushrooms.
- Installation of a 5,000+ solar panel farm.



Costa Monarto mushroom production facility

Costa's lowest cost facility

- Monarto utilises vertical farming technology and has lowest production cost of Costa's mushroom farms. Circa \$1 per kg less.
- Expanding Monarto's capacity also addressed the issue of ageing, unprofitable sites in QLD and Tas enabling their closure and making it possible for Costa to continue to service these markets at a lower production cost.



- Increased opportunity to supply more prepack to retail. The benefits from this were especially seen during COVID-19 and this has continued.
- Costa is the leader in the development of the pre pack mushroom segment, with circa 60%¹ share.

1. Based on volume share

Costa Monarto mushroom production facility

Pre-pack capability

- Currently processing circa 100-120 tonnes of prepack per week.
- Automated conveyor line, feeding whole mushroom's to a slicer, punnet filler, weighing, wrapping, labelling and metal detection line.



- Monarto prepack sold into SA and QLD retail.
- Also deliver into WA and NSW where required to support WA and Vic farms.
- All packaging with exception of stretch wrap used in production is 100% recyclable. We are working to find a suitable alternative to meet the APCO 2025 requirements.

Sustainable Commercial Farming

Renewable Energy investment

- Costa's first major renewable energy investment was the installation of a solar farm at Monarto.
- More than 5,000 solar panels installed.
- Capacity to generate more than 2,000+ kilowatts.
- Operates during daylight hours and complements power from the grid, while also providing increased level of energy security.
- 2020/21 FY generated 2,355,000 kWh (8,478 GJ) of electricity.
- Equivalent of avoiding the production of circa 1,010 tonnes (CO₂-e) of scope 2 greenhouse gas emissions.



- Complementary battery storage solutions are also being investigated.
- When economically feasible the aim will be to further reduce the site's reliance on the power grid and further boost the security and reliability of our energy supply.

Sustainable Commercial Farming

Water Efficiency and Security

Maintaining a focus on reducing water inputs per unit of crop output through efficiency of water use and ensuring water security with a particular focus on water capture and recycling.

Water used in production is collected and recycled on-site.

Continuously looking for efficiency improvements - Installation of a regulated spray nozzle to replace an open-ended pipe in the washing of growing rooms has saved up to 90,000 litres of potable water per week or 4.68ML per year.



Sustainable Commercial Farming

Our commitment to sustainable packaging PET reduction - partnering with Woolworths



A Costa led initiative partnering with Woolworths to reduce sliced mushroom PET packaging sold in QLD.

Transitioned from Punnets to Block Bottom Bags.

- An estimated 13T PET reduction commencing March 2022.
- Packaging can be recycled through the Red-Cycle program.
- The pack offers resealability.
- The trial has been given approval to continue.

The bags can be recycled through the REDcycle program, which has collection bins at supermarkets. The material collected through the REDcycle program is used to produce a range of recycled plastic products, through [Replas](#), [Close the Loop](#) and [Plastic Forests](#).

Understanding demand to drive category growth

74% CONSUMED AT DINNER, 20% BREAKFAST



Breakfast

Morning Meal



Lunch

Mid-day Meal



Dinner

Evening Meal

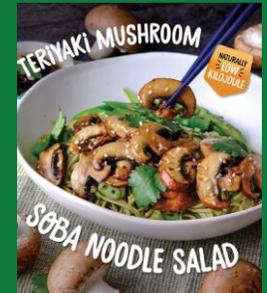
TASTY, SIMPLE BREAKFAST & DINNER OCCASIONS



All about Taste & Enjoyment



Simplicity and Convenience



Health & Nutrition

We take the lead and play a category role to drive mushroom category penetration and consumption.

Over half of Costa mushrooms are marketed as retailer private label, the balance in Mushboom branded loose and pre-pack mushrooms. We use an omni channel approach across Retailer, Owned & Partner channels to promote mushrooms.

Together with our supply we drive growth through consistency of supply, promotional programmes and marketing support to inspire mushroom meal inspiration. We work with grocery partners to feature mushrooms as an easy to add and frequent ingredient in prepared meals.

Appendix One – Costa mushroom category at a glance

Key strengths

- Scale – Australia’s largest mushroom grower
- National footprint
- Retail position
- Vertically integrated network
- Market position
- Prepack – Technological strength and scale
- Monarto – fully integrated best in class
- Leading Brown variety in market

Key opportunities

- Monarto – Lowest Cost
- Strong Category Management underpinned by consumer led insights to increase AWOP and AFOP– Build market share to maintain market leading position.
- Exploring new technology – Growing & harvesting systems (automated)
- New channels
- New customers
- Exploration of international best in class standards

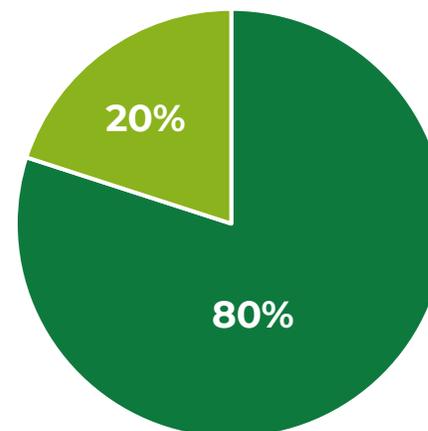


Appendix Two – Industry overview & Costa market share

Australian mushroom industry overview for the year ending June 2021¹:

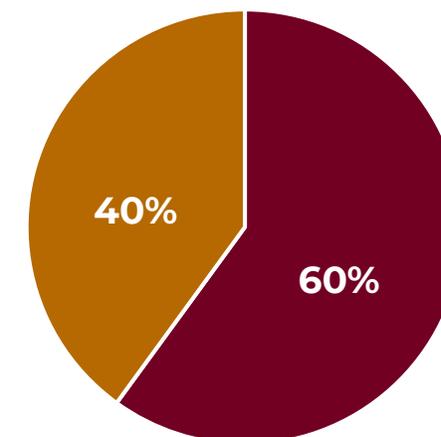
- **68,936 tonnes produced.**
- **\$360m sold into retail and \$125m into food service.**
- **69% of Australian households purchased mushrooms, buying an average of 268g of mushrooms per shopping trip.**
- **The supply per capita was 2.8 kg, based on the volume supplied.**

Retail/wholesale sales split²



■ Retail ■ Wholesale

Share of pre pack segment³



■ Costa ■ Rest of industry

1. Source: Australian Horticulture Statistics Handbook 2020/21
 2. Based on volume share
 3. Based on volume share

Appendix Three – Costa grown mushroom varieties and sizes

Costa grows the *Agaricus bisporus* variety.

- **White – Buttons, Cups & Flats**
- **Brown – Cups & Port Flats, also called Swiss Brown, Baby Ports & Portabella**



Button – 20-35mm



Cup – 35-60mm



Flat – 50-70-100-130mm



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