



ABN: 32 115 131 667

ASX: CBO

## **ASX Announcement – 6th February 2023**

### **Australian Crop and Company Update**

The Board of Cobram Estate Olives Limited (“CBO” or “the Company”) is pleased to provide shareholders with an update on key points.

#### **2023 Australian crop update**

Our crop expectations adopted in the annual budget are largely based on the tree condition at the end of the previous harvest and long-term average yields. During the growing cycle, there are three critical times when we conduct measurements to potentially adjust those internal crop estimates namely:

- at full bloom in early November when the flowers offer a good visual opportunity to determine crop potential and any possible impact of events like frost;
- after pit hardening in January when we can evaluate and estimate the approximate fruit numbers hanging on the trees ; and
- ultimately at harvest time once the oil accumulation period is completed.

As previously indicated, flowering levels in November were pleasingly in line with the Company’s expectations. A cooler and wetter Spring than normal in Victoria determined that the full bloom period took place ten days later than historical average.

The January assessment (just completed) confirmed fruit numbers were also pleasingly in line with expectations however a slightly smaller than normal fruit size was observed because of the delay in the fruit development cycle. As per usual practice, over the coming months the Company will conduct oil accumulation measurements that will better evaluate the potential impact of this initial delay on expected harvest time and final oil yields. It is important to highlight that all our forecasts are based on long term averages although final oil content in the fruit can show up to ±15% natural variations from those historical average values mainly due to weather conditions during late summer and early autumn.

Due to the biennial nature of olive production<sup>1</sup>, FY2023 will deliver a significantly higher yielding olive crop when compared with FY2022. Therefore, as previously announced in CBO’s FY2022

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<sup>1</sup> Olive trees naturally bear fruit in two-year (biennial) cycles, with a lower yielding crop one year (e.g. FY2022) followed by a higher yielding crop the next (e.g. FY2023). This is a known and expected two-year cycle that is easily managed operationally and logistically by our business.

Full Year Results presentation and 2022 AGM presentation, the Company is expecting Statutory EBITDA to increase materially in FY2023.

### **Flood update – Australia and California**

The Company did not experience any material damage on any of our olive groves following the recent rainfall events and the flooding in Victoria and in California. Further, recent heavy rainfalls in California have provided welcome relief for water users in the irrigation district where the Company's USA groves are located with the local water authority providing early indications of a material water allocation for the coming growing season.

### **Water price – Australia**

Water prices in Australia remain well below historical averages. The Company has already purchased most of its seasonal water requirements for FY2023 at a weighted average price of \$40 per megalitre (FY2022: \$88 per megalitre).

### **Capital projects**

The Company's key capital projects are well advanced. The Boort olive mill upgrade is on track to be operational for the commencement of the olive harvest in late April 2023. Preparation for planting of a greenfield 415-hectare development at the Company's Boort grove and 190 hectares in California are also well progressed, with the sites on track to be ready for planting in the coming months.

For further information regarding this announcement please contact us at [investors@cobramestateolives.com](mailto:investors@cobramestateolives.com).

*Kind regards*

**Sam Beaton    Leandro Ravetti**

**Joint-CEOs and Executive Directors**

On behalf of the Board of Cobram Estate Olives Limited

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### **About Cobram Estate Olives Limited**

CBO is Australia's largest vertically integrated olive farmer and marketer of premium quality extra virgin olive oil. The company owns a portfolio of premium olive oil brands including Cobram Estate® and Red Island®. CBO's olive farming assets include over 2.4 million olive trees planted on 6,584 hectares of farmland in central and north-west Victoria and 207,500 trees planted on 358 hectares of long-term leased and freehold properties in California, USA. The company also owns Australia's largest olive tree nursery, three olive mills, two olive oil bottling and storage facilities, and the Modern Olives® laboratory. With operations in Australia and the USA, and export customers in 16 countries, CBO is firmly positioned as a leader in the Australian olive industry and a global leader in sustainable olive farming. For further information, please visit <https://cobramestateolives.com.au>.