

CY22 Results Presentation

**Costa Group
Holdings Ltd
(ASX:CGC)**

21 February 2023



Costa's Arana blueberry variety

Important Notice



CY22 Results Presentation

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- **Non-IFRS measures:** Throughout this presentation, Costa has included reference to certain non-IFRS measures. Non-IFRS measures have not been subject to audit. A further explanation of these measures is provided in the Appendix.

CY22 Key Highlights



CY22 Results
Presentation

- Outstanding teamwork together with Costa's extensive and proven protected cropping footprint translated to a creditable EBITDA –S result of \$214.8m, NPAT-S of \$30.2m¹ and statutory NPAT of \$47.0m.
- This was in the face of very challenging weather conditions which were a feature of CY22 and continued across a number of growing regions through Q4.
- International segment and domestic berries delivered strong results, including an outstanding China performance. Mushrooms and tomatoes delivered solid performances across the full year.
- Our superior genetics underpin our competitive advantage and market leading position, including Arana/Delight blueberries, Perino tomatoes and Amorette and Phoenix mandarins.
- Citrus season saw favourable customer demand and pricing in our key export markets and increased yields across our three growing regions.
- Extensive weather impacts resulted in a much reduced packout of export quality citrus grades. Combined with higher crop input and freight costs this resulted in circa \$40m lower earnings vs plan for citrus.

1. Underlying NPAT-S of \$38.8m. Refer to slide 21.

CY22 Key Highlights

- **Capital expenditure is delivering to plan:**
 - **Monarto our lowest cost of production mushroom facility generated consistent above capacity volume across the entire year (240+ tonnes per week), further cementing Costa's industry leading position.**
 - **Performance of additional 10 hectares of tomato glasshouse production capacity and state of the art nursery both met expectations. New Perino range extensions successfully launched across the year.**
- **Significant input cost inflation pressures over CY22 expected to moderate in CY23. High focus on cost reduction initiatives, harvest yield and quality to mitigate impacts.**
- **Weather expectations for CY23 are moderating, with La Nina appearing exhausted and Australia heading into more neutral weather patterns.**
- **Business fundamentals remain strong, including performance of high quality production assets and premium products.**
- **Forecast return to more normal growing conditions expected to deliver improved performance in 2023, with a strong growth profile in CY24 and CY25.**

CY22 Financial Headlines

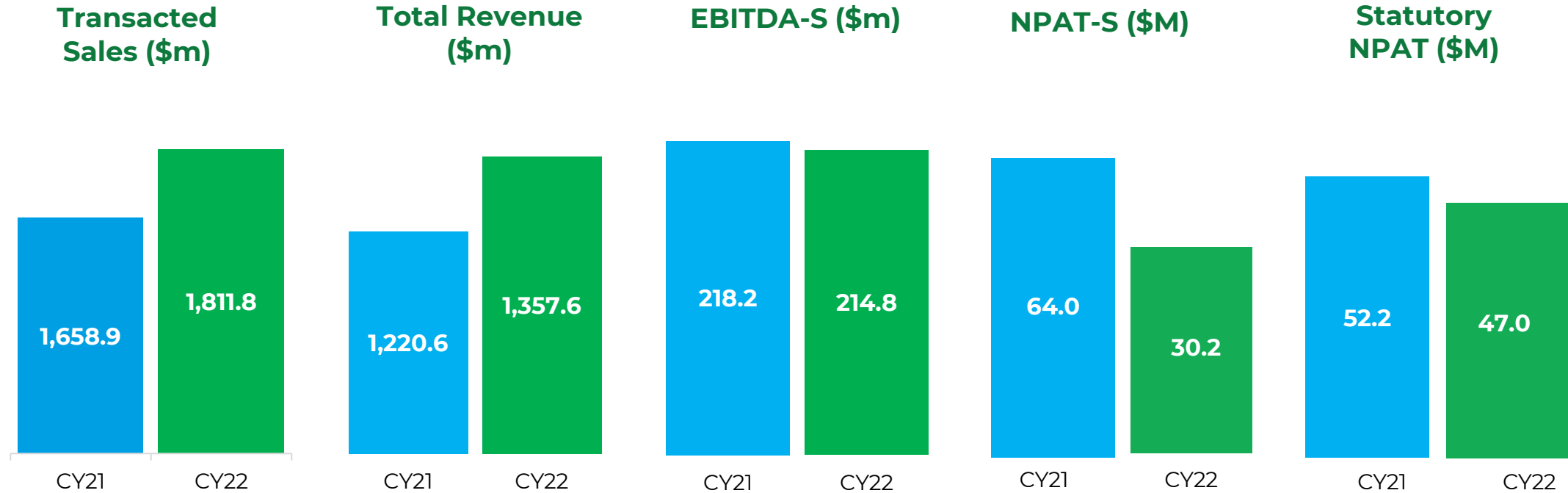


Costa Monarto mushroom facility – South Australia

CY22 Financial Headlines



CY22 Results
Presentation



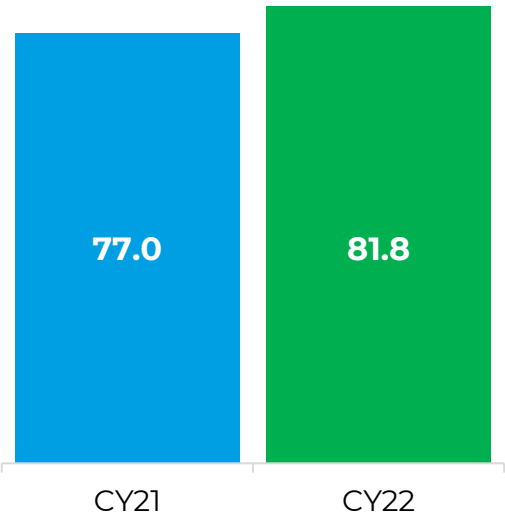
Final dividend – 5.0 cents per share, 40% franked. Full year CY22 dividend of 9.0 cents per share

Segment earnings performance EBITDA-S



CY22 Results
Presentation

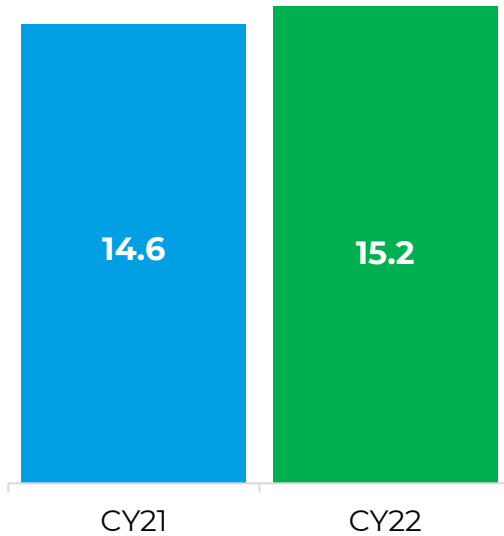
International
(\$m)



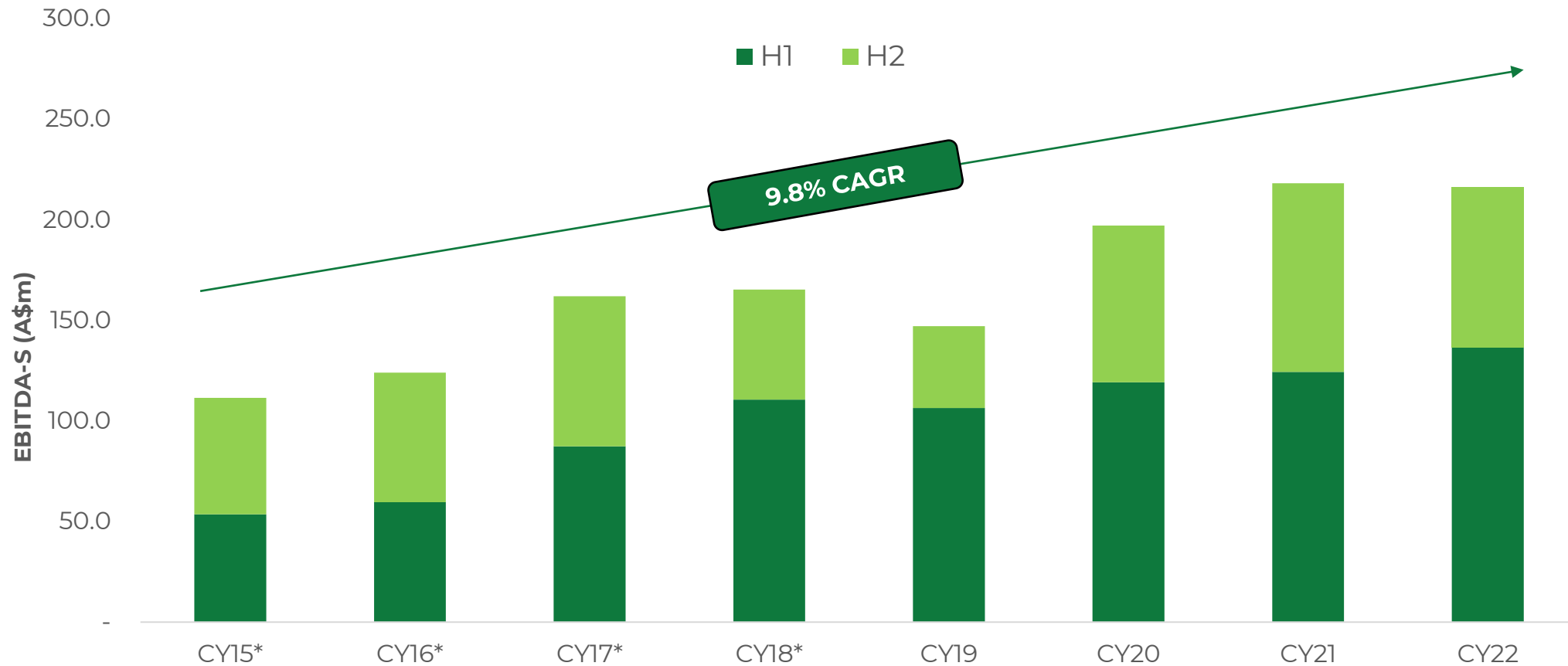
Produce
(\$m)



Costa Farms & Logistics
(\$m)



Costa has a proven track record of earnings growth through the cycle

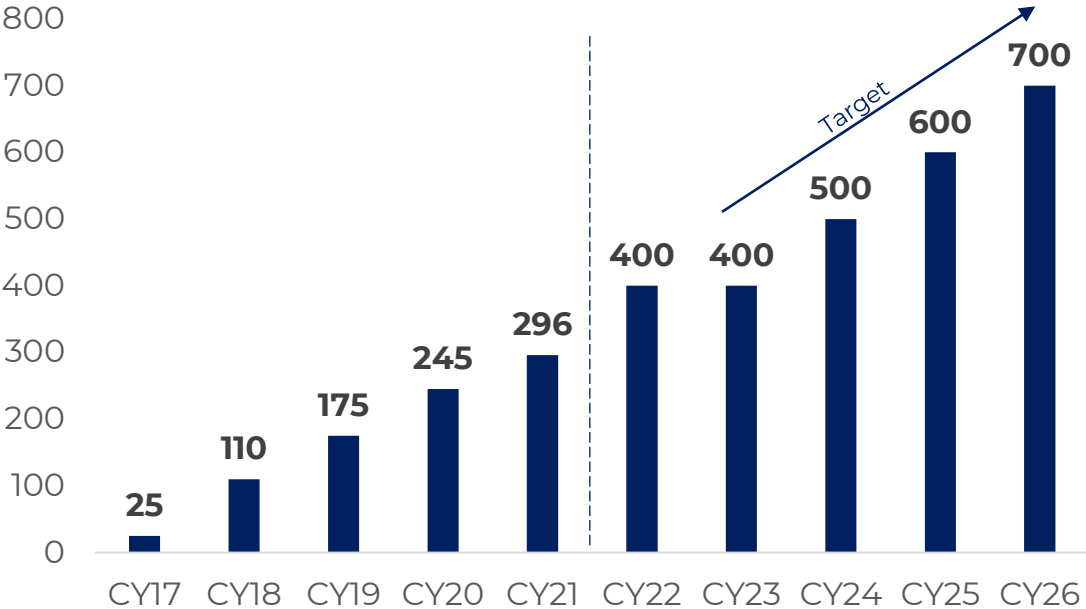


*Uses a pro-forma lease expense adjustment for financial years prior to Costa's implementation of IFRS16 in 2019.

China is an important growth engine

Board approved plan for future footprint growth

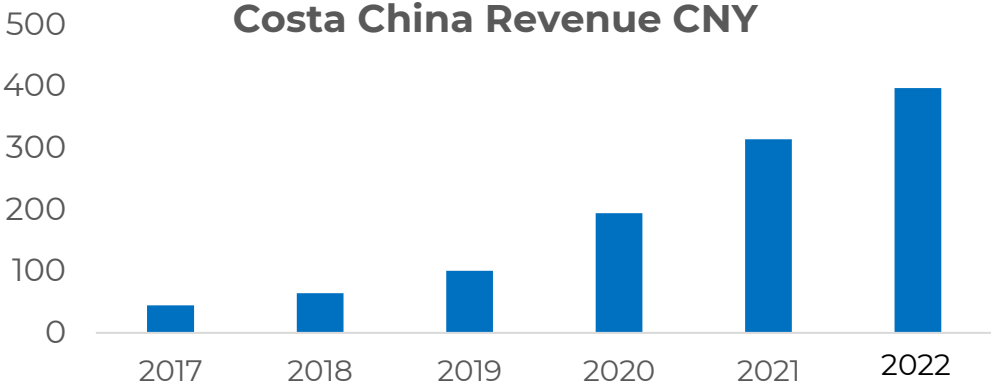
China hectare plantings Actual and forecast



1. Includes 103ha's at Agripark yet to fully produce

Strong historical growth

Costa China Revenue CNY



Substantial targeted planting to support growth

Current plantings

400¹ hectares

CY26 target

700 hectares

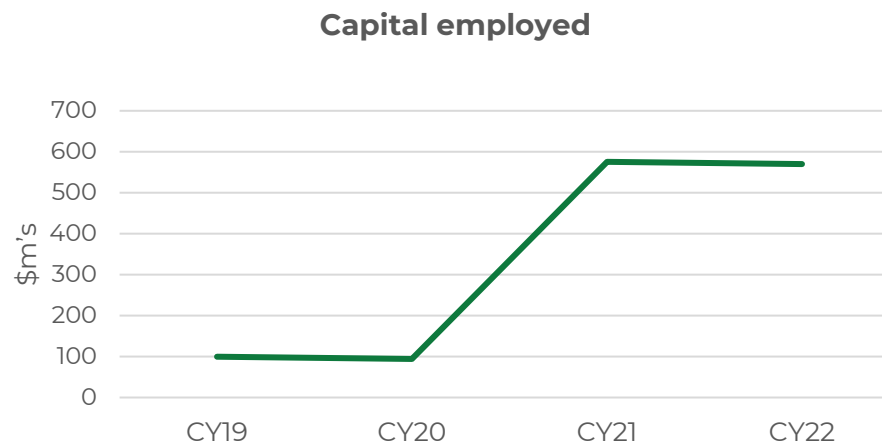
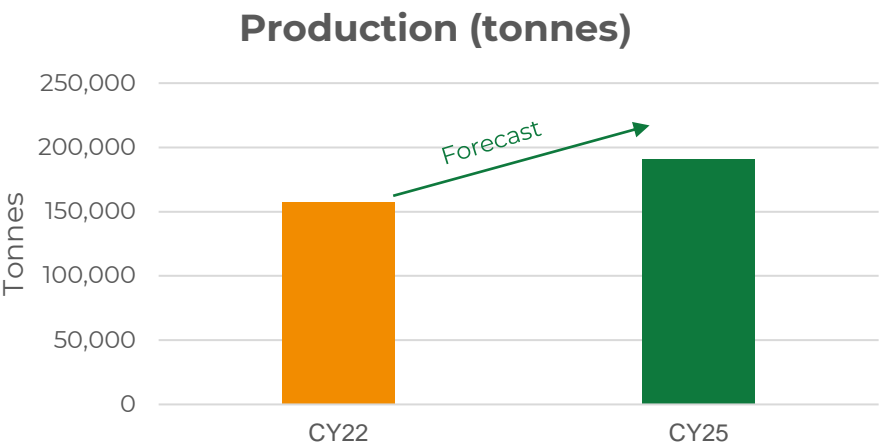
Strong return on invested capital

30%+ Historical ROCE

Citrus category has significant growth runway from existing capital base

Well invested operational footprint

Key messages



45%

Of trees currently aged less than 8 years

157,391

Tonnes produced in CY22

191,500

Estimated production tonnes CY25¹

\$420m

Total capex last 5 years

1. Includes Conaghans, under option exercisable in 2023
2. Includes 2PH acquisition and landlord funded capex

The power of our genetics gives Costa a market leading position, a clear competitive advantage, and a global reach and footprint to further grow our business. This makes our portfolio truly unique.



**CY22 Results
Presentation**

Berry – Variety Improvement Program (VIP)

- VIP is Costa's own 25+ years successful proprietary blueberry breeding program and is globally recognised as an industry leader. Capacity to trial 20,000 seedlings p.a., augmented by a cross breeding platform across both tropical and sub tropical locations.
- Costa blueberry varieties are also licensed in the Americas, Morocco, China, South Africa and Zimbabwe, with opportunities to expand in the future to other countries, including India.
- Purpose bred premium varieties, including Arana, used extensively as a parent in the VIP over 2018-2020.
- Variety **C18-051** is the next leading candidate from Arana crosses - high yield potential, improved berry texture firm/crisp, mid to late season timing and large percentage of the crop with fruit diameter > 20 mm (export quality).
- In Australia and China, partner with Driscoll's to market our berries and have direct access to grow premium Driscoll's raspberry, blackberry and strawberry varieties.

Citrus & Table Grapes

- Exclusive perpetual and royalty free rights to commercialise AC41114^{PBR} (Amorette™) and 66-75^{PBR} (Phoenix™) mandarin varieties in Australia, China, India and Africa.
- First right to commercialise future varieties developed by the 2PH breeding program, evaluated by Costa, on arms-length commercial terms in Australia, China, India and Africa.
- Circa 50%+ of our total table grape supply is currently from licensed proprietary varieties.
- 75% of our proprietary supply is licensed from Sunworld, which operates one of the largest and longest running proprietary table grape breeding and licensing enterprises in the world.
- Balance of supply is accessed from five other breeding programs – IFG, Sheehan, California Table Grape Commission, Star Grow and ARRA.

The power of our genetics gives Costa a market leading position, a clear competitive advantage, and a global reach and footprint to further grow our business. This makes our portfolio truly unique.



**CY22 Results
Presentation**

Tomato

- Substantial tomato varietal testing and development platform - 2.5 hectare state of the art nursery facility.
- Testing and trialling between 80-90 varieties per annum from which 700,000+ plants are evaluated.
- Platform allows for sales and marketing, growing, production and technical staff to review and provide for speed in transition to commercial plantings.
- Strategic relationships with global leading seed breeding companies (including Syngenta, Rijk Zwaan, South Pacific Seeds, De Ruiter, Lefroy Valley, Enza and BASF), allows Costa to select key varieties for exclusive contract arrangements within Australia.
- Exclusive snacking and cocktail varieties grown include Perino™, Bellino™, various golden snacking varieties, Cocktail truss, non-drip Roma plum and red snacking.

Mushroom

- Long standing relationship with Amycel USA, a global industry leader in mushroom genetics development.
- Exclusivity with Amycel in Australia to:
 - ✓ Use strain inoculum (genetics) from which Costa produces its own spawn for mushroom production
 - ✓ Early testing of new and upcoming strain development
 - ✓ Access to new industry best practice in spawn manufacturing systems and processes.
- Costa grows two of Amycel's most popular propriety premium brown hybrid strains - Heirloom and Brawn.
- White strains grown include Phoenixx, Triple X and Delta.
- Amycel is currently investing in advancing their genetics development which Costa is expected to benefit from.

Segment performance



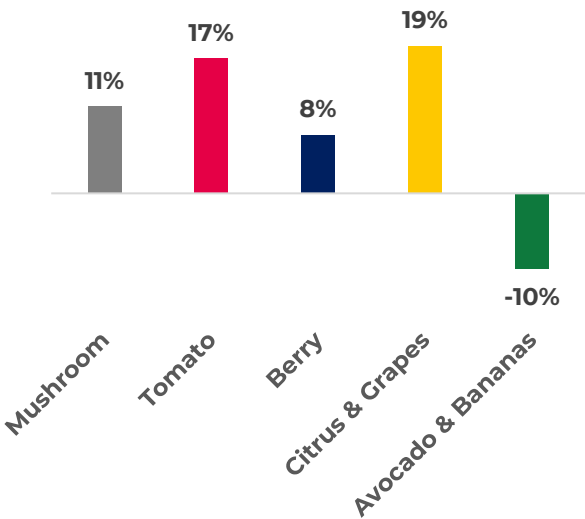
Produce Segment

A\$m	CY22	CY21	Variance (%)
Revenue	1,028.9	929.5	10.7%
EBITDA-S	117.8	126.6	-7.0%
EBITDA-S margin	11.4%	13.6%	-2.2 pts
Transacted Sales	1,490.0	1,374.8	8.4%

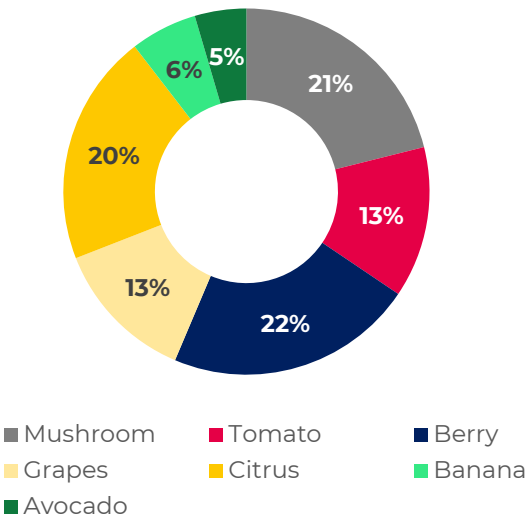
Key Highlights

- Revenue improvements vs pcp included contribution from full year 2PH crop and additional 10 hectares of tomato glasshouse (GH4).
- Continued earnings improvements in berries, mushrooms and tomatoes supported by favourable pricing.
- Citrus pricing and export market strong, but ultimately impacted by adverse weather and higher crop input and freight costs, resulting in circa \$40m lower result vs plan.
- Adverse weather conditions remained into Q4 across several growing regions, including impacting avocado supply.
- Revenue growth in citrus reflects first time full year 2PH contribution, and some pricing improvement across the category as a result of passing on inflationary costs. CY22 2PH EBITDA-S was \$22m.

Revenue growth +10.7%



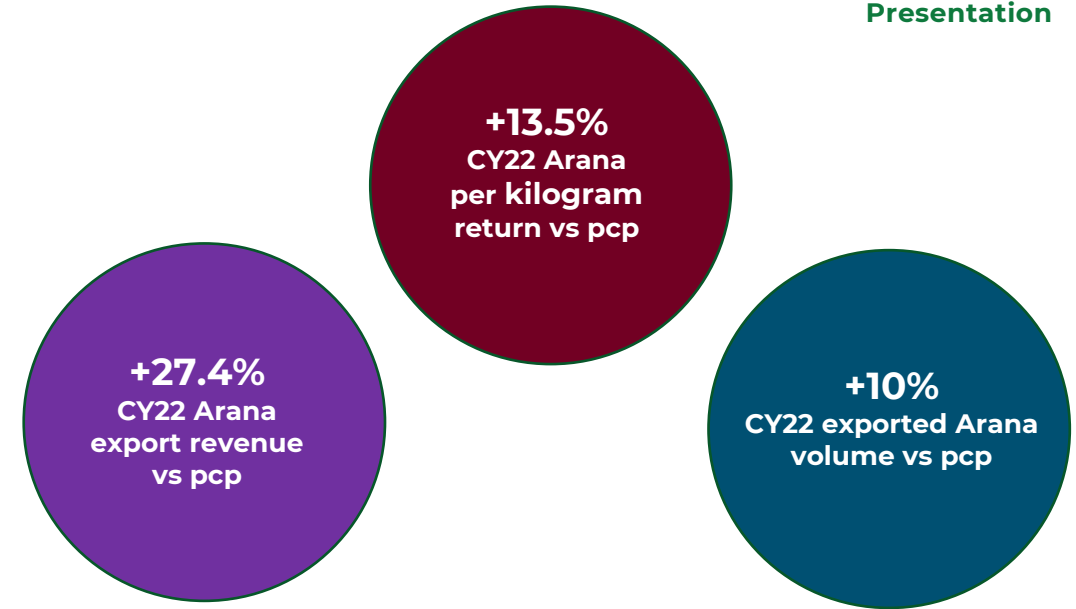
Share of revenue



Produce Segment - Category Highlights

Berry

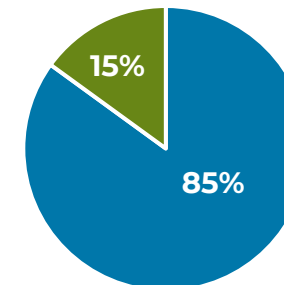
- Full year revenue growth was +8.0% vs pcp. 2H blueberry volumes were down across the industry, own raspberry volumes were higher vs pcp and blackberry volumes were flat.
- Pricing was strong across the four berry types, with blueberry and raspberry pricing especially favourable to budget.
- Arana price premium average across the full year was 15% vs 20% pcp. This reflected strong pricing **for all** Costa blueberry varieties, including Arana across the 2H.



Mushroom

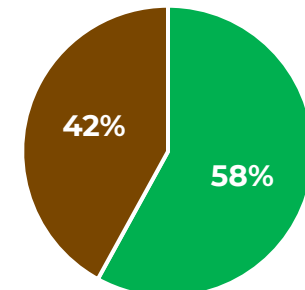
- Monarto delivered average 240+ tonnes per week production capacity across the entire year, contributing to full year category revenue growth of +11% vs pcp.
- Pricing was solid across the 2H, although sales volumes were at times inconsistent due to lower than expected yields from Mernda facility caused by wet compost from Northern Victorian floods in Q4.
- Monarto consistency helped realise a full year production volume increase of +3.4% vs pcp.

CY22 Retail/Wholesale sales mix



■ Retail ■ Wholesale

CY22 Sales mix

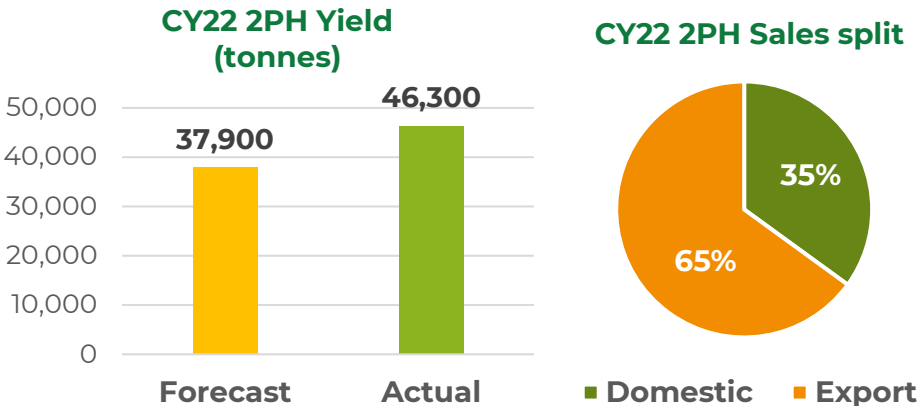


■ Prepack ■ Loose

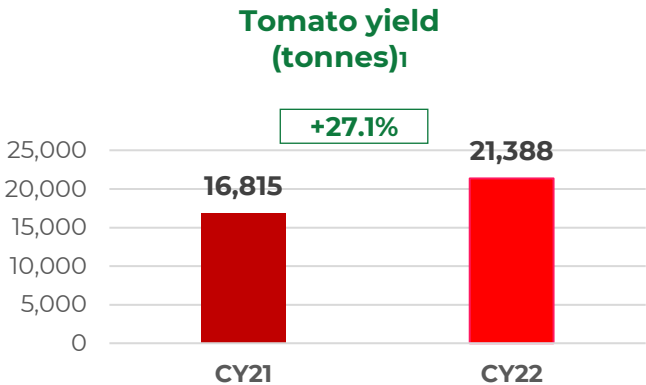
Produce Segment - Category Highlights



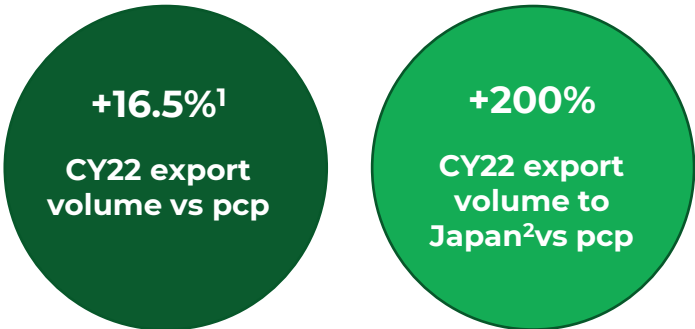
- Pricing and export demand was favourable, notably for 2PH premium product into China.
- Higher citrus volumes across our three main growing regions saw a 2H +10% yield increase vs pcp.
- Weather conditions across our three growing regions affected quality as the season progressed through to its conclusion. Circa 20% reduced pack out of export quality volumes. Combined with higher crop input and freight costs, full year earnings were circa \$40m lower vs plan.



- Additional Glasshouse 4 capacity and the new nursery delivered expected volume over the 2H.
- Truss and snacking pricing remained solid, while cocktail and intense varieties experienced less stable pricing over the period. Full year revenue was +17% vs pcp.
- Successful product launches across the year included Perino range extensions (Entertainers pack, Noir and Medley), Romindo (new Roma varietal) and Roma prepack.



- Lower farm volumes continued into the 2H due to weather impacts on Northern NSW farms. Full year volume was -14.8% vs pcp.
- Bigger fruit size and improved pack outs drove better pricing over Q4, accompanied by strong sales into retail, resulting in average retail prices of circa \$2.50+ per piece at year's end.

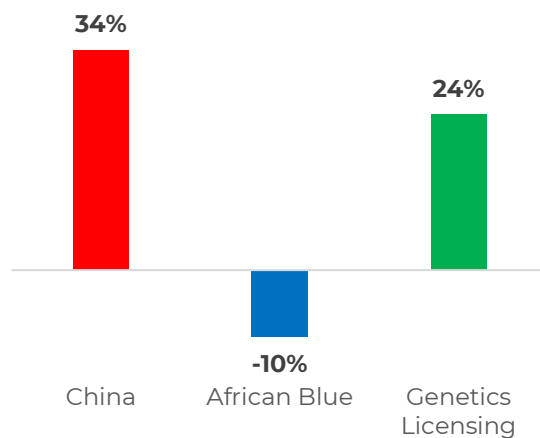


1. Includes third party volume
2. All from Western Australia third party growers

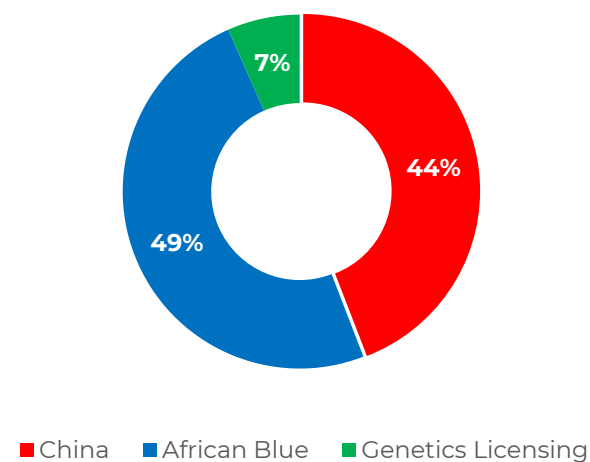
International Segment

A\$m	CY22	CY21	Variance (%)
Revenue	190.9	177.7	7.4%
EBITDA-S	81.8	77.0	6.2%
EBITDA-S margin	42.8%	43.3%	-0.5 pts
Transacted Sales	188.5	174.6	7.9%

Revenue growth +7.4%

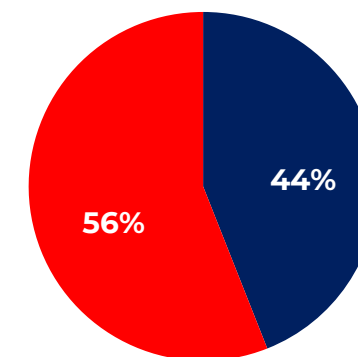


Share of revenue

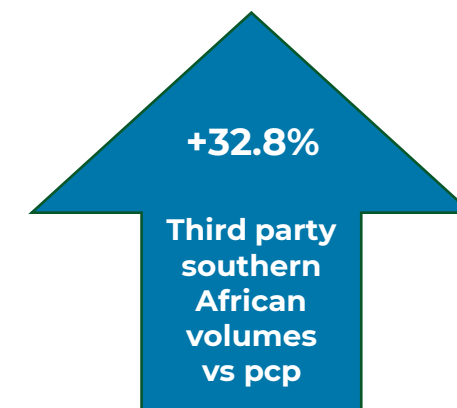


International Segment – Highlights

Jumbo Arana
CY22 Share of total volume



■ Jumbo Arana
■ Other



China

- Full year revenue was +34% vs pcp.
- Excellent product quality, demand and pricing underpinned performance. As previously noted, there was some impact from major city COVID lockdowns toward the end of the season.
- There were increased volumes reflecting production from new blueberry plantings coming online – full year blueberry volume was +44.3% vs pcp.
- Excellent first and early crop from Agripark delivered new volumes into late Q4.

African Blue

- Full year Costa and third party grower volumes were +8.4% vs pcp.
- As previously reported, season timing was delayed due to weather impacts that occurred in Q1, impacting pricing. Full year revenue was –10% vs pcp.
- Redevelopment works on northern farms proceeding to schedule, including Mayra replacement with new Costa VIP varieties.

Genetics Licensing

- VIP varieties continue to gain strong traction, with the additional China volume and higher pricing being a key driver.
- Full year revenue was +24% vs pcp.

Costa Farms & Logistics Segment

A\$m	CY22	CY21	Variance (%)
Revenue	184.6	159.4	15.8%
EBITDA-S	15.2	14.6	4.1%
EBITDA-S margin	8.2%	9.2%	-1.0 pts
Transacted Sales	178.6	155.4	14.9%

Highlights

Revenue growth +15.8% vs pcp.

Costa Farms

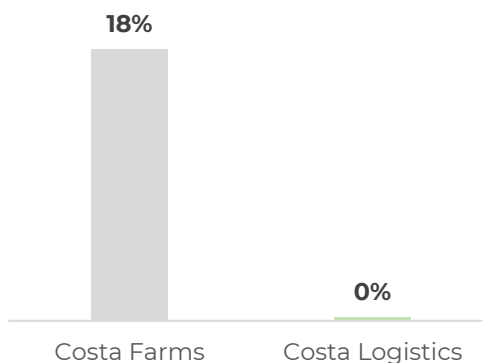
Market trading conditions and servicing revenue were favourable over the 2H, with full year performance coming in marginally above forecast.

Select Fresh delivered a steady performance over the 2H.

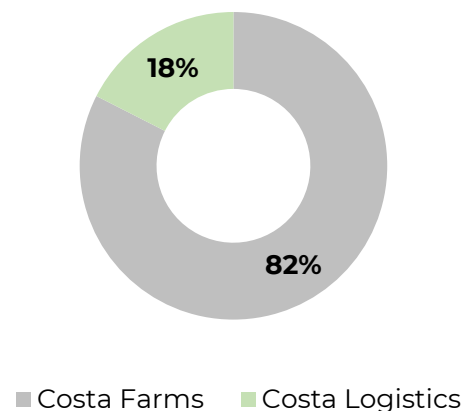
Logistics

Performance was in line with expectations,

Revenue growth +15.8%



Share of revenue



Financials CY22



Costa berry farm – Guangmen, China

Financial Results

Comparison of results for the full year

A\$m	Reported			Underlying ¹	
	CY22	CY21	Var	CY22	Var
Revenue	1,357.6	1,220.6	137.0	1,357.6	137.0
EBITDA-S	214.8	218.2	(3.4)	210.8	(7.4)
Fair value mvmt in bio assets	8.7	(7.5)	16.2	8.7	16.2
EBITDA	223.5	210.7	12.8	219.5	8.8
Depreciation & amortisation	(129.4)	(108.5)	(20.9)	(122.7)	(14.2)
Loss on sale of assets/ Impairment reversal	(0.1)	2.8	(2.9)	(0.1)	(2.9)
EBIT	94.0	105.1	(11.1)	96.7	(8.4)
Interest Expense	(42.6)	(25.0)	(17.6)	(33.0)	(8.0)
Tax Expense	(1.8)	(10.4)	8.6	(5.5)	4.9
NPAT (before material items)	49.7	69.7	(20.0)	58.2	(11.5)
Material/pro forma items, post tax	(2.7)	(17.5)	14.8	(2.7)	14.8
Non-controlling interest	(13.4)	(10.8)	(2.6)	(13.4)	(2.6)
NPAT attributable to shareholders	33.6	41.4	(7.8)	42.1	0.7
NPAT-S (before material items)	30.2	64.0	(33.8)	38.8	(25.2)
Transacted Sales	1,811.8	1,658.9	152.9	1,811.8	152.9

1. Underlying numbers exclude impact of MAM/Vitalharvest Lease transaction



CY22 Results
Presentation

Key Highlights

Revenue: +11.2% on pcp

- Produce +10.7% vs pcp. Footprint expansion from Guyra glasshouse, full year contribution from 2PH and strong mushroom volumes from Monarto - average 240T+ per week.
- International +7.4%. Vs pcp. Benefits from additional production in Baoshan in 1H and Dec-22. Moroccan volumes up on pcp but average pricing negatively impacted by harvest timing due to weather conditions in Q1.

EBITDA-S: -1.6% on pcp

- Gains on pcp from improved Berries, Tomatoes and Mushroom categories offset by poor Citrus season, significantly disrupted by weather conditions causing poor quality. Inflation on input costs impacted all categories.
- China delivered another strong result despite late season COVID restrictions.

Underlying NPAT-S

- Underlying NPAT-S adjusts statutory NPAT for SGARA and proforma impacts of material items and new Macquarie leases (former Vitalharvest) from Dec-21.
- As per previous disclosures, renegotiation of Vitalharvest leases has seen significant non-cash increases in expenses relative to previous lease arrangements.

Material Items

- 1H non-cash impairment of Avocado goodwill, and restructure & acquisition costs.

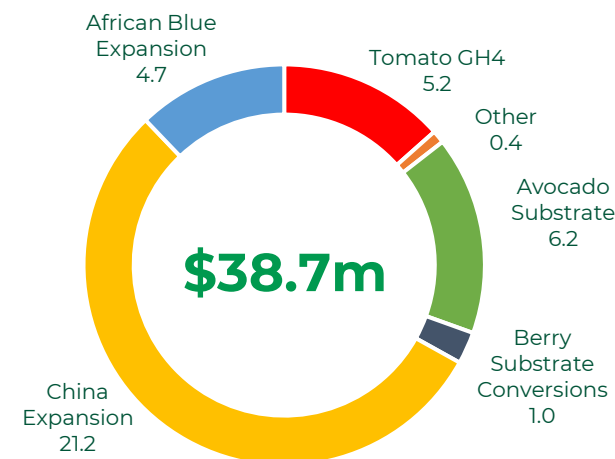
Cash Flow

A\$m	Dec-22	Dec-21	Var
EBITDA-S	214.8	218.2	(3.4)
Payment for leases	(79.3)	(61.5)	(17.8)
EBITDA-S, Less Payment for Leases	135.5	156.7	(21.2)
Less: share of JV profit	(10.7)	(9.9)	(0.8)
Dividends received from JV's	6.7	4.2	2.5
Borrowing costs (excluding amortised costs)	(8.6)	(6.3)	(2.3)
Movement in working capital / non-cash items	(3.2)	(6.9)	3.7
Tax payments	(24.5)	(23.1)	(1.4)
Cashflow from operating activities	95.2	114.7	(19.5)
Operating capex	(67.8)	(43.2)	(24.6)
Productivity & growth capex	(38.7)	(84.4)	45.7
Payments for business acquisitions (Incl. material items)	(1.6)	(291.4)	289.8
Dividends paid to non-controlling interest	(4.5)	-	(4.5)
Other	4.3	1.0	3.3
Cashflow from investing activities	(108.3)	(418.0)	309.7
Payment of dividends	(41.8)	(38.6)	(3.2)
Issue of Shares (Net of Transaction Costs)	-	185.2	(185.2)
Loans and advances	2.2	1.7	0.5
Cashflow from financing activities	(39.6)	148.3	(187.9)
Net Debt Movement	(52.7)	(155.0)	102.3

Key Highlights

- Continue to have strong cash conversion from EBITDA post leases and tax. 2H working capital inflow (\$33.3m) as expected given seasonality of categories.
- Operating CAPEX up on pcp given growth in portfolio and impacts on bearer plant acquisitions for Citrus.
- International growth Capex for Agripark China (103Ha) and further expansion in Agadir Morocco.
- First dividends from China JV into Australia in CY22.

CY22 Growth Capex Projects



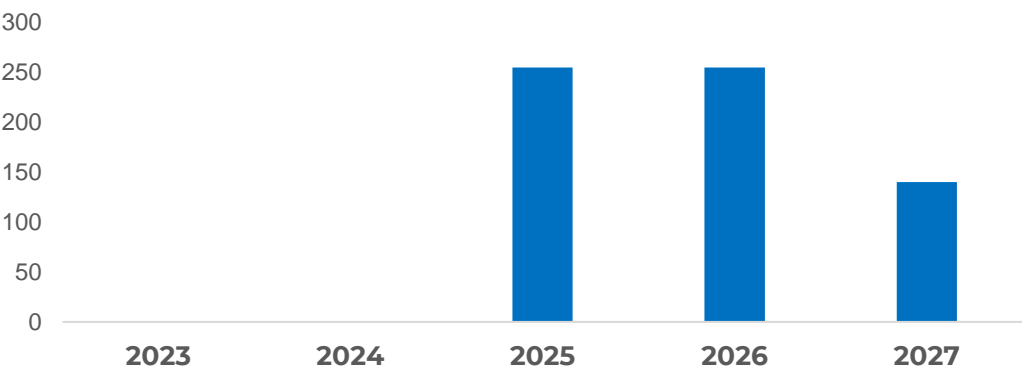
Balance Sheet

A\$m	Dec-22	Dec-21	Var
Receivables	101.9	109.3	(7.4)
Inventories	40.0	30.5	9.5
Payables	(149.4)	(149.3)	(0.1)
Provisions	(45.9)	(46.7)	0.8
Working Capital	(53.4)	(56.2)	2.8
Equity accounted investments	31.3	27.2	4.1
Intangibles	282.9	289.1	(6.2)
Property, plant & equipment	814.3	799.9	14.4
ROU Assets	552.9	568.8	(15.9)
Other assets/(liabilities)	30.8	10.9	19.9
Capital Employed	1,658.8	1,639.7	19.1
Cash	85.2	61.9	23.3
Biological Assets	79.8	70.5	9.3
Lease Liabilites	(571.0)	(583.0)	12.0
Borrowings	(437.2)	(361.1)	(76.1)
Net Assets	815.6	828.0	(12.4)

Key Highlights

- Strong 2H working capital inflow with FY investment only \$2.8m.
- Net debt yoy increase \$52.8m.
- Continue to invest in business with net CAPEX of \$103.9m.
- Net assets down \$12.4m reflects movements in FX and maintenance of strong dividend payout ratio's.

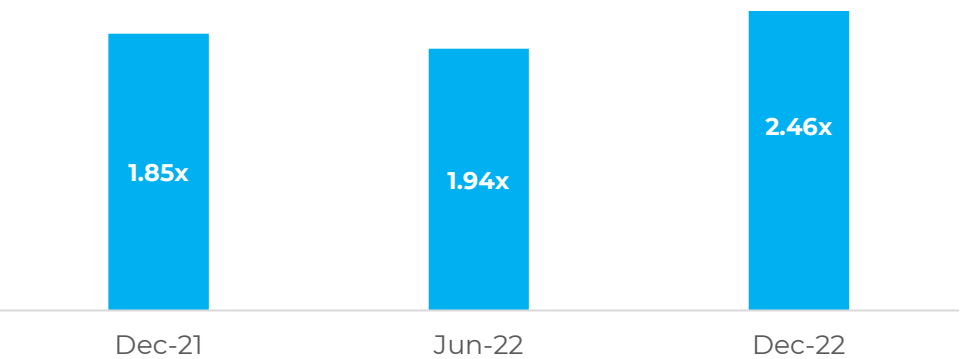
Senior debt facility maturity profile (A\$m)



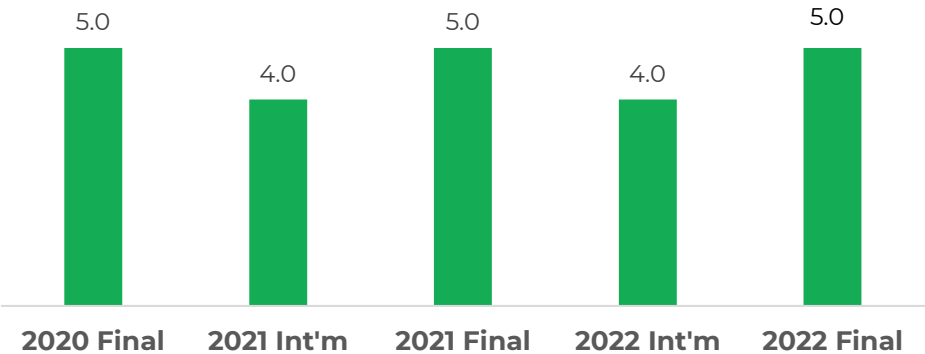
Key Highlights

- Early renewal of debt facility in 1H of CY22 extends maturity out to no earlier than CY25, with no debt maturing in CY23 and CY24.
- Leverage ratio impacted by weaker Citrus 2H result. Ratio at 2.46x remains manageable but above preferred levels. Expect by Dec-23 to be less than 2x.
- Maintained strong payout ratio with CY22 final dividend of 5.0cps, 40% franked. FY 9.0cps.

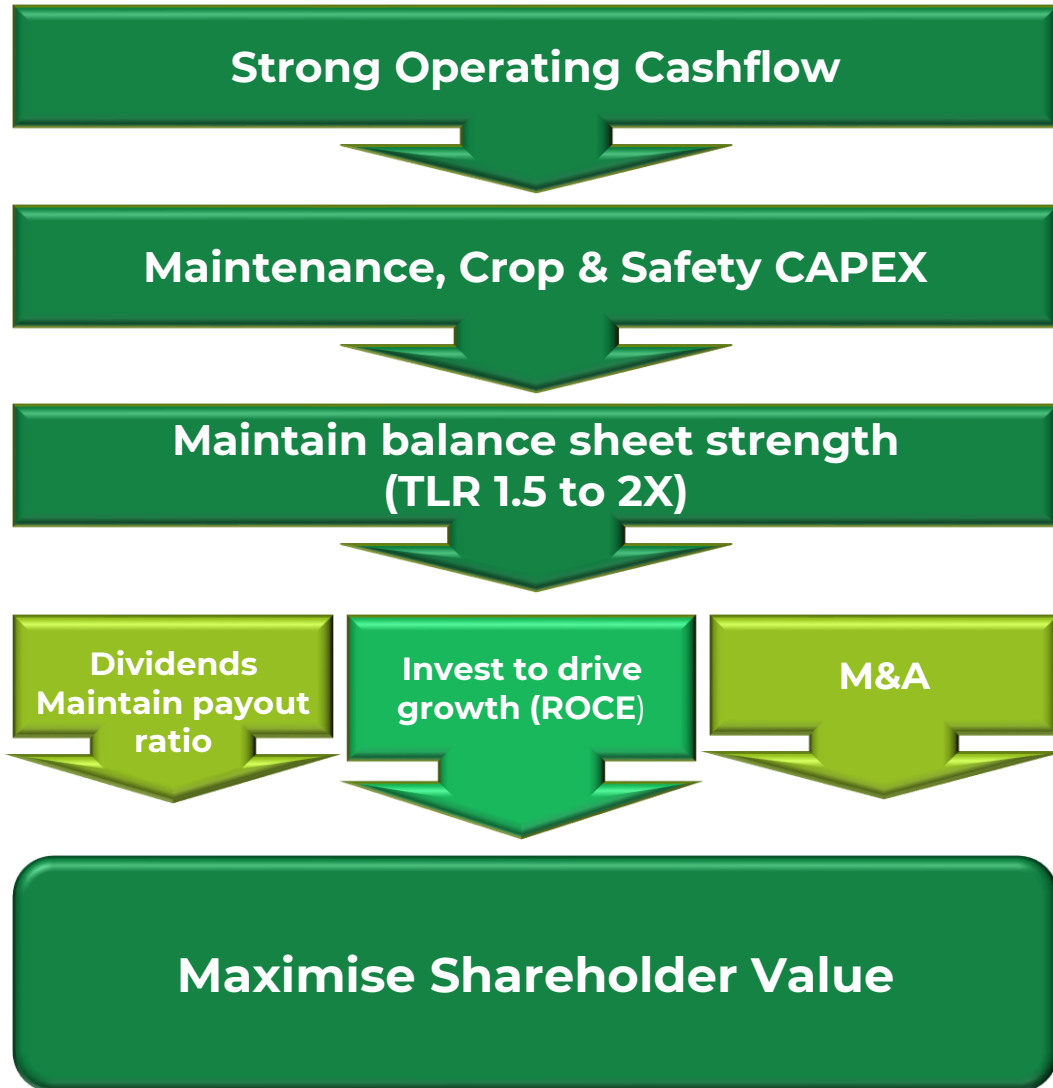
Net debt and leverage



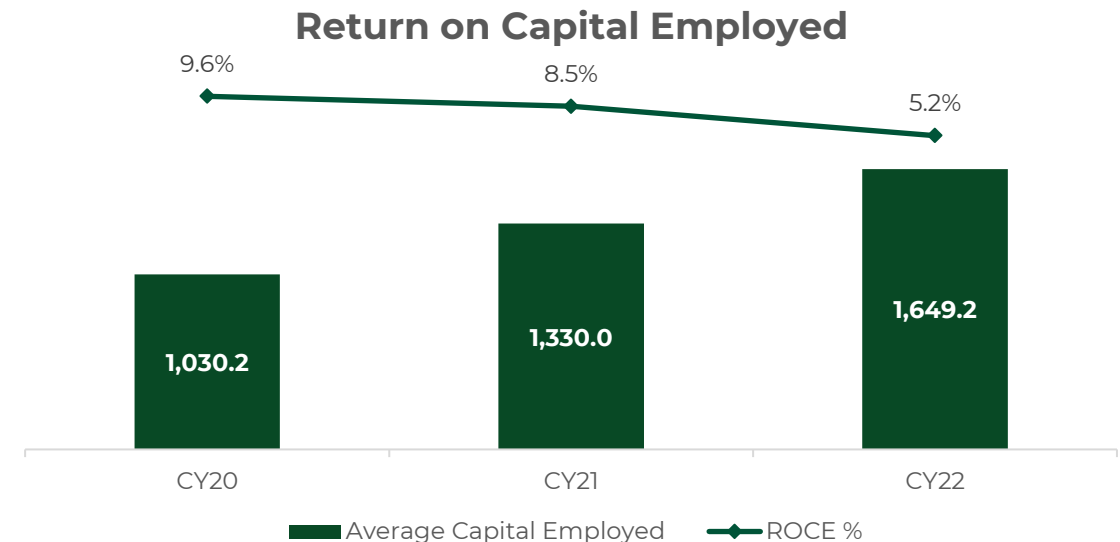
Dividends cents per share



Capital Strategy



- Strategy to invest in capital to maintain business operating and safety standards, while reducing, mitigating and adapting to agricultural risk.
- Investment focused on increasing shareholder value and return on invested capital underpinned by a strong balance sheet and a steady dividend payout.
- The Group targets return on capital employed (ROCE) of 15%+ over five years.



Costs/inflation management update



CY22 Results
Presentation

There were significant input cost inflation pressures over CY22, which are expected to moderate in CY23.

High focus remains on cost reduction and price maximising initiatives, including:

- **Insourcing of seasonal labour to reduce third party costs**
 - **Investing in progressive automation of harvesting**
 - **Greater efficiencies in use of crop inputs, including more precise applications of water and fertiliser across all citrus & avocado crops**
- **Leveraging scale in procurement of key inputs**
 - **Capping input price increases in line with CPI where possible**
 - **Improving yield & quality and extending season length for premium varieties to maximise pricing opportunities, especially in export markets**

Labour

- Piece work continued to be effectively managed to ensure productivity benefits.
- Ongoing implementation of Project Sunrise to insource pacific seasonal labour and drive efficiencies through on-cost savings and direct labour engagement instead of third party.
- Wage inflation impacts have been moderate with respect to EBAs. Negotiations due in CY23 include berry domestic and tomatoes.

Energy and Water

- Fixed energy pricing arrangements continued through the 2H, protecting against circa 10% increases in LPG and LNG gas prices in CY22.
- Federal government gas price cap will assist with mitigating costs impact in CY23; however, electricity costs are budgeted to increase by 35%.
- Forward outlook remains positive for water pricing, expect circa \$2m saving in water costs across CY23.

Freight/shipping

- Global freight rates remained elevated in CY22 but are largely expected to ease back in CY23 as shipping availability is normalised.
- Fuel shocks in CY22 and COVID related labour shortages saw domestic freight rates increase up to 40% on prior year.
- Expect to see domestic rate renewals with increases of ~14% in CY23 when contracts renew.

Packaging/Fertiliser/Chemicals

- Punnet costs increased circa 12%. CY23 pricing largely expected to increase in line with CPI (7-10%).
- Chemical and fertiliser pricing saw 10% increases mainly as a result of the Russia-Ukraine war and China COVID lockdowns resulting in supply constraints.
- Pesticide usage was above forecast, especially in citrus due to weather impacts. Usage expected to return to a more normal setting in CY23 with La Nina dissipating

International segment development

- Our focus remains on a disciplined approach to any further land acquisition in both China and Morocco.
- This includes sourcing appropriate land to minimise production costs and maximise the yield of our premium varieties, both those currently available and in the pipeline.
- Based on these criteria, the decision has been taken to not undertake any additional new land acquisition/hectare development over CY23 in China, with this activity scheduled to recommence in CY24.
- In China we continue to evaluate new opportunities, including expediting planting of more premium varieties and growing blueberries in a cooler climate north of existing operations to achieve season extension.
- The replanting of our northern Moroccan farms with VIP purpose bred, superior genetics blueberry varieties continues as scheduled.
- Royalties from emerging regions are anticipated to continue to grow, with increased plantings in Zimbabwe, Israel and South Africa
- Work in CY23 on opportunities to expand our international footprint will continue, including further interrogating the potential to establish blueberry plantings in India.



Costa berry farm – Manhong, China

Key growth drivers

Increasing yield & optimising crop timing

- 2PH and Sunraysia citrus tree age profile will continue to mature with corresponding yield increases.
- Opportunity to extend Amorette mandarin supply season timing and further build premium citrus export offering.
- Build further Monarto mushroom production capacity, increasing to an average 250+ tonnes per week with focus on continuous compost improvements and limiting waste.
- Expedite plantings of premium berry varieties, including VIP plantings across domestic and international operations to build out volume and supply window offering.

Building new & expanding markets

- Supply significant unmet export market demand for navels and proprietary 2PH mandarins in premium export markets, including China, Japan and South Korea.
- Optimise increased tomato production capacity and nursery capability through higher returning varietal mix – including increased snacking and cocktail varieties.
- Expand global footprint through increased licensing and planting of proprietary blueberry varieties in new markets.
- Pursue opportunity to commercialise selected 2PH varieties by planting or licensing.

Continuing to invest in innovation

- Enhance depth and strength of VIP proprietary genetics program, through commercialising new varieties, including C18-051.
- Investment in technology to improve fruit grading, especially premium grade citrus to unlock further value.
- Increasing protected cropping capacity across citrus and table grapes.
- Exploring high density trellised avocado and citrus for future mechanized harvest opportunity.
- Program initiated to reduce blueberry harvest cost across growing regions.

Current trading and outlook



Costa tomato nursery – Guyra, New South Wales

Outlook CY23



CY22 Results Presentation

- Improved weather outlook indicates more favourable growing conditions across our farming portfolio in CY23.
- Anticipate a recovery in Citrus category performance this year, which will also be enhanced by maturing orchards in Central QLD and Sunraysia (Vic).
- International season including new China plantings has started positively.
- Focus on yield, quality and further premium product roll out to offset input cost inflation.
- Labour availability is improving significantly, contrasted with shortages over the past two years. Also benefiting from continuing program of insourcing Pacific seasonal labour.
- Return on capital and strong cashflow generation remain priorities.
- Beyond this year, CY24 and 25 are expected to benefit from:
 - Continued maturing of citrus tree age profile resulting in corresponding production increases
 - Additional volumes from the Conaghans land at 2PH (additional c.450 Ha's);
 - Further growth in the International segment from new plantings in China and Agadir and replantings that will take advantage of new VIP blueberry varieties;
 - Future improvement in domestic berry return through VIP blueberry premiumisation and
 - Targeted CAPEX to improve harvest productivity in all categories.

Appendices





Vision

‘To be the leader in sustainable commercial farming of premium quality fresh produce’

C APABILITY

Investing in technology, leadership & capability development to deliver our vision.



B JECTIVE

Driving long term ROIC and maintaining a strong balance sheet.

S USTAINABLE COMMERCIAL FARMING

Executing our optimized yield program on our proprietary technology platform.

t ECHNICAL SUPERIORITY

Leveraging our superior agronomic expertise and genetics to deliver competitive advantage.

a MBITION

Expanding our leading go-to market models to win in international markets.

Costa is Australia's leading innovative horticultural company



Leading market position in attractive produce categories, supported by proprietary IP, leading growing techniques and best in class technology.



Largest and premier asset base across highly valued consumer categories, operational footprint providing further production capacity.



Highly attractive and differentiated business model characterized by category and geographic diversity, 52-week supply and protected cropping.



Executing on multiple growth projects across both domestic and international markets.



Proven track record of 'through the cycle' earnings growth.



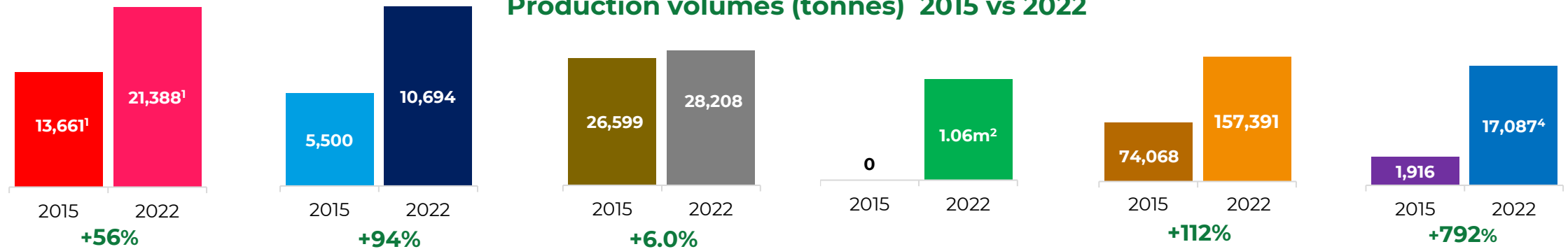
Costa's strategic expansion programs since 2015 IPO

Expanded since IPO to realise economies of scale, improved protected cropping and access to premium, high growth international markets

Costa investment

Tomato	Berry	Mushroom	Avocado	Citrus	International
<ul style="list-style-type: none"> Growing footprint increased from 20 to 40 ha's. Glasshouse production delivers superior yield and cost efficiency vs field crops. 	<ul style="list-style-type: none"> Increased protected cropping and substrate growing footprint. Year-round supply of blueberry, raspberry and blackberry. 	<ul style="list-style-type: none"> Doubled production capacity at Monarto facility to 240T per week. Largest facility of its type in the Southern Hemisphere. 	<ul style="list-style-type: none"> Established as a vertically integrated core category. Trial and commercialisation of substrate protected cropping 	<ul style="list-style-type: none"> Acquired quality citrus assets across Sunraysia & Central QLD. Increased quality, length of season and export access. 	<ul style="list-style-type: none"> Expanded footprint - operations in China, southern Morocco & 3rd party African grower network. Premium offering into growth markets.

Production volumes (tonnes) 2015 vs 2022



1. Includes third party
2. Reported as trays – own production
3. Mandarin and Navels only
4. Includes third party

Long-term benefits from revised lease agreements

The revised lease agreement with Macquarie Asset Management is expected to be value accretive over the medium to long term

Transaction summary:

- On 23 December 2021, Costa announced to the ASX that it had entered into a new lease agreement with Macquarie Asset Management for farms previously leased from Vitalharvest.
- The leases cover seven farms, including three citrus farms (all in South Australia) and four berry farms (two in New South Wales and two in Tasmania).
- The new leases commenced on 1 December 2021 and will expire in December 2040, with a 10-year option exercisable by Costa. CY22 is the first full year under which these agreements are in operation.
- The new lease agreement is a fixed rent agreement. The prior lease agreement provided for a variable component and a market rent review for the fixed component in 2026.

Highlights

- ✓ **Long-term operating and rental certainty**
- ✓ **Aligns incentives for further investment in these assets**
- ✓ **Expected cash benefits over medium-to-long term**

Impact to profit and loss of new lease agreement with Macquarie Asset Management

P&L item	Impact of new lease	Commentary
Operating expenses	-\$4.0m ¹	<ul style="list-style-type: none"> Prior lease included variable rent expense which is not part of new lease There are now no operating expenses relating to these leases.
Depreciation	+\$6.7m	<ul style="list-style-type: none"> The variable component is now fixed which gives rise to a larger right-of-use lease asset which is depreciated over the term of the lease.
Interest	+\$9.6m	<ul style="list-style-type: none"> Significantly higher accounting lease interest expense as interest is calculated on lease liability which is highest at the commencement of the lease.

For CY22, the pro-forma P&L impact for CY22 was **-\$8.6m (post-tax)**, which is consistent volumes and earnings from berry and citrus.

Weather and Water update

As noted during the year, La Nina impacted our three major citrus growing regions of the Riverland SA, Sunraysia Vic and Central QLD, with the resultant above average rainfall affecting product quality.



**CY22 Results
Presentation**

Lower light conditions reduced tomato glasshouse yield and delayed the Tasmanian berry harvest.

Citrus

- Consistent with La Nina, rainfall across the Murray Darling Basin (MDB) and in Central QLD, catchment storages increased together with permanent water allocations.
- MDB water storages at 97% (end Jan '23) capacity and spot market prices between \$20-\$40 per ML.¹
- SA permanent water allocation at 100% for the 2022-23 water year.
- There was no impact to either the Riverland or Sunraysia farms from the late Dec '22/early new year '23 Murray River flooding.
- Fairbairn dam (CQLD) at circa 46%² capacity (early Feb '23) compared to 24% at same time in CY22.
- 2PH high security water allocation at 100%. Medium priority water allocation now at 100%.

Avocado

- Paradise dam (CQLD) at 99%³ capacity (early Feb '23).
- In Oct '22 budget, Federal Government confirmed \$600m contribution toward returning the dam to its full 300,000-megalitre capacity. Major works expected to begin in 2024.

Tomato

- On site dams at New England Hwy and Elm St at or near capacity.
- New England Hwy water security upgraded as part of new glasshouse build , including additional dam storage capacity and covers to reduce evaporation.
- Malpas dam at 100%⁴ capacity (early Feb '23)

1. Source: Ruralco – Temporary Allocation Markets VIC Murray – Zone 7

2. https://storagelevels.sunwater.com.au/win/reports/win_storages.htm

3. . https://storagelevels.sunwater.com.au/win/reports/win_storages.htm

4. <https://www.armidaleregional.nsw.gov.au/environment/water-usage-supply>

2022 HIGHLIGHTS

GREENHOUSE
GAS
EMISSIONS

Total Scope 1 &2
133,601 tonnes CO2-e

ENERGY
CONSUMPTION



Total energy
consumption Australia
1,161,453 GJ

Total energy
produced Australia
7,645 GJ



WATER USE
EFFICIENCY
AND SECURITY

Our growing techniques
which utilise substrate (out
of the soil), lend themselves
to the capture of water for
recycling and reuse

46,479
MEGALITRES

Total water consumption
across all categories

AVOIDING FOOD WASTE TO
LANDFILL



Australia's largest
food and grocery
relief association

Costa donated a total of 437 tonnes of produce to
Foodbank in 2022, the equivalent of 862,600
meals.

From the start of our partnership with Foodbank,
Costa has donated 4.8 million kilograms of
produce, the equivalent of more than 8.7 million
meals.



RENEWABLE ENERGY

Costa has four sites producing solar energy:

- Monarto Mushroom farm - 1900 kW system
- EJT Packing Shed Sunraysia - 100kW system
- Corindi Berry Farm (floating solar array on a dam) - 72 kW system
- Tumbarumba Berry Farm Packing Shed - 30 kW system

Planted and production hectares as at end of CY22



CY22 Results
Presentation

Avocado/Banana
1,050 hectares

	Hectares
Avocado*	773
Bananas	277

* Includes 132 hectares of Riverland/Sunraysia plantings

Berry Domestic
727 hectares

Berry type

	Hectares	Soil	Substrate
Blueberry	480	246	234
Raspberry	166	33	133
Blackberry	56	8	48
Strawberry	25	0	25

Mushroom
Three main growing facilities

Casuarina (WA)
Mernda (Vic)
Monarto (SA)

Citrus
5,575¹ hectares

	Hectares
Citrus	4,764
Table grapes	550
Wine grapes	261

Morocco
347 hectares

	Hectares
Blueberries	347

China
400² hectares

	Hectares
Blueberries	368
Raspberries	22
Blackberries	10

Tomato
40 hectares

	Hectares
Glasshouse	40

1. Includes Conaghans, under option exercisable in 2023
2. 103ha's at Agripark yet to fully produce

Production volumes by category – CY22 versus pc

Berry Domestic

Variety	Production (tonnes) 2HCY22	Production (tonnes) 2HCY21	Var
Blueberries	3,170	3,346	-5.2%
Raspberries	1,170	1,170	0%
Blackberries	360	347	3.7%
Strawberries	443	391	13.2%
Total	5,143	5,254	-2.1%

Production (tonnes) CY22	Production (tonnes) CY21	Var
4,638	4,791	-3.1%
2,782	2,531	9.9%
1,246	1,187	4.9%
2,028	1,785	13.6%
10,694	10,294	3.8%

Production volumes by category – CY22 versus pcp

Mushroom

Location	Production (tonnes) 2HCY22	Production (tonnes) 2HCY21	Var
Casuarina, Mernda & Monarto sites	13,743	13,777	-0.2%

Production (tonnes) CY22	Production (tonnes) CY21	Var
28,208	27,257	3.4%

Tomato

Location	Production (tonnes) 2HCY22	Production (tonnes) 2HCY21	Var
Glasshouse and third party	9,455	8,191	15.4%

Production (tonnes) CY22	Production (tonnes) CY21	Var
21,388	16,815	27.1%

Production volumes by category – CY22 vs pcp

Citrus

Type	Production (tonnes) 2HCY22	Production (tonnes) 2HCY21	Var
Navels	41,180	36,535	12.7%
Mandarins	51,929	46,782	11.0%
Balance of crop	15,964	15,810	1.0%
Total	109,073	99,127	10.0%

Production (tonnes) CY22	Production (tonnes) CY21	Var
61,546	54,093	13.7%
69,289	55,945	23.8%
26,556	10,150	161.6%
157,391	120,188	30.9%

Production volumes by category – CY22 vs pcp

Table Grape

	Production (tonnes) 2HCY22	Production (tonnes) 2HCY21	Var
Total	2,360	1,979	19.2%

Production ¹ (tonnes) CY22	Production ¹ (tonnes) CY21	Var
22,009	19,928	10.4%

Avocado

Location	Production (trays) 2HCY22	Production (trays) 2HCY21	Var
Own production	502,547	475,523	5.6%
Marketed third party	1,248,081	1,149,411	8.5%
Total	1,750,628	1,624,934	7.7%

Production (trays) CY22	Production (trays) CY21	Var
1,063,331	1,179,649	-9.8%
2,467,404	2,967,463	-16.8%
3,530,735	4,147,112	-14.8%

1. Own farm and third party production

Production volumes by category –CY22 versus pcp

Berry International

Morocco/Africa¹

Location	Production (tonnes) 2HCY22	Production (tonnes) 2HCY21 ²	Var
Northern and Southern Morocco	86	25	244%
Third party growers (Morocco, Southern Africa and Zimbabwe)	1,166	878	32.8%
Total	1,251	903	38.5%

Production (tonnes) CY22	Production (tonnes) CY21	Var
7,253	6,917	4.8%
3,553	3,048	16.5%
10,806	9,965	8.4%

China

Variety	Production (tonnes) 2HCY22	Production (tonnes) 2HCY21	Var
Blueberries	376	258	45.7%
Raspberries	156	114	36.8%
Blackberries	128	101	26.7%
Total	660	473	39.5%

Production (tonnes) CY22	Production (tonnes) CY21	Var
5,700	3,949	44.3%
426	323	31.8%
155	178	-12.9%
6,281	4,450	41.0%

1. All blueberries

2. Adjusted to reflect revised figure which was originally quoted as 114 tonnes.

Morocco and China planting schedules



CY22 Results
Presentation

Morocco

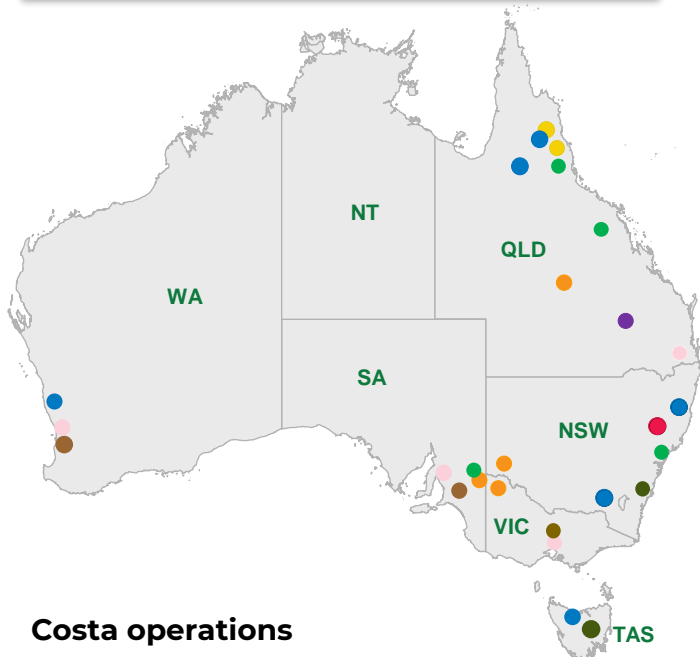
	CY22ha	CY23ha ¹	CY24ha
Planted (start of year)	332	347	323
Production Area	332	347	323
New Land	14	17	43
Redevelopment/ Removed (after harvest)	-63	-67	-77
Land redevelopment added	64	26	81
Forecast planted	347	323	370

China

	CY22ha	CY23ha	CY24
Planted (start of year)	297	400	400
Production Area	297	400	400
New Land	103	0	100
Redevelopment/ Removed (after harvest)	-20	-43	-44
Land Redevelopment Added	20	43	44
Forecast planted	400	400	500

Costa's operations include 7,200+ planted hectares of domestic farmland, 40 hectares of glasshouses, three main mushroom production facilities, and two international berry growing locations. Delivering 52-week supply.

Australia-wide coverage

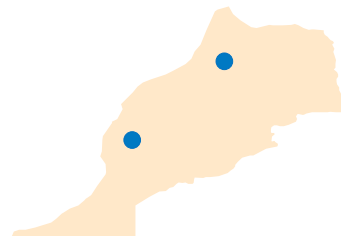


Costa operations

- Bananas
- Mushrooms
- Table grapes
- Berries
- Costa Farms
- Citrus
- Logistics
- Tomatoes
- Avocados

Growing international footprint

African Blue - Morocco



China



Production footprint

Australia

727 hectares

- Blueberries** - 480 hectares
- Raspberries** - 166 hectares
- Blackberries** - 56 hectares
- Strawberries** - 25 hectares



Mushrooms -

Three main growing facilities in Vic, SA and WA



5,575 hectares

- Citrus** - 4,764 hectares
- Table Grapes** - 550 hectares
- Wine Grapes** - 261 hectares



Tomatoes - 40 hectares



Avocados - 773 hectares



Bananas - 277 hectares



International

Morocco: 349 hectares



China: 400 hectares -
368 blueberries,
22 raspberries, 10 blackberries



Explanation of certain non-IFRS operating measures

Term	Definition
Transacted Sales	<p>Transacted Sales is used by management as a key measure to assess Costa's sales and marketing performance and market share. Transacted Sales represent the aggregate volume of sales in which Costa is involved in various capacities (including sales of third party-grown produce marketed by Costa under agency arrangements), as well as royalty income. Transacted Sales are not considered by Costa to be a revenue measure. There are material differences between the calculation of Transacted Sales and the way in which revenue is determined under AAS.</p> <hr/> <p>Transacted Sales comprise:</p> <hr/> <ul style="list-style-type: none"> ·statutory revenue. <hr/> <ul style="list-style-type: none"> ·gross invoiced value of agency sales of third-party produce. <hr/> <ul style="list-style-type: none"> ·100% of Driscoll's Australia Partnership sales after eliminating Costa produce sales to the Driscoll's Australia Partnership. Prior to the formation of Driscoll's Australia in 2010, all of Costa's domestic sales and marketing activities for the berry category were managed by Costa. <hr/>
Material Items CY22	Impairment of Avocado goodwill and staff redundancies
EBITDA before SGARA (EBITDA-S)	Earnings before Interest, Tax, Depreciation & Amortisation, the fair value movements in biological assets (SGARA) and Material Items.
Net Profit after Tax before SGARA (NPAT-S)	Net profit after tax attributable to shareholders (NPAT) but excluding the after-tax impact of the fair value movements in biological assets (SGARA) and Material Items.
Underlying NPAT-S	NPAT-S but excluding the CY22 incremental impacts vs CY21 of renegotiated Vitalharvest leases and 2PH acquisition.





Costa Group Holdings Limited