

ASX ANNOUNCEMENT

25 May 2023

AGM ADDRESSES

Costa Group Holdings Limited (Costa; ASX: CGC), Australia's leading grower, packer and marketer of fresh fruit and vegetables will hold its Annual General Meeting today. The speeches to be given by the Chairman and Interim CEO at the meeting are attached.

The release of this document to the market is authorised by the Board.

END.

About Costa (ASX:CGC) - Costa is Australia's leading grower, packer and marketer of fresh fruit & vegetables and operates principally in five core categories: berries, mushrooms, glasshouse tomatoes, citrus and avocados. Operations include approximately +7,200 planted hectares of farmland, 40 hectares of glasshouse facilities and three mushroom growing facilities across Australia. Costa also has strategic foreign interests, with majority owned joint ventures covering six blueberry farms in Morocco and four berry farms in China, covering approximately 740 planted hectares.

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Costa Group Holdings Ltd AGM May 2023 - Chairman's Address

Fellow shareholders, although the 2022 calendar year for our domestic business was one impacted by extreme weather which ultimately affected our overall performance, it also highlighted the strength of our business fundamentals and competitive advantages, which include our expansive protected cropping footprint, geographical diversity enabling 52 week supply, and the use of our own world leading proprietary genetics.

Our company is truly unique with respect to our business model, which has positioned it to both better withstand challenging weather events and, in some categories, benefit from them, compared to others in the industry. The results achieved for the year certainly reflect this.

Indeed, shareholders will be aware conditions over the last four years have been very challenging for the company and the industry, with extreme and prolonged adverse weather conditions and a global pandemic, with serious impacts on labour availability and cost structures, as well as the direct human impacts. Throughout this period, notwithstanding the impact on financial performance, the company's operations have remained resilient, with our asset base and capability stronger today than at any time in our history.

I am pleased to report that our international business continues to grow, reflected in an outstanding China performance, providing further evidence of the growing demand for Costa's own purpose bred premium blueberries which I will speak to in more detail shortly.

Noting the challenges, I have just referred to, the 2022 financial year saw a \$30.2 million underlying Net Profit After Tax (before fair value movements in biological assets and material items – NPAT-S). This was 53% down on the CY21 result.

The Board declared a final dividend of 5.0 cents per share for the second half of CY22, 40% franked. The total dividend payment for CY22 was 9.0 cents per share.

I will let Harry talk further about the segment and category performance for the year and also provide an update and outlook for CY23. I will focus on some of the key factors which will contribute to a strong growth profile over the coming two to three years. This includes increasing citrus yields and further growth in the International segment.

Over recent years the company has undertaken strategic M&A activity in our citrus category, with the most recent of those being the purchase of the Central Queensland located 2PH farms in June 2021. This acquisition increased our planted and prospective development hectares, expanded our citrus production footprint from two to three specific growing regions, and extended our harvest season to further capitalise on export market opportunities through exclusive access to licensed varieties. We are confident that over the long term our Citrus platform will provide strong returns on capital and establish us as a significant global supplier of quality product.

There will also be further growth in the International segment from new blueberry variety plantings in China and Morocco. In China, we will fast track new genetics from our own proprietary premium varieties and shoulder season expansion to build competitive advantage against competitors, evaluate new opportunities relating to location, climate and varieties, including growing cooler climate blueberries, and the potential to expand market penetration beyond Tier 1 and 2 cities through improved supply chain, so that nursery, post harvest, cold chain and food safety are also competitive advantages.

China is an important growth engine for our company, and the Board has approved a plan for future footprint growth, with a forecast target of 700 planted hectares by calendar year 2026. We believe this is justified based on the strong performance to date, which includes a 30% plus historical return on capital employed.

In Morocco we continue to undertake replanting of our northern farms with premium Costa blueberry varieties, and planned further expansion in the south at Agadir. Volumes from our third party blueberry growers in southern Africa will continue to grow and further strengthen our capacity to supply year round volumes into the European and Asian markets from Africa.

These are but two examples of where the company sees genuine growth opportunities over the coming two to three years and for the reasons stated, we believe we are well positioned to benefit from them.

Sustainable Commercial Farming continues to underpin our performance and success. Our company has been at the forefront of responding and adapting to the risks and opportunities presented by climate change. The Australian government along with a number of state governments have legislated emission reduction targets, all with the aim of achieving net zero emissions by 2050. Costa fully supports this action and has previously committed to a 2050 net zero emission target. We have also outlined our plans to move to Science Based Target initiatives.

In 2022, we conducted a detailed materiality assessment to identify the sustainability and ESG items which are of greatest importance and priority for our stakeholders. This work will inform and guide an update to our Sustainable Commercial Farming Strategy in 2023.

We continue to make significant progress on water management, leveraging new and existing technology to optimise our water use and reduce our inputs while increasing crop yields. At Guyra, for example, our new 2.5-hectare glasshouse tomato nursery, which began full production in 2022, recycles 100% of its drain water.

We also continue our focus on practical, effective ways in which we can adopt renewable energy sources, and in 2022 the highlight of this was our commissioning of a floating array of 160 solar panels on our largest dam at our Corindi Berry farm. In addition, for the first time we have quantified our waste streams across our geographically diverse farming operations. This is a significant step towards our goal of minimising waste to landfill and creating a circular, closed loop waste management system, and will help to inform the development of waste reduction targets from 2023 onwards.

The company takes its legal obligations to comply with workplace and migration laws extremely seriously. This is reflected in our Modern Slavery Statements, the third of which we released in May this year. Long-term, we are continuing to transition to a centralised, direct employment labour model for the majority of our Pacific Island seasonal workforce and in 2022, more than 1,000 direct placements were made from across four Pacific nations. A key element of our direct hire seasonal worker model is ensuring consistent employment standards across the workforce and recognising the importance of providing a welcoming and supportive environment.

This was highlighted by the way in which our people came together to help their fellow workmates who were impacted by the devastating earthquake and tsunami that hit Tonga in early 2022. Costa and our workforce committed funding to the relief effort and worked together with Coles to coordinate a shipping container being sent to Tonga filled with essentials.

Contributing to the health and wellbeing of local communities and especially those in which we operate has always been a strong focus for Costa. The 2022 year threw up its share of challenges, including floods, with Costa and our people ready and willing to play a part in helping those in need.

In response to the Northern New South Wales flood crisis, donations were made by Costa and our suppliers to those who had been evacuated from their homes. In addition, a team of 60 people from Costa's Corindi Berry farm travelled to the Woodburn and Coraki regions to help with clearing debris and cleaning. And as flood waters rose along the Murray River in South Australia in December, Costa teams in the Riverland rallied to help the community prepare, with Costa workers helping to install a DefenCell wall to protect the Renmark Riverfront.

The easing of Covid restrictions in 2022 meant the Board was able to once again visit sites and engage more directly with both management and operational staff. A highlight of the year was a visit to our 2PH operations in Central Queensland, and I along with our Interim CEO participated in an investor site tour of our Monarto, South Australia mushroom facility.

I know I speak on behalf of all Directors in saying that what always stands out from these visits is the passion, dedication, and professionalism of our workforce. Adverse weather conditions impacted the 2PH operations during the year, however it was clear from the Board's interaction with the citrus team that they remained focused on delivering the best possible season they could, despite the conditions, and more importantly learning from these to better manage them if they arise again in the future.

The Monarto mushroom team are also clearly committed to continuous improvement and ensuring this state-of-the-art asset delivers to its optimal capacity. The obvious pride they take in their work and determination to deliver a quality product is clearly reflected in the fact that the site averaged a weekly production tonnage above capacity of 240 plus tonnes across the 2022 year.

These examples demonstrate why our people are recognised as the industry leaders. This is not only with respect to their skills and agronomic expertise, but their ability to deal with any challenges which may come their way, such as weather and climate impacts.

The Board remains focused on optimising shareholder returns by delivering a superior return on invested capital. It was pleasing to therefore see recent key capital expenditure delivering to plan. As I mentioned, the Monarto mushroom facility, which is also our lowest cost of production facility, generated consistent above capacity volumes across the year, and the additional 10 hectares of tomato glasshouse and new nursery at Guyra both met expectations.

The Board believes the company is well placed to achieve long term growth and generate increasing shareholder returns, for a number of reasons, which include the fact that Costa has:

- A well-established unique and unrivalled domestic and international asset base;
- An opportunity to grow this asset base, in particular internationally through the further use of our own proprietary blueberry genetics and exclusive access and rights to develop citrus varieties;

- Ownership and operation of a proven 25 years plus blueberry breeding program which has successfully developed varieties planted both domestically and internationally, and which attract a consistent and significant price premium, and
- An unmatched domestic production footprint, protected cropping infrastructure and season extension capacity that allows us to supply product year round across a number of our vertically integrated categories to major retailers and export markets.

These attributes provide Costa with a clear competitive advantage relative to competitors, and the position of a global market leader in the growing and supply of premium fresh produce.

As with several other companies over recent times, Costa was subject to a cyber incident in August 2022. Due to this, and the heightened cyber threat landscape, the Board has continued to increase its oversight of the organisation's cyber security program and, through the Audit and Risk Committee, undertaking an independent assessment of Costa's overall cyber security resilience and management plans.

In September 2022 our CEO Sean Hallahan departed the business. Sean was with the company for five years, and in both the role of Chief Operating Officer and CEO & Managing Director, he played a pivotal role in Costa's development and growth.

Following Sean's departure, the Board appointed Harry Debney as Interim CEO. As many of you would be aware, Harry was previously the Costa CEO, serving in the role for 10 years. It was the Board's unanimous view that given Harry's breadth of knowledge, experience and understanding of our business and the industry, he was the best person to perform the Interim CEO role while a thorough search for a permanent CEO is being undertaken.

In relation to the CEO search, we are well progressed in the process and will keep shareholders and the market informed as and when appropriate.

In terms of the current outlook for the company, whilst we are early in the 2023 year, consistent with our outlook statement accompanying our full year 2022 results announced to the ASX in February, we are seeing generally improved growing conditions and remain positive about the future. In particular the International segment, which is drawing towards the end of the season has been exceptional and is expected to deliver a record financial result for the current year. Harry will talk more about this shortly.

In conclusion, on behalf of the Board and shareholders, I sincerely thank our people for their efforts, in particular rising to the challenges of the past year and ensuring our company maintains and further builds on its market leading position.

I now ask our Interim CEO to address the meeting and talk to our 2022 performance, and the outlook for the 2023 year.

END.

Costa Group Holdings Ltd AGM May 2023 – Interim CEO’s Address

Ladies and gentlemen, today I will talk briefly about our performance in the most recent financial year, 2022 and provide a trading update for the year to date and outlook for CY23.

Firstly however, I would like to share with you the current profile of the company’s operations and the notable strategic initiatives executed since we IPO’d in 2015. I will also outline the reasons we should be positive about the long-term future and growth trajectory of the company.

There are four critical elements in having built the most successful Australian based fresh produce business, and these are scale, diversity, differentiation, and resilience. These critical elements meant Costa attained the number one market share across the core categories in which we operate, but in a relatively modest sized domestic market. This prompted consideration of where to next and resulted in a strategic decision to move offshore via building investment in a large international berry footprint and increasing export capacity in citrus.

This included acquiring majority ownership of African Blue (from 49% to 90%), expanding our Moroccan production season to the south at Agadir, building a new packing facility, and establishing a pan-African 52-week supply footprint for African Blue with a third party grower network.

Once our China investment thesis was validated, we rapidly expanded the initial five-year plan from 240 hectares to the current 400 hectares located in the south of the country in Yunnan Province. We now have a near term vision to reach 700 hectares.

In the Berry space, we also continue to investigate other international opportunities utilising our premium blueberry genetics and production expertise of which I will talk more about shortly.

Our Citrus category is majority export focused, exporting between 65% to 70% of our annual crop. Through strategic acquisitions of several high quality citrus assets we have expanded our southern farming footprint and in 2021, successfully executed the large acquisition of 2PH Farms to become Australia’s major exporter of high-quality proprietary mandarins. In addition, we have also undertaken major investment in packing facility automation, aimed at reducing costs and maximising product grading to support premium export pricing.

The increasing relevance of our International footprint including exports, will account for more than 50% of the company’s earnings in CY23.

There has also been a major re-engineering of our world leading proprietary blueberry breeding program. This has included investment in new and expanded blueberry plant breeding resources and development of R&D facilities. Importantly the company has developed a deep pool of talent, both local and international, which provides the needed solid foundation and effective platform to successfully expand operations.

We have committed to a powerful new vision and to lead from the front on IP development and maintain this competitive advantage globally. As evidenced by a key decision to breed new varieties for substrate production rather than soil, and the establishment of a tropical breeding program in

Far North Queensland to expand varietal production capability to north QLD, southern China, and southern Morocco. In 2023 alone, Costa is launching a record four new blueberry varieties with a strong forward pipeline of product to fuel the growth trajectory.

Costa has long been aware of the risks and opportunities that climate change poses. We have been actively engaged in responding and adapting to climate change, which includes our Sustainable Commercial Farming initiative which was formally adopted in 2018. We have sought to prioritise additional investments in improving our resilience to the impacts of climate change.

Key investments have included a major expansion of protected cropping in our Berry category, with most of our blueberry production in Australia now in substrate and under protective poly tunnels.

All raspberry, blackberry and strawberry production is now protected. In addition, 100% of our China and Morocco crops are protected, with 100% of the China crops planted in substrate. We also commenced a program to increase the use of permanent netting on valuable field crops, notably proprietary table grapes.

There has been increased investment in industrial style production, with further tomato glasshouse expansion and the doubling in production capacity of our Monarto, South Australia mushroom facility.

In recognition of the importance of water to the ongoing commercial and environmental sustainability of our operations, there has been a greater emphasis on water security. What was an acceptable level of water security a decade ago no longer suffices, hence our focus over recent years on the installation of new dams, investment in refining further irrigation efficiencies, and increased recycling capacity, supported by a formal and rigorous business wide annual review of the company's water security.

The result of this activity is that circa 60% of Costa's revenue currently comes from protected crop production. Through these initiatives and many more, we firmly believe Costa can rightly lay claim to being Australia's leading horticultural company. The facts speak for themselves with Costa now having:

- A premier asset base and operational footprint across domestic and international;
- The leading Australian market position in attractive produce categories;
- Capacity to manage and adapt to agricultural risk, including climate change through its product portfolio, protected cropping and geographic diversity;
- Proprietary intellectual property and brand portfolio with a network of global relationships
- Superior product offering with distinct consumer appeal;
- Significant earnings capacity from our existing footprint in addition to multiple near-term growth projects;
- An attractive financial profile and outlook and
- High quality management team with deep industry expertise

Turning now to the highlights of the 2022 year, which included our International segment and domestic berry category delivering particularly strong results. The performance of our China operations was once again a standout, driven by increased volumes, strong quality and demand, and higher pricing.

Our mushroom and tomato categories delivered solid performances across the full year, both of which benefited from increased production capacity, with our Monarto South Australian mushroom production facility delivering on average more than 240 tonnes per week over the year, and our new 10 hectares of additional tomato glasshouse at Guyra in New South Wales fully coming on line.

As is widely known, a feature of the 2022 year was the very challenging weather conditions in Australia, experienced across a number of our growing regions due to a third straight La Nina weather event.

Although the citrus category saw favourable volumes across our three growing regions and positive pricing in export markets, the extensive weather impacts which continued over the duration of the season ultimately impacted quality and packout rates. Combined with higher crop input and freight costs, this resulted in circa \$40 million lower earnings versus plan for the Citrus category.

Moving to the financial results for the CY22 calendar year, revenue was up 11.2% versus the prior year, with EBITDA-S of \$214.8 million, down 1.6% on CY21. Segment earnings performance by EBITDA -S saw the International segment deliver a 6.2% improvement on the prior year, the Produce segment was down 7.0% on the prior year and Costa Farms and Logistics was up 4.1%.

The company's ability to deliver a creditable result in the face of challenges posed by weather in CY22 is testament to the power of the genetics and varieties we grow. This is across all of our major categories, in which we utilise a combination of our proprietary genetics and exclusive access to licensed genetics.

Many of you are aware of Costa's Variety Improvement program or VIP, which is Costa's own 25 years plus successful proprietary blueberry breeding program. It is globally recognised as an industry leader, with a capacity to trial 20,000 seedlings per annum, augmented by a cross breeding platform across both tropical and sub-tropical locations.

Cascade is one of the four blueberry varieties I mentioned earlier that we have released in CY23. It is demonstrating exceptional performance, including high yield, large fruit size, 20mm in diameter, balanced flavour and aromatics, and resistance to blueberry rust disease. We expect Cascade to be widely adaptable to growing regions in Southern China, Morocco, Mexico, Peru, South Africa and Zimbabwe.

Access to premium genetics is also a key part of our citrus and grapes business. Through our acquisition of the 2PH citrus business, Costa has exclusive perpetual and royalty free rights to commercialise Amorette and Phoenix mandarin varieties in Australia, China, India and Africa. We also have first right to commercialise future varieties developed by the 2PH breeding program and evaluated by Costa in Australia, China, India and Africa.

Some 50 plus percent of our total table grape supply is currently sourced from licensed proprietary varieties and 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. These varieties are in high demand in export markets and there are further opportunities to expand our offering and the number of markets to which we export.

In our Tomato category, we operate a substantial tomato varietal testing and development platform, the centrepiece of which is our 2.5 hectare state of the art nursery facility. We are testing and trialling between 80-90 varieties per annum.

This year we are also establishing a dedicated innovation centre at our Guyra glasshouse operation, where we will undertake varietal assessments and early commercialisation trials of a range of glasshouse crops, including other tomato varieties.

In the mushroom category, Costa has a long standing relationship with Amycel USA, a global industry leader in mushroom genetics development.

We see our proprietary genetics and the exclusive access we have to other genetics as a distinct competitive advantage and something that makes Costa's portfolio, including our premium offerings truly unique and a major asset in driving further growth.

I now move to our trading update and outlook.

The challenging weather impact from three consecutive La Nina events is now behind us going forward, with La Nina exhausted in Australia by the end of March.

The return to warmer temperatures, higher light levels and lower rainfall across our major growing regions is a positive for our farming operations, both our protected and unprotected crops.

The current neutral weather conditions are expected to develop into an El Nino environment later in the year which is a favourable development, including with respect to expected yield and quality.

The increased input cost pressures of 2021-22 are slowly easing with pricing of some inputs starting to reduce from recent historical highs.

Closing of Australian borders caused serious labour shortages and constraints on the free movement of labour during the COVID pandemic. We are now in a much-improved situation and have seen improvement in labour availability with backpacker numbers returning to normal and continued access to pacific seasonal labour, although not yet optimised.

Costa's two largest categories are the International segment and Citrus category. The most significant contribution in our first half is from the International segment with the harvest to be completed by-mid June.

The 2023 International harvest segment is shaping up to be an exceptional year with very strong profit results emerging from both our China and Morocco operations.

In the Citrus category the first six months of the calendar year is a cost accumulation period, including farming and crop preparation costs for the harvest. The season is circa three weeks behind starting, with our earliest region, 2PH in Emerald, commencing harvesting in May. As a consequence, virtually all of our citrus harvest earnings, including 2PH will fall in the second half of CY23.

The early outlook for 2PH is very positive relative to the prior year and remains in line with our expectations, with positive indications for both yield and fruit quality.

As expected, the lengthy periods of very high rainfall and low temperatures have caused some residual impact on 2023 sizing and yield in our Southern grape and citrus operations, but it is too early in the season to make an overall assessment of the southern citrus season. We continue to monitor for the impact of Albedo which seriously damaged the 2022 southern citrus crop and although very early in the season, to date we are not observing major issues for the 2023 season.

Export market demand and pricing from major markets for Costa citrus is expected to be favourable for this season.

The Mushroom category is benefiting from a continued and sustained increase in yield from our lowest cost of production Monarto site, partially offset from lower output from the Mernda site due to compost issues. Coming out of the summer months mushroom demand was somewhat soft but is expected to improve as we enter the cooler winter months.

Tomato production is strongly supported by excellent light conditions. This category has experienced lower than expected summer pricing and demand with this having impacted earnings relative to the same period last year. Pricing has started returning towards budgeted levels in May.

The Berry category had a challenging period over the Tasmanian season. Our farms performed well but crop timing and competitive volumes pushed prices lower. We are now moving into the FNQ season where yield, quality and pricing are favourable. The main Corindi season will commence harvest from mid-year and at this stage it is too early to provide any meaningful forecast as to anticipated season performance, however the increased premium Arana plantings are expected to make a significant contribution to overall performance.

The small Avocado category is performing significantly better compared to last year and our wholesale and logistics segment is continuing its solid year to date performance.

On a sombre note, in 2022, we tragically lost a team member when they died as a result of a traffic accident at one of our China farms. We have been deeply saddened by this event and our sincere condolences go to the family, community and our people who were impacted.

Our focus continues to be on ensuring the highest safety standards and measures are in place and followed at all times across our business, which includes the implementation of a High-Potential Incident program. We are also continuing to ensure regular health and safety training of all employees, as well as building an open culture for reporting safety issues and regularly monitoring and assessing compliance and ensuring strong accountability of all team members.

When I commenced in the role of Interim CEO in late September 2022, what was evident was that our people continue to have an unrivalled passion for what they do, and a talent and skill set unmatched in the industry. Horticulture is an industry that requires resilience, and I can assure you our people have this in spades. It also requires a level of ingenuity and innovation, which is required to deal with risk, adapt to change and maximise opportunities. This is why Costa is the industry employer of choice.

I sincerely believe this company has a lot to look forward to, and I thank the Costa Board and Executive for their support over the last eight months.

I now hand back to our Chairman.

END.

Annual General Meeting 25th May 2023



Costa Group Holdings Ltd
(ASX:CGC)



Costa Group Holdings Ltd Board of Directors



Neil Chatfield
Chairman &
Non-Executive
Director



Harry Debney
Interim CEO
Director



Tim Goldsmith
Independent
Non-Executive
Director



Janette Kendall
Independent
Non-Executive
Director



Peter Margin
Independent
Non-Executive
Director



Dr Jane Wilson AO
Independent
Non-Executive
Director

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- **Financial data:** All dollar values are in Australian dollars (\$) or A\$) unless stated otherwise.

Strategic initiatives since IPO – key changes



Investment in further expanding capacity beyond domestic market

- Domestic categories have attained #1 market share in a modest sized market. Strategic decision to move offshore via building a large international Berry footprint and increasing export capacity in Citrus.
- Acquired majority ownership of African Blue (from 49% to 90%). Expanded Moroccan production season to the south at Agadir, built new packing facility, and established a pan-African 52-week supply footprint for African Blue with third party network.
- Once China investment validated, rapidly expanded the initial five-year plan from 240 hectares to current 400 hectares and have a near term vision to reach 700 hectares.
- Continuing to investigate other international opportunities utilising our premium blueberry genetics and production expertise.
- Citrus category is majority export focused. Expanded southern farming footprint through several quality acquisitions and major investment in packing facility automation.
- In 2021 executed large acquisition of 2PH to become Australia's major exporter of high-quality proprietary mandarins.



Costa berry farm – Guangmen, China

Net impact of overseas farming operations plus exports means they will account for >50% of the company's earnings in 2023

Strategic initiatives since IPO – key changes



Major re-engineering of world leading proprietary blueberry breeding program

- Investment in new and expanded blueberry plant breeding resources and development of R&D facilities.
- Developed deep employee talent pool both local and international.
- Powerful new vision and commitment to lead from the front on IP development and maintain this competitive advantage globally.
- Key decision to breed new blueberry varieties for substrate production rather than soil.
- Established tropical breeding program in FNQ to expand varietal production capability to north QLD, southern China, and southern Morocco.

In 2023, Costa is launching a record four new blueberry varieties with a strong forward pipeline of product to fuel growth trajectory



Costa's Cascade blueberry variety

Strategic initiatives since IPO – key changes



Additional investments in improving resilience to the impacts of climate change

- Major expansion of protected cropping in Berries. Most blueberry production in Australia now in substrate and under tunnels. All raspberry, blackberry and strawberry production protected.
- 100% of China and Morocco crops protected, with China crops 100% planted in substrate
- Commenced program to increase permanent netting on valuable field crops, including proprietary table grapes
- Increased investment in industrial style production –further tomato glasshouse expansion and doubling in production capacity of Monarto mushroom facility
- Emphasis on water security with new dams, irrigation efficiency and recycling capacity, with formal business wide annual review of water security.

Presently ~60% of Costa's full year revenue is from protected crop production



Costa is Australia's leading horticultural company



1

Premier asset base and operational footprint across domestic and international

2

Leading Australian market position in attractive produce categories

3

Managing and adapting to agricultural risk through its product portfolio, protected cropping and geographic diversity

4

Proprietary intellectual property and brand portfolio with a network of global relationships

5

Superior product offering with distinct consumer appeal

6

Significant earnings capacity from existing footprint in addition to multiple near-term growth projects

7

Attractive financial profile and outlook

8

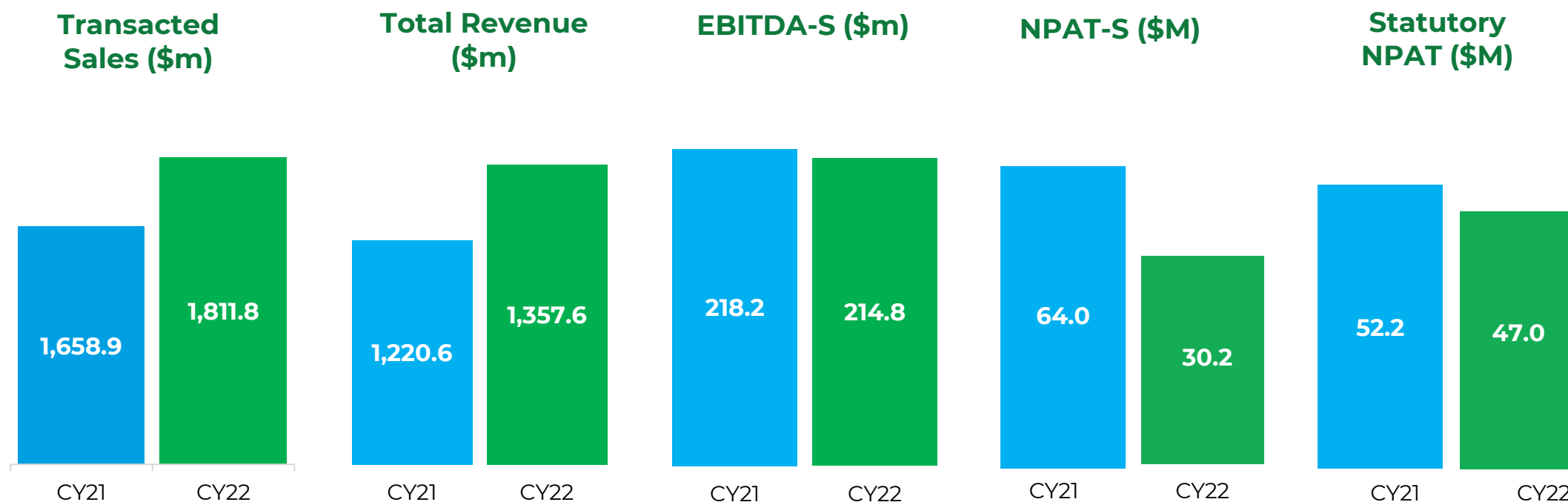
High quality management team with deep industry expertise

CY22 in review - highlights

- International segment and domestic Berry category delivered particularly strong results.
- Performance of our China operation was once again a standout, driven by increased volumes, strong quality and demand, and higher pricing.
- Mushroom and Tomato categories delivered solid performances across the full year, both of which benefited from increased production capacity.
- A feature of the 2022 year was the very challenging weather conditions in Australia. Third straight La Nina weather event.
- Citrus category saw favourable volumes across our three growing regions and positive pricing in export markets, but extensive weather impacts which continued over the duration of the season ultimately impacted quality and packout rates.
- Combined with higher crop input and freight costs, this resulted in circa \$40 million lower earnings versus plan for the Citrus category.



CY22 Financial Headlines



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

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.



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
- New Cascade variety demonstrating exceptional performance, including high yield and large fruit size – 20mm in diameter.

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.
- Exclusive snacking and cocktail varieties grown include Perino™, Bellino™, various golden snacking varieties, Cocktail truss, non-drip Roma plum and red snacking.

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.

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.

Trading Update and Outlook



- The challenging weather impact from three consecutive La Nina events is now behind us going forward, with La Nina exhausted in Australia by the end of March.
- The return to warmer temperatures, higher light levels and lower rainfall across our major growing regions is a positive for our farming operations, both our protected and unprotected crops.
- The current neutral weather conditions are expected to develop into an El Nino environment later in the year which is a favourable development, including with respect to expected yield and quality.
- The increased input cost pressures of 2021-22 are slowly easing with pricing of some inputs starting to reduce from recent historical highs.
- Closing of Australian borders caused serious labour shortages and constraints on the free movement of labour during the COVID pandemic. We are now in a much-improved situation and have seen improvement in labour availability with backpacker numbers returning to normal and continued access to pacific seasonal labour, although not yet optimised.

Trading Update and Outlook



- Costa's two largest categories are the International segment and Citrus category. The most significant contribution in our first half is from the International segment with the harvest to be completed by-mid June.
- The 2023 International segment harvest is shaping up to be an exceptional year with very strong profit results emerging from both our China and Morocco operations.
- In the Citrus category the first six months of the calendar year is a cost accumulation period, including farming and crop preparation costs for the harvest. The season is circa three weeks behind starting, with our earliest region, 2PH in Emerald, commencing harvesting in May. As a consequence, virtually all of our citrus harvest earnings, including 2PH will fall in the second half of CY23.
- The early outlook for 2PH is very positive relative to the prior year and remains in line with our expectations, with positive indications for both yield and fruit quality.
- As expected, the lengthy periods of very high rainfall and low temperatures have caused some residual impact on 2023 sizing and yield in our Southern grape and citrus operations, but it is too early in the season to make an overall assessment of the southern citrus season. We continue to monitor for the impact of Albedo which seriously damaged the 2022 southern citrus crop and although very early in the season, to date we are not observing major issues for the 2023 season.
- Export market demand and pricing from major markets for Costa citrus is expected to be favourable for this season.

Trading Update and Outlook



- The Mushroom category is benefiting from a continued and sustained increase in yield from our lowest cost of production Monarto site, partially offset from lower output from the Mernda site due to compost issues. Coming out of the summer months mushroom demand was somewhat soft but is expected to improve as we enter the cooler winter months.
- Tomato production is strongly supported by excellent light conditions. This category has experienced lower than expected summer pricing and demand with this having impacted earnings relative to the same period last year. Pricing has started returning towards budgeted levels in May.
- The Berry category had a challenging period over the Tasmanian season. Our farms performed well but crop timing and competitive volumes pushed prices lower. We are now moving into the FNQ season where yield, quality and pricing are favourable. The main Corindi season will commence harvest from mid-year and at this stage it is too early to provide any meaningful forecast as to anticipated season performance, however the increased premium Arana plantings are expected to make a significant contribution to overall performance.
- The small Avocado category is performing significantly better compared to last year and our wholesale and logistics segment is continuing its solid year to date performance.

Our People



**Costa is the
industry
employer of
choice**



Annual General Meeting 25th May 2023



Costa Group Holdings Ltd
(ASX:CGC)

