



# Investor Presentation

Cobram Estate Olives Limited  
ACN 115 131 667



August 2021

# Disclaimer

This document dated 23 July 2021 has been prepared by Cobram Estate Olives Limited ACN 115 131 667 (**Company**) and is provided for information purposes only. This document does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any security in the Company nor does it constitute financial product advice. This document is not a prospectus, product disclosure statement or other offer document under Australian law or under any other law. This document has not been filed, registered or approved by regulatory authorities in any jurisdiction. By reading this document you agree to be bound by the limitations set out in this document.

This document and the information contained within it is strictly confidential and is intended for the exclusive benefit of the persons to whom it is given. It may not be reproduced, disseminated, quoted or referred to, in whole or in part, without the express written consent of the Company. By receiving this document, you agree to keep the information confidential, not to disclose any of the information contained in this document to any other person and not to copy, use, publish, record or reproduce the information in this document without the prior written consent of the Company, which may be withheld in its absolute discretion.

The information contained in this document is not intended to be relied upon as advice or a recommendation to investors and does not take into account the investment objectives, financial situation, taxation situation or needs of any particular investor. An investor must not act on the basis of any matter contained in this document but must make its own assessment of the Company (and its businesses) and conduct its own investigations and analysis. Investors should assess their own individual financial circumstances and consider talking to a financial adviser, professional adviser or consultant before making any investment decision.

Statements and information in this document are current only as at 23 July 2021 and the information in this document remains subject to change without notice. The information contained in this document is for information purposes only. The document constitutes a high-level overview of the Company and its businesses and does not contain all information necessary to make an investment decision or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)*. Without limiting the foregoing, the information contained in this document is of a general nature and does not purport to be complete or verified by the Company or any other person. Neither the Company nor any other person have any responsibility or obligation to inform you of any matter arising or coming to its notice after the date of this document which may affect any matter referred to in this document.

While reasonable care has been taken in relation to the preparation of this document, none of the Company, its respective directors, officers, employees, contractors, agents, advisers nor any other person (**Limited Party**) guarantees or makes any representation or warranty, whether express or implied, as to, or takes

responsibility for, the accuracy, reliability, completeness or fairness of the information, opinions, forecasts, reports, estimates and conclusions contained in this document. No Limited Party represents or warrants that this document is complete or that it contains all information about the Company that a prospective investor or purchaser may require in evaluating a possible investment in the Company or acquisition of securities in the Company. To the maximum extent permitted by law, each Limited Party expressly disclaims any and all liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of, or reliance on, information contained in this document, including representations or warranties, or in relation to the accuracy or completeness of the information, statements, opinions, forecasts, reports or other matters, express or implied, contained in, arising out of or derived from, or for omissions from, this document including, without limitation, any financial information, any estimates or projections and any other financial information derived therefrom.

Certain statements in this document constitute forward looking statements and comments about future events, including the Company's expectations about the performance of its businesses. Such forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, and which may cause actual results, performance or achievements to differ materially from those expressed or implied by such statements. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Given these uncertainties, recipients are cautioned to not place undue reliance on any forward-looking statement. Subject to any continuing obligations under applicable law, the Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in this document to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

Past performance is not indicative of future performance and no guarantee of future returns is implied or given. Nothing contained in this document, nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Company. No Limited Party or any other person makes any representation, or gives any assurance or guarantee, that the occurrence of the events expressed or implied in any forward-looking statement in this document will occur.

This document is only being provided to persons who are the holders of an Australian financial services license and their representatives or to such other persons whom it would otherwise be lawful to distribute it. It is a condition of your receipt of this document that you fall within, and you warrant and undertake to the Company that you fall within, one of these categories of persons.

# Presenting today



**Rob McGavin**  
*Chair & Co-Founder*



**Sam Beaton**  
*Executive Director & Joint-CEO*



**Leandro Ravetti**  
*Executive Director & Joint-CEO*

# Cobram Estate Olives - From Tree to Table

Growing and marketing olive goodness in Australia and the USA

							
NURSERY	GROVE OPERATIONS	HARVESTING TECHNOLOGY	PROCESSING & STORAGE	LABORATORY & R&D	BOTTLING & DISTRIBUTION	EXTRA VIRGIN OLIVE OILS	WELLNESS PRODUCTS
							
							
							

# Cobram Estate Olives - Fast Facts

Cobram Estate has invested approx. \$200 million<sup>1</sup> over the past 5 years to build a profitable global consumer branded platform positioned for continued growth

<p><b>COBRAM ESTATE®</b> Australia's <b>#1</b> Extra Virgin Olive Oil <small>Based on 2020 supermarket sales by value. (Source: IRI, 2021)</small></p>	<p><b>OVER</b> <b>2.4 MILLION</b> OLIVE TREES in Australia</p>	<p><b>10.65 KG</b> avg. CO<sub>2</sub> quantity capture from the atmosphere from producing 1 litre of extra virgin olive oil according to the International Olive Council</p>	<p><b>458</b> OLIVE OIL MEDALS &amp; TROPHIES since 2003</p>	<p><b>305</b> HECTARES of olive groves in California, USA</p>	<p><b>1,300</b> HECTARES</p>	<p><b>8.9x</b> MORE OLIVE OIL per hectare than the world's average using the Company's Oliv.iQ® system.</p>	<p><b>18.5</b> MILLION litres forecast production of olive oil in 2021 (Australia plus USA)</p>
<p><b>6,584</b> HECTARES of olive groves in Australia</p>	<p><b>RED ISLAND®</b> <b>#2</b> Australian grown extra virgin olive oil <small>Based on 2020 supermarket sales by value. (Source: IRI, 2021)</small></p>	<p><b>\$42.4</b> MILLION forecast two-year rolling Average EBITDA (for the Australian business segment, average of FY2020 &amp; FY2021 normalised for long-term Temporary Water cost)</p>	<p><b>323%</b> GROWTH of USA packaged goods sales in FY2020 (Cobram Estate® branded and Private Label)</p>	<p><b>26</b> custom built olive harvesters</p>	<p>of remnant native vegetation mapped &amp; fenced within the Company's Australian properties</p>	<p><b>ESTIMATED TO PRODUCE</b> <b>71%</b> of Australia's olive oil crop in 2021</p>	<p><b>48</b> BILLION olives crushed in FY2021 (estimated)</p>
<p><b>\$145.1</b> MILLION forecast global sales in FY2021</p>	<p><b>COBRAM ESTATE®</b> <b>#10</b> highest selling olive oil in USA supermarkets <small>12-months to March 2021 (Source: Spins/IRI, 2021)</small></p>	<p>Owns <b>18,500</b> hectares of total freehold farmland, including 16,700 hectares in Australia.</p>	<p><b>149,000</b> OLIVE TREES in California, USA</p>	<p><b>144</b> TONNES per hour olive processing capacity</p>	<p><b>18.4</b> MILLION litres of olive oil storage capacity</p>	<p>Export sales to <b>17</b> COUNTRIES in 2020</p>	<p><b>172</b> PERMANENT EMPLOYEES (April 2021)</p>

Note:  
1. Represents since FY17, the EBITDA loss from the USA business segment of \$26m, EBITDA loss from the Wellness business segment of \$25m and Australian/USA Capex spending of \$149m.

# Executive Summary



Cobram Estate Olives is Australia's largest vertically integrated olive grower, processor and marketer

<b>Company overview</b>	<ul style="list-style-type: none"><li>• Established in 1998, with operations in both Australia and the USA and export customers in 17 countries.</li><li>• A market leader in the Australian extra virgin olive oil industry and a leader in sustainable olive farming.</li><li>• The Company's 2021 Australian harvest of 16.05 million litres is projected to account for 71% of Australia's total olive oil crop.</li><li>• Committed to growing the value and volume of sales in the Australian market and driving growth in the USA market through the sale of both extra virgin olive oil and other olive products.</li><li>• The Company's large-scale olive groves and olive mills are some of the largest in the world, enabling the Company to achieve efficiencies in olive growing, processing, and marketing:<ul style="list-style-type: none"><li>- 2.4 million trees planted on 6,584 hectares of land in Australia and 149 thousand trees planted on 305 hectares in the USA (California)</li><li>- Over 18.4 million liters of on-site oil storage capacity (Australia and USA)</li><li>- One of the worlds leading olive R&amp;D and testing laboratories (Australia and USA)</li></ul></li></ul>
<b>Competitive advantages</b>	<ul style="list-style-type: none"><li>• Cobram Estate Olives is one of the lowest cost, highest quality extra virgin olive oil (EVOO) producers in the world<ul style="list-style-type: none"><li>- Using its proprietary production systems (Oliv.iQ®) the Company has achieved olive oil yields nearly nine times the global average per hectare (2,800 litres vs. 283 litres per hectare) with a production cost per litre 30% lower than world's weighted average.</li><li>- Through participation at multiple points in the supply chain, Cobram Estate Olives can maximise margin capture and optimise return per litre of olive oil produced</li></ul></li><li>• Has a world leading integrated EVOO production asset base: nursery, groves, olive oil milling, bottling, storage facilities, research, innovation and testing laboratories.</li><li>• In Australia, these advantages have allowed Cobram Estate Olives to grow market share and realise increases in Net Price per litre.</li></ul>
<b>Strong brand portfolio</b>	<ul style="list-style-type: none"><li>• Cobram Estate Olives produces premium quality extra virgin olive oil products under a suite of brands and is the clear market leader in Australia.</li><li>• In FY2020, 85% of the Company's olive oil sales revenue was generated through branded and Private Label sales. This strategy has delivered the Company strong growth together with an improved net price for each litre of olive oil sold.</li><li>• The Company owns Australia's top 2 home-grown olive oil brands, with a combined value share of 48% of extra virgin olive oil sales in Australian supermarkets (2020):<ul style="list-style-type: none"><li>– Cobram Estate - 36% share</li><li>– Red Island - 12% share</li></ul></li><li>• Additional activity occurs through extra virgin olive oil products and education, health and wellness products, tea, laboratory and nursery services, and olive production systems.</li></ul>

# Executive Summary Cont.

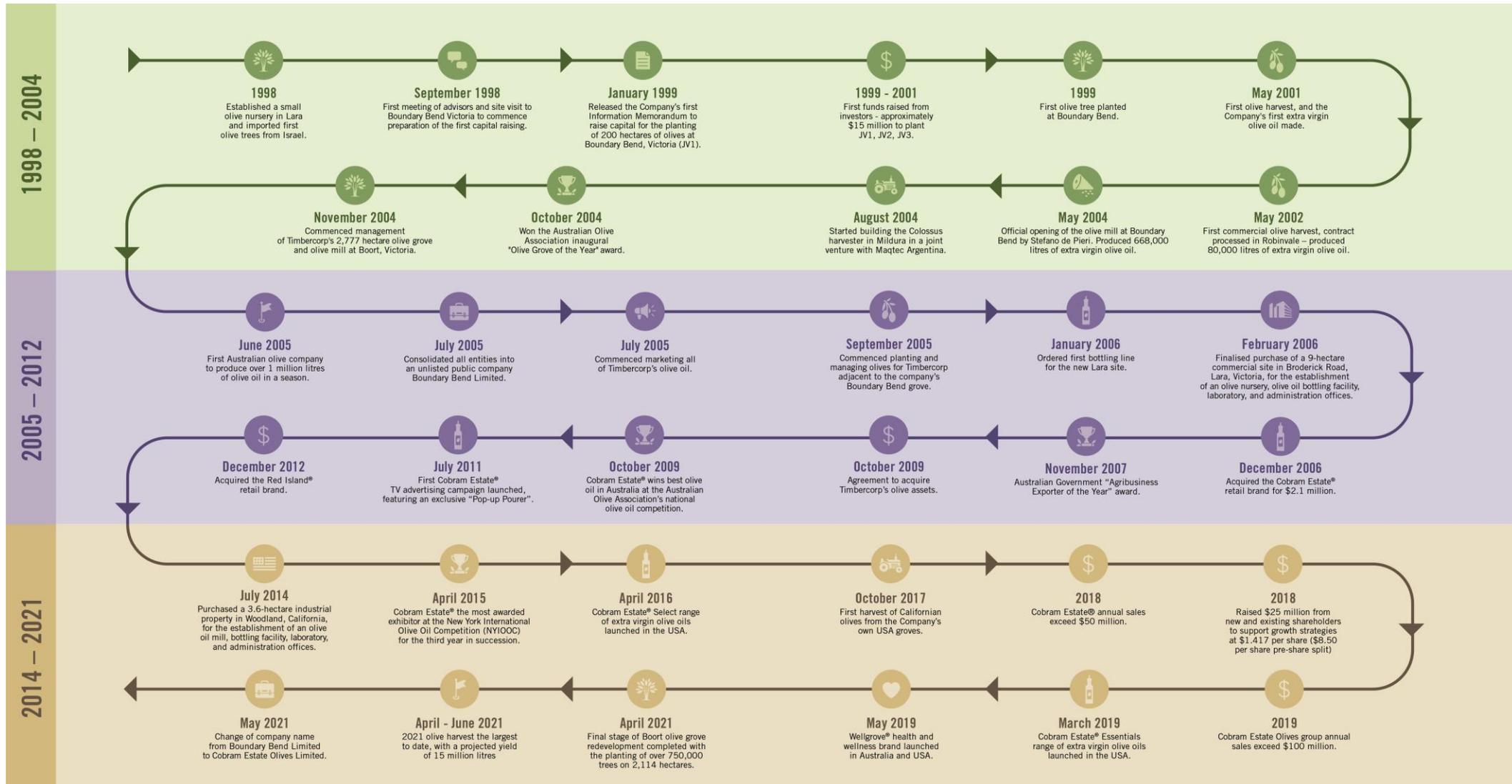


Cobram Estate Olives is Australia's largest vertically integrated olive grower, processor and marketer

<b>Business model</b>	<ul style="list-style-type: none"> <li>Vertically integrated olive growing, processing and marketing the sale of premium quality, branded extra virgin olive oils in Australia and the USA.</li> <li>The Company's underlying asset base and integrated supply chain have underpinned its growth track record and brand performance.</li> <li>The supply of olive oil for the Company's brands is primarily sourced from the Company's own production in Australia.</li> </ul>
<b>Strong financial position</b>	<ul style="list-style-type: none"> <li>Cobram Estate Olives financial performance is centered around the Biennial bearing nature of olive crops – FY21 forecast reflects the high year.</li> <li>Sales Revenue showing sustainable growth FY19A \$112.3 million, FY20A \$140.7 million, FY21F \$145.1 million.</li> <li>Organic production growth expected to increase Australian business in coming years.</li> <li>Cash generated from operations FY19A \$4.1 million, FY20A \$12.2 million, FY21F \$18.8 million.</li> <li>Strong tangible asset backing with over 6,889 hectares of olive groves and Post Employee Gift Offer Net Assets of \$147.3 million (trees and brand assets held at cost).</li> </ul>
<b>Significant growth opportunity</b>	<ul style="list-style-type: none"> <li>The Australian market for olive oil is strong and growing, buoyed on by increasing consumer demand for healthy, locally grown foods and the emergence of a world-class industry             <ul style="list-style-type: none"> <li>Cobram Estate Olives has a strong market position underpinned by increased supply potential with 39% of Australian olive groves not yet at maturity.</li> </ul> </li> <li>Growth in global consumption of olive oil is driven by numerous factors including changes in consumer food preferences, the growing popularity of diets promoting the using of extra virgin olive oil, and the shift to sustainable plant-based foods             <ul style="list-style-type: none"> <li>Cobram Estate Olives is well-positioned to replicate its unique olive growing, olive milling, and marketing model in the USA, which presents a large and growing market opportunity.</li> </ul> </li> </ul>
<b>Growth strategy</b>	<ul style="list-style-type: none"> <li>Substantial investment in growth already embedded in the company             <ul style="list-style-type: none"> <li>Growing branded product sales in Australia and other export markets</li> <li>39% of Australian groves are not yet at maturity</li> <li>Growing vertically integrated USA business</li> <li>Commercialisation of wellness products</li> </ul> </li> </ul>
<b>ASX listing</b>	<ul style="list-style-type: none"> <li>As of the Prospectus Date the Company is a Public Unlisted company with 705 shareholders.</li> <li>The purpose of listing on the ASX is to provide: (1) the Company and its shareholders with a means of rewarding employees with Shares in the Company; (2) a liquid market for the company's shares including an opportunity for others to invest in the company's shares; and (3) additional financial flexibility and access to capital markets to pursue growth opportunities.</li> </ul>

# Company History

Over 23 years Cobram Estate has achieved considerable growth to build a profitable global consumer branded business



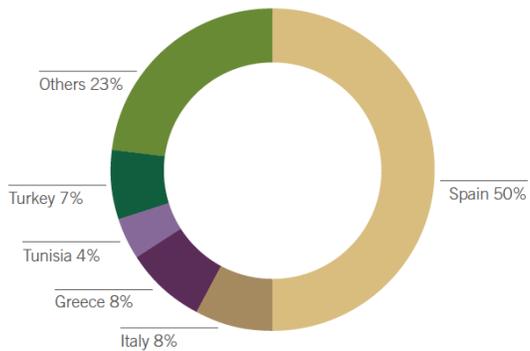


# Industry Overview

# Global Olive Oil Market

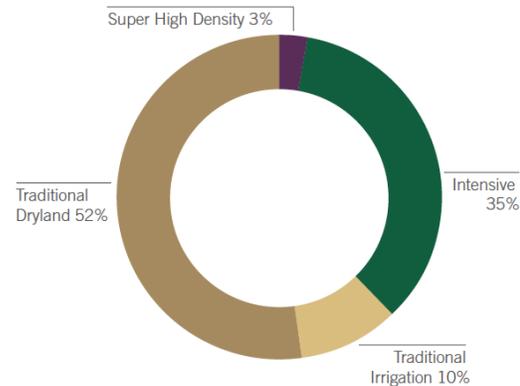
## Favourable market thematics in an industry dominated by sub-scale growers globally

Share of forecast olive oil production by country



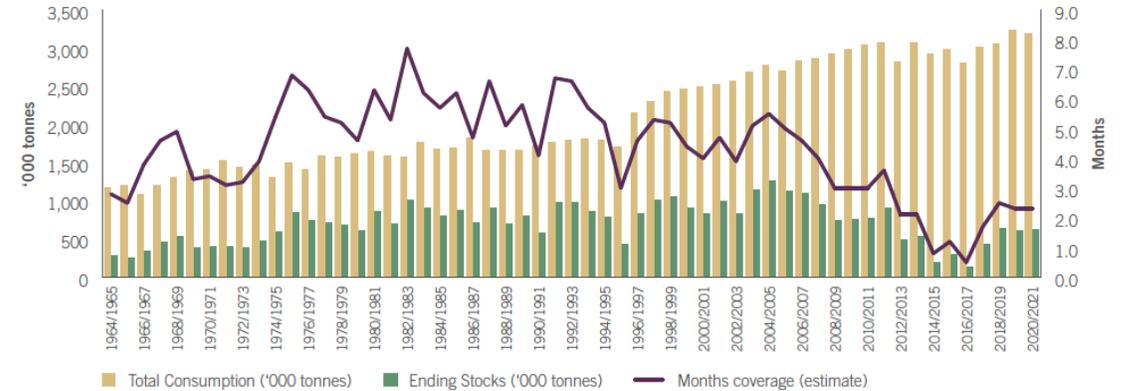
Source: International Olive Council

Share of forecast olive oil production by growing method



Source: International Olive Council

Global olive oil consumption vs global available stock levels and monthly coverage



Source: International Olive Council, United States Department of Agriculture, Ismea

### Global olive oil supply chain is dominated by sub scale, traditional farming growers with minimal focus on quality

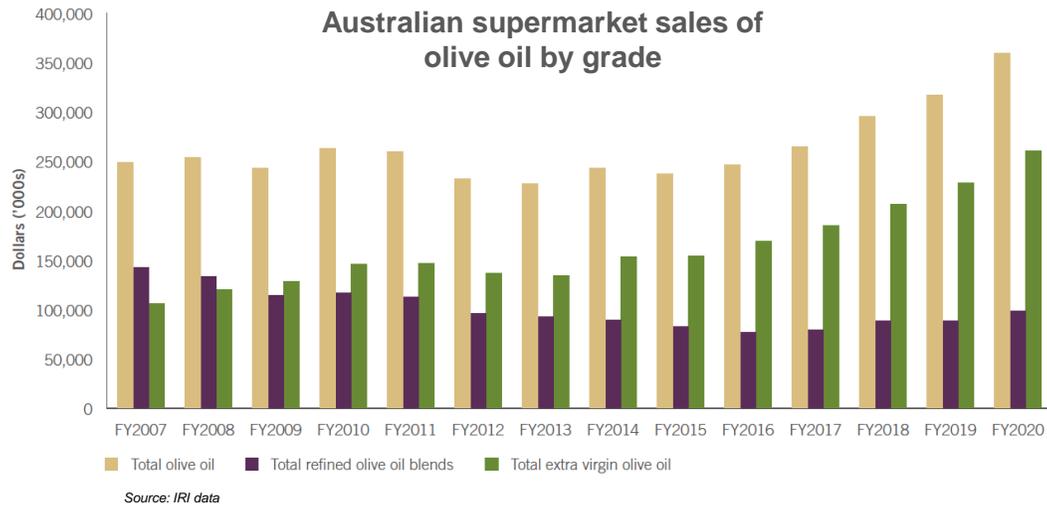
- Global olive oil production in 2020/2021 is forecast to reach 3,105,000 tonnes (approximately 3.4 billion litres).
- Traditional dryland and irrigation methods still account for around 76% of the total area planted to olives globally or 62% of total olive oil production. In Spain, the average olive grove is only four hectares (92% of Spanish olive groves are less than ten hectares) and contain 80 to 120 trees per hectare.
- Since 2009, the adoption of intensive and super high-density methods, pioneered by Cobram Estate Olives in Australia, has dramatically increased. These operations now account for an estimated 24% of total area planted to olives and produce an estimated 63% of the world's total quantity of extra virgin olive oil.

### Australia and US markets present a significant consumption growth opportunity with global demand outpacing supply

- Since 2012/13 annual closing stock levels have on average fallen to less than three months' worth of supply as growth in global demand for olive oil has outpaced growth in global supply.
- The European Union remains the largest consumer of olive oil, having accounted for almost half of global consumption in 2019/2020 with Olive oil consumption per capita being the highest in Greece (11.5kg per capita), Spain (10.6kg per capita) and Italy (7.5kg per capita).
- Australian and USA current consumption estimated at 2.1kg and 1.1kg per capita respectively.

# Australian and USA Olive Oil Markets

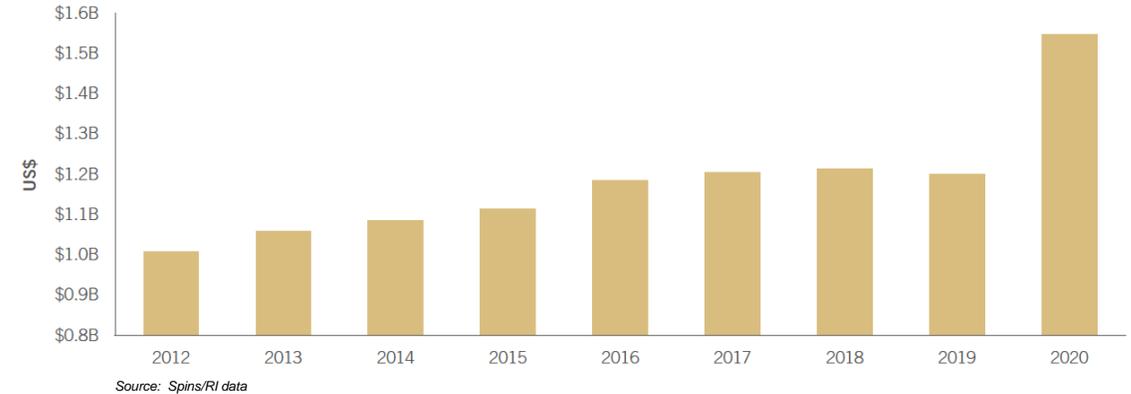
Australia and USA are high growth markets for olive oil products



## Australian consumers are demanding Australian extra virgin olive oil and are willing to pay a premium

- Consumption of olive oil is forecast to reach a record high 51,000 tonnes in Australia in 2021, representing an increase of 121% since 2000.
- Olive oil retail sales totalled \$387 million in 2020, accounting for 66% of total consumer spend on cooking oil in Australian supermarkets. During the same period, olive oil accounted for 43% of total cooking oil litres sold, supporting its premium pricing in the cooking oil category.
- Over the period, 2017-2020, sales of extra virgin olive oil grew by an average of 10% per annum in value terms, driven by increases in both volume and price.
- Extra virgin olive oil accounted for 73% of total supermarket dollar sales of olive oil in 2020, with Australian extra virgin olive oil accounting for 56% of extra virgin olive oil dollar sales.

## Evolution of olive oil sales in USA supermarkets and specialty stores



## USA consumer demand for olive oil is growing however access to local product has been limited due to a small and emerging product base

- Consumption of olive oil in the USA has almost doubled in size since 2000, with total consumption was estimated at 386,000 tonnes.
- Retail sales of olive oil grew 30% in value and 27% in volume during 2020 versus the prior year, reaching total sales of US\$1.6 billion.
- USA consumer preferences have shifted from lower quality refined olive oil blends to extra virgin olive oil. For the twelve-month period to 3 March 2021, extra virgin olive oil sales totalled US\$903 million, representing growth in sales of 33% versus the previous twelve-month period.
- California grown extra virgin olive oil has carved out a niche in with retail sales totalling US\$19.9 million in the twelve-month period to March 2021, equivalent to 2.1% of total USA supermarket sales of extra virgin olive oil.

# Consumer Shift to Extra Virgin Olive Oil

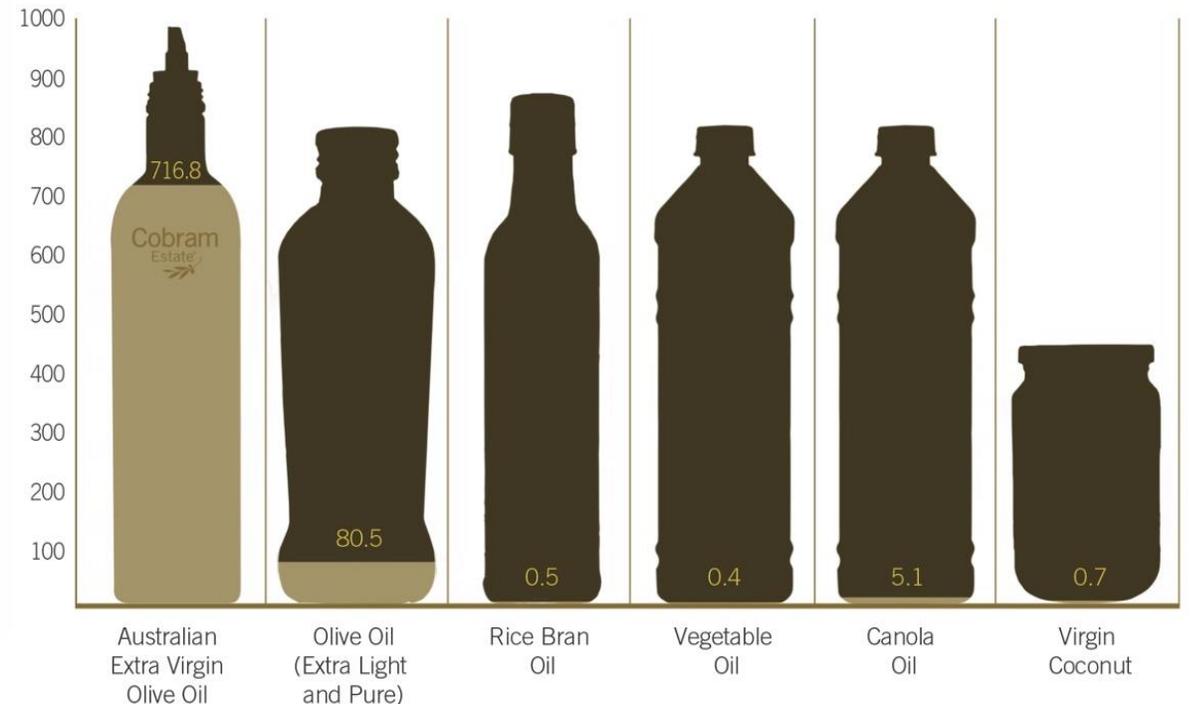
## Higher antioxidant content driving the consumer shift to Extra Virgin Olive Oil

**Extra Virgin Olive Oil is a more desirable source of unsaturated and saturated oil than refined oils, with its higher antioxidant content resulting in a superior flavour profile**

- Australian supermarket sales of Australian extra virgin olive oil have grown by 37% since 2017 from \$115.2 million per annum to \$157.3 million, with the average price per litre increasing by 7%.
- Australian extra virgin olive oil accounted for 56% of total extra virgin olive oil category sales in value terms, 58% of unit sales, and 45% of litre sales in Australian supermarkets. The higher value and unit sales share for Australian extra virgin olive oil, and the lower share of litres sold, reflects the Australian consumer's willingness to pay higher prices for Australian versus Mediterranean sourced alternatives.
- Olive by-products also contain high levels of antioxidants, phytosterols and other components which make them suitable for a diverse range of nutraceutical, cosmeceutical, and functional applications. Opportunities exist for the use of olive ingredients in supplements and functional foods.



Cooking Oil antioxidants content by cooking oil type<sup>1</sup>



Note

1. Based on analysis performed on supermarket standard products by an ISO 17025 accredited laboratory



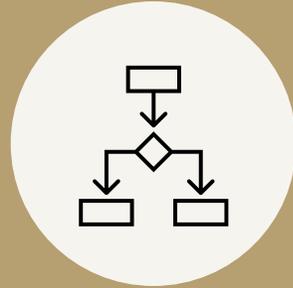
# Company Overview

# Competitive Advantages

Cobram Estate Olives has significant competitive advantages and barriers to entry



Premium market  
leading consumer  
brands



Vertical integrated,  
freehold owned and  
scalable operations



Proprietary Oliv.iQ®  
Integrated Olive  
Production System



Continuous  
improvement and  
sustainable practices  
and products

**Significant Barriers to Entry**

# Cobram Estate Olives' Key Consumer Brands

Iconic, highly visible consumer brands with demonstrated pricing power



## Cobram Estate®

- \$80m forecast net sales in FY21
- Australia's #1 selling EVOO<sup>1</sup> in Australian supermarkets in 2020 by dollars sales
- Amongst the world's most awarded, winning more than 400 awards for excellence in quality and taste



## Red Island®

- Purchased in 2012
- 2nd highest selling brand of Australian EVOO<sup>1</sup>
- \$19m forecast net sales in FY21
- Multiple awards for excellence in quality and taste



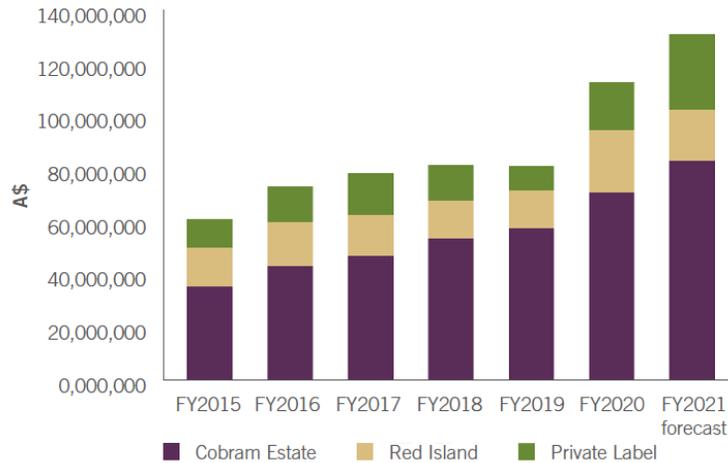
## Wellness

- Established in 2017
- Wellgrove® brand launched in 2018
- \$2.6m forecast net sales in FY21
- Aspires to be the global leader in developing innovative and sustainable solutions by utilizing the by-products of EVOO<sup>1</sup> production

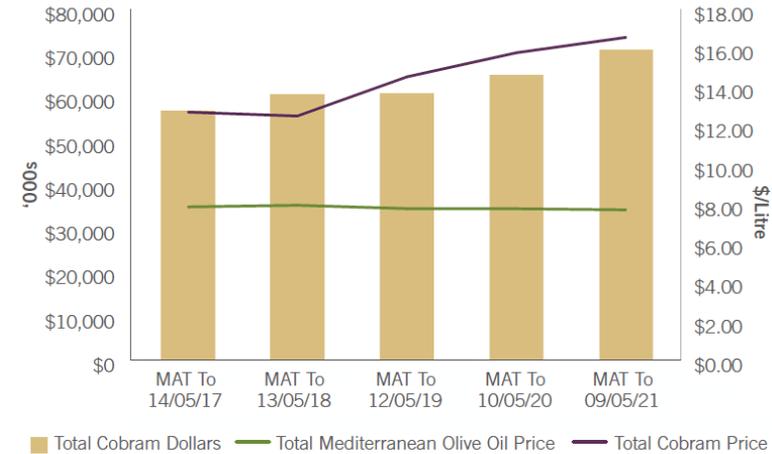
# Cobram Estate Olives Sales Growth

Pricing continues to improve as market share expands

Global olive oil sales for Cobram Estate® and Red Island® branded products and Private Label products



Australian supermarket sales of Cobram Estate® and \$/litre versus \$/litre for Mediterranean olive oil (all grades)



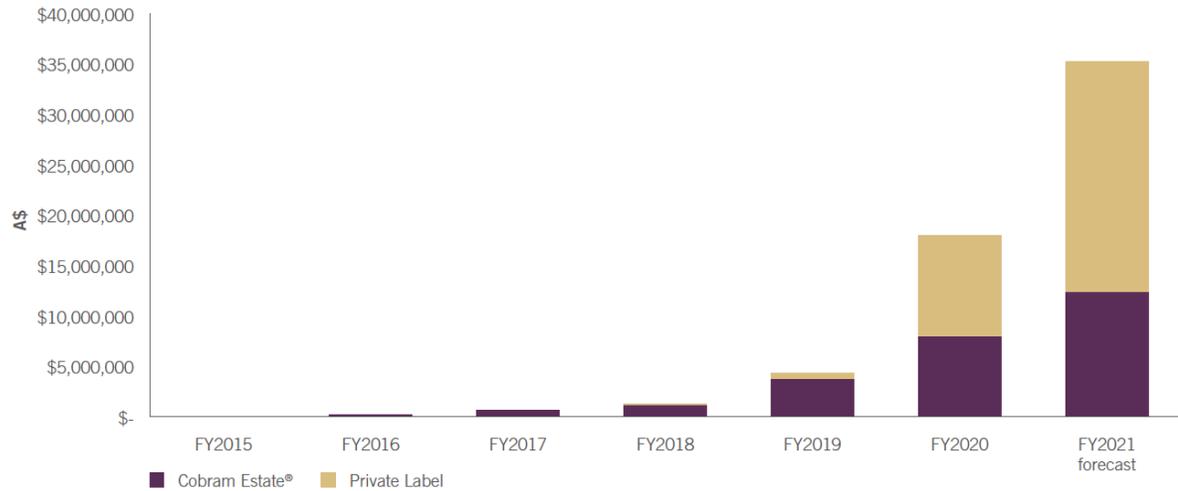
## Cobram Estate’s sales strategy is focused on premium quality extra virgin olive oil under proprietary brands

- Cobram Estate® (59% of FY20 Australian sales) and Red Island® (22% of FY20 Australian sales) products are sold in all major supermarkets in Australia plus specialty food stores and restaurants.
- The remaining sales (19% of sales in FY20) are via private label and in bulk containers (>20L) to strategic customers.
- Cobram Estate® and Red Island® accounted for 35% of total Australian supermarket sales of olive oil in value terms in 2020, even with a low FY20 crop restricting sales.
- FY21 sales are forecast to grow albeit volume restricted by low FY20 crop. Future sales growth will be delivered by increasing volumes from maturing groves.
- Sales growth has been achieved with a substantial and growing price premium per litre to Mediterranean olive oils due to the Company’s marketing and educational initiatives, combined with the quality and local origin of its products.

# Cobram Estate Olives Sales Growth - USA

Well established USA sales platform ready for growth

Evolution of packaged olive oil sales by Cobram Estate Olives' USA business



USA selected distribution points



The Company's olive oil sales in the USA started with bulk and over time are trending to Cobram Estate® branded and Private Label products.

- In FY20, the Company achieved total sales of extra virgin olive oil of \$26.7 million, representing growth of 17% over FY19:
  - Sales of Private Label olive oil accounted for 38% of group sales revenue, followed by bulk sales (33%) and Cobram Estate® branded extra virgin olive oils (29%).
  - Sales of Cobram Estate® branded and Private Label products are forecast to reach \$35.2 million in FY21 or 89% of total sales versus 67% in FY20 (the balance of the sales being in bulk).
  - Maturity of existing groves and investment in new plantings will lead to further supply allowing the Company to grow sales.

Cobram Estate launched the first of its USA market-specific products in 2016 following several years of research on positioning and packaging, and the optimum pricing strategy.

- The Company has invested over A\$66 million into the USA market over the last 4 years with a number of key learnings leading to execution on a well-defined strategy largely based on Australia.
- Cobram Estate is currently the #10 ranked olive oil brand in USA supermarkets with an estimated 1.6% market share of extra virgin olive oil sales by value:
  - #2 seller of 100% California extra virgin olive oil and fastest growing mainstream brand in the olive oil category with sales growth of 93% over the past twelve months.
  - Distribution of Cobram Estate has grown to over 13,000 USA stores as of March 2021.

# Australian Operations

## Industry leading large-scale operations with scope for growth

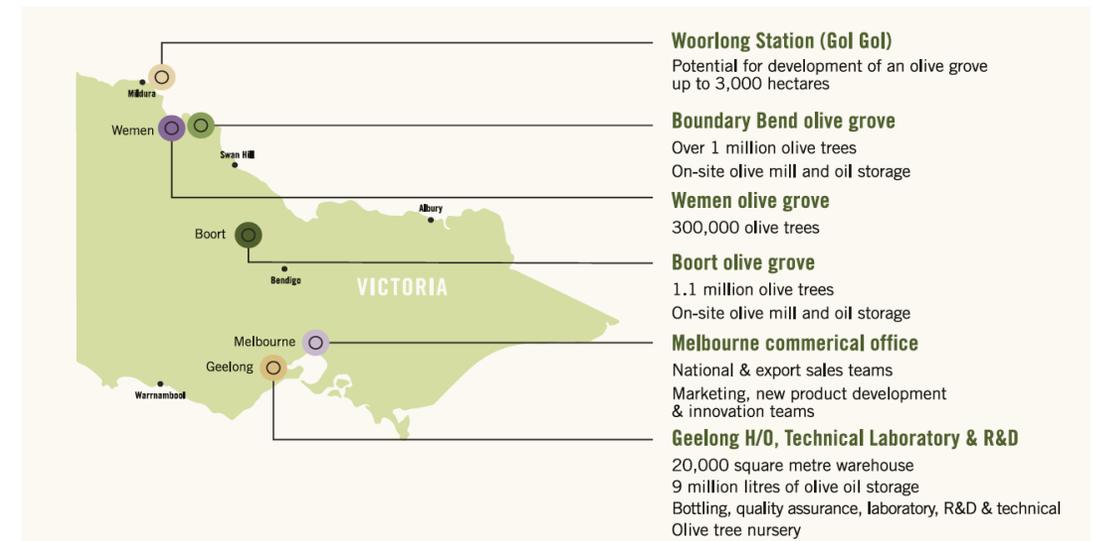
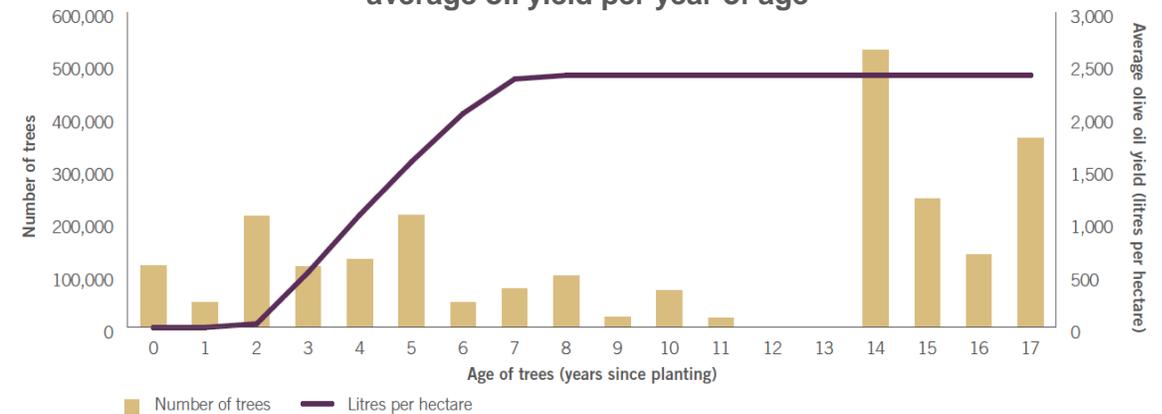
### Cobram Estate has pioneered super high density and intensive farming methods for olive groves in Australia

- Over 2.4 million olive trees planted on 6,584 hectares of Victorian farmland geographically diversified across two main sites.
- Company’s mature groves are expected to increase from 3,960 hectares to 6,964 hectares over the next 10 years, representing CAGR of 5.8%:
  - Mature trees: 1.48 million trees, or 61% of existing Australian plantings
  - Productive trees (not yet producing mature yields): 580,000 trees, or 24% of existing Australian plantings
  - Pre-productive trees (yet to produce a harvested crop): 378,000 trees, or 15% of existing Australian plantings
- Two olive oil mills located on-site at the Company’s Boundary Bend and Boort groves:
  - Combined processing capacity of 104 tonnes of olive fruit per hour and on-site olive oil storage totalling 6.5 million litres
- 5,500 hectares of freehold land near Gol (near Mildura) in New South Wales with the potential to plant an estimated 3,000 hectares of olive trees.

### 2021 Olive Harvest results

- Recently completed the 2021 Australian olive harvest, producing 16.05 million litres, a record harvest 7% above projections.
- The Company’s 2021 harvest is projected to account for 71% of Australia’s total olive oil crop.

Age profile of the Company’s olive trees vs average oil yield per year of age



# USA Operations

## Industry leading operations with scope for growth

### USA operations

- Over 149,000 trees planted on 305 hectares of long-term leased and freehold properties with 100% of trees not yet mature.
- An olive mill in Woodland, California, with milling capacity of 32 tonnes of olive fruit per hour.
- A 3.6-hectare industrial property in Woodland, California, which serves as the Company's USA head office and includes nursery operations, bottling operations, 2.9 million litres of olive oil storage and warehouses covering approximately 5,000m<sup>2</sup>. The site's bottling line is capable of filling approximately 3,500 units per hour, both branded and Private Label.
- Fruit supply contracts with existing third-party growers, including provision of technical advice and harvesting services where required.
- The Company has secured an additional 182 hectares of land in the USA suitable for planting which it intends to develop.



### Research and development operations - Australian & USA

- Cobram Estate operates the Modern Olives® laboratory, one of the world's leading olive R&D and testing laboratories with operations in Corio (Australia) and Woodland (USA) and accredited by AOCS, NATA/ISO and TGA
- Modern Olives® supplies technical laboratory and advisory services across all aspects of the olive industry relating to olive oil testing and taste panel, technical advice, R&D, and applied research
- The technical team drives business research and innovation across:
  - olive growing and processing
  - the development of new olive oil and health and wellness products

# Oliv.iQ<sup>®</sup> Integrated Olive Production System

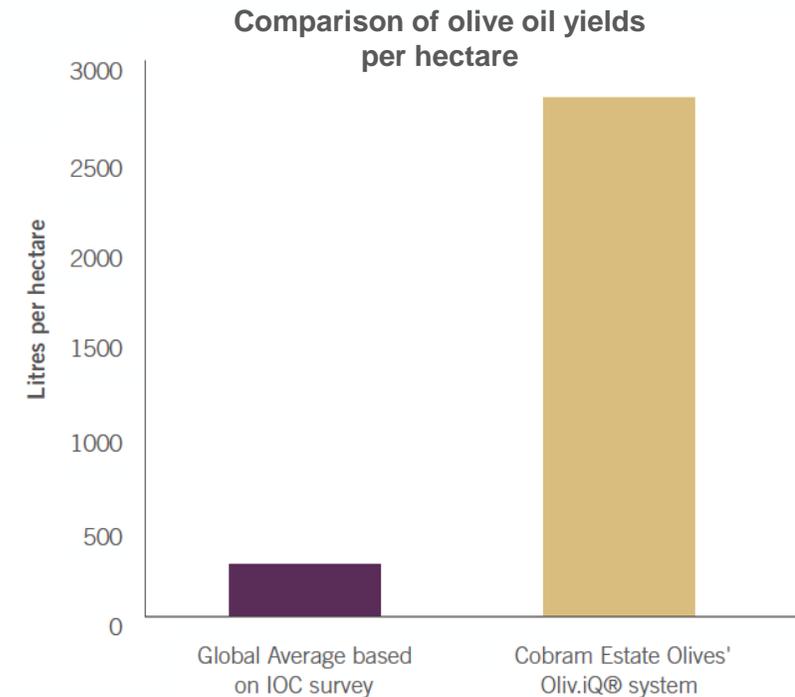
A proprietary solution to drive increased yields and quality whilst keeping costs down

**Cobram Estate's proprietary, vertically integrated olive production system Oliv.iQ<sup>®</sup> integrated olive system was developed with the aim of maximising returns and achieving these efficiently and sustainably, and has been proven to:**

- Produce nearly nine times more olive oil per hectare than the global average
- Deliver an average production cost 30% per litre below the world's weighted average
- Results independently reviewed by the Olive Centre of UC Davis, California

**Oliv.iQ<sup>®</sup> is the result of more than 25 years of practical experience, research and innovation** and it is driven by a comprehensive matrix of proprietary systems and integrated management practices that start prior to site selection and finish when the product reaches the customer. Some of the main components of this matrix are:

- Oliv.iQ<sup>®</sup> Environmental Analysis
- Oliv.iQ<sup>®</sup> Grove Design
- Oliv.iQ<sup>®</sup> Nursery Tree
- Oliv.iQ<sup>®</sup> Canopy Management
- Oliv.iQ<sup>®</sup> Irrigation Management
- Oliv.iQ<sup>®</sup> Fertilisation Management
- Oliv.iQ<sup>®</sup> Integrated Pest and Disease Management
- Oliv.iQ<sup>®</sup> Harvest Management
- Oliv.iQ<sup>®</sup> Proprietary Olive Management System<sup>®</sup> (OMS<sup>®</sup>)
- Oliv.iQ<sup>®</sup> Processing System



Source: International Olive Council, Cobram Estate Olives

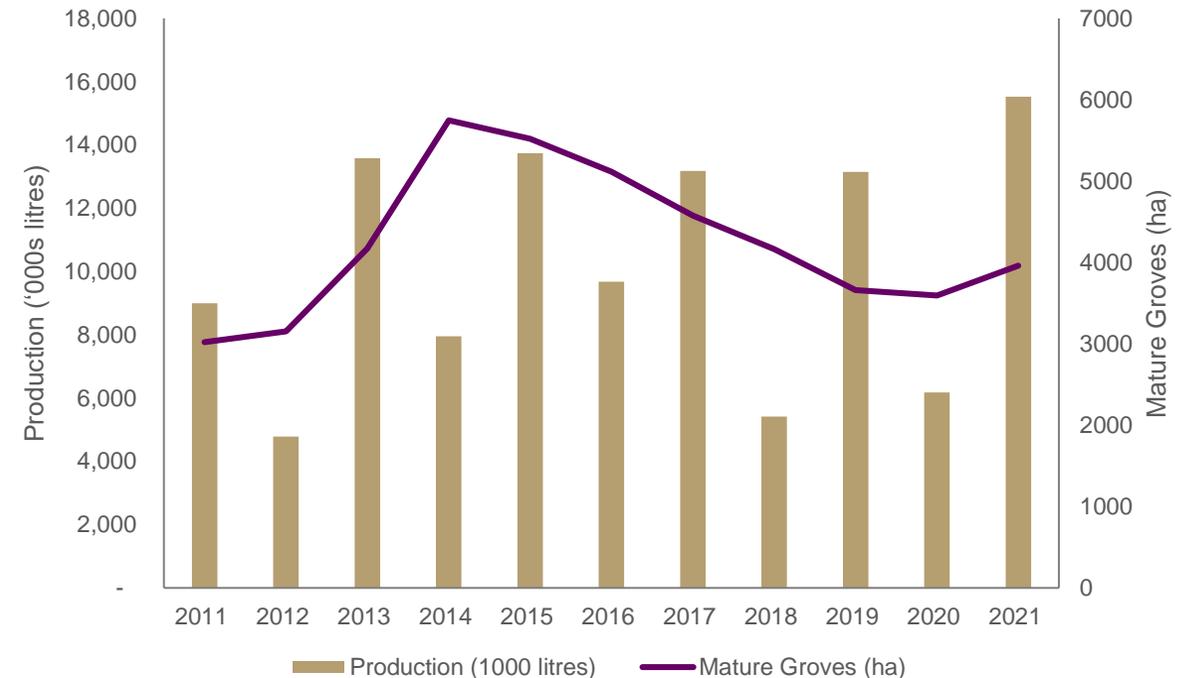
# Biennial Nature of Olive Tree Production

Cobram Estate Olives' production profile should be assessed on the average of two-years' production

**IMPORTANTLY, Cobram Estate Olives manages key aspects of its business based on rolling two-year cycles.**

- Olive trees naturally bear fruit in biennial cycles
  - A higher yielding crop one year followed by a lower yielding crop the next.
- Biennial bearing is usually triggered by an adverse weather event (i.e. frost) that negatively affects the production of one year boosting the crop of the following year. Grove management can reduce this alternancy over time.
- This is a known and expected natural cycle and is managed to maintain consistent and viable supply by apportioning its olive oil to customers based on a two-year production cycle
  - The larger volume of olive oil produced in a high yielding year is typically used by the Company to supply customers over 14 to 16 months crossing over three separate financial years (e.g. April 2021 to July 2022).
  - The smaller quantity of olive oil produced in a low yielding year is typically only used to supply customers across an 8- to 10-month period (e.g. July 2020 to April 2021 - less than a full financial year).
- The ability to maintain steady supply even with a low yielding year helps to overcome some of the variability and risk of agricultural production.
- The Company expects that production quantities from both high yielding years and low yielding years to continue to increase materially over time
  - Only 61% of the Company's Australian groves are mature (8 years or older) and producing mature oil yields.
  - 39% of the Company's Australian grove area is recently planted and therefore not fully mature, including 16% of total Australian plantings yet to produce a harvested crop

Evolution of Total Yields vs Mature Groves



# Farm Management Initiatives

Continuing to invest in improving operational efficiencies, yields, and mitigating production risks with a focus on driving earnings growth

**Cobram Estate Olives are a proponent of intensive olive growing techniques involving large-scale olive farming operations, moderate density tree plantings, mechanical harvesting, on-site milling, and the adoption of precision horticultural techniques including drip irrigation.**

- Key farm management initiatives adopted by Cobram Estate Olives that will continue to improve operational efficiencies, yields and mitigating risks include the following:
  - Replacement of lower yielding varieties with proved high performing cultivars.
  - Adoption of a wide range of precision agriculture practices such as satellite imagery to better monitor and improve its horticultural practices such as irrigation and fertigation.
  - Ongoing evaluation of more than 20 different olive tree varieties to determine their levels of productivity, resistance and/or susceptibility to several environmental factors and their ability to adapt to climatic changes.
  - Detailed frost risk assessment and mitigation studies utilising highly sophisticated climatic sensors to better understand the potential risks of cold temperatures at the Company's groves.
  - Installation and operation of 152 frost fans at the Company's groves as part of the frost risk mitigation plan to better manage the potential impact of extreme temperature conditions.
  - Development of our new generation of mechanical harvesters to allow us our operations to be harvested faster, more efficiently and with lower labour requirements.
  - The two existing prototypes of these new harvesters (Optimus) are already picking fruit between 50% and 100% faster than our existing Colossus harvesters whilst being 2% to 5% more efficient.
  - Adoption of a wide range of online sensing technology in order to monitor and operate our milling operations.



# Sustainability

## Sustainability is a core component of the Cobram Estate Olives operations

The adoption of more sustainable and efficient agricultural and irrigation practices, and due to the significantly higher yields than the industry average, the Company has developed key sustainability outcomes and measures:

### **Biodiversity and land management**

- Operating under the Victorian Native Management Framework Mapping and fencing over 1,300 hectares (11% of owned land) of remnant native vegetation.
- The establishment of 40 metre buffer zones between the edge of native vegetation and irrigation areas, 25 metres of which has been revegetated through direct seeding of native flora.

### **Water management**

- It is estimated that Cobram Estate Olives groves produce olive oil with a consumption of water 37% lower per ton of oil than industry best practice.

### **Fertiliser use**

- It is estimated that Cobram Estate Olives groves produce olive oil using 61% less nitrogen and 83% less phosphorous per tonne of oil than olive industry averages.

### **By-products management**

- Utilisation of by-products in farm animal nutrition, as organic fertilisers, as biofuel and/or as sources of valuable phytochemicals help to reduce the environmental impact of the food industry.
- Cobram Estate Olives has made the achievement of a **waste zero operation** and the maximisation of the value of all operations one of its fundamental pillars.

Comparison of carbon emissions and carbon sequestration for key edible oils



**From a crop sustainability point of view, olive crops outperform other mainstream edible oil crops. Olive crops are:**

- The only mainstream edible oil crop which acts as a carbon sink.
- Highly efficient crop in terms of use of water, nitrogen, and phosphorus fertilisers.
- An evergreen perennial crop, providing a great level of biodiversity and very limited negative impact from land-systems change.

# Wellness and Wellgrove® Vision

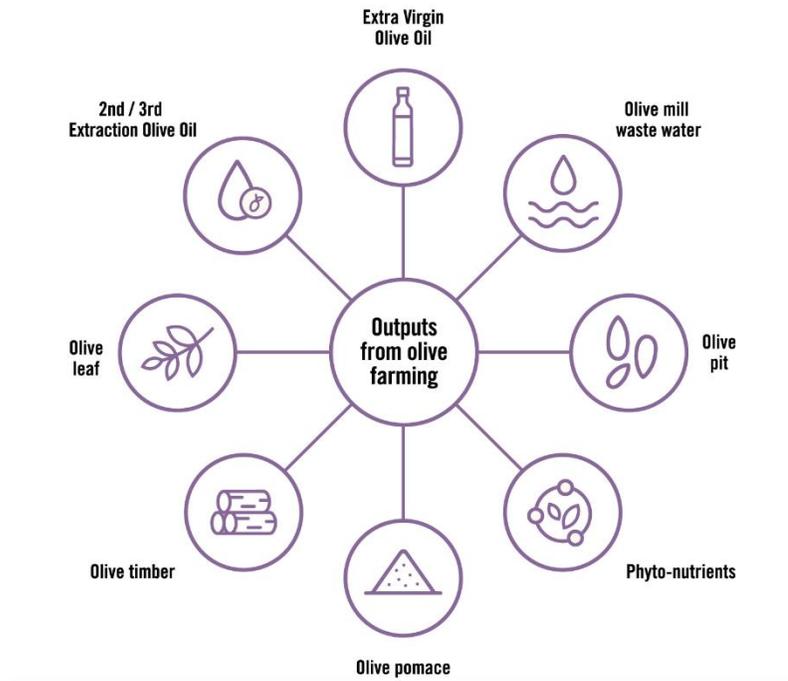
Aspiring to be the leader in developing innovative and sustainable solutions from olive by-products and realising their full potential

Over the past five years, Cobram Estate has invested over \$20 million in R&D and commercialisation initiatives to develop sustainable solutions to add value to the different farm by-products allowing the company to realise their full potential.

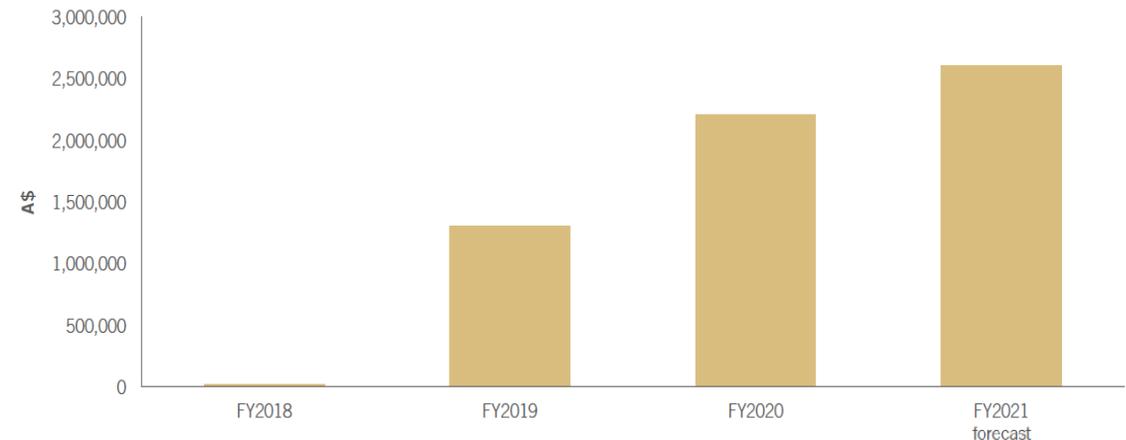
- The different by-products offer excellent potential for high volume channels such as stock feed and biofuel as well as high value nutraceuticals and functional foods.
- The Wellgrove brand has been developed to take some of those unique ingredients (olive antioxidants, squalene, olive leaf extracts, olive fruit extracts, olive fibre) direct to market.

Cobram Estate's Wellness division commenced commercial sales in FY18 achieving continued year-on-year growth with forecast sales of \$2.6 million in FY21.

- The Company plans to continue investment in growing Boundary Bend Wellness and expects it to be a material revenue source and generate positive EBITDA in coming years.
- Cobram Estate Olives established the Olive Wellness Institute® in 2018 to support the education of health professionals and consumers about the health benefits of extra virgin olive oil and other olive-related products. The Olive Wellness Institute® aims to educate, empower collaboration, and grow the body of health-related evidence for olive products.



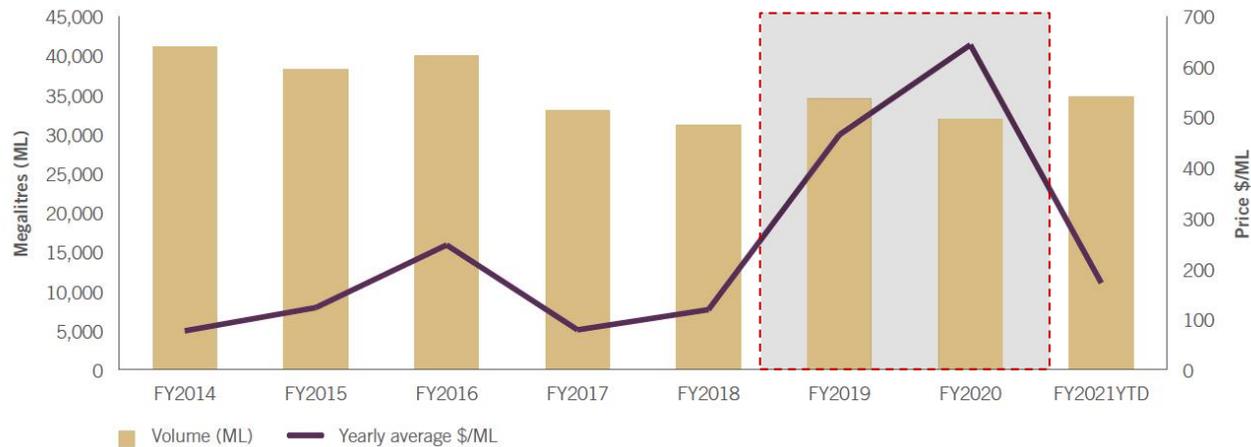
Wellness division global sales



# Water Management

Australian operations have a defined water management strategy with a focus on environmental sustainability

Cobram Estate Olives annual Temporary Water purchases and average annual price



## Water management

- Cobram Estate Olives sources its water in Australia from multiple points of the Southern Murray Darling Basin - both Goulburn River and Murray River systems.
- Does not own Entitlement Water (Permanent Water) and since 2010 has sourced its water from the allocation market (Temporary Water) providing flexibility with its purchases occurring throughout the year, from multiple counterparties, and has historically provided access to sufficient water.
- Over the period FY14 to FY21, the Company purchased an average of 35.8 gigalitres of water per annum.
- Whilst seasonal prices fluctuated over this period as the following chart indicates, the Company paid a weighted average price of \$233 per megalitre over the last 8 years.
- In FY21 through to May, the Company has paid an average price of \$168 per megalitre for water purchased.

## Water stewardship initiatives

- Designed and implemented its irrigation system according to a comprehensive and exhaustive soil mapping exercise.
- Adopted a sophisticated and highly efficient pressurised low volume irrigation system to minimise inefficiencies in the application of water.
- Adopted state-of-the-art irrigation scheduling and soil and tree monitoring systems.
- Worked with environmental groups to monitor and improve the environmental performance of its properties.
- Implemented an environmental monitoring program to ensure early warning of any unanticipated environmental changes.
- Prevented regional saline water from re-entering the Murray River system by developing a wetland area at its Boundary Bend grove.
- Installed two-phase processing lines to produce olive oil and two stage washing equipment, which require significantly less water than traditional technologies.

# Growth Strategy

## Four core pillars of future growth



1

### **Increasing extra virgin olive oil supply from its Australian olive groves**

39% of the Company's total Australian plantings are not fully mature and are not yet producing mature yields including 16% of total Australian plantings yet to produce a harvested crop

2

### **Growing its vertically integrated business in the USA**

Cobram Estate Olives has established operations and brand in the USA, and access to growth capital can expand its groves, increase supply of extra virgin olive oil and drive USA sales

3

### **Growing branded sales and improving the Net Price per litre for its extra virgin olive oil**

Continued premiumisation and differentiation of the Company's brands globally

4

### **Value-adding its olive oil by-products**

Monetising the substantial investment that has already occurred in Cobram Estate Olives' Wellness division and its Wellgrove® brand



# Financial Information

# Understanding Business Performance

## Past investment is realising material growth in two-year rolling Average EBITDA

### Underlying EBITDA Australia adjusted for long term average temporary water costings

A\$ million	Statutory Historical EBITDA				Forecast
	FY2017	FY2018	FY2019	FY2020	FY2021F
Australia	44.2	12.0	42.6	(2.9)	73.4
Adjusting for water costs to long term average <sup>1</sup>	(3.4)	(1.9)	9.8	14.8	(0.5)
Australian EBITDA (adj. for long term avg. water cost)	40.8	10.1	52.4	11.9	72.9
Two-year rolling average Group Normalised EBITDA	-	25.5	31.3	32.2	42.4
Change	-	-	+22.7	+2.9%	+31.7%

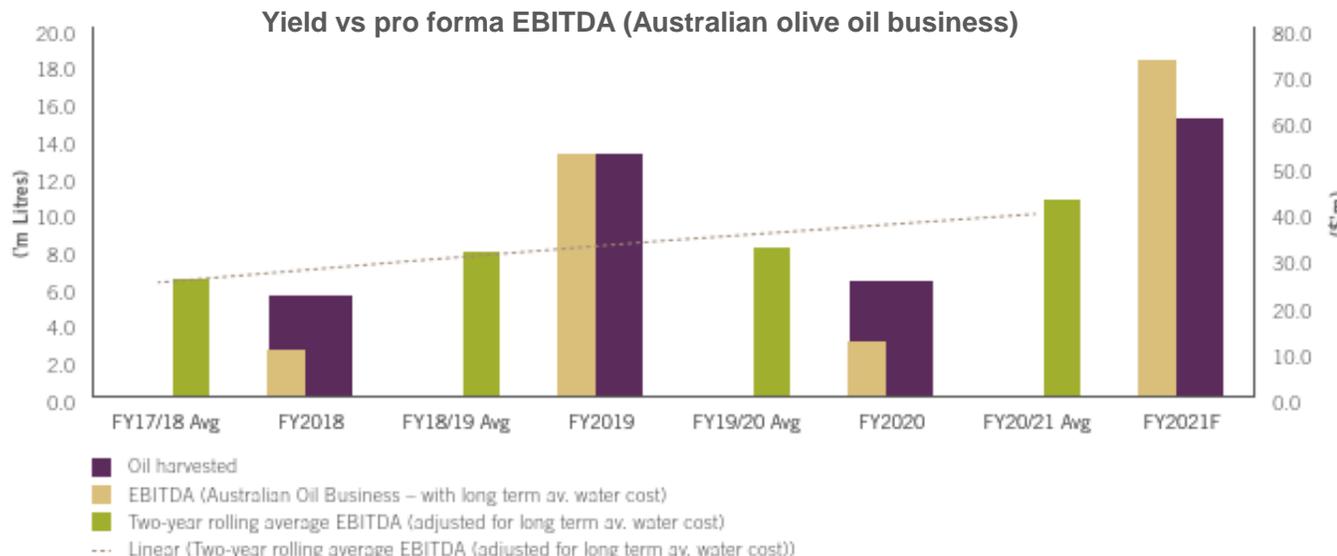
- As EBITDA is materially impacted by the AASB 14 accounting standards agricultural crops, and because olive trees are biennial bearing, a high EBITDA financial year is generally followed by a lower EBITDA financial year.
- The two-year rolling average EBITDA is increasing and in the opinion of management is the most reliable way to assess business performance.

### Long term average temporary water costings impact on EBITDA performance

- The cost of water will vary from year to year, and in some years form material part of our annual production costs. As shown in the table alongside, FY20 was impacted by abnormally high-water costs with EBITDA negatively impacted by \$14.8 million. The FY21 water cost is forecast to be below the long-term average price of \$181 per megalitre.

### Biennial production system and impact on EBITDA performance

- Given the biennial production nature of an olive tree, and the way the Company is required to report under accounting standards (reporting the profit from the crop in the year of harvest), EBITDA should be viewed over a 2-year rolling average period – considering both a “low yielding year” such as FY20 and “high yielding year” such as FY21.
- Due to FY22 being a low crop year for the Company’s Australian olive groves, EBITDA is expected to decrease substantially reflecting the smaller predicted production and the non-cash adjustment compulsory under the accounting standard, but looking forward to FY22 and beyond, we expect average two-year rolling EBITDA and to increase for the Australian business due to our increasing production from maturing trees.



#### Notes:

1. From 2007 through to June 2020, the weighted average price paid for Temporary Water traded by the industry on the Southern Murray Darling Basin was \$181 per megalitre.

# Statutory Results

## Strong earning growth supported by a significant underlying asset base

### Strong earnings growth profile

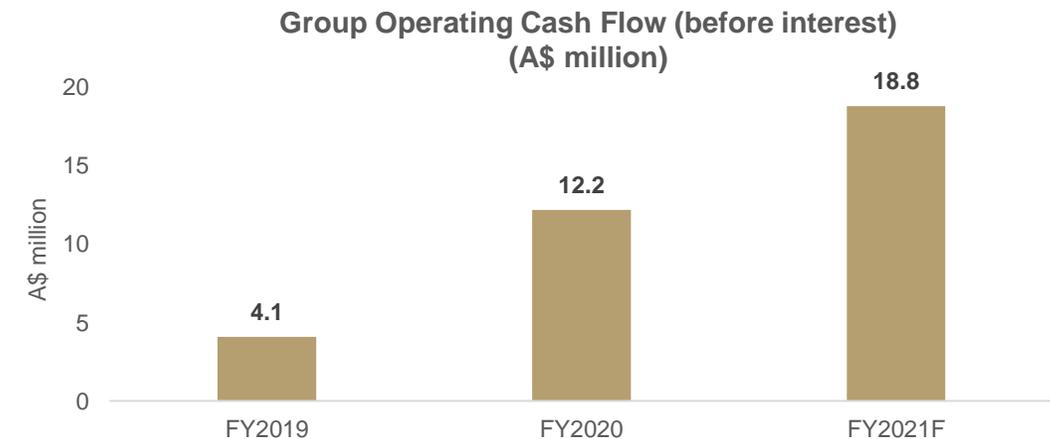
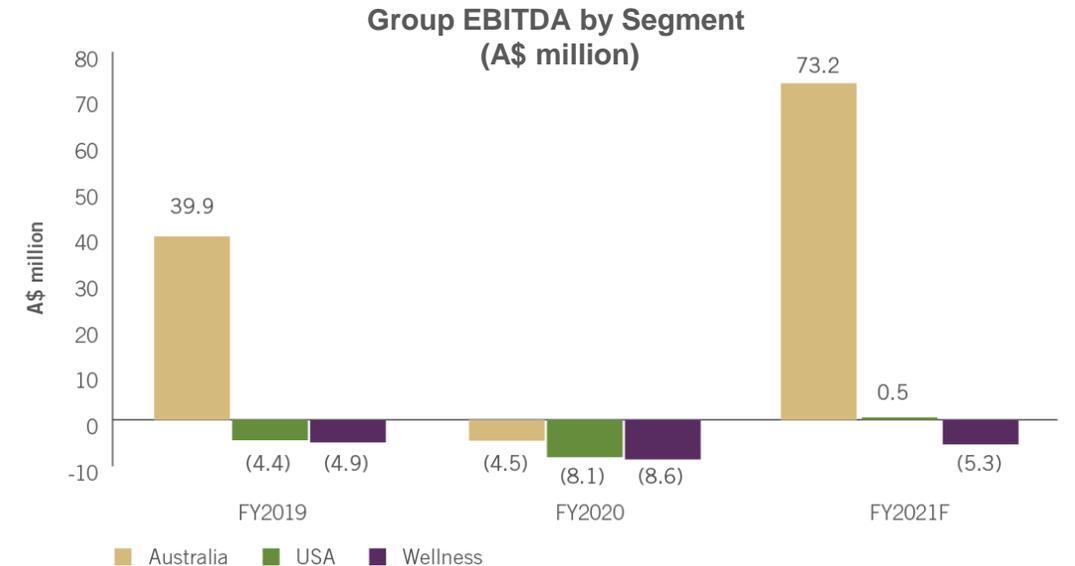
- Sales Revenue showing sustainable growth:
  - FY19A \$112.3 million
  - FY20A \$140.7 million
  - FY21F \$145.1 million
- Most of the costs of producing the oil are fixed, with some costs variable based on the size of the crop creating operating leverage as production increases
- Water costs have come off record highs experienced in FY19 & FY20
- Organic growth expected to increase Australian business

### Well invested asset base to support future growth

- Based on olive trees planted in Australian groves, mature trees (hectares) are expected to grow at a 5.8% CAGR for the next 10 years
- Over \$60.0 million spent on growth CAPEX in the last three years
- Strong tangible asset backing with Post Employee Gift Offer Net Assets of \$147.3 million (assets held at cost)

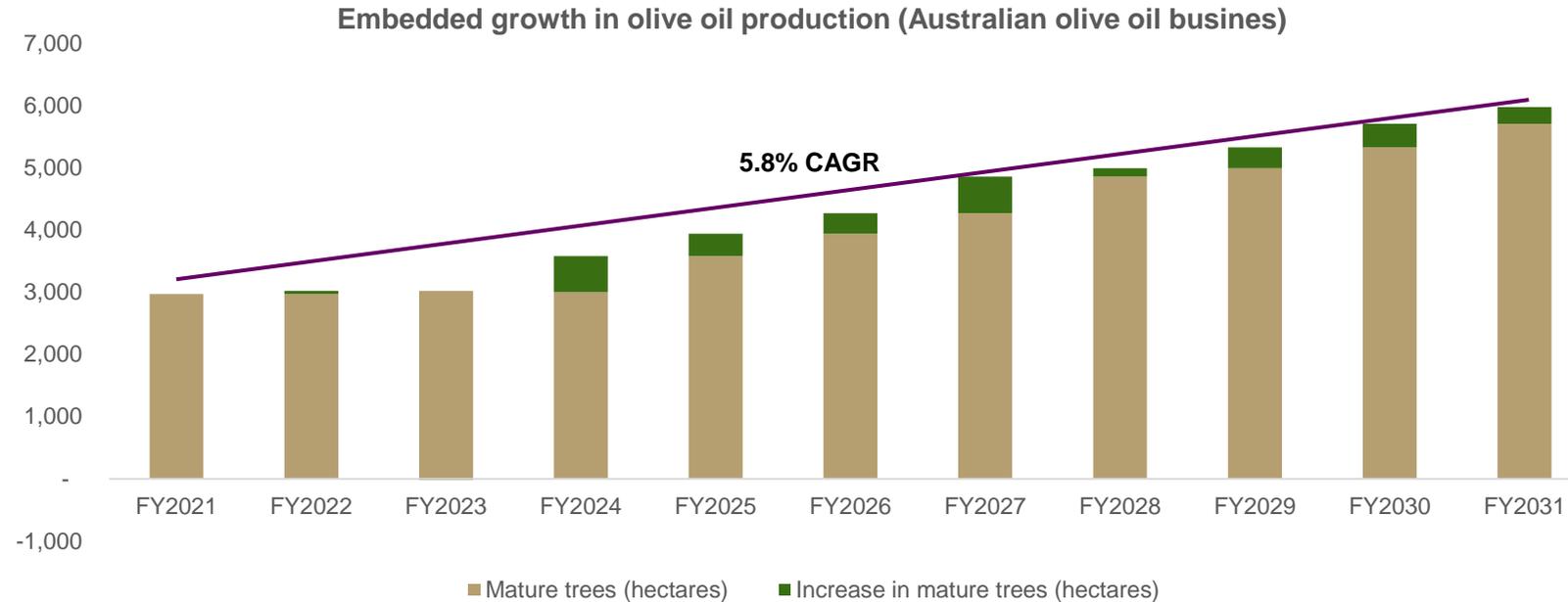
### Strong cashflow generation

- Operating cashflow before interest and tax demonstrates growing cash generation:
  - FY19A \$4.1 million
  - FY20A \$12.2 million
  - FY21F \$18.8 million



# Analysis of Australian business segment

Long-term investment in olive groves will provide embedded long-term production growth



## Growth in production

- Based on olive trees planted in Australian groves, mature trees (hectares) are expected to grow at a 5.8% CAGR for the next 10 years
- 39% of the Company's total Australian plantings are not fully mature and are not yet producing mature yields including 16% of total Australian plantings yet to produce a harvested crop
- The majority of the costs of producing the oil are fixed, with some costs variable based on the size of the crop
- It is expected that the average two-year rolling EBITDA will continue to increase for the Australian business due to the increasing production from maturing trees (subject to all the risks associated with business and farming)

# Pro Forma Historical, Forecast and Statutory Forecast Income Statements



A\$ millions	Note	Pro forma historical		Pro forma forecast	Statutory
		FY2019	FY2020	FY2021F	FY2021F
Sales Revenue	1	112.3	140.7	145.1	145.1
Other Revenue	2	3.8	2.2	3.0	3.0
Net change in fair value of agricultural produce	3	35.7	(11.1)	63.5	63.5
<b>Revenue</b>		<b>151.7</b>	<b>131.8</b>	<b>211.6</b>	<b>211.6</b>
Cost of sales	4	(86.3)	(112.8)	(113.9)	(113.9)
Administration expenses	5	(14.5)	(16.6)	(12.1)	(12.1)
Distribution expenses		(4.1)	(6.5)	(6.0)	(6.0)
Marketing expenses	6	(12.2)	(14.4)	(8.3)	(8.3)
Occupancy expenses		(1.3)	(1.3)	(2.1)	(2.1)
Other expenses		(2.8)	(1.4)	(0.7)	(0.7)
<b>Expenses</b>		<b>(121.2)</b>	<b>(153.0)</b>	<b>(143.1)</b>	<b>(143.1)</b>
<b>EBITDA</b>		<b>30.5</b>	<b>(21.2)</b>	<b>68.5</b>	<b>68.5</b>
Depreciation & Amortisation expense		(12.0)	(15.2)	(16.2)	(16.2)
Interest expense		(4.6)	(5.4)	(4.3)	(4.3)
<b>Profit before tax</b>		<b>14.0</b>	<b>(41.8)</b>	<b>48.0</b>	<b>48.0</b>
Income tax expense		(7.1)	8.0	(14.4)	(14.4)
<b>NPAT</b>		<b>6.9</b>	<b>(33.8)</b>	<b>33.6</b>	<b>33.6</b>

## Notes:

- Revenue is predominantly derived from the sale of extra virgin olive oil, mostly across Australia and USA.
- Includes the provision of technical services to the Australian and Californian olive industries, rental and freight income and various subsidies and state government grants around offsetting the increased costs of harvest as a result of COVID-19.
- Measured under AASB 141 and represents the expected net realisable value (fair value), recognised at harvest, of the harvested olive oil less the actual costs of growing and processing that olive oil. The fair value is then recorded as inventory and expensed through COGS in the year that the oil is actually sold. The change in fair value of agricultural produce for FY21F is based on projected olive oil production of 15 million litres, and the net realisable value of that oil, which is planned to be sold over approximately 16 months from April 2021 to July 2022. The fair value in FY2021F is therefore an estimate and is based on current and forward-looking expectations. [Actual FY21F Australian olive oil crop yield totalled 16.05 million litres].
- Mainly represented by the costs of the olive oil sold, bottling and associated packaging.
- Largely derived from employment expenses such as salaries, wages and leave entitlements of administrative related staff.
- FY21F reflects a marked reduction in marketing expenses for the Group as strong demand driven by Covid-19 resulted in reduced stock levels minimising the need for marketing campaigns.

# Pro Forma Historical and Forecast Cash Flows

		Pro Forma Historical		Pro Forma Forecast	Statutory
A\$ Millions	Note	FY2019	FY2020	FY2021F	FY2021F
<b>EBITDA</b>		30.5	(21.2)	68.5	68.5
Changes in working capital	1	(27.6)	33.6	(50.2)	(50.2)
Non-cash items	2	1.2	(0.2)	0.5	0.5
<b>Cash generated from operations</b>		<b>4.1</b>	<b>12.2</b>	<b>18.8</b>	<b>18.8</b>
Repayment of leases		0.0	(0.3)	(0.3)	(0.3)
Capital expenditure	3	(31.1)	(24.2)	(15.6)	(15.6)
<b>Net cash flow before financing activities</b>		<b>(27.0)</b>	<b>(12.3)</b>	<b>2.9</b>	<b>2.9</b>
Proceeds/(Repayments) of borrowings	4	37.4	17.1	0.0	0.0
Net interest payments		(4.9)	(6.0)	(4.8)	(4.8)
Tax paid		(0.0)	(0.0)	0.0	0.0
<b>Net cash flow before Employee Gift Offer impacts</b>		<b>5.5</b>	<b>(1.2)</b>	<b>(2.0)</b>	<b>(2.0)</b>
Proceeds from issue of shares	5	1.2	1.5	-	0.0
Dividends paid to shareholders	6	(6.0)	-	-	0.0
<b>Net Cash flow</b>		<b>0.7</b>	<b>0.3</b>	<b>(2.0)</b>	<b>(1.9)</b>

## Notes:

1. Sum of current accounts receivables and inventories less the sum of current accounts payables and accruals.
2. Expense included in the Income Statement that does not involve a cash payment, adjusted for any pro forma cash adjustments.
3. Funds that are used for the purchase, improvement, or maintenance of long-term assets including amounts spent to acquire or significantly improve assets such as land, buildings, equipment, furnishings, fixtures and vehicles.
4. Net impact of the settlement of the COB's existing and new debt facilities offset with repayment of various equipment finance.
5. Cash inflow associated with the amount received from options that were exercised.
6. Dividend payable to the Company's shareholders. No dividend will be paid in FY21.

## Segmented Operating Cash Flow (Before Interest and Tax)

A\$ Million	FY2019	FY2020	FY2021F
Australia	13.7	30.2	25.3
USA	(4.2)	(8.4)	(2.2)
Wellness	(5.4)	(9.6)	(4.3)
<b>Group</b>	<b>4.1</b>	<b>12.2</b>	<b>18.8</b>

# Historical and Pro Forma Balance Sheet

A\$ Millions	Statutory 31 Dec 2020	Related party loans <sup>2</sup>	Employee Gift Offer <sup>3</sup>	Costs of the Employee Gift Offer <sup>1</sup>	Pro Forma 31 Dec 2020
Cash and cash equivalents <sup>1</sup>	0.8	0.0	0.0	0.0	0.8
Trade and other receivables	15.8	0.0	0.0	0.0	15.8
Inventories	31.6	0.0	0.0	0.0	31.6
Biological assets	20.3	0.0	0.0	0.0	20.3
Other	2.7	0.0	0.0	0.0	2.7
<b>Current assets</b>	<b>71.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>71.2</b>
Property, plant and equipment	287.2	0.0	0.0	0.0	287.2
Related party loans	0.0	10.4	0.0	0.0	10.4
Other loans	0.0	2.0	0.0	0.0	2.0
Right of use asset	4.9	0.0	0.0	0.0	4.9
Other financial assets	0.0	0.0	0.0	0.0	0.0
Intangible assets	6.7	0.0	0.0	0.0	6.7
<b>Non-current assets</b>	<b>298.8</b>	<b>12.4</b>	<b>0.0</b>	<b>0.0</b>	<b>311.2</b>
<b>Assets</b>	<b>370.0</b>	<b>12.4</b>	<b>0.0</b>	<b>0.0</b>	<b>382.4</b>
Trade and other payables	20.6	0.0	0.0	0.0	20.6
Lease liabilities	0.2	0.0	0.0	0.0	0.2
Borrowings	3.7	0.0	0.0	0.0	3.7
Provisions	1.9	0.0	0.0	0.0	1.9
Current tax liabilities	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	1.3	0.0	0.0	0.0	1.3
other liabilities	5.8	0.0	0.0	0.0	5.8
<b>Current liabilities</b>	<b>33.4</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>33.4</b>
Lease liabilities	4.8	0.0	0.0	0.0	4.8
Borrowings	157.3	0.0	0.0	1.6	158.9
Provisions	0.1	0.0	0.0	0.0	0.1
Deferred tax liabilities	32.0	0.0	0.0	(0.5)	31.6
Other financial liabilities	5.2	0.0	0.0	0.0	5.2
other liabilities	1.1	0.0	0.0	0.0	1.1
<b>Non-current liabilities</b>	<b>200.5</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>	<b>201.7</b>
<b>Liabilities</b>	<b>233.9</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>	<b>235.1</b>
<b>Net assets</b>	<b>136.0</b>	<b>12.4</b>	<b>0.0</b>	<b>(1.1)</b>	<b>147.3</b>
Issued capital	114.2	12.4	0.1	0.0	126.7
Reserves	6.6	0.0	0.0	0.0	6.6
Retained earnings <sup>2</sup>	15.2	0.0	(0.1)	(1.1)	13.9
<b>Equity</b>	<b>136.0</b>	<b>12.4</b>	<b>0.0</b>	<b>(1.1)</b>	<b>147.3</b>

## Notes:

1. Proceeds of Employee Gift Offer, less costs of Employee Gift Offer.
2. In April 2021 the Company provided \$10.4 million in unsecured loans to two executives to allow them to exercise share options held under the historical Company ESOP. In May 2021, the Company also provided a \$2.0 million loan to a former Director to fund the exercise of options also held under the historical Company ESOP. The Pro Forma adjustment reflects the granting of the loans and the conversion of the options into equity.
3. New issued share capital and reduction in retained earnings from issue of 500 shares to all eligible employees (130 employees x 500 shares).
4. The total estimated costs of the Employee Gift Offer of \$1.6 million (before tax) will be expensed to the income statement and recognised in retained earnings. Costs of the Employee Gift Offer expensed to the income statement includes \$0.3 million of Joint Arrangers and adviser costs, \$0.7 million of due diligence and investigating accountant report fees, \$0.5 million of ASX listing fees and \$0.1 million of other adviser and contingency fees. A deferred tax asset of \$0.5 million is recognised based on the income tax benefit of the future deductibility of Employee Gift Offer costs offset against equity, calculated by applying the Australian tax rate of 30% to deductible portion of Employee Gift Offer costs of \$1.6 million.

# Debt Summary

A\$ millions	Statutory 31 Dec 2020	Costs of the Employee Gift Offer	Pro Forma 31 Dec 2020
<b>Net cash/debt</b>			
Cash and cash equivalents	0.8	0	0.8
Current loans and borrowings:			
- Borrowings	(3.7)	0	(3.7)
- Lease liabilities	(0.2)	0	(0.2)
Non-current loans and borrowings			
- Borrowings	(157.3)	(1.6)	(158.9)
- Lease liabilities	(4.8)	0	(4.8)
<b>Net cash/debt</b>	<b>(165.2)</b>	<b>(1.6)</b>	<b>(166.8)</b>
<b>Net debt/pro forma FY2021F EBITDA</b>	<b>2.4x</b>		<b>2.4x</b>

Notes:

- Borrowings includes bank debt and equipment finance leases

At 31 Dec 2020 (Per half year accounts)	Facility (A\$ million)	Drawn at 31 Dec 2020 (A\$ million)	Term
Core Debt Facility	AUD 58.0	AUD 58.0m	October 2024
Working Capital Facility 1	AUD 55.0	AUD 49.5m	October 2024
Working Capital Facility 2	AUD 20.0	AUD 17.5m	October 2024
Domestic Foreign Currency Facility	USD 10.5	USD 10.5m	October 2024
Total (AUD at 0.77)	AUD 146.6	AUD 138.6m	

Notes:

Loan security

- Bank loans are secured by a general security interest over the assets and undertakings of Cobram Estate Olives Limited and its Australian Subsidiaries. CBA also has mortgages over the Australian real properties owned by the consolidated entity's Australian subsidiaries.

Covenant suite (tested quarterly)

- Current ratio (current assets / current liabilities)
- Net Worth (Tangible Assets less Liabilities / Tangible Assets)



# Capital Structure, Employee Gift Offer and Free Float %

# Capital Structure, Employee Gift Offer and Free Float %

## Details of Capital Structure and Employee Gift Offer

- The Company completed a 1-for-6 share split in June 2021, changing the number of Shares on issue from 64,562,099 to 387,372,594.
- The Company is offering up to 130 eligible staff a gift offer of 500 shares (the “Employee Gift Offer”). Up to a total of 65,000 new shares will be issued under the Employee Gift Offer.

## Shareholding Summary

Holder <sup>1</sup>	Shares Pre-Employee Gift Offer	% Ownership Pre-Employee Gift Offer	Shares Post-Employee Gift Offer	% Ownership Post-Employee Gift Offer
Rob McGavin	72,044,376	18.6%	72,044,376	18.6%
Paul Riordan	18,654,708	4.8%	18,654,708	4.8%
Directors (excluding Shares held by Rob McGavin and Paul Riordan)	33,852,708	8.7%	33,852,708	8.7%
Existing Shareholders (excluding Shares held by Rob McGavin, Paul Riordan and other Directors)	262,820,802	67.9%	262,820,802	67.9%
New Shares to be issued under the Employee Gift Offer	-	-	65,000	0.016%
<b>Total</b>	<b>387,372,594</b>	<b>100%</b>	<b>387,437,594</b>	<b>100.0%</b>

## ESOP Options Summary

	Options Pre-Employee Gift Offer	Options Post-Employee Gift Offer
Total ESOP Options	20,451,534	20,451,534

## Free Float %<sup>2</sup>

	Free Float %
Free Float Post-Employee Gift Offer	67.9%

Notes:

1. Holders of securities in the Company may hold their interests in those securities directly, or through entities associated with them (e.g. through holdings by companies or trusts).
2. Securities in the Company held by Existing Shareholders excluding Rob McGavin, Paul Riordan and other Directors.



# Key Risks

# Summary of Key Risks

<b>Weather variability impacting crop yield</b>	<p>As a horticultural business, Cobram Estate Olives is affected by weather and climate issues. Variable weather conditions and severe weather events may cause fluctuations in market supply or lead to severe crop damage and crop yield volatility, which may negatively impact the Company's financial results. The production of a commercial olive crop can be heavily dependent on the prevailing weather conditions during certain periods of the crop's life cycle. The crop is particularly vulnerable to weather impacts during flowering, fruit development, and harvest, when adverse weather conditions can have a detrimental effect on fruit set, fruit growth, oil accumulation, and fruit quality, reducing the fruit yield, oil yield, and/or oil quality.</p> <p>In Cobram Estate Olives' groves, drought, frost, hail, flood, wind, extreme heat, bushfire, or a combination of these events can impact the health of the olive tree and the crop yield. The geographical dispersion of the Company's asset base, being groves in three locations in Australia, and three locations in USA, provides some mitigation against severe weather conditions or events.</p> <p>The Company's groves are located in agricultural areas which can be subject to high risk of damage by fire. It is not uncommon for total fire bans to be declared in these regions during periods of extreme hot weather. Fire could cause damage to the groves, impacting the health of impacted trees and or the yield of impacted trees. Fire may also cause damage to olive oil in storage. To mitigate the risk of fire damage on any particular site, the Company maintains suitable firefighting equipment on site, provides regular firefighting training, and implements various bushfire preparedness measures. In the future, weather and climate issues that could adversely impact Cobram Estate Olives may arise with greater frequency or may be less predictable due to the effects of climate change.</p>
<b>Fluctuations in reported profit or loss due to the biennial bearing nature of olive crops</b>	<p>Olive crops exhibit biennial bearing, whereby a low-yield crop one year is typically followed by a high-yield crop in the next year. Due to the accounting standards applicable to horticultural producers such as Cobram Estate Olives, the Company is required to value its olive crop in the year the crop is harvested, not when the produced olive oil is sold, and as such the reported annual accounting profit or loss results may exhibit material movements from year to year. Operationally, to mitigate the impact of potentially large variations in oil volumes between high and low yielding seasons, the Company manages the fluctuating olive crop yield by working on delivering to market average oil supply quantities over a 24-month period. Through a coordinated supply chain effort, the Company extends the supply period of high yield seasons across 14-16 months whilst reducing the supply period for the low yield seasons to 8-10 months. There is a risk that, if the Company is unable to manage its supply chain or the groves experience successive low-yield crops, the Company's financial performance will be adversely affected.</p>
<b>Pests and diseases</b>	<p>Pests and diseases can have a detrimental effect on the quality and/or yield of the olive tree and crop. As a primary producer, Cobram Estate Olives is susceptible to disease risk, Pests and diseases can have a detrimental effect on the quality and/or yield of the olive tree and crop. As a primary producer, Cobram Estate Olives is susceptible to disease risk, including pest infestation. Whilst the Company's groves are geographically spread out over three locations in Australia, and three locations in the USA, if one of the Company's groves are affected by pests or diseases then the Company may be unable to realise any or all potential yield from those groves. Such a loss could have a material impact on the operations and financial performance and prospects of Cobram Estate Olives.</p>

# Summary of Key Risks

<b>Water availability and cost</b>	<p>Water is a key input to the production of olives. Cobram Estate Olives currently uses approximately 35.8 gigalitres of water per annum in Australia and approximately 1 gigalitre of water per annum in California. While the Company has always been able to source sufficient water to meet its irrigation requirements, there is a risk that factors such as rainfall, storage levels, weather outlooks and water market volatility may result in the Company either not being able to source enough water to continue its operations at current operating levels, or incurring water related costs which materially affect the Company's financial performance.</p> <p>During periods of prolonged drought where the price of water may be high relative to other years, the impact on Cobram Estate Olives when compared to the majority of other irrigators which need to purchase water, may be less due to the efficiency of the Company's production, the supply position, and the strength of the Company's consumer brands.</p>
<b>Brand and reputation</b>	<p>Cobram Estate Olives' product is sold under a number of brands which are owned by Cobram Estate Olives, as well as through Private Label and bulk sales channels. Those brands and their image, as well as Cobram Estate Olives' reputation as a grower and supplier, are key assets of the Company.</p> <p>The reputation and value associated with Cobram Estate Olives' brands could be impacted by a number of factors, including quality issues associated with Cobram Estate Olives' product (or the market categories of product in which Cobram Estate Olives' brands are prominent), product recall, product contamination or other public health issues, disputes or litigation with third parties such as partnership or joint venture partners, distributors, employees or third party growers, or adverse media coverage, whether as a result of Cobram Estate Olives' conduct or by the conduct of third parties. Should Cobram Estate Olives' brands or their image be damaged in any way or lose their market appeal, this may have a material adverse impact on the financial performance, reputation, or prospects of Cobram Estate Olives.</p>
<b>Ability to retain and attract key personnel</b>	<p>Cobram Estate Olives' performance is dependent to a large extent on the efforts and abilities of the Joint-Chief Executive Officers and other members of the senior management team. While each of these executives is party to an employment contract, under the terms of the employment contract each individual is permitted to terminate the contract by giving a specified period of written notice. The loss of one or more of the Joint-Chief Executive Officers or other members of the senior management team may have a material adverse impact on the operating and financial performance of Cobram Estate Olives.</p> <p>Cobram Estate Olives' operations and financial performance is also dependent upon its ability to hire additional key personnel as necessary to meet its management, administration, and other needs, including additional suitably qualified workers during the harvest period. While every effort is made to retain key employees and to recruit new personnel as the need arises, the loss of a number of key personnel or inability to attract additional personnel, especially during the harvest period, may have an adverse impact on the operating and financial performance of Cobram Estate Olives.</p>

# Summary of Key Risks

<p><b>Customer concentration – reliance on two large customers</b></p>	<p>While the Company sells its products to a range of customers globally, sales to the Company’s two largest customers, being supermarket operators Woolworths Limited and Coles Group Limited, accounted for 52% of the Company’s sales in FY2020 and are forecast to account for 55% of the Company’s sales in FY2021. The Company trades with these customers on customary trade terms and there are no forward-looking contracts with either customer which guarantees any volume of sales in the future. While these arrangements are customary for the industry in which the Company operates, they present a risk that the Company’s major customers may elect to reduce or cease their purchases of the Company’s products. Any material reduction of sales to the Company’s two major customers will have a material adverse effect on the Company’s revenue and profitability.</p>
<p><b>Loss of product in storage</b></p>	<p>From time to time the Company will have material volumes of olive oil stored at various locations awaiting further processing or onward distribution. During this stage there is a risk of loss of such product caused by fire, engineering failure, or sabotage to or involving the storage vessel(s) or facilities, which could have a material adverse effect on the Company’s operational and financial performance. The Company has procedures in place in the case of a storage tank failure and seeks to maintain appropriately secure facilities to reduce the risk of loss in this circumstance.</p>
<p><b>Reliance on third-party suppliers of olive fruit in the USA</b></p>	<p>In respect of its USA operations, the Company currently relies on the supply of olive fruit from around 20 contracted growers, with contract terms ranging from one-four years. These growers provided approximately 99% of the olives used to produce the Company’s Californian extra virgin olive oil supply in FY2020 and are projected to account for around 86% of fruit supply in FY2021.</p> <p>While the Company expands and develops its olive groves in the USA the Company will continue to rely on third parties for a significant portion of its olive fruit supply for its USA operations. There is therefore a risk that the Company’s fruit supply will vary with the fruit growing being out of the Company’s control, and that in years of smaller fruit supply its financial performance may be adversely affected.</p> <p>In Australia, due to the volume of olive oil produced from the Company’s own olive groves, there is no material exposure to the performance of third-party suppliers of olive fruit.</p>
<p><b>General regulatory factors</b></p>	<p>Cobram Estate Olives is required to comply with a range of laws and regulations in the jurisdictions in which it operates, including laws and regulations which relate to food standards, labelling and packaging, fair trading and consumer protection, employment, property, and the environment (including water), quarantine, customs and tariffs, foreign investment, taxation, and climate change.</p> <p>A failure to comply with any such laws and regulations may result in the Company’s operational and financial performance being materially and adversely affected. In addition, the introduction of any new applicable laws or regulations or changes to applicable existing laws or regulations, such as to food standards, food labelling regulations or climate change regulations, could result in increased costs being incurred by Cobram Estate Olives and therefore have a material adverse impact on the financial performance and prospects of Cobram Estate Olives.</p>



# Appendix

# Senior Management Team

Valuable combination of technical and commercial experience, track record of working together



**Sam Beaton**

*Executive Director & Joint-CEO*

Sam joined the Company in August 2009. Sam was appointed Joint CEO (Finance and Commercial) of Boundary Bend on 20 April 2021 and formerly held the role of Chief Financial Officer, Company Secretary and Chief Operating Officer.

Sam has over 21 years' experience in commercial, corporate and finance roles. Sam began his career with KPMG, where he qualified as a Chartered Accountant and since then has held senior management roles. Sam has wide experience in financial modelling and analysis, management of corporate debt, capital raising, business planning and execution and strategy.

Sam has a Bachelor of Commerce (Accounting and Finance) and a Bachelor of Science (Industrial Organic Chemistry) from the University of Melbourne.



**Leandro Ravetti**

*Executive Director & Joint-CEO*

Leandro joined the Company in 2001. Leandro was appointed Joint-CEO (Technical and Production) of Cobram Estate Olives on 20 April 2021 and formerly held the role of Technical Director.

As part of his role, Leandro has overseen all technical aspects of production, developing the Oliv.iQ® growing system. Leandro was an alternate director of the Australian Olive Association between 2009 and 2012 and was the Drafting Leader for the new Australian Standard for Olive Oil (AS 5264-2011).

Leandro has also received a Meritorious lifetime award from the Australian Olive Association for his outstanding contribution to the Australian olive industry and he was also the recipient of an award in the Master Milling/Chemical Engineering Category in the inaugural "Health & Food, Extra Virgin Olive Oil Awards" announced in Spain in 2017.



**Russell Dmytrenko**

*CFO of Australian operations & Company Secretary*

Russell joined the Company in January 2021. Russell is the CFO of the Company's Australian operations and Company Secretary of Cobram Estate Olives,

Russell has over 18 years' experience in finance, controllership & accounting.

Prior to joining Cobram Estate Olives, Russell spent 15 years with General Motors and GM Holden in a variety of Senior Finance roles including Holden CFO, Controller – ANZ & ASEAN, Regional Internal Control Manager GMAP and MENA, and Holden Corporate Controller.



**Michael Gonzalez**

*CFO of USA operations*

Michael Gonzalez joined the Company in 2019. A USA citizen, Michael has over 20 years' experience working in finance roles across numerous industries and functional areas including life sciences, chemicals, manufacturing, and engineering. Michael has a Bachelor of Arts - Economics from Rutgers University, New Jersey USA, and is a Certified Public Accountant and a Chartered Global Management Accountant.

Michael is the CFO of Cobram Estate Olives' USA operations.

# Board of Directors

Founder-led board with considerable industry experience to support the ongoing growth of the Company



**Rob McGavin**  
*Chair, Non-Executive Director & Co-Founder*

Rob is a co-founder of the Cobram Estate Olives group and has extensive experience in the agribusiness sector. He is directly involved in a large-scale vineyard in South Australia, a grazing operation in Western Queensland, a cropping and grazing operation in South-Western Victoria, as well as Cobram Estate Olives' development and management. Rob is also a board member of Marcus Oldham Agricultural College. Rob was also the Chief Executive Officer of Boundary Bend until 20 April 2021.



**Paul Riordan**  
*Non-Executive Director & Co-Founder*

Paul Riordan has extensive experience in the olive industry having worked in the industry since 1996 and is a co-founder of Cobram Estate Olives. Paul was a Non-Executive Director of Select Harvests Limited from October 2012 until June 2018 when he moved to the USA.

Paul is a Non-Executive Director of Cobram Estate Olives and is currently based in the USA.



**Tim Jonas**  
*Non-Executive Director*

Tim is a former Managing Partner and National Chairman of Pitcher Partners. Tim grew up on lemon orchard and was involved in his family business in fruit and vegetables. His qualifications include a Master of Business Administration (University of Melbourne), Bachelor of Commerce (University of Melbourne) and Fellow of the Institute of Chartered Accountants in Australia. Tim has been involved with Cobram Estate Olives since its inception and has been a Non-Executive Director since 2005. He is currently the Chairman of the Audit and Risk Committee and a member of the Remuneration Committee.



**Craig Ball**  
*Non-Executive Director*

Craig is an Executive Director of stockbrokers Taylor Collison Limited, responsible for corporate finance in equity capital markets. Craig holds a Bachelor of Economics degree from the University of Adelaide. He worked for a decade with Chartered Accounting firms before joining the stockbroking industry in 1987. Craig is a Director of numerous private companies and was formerly a Director of ASX-listed Southern Titanium Limited. Craig has been involved with Cobram Estate Olives since 1998, assisting with its formation and development, and a Non-Executive Director since 2005. Craig is a member of the Audit and Risk Committee and the Chairman of the Remuneration Committee.



**Dr Joanna McMillan**  
*Non-Executive Director*

Joanna McMillan has spent the last 22 years living in Australia where she is one of the country's favourite and most trusted health and wellbeing experts. She is a PhD qualified nutrition scientist, Accredited Practising Dietitian, Adjunct Senior Research Fellow with La Trobe University, guest lecturer at The University of Sydney and Fellow of the Australasian Society of Lifestyle Medicine. Jo has been involved with Cobram Estate Olives since 2015 and the Australian olive industry since 2013. Jo has been a member of the Company's scientific committee since 2018 and was appointed Non-Executive Director in May 2021.



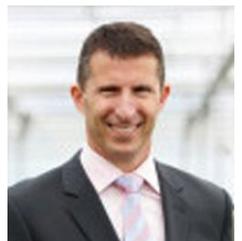
**Dr Jonathan West**  
*Non-Executive Director*

Professor Jonathan West founded the Australian Innovation Research Centre. Prior to that role, Professor West spent 18 years at Harvard University, where he was Associate Professor in the Graduate School of Business Administration. He gained his Doctoral and Master's degrees in Economics at Harvard University, following a Bachelor of Arts majoring in history and philosophy of science at the University of Sydney, and more recently gained a PhD in Ancient Greek Philology. He currently serves as a Board member and Chairman of ASX-listed company's Hexima Limited and Gowings Ltd. Jonathan has been involved with Cobram Estate Olives since joining the Board in 2008 and is a member of the Remuneration Committee.



**Sam Beaton**  
*Executive Director & Joint-CEO*

As per management biography



**Leandro Ravetti**  
*Executive Director & Joint-CEO*

As per management biography



Cobram  
Estate®  


Thank-you!