



ABN 32 115 131 667

ASX: CBO

ASX Announcement – 4 May 2022

Commencement of 2022 Australian olive harvest and company update

Summary

- Cobram Estate Olives Limited (“CBO” or “the Company”) commenced its 2022 Australian olive harvest at its Boundary Bend groves on the 19th of April and at its Boort grove on the 26th of April.
- The Company is expecting yields from the 2022 Australian crop to be in line with, or slightly better than our forecasts.
- Packaged good sales were strong in the third quarter FY2022, with sales in Australia ahead of plan, and USA sales increasing substantially over the previous 3 months but are still constrained by limited Californian olive oil supply.
- A new marketing campaign commenced in late April to coincide with CBO’s involvement in the new season of MasterChef Australia.
- Water pricing in Australia remains below historical averages. Cost pressures are being felt in some areas but have been partially offset by the lower cost of water.
- No material disruptions to supply chains were experienced during the quarter.

2022 Australian olive harvest and full year financial outlook

CBO has recently commenced its 2022 harvest, with olive harvesting and milling commencing at its Boundary Bend groves on the 19th of April 2022 and at its Boort groves on the 26th of April 2022. The Australian olive harvest is undertaken annually between April and June, with the 2022 harvest projected to be completed in late June.

The 2022 growing season to date has been favourable for olive production, with optimal flowering and fruit set supporting positive indications on crop yield. The Company’s trees are in good condition and, assuming reasonable weather conditions from now until harvest completion, the Company is expecting yields from the 2022 Australian crop to be in line with, or slightly better than our forecast. Results of our harvest will be communicated to shareholders around the end of June, once all the oil is in the tanks.

Due to the biennial nature of olive production, FY2022 will deliver, as expected, and previously announced, a significantly lower yielding olive crop when compared with FY2021. Therefore, as previously announced in our FY2022 Half Year Results Presentation, we are expecting Statutory EBITDA to fall materially due to FY2022 being a lower yielding crop year. This is because

accounting standards require the profit from our grove production to be recorded in the year of harvest, not the year the oil is sold - by recording the difference between the cost of production and the net realisable value of the oil produced in that year.

However, it is important to remember that we manage the low and the higher cropping year by operating our business on a two-year production cycle. Our customers purchase oil on a consistent basis, which can be seen in our sales results, and why EBITDA should be viewed over a two-year rolling average period – considering both a “lower yielding crop year” such as FY2022 and a “higher yielding crop year” such as FY2021.

We still expect our Two-Year Rolling Average EBITDA and group sales to increase compared to those reported for the period to 30 June 2021.

Strong cashflow from operations in the first half is expected to continue in the second half of FY2022, and we expect cashflow from operations to be materially higher than reported for FY2021.

CBO's balance sheet remains strong, and the Company continues to invest in its four core opportunities to drive growth.

Company update

SALES

The Company continues to record strong sales supported by strong demand for premium quality, locally grown extra virgin olive oil, both in Australia and the USA.

Australian packaged goods sales remain ahead of budget, supported by strong sales during the summer period, the launch of several new products, and some additional instore promotional programs.

USA sales increased substantially over the previous three months as oil became available from our 2021 Californian Harvest that was completed in November 2021. However, sales in the USA are still constrained by limited Californian olive oil supply. We are forecasting our sales for the half (1 January 2022 to 30 June 2022) to be greater than our sales reported for the six months to 31 December 2021. However, as explained in our half year results announcement, we are operating with limited California olive oil supply, and unfortunately have been unable to secure any material volume of additional third-party bulk oil which will see FY2022 full year USA sales lower than FY2021. Olives sourced from Company-owned maturing groves, third-party contracted growers as well as new plantings should increase oil supply materially in future years.

MARKETING

CBO has recently launched a series of new advertisements in Australia to support the Company's exclusive extra virgin olive oil partnership with the new season of Masterchef Australia. Cobram Estate's latest television/digital commercials focus on the brand's four key pillars - quality and taste; health; Australian and family; and sustainability. The ads' feature celebrity chef Neil Perry AM, former AFL superstar Nick Riewoldt, dietitian and CBO Board member Dr Joanna McMillan, and CBO's own chief horticulturist Ruth Sutherland, and will run through mainstream media outlets through to September 2022.

AWARDS

Some good news from Spain where we were announced the joint winners of the healthiest extra virgin olive oil in the world, with our Cobram Estate Californian Robust (Coratina), produced from our own groves in California, sharing the first prize with three other oils (two from Spain and one from Greece). This award, which is part of the World's Best Healthy Extra Virgin Olive Oil Contest, is a very unique contest as it is not only based on organoleptic panel assessment (essentially taste and smell), but also on objective chemistry parameters known to positively impact health, such as fatty acid profile, biophenols and oleocanthal. The oils are assessed by an independent ISO 9000 accredited laboratory with directives from the IOC (International Olive Council). We decided to enter just one of our Californian oils for this award due to the timing of judging and the importance of freshness at the time of analysing antioxidant content. It was fantastic to be able to confirm our ability to produce great quality oils not just in Australia but also in the USA.

You can read more about the award and the winners at <http://worldbesthealthyevoocontest.com/>

WATER

The Company has purchased its estimated full year water requirements for its Australian groves and has paid an average price of \$88 per megalitre for water purchased, a 48% reduction versus the price paid in FY2021 (FY2021: \$168 per megalitre). Storage levels in the Southern Murray Darling Basin were 86% full as of 13 April 2022, up 56% on the same time last year (14 April 2021: 55%). High reliability water allocations are at 100% for the Victorian Murray Valley and Goulburn Valley water systems.

In the USA, conditions remain generally dry, although there was a small amount of rainfall recorded in our growing locations during April 2022. The Company currently has sufficient water available at its California grove locations to support the needs of company owned and leased olive groves.

COSTS

The Company has experienced some cost pressure in areas such as packaging materials, fertilisers, diesel and freight, but we do not expect this to have a material impact on our full year results, particularly with the offsetting impact of low water prices, one of our key input costs.

SUPPLY CHAIN

CBO's operations are running relatively smoothly despite the many business challenges faced due to COVID-19. With the majority of the Company's consumer goods inputs being locally sourced, CBO has experienced only minimal supply chain disruption despite the broader market impact of COVID-19. This highlights the robust nature of, and the strong benefit provided by the Company's vertically integrated operations in Australia and the USA.

EXCLUSIVE SHAREHOLDER OFFER – VIRTUAL TASTING EVENT

Do you want to be some of the first people in Australia to receive a special selection of our fresh 2022 harvested Ultra-Premium oils and then join us online for a tasting and education experience? Our shareholder-exclusive virtual tasting event will be hosted by CBO Directors Rob

McGavin, Leandro Ravetti and Dr Joanna McMillan from 7.30pm AEST on Thursday the 26th of May 2022.

Cut off for registration is this Friday the 6th of May (unless oversubscribed earlier), to allow time for packing and postage. Please click this link to register asap.

https://us06web.zoom.us/webinar/register/WN_2UQ0_NUkSbuezm4CMFJCvA

MODERN SLAVERY REPORT

Today the Company released its 2021 Modern Slavery Report. This report details the Company's commitment to a program of continuous improvement to ensure its processes, policies and actions remain effective in preventing and remediating Modern Slavery and protecting human rights. To this end, the Company has policies and processes in place relating to Modern Slavery in its Australian and USA operations and supply chains, including a publicly available Modern Slavery Policy. Amongst other things, these statements detail the steps the Company has taken to understand, mitigate and address human rights and Modern Slavery risks within its structure, operations, and supply chains. The report is available at: [Cobram Estate Olives | Investor Centre](#)

For further information please contact us at investors@cobramestateolives.com.

Kind regards



Sam Beaton

Joint-CEO

On behalf of the Board of Cobram Estate Olives Limited



Leandro Ravetti

Joint-CEO

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About Cobram Estate Olives Limited

Cobram Estate Olives is Australia's largest producer and marketer of premium quality extra virgin olive oil. The company currently owns over 2.4 million olive trees planted on 6,584 hectares of farmland in central and north-west Victoria and 149,000 trees planted on 305 hectares of long-term leased and freehold properties in California, USA. In total, the company currently owns 18,677 hectares of freehold farmland, of which 16,700 hectares is freehold farmland in central and northwest Victoria and southwest New South Wales. The company also owns Australia's largest olive tree nursery, three olive mills, two olive oil bottling and storage facilities, and the Modern Olives® laboratory. With operations in Australia and the USA, export customers in seventeen countries, and a portfolio of premium brands including Australia's number one extra virgin olive oil*, Cobram Estate®, the company is a market leader in the Australian extra virgin olive oil industry and a leader in sustainable olive farming.

For further information, please visit <https://cobramestateolives.com.au>.

** Source: IRI scan data, Financial Year 2021.*