



ABN: 32 115 131 667

ASX: CBO

ASX Announcement – 24th February 2023

Half-Year FY2023 Report and Appendix 4D

Cobram Estate Olives Limited (“CBO”) is pleased to present its Half-Year Report for the six months ending 31 December 2022, which includes the Company’s half-year financial statements. Also enclosed is the accompanying Appendix 4D.

For the purpose of ASX listing rule 15.5, CBO confirms that these documents have been authorised for release to the market by the CBO Board of Directors.

For further information regarding this announcement and for media enquiries please contact us at investors@cobramestateolives.com.

We would like to thank our shareholders for their continued support.

Kind regards

Sam Beaton

Joint-CEO

Leandro Ravetti

Joint-CEO

On behalf of the Board of Cobram Estate Olives Limited.

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About Cobram Estate Olives Limited

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





**Cobram Estate Olives Limited and
controlled entities**

ABN 32 115 131 667

Appendix 4D

For the six months ended 31 December 2022

Corporate Directory

31 December 2022

Directors	Mr. Robert McGavin (Chairman) Mr. Leandro Ravetti Mr. Tim Jonas Mr. Craig Ball Dr. Jonathan West Mr. Samuel Beaton Dr. Joanna McMillan Ms. Toni Brendish
Company secretary	Mr. Russell Dmytrenko
Registered office	151 Broderick Road LARA VICTORIA 3212
Principal place of business	151 Broderick Road LARA VICTORIA 3212
Auditor	Deloitte Touche Tohmatsu 477 Collins Street, Melbourne VIC, 3000, Australia
Stock exchange listing	Cobram Estate Olives Ltd shares are listed on the Australian Securities Exchange (ASX code: CBO)

Appendix 4D Preliminary final report

Name of entity

Cobram Estate Olives Limited

ABN or equivalent company reference: 32 115 131 667

1. Reporting period

Current report period: 1 July 2022 to 31 December 2022

Previous corresponding year: 1 July 2021 to 31 December 2021

2. Results for announcement to the market

(All amounts in this report are expressed in A\$'000 unless otherwise stated)

Revenues from ordinary activities (<i>item 2.1</i>)	Up	1.76% to	\$71,487
Loss from continuing ordinary activities after tax attributable to members (<i>item 2.2</i>)	Increased	90.51% to	\$9,895
Net loss for the period attributable to members (<i>item 2.3</i>)	Increased	90.51% to	\$9,895
Details relating to dividends ¹ (<i>item 2.4</i>)	Cents per Security	Franked cents per security	
Final dividend paid on 7 December 2022	3.3		2.31
Previous corresponding period	3.3		0.66
Record date for determining entitlements to the dividend (<i>item 2.5</i>)			Not applicable

¹ Dividend is franked at 70%.

3. Net tangible assets per security (*item 3*)

	Current period*	Previous corresponding period*
Net tangible asset backing per ordinary security	\$0.63	\$0.53

*Includes Right-of-Use Assets and lease liabilities in accordance with AASB 16 Leases.

4. Details of entities over which control has been gained or lost during the period (*item 4*)

Control gained over entities

Name of entities (*item 4.1*)

Not applicable

Date(s) of gain of control (*item 4.2*)

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired (*item 4.3*)

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (*item 4.3*)

Loss of control of entities

Name of entity (*item 4.1*)

Not applicable

Date(s) of loss of control (*item 4.2*)

Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period on which control was lost (*item 4.3*)

Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period (*item 4.3*)

5. Dividends (item 5)

Final Dividend – half-year ended 31
December 2022

Date of payment	Total amount of dividend
7 December 2022	\$13,679,000

Amount per security

	Amount per security	Franked amount per security	Amount per security of foreign sourced dividend
Total dividend: Current year	A\$0.033	A\$0.0231	Not applicable
Previous period	A\$0.033	A\$0.0066	Not applicable

Total dividend on all securities

	Current period \$A'000	Previous corresponding Period - \$A'000
Ordinary securities (each class separately)	\$13,679	\$12,785
Preference securities (each class separately)	Not applicable	Not applicable
Other equity instruments (each class separately)	Not applicable	Not applicable
Total	\$13,679	\$12,785

6. Details of dividend or distribution reinvestment plans in operation are described below (item 7)

At the Annual General Meeting on 28th October 2022 Cobram Estate Olives Ltd announced its offer to provide its shareholders the opportunity to participate in its Dividend Reinvestment Plan (DRP). The allocation price for shares to be issued through the DRP for the final dividend to be paid in respect of the period ended 30 June 2022 was \$1.52. On 7 December 2022, 1,272,685 new shares were issued to participants in the DRP.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan

REFER ABOVE

7. Details of associates and joint venture entities *(item 7)*

Name of associates or joint venture entities
(item 7.1)
Details of reporting entity's percentage holdings
in each of these entities *(item 7.2)*

Contribution to consolidated profit (loss) from
ordinary activities after tax by those entities
(item 7.3)

Profit (loss) from ordinary activities after tax of
those entities for the whole of the previous
corresponding period *(item 7.3)*

Not applicable

8. Set of Accounting Standards used to compile the report *(item 8)*

The financial information provided in this report (Appendix 4D) is based on Australian Accounting Standards.

The preliminary financial accounts (attached) were prepared in accordance with Australian Accounting Standards.

9. Commentary on the independent audit report *(item 9)*

Not applicable

Sign here:



Date: 23 February 2023

Print name: Sam Beaton, Joint-CEO and Executive Director



**Cobram Estate Olives Limited and Controlled
Entities
ABN 32 115 131 667**

Half-year report
For the six months ended 31 December 2022

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Directors' Report

The directors present their report together with the financial report of Cobram Estate Olives Limited and Controlled Entities (the Group) for the half-year ended 31 December 2022.

Directors

The names of the directors in office at any time during the half year or until the date of this report are:

Executive Directors

Leandro Ravetti

Sam Beaton

Non-Executive Directors

Rob McGavin (Chair)

Paul Riordan*

Tim Jonas

Craig Ball

Dr Joanna McMillan

Professor Jonathan West

Toni Brendish**

*Paul Riordan resigned from the board on 28 October 2022.

**Toni Brendish was appointed on 23 January 2023.

Review of operating results

For the half year to 31 December 2022, the Group reported a loss after tax of \$9.9 million (1HFY22: \$5.2 million loss), and a pre tax loss of \$11.9 million (1HFY22: \$6.1 million loss)

On an EBITDA level, the Group reported an EBITDA profit of \$0.7 million (1HFY22: \$4.8 million profit). The lower result in 1HFY23 (versus 1HFY22) is a result of higher brand marketing spend in the first half of FY2023 reflecting a return to more normal levels of marketing investment post COVID-19, lower margins in the USA in the first three months of the period (prior to the benefits of price increases flowing through), and lower margins in Australia due to the higher percentage of lower-priced Red Island® sales in the Group's overall product mix. During the period the Group also provisioned for an additional \$1.5 million in slow moving Wellgrove® stock. The majority of the Wellgrove® stock is either provided for or expected to be sold over the next six months.

The Group generated operating cashflow before interest and tax of \$10.8 million in 1HFY23 (\$18.2 million 1HFY22). Stronger cash flow is anticipated in the second half as the Group realises the benefits of recent price increases and increasing sales.

Costs have stabilised across the Group, with the cost of several key inputs including water in Australia lower versus 1HFY22. The impact of lower direct costs relating to growing the 2023 crop are not reflected in the profit and loss as at 31 December 2022. These will be reflected when the crop is valued at 30 June 2023.

Review of operating results (...continued)

CBO delivered strong olive oil sales results in 1HFY2023, with Australian packaged good sales up 6.3%, totalling \$50.8 million (1HFY22: \$47.8 million), driven by improved Red Island® performance. CBO's branded sales strategy displayed the benefits of two brands at differing price points. The Group discounted Cobram Estate® less during the half, whereas Red Island® was sold more on promotion. The result was improving premium for Cobram Estate® whilst improving sales volume for Red Island® thereby appealing to more consumers.

USA packaged good sales returned to growth supported by an increase in Californian olive oil availability, with reported packaged goods sales of A\$10.1 million, up 6.2% versus the prior period (1HFY22: \$9.5 million). The branded Cobram Estate® USA sales increased by 70.8% during the period to \$7.8 million (1HFY22 \$4.6 million), with further growth forecast for the second half.

Crop projections for the upcoming 2023 Australian olive harvest confirm a significantly higher yielding olive crop when compared with FY2022, subject to the risks associated with farming. The Group's Californian olive harvest completed in November 2022 was in line with expectations, yielding 1.69m litres of olive oil. A record 2023 crop in California is expected as it is a higher yielding crop year.

The Group continued to invest in capital projects, with capital expenditure during the period of \$26.1 million (1HFY22 \$18.5 million), aimed at driving growth.

Non-IFRS Financial Information

Earnings before interest, tax, depreciation, and amortisation (EBITDA) and Earnings before interest and tax (EBIT) are non-IFRS financial measures. Non-IFRS measures are used internally by management to assess operating performance of the Group. The non-IFRS measures have not been subject to audit or review.

**COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667**

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

Directors' Report (continued)

Dividends paid, recommended and declared

The Group paid a dividend to Shareholders of A\$0.033 per share on 7 December 2022, the dividend was 70% franked and the Company offered a Dividend Reinvestment Plan (DRP) resulting in 1,272,685 new shares issued at \$1.52 per share.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the half-year report.

Rounding

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Subsequent Events

There have been no matters or circumstances occurring subsequent to the end of the Half-year ended 31 December 2022, that have significantly affected, or may significantly affect the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Rob McGavin (Chair)

Director



Tim Jonas

Director

Dated 23 February 2023

23 February 2023

The Board of Directors
Cobram Estate Olives Limited
151 Broderick Road
LARA VIC 3212

Dear Board Members

Auditor's Independence Declaration to Cobram Estate Olives Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Cobram Estate Olives Limited.

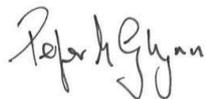
As lead audit partner for the review of the half year financial report of Cobram Estate Olives Limited for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Peter Glynn
Partner
Chartered Accountants

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Condensed consolidated statement of profit or loss
for the half-year ended 31 December 2022

	Consolidated	
	Half-year ended	
	31 Dec 2022	31 Dec 2021
Note	\$'000	\$'000
Total Revenue and Other Income		
Sales revenue	71,487	70,250
Other income	4,063	1,314
Net increase in fair value of agricultural produce	398	-
	75,948	71,564
Expenses		
Cost of sales	(64,349)	(57,742)
Administrative expenses	(7,791)	(7,418)
Distribution expenses	(3,839)	(3,787)
Marketing expenses	(6,063)	(4,350)
Occupancy expenses	(1,729)	(1,384)
Finance costs	(3,785)	(2,361)
Other expenses	(274)	(595)
	(87,830)	(77,637)
Loss for the period before income tax benefit	(11,882)	(6,073)
Income tax benefit	1,987	879
Loss for the period	(9,895)	(5,194)

Notes to the condensed consolidated financial statements are included on pages 12 to 20.

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

**Condensed consolidated statement of other comprehensive income
for the half-year ended 31 December 2022**

	Consolidated Half-year ended	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Loss for the period	(9,895)	(5,194)
Other comprehensive income, net of income tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	1,302	1,182
Profit on hedging instruments through cash flow hedge reserve	557	1,992
Income tax relating to items that may be reclassified subsequently to profit or loss	(167)	(597)
Other comprehensive income for the period	1,692	2,577
Total comprehensive loss for the period	(8,203)	(2,617)
	\$	\$
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:		
Basic earnings per share	(0.02)	(0.01)
Diluted earnings per share	(0.02)	(0.01)

Notes to the condensed consolidated financial statements are included on pages 12 to 20.

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667
HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Condensed consolidated statement of financial position as at 31 December 2022

	Note	Consolidated	
		31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current assets			
Cash and cash equivalents		6,086	5,944
Trade and other receivables		13,916	9,203
Inventory	6	83,475	112,757
Biological assets	7	20,426	3,265
Other financial assets		-	41
Other assets		2,951	1,502
Total current assets		126,854	132,712
Non-current assets			
Other receivables		7,718	7,611
Other financial assets		5,188	4,535
Intangible assets		6,678	6,678
Property, plant and equipment	9	416,482	393,989
Right-of-use assets		5,593	5,084
Total non-current assets		441,659	417,897
Total assets		568,513	550,609
Current liabilities			
Trade and other payables		30,699	26,350
Lease liabilities		1,002	240
Borrowings	8	17,560	3,780
Provisions		2,000	1,803
Current tax liabilities		4,886	2,849
Other financial liabilities		54	-
Other liabilities		3,694	3,630
Total current liabilities		59,895	38,652
Non-current liabilities			
Borrowings	8	158,536	137,325
Provisions		59	59
Deferred tax liabilities		70,765	74,730
Other liabilities		6,825	7,595
Lease liabilities		5,181	5,219
Total non-current liabilities		241,366	224,928
Total liabilities		301,261	263,580
Net assets		267,252	287,029
Equity			
Share capital	10	181,698	179,756
Reserves		67,426	65,757
Retained earnings		18,128	41,516
Total equity		267,252	287,029

Notes to the condensed consolidated financial statements are included on pages 12 to 20.

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667
HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2022

Consolidated	Contributed equity \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Cash flow hedge reserve \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2022	179,756	65,667	(3,948)	783	3,255	41,516	287,029
Loss for the year	-	-	-	-	-	(9,895)	(9,895)
Exchange differences arising on translation of foreign operations	-	-	1,302	-	-	-	1,302
Other comprehensive income for the year	-	-	-	-	390	-	390
Total comprehensive income/(loss) for the period	-	-	1,302	-	390	(9,895)	(8,203)
Transactions with owners in their capacity as owners:							
Dividends paid or reinvested	1,942	-	-	-	-	(13,678)	(11,736)
Expired/cancelled options (transfer from reserve)	-	-	-	(185)	-	185	-
Share based payments expense	-	-	-	162	-	-	162
Total transactions with owners in their capacity as owners	1,942	-	-	(23)	-	(13,493)	(11,574)
Balance at 31 December 2022	181,698	65,667	(2,646)	760	3,645	18,128	267,252

Notes to the condensed consolidated financial statements are included on pages 12 to 20.

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667
HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2021

Consolidated	Contributed equity \$'000	Asset revaluation reserve \$'000	Foreign currency translation reserve \$'000	Share based payments reserve \$'000	Cash flow hedge reserve \$'000	Retained earnings \$'000	Total Equity \$'000
Balance at 1 July 2021	127,745	17,137	(6,896)	1,030	(2,868)	54,464	190,612
Change in accounting policy due to early adoption of AASB 2020-3 - note 1a	-	-	-	-	-	2,577	2,577
Adjustment to opening retained earnings - note 1b	-	-	-	-	-	(2,504)	(2,504)
Restated total equity at the beginning of the period	127,745	17,137	(6,896)	1,030	(2,868)	54,537	190,685
Loss for the period	-	-	-	-	-	(5,194)	(5,194)
Exchange differences arising on translation of foreign operations	-	-	1,182	-	-	-	1,182
Other comprehensive income for the year	-	-	-	-	1,395	-	1,395
Total comprehensive income/(loss) for the period	-	-	1,182	-	1,395	(5,194)	(2,617)
Transactions with owners in their capacity as owners:							
Dividends paid or reinvested	1,179	-	-	-	-	(12,785)	(11,606)
Proceeds from share issue / options exercised	50,000	-	-	-	-	-	50,000
Options exercised (transfer from reserve)	774	-	-	(120)	-	-	654
Equity raising costs, net of tax	(1,228)	-	-	-	-	-	(1,228)
Share based payments expense	-	-	-	173	-	-	173
Total transactions with owners in their capacity as owners	50,725	-	-	53	-	(12,785)	37,993
Balance at 31 December 2021	178,470	17,137	(5,714)	1,083	(1,473)	36,558	226,061

Notes to the condensed consolidated financial statements are included on pages 12 to 20.

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Condensed consolidated statement of cash flows
for the half-year ended 31 December 2022

	Consolidated	
	Half-year ended	
	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	71,434	82,602
Payments to suppliers and employees	(60,682)	(64,365)
Cash generated from operations	10,752	18,237
Interest paid	(3,818)	(2,769)
Income tax paid	57	(437)
Net cash provided by operating activities	6,991	15,031
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	2
Payments for property, plant and equipment	(26,125)	(18,513)
Net cash used in investing activities	(26,125)	(18,511)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	-	50,654
Net increase / (repayment) of borrowings	31,014	(28,625)
Dividends paid to company's shareholders	(11,738)	(11,606)
Equity raising costs	-	(1,755)
Proceeds from repayment of director loans	-	4,833
Net cash provided / (used) in financing activities	19,276	13,501
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the beginning of the half-year	5,944	1,175
Net increase in cash and cash equivalents	142	10,021
Cash and cash equivalents at end of the period	6,086	11,196

Notes to the condensed consolidated financial statements are included on pages 12 to 20.

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the year ended 30 June 2022, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. New and revised Standards and amendments thereof and Interpretations effective for the current half-year are as follows:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	1 January 2022
AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 January 2022

The impact of the above pronouncements did not have a material impact on the amounts reported in the financial statements or disclosures made other than as summarised below

COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667

HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Notes to the condensed consolidated financial statements

1. Significant accounting policies (...continued)

Amendments to Accounting Standards that are mandatorily effective for future reporting period

1(a) AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

Property, Plant and Equipment - Proceeds before Intended Use

Early adopted in the financial statements for the year ended 30 June 2022

The amendments to AASB 116 Property, Plant and Equipment prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. AASB 116 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services.

The amendments were early adopted in the financial statements for the year ended 30 June 2022 and applied retrospectively, but only to items of property, plant and equipment that were brought to the location and condition necessary for them to be capable of operating in the manner intended by management or on or after the beginning of the earliest period presented in the financial statements in which the Company first applied the amendments.

The impact of retrospectively applying the amendments were summarised and recorded in the financial statements for the year ended 30 June 2022. The impact on these interim financial statements as a result of the early adoption in the year ended 30 June 2022 was to increase opening retained earnings in the comparative balance sheet by \$2,577,000.

1(b) Restatement of deferred tax asset and retained earnings

As disclosed in the financial statements for the year ended 30 June 2022, the Group previously recognised a deferred tax asset of \$2,504,000 in respect of a temporary difference which was not available. As the temporary difference pre-dated the earliest comparative period in these financial statements (i.e. prior to 1 July 2021), the comparative figures have been restated by decreasing retained earnings as at 1 July 2021 by \$2,504,000.

The adjustment was a non-cash adjustment and did not impact previously reported remuneration, covenants or other reporting metrics.

**COBRAM ESTATE OLIVES LIMITED AND CONTROLLED ENTITIES
ABN 32 115 131 667**

**HALF-YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2022**

Notes to the condensed consolidated financial statements

2. Segment reporting

Segment products and locations

The segment reporting reflects the way information is reported internally to the Joint Chief Executive Officers for the purpose of resource allocation and assessment of segment performance.

The Group has the following business segments:

- Australia - production and marketing of olive oil
- United States of America (USA) - production and marketing of olive oil
- Innovation and sale of value-add products, including the sale of the Wellgrove branded product (Boundary Bend Wellness).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. EBITDA is reported by each segment. Depreciation, amortisation and finance costs are not reported by segment, and are shown at a Group level. This is the measure reported to the Group's Joint-CEO's for the purpose of resource allocation and assessment of segment performance.

The revenue reported below represents revenue generated from external customers. Total segment revenue includes inter-group sales which are eliminated below.

All assets are allocated to reportable segments other than current and deferred tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and all liabilities are allocated to reportable segments other than borrowings and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

The segment information provided to the Joint Chief Executive Officers is referenced in the following table:

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2. Segment reporting (...continued)

	Olive oil								Total operations	
	Australian Operations		US Operations		Boundary Bend Wellness		Eliminations & Corporate		31-Dec-22 \$'000	31-Dec-21 \$'000
	31-Dec-22 \$'000	31-Dec-21 \$'000	31-Dec-22 \$'000	31-Dec-21 \$'000	31-Dec-22 \$'000	31-Dec-21 \$'000	31-Dec-22 \$'000	31-Dec-21 \$'000		
Revenue and other income										
Total oil revenue from external customers	55,180	53,127	13,282	13,176	-	-	-	-	68,462	66,303
Total other revenue from external customers	214	359	2,347	2,708	464	880	-	-	3,025	3,947
Intersegment revenue	1,826	1,353	-	-	164	14	(1,990)	(1,367)	-	-
Total segment revenue	57,220	54,839	15,629	15,884	628	894	(1,990)	(1,367)	71,487	70,250
Other income	2,084	815	1,798	443	181	56	-	-	4,063	1,314
Net change in fair value of agricultural produce	-	-	398	-	-	-	-	-	398	-
Total revenue and other income	59,304	55,654	17,825	16,327	809	950	(1,990)	(1,367)	75,948	71,564
EBITDA	2,229	5,867	(364)	(257)	(1,377)	(874)	238	61	726	4,797
Depreciation/ amortisation of segment assets									(8,823)	(8,509)
EBIT									(8,097)	(3,712)
Finance costs									(3,785)	(2,361)
Loss before income tax									(11,882)	(6,073)
Segment assets (excl intercompany)	444,096	365,511	122,785	91,234	1,632	3,296	-	-	568,513	460,041
Segment liabilities (excl intercompany)	30,945	20,907	22,818	22,183	636	486	246,862	190,477	301,261	234,053

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3. Dividends paid and proposed

During the period, the Group paid a dividend to Shareholders of A\$0.033 per share on 7 December 2022. The dividend was 70% franked and the Company offered a Dividend Reinvestment Plan (DRP). Shareholders representing 14.19% of shares on issue elected to participate in the DRP, with 1,272,685 new shares issued at \$1.52 per share.

4. Results for the period

There are 2 significant items charged to the Condensed consolidated statement of profit or loss for the half-year ended 31 December 2022:

- A legal settlement in our favour in the USA operations totalling \$1.36m (\$870k USD)
- A stock impairment of \$1.5m to increase the total provision for stock obsolescence in Boundary Bend Wellness

There is no net change in fair value of agricultural produce in Australia due to the olive growing cycle still being in progress at the half-year ended 31 December 2022.

5. Other Income

	31 Dec 2022	31 Dec 2021
	\$'000	\$'000
Freight income	412	319
Interest income	371	248
Management/service fees	277	261
Other income*	2,860	187
Rental income	65	245
Subsidies and grants	108	54
Unrealised foreign currency losses	(30)	
	4,063	1,314

*Half-year ended 31 December 2022 includes funds received as a result of easement compensation over vacant land at one of the Company's Australian properties and a legal settlement in our favour, relating to a historical claim in the USA operations

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6. Inventory

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
CURRENT		
Value-add products at lower of cost or net realisable value	2,610	1,764
Raw materials/packaging at lower of cost or net realisable value	8,625	8,298
Olive oil	72,240	102,695
	83,475	112,757

7. Biological Assets

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
CURRENT		
<i>At fair value less costs to sell</i>		
Biological assets - nursery trees	786	700
Biological produce	19,640	2,565
	20,426	3,265

8. Borrowings

The bank facilities of the Group are summarised as follows:

Facility	Currency	Limit	Drawn at 31	Term
		\$'000 (AUD)	Dec 2022	
		\$'000 (AUD)	\$'000 (AUD)	
Core Debt	AUD	58,000	58,000	Matures October 2024
Working Capital Debt	AUD	55,000	49,250	Matures October 2024
Working Capital Debt	AUD	20,000	20,000	Matures October 2024
Domestic FCA Facility	USD	15,466	15,466	Matures October 2024
Domestic FCA Facility	USD	10,311	10,311	Matures December 2023
Trade Finance Facility CBA	AUD	4,000	-	Matures October 2024
Trade Finance Facility NAB	AUD	6,000	3,277	Matures December 2023

The limits and term of each facility are outlined above. With the exception of the \$6m facility with NAB, the bank loans are secured by a general security interest over the assets and undertakings of Cobram Estate Olives and its Australian subsidiaries. The bank also has mortgages over the Australian real properties owned by the Group's Australian subsidiaries (again excluding NAB).

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8. Borrowings (...continued)

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
CURRENT		
<i>Secured liabilities</i>		
Bank loans	13,588	-
Chattel mortgage liability	3,972	3,780
	17,560	3,780
NON CURRENT		
<i>Secured liabilities</i>		
Bank loans	142,716	120,884
Chattel mortgage liability	15,820	16,441
	158,536	137,325
Total Borrowings	176,096	141,105

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9. Property, plant and equipment

	31 Dec 2022	30 Jun 2022
	\$'000	\$'000
Land & buildings		
Land & buildings at fair value	192,645	179,105
Less accumulated depreciation	(5,134)	-
	187,511	179,105
Plant & equipment		
Plant & equipment at cost*	122,580	103,663
Less accumulated depreciation	(53,828)	(50,898)
	68,752	52,765
Irrigation assets at cost	35,370	35,796
Less: accumulated depreciation	(6,741)	(6,190)
	28,629	29,606
Bearer plants at cost	168,697	166,382
Less accumulated depreciation	(41,844)	(38,422)
	126,853	127,960
Motor vehicles at cost	8,007	7,023
Less accumulated depreciation	(3,833)	(3,304)
	4,174	3,719
Office equipment at cost	1,499	1,681
Less accumulated depreciation	(1,175)	(1,109)
	324	572
Furniture, fixtures & fittings at cost	552	545
Less accumulated depreciation	(313)	(283)
	239	262
Total plant and equipment	228,971	214,884
Total property, plant and equipment	416,482	393,989

* Half-year ended 31 December 2022 includes capital work in progress of \$28.6m compared to \$3.5m at 31 December 2021

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10. Share capital

Issued capital as at 31 December 2022 amounted to \$181,698,417 (June 2022: \$179,756,000) represented by 415,773,189 ordinary shares (June 2022: 414,500,504).

At the Annual General Meeting on 28th October 2022 Cobram Estate Olives announced its offer to provide its shareholders the opportunity to participate in its Dividend Reinvestment Plan (DRP). The allocation price for shares to be issued through the DRP for the final dividend to be paid in respect of the period ended 30 June 2022 was \$1.52. On 7 December 2022, 1,272,685 new shares were issued to participants in the DRP.

The company issued no share options (6 months to 31 Dec 2021: 0) over ordinary shares under its share based payments plan during the half-year.

On 15 December 2022, 250,002 unlisted options over shares held by non-executive director Jonathan West expired as they were not exercised prior to the expiry date.

During the half year, 1,230,000 unlisted options over shares under the company's share based payments plan, lapsed as the conditions had not been satisfied (6 months to 31 Dec 2021: 0)

The company issued no share options to senior employees during the half-year (6 months to 31 Dec 2021: 0).

The movement in share capital for the period has been summarised below.

Share Capital Movement	\$'000
Share Capital Balance at 1 July 2022	179,756
Dividend Reinvestment Plan - new shares issued	1,942
Share Capital Balance at 31 December 2022	181,698

11. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

On 23 January 2023, Toni Brendish was appointed as a Non-Executive Director with a base fee of \$100,000 per annum in line with the remuneration for other Non-Executive Directors as disclosed in the annual financial report.

12. Subsequent events

There have been no matters or circumstances occurring subsequent to the end of the half-year ended 31 December 2022 that have significantly affected, or may significantly affect the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial periods.

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**HALF-YEAR FINANCIAL REPORT
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Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company and Group will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001* .

On behalf of the directors



Rob McGavin (Chair)



Tim Jonas

Dated 23 February 2023

Independent Auditor's Review Report to the Members of Cobram Estate Olives Limited

Conclusion

We have reviewed the half-year financial report of Cobram Estate Olives Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, and the condensed consolidated statement of profit and loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on page 21.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



Peter Glynn
Partner
Chartered Accountants

Melbourne, 23 February 2023