



ABN: 32 115 131 667

ASX: CBO

Cobram Estate Olives Limited (“CBO” or “Company”)

2024 ANNUAL GENERAL MEETING

Chair’s Address

1 November 2024

Welcome to the 2024 CBO Annual General Meeting. On behalf of my fellow Directors, I would like to thank you for joining us today, either in person or online.

Today’s meeting marks 26 years since Paul Riordan and I started this business and began our olive journey. From humble beginnings, CBO is now recognised as a global leader in the olive industry, from growing and milling, to research, education, marketing, and sustainability. Our vertically integrated operations are now firmly established on two continents, and we are being rewarded by consumers for our unwavering commitment to quality and integrity...something, sadly, that is often missing in the global olive industry. We are both incredibly proud of the business CBO is today and are excited by the tremendous opportunities in front of us.

Shortly you will hear about our business in detail from our joint CEOs. In the meantime, I would like to comment on the Company’s performance in Financial Year 2024 (“FY2024”) and then take shareholders through what I believe is most relevant to them.

In summary, FY2024 was a pleasing year for the Company, characterised by robust demand for our extra virgin olive oils, as consumers continue to recognise its high quality and positive health attributes. During the year we achieved strong growth in packaged goods sales in both the Australian and USA markets. We anticipate this will continue.

The Company delivered an EBITDA profit of \$66.7 million and record cash flow from operations of \$64.1 million. Input costs have stabilised, and the price of water remains below historical averages.

Importantly, our record cash flow from operations and strong EBITDA results were achieved in an “off-year”, reflecting our successful management of the alternating higher and lower yielding crop cycle and reinforcing the regular purchasing patterns of our customers.

Over the last 26 years, our start-up has achieved a lot, **but what truly sets us apart?**

1. Our proprietary production system **Oliv.iQ®** is a remarkable competitive advantage and covers four key pillars - productivity, quality, sustainability, and low production costs. Some key advantages include:
 - a. Our Oliv.iQ® system achieves 60% higher olive oil yields per hectare than the average of the world’s top 6% most productive groves and nearly 9 times more oil than the global average with a production cost per litre 30% lower than the world’s weighted average¹.
 - b. These record yields are achieved as the result of maximising the number of olives per canopy area, maximising fruit size and oil content, as well as some of the world’s best olive oil extraction efficiencies in our olive mills.
 - c. Those record yields are based on more than 8 years of adult tree data over thousands of hectares in Australia and are being confirmed and even improved by the latest results from our groves in the USA.
 - d. By applying some of the Oliv.iQ® principles, over a three-year period we have managed to increase the production of fruit per hectare of two of our key partner growers in California by more than 80%.
 - e. Based on state-of-the-art technology, efficient use of natural resources, and record high yields, our Oliv.iQ® groves enable us to produce olive oil which uses 37% less water, 61% less nitrogen fertiliser and 83% less phosphorus fertiliser than global industry averages².
 - f. Oliv.iQ® groves are net carbon sinks and are proven to enhance biodiversity in our growing ecosystems².
 - g. Oliv.iQ® is also a global benchmark in terms of olive oil quality, producing some of the most decorated extra virgin olive oils in the world.
 - Our oils have won over 660 awards including more than 190 gold medals and 48 trophies at some of the most prestigious national and international awards such as the Los Angeles and New York International Extra Virgin Olive Oil Competitions, Olive Japan, Sydney and Melbourne Royal Fine Food Awards, and the Australian Olive Association National Olive Oil Awards.

¹ UC Davis Review of OLIV.IQ®, Dan Flynn, Executive Director, UC David Olive Center, December 2019.

² Oliv.iQ® Sustainability Report, 2020.

- The Oliv.iQ® system also enabled us to be an inaugural recipient of the “Healthiest Olive Oil in the World” at the Health & Food Extra Virgin Olive Oil Awards in Spain, winning this accolade twice.
2. We operate with incredible industry tail winds (health and natural). The weight of science supporting the long-term health benefits of regular consumption of fresh high quality extra virgin olive oil and its role in the prevention of chronic disease is hard to ignore. This, combined with the long-term health concerns associated with the regular consumption of mass-produced refined cooking oils, is creating an undeniable foundation for sales momentum and opportunity.
 3. Our people – it’s one thing to have a great idea. . . its quite another to be able to execute effectively. We are very fortunate to have such a skilled and passionate team that are world’s best at what they do. Many of them are focused, dedicated, and knowledgeable. Our staff have published over 30 peer reviewed research papers since inception, something quite rare for a company in the non-university sector.
 4. Sole focus – for 26 years CBO has focused only on the production, quality, and sale of extra virgin olive oil, with the aim of supplying customers and consumers with the highest quality products and providing them the best value for their money in our category.
 5. As a result of our quality focus, over the past 18 years we have been able to develop strong brand loyalty and a unique market leadership position for our Cobram Estate® brand whilst selling at a price premium to our competitors. Our strong brands help shield us from the typical fluctuations of the olive oil market, giving us the confidence to keep investing in our brands and expand our olive oil supply.
 6. I don’t know of another agribusiness that has the position and opportunity CBO has.
 - a. We are farmers but we are not price takers due to our strong consumer brands.
 - b. We produce the highest quality product (top 5% globally) at the lowest cost of production (bottom 5% globally). **Importantly, we are in an industry where higher quality equals more health benefits and better value for consumers.**
 - c. We produce approximately 70% of Australia’s olive oil from our own groves.
 - d. We own an iconic brand that is stocked in every major Australian food retailer including Woolworths, Coles, and Aldi, plus over 18,000 stores in the USA and leading retailers in another 15 countries.
 - e. We are backed by \$845 million in assets, mostly prime freehold land.
 - f. We have a high degree of inflation protection thanks to our tangible assets combined with the ability to manage pricing through our consumer brands.

g. We produce and sell packaged goods primarily in the countries we operate in, i.e. Australia and USA, which provides us with:

- lower sovereign risk;
- lower commodity risk;
- lower currency risk; and
- very low import/supply chain disruption risks relating to raw materials.

7. We have the most incredible opportunity in the USA that will transform this Company over time.

The USA olive oil market is more than 8 times larger than the Australian olive oil market. In fact, just the incremental revenue growth in the USA olive oil category over the last 12 months was more than the entire gross value of the Australian olive oil market. Despite this, only 3-4% of USA olive oil consumption is from USA produced olive oil – the balance is imported. Compare this to Australia where consumption of locally grown olive oil is now almost 50% of total consumption – given time, there is no reason this cannot also happen in the USA.

8. CBO's USA business is part of the way through its 10th harvest and the business has solid foundations and excellent momentum. Remarkably, almost everything that works for us in Australia, works for us in the USA, from production through to growing a consumer brand. The importance of this point in assessing the potential opportunity and reward cannot be understated.

9. We recently concluded a 14-year replanting project by redeveloping 271 hectares at our Wemen grove in northwest Victoria. Our Australian groves are now well placed with high-performing varieties across all sites, and over the next eight years our area of mature groves in Australia will increase by 53% from 4,570 hectares to 7,000 hectares.

10. The majority of our capital expenditure program in Australia is completed, and we expect future capital expenditure in Australia to decrease significantly towards maintenance levels. As a result, we expect that shareholders will be able to enjoy the rewards of this past investment. It is envisaged that future free cashflows will principally be allocated to growing the USA business and rewarding shareholders with dividends.

11. Finally, I will briefly mention sustainability which Leandro will cover in more detail. Sustainability has always been practised at CBO, with many practical examples highlighting how we achieve positive business, environmental, and social outcomes. As a business, we focus on enhancing our sustainability footprint and prioritise generating positive social, environmental, and economic returns. In FY2024 we made considerable progress on our sustainability objectives, a highlight

being the development and adoption of our new 2030 Sustainability Strategy, and we will continue to work on our key initiatives and playing a leadership role in our sector.

IMPORTANT – KEY FACTS ABOUT OLIVE OIL THAT SHAREHOLDERS SHOULD KNOW

- Extra virgin olive oil is simply the juice of fresh olives and is the only mainstream cooking oil that is produced without heat, chemicals, and (sometimes) solvents. There is immense consumer value in paying more for authentic high quality extra virgin olive oil.
- Extra virgin olive oils can vary significantly in terms of quality, and it is the freshness and condition of the olives when they are milled that determines the quality. That is why we crush all our olives within 4 to 6 hours of picking to lock in the freshness and flavour.
- Extra virgin olive oil contains high levels of antioxidants. It is the Antioxidants and natural components that deliver the consumer value - flavour, smell, and health benefits. **The higher the quality the greater the consumer value.**
- Much of our opportunity has come about because the global olive oil market is subject to cheating and adulteration, with olive oil being well documented as one of the most adulterated foods on earth. It is not the growers but typically the marketing middlemen that are responsible for these problems. As a result, consumers are waking up to the fact that if you do not know and trust your brand of olive oil, and know where the olives were grown, there is a strong chance that you will get ripped off. This is fantastic news for us, as not only do we have the lowest cost of production, but we also have the highest quality olive oil with full traceability on its origin back to the farm, enabling us to generate trust in our products and brands.

Updates since 30 June 2024

A few important updates since 30 June 2024 which Sam and Leandro will go into in more detail.

- I can confirm that our olive harvest has started in the USA, and although it is early days with around 15% of the harvest completed, both yields and quality are in line with expectations.
- Olive oil sales have been strong in both USA and Australia and are tracking ahead of plan for the first four months of FY2025.
- The Board has declared a dividend of 3.3 cents per share, 100% franked, to be paid in December 2024. Sam will present the full details.

Full-year outlook

We are anticipating continued strong sales in FY2025 in both Australia and the USA, with strong demand for our extra virgin olive oil thanks to consumers continuing to recognise its high quality and positive health attributes. We will have sufficient olive oil for our FY2025 packaged goods sales plan through to the next harvests and will benefit from stabilised costs and a price increase of circa 15% on branded products in the USA. The USA harvest, which will finish around the end of this month, is expected to be similar or above the FY2024 harvest despite it being an “off-year”. The next Australian harvest is an “on-year” for CBO’s Australian groves, and as a result FY2025’s reported EBITDA is expected to be materially higher than FY2024, subject to the risks associated with agricultural production.

Board composition

The Board has been undertaking an external search to recruit one additional Non-Executive Director. Our goal is to use this appointment to continue the Board’s evolution, enhancing its balance and required skills.

On behalf of the Board, sincere thanks to our team members in Australia and the USA, capably led by our Joint-CEOs, Leandro Ravetti and Sam Beaton. I must also mention some of our other incredible executives - Brent Crosbie our global head of sales and marketing, Ruth Sutherland our Australian head of groves and processing, Claudia Guillaume who is head of technical and production at this site, Anabel Godino who is Group CFO, Connor Churchin who moved from Australia to head up our USA operations, and Nico Urbin who also moved from Australia to head our sales and marketing in the USA. We commend our entire team for their outstanding work ethic, unwavering commitment to quality and safety, and the excellent culture they have fostered.

Finally, I would like to sincerely thank our shareholders and loyal customers for their continued confidence in our Company and our products. We look forward to a successful FY2025.

That brings me to the end of my address, so I will hand-over to Joint-CEO Sam Beaton.

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