ASX:CGC

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Acquisition of 2PH Farms and Capital Raising

23 June 2021

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- eligible institutional shareholders of Costa (“**Institutional Entitlement Offer**”); and
- eligible retail shareholders of Costa with a registered address in Australia or New Zealand (“**Retail Entitlement Offer**”),

under section 708AA of the Corporations Act 2001 (Cth) (“**Corporations Act**”) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (together, the “**Entitlement Offer**”).

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Contents

Section 1

Transaction overview and summary

Transaction overview and summary

- Costa Group Holdings Limited ("Costa") has entered into binding conditional agreements with Pressler entities to acquire the assets[1] of 2PH Farms Pty Ltd ("2PH"), a Central Queensland based citrus grower for an upfront consideration of approximately $200 million[2] in cash.
- Costa will pay an additional $31 million[3] in July 2023 for the purchase of the 'Conaghans' property, where a new citrus crop is currently being planted by 2PH, subject to certain conditions.
- 2PH is a leading grower and breeder of seedless and seeded mandarins and is expected to generate circa $29 million in EBITDA-S in CY21 supported by young citrus orchards still in growth phase.
- AC41114^PBR (Amorette™) and 66-75^PBR (Phoenix™) seedless mandarin varieties from the 2PH breeding program to be exclusively licensed to Costa in Australia and key international territories in perpetuity.
- Transaction includes all land, trees, plant and equipment, long term water security and economic benefits of CY21 citrus season[4].

Notes:
1 Transaction also includes other associated entities of the 2PH business
2 Upfront consideration excludes stamp duty and transaction costs of $19 million
3 Occurs after the transaction completion date
4 Final upfront consideration will be subject to true-ups at Completion for actual CY21 season harvest costs and crop proceeds
PBR – Plant Breeder Rights

Transaction overview and summary continued

Acquisition rationale and strategic alignment

- Strong strategic alignment with Costa business and growth profile enabling:
  - ✓ Greater export supply to key Asian markets.
  - ✓ Increased citrus category revenue contribution.
  - ✓ Exclusive rights to selected proprietary varieties and access to proven 30-year proprietary breeding program.
  - ✓ Larger production scale and expanded geographic diversity - adding a third major citrus growing location. A key element of our Sustainable Commercial Farming strategy.
  - ✓ Extended variety offering and earlier season timing.
- Costa has an established relationship with 2PH, having successfully marketed 2PH citrus for over 10 years in the Australian domestic market. Costa has been marketing both the 2PH domestic and export product for the calendar year (CY21).

Acquisition funding and timing

Transaction funding	▪ Total upfront funding requirement of approximately **$219 million** (including stamp duty and transaction costs) to be funded by: – $190 million fully underwritten pro rata accelerated renounceable entitlement offer, with retail rights trading ("PAITREO"). – $29 million from existing undrawn debt facilities. ▪ July 2023 payment of $31 million relating to future purchase of 'Conaghans' property expected to be funded via existing undrawn debt facilities at the time of purchase.
Financial impact	▪ The transaction is expected to be around 10% EPS accretive[1] on a pro forma basis in CY21 excluding future plantings at 'Conaghans' and potential synergy benefits (before transaction and implementation costs). ▪ EPS impacts expected to enhance over time with 2PH yields forecast to more than double by orchard maturity by 2025. ▪ Pro forma net debt / EBITDA-SL as at 30 June 2021 estimated to be approximately 1.4x[2] (unaudited).
Timing and Conditions	▪ Transaction is expected to be completed by late July 2021. ▪ Payment of $31 million for additional 210 planted hectares around July 2023 for the purchase of 'Conaghans', subject to certain conditions.[3]
Trading update and outlook	▪ Costa 1H21 performance expected to be marginally ahead of prior comparable period, with a strong performance from the international segment and mixed performance from the produce segment ▪ Forecast 1H21 results: revenue ~$627 million; EBITDA-S ~$124 million; NPAT-S ~$44 million. ▪ At this point in time, based on current information, Costa expects CY21 EBITDA-S and NPAT-S to be marginally ahead of CY20 (which were $197.2 million and $55.1 million respectively) prior to taking into account the impacts of the acquisition and the equity raising.

1 Comparative earnings per share (EPS) for the Company takes into account a theoretical ex-rights price adjustment for the entitlement offer and excludes one-off costs and any impact of acquisition accounting. Assumes a full year contribution from 2PH assuming the transaction completed at the start of the CY21 calendar year. Financials presented on a post-AASB16 basis
2 Presented on a pre-AASB16 basis and assumes 2PH CY21 earnings on a pro forma basis
3 Subject to exercise of put or call options; price adjusted if different than 210 hectares planted at 'Conaghans' as at July 2023 or associated infrastructure not fully completed

Section 2

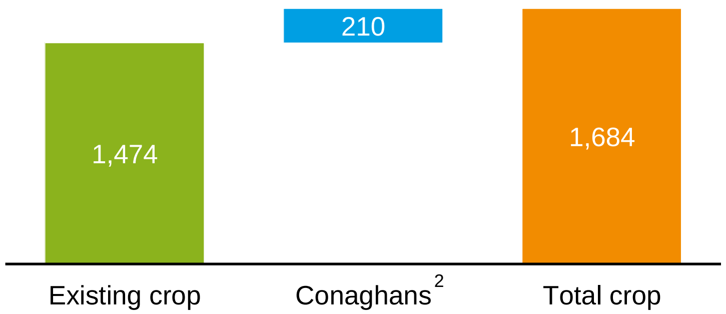
Overview of 2PH

2PH key production highlights

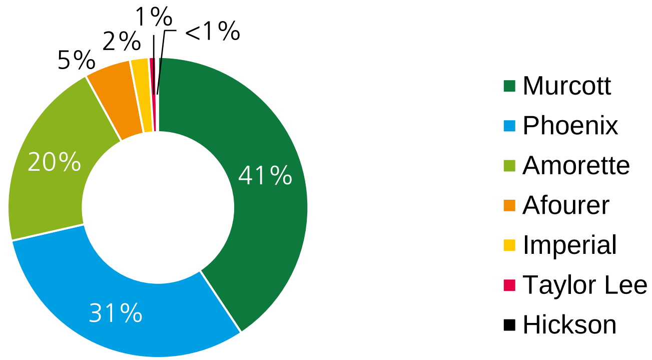
Largest citrus producer in Northern Australia and a 30-year breeder and grower of proprietary varieties

- Main farming location at Emerald (Central QLD) with a smaller holding at Dimbulah.
- March to mid September harvest season, producing approximately 30,000[1] tonnes p.a. and growing. CY21 season to date is performing in line with, to slightly ahead of, earlier expectations.
- Proprietary mandarins include AC41114^PBR (Amorette™) and 66-75^PBR (Phoenix™). A grower also of Murcott and Afourer mandarins.
- Footprint includes 1,474 hectares (ha) of planted citrus and 240 ha of table grapes, with a further 210 ha of citrus to be planted by 2023 ('Conaghans'), bringing total to 1,684 ha.
- At the 'Conaghans' farm, 2PH is intending to plant AC41114^PBR (Amorette™) and 66-75^PBR (Phoenix™) in October 2021 and February 2022, with the potential to add a new variety to be determined in December 2022.
- Weekly packing capacity across two facilities of 7,800 bins.

Planted citrus hectares



Varietal split (current, by planted ha)



Notes:
1 Expected CY21 yield figure
2 'Conaghans' to be planted by 2023, total figure expected by 2023
PBR – Plant Breeder Rights

2PH has young orchard maturity in growth phase

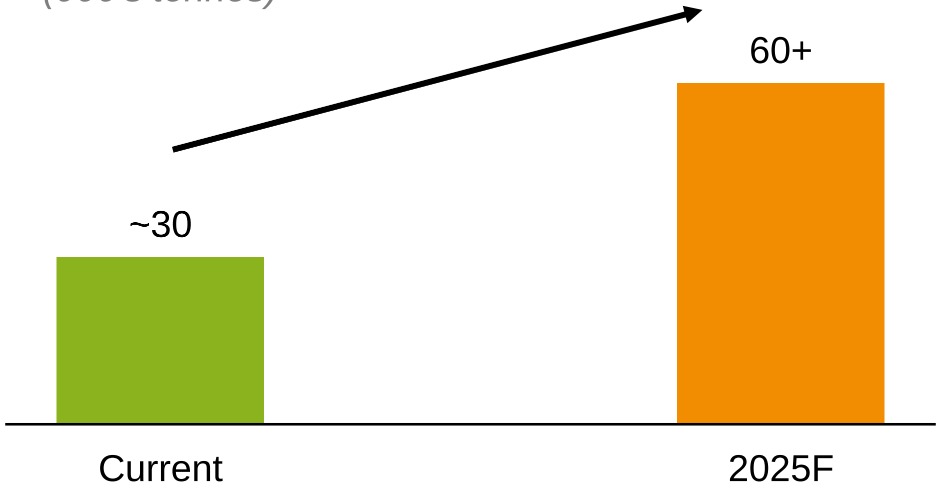
2PH has relatively young citrus orchards due to replanting with high value varieties in recent years. Orchards still in growth phase with yield forecast to more than double by orchard maturity.

Tree maturity

Tree Age	Area (hectares)	Percent
0-2[1]	651	39%
3-4	304	18%
6-9	294	17%
10-20	435	26%
>20	0	0%
Total	**1,684[1]**	**100%**

Historical and Forecast Production

(000's tonnes)



50% of plantings under 5 years old

63% of plantings yet to reach maturity (8 years)

Notes:
1 Includes Conaghan property – 210 hectares expected to be planted by 2023

2PH financial profile

Strong financial metrics with attractive growth potential supported by a young and maturing orchard profile

Key financials (pro forma CY21[1])

~$75m Revenue	**~$29m** EBITDA-S[2]
~39% EBITDA-S margin	**~$8m[3] p.a.** Total capex

Notes:
1. Costa management assessment of key financials
2. Presented on a post-AASB 16 basis
3. Includes bearer plant development growth capex costs of circa $6m
4. Includes depreciation on PPE and AASB16

Key highlights

- Selling into global market and attracting premium pricing, especially in China.
- Biennial bearing crop consistent with Costa's existing citrus portfolio.
- Historical EBITDA-S seasonality skewed to 2H, similar to Costa's existing citrus business.
- EBITDA-S growth potential supported by tree profile and future plantings at 'Conaghans'.
- Low working capital and high cashflow generation, with near term capex predominantly focused on growth.
- Current depreciation profile of approximately $6m per annum[4]
- Estimated interest expense on lease liability (AASB16) of approximately $1.5m.

2PH water assets and security

Water sources

- 11,000+ ML of permanent high and medium security water allocations from Fairbairn Dam in the Nogoa Mackenzie scheme.
- Excess water requirements sourced from on farm storage of 4,000ML capacity and purchases on temporary water market.
- Water allocations to be leased by Costa for a period of 10 years, with extension rights for an additional 20 years and first and last rights to lease beyond that time. Costa also has first and last rights to buy allocations[1] in the event they are sold.
- High security allocation has been at 100%.
- Over the last decade, medium water security allocation has been at close to 100%, with the exception of recent lower rainfall years necessitating purchases on the temporary water market.
- To further enhance water security and future needs, Costa to investigate further acquisition of water.

Source: 2PH disclosure
Notes:
1 Licences held by Pressler Entities
2 High security allocation at 100% water year 21/22
3 Medium security allocation at 73% water year 21/22
4 Below average rainfall year

Water usage

Year	Volume ML
2018	10,721
2019	12,756[4]
2020	10,721
2021	10,000 (forecast)

- Total water allocation for the water year 21/22 is 8,910ML plus on farm storage of 4,000ML.
- Farms utilise precise drip irrigation technology.

Water allocations

Security level	Dam/Scheme	Annual Allocation (ML)
High security[2]	Fairbairn Dam	1,125
Medium Security[3]	Fairbairn Dam	9,975
Medium Security[3]	Mareeba – Dimbulah Water Supply Scheme	690

Section 3

Acquisition rationale and strategic alignment

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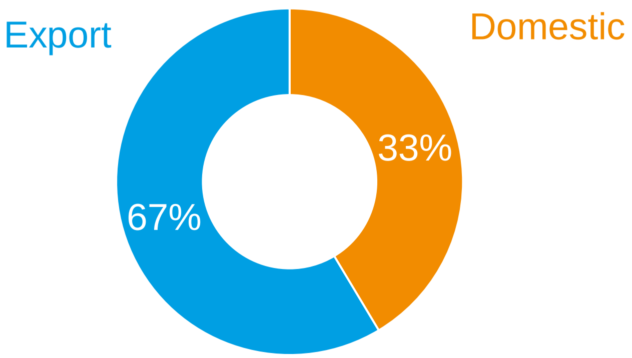
Capitalises on Costa's existing Australian market access drivers in Asian markets: quality, proximity, freshness, low to zero tariffs and consumer preference for 'clean and green' produce

2PH CY20 sales by value split



- 2PH export program predominantly in China selling premium quality citrus, with established relationships in other key regions including Indonesia, Taiwan, Thailand and Hong Kong.
- Costa citrus exports to China will more than double to circa 10% of volume, providing a significant opportunity to further build on growth in this market.

Key highlights

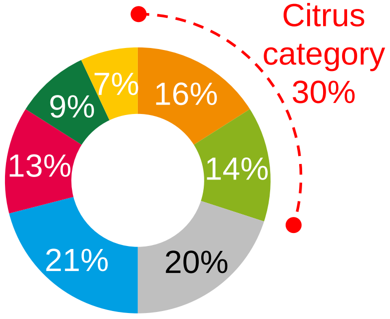
- Costa has spent over 15 years developing a number of citrus export markets, with circa 33% of Costa citrus exports being sold to Japan in CY20 also providing opportunity to diversify 2PH export sales.
- Strong domestic market presence, regularly achieving a premium through Costa marketing versus other brands.
- Costa has been successfully marketing 2PH citrus for over 10 years in the domestic market.
- Costa's marketing role for 2PH products recently expanded to export markets for this calendar year (CY21).

Increased citrus category revenue contribution

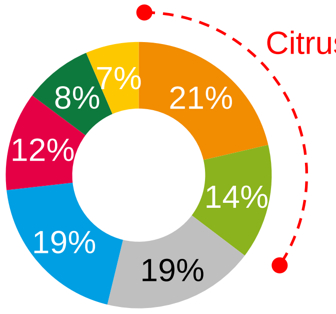
Acquisition of 2PH increases citrus category revenue contribution to overall revenue

Revenue contribution domestic produce

Costa standalone (CY20)



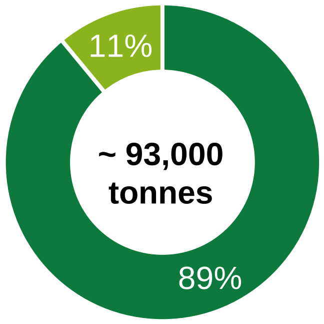
Costa pro forma[1]



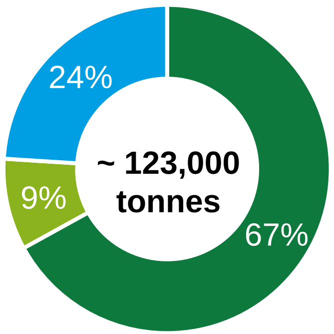
Citrus category: Citrus, Grape
Mushroom, Berry, Tomato, Avocado, Banana

Citrus yield

Costa standalone (CY20)



Costa pro forma[1]



Note:1. CY20 Costa plus estimate of CY21 pro forma 2PH

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Exclusive rights to proprietary varieties

Proven 30-year proprietary breeding program

- 2PH mandarin variety 66-75^{PBR} (Phoenix^{TM}) has existing Plant Breeder Rights (PBR) in Australia, and new mandarin variety 'AC41114'^{PBR} (Amorette^{TM}) has recently been granted PBR[1] in Australia.

- Work is also underway to develop a disease resistant Amorette variety.

- Costa has exclusive perpetual and royalty free rights to commercialise AC41114^{PBR} (Amorette^{TM}) and 66-75^{PBR} (Phoenix^{TM}) varieties in Australia, China, India and Africa.

- First right to commercialise future varieties developed by the 2PH breeding program and evaluated by Costa, on arms-length commercial terms in Australia, China, India and Africa.

- First and last right to purchase the 2PH breeding program[2] in the event Pressler entities decide to sell at any time in the future.

Costa goal of achieving 52 week citrus supply into Asia

- Access to the 2PH breeding program is a step towards Costa's strategic goal of building a global citrus footprint and achieving 52 week supply of Vitor/2PH branded citrus into Asian markets.

- Costa will be able to commercialise selected 2PH varieties by planting, or licensing the planting of, new orchards in certain parts of the northern hemisphere.

- This creates an opportunity to extend Costa's current supply season through to the months of November to March, and to supply citrus to key export markets year round.[3]

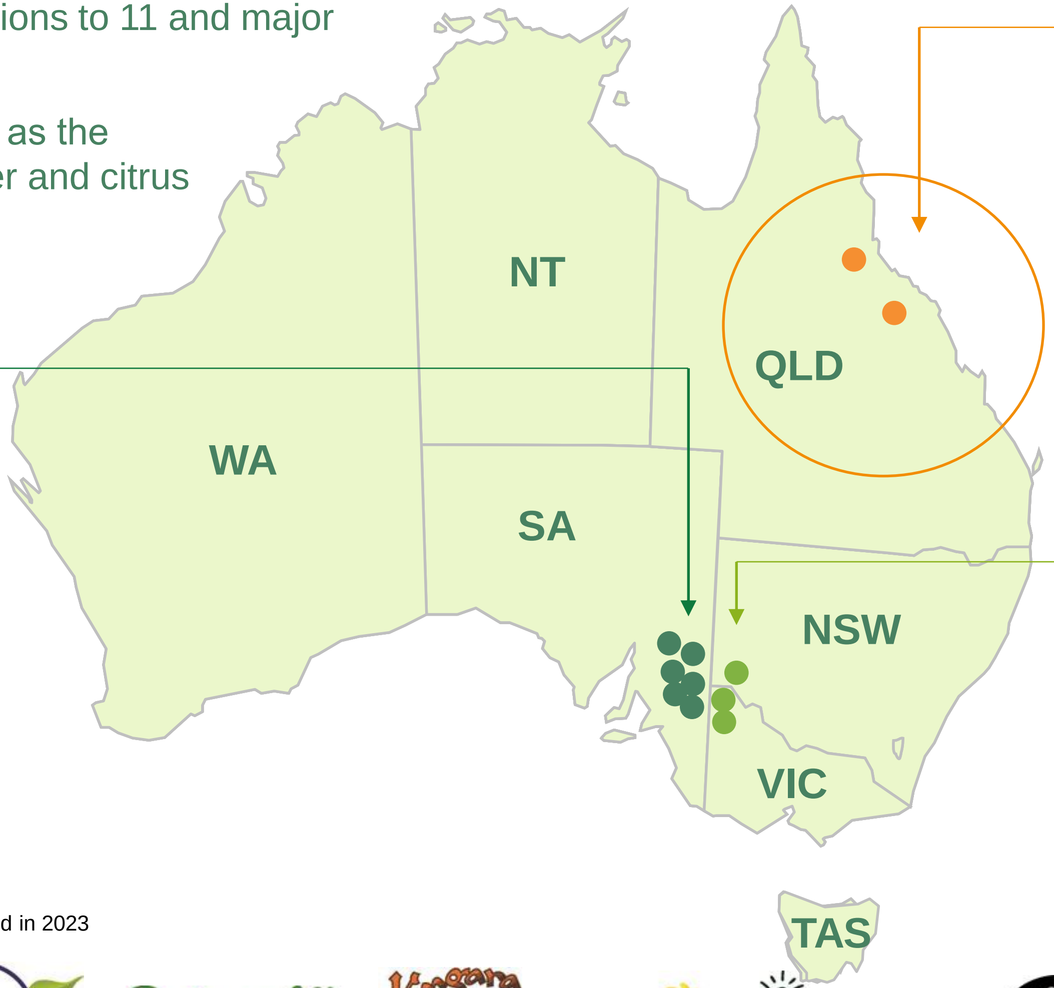
- Costa already has experience in undertaking such activities in our international segment, which grows and licenses Costa blueberry genetics to third party growers in Africa, complementing Costa's own production in Morocco and achieving 52 week export supply.

Notes:
1 Plant breeder's rights (PBR) are exclusive commercial rights for a registered variety of plant. The rights are a form of intellectual property
2 Excluding new breeding ventures
3 See page 21 for visual representation of prospective supply opportunity

Larger production scale and expanded geographic diversity

- Costa's total citrus plantings increase by 60% to **4,513** hectares[2], farming locations to 11 and major growing regions to three.
- Consolidates Costa's position as the leading individual citrus grower and citrus exporter in Australia.

Riverland (Costa)	
Farming locations	6
Planted hectares	2,129
Packing facilities	2
Packing capacity per week	13,500 bins[1]



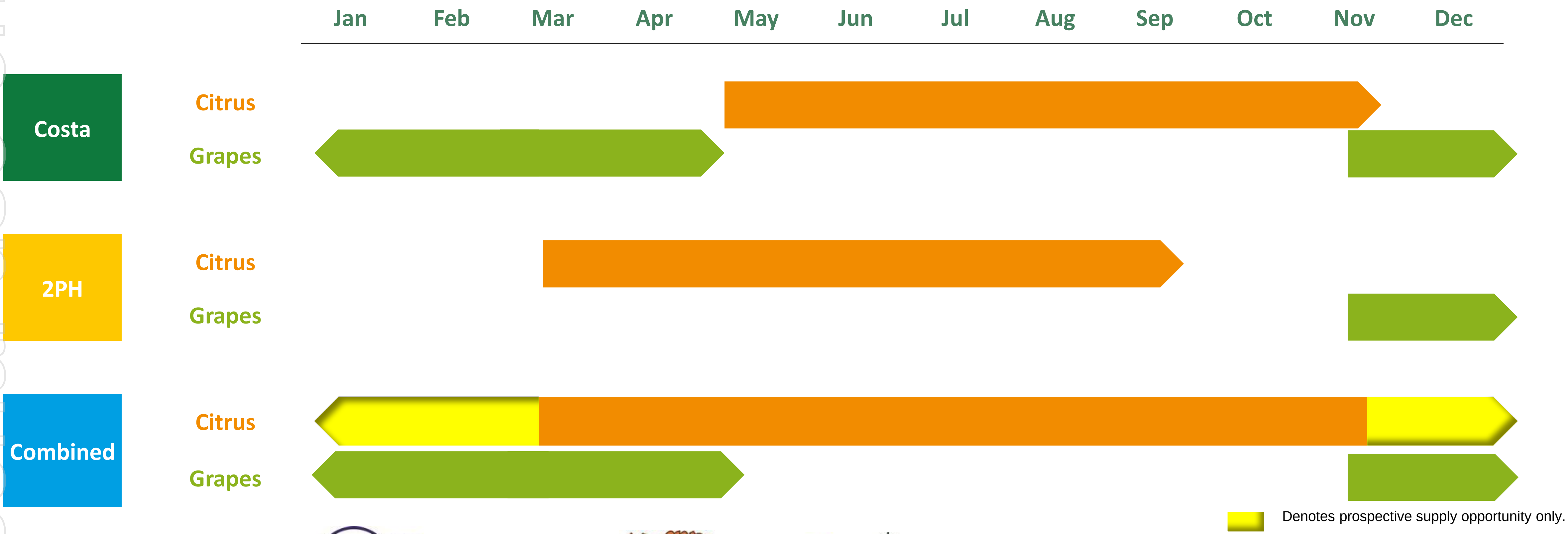
Emerald (2PH)	
Farming locations	2
Planted hectares	1,684[2]
Packing facilities	2
Packing capacity per week	7,800 bins[1]

Sunraysia (Costa)	
Farming locations	3
Planted hectares	700
Packing facilities	1
Packing capacity per week	2,000 Bins[1]

Notes:
1 One bin has an average 400kg net weight
2 Includes Conaghans property – 210 hectares to be planted in 2023

Extended variety offering and season timing

- The Acquisition increases the number of citrus varieties that Costa has to offer including addition of Amorette™ and Phoenix™ mandarins.
- Season timing is extended with 2PH commencing earliest citrus season in Australia.
- Combined citrus season timing of 52 week supply reflects possible future opportunities to either grow or license varieties for growing in the northern hemisphere, and supply key Asian export markets from November through March.



Compelling value for shareholders

- The transaction is expected to be around 10% EPS accretive[1] on a pro forma basis in CY21[2] excluding future plantings at Conaghans and potential synergy benefits (before transaction and implementation costs).
- EPS impacts expected to enhance over time with 2PH yields forecast to more than double by orchard maturity by 2025.
- Costa to maintain a strong balance sheet post acquisition to support growth opportunities with pro forma net debt / EBITDA-SL[3] as at 30 June 2021 estimated to be approximately 1.4x.
- Anticipated revenue and cost synergies not currently included in the business case.

Notes:

1 Comparative EPS for the Company takes into account a theoretical ex-rights price adjustment for the entitlement offer and excludes one-off costs and any impact of acquisition accounting
2 Assume a full year contribution from 2PH assuming the transaction completed at the start of CY21 calendar year. Financials presented on a post-AASB16 basis
3 Presented on a pre-AASB16 basis and assumes 2PH CY21 earnings on a pro forma basis

Section 4

Transaction funding and completion

Transaction funding

Funding strategy

Purchase price	• Total upfront funding requirement of approximately \$219m (including stamp duty and transaction costs)
Entitlement offer	• Fully underwritten[1] 1 for 6.33 pro rata accelerated renounceable entitlement offer with retail rights trading to raise approximately \$190 million[2] • Overview of the entitlement offer and the key dates are set out in Section 6.
Debt facilities	• Costa currently has significant undrawn debt facilities under its existing \$450 million Australian Facility.

Sources and uses

Sources	\$m
Entitlement offer	190
Existing debt facilities	29
Total sources	**219**

Uses	\$m
Upfront consideration	200
Stamp duty and transaction costs	19
Total uses	**219**

Notes:
1 Please refer to page 50 of this Presentation
2 Fractional entitlements to New Shares to be rounded up to the nearest whole number of New Shares

Pro forma balance sheet

As at 27 December 2020 ($million)	Costa Statutory (Audited per Annual Report)	Post balance date adjustments[1]	Estimated impact of Acquisition & Offer[2]	Pro forma (completion of the Offer)
Cash & cash equivalents	32.5	(20.0)	-	12.4
Receivables	100.9	-	-	100.9
Inventories	27.0	-	-	27.0
Biological assets	58.3	1.7	16.0	76.1
Equity accounted investments	21.6	-	-	21.6
Intangibles	209.5	7.9	17.9	235.3
Property, plant & equipment	515.7	30.3	180.0	726.0
Right of use asset	302.8	-	37.8	340.6
Other assets	37.2	-	1.5	38.6
Total Assets	**1,305.3**	**19.9**	**253.2**	**1,578.4**
Payables	135.1	-	-	135.1
Borrowings	176.3	41.6	29.0	247.0
Provisions	30.9	0.1	0.3	31.3
Lease liabilities	318.1	-	37.8	355.9
Other liabilities	28.4	-	13.7	42.1
Total Liabilities	**688.8**	**41.7**	**80.8**	**811.3**
Net assets	**616.6**	**(21.9)**	**172.4**	**767.1**
Share capital	580.7	-	186.6	767.3
Reserves	8.2	(21.9)	(14.2)	(27.8)
Equity attributable to owners of the parent	**589.0**	**(21.9)**	**172.4**	**739.5**
Non-controlling interests	27.6	-	-	27.6
Total equity	**616.6**	**(21.9)**	**172.4**	**767.1**

Commentary

- **Pro forma balance sheet shows the impact of post balance sheet adjustments and the estimated impact of the Acquisition and the Offer, on the 27 December 2020 Costa balance sheet**
- **The following adjustments have been made:**

1. **Post balance sheet adjustments include:**
   - payment of CY20 final dividend of $20m; and
   - acquisition of KW citrus orchards in Sunraysia of $41.6m including transaction costs. Acquisition balance sheet remains subject to a final PPA exercise.
2. **Estimated impact of the acquisition and the Offer, including:**
   - raising equity of $190m as a result of the Offer;
   - debt drawings of $29m under the Existing Banking Facilities;
   - payment of transaction costs of $19m;
   - upfront consideration payment of $200m remains subject to final customary purchase price adjustments at transaction Completion and excludes the potential future acquisition of Conaghans in July 2023 for $31 million; and
   - recognising the assets and liabilities of 2PH on a provisional basis with a final PPA still to be performed.

Pro forma estimated and unaudited Jun-21 leverage*

($ million)	30 June 2021 estimate (unaudited)	Estimated impact of the Acquisition and Offer	Pro Forma 30 June 2021 estimate (unaudited)
Net debt	211^	29	240
Net debt / EBITDA-SL	~1.4x		~ 1.4x

Notes:
* Presented on a pre-AASB16 basis and assumes 2PH CY21 earnings on a pro forma basis
^ Excludes deposit to be paid on 2PH acquisition of approximately $9 million

Completion and integration of the Acquisition

Overview of Completion	▪ Acquisition expected to complete in late July 2021, subject to customary closing conditions. ▪ Upfront purchase price includes completion adjustments, including in relation to the 2021 crop, which is currently being harvested, to transfer the economic benefit to Costa.[1] ▪ In respect of the 'Conaghans' land development, a put and call option deed has been entered into between Costa and the vendor and, subject to the vendor completing the agreed planting and development plan, is expected to result in the sale of this land to Costa in 2023 for c.$31m.
Integration	▪ The vendor has committed to support transition activities and to work for Costa on a consultancy basis until the end of the current season harvest. ▪ Costa expects to offer employment to all existing 2PH employees who form part of the management group at the farm or pack facility level. ▪ As per Costa's existing marketing relationship with 2PH, Costa has been directly managing the sale of the 2021 to-date crop including both domestic and international sales. ▪ A transitional services agreement and other transitional arrangements will be put in place.
Financial contribution	▪ While the Acquisition is structured to provide Costa the economic ownership of the 2021 crop, the pre-completion profits are taken into account in the final purchase price (after adjustments), not accounting profit. ▪ Costa's CY21 expected financial results will only include performance from Completion. ▪ June/July/August are expected to be largest crop months for 2PH subject to production.

Notes
1 It has been agreed that Costa will reimburse the vendor for crop costs incurred and Costa is entitled to the crop sales revenue. Disclosed purchase price is current estimate of adjustments

Section 5

1H21 trading and CY21 outlook

Group trading update 1HCY21

- First half CY21 performance is expected to be marginally ahead of the prior comparable period, with a strong performance from the international segment and mixed performance from the produce segment.
- Berry category performance saw favourable pricing with lower volumes. There were associated impacts from higher industry supply of avocados, resulting in lower pricing in the category.
- Monarto volumes continued below expectation although retail demand in particular supported mushroom pricing throughout the half.
- Tomato yields progressively improved, matching steady demand, and short-term pricing pressure eased towards the end of the half
- Colignan hailstorm damage on 1 January 2021 progressively impacted over the half as initial grape crop damage estimates deteriorated. In addition, our third party network suffered from industry wide poor quality resulting in poor export returns.

Based on unaudited management estimates, forecast first half results are as follows:

A$'m	1HCY21	1HCY20
Revenue	~ 627	612.4
EBITDA-S	~ 124	119.3
NPAT-S	~ 44	43.1

Group trading update 1HCY21 (continued)

International segment

- Both Morocco and China seasons have largely been completed, with overall performance very positive versus previous year.
- China will finish with net positive volumes. There was strong pricing and demand over the season, particularly for our premium blueberry varieties, and as previously advised performance was also helped by lower imports of South American fruit into the market earlier in the year.
- Morocco will deliver a solid performance, with volumes in line with budget, driven by favourable timing of earlier fruit and stronger pricing. The season also benefited from delayed timing of main Spanish blueberry crop.
- As previously advised, whilst International results are well ahead of the prior comparative period reported results for this segment have been negatively impacted by the higher Australian dollar.

Produce segment

- The domestic produce categories are delivering a mixed performance for the first half.
- Berry category - There was generally favourable pricing across the four main berry varieties and ultimately in line with expectations. Blueberry pricing was impacted in part by some quality issues in Tasmania.
- There was a stronger than usual finish to the Tasmanian season with positive tonnage over the later part of the season, however overall volumes were down due to climatic conditions versus pcp and a shortage of labour during peak harvest periods.

Group trading update 1HCY21 (continued)

Produce segment continued

- Mushroom category – As previously advised short term labour constraints at Monarto contributed to lower than average production volumes over the half. Overall mushroom demand conditions remain strong going into the cooler months.
- Avocado category – As previously noted sustained higher volumes contributed to significantly lower pricing and category performance. Export activity has been positive year to date with volumes already surpassing CY20 but coming off a low base, and this continues to be a focus into the future.
- Tomato category - Increased field tomato supply impacted short term pricing, particularly truss varieties and to a lesser extent snacking and cocktail. Volumes were down due to poorer growing conditions. Retail and wholesale pricing improved over May and June heading into second half.
- Citrus category – The impact of the previously advised hail damage to our Colignan (Vic) table grape crop resulted in significantly lower production volumes from this farm and a subsequent earnings impact.
- The early citrus harvest through May and June delivered tonnage ahead of forecast due primarily to early timing of the mandarin harvest. As previously advised fruit fly restrictions has impacted performance adding additional cost.

Group trading update 1HCY21 (continued)

Capex, debt and growth update

- Acquisitions undertaken during the half included the Sunraysia located KW Orchards citrus farm and associated packing operations (acquired March 2021). The KW acquisition increases our citrus footprint in Sunraysia to 700 planted hectares.

- The company also signed an agreement to acquire the assets of Select Fresh, a leading Western Australian based wholesale distribution business specialising in the supply of fresh produce to foodservice and independent supermarkets.

  The acquisition is expected to be completed in July 2021 and will be run under the Costa Farms and Logistics (CF&L) business unit. It expands our CF&L offering into Western Australia, increases our supplier grower base and provides a strong platform to extend our supply relationship with National customers particularly in the catering & meal kit segments. Further updates on existing growth projects will be reported at the half year results release in August 2021.

- Debt levels continued to be consistent with the company's target gearing range of between 1.5 to 2 times EBITDA-SL. The Company expects net debt (excluding lease liabilities) at 30 June 2021 to be approximately $211 million, which represents an approximate leverage ratio of 1.4x. The increase in net debt from $143.9 million at 27 December 2020 reflects the previously announced acquisition of KW Orchards, maintenance capex back to pre COVID levels, seasonality of working capital and execution of previously announced growth projects including tomato glasshouse four and China berry plant development.

CY21 Outlook

- The citrus season is an ‘on year’ with resultant higher yields, which are overall currently tracking to forecast, noting the Riverland will deliver a likely more favourable than forecast yield. Fruit quality is ahead of expectations, with volume of first grade product up on the previous year at the same time.
- Fruit fly treatment costs will apply for the entire season (restrictions in place to December 2021) and supply chain impacts are likely ongoing in some export markets as differing levels of restrictions remain. Export pricing is expected to remain consistent with previous years, noting the higher Australian dollar. Labour has been guaranteed for the season, but with additional quarantine cost.
- Anticipated that Western Australian avocado crops will be strong, further contributing to higher avocado supply and lower prices continuing over the second half and resulting in a performance well below expectations.
- Early tonnages of Arana blueberry variety have attracted a price premium in FNQ, however initial indications are challenging with respect to meeting expected overall yield target. The main Corindi New South Wales crop is yet to commence, but current volumes and pricing are forecast to be in line with expectations.
- Mushroom production levels are stabilising and are anticipated to progressively improve over the second half as the work continues on addressing yield and labour challenges.
- Tomato pricing for truss varieties continues to return to more normal levels and the expectation is this will continue over the second half, including more positive snacking and cocktail pricing. Planting will begin on schedule in July 2021 in the new glasshouse four.
- Apart from the labour challenge at the Monarto mushroom facility, the company expects to have sufficient labour to harvest its crops over the second half.
- At this point in time, based on current information, Costa expects CY21 EBITDA-S and NPAT-S to be marginally ahead of CY20 (which were $197.2 million and $55.1 million) prior to taking into account the impacts of the acquisition and the equity raising.

CY21 Outlook (continued)

- The CY21 outlook contemplates normal crop cycles in Australia for the remainder of the calendar year, no extreme weather events, and crop yields in line with historic averages.

- Specific outlook risks include:
  - Berry yield and pricing, particularly for main Corindi (NSW) season.
  - Timing of Tumbarumba (NSW) blueberry harvest.
  - 80% of citrus crop yet to have confirmed pricing.
  - FX impact on export earnings.
  - Bowen (QLD) tomato field crop volumes.
  - Potential major disruption from COVID.

Section 6

Capital raising details

Entitlement Offer overview

Offer structure and size	• Fully underwritten[1] 1 for 6.33 pro rata accelerated renounceable entitlement offer with retail rights trading (a "PAITREO") to raise approximately $190 million[2] • Approximately 63 million New Shares to be issued under the Offer • Record Date for the Entitlement Offer is 7:00pm (Sydney time) on 28 June 2021
Offer price	• Entitlement Offer price of $3.00 per New Share • 10.3% discount to the theoretical ex-rights price ("TERP") of $3.35[3]
Institutional Entitlement Offer	• Institutional Entitlement Offer opens today and closes 24 June 2021[4] • Entitlements not taken up and entitlements of ineligible institutional shareholders will be sold in the institutional shortfall bookbuild opening on 24 June 2021 and closing on 25 June 2021[5]
Retail Entitlement Offer	• Retail Entitlement Offer opens 2 July 2021 and closes on 19 July 2021[6] • Retail entitlements trading for certain eligible investors available on ASX from 28 June 2021 to 12 July 2021 • Entitlements not taken up and entitlements of ineligible retail shareholders will be sold in the retail shortfall bookbuild to be conducted on 22 July 2021[5]
Ranking	• New Shares issued will rank pari passu with existing shares
Key risks	• Refer to the Appendix for a summary of key risks associated with Costa and the Entitlement Offer
Director participation	• Non Executive Directors have expressed intention to take up their entitlements
Underwriting	• Entitlement Offer fully underwritten[1]

Notes:
1. Please refer to page 50 of this Presentation
2. Fractional entitlements to New Shares to be rounded up to the nearest whole number of New Shares
3. TERP is the theoretical price at which shares in Costa should trade immediately after the ex-date of the Entitlement Offer and reflects shares issued under the Entitlement Offer. The actual price at which Costa shares trade will depend on many factors and may not be equal to TERP
4. Institutional Entitlement Offer book close date and time depends on offer jurisdiction.
5. These entitlements will be offered for sale in the relevant shortfall bookbuild and any premium (being any amount paid in respect of the sale of the entitlements) will be paid to non-participating and ineligible shareholders, net of any applicable withholding tax and expenses
6. Retail Entitlement Offer is open to shareholders with a registered address in Australia and New Zealand as at the Record Date

Equity raising timetable

Event	Date[1]
Trading halt and announcement of Offer, Institutional Entitlement Offer Opens	Wednesday, 23 June 2021
Institutional Entitlement Offer closes[2]	Thursday, 24 June 2021
Institutional Entitlement Offer shortfall bookbuild	Friday, 25 June 2021
Announce results of Institutional Entitlement Offer	Monday, 28 June 2021
Trading halt is lifted and Costa shares recommence trading on an "ex-entitlement" basis	Monday, 28 June 2021
Record date for the Entitlement Offer (7:00pm Sydney time)	Monday, 28 June 2021
Retail rights commence trading on the ASX (on a deferred settlement basis)	Monday, 28 June 2021
Retail Entitlement Offer opens and Retail Entitlement Offer Booklet dispatched	Friday, 2 July 2021
Settlement of New Shares issued under the Institutional Entitlement Offer	Tuesday, 6 July 2021
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer	Wednesday, 7 July 2021
End of retail rights trading on the ASX	Monday, 12 July 2021
Retail Entitlement Offer closes (5:00pm Sydney time)	Monday, 19 July 2021
Announce results of Retail Entitlement Offer (Aftermarket)	Thursday, 22 July 2021
Retail Entitlement Offer shortfall bookbuild (Aftermarket)	Thursday, 22 July 2021
Announce results of Retail shortfall bookbuild	Friday, 23 July 2021
Settlement of Retail Entitlement Offer	Tuesday, 27 July 2021
Allotment of New Shares issued under the Retail Entitlement Offer	Wednesday, 28 July 2021
Normal trading of New Shares issued under the Retail Entitlement Offer	Thursday, 29 July 2021
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Friday, 30 July 2021

Notes:
1 All dates and times are indicative and subject to change without notice; Sydney time refers to Australian Eastern Standard Time
2 Institutional Entitlement Offer book close date and time depends on offer jurisdiction

Appendix

Additional information and key risks

Costa Group citrus category - current profile (pre 2PH)

Farming footprint	▪ Two main growing regions - Riverland (South Australia) and Sunraysia (Vic/NSW) ▪ 6 farming locations in Riverland - **2,129** citrus planted hectares ▪ 3 farming locations in Sunraysia - **700** citrus planted hectares ▪ Season runs from April through to November
Tree maturity	▪ Current tree maturity is circa **70%**[1] ▪ Biennial bearing crop cycle – large fruit size/smaller volume – small fruit size/larger volume
Varieties grown/ Season	▪ Grower of navel oranges and seeded and seedless mandarins and lemons ▪ 26 varieties grown ▪ Varieties include – Summer Navel, Navelina, Valencia, Afourer Mandarin, Clementine Mandarin, Satsuma Mandarin
Markets	▪ Historically export circa **70-75**% of crop to over 21 countries ▪ Sold under the Vitor brand ▪ Japan is largest market, with circa 33% of CY20 volume sold to this market

#1 grower, packer and marketer of citrus in Australia

2,829 planted hectares across two regions

70% of crop exported in CY20

26 citrus varieties grown

Notes
1 70% of trees are over 10 years and 30% under 10 years

Sustainable Commercial Farming

The acquisition of 2PH will further build on Costa's Sustainable Commercial Farming objectives and commitment.

- Continuously maximise yield and quality
- Strong focus on R&D, including IP/variety development
- Address climate related risk through geographic diversity
- Increase water security and efficiency of use
- Enhance productivity in harvest and post harvest practices
- Utilise technology and innovation to reduce wastage through the supply chain
- Deploy leading agronomic knowledge through a skilled and passionate workforce

costa well grown

Costa 52 week key production periods by category

Production Periods	Avocado	Banana	China (Berries)	Citrus (incl grapes)	Mushroom	Tomato	Morocco African Blue	Blueberry (Berries Aust)	Raspberry (Berries Aust)	Blackberry (Berries Aust)	Strawberry (Berries Aust)
January	●	●	●	●	●	●	●	●	●	●	●
February	●	●	●	●	●	●	●	●	●	●	●
March	●	●	●	●	●	●	●	●	●	●	●
April	●	●	●	●	●	●	●	●	●	●	●
May	●	●	●	●	●	●	●	●	●	●	
June	●	●		●	●	●	○	●	●	●	
July	●	●		●	●	●	○	●	●		
August	●	●		●	●	●	○	●	●		
September	●	●		●	●	●	○	●	●	●	
October	●	●		●	●	●	○	●	●	●	
November		●	●	●	●	●	●	●	●	●	●
December		●	●	●	●	●	●	●	●	●	●

○ Denotes South Africa and Zimbabwe partner growers blueberry production – June - November

Key risks

The future performance of Costa and the future investment performance of shares in Costa ("**Shares**") may be influenced by a range of risk factors, many of which are outside the control of Costa and its directors. A non-exhaustive list of key risks, including those specific to the Acquisition and to an investment in Costa, and those of a more general nature, is set out below. The effect or performance of the Acquisition and Costa's business, financial condition, or results of operations (and the market price of its Shares) could be materially and adversely affected by any of these risks, either individually or in combination.

Before investing in Costa, you should consider whether this investment is suitable for you having regard to publicly available information (including this Presentation), and your own investment objectives and financial circumstances. You should also consider seeking professional guidance from your stockbroker, solicitor, accountant or other professional adviser before deciding whether to invest.

<u>**Acquisition Risks**</u>

Failure to complete and delay

The Transaction Documentation is subject to certain conditions precedent which are customary for a transaction of this nature. A failure of a condition precedent to be satisfied or waived would mean that the Transaction would not complete.
If the Transaction Documentation is terminated by the Sellers because Costa is unable to complete the Acquisition due to its default, Costa would be required to forfeit its deposit of an amount equal to $9.4m and there may be additional remedies available to the Sellers including damages for breach of contract.

If the Acquisition is not completed for any reason, Costa may consider ways to return the proceeds of the equity raising (net of transaction costs) to shareholders or use the funds to retire debt or a combination of both.
If completion of the Acquisition is delayed, Costa may incur additional costs and it may take longer than anticipated for Costa to realise the benefits of the Acquisition. Further, a significant delay to completion may have adverse effects on Costa and or the target business ("**Business**"), including in terms of growth, employee engagement or funding costs. Any failure to complete, or delay in completing, the Acquisition and/or any action required to be taken to return capital to shareholders who participated in the Offer, may have a material adverse effect on Costa's financial condition, results of operations and the market price of its Shares.

Analysis of Acquisition

Costa has undertaken financial, tax, legal, commercial, and technical analysis of the Business in order to determine its attractiveness to Costa and whether to proceed with the Acquisition. It is possible that despite such analysis and the best estimate assumptions made by Costa, the conclusions drawn are inaccurate or are not realised. To the extent that the actual results achieved by the Acquisition are different to those indicated by Costa's analysis, there is a risk that the performance of Costa following the Acquisition may be different (including in a materially adverse way) from what is reflected in this Presentation.

Foreign markets, and in particular China, are a key revenue stream for the Business which form part of Costa's financial analysis, estimates and assumptions. Geopolitical risks, including the intervention of foreign governments in free trade (see further "Changes to importation trade barriers" on page 48), may result in disruption to export markets. Even though Costa may be able to reroute produce from the Business into alternative markets, this disruption may result in such analysis and assumptions not being fully realised (e.g. lower than expected margins).

Reliance on information provided

Costa undertook a due diligence process in respect of the Acquisition, which relied in part on the review of financial and other information provided by the Sellers or discussed at meetings held with the Business' management. Despite making reasonable efforts, Costa has not been able to verify the accuracy, reliability, or completeness of all the information which was provided by the Sellers.
If any information provided and relied upon by Costa in its due diligence and preparation of this Presentation proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of the Business and Costa may be materially different to the expectations and targets reflected in this Presentation.

Investors should also note that there can be no assurance that the due diligence conducted was conclusive, and that all material issues and risks in respect of the Acquisition have been identified and avoided or managed appropriately (for example, because it was not always possible to negotiate indemnities or representations and warranties from the Sellers to cover all potential identified or unidentified risks). Therefore, there is a risk that issues and exposure to risks may arise which may also have a material adverse impact on Costa's operations, financial performance and position (for example, Costa may later discover liabilities, defects or gaps which were not identified through due diligence or for which there is no contractual protection for Costa).

Key risks (continued)

Integration
There is a risk that Costa's success and profitability following completion of the Acquisition could be adversely affected if the Business is not integrated into Costa's operations effectively. There is a risk that integration could take longer, be more complex or cost more than expected, encounter unexpected challenges or issues, divert management attention or that the anticipated benefits and synergies of the integration may be less than estimated. Possible problems may include:

- differences in culture between the businesses being integrated;
- lack of capability and talent to deliver integration;
- unanticipated or higher than expected costs, delays or failures relating to integration of businesses, support operations, accounting or other systems;
- challenges maintaining existing customer, stakeholder and sales relationships;
- loss of, or reduction in, key personnel, expert capability or employee productivity, or failure to procure or retain employees; and
- disruption of ongoing operations of other Costa businesses.

Any failure to achieve the targeted synergies of integration may impact on the financial performance, operation and position of Costa and the future trading price of Shares.

Conaghans property
As part of the Acquisition Costa is likely to pay an additional $31m in July 2023 for the purchase of the 'Conaghans' property, where a new citrus crop is currently being planted by the Sellers, subject to certain conditions and price adjustments. This property is expected to increase the Business' planted hectares and volume of citrus available for sale. There is no certainty that the 'Conaghans' property development will complete as expected or scheduled, and any delay or failure to complete is likely to adversely impact the benefits from the Acquisition that can be realised by Costa.

Risks associated with intellectual property rights
As part of the Acquisition, Costa will acquire certain registered trade marks and trade mark applications from the Sellers, as well as an exclusive licence to commercialise several citrus varieties in certain geographic territories. There is a risk that some of the trade mark applications acquired by Costa may not proceed to registration in certain territories, and that the scope of trade mark protection may not cover all relevant territories in which Costa intends to market and sell the varieties. Also, Costa may be unable to prevent unauthorised use of the intellectual property rights in the varieties in some relevant territories.

Costa's inability to prevent unauthorised use of intellectual property rights relevant to its business could result in significant loss and expense to Costa. Further, Costa's inability to use certain intellectual property rights in key territories may materially and adversely impact Costa's business, operations, profitability and prospects. Pursuing unauthorised use or rejected trade mark applications, and other disputes in relation to the relevant intellectual property rights, may also adversely impact Costa's operations and ability to integrate the Business, and may involve significant costs of litigation and the diversion of management attention, any of which may adversely impact Costa's results of operations, profitability and prospects.

Water rights
The Business relies on access to its allocated water rights under water licences leased to the Business by the Sellers. These water rights are contingent on there being sufficient water in the Fairbairn system. If there was insufficient water in the Fairbairn system, then some or all of the Business' allocated water rights may not be available. Although the Business has significant water storage capacity, if the Fairbairn system remains affected by drought for a prolonged period, then this could increase the costs of temporary water rights and ultimately could have a material adverse impact on the ability of Costa to obtain sufficient water to maintain healthy citrus trees for the Business and consequently impact the citrus yield and the financial performance and prospects of Costa. Prolonged drought conditions and changes in government can increase the risk of regulatory changes, which may result in adverse modifications to the allocated water rights leased to the Business.

Labour
The Business relies on the availability of farm labour, including seasonal workers under certain government schemes, in particular during the harvest season. The ongoing availability of workers and the ability of the Business to employ and house workers are key factors for Costa's ability to realise the expected returns from the Acquisition.

Key risks (continued)

Acquisition accounting and intangible assets
As part of the Acquisition, Costa will need to perform a fair value assessment of the Business' assets (including intangibles) and liabilities. The fair value estimates contained in the pro-forma balance sheet in this Presentation are management's preliminary estimates and are subject to change when the detailed fair value assessment is performed. As a result, the combined group's depreciation and amortisation charges may differ from the depreciation charges of Costa and the Business as separate businesses, which may have an adverse impact on the financial position and performance of the combined group. In the event that goodwill, plant and equipment or any other intangible assets are required to be impaired under the Australian Accounting Standards post completion, this will result in an additional non-cash expense in the income statement of Costa.

Risks associated with the size and business mix of the Acquisition
The Business, if acquired by Costa, will be a material part of Costa's business. Costa's financial position and performance could be adversely impacted if the Business does not perform as expected. The Acquisition will increase the proportion of Costa's earnings from citrus and exports which increases Costa's exposure to any underperformance of the citrus category or challenges in export markets.

Financial contribution in CY21
The earnings and cash flow contribution of the Acquisition in CY21 is uncertain given the timing of completion and outworkings of the agreed purchase price adjustment mechanisms. Having regard to the accounting treatment of acquisitions during a financial period, the CY21 result will not reflect a full-year contribution of the Acquisition. The pro-forma financial metrics disclosed in this Presentation are included to educate investors on the expected financial profile of the Acquisition but are not reflective of the expected contribution to Costa's CY21 earnings and cash flow. The first full year of ownership by Costa of the Acquisition will be CY22.

Risks associated with Costa's operations

The following is a summary of certain key risks that apply to Costa (including, following completion of the Acquisition, the Business) and may adversely affect the returns on and value of Costa Shares.

Weather and climate variability
Costa's financial results may be negatively impacted by variable weather conditions and severe weather events, which can cause price and yield volume volatility in the fresh produce sector. The nature of the potential impact on Costa's results may vary by produce category and the weather condition or event. Although drought conditions eased throughout CY20, there is no certainty of what weather conditions will be in CY21 and beyond. Volatile weather conditions in areas where Costa has significant operations may materially and adversely impact on Costa's profitability in those areas.

Costa could also suffer losses due to climate change. Climate change is systemic in nature and is a significant long-term driver of both financial and non-financial risks. Climate change related impacts include physical risks from changing climatic conditions (including increased frequency and severity of storms, floods and other catastrophic events and widespread health emergencies), and transition risks (such as changes to laws and regulations, technology development and disruptions and consumer preferences). A failure to respond to the potential and expected impacts of climate change may affect Costa's performance and could have wide-ranging impacts for Costa's business, prospects, reputation, financial performance or financial condition.

Weather and climate variability can negatively impact both Costa and its competitors, however there is a risk that Costa is more negatively impacted by weather that its competitors in a given period for a number of reasons including but not limited to the location of Costa's farming assets, operational processes and decisions, and its supply chain. Costa can underperform competitors during both weak and strong industry conditions for its categories.
Approximately two-thirds of Costa's produce related EBITDA before SGARA in CY20 was derived from crops grown under cover indoors or under permanent tunnels. Although Costa uses protected cropping techniques across most of its crops (i.e. mushrooms, berries and tomatoes) with the goal of limiting variability in yields, these techniques may not achieve that goal. For example, Costa's tomato glasshouses and the unprotected crops such as citrus and avocado farms are vulnerable to hail. While Costa maintains insurance cover for hail damage to its glasshouses, it may not be able to recover fully under those policies in all circumstances. Any amounts that Costa does recover may not be sufficient to offset damage to the financial performance or prospects of Costa.

Key risks (continued)

Pricing risk and industry supply
Costa's financial performance depends on the price it can realise for its produce. Pricing is variable and subject to a number of factors outside Costa's control, including changes in demand and supply.
Excess supply can cause price competition in the fresh fruit and vegetable industry. For example, pricing across the avocado category has softened during CY21 as a result of significant industry volumes. If overall industry production in categories in which Costa competes are higher than expected, Costa's operating results can be negatively impacted. Industry production depends on season harvest results (including yield and timing) and industry capacity which changes over time.

Water rights
Costa relies on access to its allocated water rights for half of its citrus and grape crop in the Riverland and surrounding Southern regions. Costa has access to permanent water licences and their allocated water rights in respect of approximately 50% of its needs from the Murray River. The balance is purchased by Costa under forward supply agreements, temporary water purchases and carry over.

With respect to CY21, under a full allocation scenario, Costa has secured approximately 50% of the balance required with fixed pricing under contractual commitments. These water rights are contingent on there being sufficient water in the Murray River. If there is insufficient water in the Murray River, then some or all of Costa's allocated water rights may not be available. If the Southern Murray Darling Basin remains affected by drought for a prolonged period, then this could further increase the costs of temporary water rights and ultimately could have a material adverse impact on the ability of Costa to obtain sufficient water to maintain healthy citrus trees, grape vines or viable fruit for its citrus farms in the Riverland and Sunraysia regions and consequently impact Costa's citrus and grape crop yield and the financial performance and prospects of Costa. Prolonged drought conditions and changes in government can increase the risk of regulatory changes, which may result in adverse modifications to Costa's allocated water rights.

Forecasting risk
There are inherent challenges in forecasting agricultural businesses such as Costa due to the potential impact of factors outside of Costa's control. As has been demonstrated in prior years, Costa has had periods of upgrading previous guidance and periods of downgrading guidance. Actual results may differ from forecast results due to a range of both external and internal factors.

Reliance on large customers
Costa sells its produce to a number of large customers, including several large supermarket chains and other retailers. Costa's top three customers comprised approximately two thirds of CY20 produce sales. Most of Costa's customer contracts are short term, with supply periods typically for one season or one to two years depending on the product's seasonality, and generally do not contain a fixed cost price and accordingly are supplied at market prices which are subject to fluctuation and depend on the level of supply and demand at the time that the produce is sold. Some of these large customers currently, or could in the future, wield significant market power due to their size, putting them in a strong negotiating position with their fresh produce suppliers.

Costa's market shares and/or profit margins may be materially and adversely impacted by a large customer taking actions harmful to Costa's interests, including by such customers:

- materially changing its trading terms with Costa;
- vertically diversifying its operations to include the growing or wholesale marketing of fresh produce;
- sponsoring the expansion of one or more of Costa's competitors or new entrants into the fresh fruit and vegetables market;
- procuring produce directly from Costa's third party growers, i.e. without the intermediation of Costa;
- promoting the products of one or more of Costa's competitors; or
- refusing to promote or stock Costa's produce or significantly reducing orders for Costa's produce.

Supermarket chains may also lower prices in Costa's fresh produce categories as part of competition between supermarket chains and other retailers for consumers and their shopping basket. This may impact Costa's market shares, sales volumes and/or profit margins by increasing price pressure applied to Costa's produce offerings or as a result of some consumers switching from Costa's produce offerings to lower priced alternative produce when that produce is available.

Key risks (continued)

Portfolio of categories
In its Produce division, Costa operates in five major categories including tomato, avocado, berries, citrus and mushroom. Costa also has an International division and Costa Farms & Logistics (“**CF&L**”). Costa's business model provides earnings diversification however there is no certainty that diversification will insulate Costa's overall operating and financial returns in a given year.

Joint venture and partnership agreements
Costa has entered into a number of joint venture and partnership agreements. If any of these joint venture or partnership relationships break down, and/or the joint venture or partnership agreements are terminated or amended in a manner unfavourable to Costa, this may impact Costa’s ability to grow any proprietary and branded varieties that are licensed through these agreements and impact the dividends and/or royalties received by Costa as a result of its participation in the joint venture or partnership agreements. The continued success of these joint ventures and partnerships depends, in part, on Costa’s ability to continue to have a harmonious relationship with its partnership and joint venture partners.

While the joint venture and partnership agreements contain typical provisions which require approval from a partnership or joint venture partner for key decisions, they also provide each partnership or joint venture partner with a significant amount of discretion in relation to activities undertaken by each party as part of the joint venture or partnership. Accordingly, a partnership or joint venture partner’s conduct can have a significant impact on the success of the joint venture or partnership and, in turn, could have a material impact on Costa’s results and cash flow.

Intellectual Property
Costa relies on a combination of plant breeder’s rights (or equivalent), trade marks and non-disclosure agreements and other methods to protect its intellectual property rights. Additionally, Costa has in place a number of licensing agreements for intellectual property owned by third parties used by Costa and intellectual property owned by Costa and licensed to third parties. The failure to obtain or maintain Costa’s intellectual property rights or to defend against claims of infringement of intellectual property rights may diminish Costa’s competitiveness and materially harm Costa’s business. A number of Costa’s products are grown from proprietary plant varieties. It is possible for problems to arise with the varietal genetics in which case it may take considerable time to be able to source available substitutes. If Costa’s processes are insufficient to identify these genetic issues at an early stage, the impacts will be heightened and longer lasting.

Urban and residential encroachment
A number of Costa’s farming operations such as Costa’s mushroom facilities in Mernda, Victoria and Casuarina, Western Australia, are located on the outskirts of urban areas which are expanding. As these urban areas expand, there is a high likelihood that residential or commercial premises will be built in closer proximity to some of Costa’s growing and packing facilities. Where residential or commercial premises are built close to Costa’s facilities, there is an increased risk of complaints made by neighbours in relation to odour and noise generated from Costa’s facilities.

Complaints could result in residents lobbying for changes to local council zoning laws and/or legal action from neighbours, community interest groups or local councils seeking compensation from Costa and/or court orders that impact the manner in which Costa conducts its business. Changes to zoning laws or specific court orders may impact the way that Costa operates its business and/or increase Costa’s costs. These factors, together with any court orders for compensation, could have a material impact on Costa’s operations, financial performance and prospects.

Leased Property
Costa leases a significant amount of the land that Costa uses to grow and distribute its produce. Costa’s leases have a range of terms and option periods, although they are generally long term leases which Costa or the property owner cannot terminate prior to expiry of the applicable term in the absence of default. However, some of these leases have termination provisions which are triggered not only by a default under that lease, but the default of Costa under one of the other leases (also known as “cross-default” clause), with the consequence that one default could have a significant effect beyond just the relevant property to which the default relates. Any material default under a lease by Costa, or failure to renew an existing lease on acceptable terms or an inability to negotiate alternative arrangements, could materially adversely impact the operations and financial performance and prospects of Costa. In addition, there is a risk that Costa may become subject to lease terms which are relatively unfavourable due to unanticipated changes in the property market.

Key risks (continued)

Costa uses a number of its leased distribution centres to provide distribution services to third parties as part of its CF&L business division. In some cases, the length of Costa's distribution services contracts are shorter than the length of Costa's leases of the distribution centres. Costa's leases for its distribution centres are typically long term leases. If a distribution services contract is renewed on less favourable terms, or is terminated or cannot be renewed by Costa on expiry, and Costa is unable to find an alternative use for the distribution centre in a timely manner (for example subleasing unused space in the distribution centre on favourable terms), this could have a material adverse impact on the financial results and performance of Costa.

Disease and insect infestation
As a fresh produce grower, Costa, like the horticultural industry as a whole, is susceptible to disease risk, including insect infestation. If one or more of the sites at which Costa grows or stores its produce becomes exposed to disease, or insect infestation, or if a disease or insect infestation emerges that affects a particular produce category, Costa may lose its investment in such produce and the revenue stream generated by such investment. This loss could have a material impact on the operations and financial performance and prospects of Costa. For example, in late CY20 and 1H21, fruit flies were found in South Australia's Riverland region and exclusion zones were implemented by the authorities, resulting in significant additional costs for Costa's citrus operations throughout CY21. Although the government expended significant resources to minimise the risk of additional fruit flies in the Riverland region, Costa's citrus operations may be impacted by further fruit fly outbreaks.

Community
Costa operates in many regional communities and a failure to successfully integrate with those communities and foster a mutually beneficial relationship could impact on its operations.

Cybersecurity
Costa's business relies on IT infrastructure, systems and processes to support the operation and growth of the business. Should such infrastructure, systems and processes fail or become compromised then there is a risk that the efficiencies, synergies and data that give the business a competitive advantage will be reduced or lost. Cybersecurity breaches may have an adverse impact on Costa's financial performance.

Potential risk of litigation and disputes
Costa may, from time to time, be involved in legal proceedings arising from the conduct of its businesses, including from customers, past and present employees, regulators, competitors, suppliers or neighbouring properties, for example, in relation to property damage or contamination, personal injury, potential class actions (both securities class actions and consumer class actions) and environmental matters. The loss arising from such litigation may not be covered by insurance or the aggregate potential liability in respect of possible legal proceedings may exceed any insurance coverage. Any material legal proceedings could have a material adverse impact on Costa's financial performance and position. Even if Costa was to ultimately prevail in the litigation, it could divert management's attention and resources from Costa's operations and business, and Costa could also suffer significant reputational damage which could have an adverse effect on Costa's business.

Brand and reputation
Costa's produce is sold under a number of brands which are owned or licensed by Costa or joint ventures to which Costa is a party. Those brands and their image, as well as Costa's reputation as a grower, are key assets of Costa. The reputation and value associated with Costa's brands could be impacted by a number of factors, including quality issues associated with Costa's produce (or the market categories of produce in which Costa's brands are prominent), produce recall, produce 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 Costa's conduct or by the conduct of third parties (including partnership or joint venture parties). Should Costa's brands or their image be damaged in any way or lose their market appeal (or in the case of licensed brands, a licence terminated), this may have a material adverse impact on the financial performance, reputation or prospects of Costa.

Key risks (continued)

Regulatory risks
Costa is required to comply with a range of laws and regulations. Regulatory areas which are of particular significance to Costa include food standards, labelling and packaging, ethical sourcing, fair trading and consumer protection, employment, property and the environment (including water), quarantine, customs and tariffs, foreign investment, taxation and climate change. The introduction of any new laws or changes to existing laws, codes (or government policies), such as changes to food standards, food labelling or climate change regulations and increasing ethical sourcing requirements, could result in increased costs being incurred by Costa and therefore have a material adverse impact on the financial performance and prospects of Costa. In particular:

- In many fresh produce categories in which Costa operates, its produce is protected from significant competition from imported produce by quarantine requirements. Any changes to these import restrictions could have an adverse impact on margins and volumes.
- Changes in relevant taxes, including any change in tax arrangements between Australia and other jurisdictions relevant to Costa's businesses, could have an adverse impact on the financial performance of Costa, for example, if GST was widened to include fresh produce.
- Costa has been granted environment protection licences in respect of composting from the Environmental Protection Authority (EPA) in several States. These licences are subject to periodic review, including, on occasion, changes to the term of the licences. If Costa was unable to renew its licences, or the relevant EPA imposed onerous conditions in respect of its licences, this would impact Costa's ability to operate and/or costs associated with operating Costa's mushroom farms, which could have a material impact on the financial performance of Costa.
- Costa must comply with the Australia and New Zealand Food Standards Code (Code), as applied by regulators in each state and territory of Australia. If Costa failed to comply with the Code in its current form or the Code was amended in a manner that resulted in Costa needing to incur substantial cost in order to comply with the changes, then this could have a material impact on Costa's reputation and/or the financial performance of Costa.

Produce safety
Any contamination, spoilage, or the presence of foreign objects or substances in Costa's products may injure Costa's customers. The risk of injury can result from activities throughout the life cycle of Costa's products, including growing, harvesting, packaging, processing or sale phases. Costa may have limited ability to mitigate these risks, for example where title to produce has passed to a retailer or where the risk arises from product tampering. Costa has from time to time, issued recalls. The risk of injury from Costa's products exposes Costa to loss of product, damage to relationships with wholesalers and retailers, liability (including monetary judgements, fines, injunctions, and criminal sanctions) and publicity risks. Adverse publicity may arise from rumours or unsubstantiated claims of customer injury. Further, even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that Costa's product has caused injury could adversely affect Costa's reputation and brands. In addition, Costa's financial performance and prospects may be adversely impacted by negative publicity related to the products of other producers.

While Costa maintains insurance cover for some of these risks, it may not be able to recover fully under those policies in all circumstances, and any amounts that it does recover may not be sufficient to offset any damage to the financial performance, reputation or prospects of Costa caused by any produce contamination, recall or produce liability claim or the negative publicity surrounding such event or claim.

Increased competition
While Costa's operations currently benefit from scale and access to superior genetics, this competitive landscape may change over time. If one or more competitors or new market entrants obtained access to favourable genetic varieties which compete in the same categories as those of Costa, or if they achieve greater scale, this could have a material adverse impact on the financial performance and prospects of Costa. This risk is also relevant in relation to the international markets in which Costa operates, where existing or new players at either a global or regional level could gain market share to Costa's detriment.

Changes in market trends
Costa's success depends, in part, on its ability to respond to current market trends, which can be impacted by a variety of factors, including changing tastes and dietary habits of consumers, entry of new market participants and changes in the purchasing patterns of Costa's customers. Responding to new market trends can require significant investment. If Costa fails to anticipate, identify, or react to changes in market trends on a timely basis, Costa could experience reduced demand and/or profit margins for Costa's products, which could in turn cause Costa's operating results to suffer.

Loss of key personnel
Costa's performance is dependent to a large extent on the efforts and abilities of the Chief Executive Officer and other members of the senior management team. The loss of the Chief Executive Officer or one or more other members of Costa's senior management team may have a material adverse impact on the operating and financial performance of Costa. Costa's financial success is also dependent upon its ability to hire additional key personnel as necessary to meet its management, administration and other needs. 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 may have an adverse impact on the operating and financial performance of Costa.

Key risks (continued)

Distribution
As Costa supplies a very wide geographic area, its distribution costs are significant. Any rise in the price inputs related to Costa's distribution of its products, such as of oil, packaging materials, raw production costs or transport costs and changes in the rates in the charter vessel market (with respect to the export of citrus product), could lead to higher distribution costs. If such costs cannot be passed on to Costa's customers through increased prices, they could have a material adverse impact on the operating and financial performance of Costa.

Changes to importation trade barriers
Costa currently exports approximately 70% of its existing citrus crop packed, to various countries including Japan, the United States and South Korea. In addition, foreign markets, and in particular China, are a key revenue stream for the Business. Changes to trade tariffs or duties or the subsidisation of local producers or other exporters by a foreign government or the introduction of other import barriers, could make Costa's products less competitive in those markets, which could have a material adverse impact on the financial performance and prospects of Costa.

Foreign exchange risk
Costa is exposed to foreign exchange risk from a number of sources, namely from the export of produce to various countries including Japan and the United States, and through the earnings it generates from its international operations, including the Morocco and China joint ventures. Unfavourable movements in the foreign exchange rates between the Australian dollar and other currencies such as the US dollar, Japanese yen, Moroccan dirham and Chinese Yuan can have a material adverse impact on the overall financial performance of Costa.

Risks associated with foreign operations
Costa has significant interests in the African Blue JV in Morocco and its joint venture with Driscoll's Inc in China. Costa's operations may be adversely affected by the risks associated with operation in such jurisdictions, which may impact on its ability to grow the business by expansion into other overseas markets. As with its domestic operations, Costa has instituted certain internal controls to regulate the operations of its activities outside Australia, and constantly reviews and monitors these controls for effectiveness. Failure to adequately and consistently monitor these internal controls may have an adverse impact on Costa's financial performance. Jurisdictions in which Costa operates may in the future experience sudden civil unrest or major change to their government or political or legal systems and the nature of the legal and regulatory systems in those jurisdictions can result in a lack of certainty regarding the interpretation and enforcement of local laws and regulations.

The Coronavirus pandemic
The COVID-19 pandemic has caused, and will likely continue to cause, severe impact on global, regional and national economies and disruption to international trade and business activity. While economic conditions have stabilised in 2021, the COVID-19 pandemic caused increased unemployment and the levels of equity and other financial markets to decline sharply and to become volatile, and such effects may continue or worsen in the future. This may in turn disrupt distribution channels and reduce the level of consumer activity in the markets in which Costa operates, which may have a negative impact on its ability to generate revenues or profits.

Governments and central banks around the world have reacted to the economic crisis caused by the pandemic by implementing stimulus and liquidity programs and cutting interest rates, however it is unclear whether these actions or any future actions taken by governments and central banks will be successful in mitigating the economic disruption. Additionally, any such fiscal and monetary actions are subject to withdrawal by the relevant governments or central banks, or may lapse without renewal. If the COVID-19 pandemic is prolonged and/or actions of governments and central banks are unsuccessful in mitigating the economic disruption, the negative impact on global growth and global financial markets could be amplified, and may lead to recessions in national, regional or global economies.

The impact of COVID-19 has and may lead to labour shortages and other disruptions to Costa's ability to attract and retain employees and the seasonal workforce it relies upon to process its harvest. If conditions deteriorate or remain uncertain for a prolonged period this may adversely affect Costa's ability to operate and grow its business, and its results of operations and financial condition may be adversely affected. There is also a risk of increasing costs to maintain operational performance, for example freight charges, safety procedures, regulatory compliance, and input cost inflation.

Key risks (continued)

Liabilities under anti-corruption laws

Liquidity and funding risk
Costa may need to access or raise additional financing in the future to fund its operations, to fund acquisitions or meet the cash requirements of its business. There can be no assurance that Costa will be able to obtain additional financing on terms acceptable to it, if at all. Debt financing involves increased fixed payment obligations and may involve arrangements including financial covenants that limit or restrict Costa's ability to take specific actions such as incurring debt, making capital expenditures or declaring dividends. Costa's failure to obtain sufficient funds on acceptable terms, or comply with the terms of those funding facilities, could have a material adverse effect on its business, results of operations and financial condition.

Liabilities under anti-corruption laws
Costa operates in an international environment including with joint venture partners in Morocco and China (as described above). Furthermore, some of Costa's and Costa's joint venture partners' activities take place in parts of the world that have a risk of corruption to varying degrees, and Costa's operations and joint ventures in those jurisdictions are subject to various anti-corruption laws, including Australian and other foreign anti-corruption laws. While Costa has an Anti-Bribery and Anti-Corruption policy, violations of such laws, including by its joint venture partners or joint venture personnel, can lead to criminal and civil penalties or sanctions under anti-corruption laws in relevant jurisdictions, which, in turn, could adversely affect Costa's reputation or financial position.

Industrial instruments, disputes and wage increases
Costa uses multiple employment models to meet the needs of growing and harvesting a product that is perishable. This includes using labour hire firms to meet production peaks including harvest periods. Costa has less direct control over employment arrangements for persons employed by labour hire firms than it does over its direct employees and the manner in which such third party labour hire companies provide contracted services. Should the third party labour vendors violate any relevant laws, regulations and industrial instruments in the employment or compensation of workers, or should there be any mistreatment of workers by the third party labour vendors, Costa's reputation may be adversely affected or damaged.

In addition, the majority of Costa's employees are covered by enterprise bargaining agreements and other workplace agreements, which periodically require renegotiation and renewal. Disputes may arise in the course of renegotiations which have the potential to lead to strikes and other industrial action, which may disrupt Costa's operations. Any renegotiations could also result in increased labour costs.

Work Health and Safety
Given the nature of the industry in which Costa operates, Costa's employees are at risk of workplace accidents and incidents. In addition to the potential for harm to any employee, the occurrence of workplace accidents has the potential to harm both the reputation and financial performance of Costa.

Expansion project construction
Costa's current and future expansion projects depend, in part, on the development and construction of farming sites. Any significant delay in the development and construction of farming sites may place Costa at risk of not meeting its forecasts. A reduction in Costa's yield and/or production volumes in one or more produce categories may have an adverse impact on the financial performance and prospects of Costa.

Costa may not be able to execute its growth strategy as planned
Costa has developed a growth strategy that includes expansion projects in Australia and through expansion of the farming footprints for the Morocco and China joint ventures. There is a risk that Costa may not be able to effectively execute its growth strategy and may encounter delays in construction or execution, or operational difficulties, which may lead to increased costs and/or strain management resources or have a negative impact on Costa's brand and reputation. As a result, Costa's growth strategies may generate lower than, or later than, expected revenue or incur unforeseen costs.

Key risks (continued)

<u>**General risks**</u>

Investment in capital markets
The price of Costa Shares on the ASX may rise or fall due to numerous factors, including:

I. Australian and international general economic conditions, including inflation rates, the level of economic activity, interest rates and currency exchange rates;
II. tensions and acts of terrorism in Australia and around the world; and
III. investor perceptions in the local and global markets for listed securities.

Costa Shares may trade below the offer price and no assurances can be given that Costa's market performance will not be materially adversely affected by any such market fluctuations or factors. Neither Costa, nor any of its directors or any other person, guarantees Costa's market performance.

Changes to accounting standards
Australian accounting standards are set by the Australian Accounting Standards Board (AASB). Changes to accounting standards issued by the AASB could materially adversely affect Costa's reported results in any given period or Costa's financial condition from time to time.

Tax changes
Any change to the taxation of shares (including the taxation of dividends) and the taxation of companies (including the existing rate of company income tax) may adversely impact on Costa shareholder returns, as may a change to the tax payable by Costa shareholders in general. Any other changes to Australian tax law and practice that impact Costa, or the agriculture industry generally, could also have an adverse effect on Costa shareholder returns.

General economic risks
The operating and financial performance of Costa is influenced by a variety of general economic and business conditions, including inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions could adversely impact the operating and financial performance of Costa.

<u>**Risks in connection with the Offer**</u>

Funding and underwriting risk
Costa intends to fund the Acquisition in part through the funds raised under the Offer.
Costa has entered into an underwriting agreement under which the underwriter has agreed to underwrite the Offer. If certain conditions are not satisfied or certain customary termination events occur, the underwriter may terminate the underwriting agreement. These events include, but are not limited to, the following:

- Costa is removed from the official list of the ASX or its shares are delisted or suspended from quotation;
- *a material statement contained in the Offer materials is or becomes misleading or deceptive (including by omission);
- there is a delay in the Offer timetable;
- * there is a material adverse change, or an event occurs which is likely to give rise to a material adverse change, in the assets, liabilities, financial position, results, condition, operations or prospects of the Costa group from the position fairly disclosed by Costa to ASX before the date of the underwriting agreement or in the Offer announcements;
- certain material contracts to which Costa is a party are breached, terminated or amended;
- certain market disruption or hostility events occurring;
- * Costa contravenes its legal obligations;
- ASIC issues proceedings, or commences a formal investigation into the Offer, or * an application for an order is made to a government agency in connection with the Offer;
- Costa or any of its directors engage in any fraudulent conduct or activity;
- a director of Costa is charged with certain indictable offences; or
- * a change in the CEO, the CFO or the board of directors occurs.

Key risks (continued)

The ability of the underwriter to terminate the underwriting agreement in respect of some events (denoted with an asterisk (*) above) will depend on whether the event has (or is likely to have) a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of Costa shares, or the willingness of investors to subscribe for New Shares, or where they may give rise to liability of the underwriter.
If the underwriting agreement is terminated, Costa would not receive the offer price in respect of any entitlements that are not taken up under the Offer and the total amount raised by Costa under the Offer would be less than Costa intends to raise.

In these circumstances, Costa would nevertheless continue to be bound by the agreements with the Seller in relation to the Acquisition.

Costa would need to seek alternative sources of funding to complete the Acquisition, which may result in Costa incurring additional costs (for example, by way of interest payments on debt) and/or potential restrictions being imposed on the manner in which Costa conducts its business and deals with its assets. There is no guarantee that alternative funding could be sourced on satisfactory terms and conditions or at all. Failure to source alternative funding could result in Costa being unable to perform its obligations to complete the Acquisition or being unable to implement the proposed integration of the Business. Any of these outcomes could have a material adverse impact on Costa's financial position, prospects, and reputation.

Renouncement risk
If you are an eligible shareholder, and you do not take up or sell your entitlements under the Offer, then your entitlements will be treated as renounced and will be sold on your behalf in the institutional or retail bookbuild (as applicable) and any proceeds of sale of your entitlements will be paid to you. However, there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process.

The ability to sell entitlements under the bookbuild and the ability to obtain any premium will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the underwriter, will, if accepted, result in acceptable allocations to clear the entire book. To the maximum extent permitted by law, Costa, the underwriter and its respective related bodies corporate, affiliates or the directors, officers, employees or advisors of it, will not be liable, including for negligence, for any failure to procure applications under the book build at a price in excess of the offer price.

If there is a premium achieved on the retail bookbuild, it may be less than, more than, or equal to any premium achieved on the institutional bookbuild. Accordingly, it is possible that retail holders who do not take up their entitlements will receive less value than their institutional counterparts, or no value at all.

You should also note that if you do not take up all of your entitlement, then your percentage security holding in Costa will be diluted by not participating to the full extent in the Offer.

Reconciliation risk for institutional shareholders
Eligible institutional shareholders who participate in the institutional entitlement Offer or whose rights are renounced and therefore sold in the institutional shortfall bookbuild will do so based on a reference shareholding at the relevant time of the accelerated component of the Offer. That reference shareholding will be derived from all register and other data available to Costa and its share registry analytics firm. Similarly, ineligible institutional shareholders whose entitlement equivalent is accelerated and renounced in the institutional bookbuild will be calculated on the basis of a reference shareholding similarly derived.

To the extent that a shareholder's declared shareholding differs from the share registry analytics firm's estimate of that shareholder's shareholding, an estimate or assumption may be made for the purposes of determining the reference shareholding. Any shareholding as at the record date in excess of the assumed holding may be included as part of the retail entitlement Offer.

To the maximum extent permitted by law, Costa, the underwriter and their respective related bodies corporate, affiliates, directors, officers, employees or advisors will not be liable, including for negligence, for any failure to reconcile shareholdings in this or any related context.

Risk of selling or transferring entitlements
If you are an eligible retail security holder and do not wish to take up your entitlements, you can sell them on the ASX or transfer them to another person or entity other than on the ASX during the entitlement trading period. Prices obtainable for retail entitlements may rise and fall over the entitlement trading period and liquidity may vary. If you sell or transfer your entitlements at one stage in the retail entitlement trading period you may receive a higher or lower price than a security holder who sells or transfers their entitlements at a different stage in the retail entitlement trading period or through the retail shortfall bookbuild.

International offer restrictions

This document does not constitute an offer of entitlements ("Entitlements") or new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

European Union (France, Germany, Ireland, Italy, Netherlands and Sweden)
This document has not been, and will not be, registered with or approved by any securities regulator in France, Germany, Ireland, Italy, Netherlands or Sweden. Accordingly, this document may not be made available, nor may the Entitlements or the New Shares be offered for sale, in France, Germany, Ireland, Italy, Netherlands or Sweden except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Entitlements and New Shares in France, Germany, Ireland, Italy, Netherlands and Sweden is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong
WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

New Zealand
This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

International offer restrictions (continued)

Norway
This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except to "qualified investors" (as defined in the Prospectus Regulation 2017/1129 Article 2(e), cf. the Norwegian Securities Trading Act of 29 June 2007 no. 75 Section 7-1 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore
This document and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements or the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) of Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland
The offering of the Entitlements and the New Shares in Switzerland is exempt from requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("FinSA") because such offering is made to professional clients within the meaning of the FinSA only and the Entitlements and the New Shares will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This document does not constitute a prospectus or a similar communication pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Entitlements or the New Shares.

United Arab Emirates
Neither this document nor the Entitlements or the New Shares have been approved or passed on in any way by the Emirates Securities and Commodities Authority ("ESCA") or any other governmental authority in the United Arab Emirates. The Company has not received authorisation or licensing from the ESCA or any other governmental authority to market or sell the Entitlements or the New Shares within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates (excluding the Dubai International Financial Centre and the Abu-Dhabi Global Market). No services relating to the Entitlements or the New Shares, including the receipt of applications, may be rendered within the United Arab Emirates (excluding the Dubai International Financial Centre and the Abu-Dhabi Global Market).

In the Abu Dhabi Global Market and the Dubai International Financial Centre, the Entitlements and the New Shares may be offered, and this document may be distributed, only as an "Exempt Offer", as defined and in compliance with the Markets Rules issued by the Abu Dhabi Financial Services Regulatory Authority and the Dubai Financial Services Authority, respectively. Neither this document nor the Entitlements or the New Shares have been approved or passed on in any way by either of these regulatory authorities.

United Kingdom
Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Entitlements or the New Shares.

International offer restrictions (continued)

This document is issued on a confidential basis to "qualified investors" (within the meaning of Article 2(e) of the UK Prospectus Regulation) in the United Kingdom, and the Entitlements and New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Canada

This document constitutes an offering of Entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Entitlements or the New Shares or the offering of such securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

International offer restrictions (continued)

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Entitlements or the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Entitlements and the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that:

(a) the Company will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation;
(b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and
(c) in no case shall the amount recoverable exceed the price at which such securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:
(a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
(b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action.

These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the Entitlements and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of such securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

United States
This document may not be distributed or released in the United States. This document does not constitute an offer to sell, or a solicitation of any offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States). Neither the entitlements nor the New Shares have been, or will be, registered under the US Securities Act of 1933, as amended (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up or exercised by, and the New Shares may not be offered or sold, directly or indirectly, to, any person in the United States or any person that is acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any applicable US state securities laws. The entitlements and the New Shares to be offered and sold in the Retail

Costa Group Holdings Limited