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# Global Growth

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Bell Potter conference  
16 September 2021



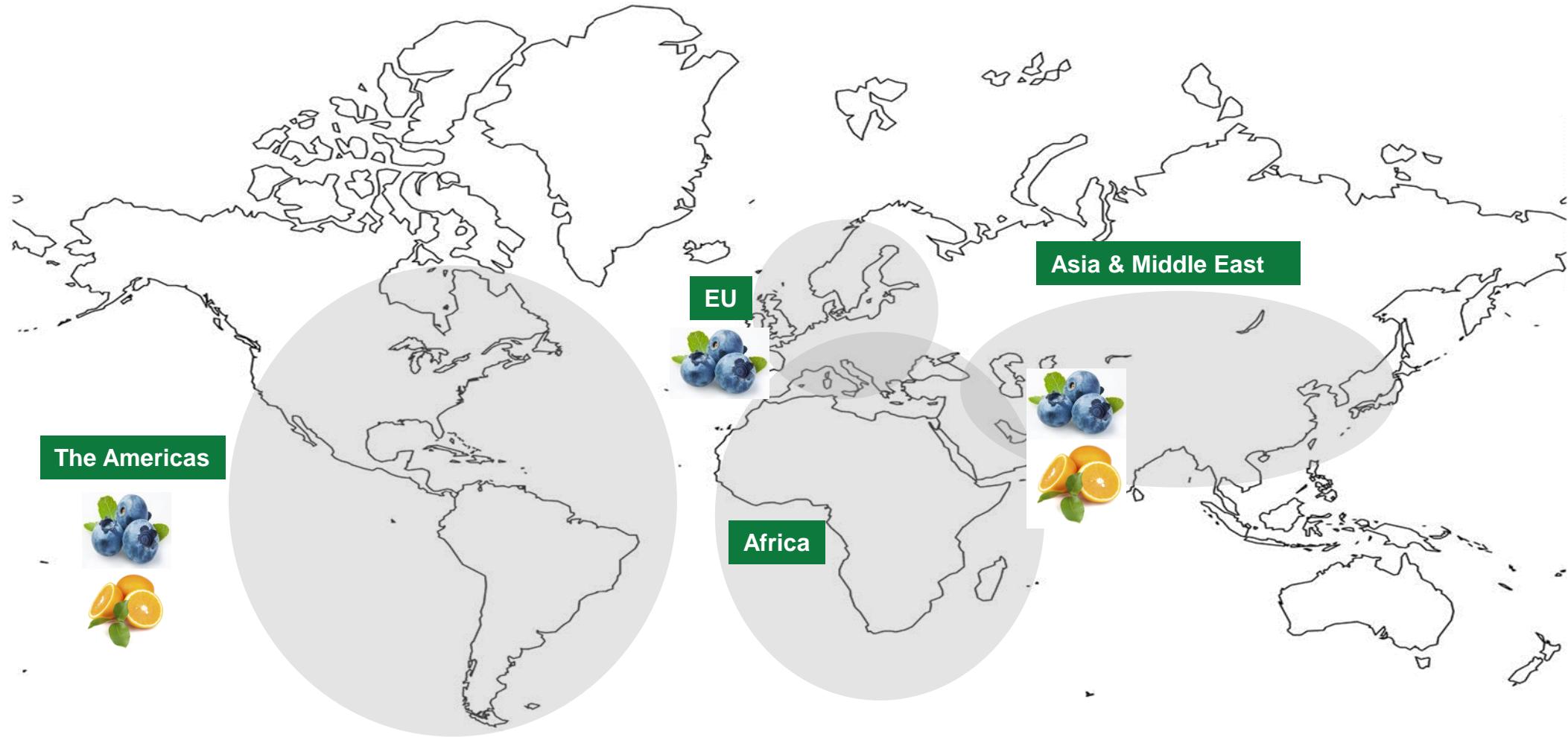
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# Growing our International segment / Export footprint



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# Our strategy is based on 52 week supply of premium varieties to modern retailers

- There is growing global demand for fresh, premium quality produce.
- Consumers are prepared to pay a price premium for access to quality produce for 52 weeks of the year.
- Costa is well positioned to capitalise on this demand in both blueberries and citrus.
- In blueberries our competitive edge is based on a +25 year Costa breeding program that gives us the optionality of using our own blueberry genetics in both growing and licensing to third parties.
- In citrus our competitive advantage is based on superior Australian quality and the exclusive access to commercialise citrus varieties. This is supported by a 30 year breeding program throughout a number of key regions across the globe.
- Our variety differentiation and annual supply provides a powerful base for compelling brands – Driscoll's & African Blue in berries, and Vitor in citrus.





# Blueberry breeding program

- Costa operates a +25 year blueberry selection and breeding program which has underpinned our own berry farming operations in Australia, Morocco and China, as well as licensing programs in the Americas, South Africa, Zimbabwe and China.
- Costa's blueberry varieties are in high demand globally and we claim the current world's leading blueberry variety, Arana, which sells at a price premium in domestic and global markets.
- Sub-tropical blueberry breeding program at Corindi (New South Wales) is focused on further season extension, enhanced yield, flavour and fruit size to develop the next series of premium blueberries.
- Tropical blueberry breeding program based in Far North Queensland (FNQ) is developing a new generation of varieties purpose developed for low latitudes and low to zero chill as a response to the challenges presented by climate change.
- A range of advanced selections are currently also under evaluation and being planted in Australia, US, Mexico, Morocco and China.







# Global blueberry footprint

## Production

- Costa grows its own blueberries in Australia (NSW, TAS, QLD and WA), Morocco and China.
- Blueberry production and supply in Australia is 52 weeks of the year.
- Arana Jumbo regularly receives a price premium of circa 25% - 30% in Australia, the Americas, UK/Europe and China.
- Planting of our purpose bred tropical variety 051 in Far North Queensland which we have named 'Delight', will produce a first crop in CY23.
- Several new exciting varieties in the pipeline to follow in the coming years.

## Licensing

- Costa also licenses its blueberries to a number of parties including Driscoll's who have the rights to Costa's blueberry varieties for the Americas. In addition African Blue licenses third party growers in Africa (Morocco, South Africa, Zimbabwe, Kenya and Zambia).
- There is a royalty stream attached to these licenses, with revenue being derived from a combination of plant sales and fruit-based royalties over the life of each plant.
- Third party product grown in Africa is also marketed by Costa under the African Blue brand and contributes to 52 week supply from this region.

## Emerging regions

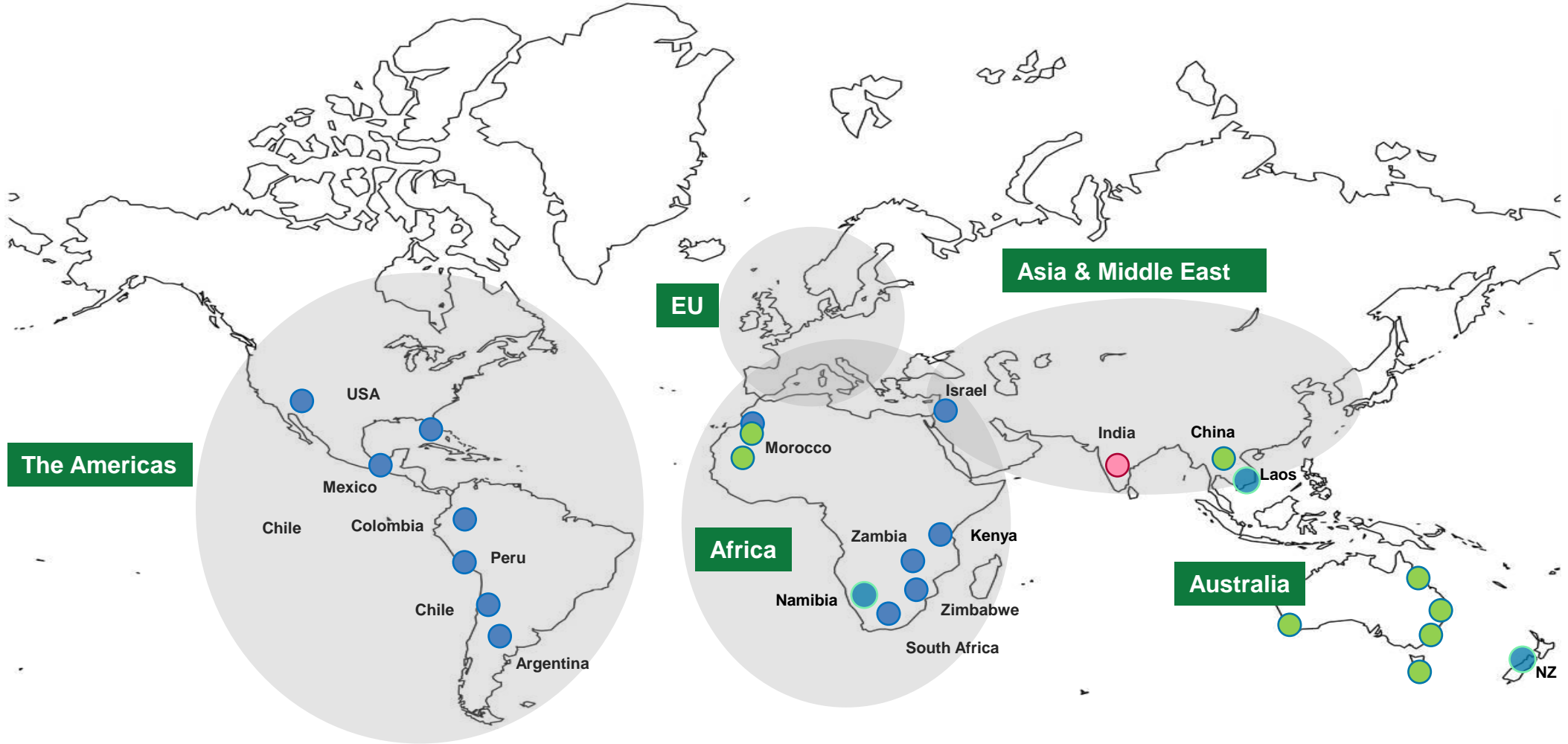
- Focus on breeding varieties suitable for growing in different latitudes and regions, both northern and southern hemisphere.
- Recognition of our superior blueberry genetics and consumer demand for premium quality fresh produce is driving our own production and third party activity.
- There are opportunities to expand our global blueberry footprint both through third party and joint venture growing operations.
- Potential emerging regions include India, Namibia, Laos and New Zealand.



# Blueberry growing and licensing regions



- Costa farms
- Current third party growers
- Potential Costa JV
- Potential third party growers



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# Morocco/Africa region driving 52 week supply

- Costa's own African Blue and third party grown product is supplied into the UK/European and Asia markets.
- For the first time in CY21, there was 52 week supply into this market from Africa, combining both Morocco and third party South Africa/Zimbabwe production.
- Royalty and marketing revenue generated from third party product, with product marketed by African Blue under the African Blue brand and/or into private label.
- Increasing own plantings in Southern (Agadir) Morocco to extend growing season through earlier timing. Replanting northern farms with own purpose bred, new superior genetics blueberry varieties.
- Working directly with UK retailers on product trialling with positive results.







# Potential to accelerate China market expansion

- JV with Driscoll's – growing undertaken by Costa, marketing by Driscoll's. Product marketed under Driscoll's brand.
- China rollout tracking to initial five-year plan with potential to accelerate. Market acceptance for premium blueberry offering is strong and increasing.
- Higher percentage price premium received for Arana Jumbo than any other market.
- Projected demand growth for blueberries to be in excess of 20% p.a. Demand fuelled by burgeoning middle class, which now numbers 400m+.
- Fast tracking of new Costa VIP varieties for evaluation in China.





# Strategic growth of citrus category offering

- Costa is the #1 grower, packer and marketer of citrus in Australia, with a strong export focus - circa 70% of production is exported p.a.
- As a result of recent 2PH citrus business acquisition Costa has a circa 30% share of total Australian citrus exports.
- As part of 2PH acquisition Costa has exclusive rights to selected proprietary varieties with access to proven 30 year proprietary breeding program.
- The acquisition increases the number of citrus varieties that Costa has to offer including the addition of Amorette™ and Phoenix™ mandarins.
- 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.

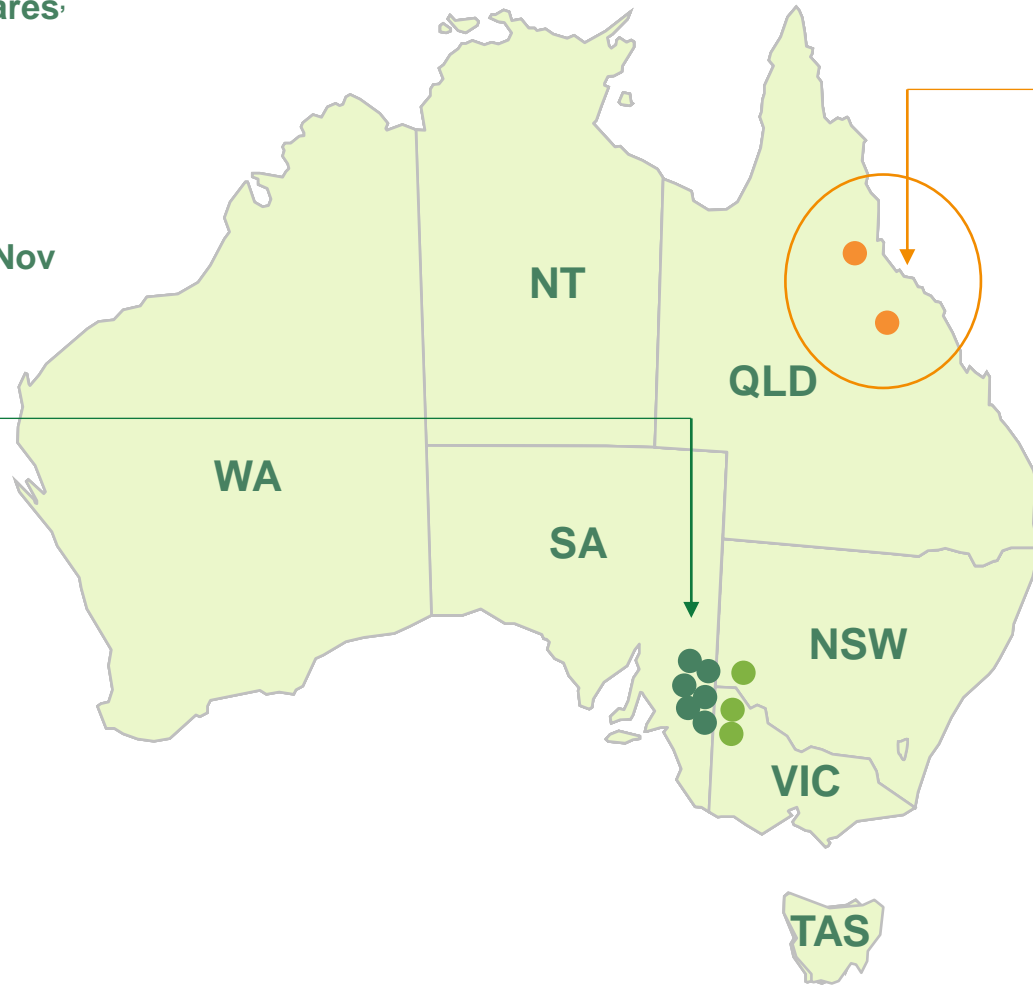






# Citrus footprint extends production season

- Total citrus plantings - 4,348 hectares
- 11 major farming locations
- Three growing regions
- Production period from March to Nov
- Circa 70% of crop exported



## Riverland

Farming locations	6
Planted hectares	2,129
Packing facilities	2
Packing capacity per week	5,400 tonnes

## Emerald (Central QLD)

Farming locations	2
Planted hectares	1,474
Packing facilities	2
Packing capacity per week	3,120 tonnes

## Sunraysia

Farming locations	3
Planted hectares	745
Packing facilities	1
Packing capacity per week	800 tonnes

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# Expanding citrus varieties and export reach

## Increased export opportunity

- Exporting to more than 25 countries, with Japan largest market - circa 33% of CY20 volume sold to this market.

2PH has an established brand presence in Asia which complements Costa's, enhancing ability to also capitalise on market access drivers, including quality and proximity to Asia.

- 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.

As of August 2021, USA has given market access to the export of citrus grown in Central Queensland, further opening potential markets for our 2PH volumes.

## Breeding programme

- As part of 2PH acquisition Costa has exclusive rights to selected proprietary varieties with access to proven 30-year proprietary breeding program.
- Includes exclusive perpetual and royalty free rights to commercialise AC41114<sup>PBR</sup> (Amorette™) and 66-75<sup>PBR</sup> (Phoenix™) mandarin 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.

Notes:  
PBR: Plant Breeder Rights

## Building supply footprint

- 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 more 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.
- 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.



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Thank you



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