



ABN 33 115 131 667

ASX: CBO

ASX Announcement – 6 December 2021

Capital Raising to Accelerate Execution of Core Growth Strategies

Cobram Estate Olives Limited (“**CBO**” or “**Company**”) is pleased to announce the launch of a fully underwritten institutional placement to raise \$50 million (the Company reserves the right to increase the size of the raise) (“**Placement**”) at \$2.00 per share, and a non-underwritten Share Purchase Plan to raise up to a further \$1 million (“**SPP**”).

The proceeds from the Placement and SPP will be used to accelerate execution of the Company’s core growth strategies in both Australia and the USA, including:

- a material expansion of olive milling capability at the Company’s Boort grove in Victoria, almost tripling the facility’s processing capacity to match medium term fruit supply growth at that site, which will allow the Company to meet growing demand for its Australian extra virgin olive oils; and
- the acquisition of 438 acres (~177 hectares) of freehold land in California and the development of groves on this land, as well as funding a pipeline of near-term acquisition opportunities.

CBO’s Chair and Co-Founder, Rob McGavin, said *“These funds will allow us to accelerate the execution of our core growth strategies in the USA and Australia. Over time, the USA offers tremendous opportunities for us to replicate the success of our Australian business, with further development of our grove acreage in California needed to support the strong growth of our USA packaged good sales, in particular through our Cobram Estate® California range. Additionally, the expansion of the Boort olive mill in Australia will almost triple our olive processing capacity at that site, allowing us to match the forecast medium term fruit supply growth at that site”.*

Use of Funds

Funds will be used to support growth strategies in Australia and the USA.

Boort Olive Mill Upgrade (Australia opportunity) – \$15 million

- CBO’s olive processing facility at its Boort grove in Victoria has current capacity of approximately 5.0 million litres per annum and is operating at close to full capacity.

- Over the next nine years the mature groves at Boort will grow from 987 hectares to 3,481 hectares, an increase of 253%. Additionally, the Company has contracted third party supply that will grow proportionately over the same period.
- The additional fruit to be processed in the coming years exceeds the current capacity of the mill.
- Funds raised will be used to increase the olive milling capacity at Boort from 30 tonnes of fruit per hour to 80 tonnes per hour, matching processing capacity to expected peak fruit supply driven by the maturing olive trees at the site and contracted third-party plantings.
- The expanded milling capacity will deliver increased volumes of olive oil for branded sales locally and in key export markets over time.

Grove Development (USA opportunity) – \$35 million

- CBO is excited by the immense opportunity in the USA to replicate its successful Australian business over time.
- The funds will be used for the purchase of land, trees, and the development of new olive groves in California, expanding the Company's existing vertically integrated operations.
- The Company is ready to immediately deploy ~US\$6.75m (~A\$9.4m), with due diligence on two freehold properties suitable for olive groves completed.
- These properties will add approximately 365 plantable acres (~147 hectares) to our USA plantings, with this grove site expected to be planted in FY2022 / 2023.
- The Company is actively looking at other land and development opportunities and has a strong pipeline of properties under review.
- Increasing the supply of Californian produced olive oil will allow the Company to drive packaged goods sales at retail and replicate its Australian success in the world's largest olive oil import market which is continuing to rapidly grow.

The equity raising, combined with additional debt capacity and operating cashflows, is sufficient to fully-fund our current expansion plans.

Trading Update

CBO has also provided an update on the Company's financial outlook, including the following highlights:

- Sales across the group are off to a strong start in FY2022, particularly in Australia. In the USA, as expected, oil supply has been extremely constrained though this situation is anticipated to reverse now that 2021 season olive oils are available.
- We are forecasting an increase in year-on-year sales in FY2022, supported by growing consumer demand for high quality extra virgin olive oil.
- Costs are tracking in-line with budget expectations. Fortunately, some of our larger input costs have not been impacted by the globally evident pressures on general demand and supply chains. Some of our major cost inputs, such as water and electricity, are currently at short-term lows.
- We expect our Two Year Rolling Average EBITDA for the Australian olive oil division to continue increasing over time as a result of the investment the Company has made in new plantings and the maturing grove profile. Statutory EBITDA, as previously

announced, is expected to fall materially in FY2022 due to olives predictable biennial bearing cycle (this year being the lower yielding crop year).

- We have achieved strong operating cash generation to date and are expecting a year-on-year increase for the FY2022 year.

Capital Raising

Fully underwritten Institutional Placement

CBO is undertaking a fully underwritten Placement of \$50 million which comprises the issue of 25 million new fully paid shares ("**New Shares**"), representing approximately 6.5% of issued capital. The Company reserves the right to increase the size of the raise.

The Placement will be issued at a fixed price of \$2.00 per share ("**Placement Price**"), representing a 1.5% discount to CBO's last closing price of \$2.03 per share on Friday, 3 December 2021.

No shareholder approval is required for the Placement, as the Company will utilise a portion of its existing placement capacity under ASX Listing Rule 7.1.

The Placement will be managed and fully underwritten by Barrenjoey Markets Pty Limited and Aitken Murray Capital Partners Pty Ltd.

Share Purchase Plan

CBO is pleased to offer shareholders in Australia and New Zealand ("**Eligible Shareholders**") the opportunity to participate in the Share Purchase Plan ("**SPP**") to subscribe for up to \$30,000 worth of New Shares per shareholder, raising up to \$1 million. CBO may decide to accept applications (in whole or in part) that result in the SPP raising more or less than \$1 million in its absolute discretion. CBO reserves the right to scale back applications under the SPP if demand exceeds \$1 million, or to raise a higher or lower amount.

The issue price under the SPP is the same as the Placement Price and no brokerage or commissions will be payable by participants.

The record date for the SPP is 5:00pm (Melbourne time) on Friday, 3 December 2021. The SPP offer period will be open from Monday, 13 December 2021 to Wednesday, 5 January 2022, subject to CBO's discretion to amend these dates.

Eligible Shareholders who wish to participate in the SPP will be required to complete the personalised application form accompanying the SPP offer document and pay the applicable funds in accordance with the instructions in those documents, prior to the closing date of the SPP.

Further information regarding the SPP (including the terms and conditions of the Share Purchase Plan) will be provided to Eligible Shareholders in the SPP offer booklet, which will be distributed to shareholders and available at

<https://investors.cobramestateolives.com.au/investor-centre/?page=presentations-and-publications> on Monday, 13 December 2021. Participation in the SPP is optional.

Director Sell-Down

Concurrent with the Placement, the Company's Joint-CEOs, Sam Beaton and Leandro Ravetti, and Non-Executive Directors, Tim Jonas and Paul Riordan, have agreed to sell, in aggregate, 7.75 million CBO shares ("**Director Sell-Down**").

The Director Sell-Down is fully underwritten with an offer price the same as the Placement Price. Sam Beaton, Leandro Ravetti, Tim Jonas, and Paul Riordan are excluded from any decisions relating to pricing and allocations. Of the sell-down, \$2.83 million will be repaid to the Company as a portion of loans provided to entities controlled by Sam Beaton and Leandro Ravetti to enable the exercise of 10-year performance options. The majority of the remaining proceeds from the sales by Sam Beaton and Leandro Ravetti will be used for the payment of capital gains tax and options-related tax liabilities to the ATO.

Refer to Appendix A for full details of the Director Sell-Down.

None of the selling directors participating in the Director Sell-Down currently have any intentions of selling any further shares, and importantly, each of them remains fully committed to CBO and will remain significantly invested in CBO shares once the Director Sell-Down is completed.

Full details of the change in each of the seller's shareholdings will be disclosed to ASX under ASX Listing Rule 3.19A in the usual course.

Key Dates

Event	Date and time (Melbourne time)
Record Date for SPP	5:00pm Friday, 3 December 2021
Trading halt and announcement of the Placement and SPP	Monday, 6 December 2021
Announcement of the outcome of the Placement	Tuesday, 7 December 2021
Trading halt lifted – trading resumes on ASX	Tuesday, 7 December 2021
Settlement of New Shares issued under the Placement	Thursday, 9 December 2021
Allotment and normal trading of New Shares issued under the Placement	Friday, 10 December 2021
SPP offer open, and offer booklet is dispatched to eligible shareholders	Monday, 13 December 2021
SPP offer closes	Wednesday, 5 January 2022
SPP issue and allotment date	Wednesday, 12 January 2022
Normal trading of New Shares issued under the SPP	Thursday, 13 January 2022
Despatch of holding statements in relation to New Shares issued under the SPP	Thursday, 13 January 2022

This timetable is indicative only and subject to change. The commencement of trading and quotation of New Shares is subject to confirmation from the ASX and also relies on ASIC issuing a modification to the Corporations Act 2001 (Cth) (Corporations Act) to permit the Company to issue a notice under section 708A(5) of the Corporations Act, which was granted on 14 May 2020.

Subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable rules, CBO reserves the right to amend this timetable at any time, including extending the period for the SPP or accepting late applications, either generally or, in particular cases, without notice.

Additional Information

For further information regarding this announcement and for media enquiries please contact:

Tim Smith - Investor Relations

Email: t.smith@cobramestateolives.com

Phone: (+61) 0408 268 323

Kind regards

Rob McGavin

Chair and Co-founder

On behalf of the Board of Cobram Estate Olives Limited

=====

About Cobram Estate Olives Limited

Cobram Estate Olives is Australia's largest producer and marketer of premium quality extra virgin olive oil. The company currently owns over 2.4 million olive trees planted on 6,584 hectares of farmland in central and north-west Victoria and 149,000 trees planted on 305 hectares of long-term leased and freehold properties in California, USA. In total, the company currently owns 18,500 hectares of freehold farmland, of which 16,700 hectares is freehold farmland in central and northwest Victoria and southwest New South Wales. The company also owns Australia's largest olive tree nursery, three olive mills, two olive oil bottling and storage facilities, and the Modern Olives® laboratory. With operations in Australia and the USA, export customers in 17 countries, and a portfolio of premium brands including Australia's number one extra virgin olive oil*, Cobram Estate®, the company is a market leader in the Australian extra virgin olive oil industry and a leader in sustainable olive farming.

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

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

Appendix A – Full details of Director Sell-Down

Sam Beaton (Joint-CEO) has agreed to sell 2.0 million CBO shares totalling \$4.0 million, representing 23.5% of his shareholding in CBO. Proceeds from the sale will be used as follows:

- \$1.33 million will be paid to the Company as repayment of a portion of the loan provided by CBO to Sam Beaton (prior to CBO's admission to the ASX) to fund the exercise of long-term performance options;
- \$0.30 million will be paid to the Company to satisfy interest accrued on the aforementioned loan;
- approximately \$1.39 million will be used to pay tax liabilities (to the ATO) incurred in connection with CBO performance options;
- approximately \$0.76 million will be used to pay capital gains tax liabilities (to the ATO) incurred in connection with the Director Sell-Down; and
- approximately \$0.22 million will be used for the repayment of personal debt which was incurred to fund the exercise CBO performance options in 2015.

Leandro Ravetti (Joint-CEO) has agreed to sell 3.0 million CBO shares totalling \$6.0 million, representing 29.0% of his shareholding in CBO. Proceeds from the sale will be used as follows:

- \$1.50 million will be paid to the Company as repayment of a portion of the loan provided by CBO to Leandro Ravetti (prior to CBO's admission to the ASX) to fund the exercise of long-term performance options;
- \$0.53 million will be paid to the Company to satisfy interest accrued on the aforementioned loan;
- approximately \$2.28 million will be used to pay tax liabilities (to the ATO) incurred in connection with CBO performance options;
- approximately \$1.19 million will be used to pay capital gains tax liabilities (to the ATO) incurred in connection with the Director Sell-Down; and
- approximately \$0.50 million will be used to repay personal loans.

Paul Riordan (Non-Executive Director and Co-founder) has agreed to sell 1.0 million CBO shares totalling \$2.0 million, representing 5.4% of his pre-listing shareholding. Proceeds from the sale will be used to repay personal debt.

Tim Jonas (Non-Executive Director) has agreed to sell 1.75 million CBO shares totalling \$3.5 million, representing 31.1% of his pre-listing shareholding, plus transfer 600,000 CBO shares within his family. The proceeds of sale, and transfer of shares, are to settle family law property settlement matters.