

ASX ANNOUNCEMENT

4 July 2023

COSTA GROUP CONFIRMS RECEIPT OF NON-BINDING INDICATIVE PROPOSAL FROM PAINE SCHWARTZ PARTNERS

Costa Group Holdings Limited (Costa; ASX:CGC), Australia's leading grower, packer and marketer of fresh fruit and vegetables notes recent media speculation in relation to a proposal to acquire Costa Group by Paine Schwartz Partners.

Costa confirms that on 31 May 2023, it received an unsolicited, confidential, non-binding indicative proposal from Paine Schwartz Partners, LLC (PSP) to acquire all of the issued shares in Costa which it does not already own by way of a scheme of arrangement (Indicative Proposal).

Under the Indicative Proposal, Costa shareholders would receive cash consideration of \$3.50 per share¹, with Costa shareholders also entitled to any interim dividend declared in relation to the 6 month period which ended on 2 July 2023 of up to 4 cents per share. Following a 4-week period of initial due diligence, PSP provided reconfirmation of the Indicative Proposal on 4 July 2023.

The Indicative Proposal followed PSP acquiring a 13.78% relevant interest in Costa on 25 October 2022 at a price of \$2.60 per share, and subsequent verbal engagement between Costa and PSP in April in relation to a potential approach at a range of \$3.20 to 3.30 per share.

The cash consideration under the Indicative Proposal (exclusive of any dividend) would represent a 34.6% premium to the price of \$2.60 at which PSP acquired a 13.78% relevant interest in Costa on 25 October 2022.

The Indicative Proposal (as reconfirmed) is subject to a number of conditions including satisfactory completion of due diligence, execution of a binding scheme implementation agreement and approval of the PSP Investment Committee. PSP has indicated that they have received approval from the Foreign Investment Review Board to acquire up to 100% of the shares in Costa, however such approval may be required to be refreshed upon finalisation of any co-investors.

The Costa Board, together with its financial and legal advisers, carefully assessed the Indicative Proposal when received and determined it was in the best interests of shareholders to grant PSP an eight-week period of non-exclusive due diligence to enable PSP to determine whether to put forward a binding proposal. The due diligence period commenced on 6 June 2023.

Notwithstanding recent media speculation that Costa and PSP were hopeful of an agreed deal in coming days, further due diligence and negotiations on a potential scheme implementation agreement are expected to continue through July. There is no certainty that the Indicative Proposal will result in a binding offer or that any transaction will eventuate.

¹ The scheme consideration would be reduced by any dividends in excess of \$0.04 per share

Costa shareholders do not need to take any action at this time in relation to the Indicative Proposal. Costa will continue to keep the market informed in accordance with its continuous disclosure obligations.

UBS Securities Australia has been appointed as financial adviser and King & Wood Mallesons as legal adviser.

This release is authorised by the Costa Group Holdings Limited Board.

About Costa (ASX:CGC) - *Costa is Australia's leading grower, packer and marketer of fresh fruit & vegetables and operates principally in five core categories: berries, mushrooms, glasshouse tomatoes, citrus and avocados. Operations include approximately +7,200 planted hectares of farmland, 40 hectares of glasshouse facilities and three mushroom growing facilities across Australia. Costa also has strategic foreign interests, with majority owned joint ventures covering six blueberry farms in Morocco and four berry farms in China, covering approximately 750 planted hectares.*

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