GUYRA (NSW) TOMATO GLASSHOUSE INVESTOR SITE TOUR
29 March 2022

Glasshouses 3 & 4, Guyra, New South Wales



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Costa Group Holdings Ltd (ASX:CGC)

costa
well grown

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Costa Guyra tomato glasshouses

Expanded production capacity

- New 10-hectare glasshouse at New England Hwy site – fully commissioned.
- New 2.5-hectare nursery – fully commissioned.
- Total Costa glasshouse tomato growing area is now 40 hectares – 2x20 hectares of glasshouse in Guyra, New South Wales.
- Production capacity across the 40 hectares now circa 20 million kgs per annum from CY22.







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Costa Guyra tomato glasshouses

Enhanced product offering

- Supplying premium snacking, cocktail and truss tomatoes to the major retailers, independent supermarkets, wholesale and food service sector.
- Exclusive snacking and cocktail varieties grown include - Perino, Bellino, Golden snacking various, Cocktail truss, non-drip Roma plum and red snacking.
- Currently testing 350g Perino pack for the avid Perino consumer.
- Between 80-90 varieties currently being trialled.







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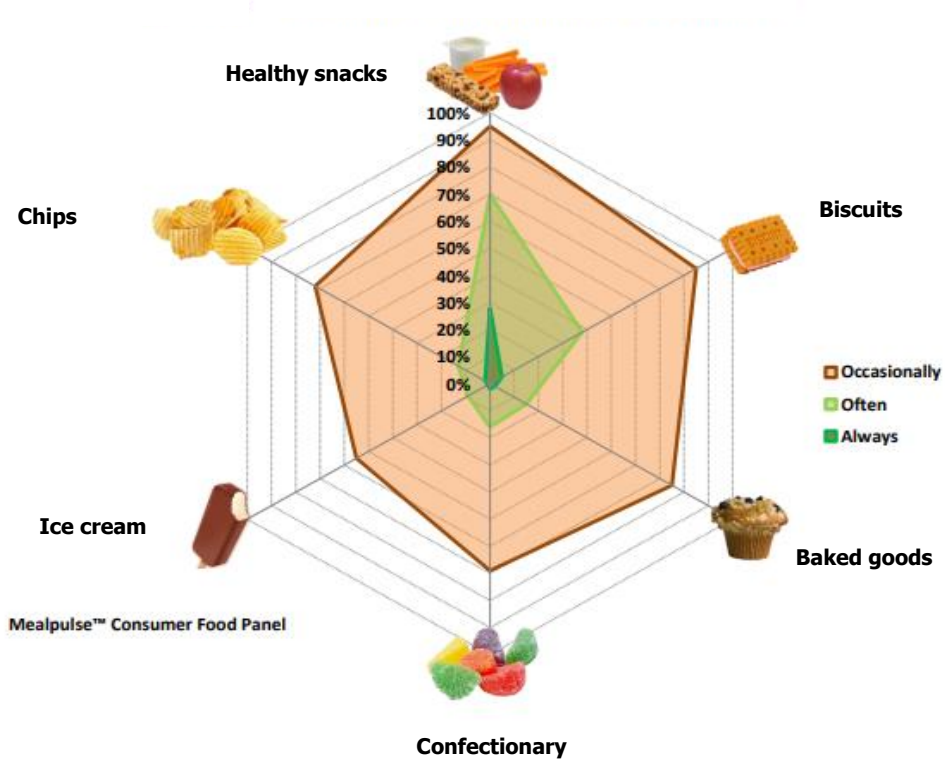
Healthy Snacking Opportunity for Costa

The Australian snack food market is valued at $9.3bn p.a., circa 10% of the retail food market.

40% ($3.74bn) of the total snack food market is categorised as “healthy snacks” (fruits, vegetables, nuts, yogurt, health bars etc.) with fresh fruits (cuts or whole), contributing over half of the total sales.

Over the next five years the Australian healthy snack food market is expected to grow at a CAGR of 4.2%.

Incidence of snacking products consumption



Healthy snacks are consumed far more frequently than other snacks. Almost all Australian households snack on fresh fruit and vegetables occasionally.

- At circa 9% value share of the total fresh fruit and vegetable market, the opportunity for Costa in the healthy snacking segment is significant.
- Occasions can be unlocked via private label and branded opportunities, with snacking tomatoes one of the strongest opportunities

Guyra Tomato glasshouse investor site tour

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New state of the art nursery

- 2.5 hectares divided into seven different compartments to allow for maximum flexibility to ensure seedlings can be produced at the best time to coincide with market demand.
- Utilising full climate control systems. Recycling of irrigation water.
- Between 80-90 varieties currently in trial. Scheduled to deliver circa 700,000 plants in the next 12 months, for own use and third party growers.
- Seedlings are all grafted in state of the art fully enclosed healing chambers utilising LED lights allowing for over 98% success rate.
- Automated seeding lines, planting lines and specialised carts allow for use of efficient labour saving systems.



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Water Use Efficiency and Security

10mm of rainfall on a 10-hectare glasshouse roof is equal to 1 megalitre of water captured

- New England Highway site utilises a closed water cycle. Rainfall is captured from the glasshouse roofs, buildings, hard stands and land within a defined site perimeter. Large holding dams store the captured water.
- The only town water sourced externally to the site is for staff amenities, making up between only 1% to 2% of total site water use p.a.
- Water used to irrigate the tomato plants in the glasshouse is collected once it drains through the growing medium, then treated and reused for further irrigating of the plants.

Yield produced per ML of fresh water used is up to 5.5x greater than produced by a tomato field crop[1]

- Recycled water substantially reduces the required inputs of fresh water making water usage in the glasshouse highly efficient and sustainable.
- The Elm St site doubled its capacity of recycled drain water storage over the recent drought. This will increase the drain water recycling rate from a capacity of 70% to 100%, with a current rate of circa 85% being achieved.
- Reliance on town water usage at the Elm St site has significantly declined over recent years, from 56% in 2017 to 43% in 2020.

1. Refer Appendix One

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Technology

Robotic pollination trial

- Costa has an exclusive commercial agreement with Israeli-based company Arugga AI Farming, to utilise robotic pollination technology for glasshouse tomatoes in Australia.
- An Australian first trial of the technology is currently being conducted in Costa's tomato glasshouse focusing on the pollination of truss tomatoes.
- The pollination process has to date been done by hand.
- Robots are equipped with cameras and AI-based computer vision. Recognise flowers ready for pollination, with an air-pressure mechanism then applying calibrated air pulses to the selected flower.
- A series of cameras and air nozzles move automatically along the rows, resulting in 97 per cent of the flowers identified and pollinated.



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Sustainable energy use

- A quadgeneration microturbine power system has been installed as part of the expansion of the New England Highway site.
- It is expected to result in significant environmental benefits including reduced CO2 emission to the environment and energy savings from both Liquid Natural Gas (LNG) usage and grid power consumption.
- The system purposely produces CO2 for introduction to the glasshouses to aid in photosynthesis and the growing of the plants.
- The site will capture and consume approximately 10,400 metric tonnes of CO^2 annually from the gas boiler and turbine combustion processes that would otherwise be released into the atmosphere.
- Circa 60 per cent of the annual power requirements for the New England Highway site annually should now be generated on site and not taken from the electricity grid.



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Benefits of Vertical Farming

- Protected cropping – glasshouse helps to mitigate impact of extreme weather volatility.
- Requires less land than field crops – increases potential locations.
- Soil less crops – not reliant on arable land.
- Greater total number of plants per hectare versus field.
- Greater yield versus field crops – less area required.
- Supply produce of consistent quality year-round.
- Extended crop length - opportunity for year-round production.
- Potential for use of mechanisation to grow and harvest crops - reduced labour inputs and cost.
- More efficient yield per unit of water usage versus field crops.
- Waste is minimised, both inputs and outputs – opportunity to reduce waste to landfill.

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Sustainable Packaging

- Costa is continually exploring ways in which it can utilise more sustainable and commercially viable packaging.
- In 2020 Costa launched a sweet berry truss tomato pack made from sugarcane pulp.
- Sugar cane pulp is extremely durable, lightweight and biodegrades in 30-90 days once exposed to composting conditions.
- The Biopak product is certified home compostable to Australian AS5810 standards allowing the user to divert organic waste from landfill. It is also industrially compostable to Australian AS4376 standards.
- The packaging is carbon neutral and contains 90 per cent less plastic than a traditional APET clamshell punnet.
- In 2021 Costa replaced the plastic tray on our 500gm and 480gm prepack tomato packaging with a fully recyclable and compostable cardboard alternative.
- This resulted in a 29-tonne reduction in our use of plastic packaging over 2021.





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Reducing waste

- In 2021, Costa commenced end of crop composting of tomato plant vines and leaves.
- Previously this material was being sent to landfill but is now being collected and recycled into compost for use in a number of different applications.
- This has resulted in a reduction of between 2,200 – 2,500 tonnes being disposed of to landfill .
- 572 tonnes of cardboard waste was collected for recycling from our tomato glasshouses in 2020.
- By applying a single factor of 3.3 tonnes of CO2-e per tonnes of packaging waste, this avoided packaging waste to landfill equates to an estimated avoided lifetime carbon emissions over a single year equivalent to 1,887 tonnes of CO2-e.



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Appendices





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Appendix One - Comparison between field and glasshouse grown tomato crops – key production characteristics*

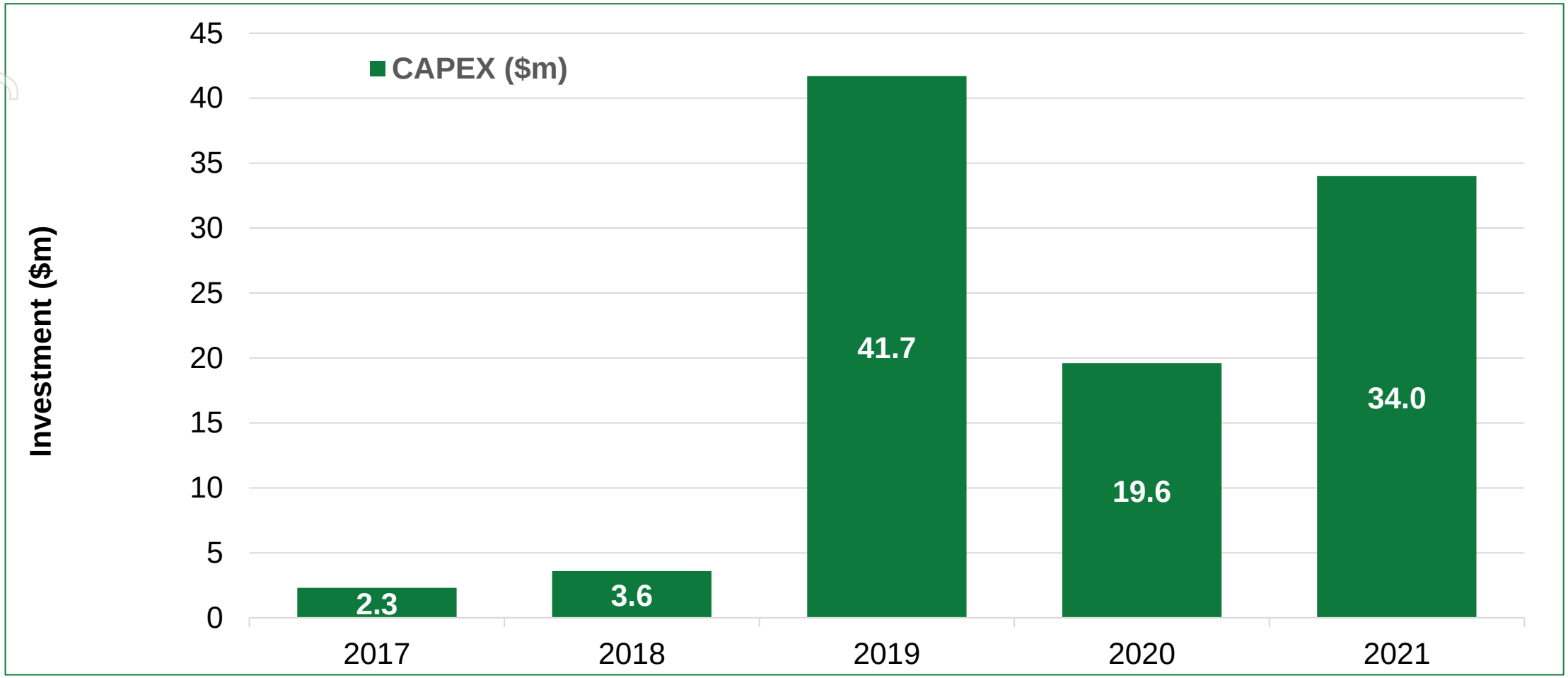
Crop – tomatoes	Field	High Tech Glasshouse
Production unit size	10,000 m2 (1ha)	10,000 m2 (1ha)
Plants per m2	1.1	3.4
Total Plants	11,000	34,000
Yield/m2	7kg/m2	65kg/m2
Crop Length	7 months	11.2 months
Production (kg) p.a.	70,000	650,000
Saleable yield (kg)	56,000	605,000
Water Usage (Annually)	8ML	22.5ML
Recycled Water Use	NIL	6.75ML
Effective Water Use (Annually)	8ML	15.74ML
Effective Yield (t) per ML	7.0t	38.4t



* For large truss tomatoes (assuming 2 field crop rotations vs. 1 Glasshouse crop rotation annually)

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Appendix Two - Five-year Guyra tomato glasshouse capex



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Appendix Three - Guyra location

- Guyra is located in the New England Tablelands (NSW) within the Armidale Regional Local Government Area (“Armidale LGA”), 510 km north of Sydney, 425 km south-west of Brisbane and 40 north of Armidale.
- The New England Tablelands extend 320 km from Tamworth to the Queensland border, comprising the regional towns of Inverell, Armidale, Glen Innes and Tenterfield.
- Guyra was selected as the optimal location for Costa’s glasshouses due to its high annual light levels and favourable temperature range that rarely exceeds 30 degrees Celsius.
- Guyra’s relatively high altitude of 1,330m and cold winter temperatures also reduce risk of pest and disease.



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