



**Australian
Agricultural
Projects
Limited**

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2025 Financial Results and Operating Review

ANNOUNCEMENT

29 AUGUST 2025

Australian Agricultural Projects Limited (**Company**) (ASX: **AAP**) is pleased to present its report for the year ended 30 June 2025.

Trading Result

The Company recorded a profit after income tax of \$1,960,060 for the year ended 30 June 2025 (2024: \$1,254,830), a result which was in line with management's expectations. The key components of this trading result include:

- The 2025 harvest, which was completed in the first week of July, yielded a total of 752,600 litres (2024: 551,500 litres). This season's fruit volumes were affected by the frost event in September 2024. As a result, total olive oil production was at the low end of management's expectations in what was an "on" year in the biennial production cycle of the orchard.
- This harvest resulted in total revenue from lease and management fees derived from the projects the Company manages of \$5,595,578, an 18% increase from the previous year and a 67% increase over 2023, the previous "on year". This outcome was aided by the current high market price for olive oil (discussed below).
- Funding costs reduced to \$446,271 (2024: \$506,903) due to the benefit of surplus cash accumulated during the year being applied against the term debt facility with the ability to redraw at a later date.
- Depreciation expense of \$784,858 (2024: \$667,550) which includes the depreciation of the olive trees that amounted to \$557,010 (2024: \$456,638).
- An upwards revaluation of the underlying land of \$452,675 (2024: nil).

In addition to the after tax profit above, the Company also recorded an upward revaluation of the olive trees of \$965,177 (2024: \$1,149,792). This valuation is based upon the anticipated discounted net cash flows expected to be generated from the orchard assets the Company manages and reflects the increased maturity of the replanted portions of the orchard and the general improvement in industry conditions. The Directors have a policy of seeking an independent valuation every three years to validate this valuation. The most recent valuation was in October 2024.

Cash flows

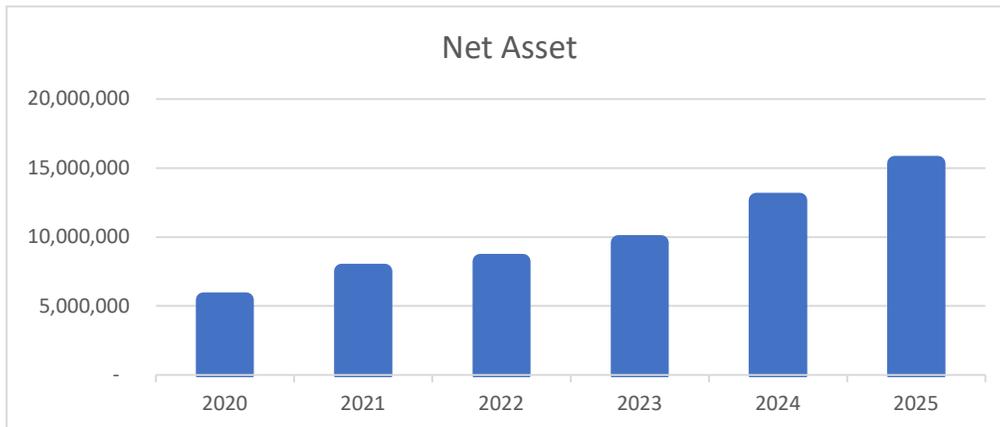
The Company's net cashflows from operations this year amounted to a surplus of \$929,850 (2024: deficit of \$312,583). This improvement in net cash flows is a reflection of the improved 2024 revenue derived from the 2024 harvest as the Company's sales are received in the year following the harvest. Accordingly, the improved 2025 revenue will lead to greater operating receipts during the 2026 financial year. The Company used this operating surplus to continue the strategy of improving the resilience of the balance sheet by reducing total liabilities by \$1,176,761.

Balance sheet

The Company's balance sheet improved over the year with net assets increasing by \$2,683,943 to \$15,345,124. This increase was a result of:

- Trading profit before tax \$ 1,718,766
- Revaluation of orchard assets \$ 965,177

This continues the trend of improving the balance sheet of the Company after the need to replant over 40% of the trees on the orchard. Those replanted trees are now in commercial production and this benefit is reflected in the value of the orchard and the ability of the Company to generate future revenues.



The short-term corporate objective of the Company has been to improve the resilience of the balance sheet with the application of surplus funds towards the structured reduction in liabilities. The opportunity exists for the Company to reconsider its strategic priorities as a consequence of the Growers in the first Project not exercising their option to extend their lease for a further term (discussed below). Your Directors are currently considering other applications of these surplus operating funds in order to continue to enhance shareholder value.

The olive orchards

The 2025 season is summarised as follows:

Operations

The orchard is in good health and is displaying sufficient amounts of new growth to support the 2026 harvest consistent with it being an "off year" in the biennial cycle of fruit production. All orchard activities were completed in accordance with the orchard management plan.

The notable items impacting the orchard operations over the 2025 season were:

- Climatic conditions were generally favourable, not just for tree growth, but also allowing the management team to ensure the programmed activities were completed on schedule. In the previous season (2024), this schedule was adversely impacted by unusually heavy rain in late December which caused the orchard to be largely untrafficable.
- A frost event in September 2024 impacted bud development of a portion of the orchard where the cold air could not escape. Management's assessment is that this had the result of reducing the harvest yield in excess of 10% with some small parts of the orchard bearing minimal fruit. There is no long-term damage to the trees.
- The maintenance programme was focused on improving the reliability of the orchard processes by expanding the range of spare parts carried as well as the continued refurbishment of the two harvesters.
- There was a good supply of water available for purchase on the market over the year with the Company's average weighted price for water being below its long term average.
- Access to casual labour improved over the critical harvest period.

The aim of the orchard management team continues to be a low-cost producer of quality extra virgin olive oil. This objective is achieved by performing as much of the orchard maintenance, harvesting and processing in house with minimum reliance on external contractors unless specialist skills or equipment is required. Contract labour is used as necessary for the few labour-intensive tasks at the orchard.

The short-term focus of the orchard management team over the next season will be the continued improvement of the reliability of the harvesting and processing equipment.

Harvest

The annual harvest was completed in mid-June yielding 752,600 litres (2024: 551,500 litres). This harvest result was at the low end of management's expectations and should be considered in the following context:

- 2025 was an "on year" in the natural biennial production cycle of olive oil yield;
- A better comparative production year is 2023 in which 727,400 litres were produced as it was the previous on year; and
- The September 2024 frost event had the effect of reducing fruit volumes in excess of 10% with some portions of the orchard bearing next to no fruit at all.

The total harvest is summarised as follows:

Project	Planted	Size	2025 Harvest (Litres)
VOOP I	2002	285 hectares	383,700
VOOP II	2003	118 hectares	230,500
Peppercorn	2006	108 hectares	138,400
Total			752,600

The highlight of this result was the yield achieved in the VOOP II portion of the orchard which escaped the effects of the September frost as it is located on the high ground of the orchard. The yield here averaged just below 2,000 litres per hectare which is the greatest achieved since the commencement of the replanting programme. Additionally, this portion of the orchard also includes trees that were planted in 2022 and have still to reach maturity yields.

Testing of the oil has confirmed that the quality of the oil produced this year is much improved over last year, with the volume of oil not making the extra virgin olive oil (EVOO) standard noticeably reduced. Management reports that they have been able to sell all of the EVOO under the olive oil supply agreement with Cobram Estate and expect to achieve strong prices for the virgin oil.

Orchard management's outlook for the 2026 harvest, which is expected to be an "off" year, is that it will most likely be lower than this year's harvest but ahead of the 2024 result (the most recent off year). As always, the 2026 harvest will depend on general climatic and growing conditions during the season. The Company will continue to report each significant event such as flowering and fruit set as well as indicators of oil accumulation through its quarterly reports.

Price

The continued strong retail prices for Australian extra virgin olive oil have underwritten the pricing of the sale of the production from the 2025 harvest.

These strong prices arose from a series of poor harvests in the European region largely as a consequence of disease and poor growing conditions, specifically extremely low rainfall across the growing regions. The most recent European harvest was of a more normal level. Accordingly, the international prices for bulk extra virgin olive oil have commenced to fall from their historical highs but to date there have been no noticeable price reductions on Australian retail shelves.

The Company will continue to monitor this situation. The outlook for the current European harvest, which is due to commence in October, is positive which will likely continue to take the heat out of the international bulk market. However, it is the Company's view that it will take some time before the supply chain returns to normal with manageable levels of carry over stock at the end of each season.

The Company sells its oil through an Olive Oil Supply Agreement with Cobram Estate Limited. The pricing mechanism in this agreement refers to a farm gate price of oil which is ultimately derived from the average price which Cobram Estate is able to sell packaged extra virgin olive oil in the Australian market. Accordingly, the increased retail shelf prices have been of significant benefit to the Company. The olive oil supply agreement expires after the 2025 harvest and the Company is in discussions with Cobram Estate about the extension of this agreement for a further term.

Operating costs

The operating costs at the orchard for the past year were greater than previous years largely due to:

- the continued refurbishment of the Company owned harvesters and the expansion of the spare parts held on site in order to improve the reliability of the equipment; and
- a longer than expected harvest with the associated labour costs.

As noted above, the Company strives to be a low-cost producer of extra virgin olive oil and the management team do not expect operating costs, with the exception of water, to increase significantly above the current level.

The Company has enjoyed below average water costs since the flooding in 2022, however, it was noticeable that water prices rose towards the end of the last season as the lack of rainfall reduced inflows into the wider irrigation system. Management continues to monitor this market carefully and notes that the storage level of Lake Eildon, the principal source of irrigation water for the orchard, is currently in the region of 55.5%.

MIS Project Leases

The first term of the leases which are the foundation of the two managed investment schemes the Company operates ended on 30 June 2025; effectively after the completion of the June 2025 harvest. The growers in each of these projects had an option to extend their lease for a further 25 years.

The growers advised their intentions in the period before June 2025 with the following results:

- No growers in the Victorian Olive Oil Project (VOOP – 285 hectares) exercised their option to extend the term of their lease; and
- All growers in the Victorian Olive Oil Project II (VOOP II – 118 hectares) did exercise their option to extend their lease for a further 25 year term.

As a consequence, the lease over the VOOP project has terminated and the Company intends to farm this portion of the orchard for its own benefit. This decision will require the Company to acquire the residual irrigation interests the growers have in the project. These interests have been estimated to have a value of \$783,750 and will be acquired by the Company in late October 2025. It is budgeted to fund this amount from operating cash flow. The MIS project will continue to operate for the period that it takes for the oil from the 2025 harvest to be sold and the proceeds collected. Following the distribution of those proceeds the operations of the project will cease and the responsible entity will apply to wind up the project.

The second project, Victorian Olive Oil Project II, will continue as it has for the previous period. The Company will again investigate alternative structures that may be more efficient for both the growers and the Company.

The Company is conscious of the responsibilities it has to the individual growers in the projects and that any change to the existing arrangements is an involved and complex exercise. Developments addressing these issues are directly advised to the growers and, where appropriate, will be set out in the Company's quarterly reports.

Looking forward

The Directors consider the future outlook for the Company remains positive and this will be driven by:

- increasing harvest volumes as the last of the replanted portions of the orchard enter commercial production;
- ongoing high olive oil prices; and
- the benefits that may flow from the Company farming a portion of the orchard in its own right.

Separately, the Company will continue to review opportunities in the agribusiness sector in which the Company's management has considerable experience or where immediate cash flows can be created.

Appreciation

As always, the Company continues to rely on a small team which manages the orchard and produces cost effective results. Their resilience, hard work and ongoing efforts is recognised by the Directors of the Company along with the continuing support of our shareholders.

This announcement was authorised for release by the Board of Directors of the Company.

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