



SELECT HARVESTS

21 March 2023

Business Update

Select Harvests Limited ('SHV' or 'Company') today provides an interim update on the progress of the 2023 crop harvest.

David Surveyor, Managing Director said "Recognising the variabilities of agriculture, the company advises that the 2023 almond crop volume is expected to be lower than initially forecast. This revised position is based on initial weighbridge data received from the 2023 crop being delivered to our Carina West Processing Facility. Select Harvests understands this trend is generally consistent across the Australian Almond industry. The current data relates to the Nonpareil almond variety (the non-pollinator variety which is harvested first) which constitutes approximately 50% of Select Harvests' total volume. The financial impact of this volume downgrade should be somewhat offset by global almond prices starting to rise, driven by increased key export market activity, strong recent US and Australian shipment reports and inclement weather conditions impacting the US 2023 crop bloom process".

Mr. Surveyor continued, "As previously stated in Select's announcement on 27 January 2023, the quality of the 2022 crop was the worst the company has experienced over the last 10 years. The remaining portion of this crop is undergoing a detailed assessment and a plan is being progressed to sell marketable almonds and utilise the remaining balance through the company's value-add process".

2023 Crop Update

The 2023 crop harvest activity commenced in mid-February with initial product being delivered to the Carina West Processing Facility in late February. All deliveries are weighed on arrival and recorded against which farm and specific block the product originated from. Analysis of initial data from a variety of farms across all geographic regions currently indicates that the volume of the Nonpareil almond variety is potentially 25-35% lower than initially forecast. This estimate is dependent on final crack out ratios.

At this point there are no volume indicators for the pollinator almond varieties as they are only harvested once the Nonpareil harvest is complete.

The reduction in volume for Nonpareil is due to a combination of the previously communicated poor bloom period and unusually colder and wetter conditions throughout the growing season.

Market Conditions and Outlook

Mr. Surveyor addressed the medium-term market, saying "Global market almond pricing is increasing with a number of positive indicators. February shipments from the Californian Almond Board position report (23.4% higher than February 2022) and the January shipments from the Australian Almond Board position report (60.4% higher than January 2022) were strong and continued the trend of increased stock movements."



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Buyers in the China market are becoming increasingly active following the easing of Covid measures in this important market. Additionally, the Indian and Middle Eastern markets are seeking contracted material at improved pricing levels. Based on recent contracted sales, the Company is currently forecasting net pricing for the 2023 crop to be in the range of A\$7.25 – A\$7.70/kg with potential increases in this rising market.

Balance Sheet

Banking facility re-negotiations have progressed and are scheduled to complete as planned.

Select's banking partners are supportive of the business and the wider almond macro and have both provided credit approval for an increase of \$30m above current limits and adjusted covenants taking into account current trading conditions.

Despite the 2022 crop revaluation and the 2023 crop volume downgrade, the Company is forecast to remain within its current/revised banking limits. Debt to equity at 1H FY2023 is expected to be approximately 37% (based on market value of assets gearing would be approximately 28%).

Mr. Surveyor said the Company has a well capitalised and flexible Balance Sheet and added, "The previously advised sale of the Mountview orchard is progressing. The Company also has a portfolio of permanent water rights with a current market value of over \$100m which adds to the Company's financing flexibility."

This announcement has been approved by the Board of SHV.

ENDS

FOR FURTHER INFORMATION, PLEASE CONTACT:

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About Select Harvests:

Select Harvests Ltd (ASX:SHV) is an ASX-listed, fully integrated almond business consisting of orchards (company owned, leased, joint venture and managed), primary processing (hulling & shelling), secondary value-added processing (blanching, roasting, slicing, dicing, meal and paste) under the Renshaw & Allinga Farms industrial brands. Australia is a significant global almond producer and Select Harvests are one of Australia's largest almond companies, supplying almonds domestically and internationally, to supermarkets, health food stores, other food manufacturers, retailers and the almond trade.

The company is headquartered at Richmond, an inner eastern suburb of Melbourne, Australia, while its orchards are in North West Victoria, Southern New South Wales and South Australia. Its almond processing and value-adding facility (Carina West) is located at Wemen in North West Victoria.

For more information, visit www.selectharvests.com.au