



29 March 2022

Duxton Farms Limited ("**Duxton Farms**" / "**Company**") is pleased to announce results from the 2021/22 winter crop harvest, and the implications for its full year financial performance for FY22.

Overall, we note that the crop was materially impacted by the high rainfall and subsequent flooding which occurred in New South Wales from September 2021 to January 2022. Although the Company experienced widespread quality downgrades and some outright loss across the winter crop, the overall impact has been mitigated to a large extent through the actions of the Duxton Farms Operations Team. Overall, the Company had to abandon harvesting 24% of the crop, including all of its chickpeas and field peas, although 219 hectares of the unharvested crop was used as grazing feed.

### Harvest Result

Due to the adverse weather conditions referenced above and in the Company's monthly updates, Duxton Farms' winter harvest was only recently completed at the end of February 2022, two months later than would have normally been expected. The final harvest figure for the season was 37,241 tonnes compared with 60,486 tonnes last season, a 38% reduction.

Commodity	Winter Crop Production (tonnes)		Difference (%)
	2020/21 Season	2021/22 Season	
Wheat	39,427	28,561	(28%)
Barley	12,537	6,056	(52%)
Chickpeas	7,326	-	(100%)
Field Peas	370	-	(100%)
Canola	322	2,624	715%
<b>Total</b>	<b>60,486</b>	<b>37,241</b>	<b>(38%)</b>

As mentioned, grain quality was lower than expected, with 96% of the crop graded to feed grain, and therefore below the base grade of ASW1. However, the quality impact is expected to be partially offset by the recent appreciation in grain prices, which Duxton Farms will be able to capitalise on as it still maintains a high level of exposure to the market relative to previous years. The Company will aim to sell down the majority of this grain, excluding amounts retained for internal use, before the end of the financial year. Revenue resulting from the sale of grain remains dependent on grain prices ultimately received.

The canola crop was a further highlight, as it was both larger than expected and was categorised entirely within the highest quality grade; the canola crop was sold in an extremely favourable pricing environment, which further served to offset the reduction in overall production.



## **Earnings Outlook**

With consideration to the ASX's Guidance Note 8 on continuous disclosure requirements, the Company also wishes to provide guidance on the implications of the harvest for its earnings outlook for the financial year ended 30 June 2022, as its earnings for FY22 are likely to differ materially from earnings for the prior corresponding period.

The Company has not published any earnings guidance for FY22, a result of the nature of the business, and is not covered by any sell-side analysts. As such, the Board's best estimate for the market's expectation for FY22 earnings is based on the earnings achieved in FY21, which is the prior corresponding period, although we take this opportunity to remind investors that past performance is not a reliable indicator of future performance.

In its 2021 Annual Report to Shareholders, Duxton Farms reported a net profit after tax of \$1,406,000. The Company is expecting its corresponding earnings for FY22 to be materially lower than FY21, which is primarily attributable to the impact of unfavourable weather conditions. At this stage, the Company's revenue and earnings are expected to be reduced by between 60% and 70% from the previous corresponding period.

## **Board Approval**

Duxton Farms confirms that this announcement has been authorised for release to the ASX by the Board of Directors.

## **Important Notice on Forward Looking Statements**

This announcement contains certain forward-looking statements that include indications of, and guidance on, future earnings, financial positions, and performance. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, and other factors, many of which are beyond the control of the Company (for example, crop prices). Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based.

*This announcement has been authorised for release by the Board of Directors of Duxton Farms Ltd.*

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