Rule 4.3A

Appendix 4E **Preliminary final report**

Name of entity

Select Harvests Limited

ABN or equivalent company reference: 87 000 721 380

1. Reporting period

Report for the financial year ended 30 September 2022
Previous corresponding year 30 September 2021

2. Results for announcement to the market

(All amounts in this report are expressed in A$'000 unless otherwise stated)

Revenues from continuing ordinary activities *(item 2.1)*	Down	12.7%	to	$199,661
Profit from continuing ordinary activities after tax attributable to members (*item 2.2*)	Down	75.6%	to	$6,172
Net profit for the period attributable to members *(item 2.3)*	Down	68.5%	to	$4,759

Dividends *(item 2.4)*	Amount per security	Franked amount per security
Final dividend	2¢	2¢
Previous corresponding period	8¢	8¢
Record date for determining entitlements to the dividend *(item 2.5)*	9 December 2022	

3. Statement of Financial Performance *(item 3)*

Refer to the attached Annual Report.

4. Statement of Financial Position *(item 4)*

Refer to the attached Annual Report.

5. Statement of Cash Flows *(item 5)*

Refer to the attached Annual Report.

6. Statement of Retained Earnings *(item 6)*

Refer to the attached Annual Report.

7. Dividends *(item 7)*

	Date of payment	Total amount of dividend
Interim Dividend - year ended 30 September 2022	N/A	Nil

Amount per security

		Amount per security	Franked amount per security at 30 % tax	Amount per security of foreign sourced dividend
Total dividend:	Current year	2 ¢	2 ¢	0 ¢
	Previous year	8 ¢	8 ¢	0 ¢

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities *(each class separately)*	2,419	9,618
Preference securities *(each class separately)*	-	-
Other equity instruments *(each class separately)*	-	-
Total	2,419	9,618

8. Details of dividend or distribution reinvestment plans in operation are described below *(item 8)*:

The final dividend may be reinvested in ordinary shares under the company's Dividend Reinvestment Plan at a 2.5% discount to the DRP price.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	12 December 2022

9. Net tangible assets per security *(item 9)*

	Current period*	Previous corresponding period
Net tangible asset backing per ordinary security	$ 3.58	$ 3.68

* Includes Right-of-Use Assets and lease liabilities in accordance with AASB 16 Leases

10. Details of entities over which control has been gained or lost during the period: *(item 10)*

Control gained over entities

Name of entity *(item 10.1)*	Not applicable
Date(s) of gain of control *(item 10.2)*	Not applicable
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities since the date(s) in the current period on which control was acquired *(item 10.3)*	Not applicable
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 10.3)*	Not applicable

Loss of control of entities

Name of entities *(item 10.1)*	Not applicable
Date(s) of loss of control *(item 10.2)*	Not applicable
Contribution to consolidated profit (loss) from ordinary activities after tax by the controlled entities to the date(s) in the current period when control was lost *(item 10.3)*.	Not applicable
Profit (loss) from ordinary activities after tax of the controlled entities for the whole of the previous corresponding period *(item 10.3)*	Not applicable

11. Details of associates and joint venture entities

Name of associates or joint venture entities *(item 11.1)*	Not applicable
Details of reporting entity's percentage holdings in each of these entities *(item 11.2)*	Not applicable
Contribution to consolidated profit (loss) from ordinary activities after tax by those entities *(item 11.3)*.	Not applicable
Profit (loss) from ordinary activities after tax of those entities for the whole of the previous corresponding period *(item 11.3)*	Not applicable

12. Significant information relating to the entity's financial performance and financial position. *(item 12)*

Not applicable.

13. Set of Accounting Standards used to compile the report. (*item 13*)

The financial information provided in this report (Appendix 4E) is based on Australian Accounting Standards.

The financial accounts (attached) were prepared in accordance with Australian Accounting Standards.

14. Commentary on the results for the period. *(item 14)*

Not applicable

15. Statement on whether the report is based on audited financial accounts *(item 15)*

This report (Appendix 4E) is based on financial accounts that have been audited.

16. Financial accounts have been audited *(item 16 and 17)*

The financial accounts have been audited and contain an independent audit report that is unqualified.

Sign here: Date: 22 November 2022

Print name: Bradley Crump
Company Secretary

SELECT HARVESTS

ANNUAL REPORT **2022**

YEAR ENDED 30 SEPTEMBER 2022

HEALTHY & SUSTAINABLE

WHETHER SOLD IN INDIA, CHINA OR ELSEWHERE IN THE WORLD, OUR ALMOND KERNELS CAN BE TRACED TO THE ORCHARD WHERE THEY WERE GROWN.

SECURE SUPPLY CHAIN

ALLINGA FARMS

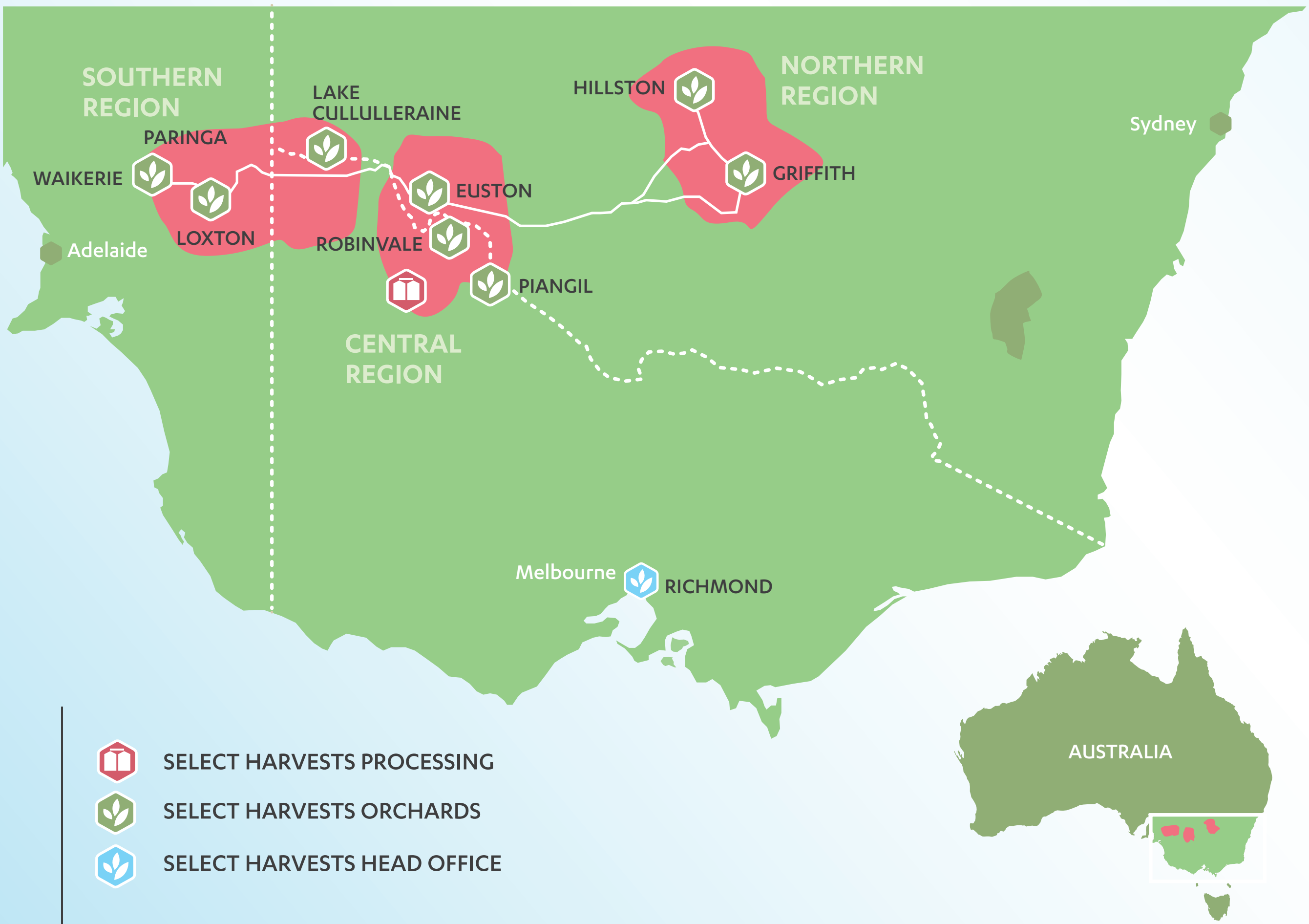
RENSHAW

One of the world's largest almond growers, with a geographically diverse 9,262 hectare almond orchard portfolio.

Strategic Priorities:

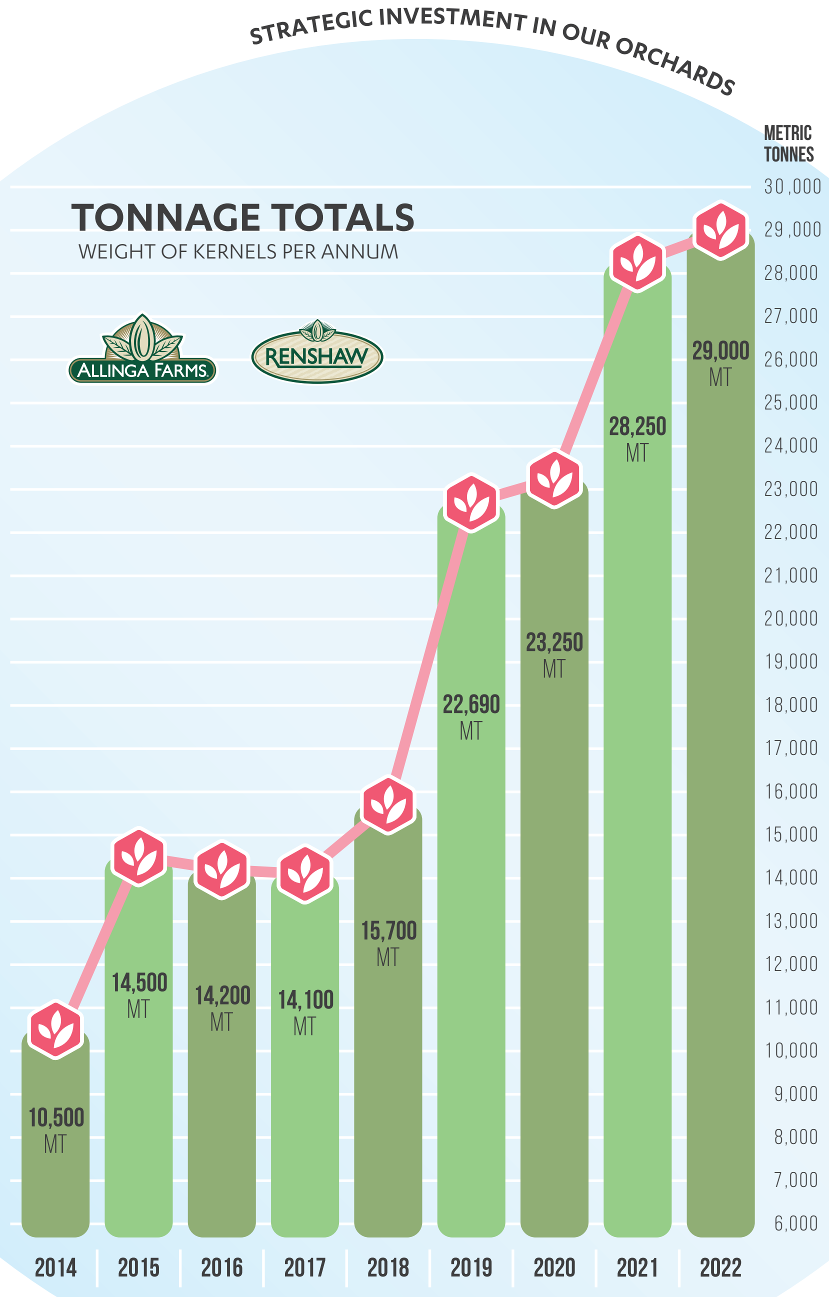
- ***Optimise the Almond Base***
  Increase productivity and achieve sustainably high yields from our growing almond orchard base
- ***Grow our Brands***
  Grow our industrial brands, aligned to the increasing consumption of plant based foods
- ***Expand Strategically***
  Pursue value accretive acquisitions that align with our core competencies in the plant based agrifoods sector.

GEOGRAPHIC DIVERSITY OF SELECT HARVESTS ORCHARDS



9,262 HA (22,886 ACRES) **TOTAL** PLANTED AREA	**2,670** HA (6,597 ACRES) **SOUTHERN REGION** PLANTED AREA	**4,644** HA (11,475 ACRES) **CENTRAL REGION** PLANTED AREA	**1,948** HA (4,814 ACRES) **NORTHERN REGION** PLANTED AREA

Company Profile



Select Harvests is one of the world's largest almond growers, and a leading manufacturer, processor and marketer of almond products. We supply the Australian retail and industrial markets plus export almonds globally.

We are Australia's second largest almond producer and marketer with core capabilities across: Horticulture, Orchard Management, Almond Processing, Sales and Marketing. These capabilities enable us to add value throughout the value chain.

Our Operations

Our geographically diverse almond orchards are located in Victoria, South Australia and New South Wales, with a portfolio that includes more than 9,262 hectares (22,886 acres) of company owned and leased almond orchards and land suitable for planting. These orchards, plus other independent orchards, supply our state-of-the-art processing facility at Carina West near Robinvale, Victoria.

Our Carina West processing facility has the capacity to process above 30,000MT of almonds in the peak season and is capable of meeting the ever increasing demand for inshell, kernel and value-added products.

Export

Select Harvests is one of Australia's largest almond exporters and continues to build strong relationships in the fast growing markets of India and China, as well as maintaining established routes to markets in Asia, Europe and the Middle East.

Industrial Value-Adding Almond Business

Demand for Select Harvests value-added industrial almond products continues to grow under our *Renshaw* and *Allinga Farms* brands.

Our industrial almond business supplies a full range of premium value-added almond products (blanched, roast, sliced, diced, meal and paste) in multiple customer categories (beverage, bakery, confectionery, cereal, snacking, health, dairy (ice cream), re-packers and wholesalers) to over 600 customers globally.

Our Vision

To be a leader in the supply of better for you plant-based foods.

Contents

SECURE SUPPLY CHAIN

Food safety

Our almonds are sold around the world to buyers who appreciate the high levels of traceability Select Harvests can provide.

Business Highlights

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA):

$37.9m

Continuing operations: $40.4m

Net Profit After Tax (NPAT):

$4.8m

Continuing operations: $6.2m

Net Bank Debt to Equity:

25.9%

(Excluding lease liabilities)

Average SHV Almond Price

$6.80/kg

Total Almond Production Costs:

$5.88/kg

Impacted by adverse end of season weather conditions

Almond crop

29,000MT

Yields remain better than industry standard

Operating Cash Flow:

$26.8 million

Decrease of $11.3m, 2022 impacted by delayed harvest and sales program

Value-Add Sales

6,397MT

Lost Time Injury Frequency Rate (LTIFR):

Down 28.3%

Circular & Sustainable Almond Production

"The co-generation power station is an integral link, bringing together several sustainability initiatives through waste recycling, compost generation as well as carbon neutral power.

- Brad Crump
CHIEF FINANCIAL OFFICER

Chair & Managing Director's Report

Financial year 2022 was again a challenging year and a busy year for the Select Harvests team. The team displayed resilience and professionalism in a year that has had several uncontrollable events.

The global almond market continued to recover from the impacts of COVID 19. The supply chain remained in oversupply and US growers further lowered prices to clear inventory. Market pricing was stubbornly low across all grades. Management was able to gain a price premium for larger sizes and quality inshell into the China and Middle Eastern markets.

On Boxing Day 2021, there was a significant hull fire at the Carina West facility. Unfortunately, the fire destroyed fumigation and warehousing assets. At this point the repairs are substantively complete. New fumigation chambers are due for arrival in 1H 2023. Select Harvests would like to acknowledge & thank the *Country Fire Authority,* our employees, and our local community for their support in combatting this fire.

The Australian almond pollination was disrupted by a varroa mite incursion in NSW. Despite hive movement restrictions set in place by the South Australian and Victorian State Governments we were able to meet our minimum hive requirements. We would like to acknowledge the work that our Horticultural teams have done to meet our requirements. This outcome is a result of years of relationship building, a strong understanding of the industry and trust that has been built over time.

The management team successfully closed the Thomastown facility and expanded the Carina West facility's capability and capacity enabling the integration of the additional almond volume previously processed by the Thomastown facility. Our state of the art value-added facility enables us to generate a significantly higher return from some of the lower grade crop.

The Piangil orchard has now been fully integrated, and the planned operational capex projects have been commissioned. Importantly the infrastructure is in place for the orchard, allowing the orchard to meet its full potential. The yield and quality were in line with our acquisition business case.

The 2022 Harvest was extremely challenging due to the wet conditions with some stock being written off and 25% of the crop requiring mechanical drying. Both quality and volume were impacted by these adverse conditions.

A great deal of work has been done to understand the nutritional and economic value of our co-waste. Historically this part of our crop has simply been treated as waste. As a result of in-house projects, one third of this biomass is being returned to our orchards as compost, improving the structure and nutritional value of the soil. We have two other trials underway looking to harvest and return the nutritional components of this co-waste to the orchard as liquid fertilizer.

In February 2023 we will be publishing our sustainability report. This report will go into greater detail about our co-waste and pathway to carbon neutrality at or before 2050.

During the year the business leaders participated in a leadership development program developed in conjunction with *SuniTafe*. This course instructed managers on how to lead in a variety of challenging environments.

The 2022 culture survey confirmed that our employees see safety as our number one priority and collaboration within the organisation is the key to success.

FINANCIAL PERFORMANCE

Select Harvests delivered a FY2022 Underlying Earnings Before Interest and Tax (EBIT) result of $8.84 million. Another record almond crop volume of 29,000Mt (2021 crop 28,250Mt) represented the fifth consecutive year of increased volumes produced. The result was offset by weather related increased processing and harvest costs and almond pricing remaining at low market levels.

The 2022 crop yields were again higher than industry average. Following three very high yielding years the mature orchards' yields were slightly down on 2021 crop rates. The three-year average yield rates remain very encouraging. The immature orchards again delivered yields above business case levels as their rate of increase slows as they near full maturity. The poor weather conditions leading up to and during harvest negatively impacted the level of inshell produced and reduced the overall level of quality due to high moisture levels.

Crop production costs increased 4.4% due to weather related increased costs of harvesting, drying requirements and a higher percentage of costs are recognised based on the maturity profile of the immature orchards. This was partially offset by the benefit of current lower temporary water entitlement prices.

The industrial almond value-adding operating results were very encouraging. The transfer of capacity and capability from the Thomastown facility to the company's processing centre at Carina West has been successful with improving throughputs and yields being achieved. The financial results of value-add however have been impacted by the usage of 2020 and 2021 crops as raw material input at prior period contracted pricing. This has an impact on gross margins which will rectify early in FY2023 once the plant moves to the usage of lower priced 2022 crop.

Due to the successful shut down and exit of the Company's Thomastown facility in June 2022, $1.2M of the $9.0 million in provisions raised at the end of FY2021 were reversed. This related predominantly to the successful sale of equipment at a higher price than the estimated write down of the asset.

The Company's balance sheet remains in a strong position. Due to the mix of product and delayed shipments net bank debt increased to $134.5 million and bank debt gearing levels are at 26.1% leaving us well placed to take advantage of future positive market movements.

Delayed shipping of product in FY2022 and the full year impact of lower almond prices also reduced the company's operating cashflow to $26.8 million (FY2021 $38.2 million). This, plus a further drawdown of debt, funded the year's investing cashflows which included the increased capability and capacity of the value-add facility.

As a result of the Company's solid financial position, and the expectation of future levels of profitability, the Directors are pleased to declare $0.02 fully franked dividend for the FY2022 year.

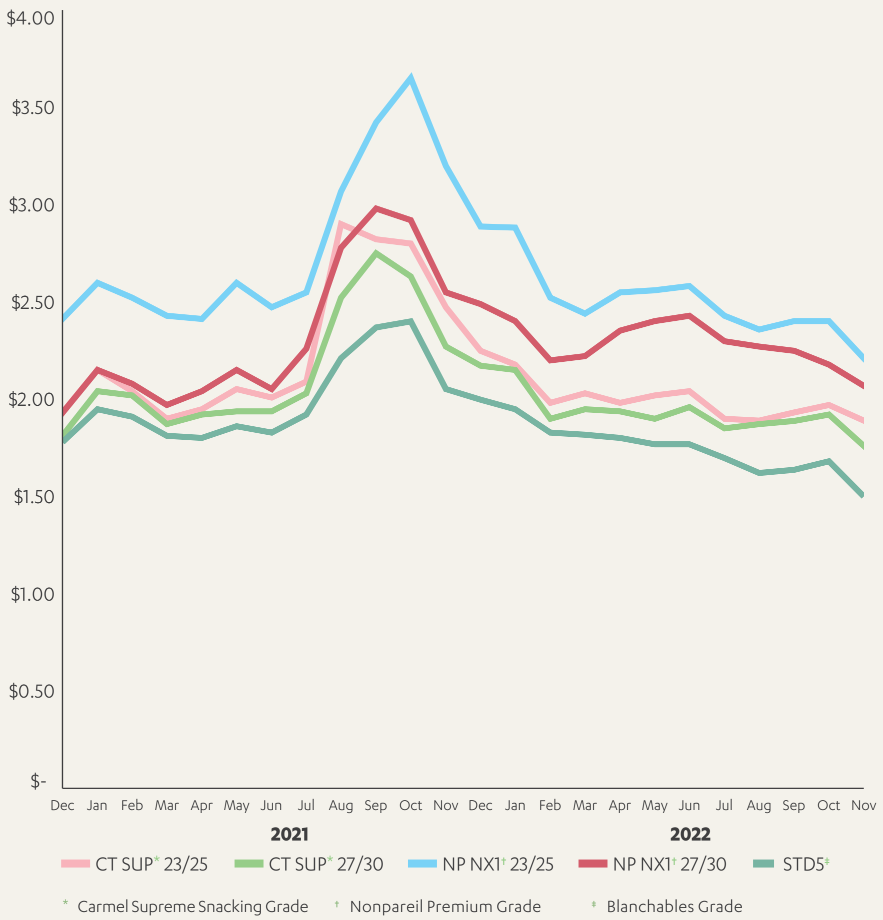
SAFETY, SUSTAINABILITY & WELLBEING

Select Harvests' Zero Harm Safety & Wellbeing strategy holds the aim of improving our safety performance by 15% per annum until we operate in a zero-harm environment. Hazard reporting continues to be the key strategy in ensuring this target is achieved. Pleasingly hazard reporting within the company increased by 73.7% in FY2022. This active approach is important, helping to reduce the total recordable injury frequency rate 4.5% in FY2022.

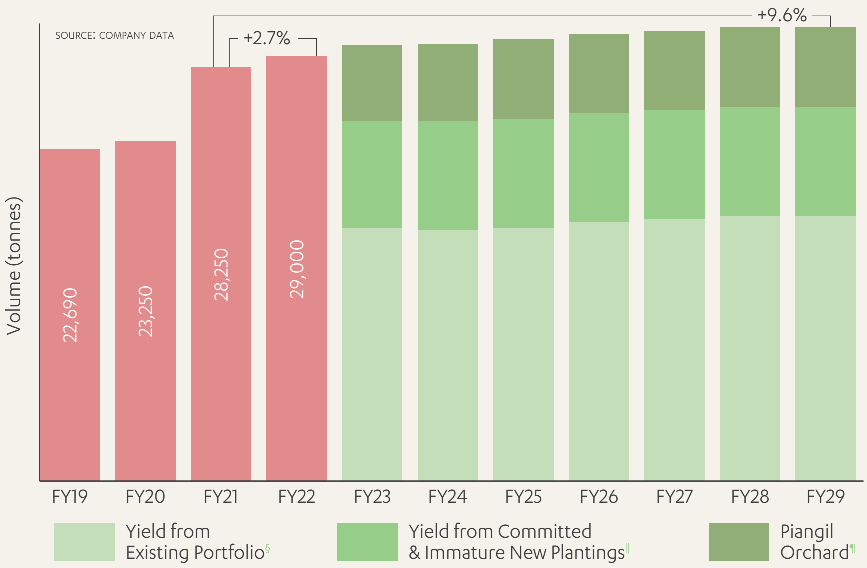
In 2022, all managers undertook leadership development training emphasising the importance of both empathy and clarity of goals. Our 2022 Culture Survey provided feedback that Safety and Food Safety are well understood. We saw improvement across all areas, but still recognise we can continue to improve in areas like collaboration and innovation.

At Select Harvests, sustainability means doing the right thing today and into the future. This year we have continued to explore ways to better utilise our co-waste and how to meet our commitment to be net zero on or before 2050. We have remained active in the community as regional areas recover from the impacts of COVID 19 and the more recent weather events. In February 2023 we will be publishing our Sustainability Report, which provides a more detailed communication of our activity.

Global Almond Pricing - USD Per Pound



SHV Theoretical Harvest Volume (MT)§



§ The almond crop is biennial in nature with expected +/- 10% per annum variation in tonnage.
|| Assumes a 3.3MT per ha (1.35MT per acre) maturity profile for Select Harvests' orchards and immature yields based on the average of the 2019, 2020 and 2021 crops.
¶ Assumes a 3.5MT per ha (1.40MT per acre) maturity profile for Piangil Almond Orchard.

ALMOND MARKET OUTLOOK

The global almond market remains uncertain over the near term. California's 2022 crop size is estimated to be 2.5-2.6 billion pounds as they continue to manage through difficult drought conditions and increasing costs of production. However, given the scale of their bearing acres, the productive capacity of a future large crop remains.

The global logistics network is returning to normal operating conditions. Global almond traders' purchasing patterns remain short term focussed and price conscious, particularly with US based growers looking to reduce holdings of prior year materials at lower than long term average prices. This market environment is particularly impacting lower grade material.

In this environment Select Harvests has continued to focus on being as efficient as possible at the same time as optimising the performance of our orchard and processing assets. Sales are targeted at markets where premiums can be achieved, and lower cost freight alternatives delivered.

Despite the current very wet conditions our orchards are performing well, with our 2022/23 crop set to begin harvesting in March 2023.

THANK YOU

During the year our Chair Michael Iwaniw retired from the Board. Michael was appointed to the board of Select Harvests in 2011 and was Chair for the majority of his tenure. During his time the company tripled its net asset base. We would like to acknowledge and thank Michael for his leadership.

FY2022 has delivered several challenges that have been dealt with in a professional and resilient manner. There is no doubt that, while this has had an impact on the year's financial performance, it has also ensured the company is in a good position to take advantage of an improving almond market and settled growing and handling conditions.

Select Harvests' dedicated employees, our sound and consistent strategy and our strong financial position are enabling the company to successfully navigate through the recent challenges and continue seeking new opportunities.

The underlying fundamentals of the almond industry remain strong. We are very well placed to benefit from the market settling and demand and supply patterns returning to normal.

Our targeted focus in optimising the company's almond base and expanding and improving our value-adding capacity and capability will ensure, as one of the world's largest vertically integrated almond producers, ongoing growth, and improved returns.

We would like to thank our shareholders, suppliers, and employees for all their support and commitment during FY2022 and look forward to continuing to pursue operational improvements and growth opportunities in 2023.

Paul Thompson.

Travis Dillon,
Chair

Paul Thompson,
Managing Director

Select Harvests Strategy: In control of our destiny

VISION

To be a Leader in the Supply of Better for You Plant Based Foods

VALUES

TRUST AND RESPECT	INTEGRITY AND DIVERSITY	SUSTAINABILITY	PERFORMANCE	INNOVATION
DO THE RIGHT THING	BE ONE TEAM	PROTECT AND GROW	OWN IT	THINK OUTSIDE THE SQUARE

STRATEGIC PRIORITIES

THE PATHWAY TO ACHIEVING OUR VISION

Optimise the Almond Base
Increase productivity and achieve sustainably high yields from our growing almond orchard base

Grow our Brands
Grow our industrial brands, aligned to the increasing consumption of plant based foods

Expand Strategically
Pursue value accretive acquisitions that align with our core competencies in the plant based agrifoods sector

OPERATIONAL FOCUS

WHAT WE DO EVERYDAY

Customers
Exceed our current customer's expectations and grow our customer base, focused on the Asian marketplace

Supply Chain
Optimise our end-to-end supply chain to achieve maximum value for the business as a whole

People
Focus on a safe working environment, well-being, company culture, leadership development and staff training, attraction and retention

Capital
Target capital discipline, balance sheet strength, superior shareholder returns and long term growth

GOAL

Sustainable Shareholder Value Creation

Processing normally begins late April

Around late April processing of the year's crop commences. The first step in processing almonds is to remove the hull and shell. Some almonds are value-add processed and supplied as slivered, sliced, diced, split, left whole or ground.

Value-add almonds

Renshaw supplies a full range of premium value-added almond products (blanched, roast, sliced, diced, meal and paste) in multiple supplier categories, including beverage, bakery, confectionery, cereal, snacking, health, dairy (ice-cream), re-packers and wholesalers, to over 600 customers globally.

2022/23 Triple Bottom Line Focus Areas

Planet

Water Efficiency
100% of our orchards use drip irrigation tree and soil monitoring systems

Sustainability
Our sustainability targets to be disclosed in our 2022 Sustainability report in February 2023

Co-Waste Projects
Continue developing three promising co-waste projects

People

Securing Labour
Commenced securing harvest labour for 2023

HRIS System
Completion of the implementation in 2023

Investment in Skills
Leadership training and ongoing skills development in place

Profit

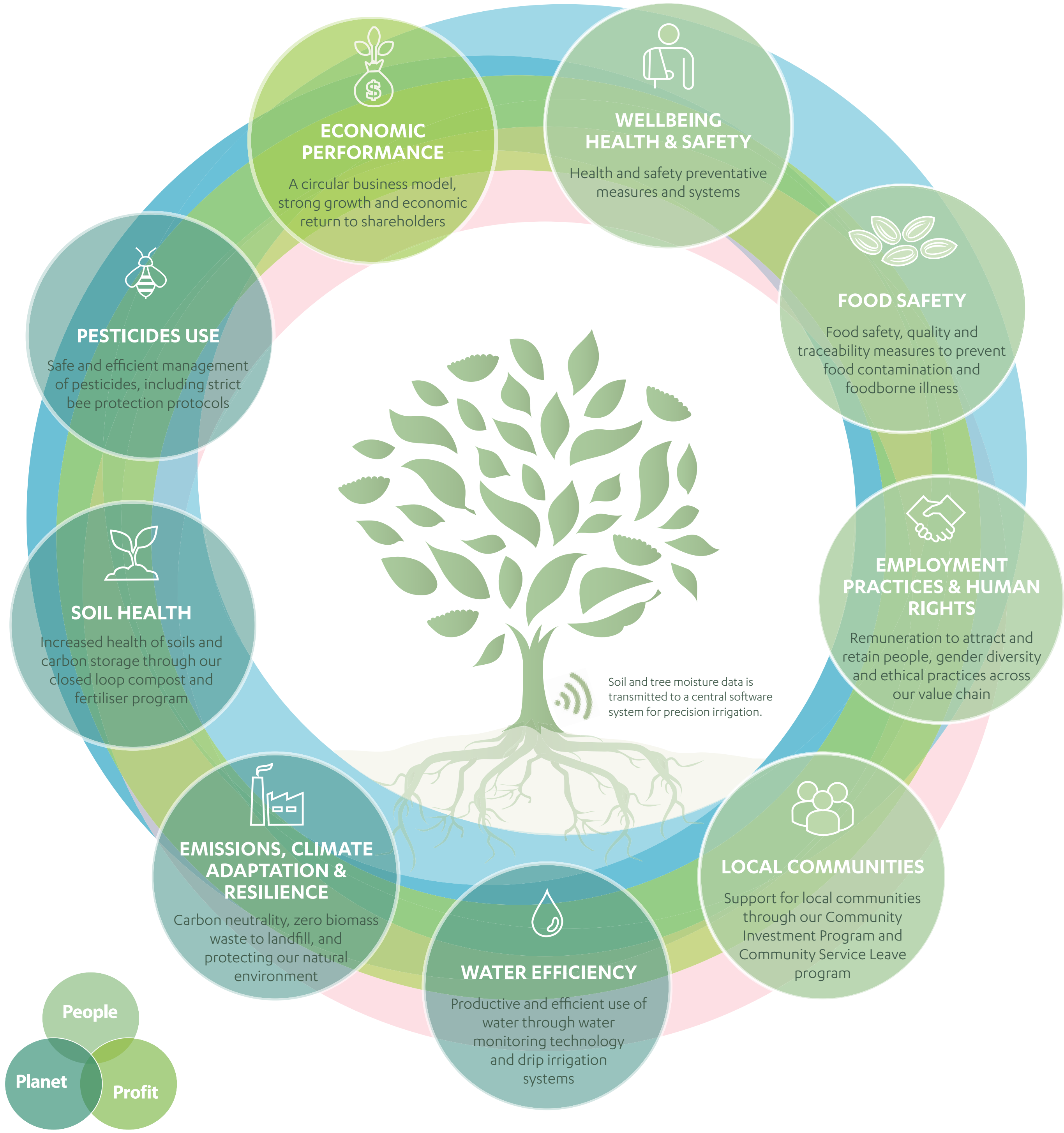
Water Costs
Lower temporary water entitlement costs expected in FY2023 due to full catchments

Carina West Investment
Increase in volume and efficiency of the value-added almond product line

Bi Product Compost and Fertiliser Program
Commercialisation opportunities being developed

DRIP IRRIGATION: 1 00% of our orchards use drip irrigation tree and soil monitoring systems.

Our Sustainability Focus



"Our approach to sustainability is a core value underpinning our business strategy and centres around three pillars: people, planet and profit.".

- Nikki Jordan
SUSTAINABILITY AND ENVIRONMENT MANAGER

Executive Team

PAUL THOMPSON
Managing Director and CEO

Appointed as the Managing Director and Chief Executive Officer of Select Harvests Limited on 9 July 2012. Paul has over 30 years of management experience and was recently appointed as a Director of the Almond Board of Australia. Formerly President of *SCA Australasia*, part of the *SCA Group,* one of the world's largest personal care and tissue products manufacturers. He is a member of the *Australian Institute of Company Directors* and has formerly held positions as a Director of the *Food and Grocery Council* and councillor in the *Australian Industry Group*.

BRADLEY CRUMP
CFO and Company Secretary

Brad joined Select Harvests as Chief Financial Officer in 2017 and was appointed Company Secretary on 7 August 2018. He is a Certified Practising Accountant and has over 15 years experience in senior financial management. Most recently he has been the CFO of *Redflex Limited* and previously gained extensive experience in agribusiness as CFO of *Landmark* (Australia's largest rural services provider) and senior roles within *AWB Limited*. He brings extensive agribusiness, agri-services and related capital management experience to the role.

PETER ROSS
General Manager Performance, Improvement and Sustainability

Peter joined Select Harvests in 1999. He has held the positions of Plant Manager, Project Manager and General Manager for the Processing area of the Almond Division, General Manager Horticulture, General Manager Almond Operations and was appointed General Manager Performance, Improvement and Sustainability in August 2021. Prior to joining Select Harvests, Peter ran his own maintenance and fabrication business servicing agriculture, mining and heavy industry.

BEN BROWN
General Manager Horticulture

Ben joined Select Harvests in 2014. Ben held the position of Project and Technical Manager of the Horticultural Division, before being appointed General Manager Horticulture in April 2018. Ben is an Applied Science graduate with Honours in Soil Science and has 20 years experience across perennial irrigated horticulture with expertise in: orchard development; production horticulture; development of detailed RD&E strategies; and extension and technology transfer of best practice. Prior to joining Select Harvests, Ben was the Industry Development Manager at the *Almond Board of Australia* and an irrigation and soil agronomist.

NICOLE FEDER
General Manager, People Safety & Culture

Nicole joined Select Harvests in January 2021. Nicole is a highly experienced HR Leader and Organisational Psychologist with a track record of helping businesses achieve success and sustainable growth by developing capable, diverse and engaged workforces. Nicole has worked across a range of diverse business sectors including: *PwC, Carlton & United Breweries, Amcor, Toll Group* and *Mayne Nickless*. Most recently, Nicole held the role of GM Human Resources for *Database Consultants Australia*. She is a Member of the *Australian Human Resources Institute* and a Member of the *Australian Psychological Society*.

DAN WILSON
General Manager, Almond Operations

Dan joined Select Harvests in 2017. He has held the positions of H2E Cogen Manager, Operations Manager - Mechanical Engineering, and was appointed General Manager of Almond Operations in July 2021. Before joining Select Harvests, Dan was the Plant Manager for the *BOC* bulk gas division in the Northern Territory and brings with him extensive knowledge in production, processing and operations.

SUZANNE DOUGLAS
General Manager Consumer

Suzanne joined Select Harvests in 2019, and left the company in June 2022. Suzanne is a highly experienced, successful and senior manager who has extensive experience in both the Australian and international Fast-Moving Consumer Goods Industry. Before joining Select Harvests, Suzanne has led *HJ Heinz Australia*, and held senior management roles at *Devondale Murray Goulburn* and *McPherson's Consumer Products*.

Board of Directors

TRAVIS DILLON
Chair and Non-Executive Director
Joined the board on 29 November 2021 and appointed Chair on 27 May 2022. Travis has commercial and strategic expertise in the agricultural sector and relevant distribution channels. He is currently the Deputy Chair of *Lifeline Australia*, Chair of *Clean Seas Seafood* and Chair of *Terragen Holdings Limited*. Travis has previously served as CEO and Managing Director of *Ruralco Holdings Limited* until its acquisition by *Nutrien* in September 2019. Prior to becoming Ruralco's Managing Director in 2015, he was the Executive General Manager of Ruralco's operations. Over a career in agri-services, spanning nearly three decades, Travis has held many positions including Branch Manager, Agronomist and numerous Category Manager roles. He is a current member of the Remuneration and Nomination Committee.

PAUL THOMPSON
Managing Director and Chief Executive Officer
Appointed as the Managing Director and Chief Executive Officer of Select Harvests Limited on 9 July 2012. Paul has over 30 years of management experience and was recently appointed as a Director of the Almond Board of Australia. Formerly President of *SCA Australasia*, part of the *SCA Group,* one of the world's largest personal care and tissue products manufacturers. He is a member of the *Australian Institute of Company Directors* and has formerly held positions as a Director of the *Food and Grocery Council* and councillor in the *Australian Industry Group*.

FRED GRIMWADE
Non-Executive Director
Appointed to the board on 27 July 2010. Fred is a Principal and Director of *Fawkner Capital*, a specialist corporate advisory and investment firm. He is Chair of *CPT Global Ltd* and *XRF Scientific Ltd* as well as being a Director of *Australian United Investment Company Ltd*. He was formerly Chair of *Troy Resources Ltd*, a Non-Executive Director of *AWB Ltd*., and has held general management positions with *Colonial Agricultural Company, Colonial Mutual Group, Colonial First State Investments Group, Western Mining Corporation* and *Goldman, Sachs and Co*. He is a current member of the Audit and Risk Committee and the Sustainability Committee.

FIONA BENNETT
Non-Executive Director
Appointed to the board on 6 July 2017. Ms Fiona Bennett is a Chartered Accountant and an experienced Non-Executive Director with an extensive background in business management, corporate governance, audit and risk. She is currently on the board of *BWX Limited* and is also Chair of the *Victorian Legal Services Board*. Ms Bennett has previously served on the board of *Hills Limited* and *Beach Energy Limited*. She has previously held senior executive roles at *BHP Limited* and *Coles Limited* and has been Chief Financial Officer at several organisations in the health sector. She is Chair of the Audit and Risk Committee, was Chair of the Sustainability Committee during the year and is currently a member of the Remuneration and Nomination Committee.

GUY KINGWILL
Non-Executive Director
Appointed to the board on 25 November 2019. Guy has an extensive background in horticulture, international soft commodity marketing and water investment and trading. He is currently on the Board of *Agriculture Capital Management (Australia) Pty Ltd.* Guy has previously served as Managing Director of *Tandou Limited*, and as a non-executive director of *Lower Murray Urban and Rural Water Corporation* and *Tasmanian Irrigation Pty Ltd*. He is Chair of the Remuneration and Nomination Committee and a current member the Audit and Risk Committee and the Sustainability Committee.

MARGARET ZABEL
Non-Executive Director
Appointed to the board effective on 3 October 2022. Margaret is a specialist in customer centred business transformation, brand strategy, innovation, digital communications, customer experience and change leadership. She has 20 years' experience working across major companies and brands in FMCG, food, technology and communications industries including multinationals, ASX 100 and not-for-profits. Her previous roles include National Marketing Director *Lion Nathan*, VP Marketing for *McDonald's' Australia* and CEO and Board Director of *The Communications Council*. Margaret has also served as a Non-Executive Director for the mental health charity *RUOK?* for 5 years and is currently a Non-Executive Director of *G8 Education*, *The Reject Shop*, *Collective Wellness Group* and *Fairtrade AUNZ*. She is Chair of the Sustainability Committee.

MICHAEL IWANIW
Chair
Appointed to the board on 27 June 2011 and as Chair on 3 November 2011 before retiring on 30 June 2022. He began his career as a chemist with the *Australian Barley Board (ABB)*, became Managing Director in 1989 and retired 20 years later. During these years he accumulated extensive experience in all facets of the company's operations, including leading the transition from a statutory authority and growing the business from a small base to an ASX 100 listed company. Michael was instrumental in the successful merger of *ABB Grain, AusBulk Ltd* and *United Grower Holdings Limited* to form one of Australia's largest agri-businesses. He has a Bachelor of Science, a graduate diploma in business administration and is a member of the *Australian Institute of Company Directors*. Michael is the immediate past Chair of *Australian Grain Technologies* and has extensive non-executive director experience with several listed and private companies.

NICKI ANDERSON
Non-Executive Director
Appointed to the board on 21 January 2016 and retired on 25 February 2022. Nicki Anderson s an accomplished leader and non-executive director with broad experience in strategy, sales, marketing and innovation within food, beverage and consumer goods businesses both in Australia and internationally (including *Coca Cola Amatil, Cadbury Schweppes, McCain, Nestle* and *Kraft*). Nicki has strong links to Australia's e-commerce, manufacturing and agricultural sectors. She is currently Deputy Chair of *Mrs Mac's Pty Ltd* and *The Australian Made Campaign Limited*; Non-Executive Director for *Graincorp, Craig Mostyn Group, Fred Hollows Foundation* and *Prostate Cancer Foundation of Australia*. Nicki is a member and former Chair of the *Monash University* Advisory Board for the marketing faculty. She is a former Non-executive Director of *Toys'R'Us ANZ Limited* and *Health & Plant Protein Group Limited*.

Performance Summary

Results - Key Financial Data

$'000 (EXCEPT WHERE INDICATED)	REPORTED RESULT (AIFRS)		VARIANCE	VARIANCE (%)
	FY2022	FY2021		
Revenue from Continuing Operations	**199,661**	**228,595**	**(28,934)**	**(12.7%)**
Almond Crop Volume (MT)	29,000	28,250	750	2.7%
Almond Price (A$/kg)	$6.80	$6.80	-	-
EBITDA from Continuing Operations[1]	**40,384**	**59,642**	**(19,258)**	**(32.3%)**
Depreciation & Amortisation	(28,342)	(27,036)	(1,306)	(4.8%)
EBIT[1]				
From Continuing Operations	12,042	32,606	(20,564)	(63.1%)
From Discontinued Operations	(3,198)	(5,452)	2,254	41.3%
Underlying EBIT[1]	**8,844**	**27,154**	**(18,310)**	**(67.4%)**
One off items from discontinued operations	1,207	(8,989)	10,196	>100%
Reported EBIT[1]	**10,051**	**18,165**	**(8,114)**	**(44.7%)**
Interest Expense	(4,171)	(2,273)	(1,898)	(83.5%)
Profit Before Tax	**5,880**	**15,892**	**(10,012)**	**(63.0%)**
Tax Expense	(1,121)	(776)	(345)	(44.4%)
Net Profit After Tax (NPAT)	**4,759**	**15,116**	**(10,357)**	**(68.5%)**
Earnings Per Share (EPS) (cents)	**3.9**	**12.7**	**(8.8)**	**(69.0%)**
Dividend Per Share (DPS) - Interim (cents)	**0**	**0**		
Dividend Per Share (DPS) - Final (cents)	**2**	**8**		
DPS - Total (cents)	**2**	**8**	**(6.0)**	**(75.0%)**
Net Debt (inc. lease liabilities)	**376,648**	**351,223**		
Gearing (inc. lease liabilities)	**72.4%**	**66.7%**		
Share Price (A$/Share as at 30 September)	**$5.26**	**$8.29**		
Market Capitalisation (A$M)	**636.2**	**996.7**		

Note: It should be reiterated that, as is always the case at the time the Company develops the crop value estimate, there is the potential for changes to occur both in yield outcomes (as the crop harvest and processing progress) and the pricing environment (driven by almond market or currency) shift.

Definitions:

1 **EBITDA & EBIT are Non-IFRS measures** used by the company are relevant because they are consistent with measures used internally by management and by some in the investment community to assess the operating performance of the business. The non-IFRS measures have not been subject to audit or review.

Historical Summary

Select Harvests consolidated results for years ended 30 September/June

$'000 (EXCEPT WHERE INDICATED)	2009	2010	2011	2012	2013	2014*	2015	2016	2017	2018	2019	2020	2021	2022
YEAR/PERIOD ENDED	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 JUNE	30 SEPT	30 SEPT	30 SEPT	30 SEPT
Total sales	248,581	238,376	248,316	246,766	190,918	188,088	223,474	285,917	242,142	210,238	298,474	248,262	288,220	231,274
Earnings before interest and tax	26,827	26,032	22,612	(2,495)	5,241	31,288	85,845	49,785	16,979	34,869	80,065	38,726	18,165	10,051
Operating profit before tax	23,047	23,603	18,473	(8,743)	198	26,833	80,514	44,290	11,978	29,464	76,108	36,662	15,892	5,880
Net profit after tax	16,712	17,253	17,674	(4,469)	2,872	21,643	56,766	33,796	9,249	20,371	53,022	25,001	15,116	4,759
Earnings per share (Basic) (cents)	42.6	43.3	33.7	(7.9)	5.0	37.5	82.9	46.7	12.6	23.2	55.5	26.0	12.7	3.9
Return on shareholders' equity (%)	16.6	15.2	10.5	(2.8)	1.8	12.3	19.8	11.6	3.3	32.9	12.7	6.2	2.9	0.9
Dividend per ordinary share (cents)	12	21	13	8	12	20	50	46	10	12	28	13	8	2
Dividend franking (%)	100	100	100	100	100	55	-	54	100	100	100	100	100	100
Dividend payout ratio (%)	28.2	48.5	38.6	(101.3)	239.8	53.5	62.8	99.1	79.4	51.7	50.0	50.0	74.7	50.7
Financial ratios														
Net tangible assets per share ($)	1.56	1.87	2.17	2.19	2.14	2.38	3.35	3.22	2.95	3.34	3.60	3.46	3.68	3.58
Net interest cover (times)	7.10	10.70	6.70	(0.4)	1.0	6.9	15.9	9.0	3.4	6.4	20.0	18.7	8.0	2.4
Net debt/equity ratio (%) †	51.9	39.6	43.3	41.7	49.6	54.0	38.2	23.1	52.5	18.7	6.6	79.6	66.7	72.4
Current asset ratio (times)	0.79	1.44	1.96	1.42	1.61	4.02	3.36	1.90	1.05	4.49	2.74	2.39	2.22	2.55
Balance sheet data as at 30 September/June														
Current assets	81,075	83,993	91,228	76,936	123,303	136,639	207,782	155,521	136,610	162,118	173,667	217,397	257,838	249,341
Non-current assets	133,884	145,612	214,352	202,371	180,542	194,080	280,130	294,251	343,081	354,435	379,190	607,497	745,967	752,349
Total assets	**214,959**	**229,605**	**305,580**	**279,307**	**303,845**	**330,719**	**487,912**	**449,772**	**479,691**	**516,553**	**552,858**	**824,894**	**1,003,805**	**1,001,690**
Current liabilities	102,348	58,469	46,454	54,369	76,800	33,988	61,893	81,783	130,371	36,104	63,457	91,062	116,050	97,751
Non-current liabilities	11,735	57,515	90,311	64,608	67,540	121,325	138,632	77,088	71,701	101,809	73,398	328,822	360,799	383,655
Total liabilities	**114,083**	**115,984**	**136,765**	**118,977**	**144,340**	**155,313**	**200,525**	**158,871**	**202,072**	**137,913**	**136,854**	**419,884**	**476,849**	**481,406**
Net assets	100,876	113,621	168,815	160,330	159,505	175,406	287,387	290,901	277,619	378,640	416,003	405,010	526,956	520,284
Shareholders' equity														
Share capital	46,433	47,470	95,066	95,957	97,007	99,750	170,198	178,553	181,164	268,567	271,750	279,096	397,343	401,164
Reserves	12,949	11,327	11,201	10,472	9,144	12,190	12,818	11,168	11,602	9,601	10,417	14,280	7,657	2,029
Retained profits	41,494	54,824	62,548	53,901	53,354	63,466	104,371	101,180	84,853	100,472	133,836	111,634	121,956	117,091
Total shareholders' equity	**100,576**	**113,621**	**168,815**	**160,330**	**159,505**	**175,406**	**287,387**	**290,901**	**277,619**	**378,640**	**416,003**	**405,010**	**526,956**	**520,284**
Other data as at 30 September/June														
Fully paid shares ('000)	39,519	39,779	56,227	56,813	57,463	57,999	71,436	72,919	73,607	95,226	95,737	96,637	120,224	120,951
Number of shareholders	3,296	3,039	3,227	3,359	3,065	3,779	4,328	8,908	11,461	11,943	10,331	11,258	10,236	10,470
Select Harvests' share price														
- close ($)	2.16	3.46	1.84	1.30	3.27	5.14	11.00	6.74	4.90	6.90	7.69	5.57	8.29	5.26
Market capitalisation	85,361	137,635	103,458	73,857	187,904	298,115	785,796	491,474	360,674	657,059	736,218	538,268	996,660	636,201

* The 2014 result has been restated due to the early adoption of changes to Accounting Standards, AASB 116 Property, Plant and Equipment, and AASB 141 Agriculture, impacting 'bearer plants'.

† As a result of implementation of AASB16 Leases on 1 October 2019, the Company recognised Right-of-use assets and lease liabilities in its books

Closed loop compost

BELOW: Compost rows at Carina West.
Our carbon-based fertiliser is used at scale in our orchards and has the potential to recycle most of our hull waste. We have created a closed loop by using the waste hull ash from the CoGen power plant, which is high in potassium, as an important ingredient to our fertiliser program.

Financial Report

RIGHT:

Piangil farm from a drone's perspective shows the large scale of the 1,566 hectares of planted almond trees

Directors' Report

The directors present their report together with the financial report of Select Harvests Limited and controlled entities (referred to hereafter as the "Company", "the Group" or "the consolidated entity") for the year ended 30 September 2022.

DIRECTORS

The qualifications, experience and special responsibilities of each person who has been a director of Select Harvests Limited at any time during or since the end of the financial year is provided below, together with details of the company secretary. Directors were in office for this entire period unless otherwise stated.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

T Dillon, Adv Dip RBM, MBA, MAICD (Chair and Non-Executive Director)

Joined the board on 29 November 2021 and appointed Chair on 27 May 2022. Travis has commercial and strategic expertise in the agricultural sector and relevant distribution channels. He is currently the Deputy Chair of *Lifeline Australia*, Chair of *Clean Seas Seafood* and Chair of T*erragen Holdings Limited*. Travis has previously served as CEO and Managing Director of *Ruralco Holdings Limited* until its acquisition by *Nutrien* in September 2019. Prior to becoming Ruralco's Managing Director in 2015, he was the Executive General Manager of Ruralco's operations. Over a career in agri-services, spanning nearly three decades, Travis has held many positions including Branch Manager, Agronomist and numerous Category Manager roles. He is a current member of the Remuneration and Nomination Committee.

Interest in shares: 8,850 fully paid shares.

P Thompson, B Bus,MAICD (Managing Director and Chief Executive Officer)

Appointed as the Managing Director and Chief Executive Officer (MD) of Select Harvests Limited on 9 July 2012. Paul has over 30 years of management experience and was recently appointed as a Director of the *Almond Board of Australia*. Formerly President of *SCA Australasia*, part of the *SCA Group*, one of the world's largest personal care and tissue products manufacturers. He is a member of the *Australian Institute of Company Directors* and has formerly held positions as a Director of the *Food and Grocery Council* and councillor in the *Australian Industry Group*.

Interest in Shares: 674,398 fully paid shares.

F S Grimwade, B Com, LLB (Hons), MBA, FAICD, SF Fin, FCIS (Non-Executive Director)

Appointed to the board on 27 July 2010. Fred is a Principal and Director of *Fawkner Capita*l, a specialist corporate advisory and investment firm. He is Chair of *CPT Global Ltd* (ASX: CGO; director since October 2002) and *XRF Scientific Ltd* (ASX: XRF; director since May 2012) as well as being a Director of *Australian United Investment Company Ltd* (ASX: AUI; director since March 2014). He was formerly Chair of *Troy Resources Ltd* (2013-2017), a Non-Executive Director of *AWB Ltd*., and has held general management positions with *Colonial Agricultural Company, Colonial Mutual Group, Colonial First State Investments Group, Western Mining Corporation* and *Goldman, Sachs and Co*. He is a current member of the Audit and Risk Committee and the Sustainability Committee.

Interest in shares: 92,699 fully paid shares.

F Bennett, BA (Hons), FCA, FAICD (Non-Executive Director)

Appointed to the board on 6 July 2017. Ms Fiona Bennett is a Chartered Accountant and an experienced Non-Executive Director with an extensive background in business management, corporate governance, audit and risk. She is currently on the board of *BWX Limited* (ASX: BWX; director since December 2018) and is also Chair of the *Victorian Legal Services Board*. Ms Bennett has previously served on the boards of *Hills Limited* (2010-2021) and *Beach Energy Limited* (2012-2017). She has previously held senior executive roles at *BHP Limited* and *Coles Limited* and has been Chief Financial Officer at several organisations in the health sector. She is Chair of the Audit and Risk Committee, was Chair of the Sustainability Committee during the year and is currently a member of the Remuneration and Nomination Committee.

Interest in shares: 19,507 fully paid shares.

G Kingwill, B Com, CA, FAICD (Non-Executive Director)

Appointed to the board on 25 November 2019. Guy has an extensive background in horticulture, international soft commodity marketing and water investment and trading. He is currently on the boards of *Agriculture Capital Management (Australia) Pty Ltd*. Guy has previously served as Managing Director of *Tandou Limited*, and as a non-executive director of *Lower Murray Water Urban and Rural Water Corporation* and *Tasmanian Irrigation Pty Ltd*. He is Chair of the Remuneration and Nomination Committee and a current member of the Audit and Risk Committee and the Sustainability Committee.

Interest in shares: 16,432 fully paid shares.

M Zabel, B Math, MBA, GAICD (Non-Executive Director)

Appointed to the board effective on 3 October 2022. Margaret is a specialist in customer centred business transformation, brand strategy, innovation, digital communications, customer experience and change leadership. She has 20 years' experience working across major companies and brands in FMCG, food, technology and communications industries including multinationals, ASX 100 and not-for-profits. Her previous roles include National Marketing Director *Lion Nathan*, VP Marketing for *McDonald's Australia* and CEO and Board Director of *The Communications Council*. Margaret has also served as a Non-Executive Director for the mental health charity *RUOK?* for 5 years and is currently a Non-Executive Director of *G8 Education* (ASX: GEM; director since September 2017), *The Reject Shop* (ASX: TRS; director since June 2021), *Collective Wellness Group* and *Fairtrade AUNZ*. She is Chair of the Sustainability Committee.

Interest in shares: Nil.

NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

M Iwaniw, B Sc, Graduate Diploma in Business Management, MAICD (Chair, Non-Executive Director)

Appointed to the board on 27 June 2011 and as Chair on 3 November 2011 before retiring on 30 June 2022. He began his career as a chemist with the *Australian Barley Board (ABB)*, became Managing Director in 1989 and retired 20 years later. During these years he accumulated extensive experience in all facets of the company's operations, including leading the transition from a statutory authority and growing the business from a small base to an ASX 100 listed company. Instrumental in the successful merger of *ABB Grain*, *AusBulk Ltd* and *United Grower Holdings Limited* to form one of Australia's largest agri-businesses. He has a Bachelor of Science, a graduate diploma in business administration and is a member of the *Australian Institute of Company Directors*. Michael is the immediate past Chairman of *Australian Grain Technologies* and has extensive non-executive director experience with several listed and private companies.

N Anderson, B Bus, EMBA, FAICD (Non-Executive Director)

Appointed to the board on 21 January 2016 and retired on 25 February 2022. Nicki Anderson has held key leadership positions at numerous Australian consumer goods businesses within the food and beverage sector. She is an accomplished leader and non-executive director with broad experience in strategy, sales, marketing and innovation within food, beverage and consumer goods businesses both in Australia and Internationally (including *Coca Cola Amatil, Cadbury Schweppes, McCain, Nestle* and *Kraft*). Nicki is a true global citizen having lived in Denmark, Canada and the United States, where she was Vice President Innovation for *Cadbury Schweppes Americas Beverages* based in New York. Nicki has strong links to Australia's e-commerce, manufacturing and agricultural sectors. She is currently Deputy Chair of *Mrs Mac's Pty Ltd*; Deputy Chair of the *Australian Made Campaign Limited*; Non-Executive Director for ASX listed *Graincorp* (ASX: GNC, director since October 2021), *Craig Mostyn Group, Fred Hollows Foundation* and *Prostate Cancer Foundation of Australia*. Nicki is a member and former Chair of the *Monash University* Advisory Board for the marketing faculty. She is a former Non-executive Director of *Toys'R'Us ANZ Limited* (ASX: TOY from 2018 to 2022) and *Health & Plant Protein Group Limited* (ASX: HPP from May to August 2021).

COMPANY SECRETARY

B Crump, B Bus, CPA, AMP INSEAD (Chief Financial Officer and Company Secretary)

Joined Select Harvests as Chief Financial Officer on 20 November 2017 and appointed Company Secretary on 7 August 2018. He is a Certified Practising Accountant and has over 15 years experience in senior financial management. Most recently he has been the CFO of *Redflex Limited* and previously gained extensive experience in agribusiness as CFO of *Landmark* (Australia's largest rural services provider) and senior roles within *AWB Limited*. He brings extensive agribusiness, agri services and related capital management experience to the role.

Interest in shares: 11,333 fully paid shares.

CORPORATE INFORMATION

Nature of operations and principal activities

The principal activities during the year of entities within the Group were:

- The growing, processing, packaging and sale of almonds and its by-products from company owned and leased almond orchards; and
- Processing, packaging, marketing and distribution of edible nuts, dried fruits, seeds, muesli and a range of natural health foods.

EMPLOYEES

The Company employed 568 full time equivalent employees as at 30 September 2022 (30 September 2021: 611 full time equivalent employees).

Full time equivalent employees include: executive, permanent, contractor and seasonal (casual and labour agency hire) employment types.

OPERATING AND FINANCIAL REVIEW

Overview

This year was unprecedented with local and global events impacting the Select Harvests' business. The COVID-19 pandemic continued into its third year, the Varroa Mite virus entered Australia impacting pollination, extreme weather events in the form of increased rain and flooding, and Russia invaded Ukraine impacting global supply chains and input commodity pricing.

The focus from the Board, Executive, and key leaders has been on ensuring all employees are safe and well and continuing to operate the business to drive the best possible outcomes in a challenging social, environmental and economic landscape.

Regular company communications and legislative updates are shared with employees including ongoing support to our Employment Assistance Program to support staff through these unprecedented times.

Pleasingly, our safety performance continued to improve with Lost Time Frequency Rate lowering to 8.6 vs 12 in FY2021. Again, safety was ranked the number one conviction (area of alignment with the Company) in the FY2022 Employee Culture Survey.

Horticulture

Following a good start to the 2022 crop horticultural year, wet conditions prevailed towards the end of the 2022 program. Consistent yields were delivered by our targeted horticultural management approach. Wet harvest conditions led to some crop being exposed to extended periods of high moisture levels with a portion being unusable and written-off.

The 2022 mature orchards' crop yields were down slightly compared to FY2021 however remain above their five-year average yield profile. The immature orchards' yields continue to perform above their business case assumptions. Despite the operational challenges the 2022 crop was 29,000MT, 2.7% larger the 2021 crop of 28,250MT.

The horticultural growing costs remained relatively flat with higher employee and power costs offset by lower water costs.

Ongoing investment in technology to improve quality levels, remains the key strategic focus to maximise returns from the company's almond base.

Directors' Report

Continued

Processing

Despite these challenging factors processing was completed on time, because of our recent investments in state-of-the-art technology over the past 2–3 years and the effective use of on farm conditioners. The FY2022 crop had been fully hulled and shelled by end of the FY2022 year.

Due to the wet harvest conditions impacting the delivered crop, approximately 25% of the crop had to be mechanically dried prior to the hulling and shelling process. Higher moisture levels led to lower levels of inshell produced and a higher percentage of lower grade product.

The Carina West processing facility achieved less than 2% downtime for the year, despite a major hull fire occurring on Boxing Day 2021. This fire impacted storage and fumigation capacity at the site, resulting in reduced operational efficiency. Select Harvests would like to acknowledge the support from the Country Fire Authority, the local community, and our dedicated employees.

Following the sale of the consumer branded food business (*Lucky* and *Sunsol* brands) and the closure of our Thomastown facility in June 2022, there has been a dedicated project team in place to transition the remaining almond value-add volume to our Carina West Production Facility and to manage the timely exit of the Thomastown facility. Operationally, the Carina West value-add facility yields and throughout levels improved throughout the year.

Initially, levels of production (and production costs) were impacted by commissioning of new equipment to improve capacity and capability.

Sales and Marketing

To date 73% of the FY2022 crop is either shipped or committed for sale.

The 2022 crop almond price remained flat throughout the year and was in line with the 2021 crop. Despite a reduced and poorer quality US 2021 crop (which initially lifted pricing up late in 2021) and deteriorating drought conditions in California the global almond market remained relatively subdued.

US growers continued to liquidate their prior year carry-over inventory. Traders and end user customers have reduced their buying cycles to shorter time periods and ordered smaller volumes, taking advantage of the US growers looking to meet rising production costs and cashflow requirements.

The disruption to global supply chains and deteriorating consumer confidence had an impact on market confidence and ultimately demand.

The value-add activity's contribution was impacted due to the use of prior period raw material at contracted fair value rates. As finished goods sales prices reduced (in line with the lower almond market) gross margins were negatively impacted. The use of 2021 crop through value-add is scheduled to be completed by November 2022 with lower priced 2022 crop being utilised thereafter.

Costs, Capital and Cashflow

2022 crop costs of production per kg increased by 4.4% due predominantly to costs related to the wet crop. This impacted harvest costs including operational delays and additional handling. Processing costs were impacted including additional handling, mechanical drying, lower inshell and slower throughput. Additionally, immature orchards cost recognition increased in line with their age profile with increased yield benefits having been recognised in prior years.

Operational cashflows reduced in FY2022 as a result of a flat revenue base (price) and increased operating costs. As previously mentioned, lower levels of inshell were produced, impacting cashflow. Inshell generates early cashflows and was lower than prior years. Additionally, in FY2021 and early in FY2022, there were ongoing shipping delays again impacting cashflows for the later part of the FY2021 sales program and the early part of the FY2022 sales program.

Given the low pricing environment in FY2022, costs and capital expenditure were tightly controlled. Other than the upgrades to the value-add facility, no other major capital expenditure was undertaken, and no permanent water was acquired. This low pricing environment, recent input price increases (insurance, fertilisers and agri. chemicals) and the extension of the 2022 crop sales program, the company's debt increased to $134.5M (FY2021 $98.1m) resulting in a bank debt to equity ratio of 25.9%.

No greenfield activity or acquisitions were undertaken during FY2022. The company's focus was on organic improvement through efficiency gains including getting the value-add facility to a level where it can be fully optimised and a managed closure of the Thomastown facility.

People, Planet and Profit

Our approach to sustainability is a core value underpinning our business strategy and centres around three pillars: people, planet, and profit. When making decisions at Select Harvests, we seek to ensure a balance between creating value for our shareholders, our broader stakeholder groups, such as employees, customers, suppliers, government, and our environment.

The cornerstone for balancing our three pillars is understanding what our material impacts are. Our approach to determining our impacts is guided by the Global Reporting Initiative (GRI) Standards for sustainability reporting. In 2021 there were significant revisions to the GRI Standards, including new guidance to help organisations determine their material topics and a requirement for organisations to use applicable GRI Sector Standards.

This year we built on our 2020 materiality assessment, utilised the GRI Sector Standard and followed the GRI Standards 2021 four step process for determining material topics for sustainability reporting. We have continued to align our reporting with the United Nations Sustainable Development Goals.

The material topics and impacts determined through this process inform our understanding of value creation and financial reporting. They provide crucial input for identifying financial risks and opportunities related to Select Harvests.

Our material impacts remain unchanged with minor adjustments in priority and topic classification, to align with the new GRI 13 Sector Standard. However, compared to 2020 soil health, biodiversity and waste have become more prominent.

Reporting what matters - our priority topics in 2022

PROFIT

- Economic Performance

PEOPLE

- Work health and safety
- Food safety
- Employment practices
- Supply chain traceability
- Living income and living wage
- Non-discrimination and equal opportunity
- Food security
- Anti-corruption
- Freedom of association and collective bargaining
- Local communities

PLANET

- Water and effluents
- Emissions
- Climate adaptation and resilience
- Soil health
- Pesticides use
- Biodiversity
- Natural ecosystem conversion
- Energy
- Waste

Our Environment and Sustainability Policy guides our approach to managing our impacts. We are committed to social, environmental, and economic best practices, providing continual improvement by setting objectives, measuring progress, and communicating our results. We will report our performance in our Sustainability Report 2022, due for release in February 2023.

This year, and for the first time, we will seek external assurance over key data sets to ensure the integrity of our reporting.

PROFIT

FINANCIAL PERFORMANCE REVIEW

Profitability

Reported Net Profit After Tax (NPAT) is $4.8 million. Reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is $37.9 million and Reported Earnings Before Interest and Taxes (EBIT) is $10.1 million.

Results Summary and Reconciliation

($'000)	REPORTED RESULT (AIFRS)	
	FY2022	FY2021
EBIT from continuing operations	12,042	32,606
EBIT from discontinued operations	(3,198)	(5,452)
Underlying EBIT	**8,844**	**27,154**
One off items from discontinued operations	1,207	(8,989)
Reported EBIT	**10,051**	**18,165**
Interest Expense	(4,171)	(2,273)
Net Profit Before Tax	**5,880**	**15,892**
Tax (Expense)	(1,121)	(776)
Net Profit After Tax	**4,759**	**15,116**
Earnings Per Share (cents)	3.9	12.7

Company Profitability

Company revenue from continuing operations of $199.7 million was generated for FY2022. This was 12.7% lower than last year due to the delayed sales and shipping program to export markets as a result of less inshell produced (first product to market) due to wetter than normal conditions leading up to and during the harvest period. This has also delayed the processing and shipping cycle for other kernel categories. Additionally, due to the exit of the consumer branded business the level of internal sales has reduced.

The FY2022 continuing operations EBIT of $12.0 million was $20.6 million lower than FY2021. This excludes the operating results of the sold consumer branded business and related activities that were finalised during the FY2022 financial year and the reported significant items relating to the costs of the Thomastown facility closure and re-structure.

The lower result was predominantly due to the reduced fair value profit of the 2022 crop. This was a result of increased harvesting costs (wet conditions), processing costs (high moisture product requiring increased mechanical drying and increased insurance charges) and higher export freight charges.

Additionally, given the maturity profile of the immature trees, an increased percentage of costs were recognised for the 2022 crop (not offset by an equal production volume uplift). The 2022 crop almond price remained flat at $6.80/kg. This result was partially offset by FY2022 almond volumes produced increasing by 2.7% to 29,000 MT (FY2021 volume was 28,250 MT) and the lower cost of temporary water entitlements. Value-add industrial product contribution was lower due to the usage of higher priced prior year material as inputs and lower finished goods sales prices leading to lower gross margins.

The FY2022 underlying EBIT of $8.8 million was $18.3 million lower than FY2021. Underlying EBIT includes the operating results of the sold consumer branded business and related activities that were finalised during the year but excludes related reported significant items.

FY2022 operating EBIT of $10.1 million was $8.1 million lower than FY2021. In addition to the factors detailed above, $1.2 million of non-recurring costs relating to asset impairments were written back during the year (refer to note 5.4). These costs were recognised in FY2021 relating to the sale and closure of the discontinued operations and are non-recurring and relate specifically to discontinued operations.

Interest Expense

Interest expense of $4.2 million reflects the higher average interest rates applicable to current finance facilities and higher debt levels due to the delay of executing the company's sales program which was the result of a later harvest following wetter seasonal weather conditions and related product mix produced.

Statement of Financial Position

Net assets as at 30 September 2022 are $520.3 million, compared to $527.0 million as at 30 September 2021. The net working capital has increased by 8.4% mainly due to the delay in the Company's export sales program following a later than normal harvest and lower internal sales resulted in higher inventory (including biological assets) holdings which was offset by lower trade debtors.

Trade payables were lower than previous years due to the delay in growing costs caused by wetter than usual spring weather conditions. Offsetting this increase in net working capital is the increase in the fair value of the company's financial instruments (foreign exchange contracts hedging foreign exchange sales) due to the weaker AUD/USD exchange rate as at 30 September 2022.

$'000	FY2022	FY2021
Trade & other receivables	57,094	84,842
Inventories	128,462	114,316
Biological assets	61,198	51,321
Trade & other payables	(45,685)	(64,967)
Net working capital	**201,069**	**185,512**

Cash flow and Net Bank Debt

Total net debt as at 30 September 2022 was $134.5 million (30 September 2021 was $98.1 million), with a gearing ratio (total net debt excluding lease liabilities)/equity) of 25.9% (30 September 2021: 18.6%). The increase in borrowings is a result of the delay of the Company's export sales program and the continuing low point in the global almond price (leading to 12 months of sales receipts at $6.80/kg).

Operating cash inflows generated for FY2022 amounted to $26.8 million (2021: $38.2 million). This adverse result was due to the delayed sales and shipping program to export markets compared to FY2021 as a result of the delayed FY2022 harvest caused by unfavourable weather conditions and 12 months of receipts based on a lower almond price. Offsetting this decrease are lower taxes paid due to the lower profits generated in FY2021 (compared with FY2020).

Investing cash outflows of $35.6 million were $134.2 million lower than FY2021 due to the acquisition of the Piangil orchard and related water assets in FY2021. Other capital items and development costs were lower than FY2021. Dividend payments for the year were higher as the final dividend payment relating to the FY2021 result (paid in FY2022) was higher than the FY2020 final dividend paid. Net cash outflow (operating cash, less investing cash, less dividends, less lease principal payments) for FY2022 was $36.5 million which was funded through an increase in bank debt.

Dividends

A final dividend of 2 cents per share has been declared, resulting in a total dividend of 2 cents per share for the financial year. This compares to a total dividend of 8 cents per share declared for the previous financial year.

Directors' Report

Continued

PEOPLE

Health, Safety and Wellbeing

Focus continues towards achieving Zero Harm, with annual targets to improve year on year performance by driving a 10% reduction in the number of incidents and injuries and reducing the level of injury severity. To prevent harm, a 10% target to increase hazards identified and resolved has been put in place.

The key focus for the year has predominantly been to ensure the safety and wellbeing of our employees, during the COVID-19 pandemic, whilst not diverting our attention from key risk areas in the business.

The key strategic priorities for the year were:

1. COVID-19 Management and Response Plan
2. Process improvement and System Implementation
3. Building on the Safety Culture and Safety Leadership
4. Commence Policy Reviews to enhance our employee wellbeing and safety culture

The key activities that were implemented included:

- Activating and continually updating the COVID-19 Management and Response Plan
- A major focus for the year was to identify Hazards to eradicate unsafe environments to avoid accidents.
- Continued education to increase utilisation of our technology to support compliance management and real time incident and hazard reporting. There was a big push on increasing our Safety reporting culture resulting in significantly increased Hazard reporting and a growing number of Minor incident reports (see table below).
- Actioning process improvements in incident investigation reporting and risk assessment
- Reinforcing the strong safety culture, through the revised Company Values and Behaviours, company-wide training on updated Work Health and Safety (WH&S) policies and expected behaviours delivered to all managers and supervisors across the business, visible safety leadership, including safety walks and frequent toolbox training sessions and discussions
- Review and implementation of new Policies to support the wellbeing of our employees and communities, with a focus on the Parental Leave Policy and Community Service Policy

Overall, total number of recorded incidents in FY2022 increased from 180 to 198 incidents primarily due to continued strong reporting of all incidents via the ManGo Incident Management system.

The total number of Hazards reported in FY2022 increased by 73.7% from 1582 hazards in FY2021 to 2748 reported in FY2022.

The number of Medical Treatment Injuries increased by 11.1% during FY2022 (from 9 to 10), with the Medical Treatment Injury Frequency Rate decreased by 14% from 10 Medical Treatment Injuries per million hours worked in FY2021 to finish at 8.6 per million hours worked in FY2022.

The number of Lost Time Injuries sustained in FY2022 reduced by 33.3% from 6 LTIs in FY2021 to 4 recorded in FY2022. The Lost Time Injury Frequency Rate reduced by 28.3% in FY2022 from 12 Lost Time Injuries per million hours worked in FY2021 to 8.6 Lost Time Injuries per million hours worked in FY2022.

Due to injuries sustained in FY2022, the number of Days Lost in FY2022 increased slightly by 5% from 381 days lost in FY2021 to 400 total days lost in FY2022.

Work Health and Safety (WH&S)

		FY2022	FY2021	VARIANCE FY2022 VS FY2021
Total Recordable Incidents	Number Reported	198	180	+10.0%
	Frequency Rate	41	58	-29.3%
Hazards	Number Reported	2748	1582	+73.7%
Medical Treatment Injuries	Number Reported	10	9	+11.1%
	Frequency Rate	8.6	10	-14.0%
Lost Time Injuries Severity	Days Lost	400	381	+5.0%
	Severity Rate	9.3	11	-15.5%
Lost Time Injuries	Number Reported	4	6	-33.3%
	Frequency Rate	8.6	12	-28.3%

Community

The Company is a significant employer and proud member of the community with orchards in regional Victoria, South Australia and New South Wales and the Company has a significant processing facility at Robinvale in Northwest Victoria. The Company is actively involved in all our local communities. Many employees contribute to local community organisations on a regular basis.

The Company supports the local communities with both financial and non-financial support and through product donations.

This year the company donated $35,313.49 to 25 charitable organisations across Victoria, New South Wales and South Australia. In addition, the Company set up COVID-19 vaccination hubs at our Carina West Processing Facility to support vaccination for employees, families and other nearby community members to receive their vaccinations.

Fair Employment Practices

Our policies, practices and procedures ensure that all our employees and contractors are treated in a fair and reasonable manner. We are an Equal Employment Opportunity employer, who values and respects Inclusion and Diversity in our workplace.

All third-party labour providers engaged are subject to meeting our Contractor Engagement and Recruitment Policies that warrant compliance with Australian labour laws and legislative obligations. We undertake regular reviews to ensure compliance, with a focus on the payment of wages and eligibility to work in Australia.

During the year, we introduced a new Company funded Parental Leave Policy to support the health and wellbeing of our employees going through their parental journeys. In addition, we introduced a new company-sponsored Community Service Policy to encourage our employees to undertake 2 days of community service activity to benefit our overall employee wellbeing and to action our community corporate responsibility.

The Company has an Ethical Sourcing Policy in place, with the objectives of upholding human rights, protecting the environment and operating in a sustainable manner, whilst being a respected leader in the industry and communicating the same expectations of our suppliers and their supply chains. The Company is committed to managing the economic, environmental and social challenges across our supply chain and this will be achieved by committing to:

- Employing innovative approaches to conserve resources and reduce impacts to help preserve, improve and protect the environment
- Promoting responsible agricultural and food manufacturing practices
- Safeguarding the quality and integrity of the food we produce, market and manufacture
- Respecting people and human rights by treating our employees, suppliers, and contractors with dignity and respect and providing safe, secure and healthy work environments, and expecting the same from our supply.

PLANET

We aim to reduce our environmental impact across all aspects of our business. Our Environmental Statement outlines our focus on water stewardship, air and land stewardship, reducing waste and recycling, and carbon neutrality. These focus areas contribute to our Select Harvests' overall approach to climate change adaptation and resilience.

Our targets:

- 100% of our orchards using drip irrigation
- 100% of our orchards using soil moisture monitoring probes
- 100% of our orchards using plant-based water stress technology
- 100% of our orchards using high resolution remote sensing imagery
- Zero biomass waste to landfill
- 100% packaging recycled and recyclable
- Carbon neutral by 2050, or earlier
- No damage to and protect and nurture native vegetation

Progress on our targets will be reported in our 2022 Sustainability Report, due for release in February 2023.

We recognise that greenhouse gas emissions represent a significant part of our environmental footprint. This year we are undertaking a comprehensive carbon footprint (Scope 1, 2 and 3) to understand the emissions from our activities and set targets. The findings will be reported in our 2022 Sustainability Report and verified via an external assurance process.

Climate change adaptation and resilience

We continue to recognise the risks, challenges and opportunities that climate change is likely to present for our business. Operating in the agriculture sector, we are both a contributor to, and affected by, the physical and transitional impacts of climate change. We accept the science of climate change and the Paris Agreement which commits to hold the increase in global average temperature to well below 2°C, relative to the pre-industrial period.

While the issue of climate change is worldwide, the impact is felt by people in the communities where we live and work in the form of severe weather (e.g. flood, frost, or drought), rising temperatures, water supply shortages, water demand increases and cost of water - all of which affect our operations, employees, communities, and human health.

This year, the Company has taken steps towards aligning the disclosure of our climate-related risks and opportunities with the Taskforce on Climate Related Financial Disclosures (TFCD).

We also acknowledge the emerging Taskforce on Nature-related Financial Disclosures and will consider alignment to their recommendations in future reports. The Company is the custodian of a significant area of land and air, including large tracts of native vegetation. Our goal is to create no damage and protect native flora and fauna.

Climate-related risks and opportunities

Climate-related risks and opportunities for the agricultural sector largely emanate from greenhouse gas emissions, water and waste management driven by land use, production practices, and changing land-use patterns. We recognise the increasing likelihood the Company may be impacted financially by greenhouse gas emissions and water risks (including extreme weather events and shifts in precipitation patterns).

Key risks are identified below, together with mitigation strategies under the control of management.

TRANSITIONAL RISKS	MITIGATION STRATEGY
Market and reputational	
• Societal pressure for increased regulation or taxation of key business activities. • Inability to meet business customers' qualifying thresholds for environmental matters. • Consumer preference shifting to 'carbon neutral' products. • Perceived exposure or poor climate response may reduce supply of capital or availability of insurance cover. • Prolonged reputational damage resulting in significant loss of customers. • Competitors may move to decarbonise.	The Company supports the Paris Agreement which commits to limiting global average temperature to well below 2°C, relative to the pre-industrial period. The core elements of our environmental strategy seek to address greenhouse gas (GHG) emissions, water stewardship and waste. For further information, please refer to our 2022 Sustainability Report due for release in February 2023.
Potential financial impacts include loss of revenue and reduced market share.	
Policy, legal and technology	
• Policies and regulations around land use and conservation requirements may constrain water resources and impact water license terms.	• Refer 'Market and reputational' risk above. • Continue diversifying our water portfolio to increase exposure to a greater portion of Murray-Darling Basin inflows and associated allocations.
• Additional carbon costs or taxes may be imposed on business activities. • Additional carbon costs or taxes may be imposed on supplier activities • Increased risk of climate-related litigation.	• Continue to work towards aligning our climate related disclosures with the Taskforce on Climate Related Financial Disclosures (TFCD) and mitigating our emissions. • Continue monitoring regulatory and compliance developments
Potential financial impacts include increased operating costs and reduced revenue.	

Directors' Report

Continued

PLANET

PHYSICAL RISKS AND IMPACTS	MITIGATION STRATEGY
Water availability	
• Long-term shifts in climate pattern may reduce the availability of water in the Murray Darling Basin	• Refer 'Market and reputational' and 'Policy, legal and technology' risk mitigation strategies under the 'Transition risks' section above. • Continue to invest in water efficient technology and explore deficit strategies to optimise water and / or reduce water use. • Continue exploring geographic diversification of orchards to reduce exposure to climate events, issues around water availability and water deliverability. • Continue to engage with relevant water authorities to promotes sustainable use of water in the Murray Darling Basin and monitor the water market. • Consider whole orchard recycling and newer varieties for future orchard redevelopment to improve water efficiency. • Continue active engagement with Government, departments, and water agencies to improve trading regulations and water deliverability constraints. Keep up to date on short/long term market projections and constantly monitor water market trading activity
• Long-term shifts in climate pattern may also impact California's almond industry and subsequently the demand and market value of our product. This has the potential to positively and negatively impact almond prices depending on the climate cycle.	• Continue to monitor climatic conditions in California and the subsequent impact on almond pricing.
Potential financial impacts include reduced revenue and increased operating costs (increase in temporary or long-term water costs).	
Crop yield	
• Long-term shifts in climate pattern may impact the almond growing cycle. Wetter seasons will increase the prevalence of pests and diseases, impacting almond yield and quality. Dryer seasons or drought will reduce water availability and increase frost risk.	• Refer 'Water availability' risk mitigation strategies. • Continue investing in frost fans to mitigate frost impacts. • Continue investing in drying capability to minimise crop downgrades during wetter seasonal conditions. • Continue utilising hybrid vigour rootstock genetics in suitable growing regions that are more productive, efficient and resilient. • Continue post harvest pest management reviews to determine areas for improvement, while reducing the use of chemicals
Potential financial impacts include reduced revenue and increased operating costs.	
Extreme weather or water events	
• An increase in the frequency and severity of extreme weather events could damage our physical assets (e.g. processing and packaging facilities, our orchards), disrupt our supply chain (e.g. transport an logistics routes) and key markets.	• Refer 'Crop yield' risk mitigation strategies. • Continue to supply to varied markets. • Enter into reciprical arrangements with industry to process our crop should a disruption occur. • Diversification of orchard assets across key growing regions. • Increased equipment matrix to ensure timely application of orchard and harvest programs. • Increased product cleaning and drying equipment.
Potential financial impacts include reduced revenue and increased operating costs.	
Food safety and quality	
• An increase in the frequency and severity of extreme weather events and long-term shifts in climate patterns, can lead to food safety and quality risks, including increased prevalence of pests and diseases.	• Continue implementing a food safety plan developed using HACCP principles. • Continue ongoing certification through the Safe Quality Food (SQF) program. • Increase surveillance for mycotoxins and microbiological bacteria. • Continue investment in our online control management and compliance system ManGO
Potential financial impacts include reduced revenue and increased operating costs, along with potential harm to customers' health and wellbeing, customer dissatisfaction and reputational damage.	

PLANET

CLIMATE CHANGE OPPORTUNITIES	ACTIONS
Pollination	
• Beehive availability may be impacted by the increased frequency and severity of extreme weather events and long-term shifts in climate patterns, including increased prevalence of pests and diseases such as Varroa Mite.	• Continue active engagement with the bee industry and retain a remuneration structure that incentivises quality bee hives to enable a lower hive stocking rate. • Continue to protect bees with a strict protocol of not spraying herbicides or insecticides whilst bees are foraging. • Continue to provide high quality feeding locations
Potential financial impacts include increased operating costs and reduced revenue.	
Work health and safety	
• Long-term shifts in climate pattern may impact the working conditions for employees, in particular heat issues.	• Continue to implement our zero harm WH&S and wellbeing strategy. • Embrace technology solutions that reduce repetitive manual tasks and improve employee wellbeing. • Continually assess and report hazards to ensure evolving risks are assessed.
Potential financial impacts include reduced productivity and increased operating costs.	
• Increase water efficiency to lower the level of water intensity per unit of output (e.g., through drought-resistant / nutrient-efficient hybrids).	• Refer 'Water availability' risk mitigation strategies. • Continue investing heavily in all aspects of water management. • Quantify water consumption across entire value-adding biomass e.g. kernel, hull, shell, woody and organic mass. • Continue to explore hybrid vigour rootstock genetics that are more efficient, productive and resilient to climate change
Waste reduction	
• Expand circular economy efforts by continuing to reduce inputs and residual waste (e.g., H2E, nutrient management practices, compost and fertiliser products).	• Continue the regeneration of orchards through compost and liquid fertiliser production from almond crop residues and energy production (bio-ash or fly-ash), to minimise reliance on external fertilizer production and supply. • Continue increasing levels of carbon in the soil through compost applications, improving nutrient levels, irrigation and energy efficiency. • Explore opportunities to market excess compost and fertiliser
Carbon sequestration	
• Increase levels of carbon in the soil through compost and liquid bio stimulant applications, while achieving greater soil and nutrient efficiency.	• Continue to explore soil carbon sequestration and market opportunities.
• Revegetation and regeneration for carbon sequestration	• Explore revegetation and regeneration carbon sequestration and market opportunities
Increased food production	
• Continue to contribute to food security (e.g., maintaining production sufficient to meet the rising demand for nutritious food).	• Refer 'Water efficiency' opportunity and action.
Consumer demand for low emission products	
• Respond to shifts in business and consumer trends toward food products that produce lower emissions and are less water-/waste-intensive while maintaining adequate food security	• Explore consumer trends and identify potential opportunities.

Directors' Report

Continued

Governance

The Board of Select Harvests Limited is responsible for the overall corporate governance of the Company, including the consideration of climate-related risks and opportunities.

The Board Sustainability Committee, comprising members of the Board of Directors, is responsible for providing oversight of our sustainability strategy, considering climate-related risks and opportunities, and ensuring accountability for targets and timelines set, including reporting.

The Audit and Risk Committee is responsible for the oversight of the Company's overall risk management framework and risk appetite, including internal compliance and control systems. Further information can be found under 'Risk Management'.

The Remuneration and Nomination Committee is responsible for setting and approving compensation framework for the Company's Directors, Executives and staff. The Committee meets at least four times a year and consists of at least 3 independent directors.

Risk Management

The Company has a Risk Management Policy with a framework and process to identify, analyse, assess, manage, and monitor risks throughout all parts of the business. The governance of risk is overseen by the Audit and Risk Committee. The Executive Management Team are responsible for ensuring compliance with the Company's Risk Management Policy, led by the Chief Financial Officer. Managers are responsible for contributing to all aspects of risk management across the business.

The Company maintains and refreshes its detailed risk register annually.

The register provides a framework and benchmark against which risks are reported on at different levels in the business, with a biannual report presented to the Board. Each month major risks are reviewed by Senior Management and the Board. They include:

- Safety Risks (including employee safety, fire prevention and plant operation);
- Horticultural Risks (including climatic, disease, water management, pollination and quality);
- Food Safety Risks (including product quality, utilities supply and major equipment failure);
- Financial Risks (including currency, customer concentration, market pricing); and
- Cybersecurity Risks.

Risk and impacts of climate change on the business are considered regularly throughout the year.

This year we undertook a deeper assessment of our climate related risks and opportunities. Details can be found under 'Climate-related risks and opportunities' .

Outlook FY2023

The horticultural program for the 2023 crop is underway, albeit behind schedule due to ongoing wetter than average conditions impacting access to orchards and the ability to apply fertiliser and fungicides. Our analysis shows there has been little impact on tree health. The trees received their sufficient chill hours through the dormancy period and an average blossom cycle which was shortened due to rain.

Pollination was disrupted by the NSW varroa mite outbreak, preventing the movement of hives into Victoria. While bee numbers were limited and lower than Select Harvests' goal, the outcome was assessed as being unlikely to impact forecasted crop volumes. The Horticultural team are to be congratulated on managing an extremely challenging situation.

To date there have been isolated areas where flood waters have inundated orchards or irrigation infrastructure, and the consistent rains has led to some wet areas within orchards. This has required proactive management to avoid significant tree losses.

Based on industry standard yields and the age profile of the orchards, and assuming normal growing conditions for the remainder of the season, the Select Harvests 2023 theoretical crop would be approximately 31,000MT.

Ongoing rainfall has led to temporary water prices continuing to decrease and remain at well below average levels. This will lead to further modest benefits in water cost savings in FY2023. This will be more than offset by the current cost of fertiliser and crop chemical inputs. To ensure supply security much of the supply of these inputs have been secured. These prices are significantly higher than FY2022.

We are forecasting the USD almond price to increase in FY2023 with supply declining and demand being restored to close to pre-COVID levels.

The USDA 2022 Almond Crop Objective Estimate, released in July 2022, forecasted a 2022 US crop of 2.6B pounds, 11% lower than the 2021 crop. Ongoing severe Californian drought conditions and lack of water are materially impacting the US crop size and quality.

The Californian 2022 harvest will be completed by December 2022. Current indications are that the volume will be potentially less than the Objective Estimate with smaller sizes and lower quality.

Pricing to date remains at lower-than-average levels and is yet to respond to the above macro trends.

The Select Harvests' team continues to focus on improving efficiency, managing costs and optimising the 2023 crop volume and quality. In early 2023, an additional roasting oven will be commissioned, increasing our value-added capacity and capability.

Other key projects currently being progressed are:

- Expansion of compost production – the company currently produces in excess of 40,000 tonnes of compost (from orchard waste, ash produced from its biomass energy plant and some external additives). This option reduces the requirement for fertilizer, improves soil structure and health and promotes the transfer of carbon from the atmosphere in soil.
- Development of a liquid fertiliser option from almond hull. The company currently has trials underway assessing the opportunity of turning hull, through a digestion process, into a rich natural liquid fertiliser option. The Victorian Government has provided a grant for the company to acquire and install (completed) a pilot plant to produce enough volume of the product for internal trials to commence.
- Capital will be invested to expand our Carina West Processing warehousing capacity. The majority of the capital will be invested in late FY2023 and early FY2024.
- The Sustainability Report will be published in February 2023
- The company continues to investigate organic and strategic growth opportunities such as:
  - Continued expansion in almond orchards, both greenfield and mature
  - Diversification into other nuts
  - Increased capability and capacity in almond value-add processes.

In summary, FY2022 has been challenging. The global outlook for the almond industry and 'better for you' plant-based foods remains very strong. Select Harvests has high quality assets, a sustainable and increasingly efficient production profile supported by world class technology. We remain well placed to deliver on the opportunities that will arise from the continued demand growth globally for almonds.

NON IFRS FINANCIAL INFORMATION

The non IFRS financial information included within this Directors' Report has not been audited or reviewed in accordance with Australian Auditing Standards.

Non IFRS financial information includes underlying EBIT, underlying result, underlying NPAT, underlying earnings per share, net interest expense, net bank debt, net debt, net working capital and adjustments to reconcile from reported results to underlying results.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 26 October 2022, the Company had announced to the ASX that it had appointed real estate agency and advisory firm, LAWD to market the Mountview almond orchard. The strategic decision to market the Mountview orchards is based on its relatively small scale, as it is the smallest almond orchard in the Company's portfolio. As at the date of this report, there has been a number of interested parties that have viewed the property however an agreement has yet to be signed.

On the 8th of November the company announced the transition to a new CEO and Managing Director, following agreement between the Board and the current CEO & Managing Director Paul Thompson, that he will step down. Paul Thompson will remain with the company to ensure an orderly transition to the newly appointed CEO & Managing Director David Surveyor who will join the company after he completes his notice period with his current employer.

On 22 November 2022, the Directors of the Company declared a final fully franked dividend of 2 cents per share payable on 3 February 2023 to shareholders on the register on 9 December 2022.

DIRECTORS' INTERESTS IN CONTRACTS

Directors' held no interest in contracts during the year ending 30 September 2022.

DIVIDENDS

	CENTS	2022 ($'000)
Final fully franked dividend declared for 30 September 2022*	2	2,419

* On ordinary shares

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year the Company entered into an insurance contract to indemnify Directors and Officers against liabilities that may arise from their position as directors and officers of the Company and its controlled entities. The terms of the contract do not permit disclosure of the premium paid.

Officers indemnified include the company secretary, all directors, and executive officers participating in the management of the Company and its controlled entities.

COMMITTEE MEMBERSHIP

During or since the end of the financial year, the Company had the following committees that comprise members of the Board of Directors as follows:

AUDIT AND RISK COMMITTEE

F Bennett (Chair)
F Grimwade
G Kingwill

SUSTAINABILITY COMMITTEE

M Zabel (Chair)
F Grimwade
G Kingwill
F Bennett (Former Chair)

REMUNERATION & NOMINATION COMMITTEE

G Kingwill (Chair)
T Dillon
F Bennett
M Iwaniw (Retired)
N Anderson (Retired)

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director was as follows:

	DIRECTORS' MEETINGS		MEETINGS OF COMMITTEES: Audit and Risk		Sustainability		Remuneration & Nomination	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
T Dillon*	10	10	-	-	-	-	2	2
P Thompson	13	13	4	4	4	4	3	3
F Bennett	13	13	4	4	4	4	1	1
G Kingwill	13	13	4	4	4	4	3	3
F Grimwade	13	13	4	4	4	4	-	-
M Zabel†	-	-	-	-	-	-	-	-
M Iwaniw‡	9	9	-	-	-	-	2	2
N Anderson‡	6	6	-	-	-	-	1	1

1 Reflects the number of meetings held during the time the Director held office, or was a member of the Committee during the year

* Appointed 29 November 2021 † Appointed 3 October 2022 ‡ Retired during the financial year

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 40.

NON-AUDIT SERVICES

Non-audit services provided by the external auditor are approved by resolution of the Audit and Risk Committee and approval is provided in writing to the Board of Directors. The Directors are satisfied that no non-audit services were provided during the period. Amounts paid to PwC are included in Note 6.4 to the financial report.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

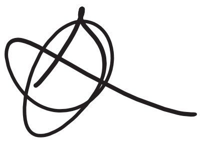
PROCEEDINGS ON BEHALF OF THE COMPANY

There are no material legal proceedings in place on behalf of the Company as at the date of this report.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Select Harvests Limited support and have adhered to the ASX principles of corporate governance. The Company has previously adopted Listing Rule 4.10.3 which allows companies to publish their corporate governance statement on their website rather than in their annual report. A copy of the statement along with any related disclosures is available at:
www.selectharvests.com.au/governance

This report is made in accordance with a resolution of the Directors.



T Dillon
Chair
Melbourne, 22 November 2022

Remuneration Report

Introduction from the Chair of the Remuneration and Nomination Committee

Dear Shareholder,

On behalf of the Board, I am pleased to present the 2022 Remuneration Report and my first as Chair of the Board Remuneration and Nomination Committee.

Despite the tough operating environment over the past twelve months the resilience of our staff and the communities in which they operate has shone through. The continued focus in FY2022 has been on ensuring the safety and well-being of our staff and ensuring that we are a respected member of the local communities in which we operate in.

The objective of Select Harvests' remuneration strategy is to attract, retain and motivate the people we require to sustainably manage and grow the business. Executive remuneration packages include a balance of fixed remuneration, short term cash incentives and long-term equity incentives. The framework endeavours to align executive reward with market conditions and shareholders' interests.

Fixed remuneration is aligned to the market mid-point for similar roles in comparable companies.

The health and well-being of our people remains the paramount priority for the business, with the short-term incentive payments conditional on the foundations being in place for a safe work environment, demonstration of a strong safety culture and our values. The board assessed the safety environment to be sound.

The short-term incentive program is based on annual performance and assessed against key financial, operational, safety and culture performance indicators (KPIs). The performance targets are based on the annual business plan and set at a level that results in a 50% payout on achievement of a stretching but realistically achievable level of performance. Maximum payout only occurs where there is a clearly outstanding level of performance across all KPIs. In addition to KPIs for their business unit and areas of direct responsibility, all Key Management Personnel (KMP) share a company NPAT KPI to encourage a strong executive team dynamic and cross business unit collaboration.

Setting KPIs for a business such as ours has the challenge of a number of factors such as climatic conditions, commodity prices and exchange rates having a significant effect on results. While management can to some degree mitigate these "agricultural risks" and should be encouraged to do so, they are largely out of our control. The Board retains some discretion in evaluating overall performance and taking into account operating conditions. KMP STI vesting levels ranged from 6% to 7% of the maximum opportunity.

Following a review last year by the Godfrey Remuneration Group the FY2022 long-term incentive plan has been adjusted to focus on three key areas that relate to the delivery of strategic sustainable growth in shareholder value over the medium and longer terms.

These are:

- 40% weighting to Absolute TSR (CAGR) over the performance measurement period (range between 5% and 20%)
- 40% weighting to Select Harvests' Pre-Tax Average ROCE over the measurement period (range between 7.7% and 14.4%)
- 20% weighting to Delivery of Board specified strategic growth initiatives (various targeted measures).

For prior period vesting purposes (using prior period metrics) TSR over the three-year performance period was (28.4%) which came out at the 30th percentile of the peer group and resulted in Nil rights vested. EPS growth target was not met. No adjustments were made to the reported statutory EPS in determining this outcome. Overall, no LTI was vested.

The remuneration outcomes resulting from the FY2022 performance are set out in this Remuneration Report.

Guy Kingwill

Chair – Remuneration and Nomination Committee

The report has been prepared and audited against the disclosure requirements of the *Corporations Act 2001* (Cth).

1. KEY QUESTIONS

What are our remuneration objectives and guiding principles?

OBJECTIVE	PRINCIPLES				
To deliver sustainable returns as a leader in "better for you" plant based foods.	Align management and shareholder interests.	Reflect our values of: • Trust & Respect • Integrity & Diversity • Sustainability • Performance • Innovation	Deliver competitive advantage in attracting, motivating and retaining talent.	Encourage a diverse workforce.	Simple, easily understood, rewarding performance and creating a culture that delivers shareholder value.

How is our remuneration structured?

The table below provides an overview of the different remuneration components within the framework.

OBJECTIVE	REMUNERATION COMPONENT	PURPOSE	DELIVERY	FY22 APPROACH
Attract and retain the best talent	Total Fixed Remuneration (TFR)	TFR is set in relation to the external market and takes into account: • Size & complexity of the role • Individual responsibilities	Base salary, superannuation and salary sacrifice components based on total cost to the company	Target TFR positioning is Median of Comparator Group Comparators: ASX Listed Food and Agribusiness Companies
Reward current year performance	Short Term Incentive (STI)	STI ensures appropriate differentiation of pay for performance and is based on business and individual performance outcomes	Annual cash payment	STI Performance Measures[1] • NPAT (40%-50%) • Culture/ Executive Development (10%-15%) • Safety Performance (5%) • Personal & Operational performance (15%-25%) • Board discretion (20%) With safety behaviours and values tollgate
Reward long term sustainable performance	Long Term Incentive (LTI)	LTI ensures alignment to long-term overall company performance and is consistent with: • Profitable growth • Long-term shareholder return	Performance rights (vesting after three years, subject to performance)	LTI Performance Measures • Absolute TSR (40%) • ROCE (40%) • Strategy (20%) • Holding Lock The participant's holding is equal to 50% of their fixed annual remuneration • Clawback conditions For fraud or dishonest conduct and breach of obligations to the Company

1 This summarises the MD's Performance Measures. Other KMP's measures are tailored to their responsibilities

Who and how much did you pay your Key Management Personnel for the financial year (non IFRS)?

In financial year 2022, Key Management Personnel (KMP) comprised the Non-Executive Directors, Managing Director (MD) and Executives (Other KMP). KMP is defined as those persons having authority and responsibility for planning, directing and controlling the activities of an entity directly or indirectly, including any Director (whether executive or otherwise) of that entity.

The table below presents the remuneration paid to, or vested for, MD and Other KMP for the financial year.

$	TERM AS KMP	TOTAL FIXED REMUNERATION	STI ACHIEVED[1]	VESTED PERFORMANCE RIGHTS[2]	TOTAL
Paul Thompson *Managing Director & CEO*	Full Year	741,890	124,938	217,806	1,084,634
Brad Crump *CFO & Company Secretary*	Full Year	436,284	44,417	58,112	538,813
Ben Brown *GM Horticulture*	Full Year	363,108	38,285	43,584	444,977
Peter Ross *GM Performance Improvement & Sustainability*	Full Year	356,752	34,327	43,584	434,663
Dan Wilson *GM Almond Operations*	Full Year	268,986	43,070	-	312,056
Nicole Feder *GM People, Safety & Culture*	Full Year	336,085	34,901	-	370,986
Suzanne Douglas *GM Consumer*	Redundancy 30 June 2022	257,339	19,609	-	276,948

1 Cash STI will be paid after the FY2022 financial statements have been approved.
2 The vested performance rights value in this table has been determined using the closing share price on the last trading day of FY2022. Vesting occurs after the finalisation and approval of the FY2022 financial statements and hurdle testing is completed by an independent expert. Sale of shares emanating from vested performance rights under the current plan are subject to a holding lock which requires Executive KMPs to accumulate and hold a value equivalent to 50% of their annual TFR.

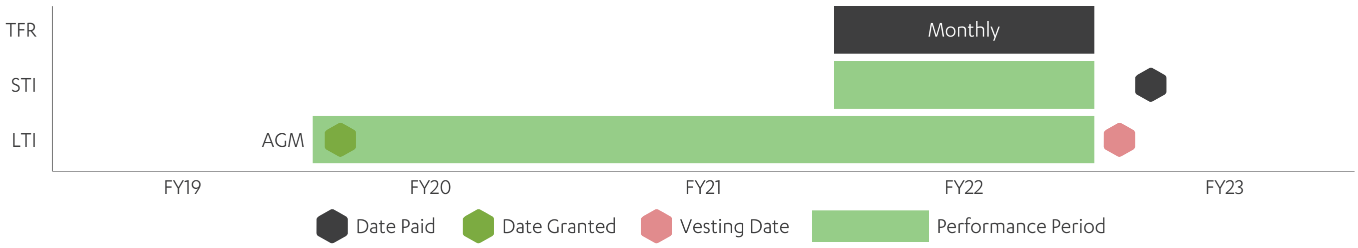
Remuneration Report

Continued

1. KEY QUESTIONS (CONTINUED)

When remuneration is earned and received?

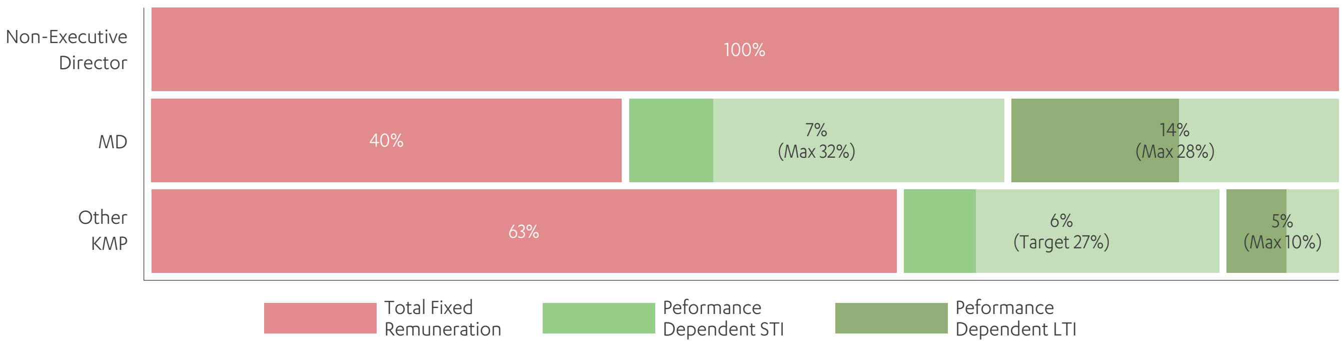
The remuneration components are structured to reward executives progressively across different timeframes. The diagram below shows the period over which FY2022 remuneration was received and when the awards were granted and vested.



What is the remuneration mix for Key Management Personnel?

The remuneration mix for KMP is balanced between fixed and variable remuneration.

- Non-Executive Director: 100% of remuneration is fixed remuneration.
- MD: 62% of remuneration is performance-based pay and 31% of remuneration is delivered as performance rights to shares.
- Other KMP: 41% of their remuneration is performance-based pay and 12% of their remuneration is delivered as performance rights to shares.



STI payments are based on a maximum of 80% for the MD and 50% for other Executive KMP of the fixed remuneration, with maximum payment on achievement of a stretching but achievable target, with regard to past and otherwise expected achievements.

LTI grants are at face value, where face value represents the share pricing at 30 September 2022. Other KMP have minimum shareholding requirements.

What equity was granted for year ended 30 September 2022?

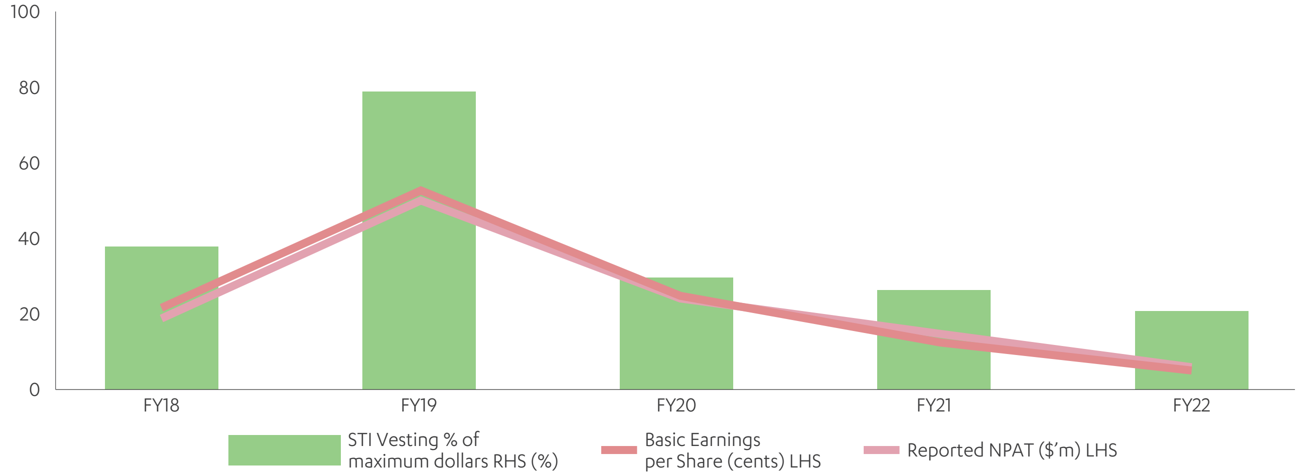
Equity was granted to the MD and other KMP in FY2022, as detailed in the table below. The methodology used for the allocation was determined using the face value of full vesting based on the Volume Weighted Average Price (VWAP) over the 10 days preceding the date of the 25 February 2022 Annual General Meeting.

	NUMBER OF PERFORMANCE RIGHTS GRANTED	FACE VALUE
MD		
Paul Thompson *Managing Director & CEO*	205,097	$1,148,543
Other KMP		
Brad Crump *CFO & Company Secretary*	38,280	$214,368
Peter Ross *GM Performance Improvement & Sustainability*	31,292	$175,235
Ben Brown *GM Horticulture*	31,576	$176,826
Dan Wilson *GM Almond Operations*	23,605	$132,188
Nicole Feder *GM People, Safety & Culture*	27,058	$151,525
Suzanne Douglas* *GM Consumer*	-	-

* Redundancy 30 June 2022

Is there alignment between management and shareholder interests?

The following chart shows the alignment between shareholder interests as measured by reported profit and earnings per share and management's interests as measured by the proportion of STI that pays out and the number of performance rights vesting. The Board believes these outcomes show "at risk" remuneration has varied appropriately.



Note: This report excludes the FY18 transition period (3 months period ending 30 September 2018) as no STI were vested.

Remuneration Report

Continued

2. MD AND OTHER KMP REMUNERATION

2.1 How STI outcomes are linked to performance

At the commencement of each annual operating cycle the Board sets KPIs for the MD and the MD sets KPIs for the KMP with target levels of performance based on the Board approved annual operating plan. At the end of the operating cycle the Board assesses actual performance against these KPIs based on full year final financial and operating results and metrics. Actual performance against reported results and related metrics determines the STI reward.

The FY2022 financial and operating results and related metrics resulted in KMP STI rewards as a percentage of TFR of 6%. This level of performance is reflective of the delivery of a solid result through a challenging year.

2.2 Overview of FY2022 remuneration framework

FIXED REMUNERATION			
Base salary	Consists of cash salary, superannuation and salary sacrifice arrangements based on total cost to the company. Reviewed annually with reference to the market median for comparable companies, the individual's performance and potential and the company's future plans. There is no guaranteed base pay increase in any executive contract.		
Short Term Incentive (STI)		**% of Fixed Remuneration**	
Opportunity		**MD**	**Other KMP**
		Unsatisfactory – 0% Threshold – up to 20% Target – up to 40% Maximum - up to 80%	Unsatisfactory – 0% Threshold – up to 7.5-12.5% Target – up to 15-25% Maximum – up to 50%
Purpose	To provide incentive to exceed the annual business objectives.		
Term	1 year		
Instrument	Cash		
Performance and measures	**KPI Score Card**	**MD**	**Other KMP**
	Company NPAT	50%	40%-45%
	Culture/Executive Development	10%	10%-15%
	Safety Performance	5%	5%
	Personal & Operational performance / Project delivery	15%	15%-25%
	Board discretion	20%	20%
	With a safety behaviour and values tollgate		
Why these were chosen	To provide a balance between outperforming the annual operating plan, individual business unit plans, focus on the efficient use of capital and strengthening the balance sheet, on time and budget delivery of strategic projects and sustained orchard productivity. The Board retains some discretion to adjust the outcomes based on whether they were influenced by uncontrollable "headwinds" or "tailwinds" and the degree to which behaviours reflect our values. The health and well-being of our people remains paramount and no incentive is paid if the foundations for a safe work environment were not maintained.		

FIXED REMUNERATION

Long Term Incentive (LTI)	**% of Fixed Remuneration**	
Opportunity	**MD**	**Other KMP**
	Face Value – up to 160%	Face Value – up to 50%
Purpose	Reward achievement of long term business objectives and sustainable value creation for shareholders.	
Term	3 years, vesting at the end of the period.	
Instrument	Performance rights	
Performance conditions*	1. Continuing service	
	2. Positive absolute shareholder return	
	3. 40% based on Absolute Total Shareholder Return compound average growth rate (CAGR) over the performance measurement period. The performance targets and vesting proportions are as follows:	
	• Below 5%	Nil
	• >5% and <10%	Pro rata vesting
	• Target of 10%	20%
	• >10% and <20%	Pro rata vesting
	• At or above 20%	40%
	4. 40% based on Pre Tax Return on Capital Employed over the performance measurement period. The performance targets and vesting proportions are as follows:	
	• Below 7.7%	Nil
	• Between 7.8% and 10.1%	Pro rata vesting
	• Target of 10.1%	20%
	• Between 10.2% and 14.3%	Pro rata vesting
	• At or above 14.4%	40%
	5. 20% based on successful delivery of Strategic Growth initiatives set by the Select Harvests Board. The performance targets and vesting proportions are as follows:	
	• Piangil Orchard EBIT Performance vs Business Case	50% weighting
	• Value-add Pre-Tax ROCE Over Measurement Period	25% weighting
	• Metrics Relating to Implementation of Sustainability Plan	25% weighting
Why these were chosen	• TSR provides a shareholder perspective of the Company's relative performance against comparable companies • ROCE focusses management on the effective allocation and efficient use of the company's capital assets • Strategic Growth initiatives ensure management are focused on key projects to increase shareholder returns	

* The Remuneration Committee is responsible for assessing whether the targets are met and in doing so obtains the advice of an independent expert.

OTHER

Hedging policy	Individuals cannot hedge Select Harvests equity that is unvested or subject to restrictions.
Clawback	The Board may determine that any unvested share rights will lapse or be forfeited in certain circumstances such as in the case of fraud, wilful misconduct or dishonesty.
Minimum shareholding requirements	Vested performance rights are to be held until the accumulated value is equal to 100% base salary.

The safety tollgate, which requires maintenance of a safe work environment, was passed.

The individual KMP actual STI payments and potential maximum payments are set out in the following table in section 2.3.

Remuneration Report

Continued

2. EXECUTIVE KMP REMUNERATION (CONTINUED)

2.3 What we paid to the MD and other KMP in FY2022 – Further detail

The following pages compare the maximum potential and actual remuneration for the financial year ended 30 September 2022 for current KMP. Amounts include:

- Total fixed remuneration
- STI achieved as a result of business and individual performance (versus the maximum potential cash STI)
- Share performance rights that vested during the year at face value (versus the maximum initial award face value) for the performance testing period concluding in that year.

This information differs from the statutory remuneration disclosures presented in Section 5.1 (which are presented in accordance with the accounting standards) as the performance rights value is based on the closing share price on the day the tranche of performance rights were approved.

The directors believe that the remuneration received is more relevant to users for the following reasons:

- The statutory remuneration expensed is based on historic cost and does not reflect the value of the equity instruments when they are actually received by the KMPs
- The statutory remuneration shows benefits before they are actually received by the KMPs

$'000			TOTAL FIXED REMUNERATION	SHORT TERM INCENTIVE	PERFORMANCE RIGHTS	TOTAL
Paul Thompson *Managing Director & CEO*	Actual Remuneration	2022	742	125	253	1,120
	Maximum Potential	2022	742	594	507	1,843
Brad Crump *CFO & Company Secretary*	Actual Remuneration	2022	436	44	68	548
	Maximum Potential	2022	436	218	135	789
Ben Brown *GM Horticulture*	Actual Remuneration	2022	363	38	51	452
	Maximum Potential	2022	363	182	101	646
Peter Ross *GM Performance Improvement & Sustainability*	Actual Remuneration	2022	357	34	51	442
	Maximum Potential	2022	357	179	101	637
Dan Wilson *GM Almond Operations*	Actual Remuneration	2022	269	43	-	312
	Maximum Potential	2022	269	135	-	404
Nicole Feder *GM People, Safety & Culture*	Actual Remuneration	2022	336	35	-	371
	Maximum Potential	2022	336	168	-	504
Suzanne Douglas* *GM Consumer*	Actual Remuneration	2022	257	20	-	277
	Maximum Potential	2022	257	129	-	386

* Redundancy on 30 June 2022

2.4 FY2023 Outlook

The Committee and Board continue to review our remuneration strategy:

- The 2023 STIP KPIs focus on priorities and outcomes budgeted for as part of annual business plans, maintaining the focus on safety, financial metrics, cost of production and culture.
- Our LTIP performance rights are allocated annually, ensuring closer alignment to current strategic plans and financial targets.
- The focus of LTIP moves to delivery of strategic sustainable growth in shareholder value over the medium and longer terms. Performance metrics: Absolute TSR (40% weighting), ROCE (40% weighting) and strategy delivery (20% weighting).

2.5 Long Term Performance Perspective

The following table provides the performance outcomes over a five year period which align to the STI and LTI outcomes for Executive KMP.

	2022 YEAR ENDED 30 SEPT	2021 YEAR ENDED 30 SEPT	2020 YEAR ENDED 30 SEPT	2019 YEAR ENDED 30 SEPT	2018* 3 MONTH PERIOD ENDED 30 SEPT	2018 YEAR ENDED 30 JUNE
Net profit / (loss) after tax ($'000)	4,759	15,116	25,001	53,022	(1,536)	20,371
Basic EPS (cents)	3.9	12.7	26.0	55.5	(1.6)	23.2
Basic EPS Growth	(69%)	(51%)	(53%)	3,552%	(107%)	84%
Dividend per share (cents)	2.0	8.0	13.0	32.0	Nil	12.0
Opening share price 1 Oct / 1 July ($)	8.29	5.57	7.69	5.32	6.90	4.90
Change in share price ($)	(3.03)	2.72	(2.12)	2.37	(1.58)	2.00
Closing share price 30 September / 30 June ($)	5.26	8.29	5.57	7.69	5.32	6.90
TSR % p.a.†	(36%)	50%	(26%)	51%	(23%)	(26%)

* No assessment made against this period but shown for the purpose of completeness

† TSR is calculated as the change in share price for the year plus dividends announced for the year, divided by opening share price

Vesting of performance rights is based on performance against the hurdles over the three years prior to vesting.

The following illustrates the Company's performance against the criteria in the LTI plan.

EPS GROWTH	2022 YEAR ENDED 30 SEPT	2021 YEAR ENDED 30 SEPT	2020 YEAR ENDED 30 SEPT	2019 YEAR ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
Basic EPS (cents)	3.9	12.7	26.0	55.5	(1.6)
Underlying EPS (cents)‡	3.2*	18.0*	26.0	55.5	(1.6)
3 Year EPS CAGR	(61.4%)	(7.5%)	24.9%	11.9%	N/A
3 Year EPS CAGR target 5% - 20%					
Percentage vested	0%	0%	100%	73%	N/A

‡ Underlying EPS is adjusted for the loss on sale of the Consumer Brands and restructuring costs for the Thomastown site. Please refer to note 5.4 for more information.

RELATIVE TSR PERFORMANCE‖	2022 YEAR ENDED 30 SEPT	2021 YEAR ENDED 30 SEPT	2020 YEAR ENDED 30 SEPT	2019 YEAR ENDED 30 SEPT	2018 3 MONTH PERIOD ENDED 30 SEPT
SHV 3 Year TSR %	(28.42%)	64.3%	24.5%	22.8%	N/A
SHV 3 Year TSR Ranking	30th percentile	93rd percentile	62nd percentile	29th percentile	N/A
Peer group 3 Year Median TSR	(8.4%)	(5.8%)	20%	50%	N/A
SHV Rank against peer group	41st out of 58	2nd out of 16	6th out of 14	11th out of 15	N/A
Percentage vested	0%	100%	73%	0%	N/A

‖ TSR ranking relative to ASX Consumer Staples also included in the All Ordinaries index.

2.6 Terms of KMP Service Agreements

Remuneration and other terms of employment for the KMP are formalised in service agreements. These service agreements set out the base salary arrangements and future review. Each of these agreements provide for participation in a Short Term Incentive Plan and a Long Term Incentive Plan.

Other significant provisions of the agreements are that the term is on-going with a 6 month notice period for the MD and 3 month notice period for Other KMP.

Other than the notice periods, there are no specific termination benefits applicable to the service agreements.

Remuneration Report

Continued

3. NON-EXECUTIVE DIRECTORS' ARRANGEMENTS

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

Non-Executive Directors receive fees (including statutory superannuation) but do not receive any performance related remuneration nor are they issued options or performance rights on securities. This reflects the responsibilities and the Group's demands of directors. Non-Executive Directors' fees are periodically reviewed by the Board to ensure that they are appropriate and in line with market expectations.

Non-Executive Directors' professional development is supported and funded through the company's training budget. There is no equity ownership requirement for Non-Executive Directors. Directors are encouraged to acquire and hold shares equivalent in value to their annual fees.

The current aggregate fee limit of $973,750 was approved by shareholders at the 25 February 2022 Annual General Meeting. For the FY2022 year, the total amount paid to Non-Executive Directors was $701,342.

The remuneration is a base fee with the Chair of each of the Committees receiving additional fees commensurate with their responsibilities. The current directors' fees are as follows:

Current Base Fees (including superannuation)	
Chair	$251,931
Other Non-Executive Directors	$109,243
Additional Fees (including superannuation)	
Chair of the Audit and Risk Committee	$14,567
Chair of the Remuneration and Nomination Committee	$14,567

4. GOVERNANCE

4.1 Role of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee operates under its own Charter and reports to the Board. The Charter was approved on 4 October 2022 by the Board. A copy of the Charter is available on the Company's website:

www.selectharvests.com.au

4.2 Use of Remuneration Advisors

No remuneration advisors were used during the financial year ended 30 September 2022.

4.3 Share Trading Policy

The Share Trading Policy was last reviewed by the Board in May 2022. A copy is available on the Company's website:

www.selectharvests.com.au

Under the policy senior executives may not hedge Select Harvests equity that is unvested or subject to restrictions.

5. KMP STATUTORY DISCLOSURES

5.1 Details of FY2022 and FY2021 Remuneration

Remuneration of Directors and other key management personnel of Select Harvests Limited and the consolidated entity.

$		ANNUAL REMUNERATION				LONG TERM		OTHER	
	Financial Year	Base Fee	Short Term Incentives	Non Cash Benefits	Superannuation Contributions[1]	Long Service Leave Accrued & Paid	Performance Rights Granted	Other[2]	Total
Non Executive Directors									
T Dillon*	2022	114,668	-	-	11,752	-	-	-	126,420
F Grimwade	2022	99,494	-	-	10,073	-	-	-	109,567
	2021	97,578	-	-	9,329	-	-	-	106,907
F Bennett	2022	121,236	-	-	2,941	-	-	-	124,177
	2021	121,168	-	-	-	-	-	-	121,168
G Kingwill	2022	107,184	-	-	10,858	-	-	-	118,042
	2021	97,578	-	-	9,329	-	-	-	106,907
M Iwaniw†	2022	170,994	-	-	-	-	-	-	170,994
	2021	223,821	-	-	-	-	-	-	223,821
N Anderson‡	2022	47,401	-	-	4,740	-	-	-	52,141
	2021	105,205	-	-	10,061	-	-	-	115,266
M Carroll§	2021	45,770	-	-	4,348	-	-	-	50,118
Executive Director									
P Thompson◊	2022	713,763	124,938	-	28,127	24,707	374,667	-	1,266,202
	2021	631,699	93,335	5,216	22,336	14,312	(4,253)	-	762,645
Other key management personnel									
B Crump	2022	412,246	44,417	-	24,038	-	50,487	50,000	581,188
	2021	388,491	64,242	-	22,336	-	(3,289)	-	471,780
P Ross	2022	329,149	34,327	-	27,603	8,515	41,708	-	441,302
	2021	321,901	43,383	-	26,229	7,351	(926)	-	397,938
B Brown	2022	335,374	38,285	-	27,733	14,181	41,589	-	457,162
	2021	316,595	43,567	-	25,286	10,262	(1,253)	-	394,457
D Wilson‖	2022	242,604	43,070	-	26,382	30,371	26,256	-	368,683
	2021	53,409	9,358	-	5,341	-	2,263	-	70,371
N Feder‖	2022	309,168	34,901	-	26,918	-	19,787	-	390,774
	2021	60,696	10,526	-	7,460	-	-	-	78,682
S Douglas¶	2022	276,445	19,609	-	17,804	-	32,114	341,019	686,991
	2021	315,499	45,676	-	22,336	-	17,478	-	400,989
L Van Driel#	2021	278,185	-	-	28,418	-	(58,999)	-	247,604
U Di Cecco∆	2021	112,730	-	-	10,896	-	(3,545)	-	120,081

* Appointed 29 November 2021
† Retired 30 June 2022
‡ Resigned 25 February 2022
§ Retired 26 February 2021
‖ Commenced as KMP on 1 July 2021
¶ Redundancy 30 June 2022
# Resigned 30 July 2021
∆ Vale 9 March 2021

◊ On the 8th of November the company announced the transition to a new CEO and Managing Director, following agreement between the Board and the current CEO & Managing Director Paul Thompson, that he will step down. Paul Thompson will remain with the company to ensure an orderly transition to the newly appointed CEO & Managing Director David Surveyor who will join the company after he completes his notice period with his current employer.

1 Includes salary sacrifice contribution

2 For S Douglas, this relates to payment of redundancy benefit. For B Crump, on 7 June 2022, Mr Crump was awarded a cash bonus in the amount of $100,000 payable in December 2023, subject to continuous employment.

Notes: It should be noted that performance rights granted, referred to in the remuneration details set out in this report, comprise a proportion of rights which have not yet vested and are reflective of rights that may or may not vest in future years.

The elements of remuneration have been determined based on the cost to the consolidated entity.

Performance rights granted have been independently valued using the Monte Carlo simulation option pricing model, which takes account of factors such as the exercise price of the rights, the current level and volatility of the underlying share price and the time to maturity of the rights. The amount shown here is an accounting expense and reflects the value as determined using this model. The value is expensed over the vesting period of the rights.

Remuneration Report

Continued

5. KMP STATUTORY DISCLOSURES (CONTINUED)

5.2 Details of LTI Performance Rights Granted, Vested and Exercised

Performance rights granted to the Managing Director and Other KMP during the year.

	NUMBER				
	Opening balance 1 Oct 2021	**Granted during the year**	**Vested during the year**	**Forfeited during the year**	**Closing balance 30 Sept 2022**
Executive Director					
P Thompson	207,563	205,097	41,408	41,407	329,845
Other key management personnel					
B Crump	51,960	38,280	11,048	11,047	68,145
P Ross	41,682	31,292	8,286	8,285	56,403
B Brown	41,301	31,576	8,286	8,285	56,306
D Wilson	12,566	23,605	-	-	36,171
N Feder	-	27,058	-	-	27,058
S Douglas*	24,706	-	-	-	24,706

* Resigned 30 June 2022

All vested rights are exercisable after the performance period, subject to a holding lock that requires KMP to hold shares with a value equivalent to their base salary.

5.3 Active Plan Performance Rights Granted

Performance rights granted to KMPs under the LTI Plans that are relevant to FY2022 and beyond.

GRANT DATE	VESTING CONDITIONS	PERFORMANCE PERIOD	PARTICIPATING EXECUTIVES	PERFORMANCE ACHIEVED	VESTED %	EXPIRY DATE
27 March 2020	• EPS Compound Annual Growth • Relative TSR performance to peer group • Continuous service • Holding Lock	1 October 2019 to 30 September 2022	P Thompson B Crump P Ross B Brown D Wilson	30 September 2022 rights achieved 0% of EPS condition rights and 0% of TSR condition rights	0%	31 October 2022
28 July 2021	• EPS Compound Annual Growth • Relative TSR performance to peer group • Continuous service • Holding Lock	1 October 2020 to 30 September 2023	P Thompson B Crump P Ross B Brown D Wilson	2023 period to be determined	N/A	31 October 2023
27 March 2020	• Absolute total shareholder return • Return on capital employed • Strategy implementation • Continuous service • Holding Lock	1 October 2021 to 30 September 2024	P Thompson B Crump P Ross B Brown D Wilson	2024 period to be determined	N/A	31 October 2024

The LTI Plan provides for the offer of a parcel of performance rights with a three year performance period to participating employees. The rights vest at the end of the period on achievement of the performance hurdles. Performance rights are granted under the plan for no consideration.

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

5.4 Grants of Performance Rights

The table details the grants of performance rights to the Managing Director and Executive team.

		RIGHTS TO DEFERRED SHARES						
NAME	YEAR GRANTED	NUMBER GRANTED	VALUE PER RIGHT	VESTED %	VESTED NUMBER	FORFEITED NUMBER	FINANCIAL YEARS IN WHICH RIGHTS MAY VEST	MAX. VALUE YET TO VEST
P Thompson	2019	82,815	$5.18	50%	41,408	41,407	30-Sep-22	-
	2020	46,845	$4.22	-	-	-	30-Sep-23	$197,686
	2021	77,903	$6.29	-	-	-	30-Sep-24	$490,010
	2022	205,097	$3.91	-	-	-	30-Sep-25	$801,929
B Crump	2019	22,095	$5.18	50%	11,048	11,047	30-Sep-22	-
	2020	11,243	$4.22	-	-	-	30-Sep-23	$47,445
	2021	18,622	$6.29	-	-	-	30-Sep-24	$117,132
	2022	38,280	$3.91				30-Sep-25	$149,674
P Ross	2019	16,571	$5.18	50%	8,286	8,285	30-Sep-22	-
	2020	9,369	$4.22	-	-	-	30-Sep-23	$39,537
	2021	15,742	$6.29	-	-	-	30-Sep-24	$99,017
	2022	31,292	$3.91				30-Sep-25	$122,352
B Brown	2019	16,571	$5.18	50%	8,286	8,285	30-Sep-22	-
	2020	9,369	$4.22	-	-	-	30-Sep-23	$39,537
	2021	15,361	$6.29	-	-	-	30-Sep-24	$96,621
	2022	31,576	$3.91	-	-	-	30-Sep-25	$123,462
D Wilson	2020	4,500	$4.22	-	-	-	30-Sep-23	$18,990
	2021	8,066	$6.29	-	-	-	30-Sep-24	$50,735
	2022	23,605	$3.91	-	-	-	30-Sep-25	$92,296
N Feder	2022	27,058	$3.91	-	-	-	30-Sep-25	$105,797
S Douglas	2020	9,369	$4.22	-	-	-	30-Sep-23	$39,537
	2021	15,337	$6.29	-	-	-	30-Sep-24	$96,470

5.5 Number of shares held by directors and other key management personnel

The movement during the year in the number of ordinary shares of the company held, directly or indirectly, by each director and other key management personnel, including their personally related entities, is as follows:

	HELD AT 1 OCTOBER 2021	RECEIVED ON EXERCISE OF PERFORMANCE RIGHTS	OTHER – DRP, SALES AND PURCHASES	HELD AT 30 SEPTEMBER 2022
Non-executive directors				
T Dillon	-	-	8,850	8,850
F Grimwade	92,699	-	-	92,699
F Bennett	19,245	-	262	19,507
G Kingwill	16,212	-	220	16,432
M Zabel	-	-	-	-
M Iwaniw	220,588	-	(220,588)*	-
N Anderson	11,585	-	(11,585)*	-
Executive director				
P Thompson	624,379	41,408	8,611	674,398
Other key management personnel				
B Crump	2,785	11,048	(2,500)	11,333
P Ross	160,212	8,286	-	168,498
B Brown	20,196	8,286	387	28,869
N Feder	-	-	-	-
D Wilson	-	-	-	-
S Douglas	4,000	-	(4,000)	-

* As M Iwaniw and N Anderson are no longer Directors of the Company, the number of shares held by them are no longer reported and therefore removed from the table

Auditor's Independence Declaration

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Select Harvests Limited for the year ended 30 September 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Select Harvests Limited and the entities it controlled during the period.

Alison Tait Milner

Alison Tait Milner
Partner
PricewaterhouseCoopers

Melbourne
22 November 2022

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Annual Financial Report

ABOVE: From early July to early September our orchards are in bloom.

Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022	NOTE	CONSOLIDATED ($'000) 2022	2021
Continuing Operations Revenue			
Total revenue	2.2	199,661	228,595
Other income			
Fair value adjustment of biological assets	3.3	(3,048)	(4,203)
Gain on sale of assets	2.3	321	1,945
Insurance claims proceeds	2.3	8,795	-
Total other income		6,068	(2,258)
Expenses			
Cost of sales	2.3	(172,241)	(179,220)
Distribution expenses		(330)	(812)
Marketing expenses		(44)	(9)
Occupancy expenses		(184)	(239)
Administrative expenses	2.3	(19,149)	(12,387)
Finance costs		(4,145)	(2,181)
Other	2.3	(1,738)	(1,064)
PROFIT BEFORE INCOME TAX		**7,898**	**30,425**
Income tax (expense)	2.4	(1,726)	(5,136)
PROFIT FROM CONTINUING OPERATIONS		**6,172**	**25,289**
(Loss) from discontinued operations	5.4	(1,413)	(10,173)
PROFIT ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED		***4,759***	***15,116***
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges, net of tax		(6,119)	(6,543)
Other comprehensive income for the year		**(6,119)**	**(6,543)**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF SELECT HARVESTS LIMITED		***(1,360)***	***8,573***
Total Comprehensive Income Attributable to Members of Select Harvests Limited arises from:			
Continuing Operations		53	18,746
Discontinuing Operations		(1,413)	(10,173)
		(1,360)	**8,573**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	2.5	5.1	21.3
Diluted earnings per share (cents per share)	2.5	5.1	21.2
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)	2.5	3.9	12.7
Diluted earnings per share (cents per share)	2.5	3.9	12.7

The above Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

Statement of Financial Position

AS AT 30 SEPTEMBER 2022	NOTE	CONSOLIDATED ($'000) 2022	2021
CURRENT ASSETS			
Cash and cash equivalents	4.2	1,135	1,995
Trade and other receivables	3.1	57,094	84,842
Inventories	3.2	128,462	114,316
Biological assets	3.3	61,198	51,321
Current tax receivable		1,452	5,286
Derivative financial instruments	3.4	-	78
TOTAL CURRENT ASSETS		**249,341**	**257,838**
NON-CURRENT ASSETS			
Other receivables		1,825	1,825
Property, plant and equipment	3.5	455,294	437,607
Right-of-use assets	3.6	208,200	222,550
Intangible assets	3.7	87,030	83,985
TOTAL NON-CURRENT ASSETS		**752,349**	**745,967**
TOTAL ASSETS		***1,001,690***	***1,003,805***
CURRENT LIABILITIES			
Trade and other payables	3.8	45,685	64,967
Borrowings	4.3	2,663	5,063
Lease liabilities	3.9	30,465	31,661
Derivative financial instruments	3.4	14,629	3,626
Deferred gain on sale	3.10	175	175
Provisions	3.12	4,134	10,558
TOTAL CURRENT LIABILITIES		***97,751***	***116,050***
NON-CURRENT LIABILITIES			
Other payables	3.8	1,298	2,761
Borrowings	4.3	133,000	95,000
Lease liabilities	3.9	211,655	221,494
Deferred tax liabilities	3.11	35,164	38,851
Deferred gain on sale	3.10	2,101	2,277
Provisions	3.12	437	416
TOTAL NON-CURRENT LIABILITIES		**383,655**	**360,799**
TOTAL LIABILITIES		**481,406**	**476,849**
NET ASSETS		***520,284***	***526,956***
EQUITY			
Contributed equity	4.1	401,164	397,343
Reserves	4.1	2,029	7,657
Retained profits		117,091	121,956
TOTAL EQUITY		***520,284***	***526,956***

The above Statement of Financial Position should be read in conjunction with the accompanying Notes.

Statement of Changes in Equity

		CONSOLIDATED ($'000)			
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022	NOTE	CONTRIBUTED EQUITY	RESERVES	RETAINED EARNINGS	TOTAL
Balance at 1 October 2020		***279,096***	***14,280***	***111,634***	***405,010***
Profit for the year		**-**	**-**	**15,116**	**15,116**
Other comprehensive income	3.4	-	(6,543)	-	(6,543)
Total comprehensive income for the year		***-***	***(6,543)***	***15,116***	***8,573***
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	4.1	1,962	-	-	1,962
Placement and Share Purchase Plan - net of transaction cost	4.1	115,382	-	-	115,382
Deferred tax credit on transaction costs	4.1	903	-	-	903
Dividends paid or provided	2.6	-	-	(4,794)	(4,794)
Employee performance rights	6.3	-	(80)	-	(80)
Balance at 30 September 2021		***397,343***	***7,657***	***121,956***	***526,956***
Profit for the year		**-**	**-**	**4,759**	**4,759**
Other comprehensive loss		-	(6,119)	-	(6,119)
Total comprehensive income for the year		***-***	***(6,119)***	***4,759***	***(1,360)***
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity - net of transaction costs and deferred tax	4.1	3,821	-	-	3,821
Dividends paid or provided	2.6	-	-	(9,624)	(9,624)
Employee performance rights	6.3	-	491	-	491
Balance at 30 September 2022		***401,164***	***2,029***	***117,091***	***520,284***

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022	NOTE	CONSOLIDATED ($'000) 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		268,983	275,193
Payments to suppliers and employees		(229,855)	(214,672)
		39,128	**60,521**
Interest received		10	24
Interest paid		(16,282)	(15,155)
Income tax received / (paid)		3,987	(7,201)
Net cash inflow from operating activities	**4.2**	**26,843**	**38,189**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Government grants		73	50
Proceeds from sale of property, plant and equipment		3,941	4,310
Proceeds from sale of brand names		-	1,500
Proceeds from sale of water rights		369	1,929
Payment for water rights		(3,962)	(19,192)
Payment for property, plant and equipment		(28,140)	(21,392)
Payment for software		(105)	-
Payment for license		(49)	-
Payment for bearer plants and plantation land		-	(124,943)
Payment for tree development costs		(7,696)	(11,986)
Net cash (outflow) from investing activities		**(35,569)**	**(169,724)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares net of transaction costs		-	115,382
Proceeds from borrowings		145,050	275,090
Repayments of borrowings		(107,050)	(232,840)
Principal elements of lease payments		(21,931)	(21,549)
Dividends on ordinary shares, net of Dividend Reinvestment Plan		(5,803)	(2,832)
Net cash inflow from financing activities		**10,266**	**133,251**
Net increase in cash and cash equivalents		**1,540**	**1,716**
Cash and cash equivalents at the beginning of the year		(3,068)	(4,784)
Cash and cash equivalents at the end of the year		**(1,528)**	**(3,068)**
Reconciliation to cash at the end of the year:			
Cash and cash equivalents	4.2	1,135	1,995
Bank overdrafts	4.2	(2,663)	(5,063)
		(1,528)	**(3,068)**

The above Statement of Cash Flow includes both continuing and discontinued operations and should be read in conjunction with the accompanying notes.
Amounts related to discontinued operations are disclosed in Note 5.4

Notes to the Financial Statements

1. BASIS OF PREPARATION

1.1 Basis of Preparation

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Company consisting of Select Harvests Limited and its subsidiaries. Where appropriate, comparatives have been reclassified to enhance comparability with current year disclosures.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Select Harvests Limited is a for profit entity which is incorporated and domiciled in Australia. Its registered office and principal place of business is:

Select Harvests Limited
L3, Building 7, Botanicca Corporate Park
570-588 Swan Street
Richmond VIC 3121

This financial report covers the Group consisting of Select Harvests Limited and its subsidiaries. The financial report is presented in Australian dollars.

A description of the nature of the Company's operations and its principal activities is included in the review of operations in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 22 November 2022. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All financial reports and other information are available on our website: www.selectharvests.com.au

Compliance with IFRS

The consolidated financial statements of the Select Harvests Limited group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through the income statement and biological assets.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher level of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1.2.

New or amended Accounting Standards and Interpretations adopted during the financial year

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year. These do not have a material effect on the Group's financial statements.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 September 2022 reporting period and have not been early adopted by the Company. The group's assessment of these new standards and interpretations concluded that they will not have a material impact on the financial statements of the Group in future periods. The new standards and interpretations are as follows:

- AASB 2020-3 Amendments to Australian Accounting Standards- Annual improvements 2018-2020 and Other Amendments (effective 1 January 2022)
- AASB 2022-1 Amendments to Australian Accounting Standards- Initial Application of AASB17 and AASB 9 (effective 1 January 2023)
- AASB 2020-1 Amendments to Australian Accounting Standards- Classification of Liabilities as Current or Non-Current (effective 1 January 2023)
- AASB 2020-6 Amendments to Australian Accounting Standards- Classification of Liabilities as Current or Non-Current – Deferral of effective date (effective 1 January 2023)
- AASB 2021-2 Amendments to Australian Accounting Standards- Disclosure of Accounting Policies and Definition of Accounting Estimates (effective 1 January 2023)
- AASB 2021-5 Amendments to Australian Accounting Standards- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)

Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity comprising the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of Select Harvests Limited.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

Parent entity financial information

The financial information for the parent entity, Select Harvests Limited, disclosed in Note 5.2 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Select Harvests Limited.

1.2. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future about uncertain external factors such as: discount rates, the effects of inflation, the outlook for global and local almond market supply and demand conditions, foreign exchange rates, asset useful lives and climate-related risks such as heat waves, droughts and floods.

Climate risks most likely to affect the company financially include floods and droughts, given the dependency on the use of water on its orchards. The financial impact of increasing / decreasing water costs as a result of droughts / floods, will most likely be offset by changes in almond prices given drier conditions usually increase almond quality and quantities and vice versa.

The actual outcomes of estimates and judgements used may differ because of changes in these estimates and judgements.

The estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Inventory - Current Year Almond Crop

The 2022 almond crop is classified as inventory once the crop is harvested in accordance with AASB 102 Inventories. The Company's estimated average almond selling price at the point of harvest was $6.80 per kilogram. It was determined with reference to the Company's committed sales contracts, market values for the uncommitted inventory, quality and foreign exchange rates at the point of harvest.

At balance date, the company had completed hulling and shelling of all its almonds with a yield of 29,000MT and 73% of this crop had been sold or committed to be sold.

Discontinued Operations

The Company disposed of the Consumer Brands section of the business on 30 September 2021. As part of the sale agreement, the Company entered into a 6 month co-packing agreement to produce Lucky and Sunsol products on behalf of Prolife Foods Pty Ltd. As the co-packing agreement is a result of the sale of the Consumer brands business, the associated revenue and expenses have been disclosed as discontinued operations in note 5.4.

The Company had fully exited the Thomastown facility by 30 June 2022. All costs incurred from the closure have been adjusted against provisions with any under/ over provisions reflected within restructuring expenses.

Carrying value of intangible assets

The Group tests annually whether intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 3.7. The recoverable amounts of cash generating units have been determined based on value-in-use calculations.

Key assumptions and sensitivities are disclosed in Note 3.7.

Notes to the Financial Statements

Continued

1. BASIS OF PREPARATION (CONTINUED)

1.2. Critical Accounting Estimates and Judgements (CONTINUED)

Tax losses

The Company had incurred tax losses in the current financial year. The tax losses arise from the temporary full expensing of fixed assets in the current year and are recognised as part of deferred tax assets in the financial statements. The Company has concluded that the tax losses will be recoverable using the estimated future taxable income based on the FY2023 budget. The losses can be carried forward indefinitely and have no expiry date.

2. RESULTS FOR THE YEAR

2.1 Segment Information

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Segment products and locations

Following the sale of the Consumer Foods Branded business, the reporting and operational information internally presented to the Chief Executive Officer has been adjusted. The Chief Executive Officer and Executive Management now assess the performance of the Group on an integrated and consolidated basis. Therefore, no specific segments will be reported going forward.

The Group grows, processes and value-adds to almonds from company owned and leased almond orchards. Raw and processed product is exported or sold domestically to consumers and Business to Business for industrial related almond products. The Group operates predominantly within the geographical area of Australia. The total of the reportable segments' results, profit, assets and liabilities is the same as that of the Consolidated Group as a whole and as disclosed in the Statement of Comprehensive Income and the Statement of Financial Position.

2.2 Revenue From Continuing Operations

CONSOLIDATED ($'000)	NOTE	2022	2021
Revenue from continuing operations			
Sale of goods	(a)	193,402	218,079
Management services		5,564	10,183
Government grant and other revenue	(b)	695	333
Total revenue		**199,661**	**228,595**

(a) Revenue from the Sale of goods includes sales of value-added almond products of $55.8m (2021: $89.0m) and non value-added products of $137.6m (2021: $129.0m).

(b) A government grant of $73,000 was received during the year for hull digestion plant purposes (2021: $50,000 for export marketing purposes). The Company did not apply for or receive any JobKeeper payments.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, and amounts collected on behalf of third parties. Revenue is recognised when performance obligations are satisfied and control of the goods or services have passed or been provided to the buyer. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods and services

The sale of goods and services represents a single performance obligation and accordingly, revenue is recognised in respect of the sale of these goods at the point in time when control over the corresponding goods and services is transferred to the customer (i.e. at a point in time for sale of goods when the goods are shipped to the customer or when the services have been provided).

Management services

Management services revenue relates to services provided for the management and development of farms as well as acting as sales agent for external growers by selling almonds on their behalf. Sales for external growers are not included in the Group's revenue. However, the Group receives a marketing fee for providing this service. Revenue from providing services is recognised in the accounting period in which the services are rendered, on the basis of quantity of almonds sold by Select Harvests on behalf of the external grower.

The above services are recognised as revenue when services are provided. All revenue is stated net of the amount of Goods and Services Tax (GST).

As at 30 September 2022 the group held almond inventory on behalf of external growers which was not recorded as inventory to the Group.

Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the consolidated entity.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which they become receivable.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are deducted from the carrying amount of the asset on the Balance sheet. The Grant is recognised in profit or loss over the life of the depreciable asset as a reduced depreciation expense.

2.3 Other Income and Expenses

CONSOLIDATED ($'000)	NOTE	2022	2021
Profit before tax from continuing operations includes the following specific expenses:			
Depreciation of non-current assets:			
• Buildings		193	166
• Plant and equipment		9,218	8,626
• Bearer plants		-	-
Total depreciation of non-current assets	**(a)**	**9,411**	**8,792**
Depreciation charge of right-of-use assets:			
• Property		576	769
• Plant and equipment		331	631
• Orchard - citrus		1,145	1,125
Total depreciation of right-of-use assets	**(b)**	**2,052**	**2,525**
Interest on leases	(c)	720	838
Amortisation of software		825	820
Amortisation of license		3	-
Employee benefits		44,464	41,204
Short term and low-value lease rental payments	(d)	1,337	527
Impairment losses on:	(e)		
• Property, Plant and Equipment		2,082	-
• Inventory		703	-
		2,785	-
Insurance gains proceeds	(e)	8,795	-
Net (gain)/ loss on disposal of property, plant and equipment		48	(986)
Net (gain)/ loss on disposal of permanent water		(369)	(959)

(a) Depreciation amounting to $19.46 million (2021: $18.60 million) was capitalised as part of the growing crop which will then unwind as part of cost of sales when the almonds are sold.

(b) Right-of-Use asset depreciation amounting to $15.44 million (2021: $14.93 million) and $5.43 million (2021: $6.18 million) was capitalised as part of the growing crop and leasehold improvement respectively.

(c) Lease interest amounting to $7.44 million (2021: $7.33 million) and $3.94 million (2021: $4.69 million) was capitalised as part of the growing crop and leasehold improvement respectively.

(d) The expense represents lease rentals that are short-term leases (terms of 12 months or less) and leases of low-value assets charged directly to the Statement of Comprehensive Income.

(e) On 26 December 2021, the company experienced a fire event in its co-waste handling area at its Carina West processing facility. The damage impacted some site buildings, materials handling equipment and work in progress inventory. As the inventory and equipment were destroyed beyond repair, their fair value less cost of disposal was nil and written off to profit and loss. The impairment loss is included in other expenses in the statement of profit or loss. An insurance recovery of $8.79 million has been recognised as other income.

Notes to the Financial Statements

Continued

2. RESULTS FOR THE YEAR (CONTINUED)

2.4 Income Tax Expense

CONSOLIDATED ($'000)	NOTE	2022	2021
(a) Income tax expense			
Current tax		-	(522)
Deferred tax		(1,930)	(4,258)
Over / (under) provided in prior years		809	4,004
Total current tax expense		**(1,121)**	**(776)**
Deferred income tax benefit included in income tax expense comprises:			
Increase / (Decrease) in deferred tax assets	3.11	8,089	(1,758)
(Increase) / Decrease in deferred tax liabilities	3.11	(4,401)	(2,500)
		3,688	**(4,258)**
Income tax expense is attributable to:			
(Profit) from continuing operations		(1,726)	(5,136)
Loss from discontinued operations	5.4	605	4,360
Aggregate income tax (expense)		**(1,121)**	**(776)**
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit from continuing operations before income tax expense		7,898	30,425
Tax at the Australian tax rate of 30% (2020 – 30%)		(2,369)	(9,128)
Tax effect of amounts that are not deductible/ (taxable) in calculating taxable income			
Other non-assessable income		(166)	(12)
Other non-deductible items		-	-
(Under) / Over provided in prior years		809	4,004
Income tax (expense)		**(1,726)**	**(5,136)**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

(i) Investment allowances and similar tax incentives

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Australia or other investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward.

(ii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2.5 Earnings Per Share

CENTS	NOTE	2022	2021
(a) Basic earnings per share			
From continuing operations attributable to the ordinary equity holders of the company		5.1	21.3
From discontinued operations		(1.2)	(8.6)
Total basic earnings per share attributable to the ordinary equity holders of the company		**3.9**	**12.7**
(b) Diluted earnings per share			
From continuing operations attributable to the ordinary equity holders of the company		5.1	21.2
From discontinued operations		(1.2)	(8.5)
Total basic earnings per share attributable to the ordinary equity holders of the company		**3.9**	**12.7**
(c) Reconciliation of earnings used in calculating earnings per share Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share			
From continuing operations		6,172	25,289
From discontinued operations		(1,413)	(10,173)
		4,759	**15,116**

The following reflects the share data used in the calculations of basic and diluted earnings per share:

NUMBER OF SHARES	NOTE	2022	2021
(d) Weighted average number of shares Weighted average number of ordinary shares used in calculating basic earnings per share		120,710,209	118,919,084
Effect of dilutive securities: Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share		121,151,094	119,261,156

Basic Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive ordinary shares, and after income tax effect of interest and other financing costs associated with potential dilutive ordinary shares.

2.6 Dividends

CONSOLIDATED ($'000)	NOTE	2022	2021
(a) Dividends paid during the year			
(i) FY2022 Interim Dividend			
No interim dividend declared (FY2021: Nil)		-	-
(ii) FY2021 Final Dividend *– paid 4 February 2022*			
Fully franked dividend 8c per share (FY2020 final dividend: 4c paid on 5 February 2021)		9,624	4,794
		9,624	**4,794**
(b) Dividends proposed and not recognised as a liability. A final fully franked dividend of 2 cents per share (2021: 8 cents per share) has been declared by the directors $2,419,016 (2021: $9,617,950).			
(c) Franking credit balance			
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2021: 30%)		**21,086**	**29,048**

The above amounts represent the balance of the franking account (presented as the gross dividend value) as at the end of the period, adjusted for:

(i) Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date

(ii) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.

Notes to the Financial Statements

Continued

3. ASSETS AND LIABILITIES

3.1 Trade And Other Receivables

CONSOLIDATED ($'000)	NOTE	2022	2021
Trade receivables		33,864	60,082
Loss allowance		-	-
		33,864	**60,082**
Other receivables		5,254	3,279
Prepayments		17,976	21,481
		57,094	**84,842**

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are recognised initially at the amount of consideration that is unconditional and subsequently measured at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are explained below.

(a) Impairment of trade receivables

The group applies the *AASB 9 Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 September 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The ageing analysis for FY2022 was determined as follows:

GROSS CARRYING AMOUNT ($'000)	NOTE	2022	2021
Current		34,177	59,404
Up to 3 months past due		(313)	678
More than 3 months past due		-	-
		33,864	**60,082**

Note: Expected credit loss on aged receivables is immaterial and not disclosed above.

(b) Effective interest rates and credit risk

All receivables are non-interest bearing.

The Company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers from across the range of business segments in which the Company operates. Refer to Note 4.4 for more information on the risk management policy of the Company as well as the effective interest rate and credit risk of current receivables.

(c) Fair value

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

3.2 Inventories

CONSOLIDATED ($'000)	NOTE	2022	2021
Raw materials		28,892	34,826
Finished goods and work in progress		91,014	72,986
Other inventories		8,556	6,504
		128,462	**114,316**

Inventories are valued at the lower of cost and net realisable value. There were no write-downs made for the 2022 almond crop (2021:Nil).

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials and consumables: purchase cost on a first in first out basis;
- Biological assets reclassified as inventory (included within raw materials in the table above): the initial cost assigned to agricultural produce is the fair value less costs to sell at the point of harvesting in accordance with AASB 141 Agriculture. Subsequently, changes to the fair value of uncommitted inventory are recognised to the Statement of Comprehensive Income. The fair value measurements for the uncommitted inventory balance have been categorised as Level 2 fair values based on the inputs to the valuation techniques used, which are based on observable market data. It is measured considering the estimated selling price at any given point in time based on:
  - Current market prices for similar quality products i.e. inshell / kernel, etc; and
  - Executed sales of similar quality product in the market
  - The observable data used for measurement of the uncommitted inventory balance are inherently considering the impact of climate change risks at the time of measurement including any climate related impacts on the size of the Californian almond crop;
- Finished goods and work in progress: cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity; and
- Other inventories comprise consumable stocks of chemicals, fertilisers and packaging materials recorded at cost on a first in first out basis.

3.3 Biological Assets

CONSOLIDATED ($'000)	NOTE	2022	2021
Growing almond crop		**61,198**	**51,321**
Reconciliation of changes in carrying amount of biological assets			
Opening balance		51,321	42,432
Increases due to purchases / growing costs		178,707	171,298
Decreases due to harvest	(i)	(195,553)	(195,433)
Gain arising from changes in fair value	(ii)	26,723	33,024
Closing balance		**61,198**	**51,321**

(i) Includes biological assets reclassified as inventory at the point of harvest

(ii) Includes physical changes as a result of biological transformation such as growth. Net increments in the fair value of the growing assets are recognised as income in the Statement of Comprehensive Income.

Fair value adjustment of biological assets recognised in the Statement of Comprehensive Income relates to:

- the recognition of 2022 crop fair value margin throughout growth, accrued evenly between harvests and taking into account major cash outflows
- the unwinding of 2021 crop fair value margin previously recognised, at the point of sale

The movement is disclosed as follows:

CONSOLIDATED ($'000)	NOTE	2022	2021
Fair value margin recognised on 2022 almond crop (FY2021: 2021 almond crop)		26,723	33,024
Unwinding of fair value margin recognised on 2022 and 2021 crop upon sales (FY2021: 2021 and 2020 crop)		(29,771)	(37,227)
		(3,048)	**(4,203)**

Recognition and Measurement

Almond trees are bearer plants and are therefore presented and accounted for as property, plant and equipment (see note 3.5). However, almonds growing on the trees are accounted for as biological assets until the point of harvest. Almonds are transferred to inventory at fair value less costs to sell when harvested (see note 3.2). Biological assets relate to the almond crop and are measured at fair value less costs to sell in accordance with AASB141 Agriculture. Where fair value cannot be reliably measured or little or no biological transformation has taken place, biological assets are measured at cost.

At 30 September 2022, the biological asset balance relates to the 2023 almond crop, which is recorded at cost and has little or no biological transformation. The 2022 almond crop has been transferred to inventory when fully harvested.

The change in estimated fair value of the biological assets are recognised in the Statement of Comprehensive Income. Fair value measurements have been categorised as Level 3 fair values based on the inputs to the valuation techniques used, which are not based on observable market data. It is measured taking into account the following:

- estimated selling price at harvest and estimated cash inflows based on forecasted sales;
- estimated yields; and
- estimated remaining growing, harvests, processing and selling costs.

All the non-observable data used for measurement of the biological assets fair value are inherently considering the impact of climate change risks at the time of measurement including for example the impact of severe weather conditions on water requirements to grow and harvests the almond crops.

Notes to the Financial Statements

Continued

3. ASSETS AND LIABILITIES (CONTINUED)

3.4 Derivative Financial Instruments

CONSOLIDATED ($'000)	NOTE	2022	2021
Current Assets			
Forward exchange and option contracts – cash flow hedges		-	78
Current Liabilities			
Forward exchange and option contracts – cash flow hedges		14,629	3,626

(a) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

(i) Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

For hedges of foreign currency purchases and sales, the Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness. Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated or if there are changes in the credit risk.

In hedges of foreign currency purchases and sales, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of Australia or the derivative counterparty.

(ii) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(iii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in Other Expenses in the Statement of Comprehensive Income.

When option contracts are used to hedge forecast transactions, the Company designates intrinsic value options as the hedging instrument. Gains and losses relating to the effective portion of the change in value of the options are recognised in the cash flow hedge reserve within equity.

When forward contracts are used to hedge forecast transactions, the Company designates the full change in fair value of the forward contract as the hedging instrument. The gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in Cost of Sales in the Statement of Comprehensive Income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to Other Expenses in the Statement of Comprehensive Income.

The Company entered into forward foreign currency contracts to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective of entering the forward foreign currency contracts is to protect the Company against unfavourable exchange rate movements for highly probable contracted and forecasted sales and purchases undertaken in foreign currencies

At balance date, the details of outstanding foreign currency contracts are:

LESS THAN 6 MONTHS	SELL AUSTRALIAN DOLLARS ($'000)		AVERAGE EXCHANGE RATE ($)	
	2022	2021	2022	2021
FEC Buy USD Settlement	-	USD1,783	-	0.74

LESS THAN 6 MONTHS	BUY AUSTRALIAN DOLLARS ($'000)		AVERAGE EXCHANGE RATE ($)	
	2022	2021	2022	2021
FEC Sell USD Settlement	USD74,687	USD34,179	0.72	0.75
Option Sell USD Settlement	-	-	-	-

MORE THAN 6 MONTHS	BUY AUSTRALIAN DOLLARS ($'000)		AVERAGE EXCHANGE RATE ($)	
	2022	2021	2022	2021
FEC Sell USD Settlement	USD47,500	USD37,674	0.68	0.74
Option Sell USD Settlement	-	USD15,000	-	0.75

(iv) Credit risk exposures

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations at maturity. The credit risk exposure to forward exchange contracts is the net fair values of these instruments.

The net amount of the foreign currency the Company will be required to pay or purchase when settling the brought forward foreign currency contracts should the counterparty not pay the currency it is committed to deliver to the Company at balance date was USD $122,186,522 (2021: USD $85,070,534).

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

(v) Hedging reserves

The Company's hedging reserves as presented in Statement of Changes in Equity relate to the following hedging instruments:

CONSOLIDATED ($'000)	INTRINSIC VALUE OF OPTIONS	SPOT COMPONENT OF CURRENCY FORWARDS	TOTAL HEDGE RESERVES
Closing balance 30 September 2020	**(158)**	**2,579**	**2,421**
Add: Change in fair value of hedging instrument recognised in OCI	(896)	(2,652)	(3,548)
Less: Reclassified from OCI to profit or loss	137	(3,948)	(3,811)
Less: Deferred tax	228	588	816
Closing balance 30 September 2021	**(689)**	**(3,433)**	**(4,122)**
Add: Change in fair value of hedging instrument recognised in OCI	-	(14,629)	(14,629)
Less: Reclassified from OCI to profit or loss	896	2,652	3,548
Less: Deferred tax	(207)	5,169	4,962
Closing balance 30 September 2022	**-**	**(10,241)**	**(10,241)**

(vi) Market risk

The effects of the foreign currency related hedging instruments on the Company's financial position and performance are as follows:

CONSOLIDATED ($'000)	2022 BUY USD	2021 BUY USD
Foreign currency forwards		
Carrying amount asset / (liability)	-	78
Notional amount	-	1,783
Maturity date	-	October 2021
Hedge ratio	-	1:1
Change in discounted spot value of outstanding hedging instruments since 1 October	-	78
Change in value of hedged item used to determine hedge effectiveness	-	(78)
Weighted average hedged rate for the year (including forward points)	-	0.7437

CONSOLIDATED ($'000)	2022 SELL USD	2021 SELL USD
Foreign currency forwards		
Carrying amount asset / (liability)	(14,629)	(2,731)
Notional amount	122,187	71,854
Maturity date	Oct 2022 - Sept 2023	Oct 2021 - Sept 2022
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since 1 October	(14,629)	(2,730)
Change in value of hedged item used to determine hedge effectiveness	14,629	2,730
Weighted average hedged rate for the year (including forward points)	USD$0.7036: AUD$1	USD$0.7418: AUD$1
Foreign currency options		
Carrying amount (liability)	-	(896)
Notional amount	-	15,000
Maturity date	-	April - July 2022
Hedge ratio	-	1:1
Change in intrinsic value of outstanding hedging instruments since 1 October	-	(896)
Change in value of hedged item used to determine hedge effectiveness	-	896
Weighted average strike rate for the year	-	USD$0.7520: AUD$1

Notes to the Financial Statements

Continued

3. ASSETS AND LIABILITIES (CONTINUED)

3.5 Property, Plant and Equipment

(a) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment for the current financial year.

($'000)	NOTES	BUILDINGS	LEASEHOLD IMPROVEMENT	PLANTATION LAND AND IRRIGATION SYSTEMS	PLANT AND EQUIPMENT	BEARER PLANTS	CAPITAL WORK IN PROGRESS	TOTAL
At 30 September 2020								
Cost		21,892	29,098	115,570	146,244	139,146	571	452,521
Accumulated depreciation		(4,101)	-	(39,520)	(75,187)	(34,998)	-	(153,806)
Net book amount		**17,791**	**29,098**	**76,050**	**71,057**	**104,148**	**571**	**298,715**
Year ended 30 September 2021								
Opening net book amount		17,791	29,098	76,050	71,057	104,148	571	298,715
Additions		-	10,873	-	1,833	11,986	19,578	44,270
Acquired through business combinations		869	-	33,089	152	90,833	-	124,943
Disposals		(2)	-	-	-	-	(422)	(424)
Depreciation expense		(565)	-	(4,035)	(11,742)	(11,048)	-	(27,390)
Impairment loss	(i)	-	-	-	(2,507)	-	-	(2,507)
Transfers		19	-	5,133	9,255	-	(14,407)	-
Closing net book amount		**18,112**	**39,971**	**110,237**	**68,048**	**195,919**	**5,320**	**437,607**
At 30 September 2021								
Cost		22,777	39,971	153,791	152,026	241,964	5,320	615,849
Accumulated depreciation		(4,665)	-	(43,554)	(83,978)	(46,045)	-	(178,242)
Net book amount		**18,112**	**39,971**	**110,237**	**68,048**	**195,919**	**5,320**	**437,607**
Year ended 30 September 2022								
Opening net book amount		18,112	39,971	110,237	68,048	195,919	5,320	437,607
Reclassification from ROU*		-	-	-	2,275	-	-	2,275
Additions		1,474	8,496	-	3,140	7,696	25,867	46,673
Disposals		-	-	-	(309)	-	(2)	(311)
Depreciation expense		(631)	(596)	(3,814)	(13,623)	(10,204)	-	(28,868)
Impairment loss	(ii)	-	-	-	(2,082)	-	-	(2,082)
Transfers		1,790	-	2,329	20,457	-	(24,576)	-
Closing net book amount		**20,745**	**47,871**	**108,752**	**77,906**	**193,411**	**6,609**	**455,294**
At 30 September 2022								
Cost		26,041	48,467	156,120	172,471	249,660	6,609	659,368
Accumulated depreciation		(5,296)	(596)	(47,368)	(94,565)	(56,249)	-	(204,074)
Net book amount		**20,745**	**47,871**	**108,752**	**77,906**	**193,411**	**6,609**	**455,294**

* This relates to ROU assets when the lease has expired and ownership remains with the Company.

(i) Impairment loss

With the sale of the Consumer Brands division at the end of September 2021 and the closure of the Thomastown processing facility at the end of June 2022, an impairment loss was recognised amounting to $2.5m of the total $3.2m Net Book Value of assets held at Thomastown. The amount is disclosed as part of the discontinued operations results. Please refer to note 5.4(b).

(ii) Impairment loss and compensation

The impairment loss relates to assets that were damaged by a fire at the Carina West processing facility during the year – see note 2.3 for details. The whole amount written off was recognised as other expense in profit or loss, as there was no amount included in the asset revaluation surplus relating to the relevant assets.

An amount of $8.8 million has been recognised in other income and relates to compensation for overall damages caused by the fire and recognised as other income.

Cost and valuation

All classes of property, plant and equipment are measured at historical cost less accumulated depreciation.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

An independent valuation was performed by Herron Todd White in September 2022 for specific assets of our Almond Division (ten owned orchards and the Carina West Processing Facility). The orchards were valued using a direct comparison summation and a discounted cashflow to determine their market value. This was performed on the basis of 'highest and best use' being the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and results in the highest value of the property being valued. The valuation approach used for the processing facility was capitalisation of EBITDA and a productive unit basis to determine its market value. The book value of the assets at 30 September 2022 was $339.3 million against the September 2022 market valuation of $458.4 million. As the inputs to determine the fair value are unobservable, the valuation is considered Level 3 in the fair value hierarchy.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. The useful economic life and residual value of PPE is reviewed on an annual basis considering key assumptions including forecast usage, changes in technology, physical condition, and potential climate change implications.

Bearer plants are assumed ready for use when a commercial crop is produced from the seventh year post planting. The depreciation on the almond trees amounting to $10.20 million (2021: $11.05 million) was capitalised into the growing crop cost base. Leasehold improvements commence depreciation when a commercial crop is produced from the seventh year post planting and depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

Buildings:	25 to 40 years
Plant and equipment:	5 to 20 years
Bearer plants:	10 to 30 years
Irrigation systems:	10 to 40 years
Leasehold improvements	13 to 14 years

Capital works in progress

Capital works in progress are valued at cost and relate to costs incurred for owned orchards and other assets under development.

3.6 Right-Of-Use Assets

($'000)	NOTE	PROPERTY	PLANT AND EQUIPMENT	ORCHARD [(a)]	TOTAL
At 1 October 2020		**1,355**	**12,533**	**222,556**	**236,444**
Additions		50	962	8,911	9,923
Disposal		-	(187)	-	(187)
Depreciation charge for the year	(b)	(806)	(3,640)	(19,184)	(23,630)
At 30 September 2021		**599**	**9,668**	**212,283**	**222,550**
Reclassification to PPE*		-	(2,275)	-	(2,275)
Additions		15	706	10,998	11,719
Disposal		(1)	(712)	-	(713)
Depreciation charge for the year	(b)	(594)	(2,554)	(19,776)	(22,924)
Impairment loss	(c)	-	(157)	-	(157)
At 30 September 2022		**19**	**4,676**	**203,505**	**208,200**

* This relates to ROU assets when the lease has expired and ownership remains with the Company.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, -as applicable, by any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is expensed over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to the income statement as incurred.

Notes to the Financial Statements

Continued

3. ASSETS AND LIABILITIES (CONTINUED)

3.6 Right-Of-Use Assets (CONTINUED)

(a) Orchard

The orchards comprise leases with *Arrow Funds Management, Rural Funds Management, Lachlan Valley Farms* and *Aware Super*. A total of 11,729 acres of land are leased

over a 20 year term (with extension options) in which the Company has the right to harvest almonds and citrus from the trees for the term of the agreement. The Company also has first right of refusal to purchase the properties in the event that the lessor wishes to sell.

(b) Orchard depreciation

Depreciation relating to the orchards have either been capitalised as part of growing crop and leasehold improvements or expensed directly to the Statement of Comprehensive Income.

(c) Impairment loss and compensation

The impairment loss relates to leased forklifts that were damaged by a fire at the company's Carina West processing facility during the year – see note 2.3 for details. The whole amount was recognised as other expense in profit or loss, as there was no amount included in the asset revaluation surplus relating to the relevant assets.

An amount of $260,300 was received by the group from its insurer as compensation for damage caused to the leased forklifts and recognised as other income.

3.7 Intangibles

CONSOLIDATED ($'000)	GOODWILL	BRAND NAMES	PERMANENT WATER RIGHTS	SOFTWARE	LICENSE	TOTAL
At 30 September 2020						
Cost	25,995	2,905	37,859	5,586	-	72,345
Accumulated amortisation	-	-	-	(1,898)	-	(1,898)
Net book amount	**25,995**	**2,905**	**37,859**	**3,688**	**-**	**70,447**
Year ended 30 September 2021						
Opening net book amount	25,995	2,905	37,859	3,688	-	70,447
Acquisition	-	-	5,755	-	-	5,755
Acquired through business combination	-	-	13,437	-	-	13,437
Disposal	-	(2,905)	(1,929)	-	-	(4,834)
Amortisation	-	-	-	(820)	-	(820)
Closing net book amount	**25,995**	**-**	**55,122**	**2,868**	**-**	**83,985**
At 30 September 2021						
Cost	25,995	-	55,122	5,586	-	86,703
Accumulated amortisation	-	-	-	(2,718)	-	(2,718)
Net book amount	**25,995**	**-**	**55,122**	**2,868**	**-**	**83,985**
Year ended 30 September 2022						
Opening net book amount	25,995	-	55,122	2,868	-	83,985
Acquisition	-	-	3,962	105	49	4,116
Disposal	-	-	(243)	-	-	(243)
Amortisation	-	-	-	(825)	(3)	(828)
Closing net book amount	**25,995**	**-**	**58,841**	**2,148**	**46**	**87,030**
At 30 September 2022						
Cost	25,995	-	58,841	5,692	49	90,577
Accumulated amortisation	-	-	-	(3,544)	(3)	(3,547)
Net book amount	**25,995**	**-**	**58,841**	**2,148**	**46**	**87,030**

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary/business at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less any accumulated impairment losses. Indicators of impairment may include changes in our operating and economic assumptions or possible impacts from emerging risks such as climate change. We apply judgement in determining whether certain trends with an adverse impact on our cash flows are considered impairment indicators.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Permanent water rights

Permanent water rights are recorded at historical cost. Such rights have an indefinite life and are not amortised. As an integral component of the land and irrigation infrastructure required to grow almonds, the carrying value is tested annually for impairment. If events or changes in circumstances indicate impairment, the carrying value is adjusted to take account of any impairment losses.

The value of permanent water rights relates to the Group's Cash Generating Unit (CGU) and is an integral part of land and irrigation infrastructure required to grow almond orchards. The fair value of permanent water rights is supported by the tradeable market value, which at current market prices is in excess of book value.

The Company's portfolio of water rights is currently recorded at a historical cost value of $58.8 million (2021: $55.1 million). A market value assessment was performed at the end of the financial year. This was completed by accessing the State Water Registers and determining the median price for the applicable class of water rights. This value is then applied on a like for like basis to the company's water portfolio. As water prices fluctuate due to seasonal factors, current market rates have been valued internally at $128.6 million (2021: $106.9 million). As the inputs to determine the fair value are observable, the valuation is considered Level 2 in the fair value hierarchy.

Software

Costs associated with maintaining software programmes are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software to use it
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development of the software
- the expenditure attributable to the software during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software include employee costs, consultant costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Software costs are amortised on a straight line basis over the period of their expected benefit, being 7 years.

During FY2021, the Group adopted IFRS Interpretations Committee (IFRC) Agenda item 5 - Cloud computing arrangement costs. This relates to configuration and customisation costs incurred in implementing Software as a Service arrangement. The Group assesses whether the arrangement contains a lease and if not, whether the arrangement provides the Group with a resource it can control. The Group's assessment indicates that these costs can be controlled as the implementation costs are customised and kept separate from other clients. Therefore, it was deemed appropriate that the costs are capitalised in accordance with relevant accounting standards.

License

These are costs incurred for the application of an EPA license as part of the manufacturing of the composts program which involves converting hull and waste into composts material that can be used as fertilisers. These costs are amortised on a straight line basis over a period of 10 years.

Brand names

Brand name assets principally relate to the "Lucky" brand, which has been assessed as having an indefinite useful life. On 30 September 2021, the Group announced the completion of the sale of the Lucky and Sunsol brands. Please refer to note 5.4 for more information.

Brand names are measured at cost. Directors are of the view that brand names have an indefinite life. Brand names are therefore not amortised. Instead, brand names are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired and are carried at cost less any accumulated impairment losses.

Notes to the Financial Statements

Continued

3. ASSETS AND LIABILITIES (CONTINUED)

3.7 Intangibles (CONTINUED)

Impairment of assets

Goodwill, brand names and permanent water rights that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Following the sale of the Consumer Foods Branded business, the Company has determined it appropriate to operate as a single segment.

The Group operates one cash generating unit, that is expected to benefit from the synergies of the combination. The goodwill is allocated to the CGU at the level that is monitored for internal management purposes.

(a) Impairment tests for goodwill

In accordance with AASB 136 Impairment, the Company undertook an impairment assessment at 30 September 2022. The recoverable amount of the CGU was determined based on a value-in-use calculation which uses cash flow projections based on financial budgets and forecasts approved by management and the Board covering a five-year period. The cash flow projections take into account past performance and expectations for the future.

Based on a set of key assumptions it was determined that the company's implied value in use was above the carrying value of its assets therefore no impairment adjustments were necessary.

Key assumptions used in the value-in-use calculations for impairment included a real pre-tax weighted average cost of capital (of 11.9%), long term growth rate (of 2.75%), harvest volumes, almond price, growing crop costs and water prices. Additionally, assumptions around capital expenditure and working capital changes were incorporated. The real pre-tax weighted average cost of capital takes into account industry related gearing levels, risk premiums and benchmarking peer group rates used. This rate differs to what the company uses internally to assess strategic opportunities and asset performance.

In addition, consideration has been given to potential financial impacts of climate change related risks on the carrying value of goodwill through a qualitative review of the Group's climate change risk assessment which forms part of the Group's overall risk management process. Potential climate change risk areas that have been identified and which are being monitored and mitigated include water management, global orchard plantings (impact on almond pricing), bee population and health, energy consumption and production, regeneration of orchards through compost production and internal liquid fertiliser opportunities to minimise reliance on external fertiliser production and supply.

The forecasted cashflows for FY2023 have been based on the latest assumptions of forecast weather patterns (wetter than normal 2022 spring and summer conditions), a lower Californian FY22 crop related to drought impacting volume, quality and production cost and increasing almond prices globally.

Post FY2023, cashflows have been based on SHV's medium to long term averages relating to production yields, production costs including water, given the difficulty in predicting weather patterns impacting SHV profitability.

Drought and floods remain the key climate risks that would have a significant impact on SHV's ongoing profitability given SHV's dependency on water for almond production and operating conditions for costs and quality levels. The effect of these two extreme weather events on SHV financial results are summarised below:

	FLOODS	DROUGHT
TEMPORARY WATER PRICE	↓	↑
PRODUCT QUALITY	↓ % Inshell lower & higher manufacturing grade	↑ % Kernel & inshell higher & manufacturing grade lower
HARVESTING COST	↑ Labour, weed, spraying & chemicals	↓ Labour, chemicals
PROCESSING COST	↑ Drying	↓
PRICING	Better or worse growing conditions in Australia due to extreme weather conditions will not have a significant impact on global almond prices. Extreme weather conditions in California will dictate global almond prices.	

The financial impact of increasing temporary water costs because of drier conditions will be offset by lower harvest and processing costs as well as a higher % of inshell and kernel production and vice versa.

Based on these assumptions, the recoverable amount of the CGU exceeded the carrying amount of the CGU.

(b) Impact of possible changes to key assumptions

The recoverable amount of the goodwill exceeds its carrying amount based on impairment testing performed at 30 September 2022. The Directors and management have considered and assessed reasonably possible changes in key assumptions. The recoverable amount of the CGU would equal its carrying amount if the key assumptions were to change as follows:

- Average crop yield growth between FY2024 – FY2027 reduces from 0.6% to 0.3%
- Average almond price growth between FY2024 – FY2027 reduces from 8.7% to 8.5%
- Post-tax discount rate increase from 8.3% to 8.4%

As global almond prices are at a low point given current supply chain disruptions, Californian stock levels and inflationary pressures, the recoverable amount of the CGU is very sensitive to any changes.

3.8 Trade and Other Payables

CONSOLIDATED ($'000)	NOTE	2022	2021
Current			
Trade creditors		30,216	28,754
Other creditors and accruals		15,469	36,213
		45,685	**64,967**
Non-Current			
Other creditors and accruals		**1,298**	**2,761**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

3. ASSETS AND LIABILITIES (CONTINUED)

3.9 Lease Liabilities

CONSOLIDATED ($'000)	NOTE	2022	2021
Current		30,465	31,661
Non-current		211,655	221,494
		242,120	**253,155**

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments after the reporting date.

CONSOLIDATED ($'000)	NOTE	2022	2021
Within one year		32,038	33,765
Later than one year but not later than 5 years		124,797	121,987
Later than 5 years		154,645	175,381
		311,480	**331,133**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Leases are secured with the orchards, property and plant and equipment.

Notes to the Financial Statements

Continued

3.10 Deferred Gain On Sale

CONSOLIDATED ($'000)	NOTE	2022	2021
Current			
Sale and leaseback		175	175
Non-Current			
Sale and leaseback		2,101	2,277

The deferred gain on sale relates to the sale and leaseback of bearer plants for three orchards that were sold to First State Super on 22 September 2015 and 1 January 2016. The lease is for a 20 year term.

3.11 Deferred Tax

CONSOLIDATED ($'000)	NOTE	2022	2021
Deferred tax liabilities (Non-current) The balance comprises temporary differences attributable to:			
Amounts recognised in profit and loss			
Receivables		(566)	(668)
Inventory		3,762	4,714
Biological assets		17,629	14,855
Property, plant and equipment (includes bearer plants)		41,345	35,848
Right-of-use assets		61,351	64,511
Accruals and provisions		(1,738)	(3,462)
Lease liabilities		(72,636)	(75,947)
Tax losses	(a)	(8,837)	-
Unrealised FX		115	-
		40,425	**39,851**
Amounts recognised in profit and loss			
Cash flow hedges		(4,389)	327
Amounts recognised directly in equity			
Equity raising costs		(872)	(1,327)
Net deferred tax liabilities		**35,164**	**38,851**
Movements			
Opening balance 1 Oct		38,851	36,312
Prior period under / (over) provision		(2,340)	-
Charged / (Credited) to income statement		1,930	4,258
Charged / (Credited) to other comprehensive income		(3,277)	(816)
Debited / (Credited) to equity		-	(903)
Closing balance at 30 September		**35,164**	**38,851**

(a) Tax losses in the current year are recognised as part of the deferred tax computation. They mainly relate to the temporary full expensing of fixed assets in the current year. The Company has concluded that the tax losses will be recoverable using the estimated future taxable income based on the FY2023 budget. The losses can be carried forward indefinitely and have no expiry date.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

3.12 Provisions

CONSOLIDATED ($'000)	NOTE	2022	2021
Current			
Employee benefits		4,134	5,513
Others	(a)	-	5,045
		4,134	**10,558**
Non-Current			
Employee benefits		**437**	**416**

(a) A provision was taken for the restructuring costs of the business at Thomastown in FY2021. The amount included employee retention incentives, redundancy costs and other associated costs. With the exit of Thomastown on 30 June 2022, these costs have now been incurred against these provisions. Any variance with the provisions were adjusted and reflected as restructuring expense in the current year. Refer to note 5.4 for more information.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Employee benefits

This covers the leave obligations for long service leave and annual leave which are classified as either short-term benefits or other long-term benefits explained below. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees who are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations.

Contributions are made by the Company to employees' superannuation funds and are charged as expenses when incurred.

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term benefit obligations

The liability for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows

4. CAPITAL, FINANCING AND RISK MANAGEMENT

4.1 Equity

CONSOLIDATED ($'000)	NOTE	2022	2021
(a) Contributed Equity			
Ordinary shares issued and fully paid	(b)	401,164	397,343

Contributed equity

Ordinary shares are classified as equity. The value of new shares or options issued is shown in equity.

(b) Movements in shares on issue

	2022		2021	
	NUMBER OF SHARES	$'000	NUMBER OF SHARES	$'000
Beginning of the year	**120,224,370**	**397,343**	**96,637,013**	**279,096**
Issued during the year				
• Dividend reinvestment plan	649,953	3,821	379,116	1,962
• Long term incentive plan – tranche vested	76,495	-	125,858	-
• Placement and Share Purchase Plan – net of transaction cost*	-	-	23,082,383	115,382
• Deferred tax credit on transaction costs	-	-	-	903
End of the year	**120,950,818**	**401,164**	**120,224,370**	**397,343**

* Capital raising completed in October 2020 as part of the Piangil acquisition.

Notes to the Financial Statements

Continued

4. CAPITAL, FINANCING AND RISK MANAGEMENT

4.1 Equity (CONTINUED)

Performance Rights

Long Term Incentive Plan

The Company offers employee participation in long term incentive schemes as part of the remuneration packages for the employees. In determining the quantum of rights offered the board considers a number of factors including: the corporate strategy; the appropriate mix of fixed and at risk remuneration; the fair value and face value of the rights; and the market relativity of employees with equivalent responsibilities.

The long term scheme involves the issue of performance rights to the employee, under the Long Term Incentive Plan. The market value of ordinary Select Harvests Limited shares closed at $5.26 on 30 September 2022 ($8.29 on 30 September 2021).

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

CONSOLIDATED ($'000)	NOTE	2022	2021
(c) Reserves			
Asset revaluation reserves	(i)	7,644	7,644
Options reserve	(ii)	4,626	4,135
Cash flow reserve	(iii)	(10,241)	(4,122)
		2,029	**7,657**

(i) Asset revaluation reserve

The asset revaluation reserve was previously used to record increments and decrements in the value of non-current assets. This revaluation reserve is no longer in use given assets are now recorded at cost.

(ii) Options reserve

The options reserve is used to recognise the fair value of performance rights granted and expensed but not exercised

(iii) Cash flow hedge reserve

The cash flow hedge reserve is used to record gains or losses on the fair value movements of financial instruments designated as cash flow hedges.

4.2 Cash and Cash Equivalents

Reconciliation of the net profit after income tax to the net cash flows from operating activities

CONSOLIDATED ($'000)	NOTE	2022	2021
Net profit after tax		4,759	15,116
Adjustments			
Depreciation and amortisation		28,872	28,209
Depreciation Right-Of-Use asset (net of capitalised amount)		17,496	17,451
Capitalised lease interest payments		(3,936)	(4,693)
Impairment (gain) / loss		(1,207)	2,507
Net (gain) / loss on sale of assets		(321)	(539)
Options expense		491	(80)
Deferred gain on sale		(175)	(175)
Asset written off		4,498	-
Changes in assets and liabilities			
(Increase) / Decrease in trade and other receivables		27,748	(15,621)
(Increase) / Decrease in inventory		(14,146)	(13,767)
(Increase) / Decrease in biological assets		(9,877)	(8,888)
Increase / (Decrease) in trade payables		(21,101)	21,581
Increase / (Decrease) in income tax receivable/payable		3,833	(10,684)
Increase / (Decrease) in deferred tax liability		(3,687)	2,539
Increase in provisions		(6,404)	5,233
Net cash flow from operating activities		**26,843**	**38,189**

Non-cash financing activities

During the current financial year ended 30 September 2022, the company issued 649,953 of new equity (September 2021: 379,116) as part of the Dividend Reinvestment Plan.

(a) Net debt reconciliation

Net debt movement during the year as follows:

CONSOLIDATED ($'000)	NOTE	2022	2021
Cash and cash equivalents		1,135	1,995
Bank overdrafts		(2,663)	(5,063)
Borrowings- repayable after one year		(133,000)	(95,000)
Lease liabilities- repayable within one year		(30,465)	(31,661)
Lease liabilities- repayable after one year		(211,655)	(221,494)
Net debt		**(376,648)**	**(351,223)**

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, money market investments readily convertible to cash within two working days, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

($'000)	CASH/ BANK OVERDRAFT	LIABILITIES FROM FINANCING ACTIVITIES				TOTAL
		LEASES DUE WITHIN 1 YEAR	LEASES DUE AFTER 1 YEAR	BORROWINGS DUE WITHIN 1 YEAR	BORROWINGS DUE AFTER 1 YEAR	
Net debt as at 30 September 2020	**(4,784)**	**(31,264)**	**(233,513)**	**-**	**(52,750)**	**(322,311)**
Cash flows - Principal	(7,863)	34,407	-	-	(42,250)	(15,706)
Cash flows - Interest	-	(12,858)	-	-	-	(12,858)
Additions to leases	-	(9,927)	-	-	-	(9,927)
Foreign exchange adjustments	9,579	-	-	-	-	9,579
Other non-cash movements	-	(12,019)	12,019	-	-	-
Net debt as at 30 September 2021	**(3,068)**	**(31,661)**	**(221,494)**	**-**	**(95,000)**	**(351,223)**
Cash flows - Principal	453	34,031	-	-	(38,000)	(3,516)
Cash flows - Interest	-	(12,100)	-	-	-	(12,100)
Additions to leases	-	(10,896)	-	-	-	(10,896)
Foreign exchange adjustments	1,087	-	-	-	-	1,087
Other non-cash movements	-	(9,840)	9,840	-	-	-
Net debt as at 30 September 2022	**(1,528)**	**(30,466)**	**(211,654)**	**-**	**(133,000)**	**(376,648)**

4.3 Borrowings

CONSOLIDATED ($'000)	NOTE	2022	2021
Current - Secured			
Bank overdraft		2,663	5,063
Non-current - Secured			
Debt facilities		133,000	95,000

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs, inclusive of all facility fees, bank charges, and interest, are expensed as incurred.

(a) Interest rate risk exposures

Details of the Company's exposure to interest rate changes on borrowings are set out in Note 4.4.

Notes to the Financial Statements

Continued

4. CAPITAL, FINANCING AND RISK MANAGEMENT (CONTINUED)

4.3 Borrowings (CONTINUED)

(b) Assets pledged as security

The bank overdraft and debt facilities of the parent entity and subsidiaries are secured by the following:

(i) A registered mortgage debenture is held as security over all the assets and undertakings of Select Harvests Limited and the entities of the wholly owned group.

(ii) A deed of cross guarantee exists between the entities of the wholly owned group.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

CONSOLIDATED ($'000)	NOTE	2022	2021
Current			
Floating charge			
Cash and cash equivalents		1,135	1,995
Receivables		57,094	84,842
Inventories		128,462	114,316
Biological assets		61,198	51,321
Tax receivables		1,452	5,286
Derivative financial instruments		-	78
Total current assets pledged as security		**249,341**	**257,838**
Non-current			
Floating charge			
Other receivables		1,825	1,825
Property, plant and equipment		455,294	437,607
Permanent water rights		58,840	55,122
Total non-current assets pledged as security		**515,959**	**494,554**
Total assets pledged as security		***765,300***	***752,392***

Financing arrangements

The Company has current debt facility agreements with NAB and Rabobank amounting to $175.1 million (2021: $210 million) at 30 September 2022. The established facility limit of $210 million was temporarily reduced to $175.1 million following the Company applying repayments funds to the Acquisition facility during the year. The full facility limit of $210 million was reinstated on 18 October 2022.

As the maturity date of the borrowings are 18 December 2023, refinancing negotiations will commence in the near term to ensure borrowings will continue to be classified as non-current liabilities at the Company's next reporting date.

There was no change made to the Company's bank overdraft facilities which amounted to USD$5 million (2021: USD$5 million). The current interest rates at balance date are 4.57% (2021: 1.62%) on the debt facility, and 1.675% (2021: 1.675%) on the United States dollar bank overdraft facility.

4.4 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, foreign exchange and other price risks, and ageing analysis for credit risk.

Risk management is carried out by management pursuant to policies approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Group sells both almonds harvested from owned orchards through the almond pool and processed products internationally in United States dollars, and purchases raw materials and other inputs to the manufacturing and almond growing process from overseas suppliers predominantly in United States dollars. The Group also acquires capital related items internationally in both United States dollars and European Euros.

Management and the Board review the foreign exchange position of the Group and, where appropriate, enter into a variety of derivative financial instruments, transacted with the Group's bankers to manage its foreign exchange risk. These include formulating various strategies, forward foreign currency contracts, and options.

The exposure to foreign currency risk at the reporting date was as follows

GROUP	2022 (USD $'000)	2022 (EUR €'000)	2021 (USD $'000)	2021 (EUR €'000)
Trade receivables net of payables	16,895	-	30,520	-
Overdraft	(1,732)	-	(3,648)	-
Foreign Exchange Contracts (FEC)				
• buy foreign currency (cash flow hedges)	-	-	1,783	-
• sell foreign currency (cash flow hedges)	122,187	-	71,854	-
Sell foreign currency option contracts*	-	-	15,000	-

* Foreign currency option contracts have a number of possible outcomes depending on the spot rate at maturity. These contracts are shown at face value. Depending on spot rate at maturity, the value of the contract can be Nil (2021: USD$15.0 million) or Nil (2021: USD$30 million).

Group sensitivity analysis

Based on financial instruments held at 30 September 2022, had the Australian dollar strengthened/ weakened by 5% against the US dollar and the EUR, with all other variables held constant, the Group's results for the period would have been $6,264,000 lower/$6,923,000 higher (2021: $3,935,000 lower/$4,349,000 higher), mainly as a result of the US dollar denominated financial instruments as detailed in the above table. Equity would have been $7,041,000 lower/$7,783,000 higher (2021: $5,178,000 lower/$5,723,000 higher), arising mainly from forward foreign currency contracts designated as cash flow hedges.

(ii) Cash flow interest rate risk

The Group's interest rate risk arises from borrowings issued at variable rates, which exposes the Group to cash flow interest rate risk. The Group's borrowings at variable interest rate are denominated in AUD.

At the reporting date the Group had the following variable rate borrowings:

	2022		2021	
	INTEREST RATE (%)	BALANCE ($'000)	INTEREST RATE (%)	BALANCE ($'000)
Debt facilities (AUD)	4.02%	133,000	0.90%	95,000
Overdraft (USD)	1.68%	2,663	1.68%	3,648

An analysis of maturities is provided in (c) below.

The Group analyses interest rate exposure on an ongoing basis in conjunction with the debt facility, cash flow and capital management. With the current low interest rate environment and the future expectation that interest rates will remain at low levels, management has not entered into any interest rate swap agreement during the year.

Group sensitivity

At 30 September 2022, if interest rates had changed by +/- 25 basis points from the weighted average interest rate with all other variables held constant, the result for the period would have been $236,000 lower/higher (2021: $173,000 lower/higher).

Interest rate risk

The Company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities both recognised and unrecognised at the balance date, are as follows:

FINANCIAL INSTRUMENTS	Floating Interest Rate		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
$('000)	2022	2021	2022	2021	2022	2021	2022 (%)	2021 (%)
(i) Financial assets								
Cash	-	-	1,135	1,995	1,135	1,995	-	-
Trade and other receivables	-	-	57,094	84,842	57,094	84,842	-	-
Forward foreign currency contracts	-	-	-	78	-	78	-	-
Total financial assets	**-**	**-**	**58,229**	**86,915**	**58,229**	**86,915**		
(ii) Financial liabilities								
Bank overdraft – USD @ AUD	2,663	5,063	-	-	2,663	5,063	1.68	1.68
Bank loans	133,000	95,000	-	-	133,000	95,000	1.61	1.01
Lease liabilities	242,120	253,155	-	-	242,120	253,155	4.99	4.99
Trade creditors	-	-	30,216	28,754	30,216	28,754	-	-
Other creditors	-	-	15,469	36,213	15,469	36,213	-	-
Forward foreign currency contracts	-	-	14,629	3,626	14,629	3,626	-	-
Total financial liabilities	**377,783**	**353,218**	**60,314**	**68,593**	**438,097**	**421,811**		

Notes to the Financial Statements

Continued

4. CAPITAL, FINANCING AND RISK MANAGEMENT (CONTINUED)

4.4 Financial Risk Management (CONTINUED)

Financial Assets

Collectability of trade receivables is reviewed on an ongoing basis. Trade receivables are carried at full amounts due less expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Amounts receivable from other debtors are carried at full amounts due. Other debtors are normally settled on 30 days from month end unless there is a specific contract which specifies an alternative date. Amounts receivable from related parties are carried at full amounts due.

Financial Liabilities

The bank overdraft disclosed within interest bearing liabilities is carried at the principal amount and is part of the Net Cash balance in the Statement of Cash Flows. Interest is charged as an expense as it accrues. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

(b) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale, retail and farm investor customers, including outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) and to historical information. The majority of the Group's sales are derived from large, established customers with no history of default.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and Notes to the financial statements.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 month and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group's banking partners have long-term credit ratings of AA- and A+ (*Standard and Poor's*).

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The following debt facilities are held with National Australia Bank (NAB) and Rabobank (RABO).

DEBT FACILITIES	HELD WITH	EXPIRY DATE	FACILITY LIMIT[1]	AMOUNT DRAWN 30 SEPT 2021
1. Working Capital	NAB	18/12/2023	$105,000,000	$105,000,000
	RABO	18/12/2023	$42,500,000	$22,300,000
2. Acquisition	RABO	18/12/2023	$7,600,000	$5,700,000
2. Seasonal*	RABO	30/06/2023	$20,000,000	Nil
			$175,100,000	**$133,000,000**
3. Overdraft†	NAB	28/02/2023	USD $5,000,000	USD $1,731,789

* The facility is reviewed annually and available for the period 1 March to 30 June each year

† Held with NAB only and reviewed annually.

1 The Company has current debt facility agreements with NAB and Rabobank amounting to $175.1 million (2021: $210 million) at 30 September 2022. The established facility limit of $210 million was temporary reduced to $175.1 million following repayments to the Acquisition facility during the year. The full facility limit of $210 million was reinstated on 18 October 2022

The interest rate paid on these facilities is determined by an incremental margin on the BBSY rate.

The Group had access to the following undrawn borrowing facilities at the reporting date:

FLOATING RATE ($'000)	2022	2021
Term / Seasonal‡	AUD $42,100	AUD $115,000
Bank Overdraft Facility USD	USD $3,268	USD $1,352

‡ Subject to seasonal restrictions as mentioned above

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. The debt facilities (term and seasonal) may be drawn at any time over the term subject to restrictions noted above on the seasonal facility.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities, net and gross settled derivative instruments into relevant maturity groupings based on the remaining period at the reporting date of the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

($'000)	LESS THAN 6 MONTHS	6-12 MONTHS	1-5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT (ASSETS) / LIABILITIES
Group at 30 September 2022						
Non-derivatives *Variable Rate*						
Debt facilities	-	-	139,075	-	139,075	133,000
Trade and other payables	45,685	-	-	-	45,685	45,685
Lease liabilities	16,003	16,035	124,797	154,645	311,480	242,120
Bank Overdraft	2,682	-	-	-	2,682	2,663
Derivatives						
FEC USD buy – outflow	-	-	-	-	-	-
FEC USD sell – (inflow)	(74,687)	(47,500)	-	-	(122,187)	(14,629)
USD Sell option	-	-	-	-	-	-
Net USD	**(74,687)**	**(47,500)**	**-**	**-**	**(122,187)**	**(14,629)**
Group at 30 September 2021						
Non-derivatives *Variable Rate*						
Debt facilities	-	-	96,330	-	96,330	95,000
Trade and other payables	64,967	-	-	-	64,967	64,967
Lease liabilities	16,818	16,947	121,987	175,381	331,133	253,155
Bank Overdraft	5,098	-	-	-	5,098	5,063
Derivatives						
FEC USD buy – outflow	1,783	-	-	-	1,783	78
FEC USD sell – (inflow)	(34,179)	(37,674)	-	-	(71,853)	(2,731)
USD Sell option	-	(15,000)	-	-	(15,000)	(896)
Net USD	**(32,396)**	**(52,674)**	**-**	**-**	**(85,070)**	**(3,549)**

(d) Fair Value Measurement

The fair value of certain financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments, such as foreign currency forwards and foreign currency options, are valued using specific valuation techniques as follows:

- for foreign currency forwards- the present value of future cash flows based on the forward exchange rates at the balance sheet date
- for foreign currency options- option pricing models

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar instruments.

Disclosures are required of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level one);

(b) Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level two); and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level three).

At 30 September 2022 the group's assets and liabilities measured and recognised at fair value comprised the forward foreign currency contracts and foreign currency options. These are level 2 measurements under the hierarchy.

Notes to the Financial Statements

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5. GROUP STRUCTURE

5.1. Controlled Entities

The financial statements of the Group include the consolidation of Select Harvests Limited and its controlled entities. Controlled entities are the following entities controlled by the parent entity (Select Harvests Limited).

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED (%)	
		2022	2021
Parent Entity:			
Select Harvests Limited (i)	Australia	100	100
Controlled Entities of Select Harvests Limited:			
Kyndalyn Park Pty Ltd (i)	Australia	100	100
Select Harvests Food Products Pty Ltd (i)	Australia	100	100
Meriram Pty Ltd (i)	Australia	100	100
Kibley Pty Ltd (i)	Australia	100	100
Select Harvests Nominee Pty Ltd (i)	Australia	100	100
Select Harvests Orchards Nominee Pty Ltd (i)	Australia	100	100
Select Harvests Water Rights Unit Trust (i)	Australia	100	100
Select Harvests Water Rights Trust (i)	Australia	100	100
Select Harvests Land Unit Trust (i)	Australia	100	100
Select Harvests South Australian Orchards Trust (i)	Australia	100	100
Select Harvests Victorian Orchards Trust (i)	Australia	100	100
Select Harvests NSW Orchards Trust (i)	Australia	100	100
Jubilee Almonds Irrigation Trust Inc	Australia	100	100

(i) Members of extended closed group

5.2. Parent Entity Financial Information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

($'000)	2022	2021
Current Assets	3,922	9,471
Total Assets	**554,587**	**532,295**
Current Liabilities	18,422	7,313
Total Liabilities	**147,174**	**105,400**
Shareholders' Equity		
Issued capital	401,165	397,344
Reserves		
• Cash flow hedge reserve	(10,240)	(4,122)
• Options reserve	4,627	4,135
Retained profits	11,861	29,538
Total Shareholders' Equity	**407,413**	**426,895**
Profit / (loss) for the year	**(8,053)**	**31,676**
Total comprehensive income / (expense)	***(14,172)***	***24,316***

(b) Tax consolidation legislation

Select Harvests Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The head entity, Select Harvests Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, Select Harvests Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Select Harvests Limited for any current tax payable assumed and are compensated by Select Harvests Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Select Harvests Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(c) Guarantees entered into by parent entity

Each entity within the consolidated group has entered into a cross deed of financial guarantee in respect of bank overdrafts and loans of the group. Loans are made by Select Harvests Limited to controlled entities under normal terms and conditions.

5.3. Related Party Disclosures

(a) Key management personnel compensation

CONSOLIDATED ($)	NOTE	2022	2021
Short term employment benefits		3,669,273	3,503,907
Post-employment benefits		559,988	185,426
Long service leave		77,774	31,925
Share based payments		586,608	(52,524)
		4,893,643	**3,668,734**

Other disclosures relating to key management personnel are set out in the Remuneration Report.

(b) Director related entity transactions

There were no director related entity transactions during the year.

(c) Directors' interests in contracts

There were no directors' interests in contracts during the year.

5.4. Discontinued Operations

(a) Description

On 30 August 2021, the Group announced the sale of the Lucky and Sunsol brands to Prolife Foods Pty Ltd with the sale completed on 30 September 2021. As part of the sale agreement of the Consumer Brands, the Company entered into a 6 month co-packing agreement to produce Lucky and Sunsol products on behalf of Prolife Foods Pty Ltd. As the co-packing agreement is a result of the sale of the Consumer brands business, the associated revenue and expenses have been disclosed as discontinued operations.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented reflects the discontinued operations for the financial year ended 30 September 2022.

($'000)	NOTE	2022	2021
Revenue		30,618	59,622
Expenses		(33,816)	(65,074)
Underlying EBIT		**(3,198)**	**(5,452)**
Interest expense		(27)	(92)
Loss on sale of brands	5.4 (c)	-	(2,184)
Restructuring gain / (expense)	(i)	1,207	(6,805)
(Loss) before income tax		**(2,018)**	**(14,533)**
Income tax benefit		605	4,360
(Loss) after income tax of discontinued operations		**(1,413)**	**(10,173)**
Net cash inflow / (outflow) from ordinary activities		7,350	(9,748)
Net cash (outflow) from investing activities		-	(607)
Net decrease in cash generated by the business		**7,350**	**(10,355)**

(i) The Company had fully exited Thomastown by 30 June 2022. All costs incurred in the closure, such as employee retention incentives, redundancy costs and other restructuring costs have been adjusted against the provision made last year. Any variance with the provisions were adjusted and reflected as restructuring gain in the current year.

CENTS	NOTE	2022	2021
Basic (loss) per share from discontinued operations		(1.2)	(8.6)
Diluted (loss) per share from discontinued operations		(1.2)	(8.5)

(c) Details of the Sale of Assets

($'000)	NOTE	2021
Total disposal consideration		2,500
Carrying amount of net assets sold:		
Brand Names		2,905
Finished Inventory		1,000
		3,905
Sale of business costs		(779)
Loss on asset sale		**(2,184)**

Notes to the Financial Statements

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6. OTHER INFORMATION

6.1. Contingent Liabilities

(i) Guarantees

Cross guarantees are given by the entities comprising the Group. Group entities are set out in Note 5.1.

(ii) Bank Guarantees

As at 30 September 2022, the company had provided $6.16 million (2021: $6.16 million) of bank guarantees as security for the almond orchard leases.

6.2. Expenditure Commitments

Upon adoption of AASB 16 Leases "AASB 16" on 1st October 2019, the operating and finance lease commitments have been disclosed as lease liabilities except for leases on water rights which are classified as intangibles and therefore excluded from the AASB 16 scope.

(a) Operating lease commitments

Commitments payable in relation to leases contracted for at the reporting date but not recognised as liabilities:

CONSOLIDATED ($'000)	NOTE	2022	2021
Minimum lease payments			
• Within one year		14,382	9,744
• Later than one year and not later than five years		19,388	9,277
• Later than five years		-	-
Aggregate lease expenditure contracted for at reporting date		**33,770**	**19,021**

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis over the term of the lease.

(b) Capital Commitments

Significant capital expenditure contracted for at the end of the reporting year but not recognised as liabilities is as follows:

CONSOLIDATED ($'000)	NOTE	2022	2021
Property, plant and equipment		1,532	17,524

6.3. Share Based Payments

Long Term Incentive Plan

The Group offers executive directors and senior executives the opportunity to participate in the long term incentive plan (LTI Plan) involving the issue of performance rights to the employee under the LTI Plan. The LTI Plan provides for the offer of a parcel of performance rights with a three year performance period to participating employees on an annual basis. Previous performance rights issued had rights vesting each year, with half of the rights vesting upon achievement of underlying earnings per share (EPS) and the other half vesting upon achievement of total shareholder return (TSR) targets. The underlying EPS growth targets are based on the Cumulative Annual Growth Rate (CAGR) of the company's underlying EPS over the three years prior to vesting. The TSR targets are measured based on the company's average TSR compared to the TSR of a peer group of ASX listed companies over the three years prior to vesting. The performance targets and vesting proportions are as follows:

MEASURE	RIGHTS TO VEST
Rights issued in previous financial year	
Underlying EPS	
Below 5% CAGR	Nil
5% CAGR	25%
5.1% - 19.9% CAGR	Pro rata vesting
20% or higher CAGR	50%
TSR	
Below the 50th percentile*	Nil
50th percentile*	25%
51st – 74th percentile*	Pro rata vesting
At or above 75th percentile*	50%

* Of the peer group of ASX listed companies as outlined in the directors' report.

Performance rights issued in the current financial year with vesting date of 31 October 2022 have rights vesting based on absolute TSR (40% weighting), ROCE (40% weighting) and strategy delivery (20% weighting) over the three years prior to vesting. The performance targets and vesting proportions are as follows:

PERFORMANCE LEVEL	ABSOLUTE TSR (CAGR) OVER PERFORMANCE PERIOD	VESTING % OF TRANCHE
Absolute TSR (40% weighting)		
Stretch	>20%	100%
Between Target & Stretch	>10% and <20%	Pro rata
Target	10%	50%
Between Threshold & Target	>5% and <10%	Pro rata
Threshold	5%	25%
Below Threshold	<5%	0%

PERFORMANCE LEVEL	SHV'S AVERAGE ROCE FOR PERFORMANCE PERIOD	VESTING %
Average ROCE (40% weighting)		
Stretch	>200% of SHV's WACC at end of FY21	100%
Between Target & Stretch	>140% and <200% of SHV's WACC at end of FY21	Pro rata
Target	140% of SHV's WACC at end of FY21	50%
Between Threshold & Target	> 100% and < 140% SHV's WACC at end of FY21	Pro rata
Threshold	100% SHV's WACC at end of FY21	25%
Below Threshold	< 100% SHV's WACC at end of FY21	0%

PERFORMANCE LEVEL	ASSESSED PERFORMANCE RELATIVE TO GROWTH IMPLEMENTATION TARGET	VESTING % OF TRANCHE
Strategy Delivery (20% weighting)		
Stretch	> Outstanding Achievement	100%
Between Target & Stretch	> Fully Met Expectations and < Outstanding Achievement	Pro rata
Target	Fully Met Expectations	50%
Between Threshold & Target	> Adequate Performance and < Fully Met Expectations	Pro rata
Threshold	Adequate Performance	25%
Below Threshold	< Adequate Performance	0%

Summary of performance rights over unissued ordinary shares

Details of performance rights over unissued ordinary shares at the beginning and ending of the reporting date and movements during the year are set out below:

30 September 2022

GRANT DATE	VESTING DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR (NUMBER)	GRANTED DURING THE YEAR (NUMBER)	FORFEITED DURING THE YEAR (NUMBER)	VESTED DURING THE YEAR (NUMBER)	BALANCE AT END OF THE YEAR		PROCEEDS RECEIVED ($)	SHARES ISSUED (NUMBER)	FAIR VALUE PER SHARE ($)	FAIR VALUE AGGREGATE ($)
							ON ISSUE	VESTED				
29/04/2019	31/10/2021	-	152,986	-	(76,491)	(76,495)	-	-	-	-	5.18	-
27/03/2020	31/10/2022	-	105,480	-	-	-	105,480	-	-	-	4.22	445,126
28/07/2021	31/10/2023	-	175,542	-	-	-	175,542	-	-	-	6.29	1,104,159
31/05/2022	31/10/2024	-	-	382,381	-	-	382,381	-	-	-	3.91	1,495,110

30 September 2021

GRANT DATE	VESTING DATE	EXERCISE PRICE	BALANCE AT START OF THE YEAR (NUMBER)	GRANTED DURING THE YEAR (NUMBER)	FORFEITED DURING THE YEAR (NUMBER)	VESTED DURING THE YEAR (NUMBER)	BALANCE AT END OF THE YEAR		PROCEEDS RECEIVED ($)	SHARES ISSUED (NUMBER)	FAIR VALUE PER SHARE ($)	FAIR VALUE AGGREGATE ($)
							ON ISSUE	VESTED				
20/10/2014	31/10/2020	-	75,000	-	(10,125)	(64,875)	-	-	-	-	4.21	-
29/09/2016	31/10/2020	-	30,000	-	(4,050)	(25,950)	-	-	-	-	3.23	-
02/12/2016	31/10/2020	-	22,500	-	(3,037)	(19,463)	-	-	-	-	3.23	-
20/11/2017	31/10/2020	-	18,000	-	(2,430)	(15,570)	-	-	-	-	3.65	-
29/04/2019	31/10/2021	-	169,557	-	(16,571)	-	152,986	-	-	-	5.18	792,467
27/03/2020	31/10/2022	-	122,578	-	(17,098)	-	105,480	-	-	-	4.22	445,126
28/07/2021	31/10/2023	-	-	175,542	-	-	175,542	-	-	-	6.29	1,104,159

Notes to the Financial Statements

Continued

6. OTHER INFORMATION (CONTINUED)

6.3. Share Based Payments (CONTINUED)

Fair value of performance rights granted

The assessed fair value at grant date is determined using a Monte Carlo option pricing model that takes into account the term of the rights, the impact of dilution, the share price at offer date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right. This assessment was made by an external expert.

The model inputs for rights granted in the tables above included:

PERFORMANCE RIGHTS ISSUE	31 JULY 2022	28 JULY 2021	28 MARCH 2020	29 APRIL 2019	20 NOVEMBER 2017	2 DECEMBER 2016	29 SEPTEMBER 2016	20 OCTOBER 2014
Share price at grant date	$5.88	$7.66	$7.05	$6.49	$4.64	$6.23	$5.62	$5.95
Expected volatility†	39%	40%	40%	40%	45%	45%	45%	45%
Expected dividends	2.51%	0.52%	4.95%	1.83%	2.13%	7.87%	7.87%	3.31%
Risk free interest rate	2.65%	0.02%	0.35%	1.33%	1.85%	1.58%	1.58%	2.84%

† Expected share price volatility was calculated with reference to the annualised standard deviation of daily share price returns on the underlying security over a specified period.

Expenses arising from share-based payment transactions

Total expenses / (credits) arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

CONSOLIDATED ($)	NOTE	2022	2021
Performance rights granted under employee long term incentive plan		491,092	(79,938)

Share-based payments

Share-based compensation benefits are provided to employees via the Select Harvests Limited Long Term Incentive Plan (LTIP). The fair value of performance rights granted under the Select Harvests Limited LTIP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the performance rights. The fair value at grant date is independently determined using a Monte Carlo option pricing model that takes into account the term of the right, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right. The fair value of the performance rights granted is adjusted to reflect market vesting conditions,but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. At each balance sheet date, the entity revises its estimate of the number of rights that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

6.4 Auditors' Remuneration

CONSOLIDATED ($)	NOTE	2022	2021
Audit and other assurance services			
Audit and review of financial statements		374,300	372,500
Other services	(a)	-	250,000
Total remuneration of PricewaterhouseCoopers		**374,300**	**622,500**

(a) Other services relate to corporate transactions undertaken during the year.

6.5. Events Occurring After Balance Date

On 26 October 2022, the Company announced to the ASX that it had appointed real estate agency and advisory firm, LAWD to market the Mountview almond orchard. The strategic decision to market the Mountview orchard is based on its relatively small scale, as it is the smallest almond orchard in the Company's portfolio. As at the date of this report, there has been a number of interested parties that have viewed the property however an agreement has yet to be signed.

Given an active program to locate a buyer and complete the sale plan was not initiated by management at 30 September 2022, the asset was not classified as held for sale on the balance sheet. The carrying amount of the Mountview orchard as at 30 September 2022 was $7.79 million and the market value as determined by Herron Todd White in September 2022 was substantially above the carrying amount.

On the 8th of November the company announced the transition to a new CEO and Managing Director, following agreement between the Board and the current CEO & Managing Director Paul Thompson, that he will step down. Paul Thompson will remain with the company to ensure an orderly transition to the newly appointed CEO & Managing Director David Surveyor who will join the company after he completes his notice period with his current employer.

On 22 November 2022, the Directors declared a final fully franked dividend of 2 cents per share in relation to the financial year ended 30 September 2022 to be paid on 3 February 2023.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and Notes set out on pages 41 to 74 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 September 2022 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 5.1 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 5.2.

Note 1.1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Managing Director and Chief Financial Officer required under section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

T Dillon
Chair

Melbourne, 22 November 2022

Independent Auditor's Report

Independent auditor's report

To the members of Select Harvests Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Select Harvests Limited (the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 September 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 September 2022
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality	Audit scope
• For the purpose of our audit we used overall Group materiality of $1.18 million, which represents approximately 5% of the Group's three year weighted average profit before tax from continuing operations. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax from continuing operations because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We chose a three year average to address volatility in the profit before tax from continuing operations caused by fluctuations in the almond price between years. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Independent Auditor's Report

Continued

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Inventory valuation – current year almond crop *(Refer to note 3.2)* The Group held inventory of $128.5 million at 30 September 2022. The inventory balance includes almonds that have been fully harvested at the year end. Australian Accounting Standards require agricultural produce (such as almonds) from an entity's biological assets to be included in inventory and measured at fair value less costs to sell, at the point of harvest. The inputs used by the Group in the valuation of current year inventory at the point of harvest include committed sales contracts, market values for the uncommitted inventory, quality and foreign exchange rates. We consider the valuation of the current year almond crop to be a key audit matter because of the financial significance of the inventory balance relating to the current year almond crop for the year ended 30 September 2022 and the judgement involved in the key assumptions.	We performed the following procedures, amongst others: • Considered the valuation methodology used to determine the fair value of the almond crop at the point of harvest against the requirements of the relevant Australian Accounting Standard. • Assessed whether assumptions used to determine fair value at the point of harvest were reasonable with reference to committed sales contracts and foreign exchange rates. • Evaluated net realisable value of the current year almond crop inventory by comparing the value held at 30 September 2022, to actual selling prices achieved after year-end for a sample of items. • Developed an understanding of the Group's processes and controls over determining the volumes of almonds harvested and testing the operating effectiveness of a sample of related controls. • Attended the Group's stocktake of finished goods in September 2022, and observed the Group's count procedures. • Selected a sample of work in progress inventory items from the stock on hand listings and observed the inventory on hand. • Tested the mathematical accuracy of key data included in the calculation of the fair value of the almond crop. • Evaluated the reasonableness of the disclosures made in notes 3.2 in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Carrying value of indefinite lived intangible assets *(Refer to note 3.7)* The Group has indefinite lived intangible assets including goodwill of $26.0 million, and permanent water rights of $58.8 million as at 30 September 2022. Under Australian Accounting Standards, the Group is required to assess indefinite lived intangible assets for impairment at least annually. For the year ended 30 September 2022, the Group identified one Cash Generating Unit (CGU), for growing, processing and selling almonds. The Group performed an impairment assessment for the CGU, by preparing a financial model to determine if the carrying value of the assets is supported by forecast future cash flows, discounted to present value (the “model”). We consider the carrying value of indefinite lived intangible assets to be a key audit matter because of the financial significance of the carrying value of the CGU and the significant judgements and assumptions applied by the Group in estimating forecast future cash flows, discounted to their present value.	We performed the following procedures, amongst others: • Assessed whether the Group’s determination of the Cash Generating Unit (CGU) was consistent with our knowledge of the Group’s operations and its internal group reporting. • Tested the mathematical accuracy of key data in the model. • Compared the forecast future cash flows used in the model with the forecasts formally approved by the Board. • Assessed whether the forecast assumptions used in the model were appropriate with reference to our understanding of the key drivers, such as forecast harvest volumes, water prices and almond pricing. • Evaluated the Group's ability to forecast future cash flows by comparing historical budgets with reported actual results for the past 3 years. • With the assistance of PwC valuation experts, assessed whether the discount rate and terminal growth rate applied in the model is reasonable. • Evaluated the reasonableness of the disclosures made in note 3.7, including key assumptions and sensitivities to changes in such assumptions, in light of the requirements of the Australian Accounting Standards.

Independent Auditor's Report

Continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 28 to 39 of the directors' report for the year ended 30 September 2022.

In our opinion, the remuneration report of Select Harvests Limited for the year ended 30 September 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Alison Tait Milner

Alison Tait Milner
Partner

Melbourne
22 November 2022

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows.

(a) Distribution of equity securities

The following information is current as at 31 October 2022. The number of shareholders, by size of holding, in each class of share is:

NUMBER OF ORDINARY SHARES	NUMBER OF SHAREHOLDERS
1 to 1,000	4,934
1,001 to 5,000	3,813
5,001 to 10,000	919
10,001 to 100,000	683
100,001 and over	41

The number of shareholders holding less than a marketable parcel of shares is:

NUMBER OF ORDINARY SHARES	NUMBER OF SHAREHOLDERS
22,178	754

(b) Twenty largest shareholders

The following information is current as at 31 October 2022. The names of the twenty largest registered holders of quoted shares are:

	NUMBER OF SHARES	PERCENTAGE OF SHARES
1. CITICORP NOMINEES PTY LIMITED	24,491,808	20.25%
2. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	19,844,735	16.41%
3. J P MORGAN NOMINEES AUSTRALIA LIMITED	15,138,658	12.52%
4. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT- COMNWLTH SUPER CORP A/C>	6,115,566	5.06%
5. NATIONAL NOMINEES LIMITED	6,064,958	5.01%
6. UBS NOMINEES PTY LTD	4,872,046	4.03%
7. BNP PARIBAS NOMS PTY LTD <DRP>	2,950,543	2.44%
8. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	1,075,995	0.89%
9. INVIA CUSTODIAN PTY LIMITED <A/M UNIT A/C>	1,022,316	0.85%
10. EQUITY T S PTY LTD	620,342	0.51%
11. MR JOHN PATERSON	480,000	0.40%
12. BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	469,125	0.39%
13. RATHVALE PTY LIMITED	438,165	0.36%
14. CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	297,655	0.25%
15. REZANN PTY LTD <RIPKA FAMILY A/C>	276,000	0.23%
16. MUTUAL TRUST PTY LTD	249,616	0.21%
17. JOMAHO INVESTMENTS PTY LTD	232,414	0.19%
18. INVIA CUSTODIAN PTY LIMITED <IWANIW SUPER FUND A/C>	215,000	0.18%
19. MR LONG MA	206,447	0.17%
20. BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	197,296	0.16%
Total securities of Top 20 holdings	**85,258,685**	**70.49%**
Remaining holders balance	35,692,133	29.51%
Total	***120,950,818***	***100%***

(c) Substantial shareholders

The substantial shareholders as disclosed by notices received by the Company as at 31 October 2022 are:

	NUMBER OF SHARES	% HOLDING
Perpetual Limited	12,420,240	10.33%
Yarra Capital Management Limited	9,481,714	7.89%
Paradice Investment Management Pty Ltd	9,609,921	7.95%
Host-Plus Pty Limited as trustee of the Hostplus Pooled Superannuation Trust	6,837,837	5.65%
United Super Pty Ltd in its capacity as trustee of CBUS (United Super)	6,701,652	5.57%

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

The Company is listed on the Australian Stock Exchange. The home exchange is Melbourne.

Corporate Information

ABN 87 000 721 380

DIRECTORS

T Dillon (Chair - appointed 27 May 2022; Non-Executive Director - appointed 29 November 2021)
P Thompson (Managing Director)
F S Grimwade (Non-Executive Director)
F Bennett (Non-Executive Director)
G Kingwill (Non-Executive Director)
M Zabel (Non-Executive Director - appointed 3 October 2022)
M Iwaniw (Chair - resigned 27 May 2022; Non-Executive Director - retired 30 June 2022)
N Anderson (Non-Executive Director - retired 25 February 2022)

COMPANY SECRETARY

B Crump

REGISTERED OFFICE - SELECT HARVESTS LIMITED

L3, Building 7, Botanicca Corporate Park
570-588 Swan Street,
Richmond VIC 3121

Postal address
L3, Building 7, Botanicca Corporate Park
570-588 Swan Street,
Richmond VIC 3121

Telephone (03) 9474 3544

Email info@selectharvests.com.au

SOLICITORS

Minter Ellison Lawyers

BANKERS

National Australia Bank Limited
Rabobank Australia

AUDITOR

PricewaterhouseCoopers

SHARE REGISTER

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067

Telephone (03) 9415 4000

WEBSITE

www.selectharvests.com.au

SELECT HARVESTS

ANNUAL REPORT **2022**

YEAR ENDED 30 SEPTEMBER 2022

Select Harvests supplies wholesale and industrial almond products to the domestic and global markets. Our market leading brands are Renshaw and Allinga Farms.

Allinga Farms supply almond kernels and inshell almonds worldwide in bulk and convenient packs.

Products are sold to local and overseas food manufacturers, wholesalers, distributors and re-packers.

Renshaw supplies a full range of premium value-added almond products (blanched, roast, sliced, diced, meal and paste) in multiple supplier categories, including beverage, bakery, confectionery, cereal, snacking, health, dairy (ice-cream), re-packers and wholesalers, to over 600 customers globally.

Select Harvests Limited
ABN 87 000 721 380

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ASX ticker code: SHV

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AUSTRALIA'S FINEST ALMONDS