



SELECT HARVESTS

FY2023 Full Year Results Presentation

24 November 2023

David Surveyor – Managing Director and CEO

Brad Crump – CFO and Company Secretary

WEBCAST

This presentation deck accompanies a live webcast at 10:30am AEDT on Friday 24th November 2023

You can participate in the webcast by using the following link

https://us02web.zoom.us/webinar/register/WN_En5MSucbSnm3CYQbR0K0hw

You are advised to log on at least 15 minutes before 10:30am.

If you are unable to participate in the live presentation, an archived version will be available to download from the investor section of the Select Harvests website shortly after the briefing.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Andrew Angus, Investor Relations:
andrewangus@overlandadvisers.com.au

DISCLAIMER AND BASIS OF PREPARATION

This presentation is provided for information purposes only and has been prepared using information provided by the company. The information contained in this presentation is not intended to be relied upon as advice to investors and does not take into account the investment objectives, financial situation or needs of any particular investor. Investors should consider their own individual investment and financial circumstances in relation to any investment decision.

Certain statements contained in this presentation may constitute forward-looking statements or statements about future matters that are based upon information known and assumptions made as of the date of this presentation. These statements are subject to risks and uncertainties. Actual results may differ materially from any future results or performance expressed, predicted or implied by the statements contained in this presentation.

The Select Harvests Limited financial statements are prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. This includes application of AASB 141 Agriculture in accounting for the current year almond crop, which is classified as a biological asset. In applying this standard to determine the value of the current year crop, the Company makes various assumptions at the balance date as the selling price of the crop can only be estimated and the actual crop yield will not be known until it is completely processed and sold. The resulting accounting estimates will, by definition, seldom equal the related actual results, and have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



AGENDA

1. Business Update
2. Financial Results
3. Strategy & Transformation
4. Outlook
5. Questions



SELECT HARVESTS

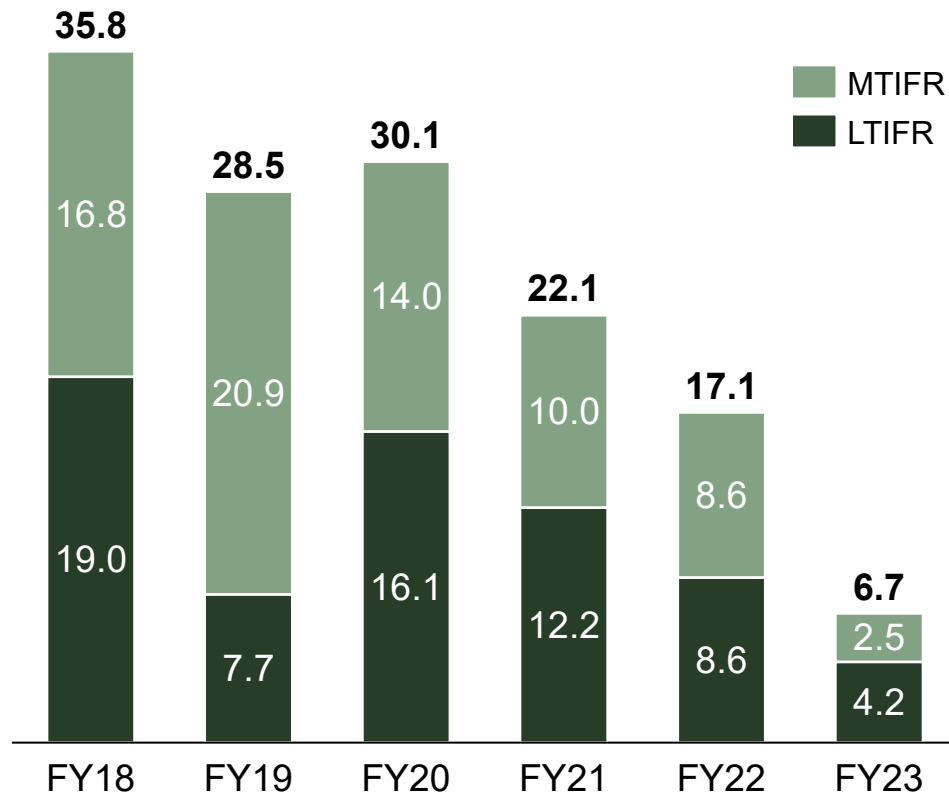
BUSINESS UPDATE

David Surveyor - Managing Director and CEO

Safety – Strong and Rapid Improvement

Total Recordable Injury Frequency Rate¹

Injuries per million hours worked



Key Areas of improvement:

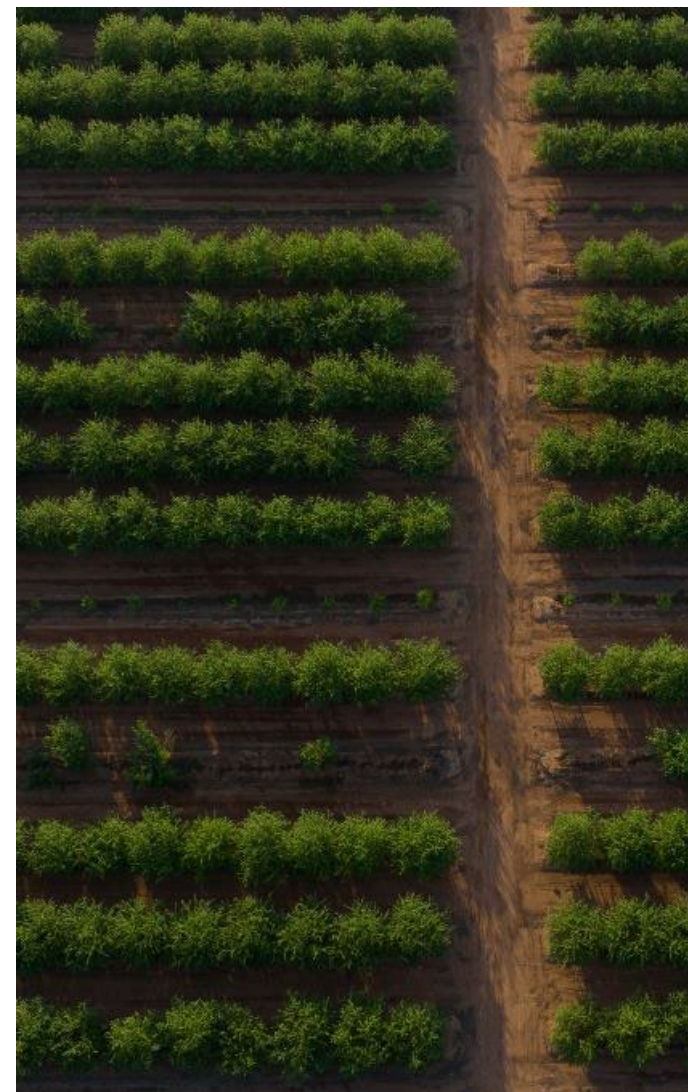
- “Felt Leadership” & increased safety visibility
- Building safety processes
 - Safety conversations, Hazard identification & action before incidents occur
 - Introduction of Incident Cause Analysis Method
 - Procedures and methods of work
- Performance measurement & standards
- Wellbeing initiatives:
 - Stop for wellbeing
 - Community service days
 - Employee Assistance Program (psychological, financial, health)
- Injury severity reducing over last twelve months

(1) Prior year reporting updated to industry standard for all years in this chart

FY23 Financial Results

Full year financial results are in line with first half guidance

NPAT	(\$114.7m)	<ul style="list-style-type: none">• Lower 2023 crop volume (\$74.5m)• 2022 crop inventory quality (\$24.5m)• Goodwill written off non-cash (\$26m)
Net Bank Debt/ Equity Ratio	46.2%	<ul style="list-style-type: none">• Debt levels will be reduced sensibly overtime
Operating Cashflow	(\$8.2m)	<ul style="list-style-type: none">• Cashflow positive in second half (-\$27m H1 vs \$19m H2) driven by:<ul style="list-style-type: none">– Change in customer and supplier terms– Reduced spend– Conscious effort to sell 2023 stock quickly
NAV¹/Share (Market Value)	\$5.69	<ul style="list-style-type: none">• Net Asset Value is above current share price



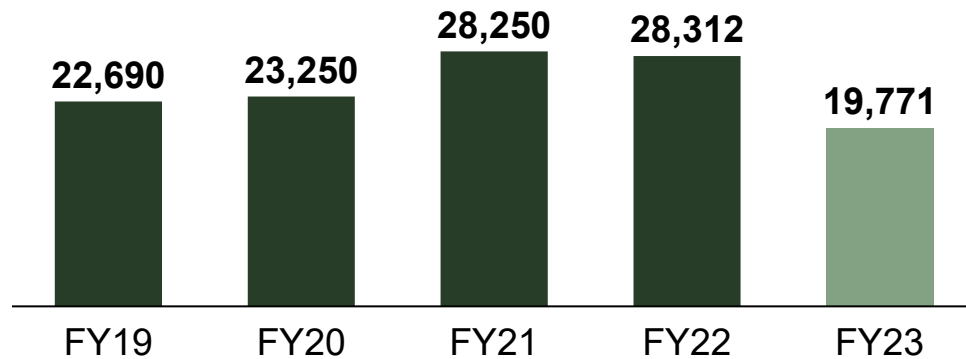
1. NAV based on market value

Key Results Drivers – Volume

The lower volume in FY23 has significantly impacted SHV financial results

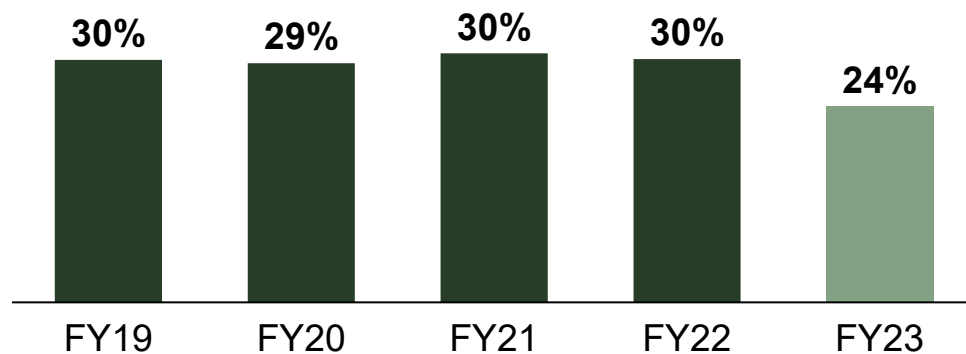
Almond Volume

MT



Crack-out

Percent



FY22 Crop Selldown

- Actively managed and sold low quality 2022 crop carryover kernel and inshell
- Remaining volume allocated to value added processing and has been consumed

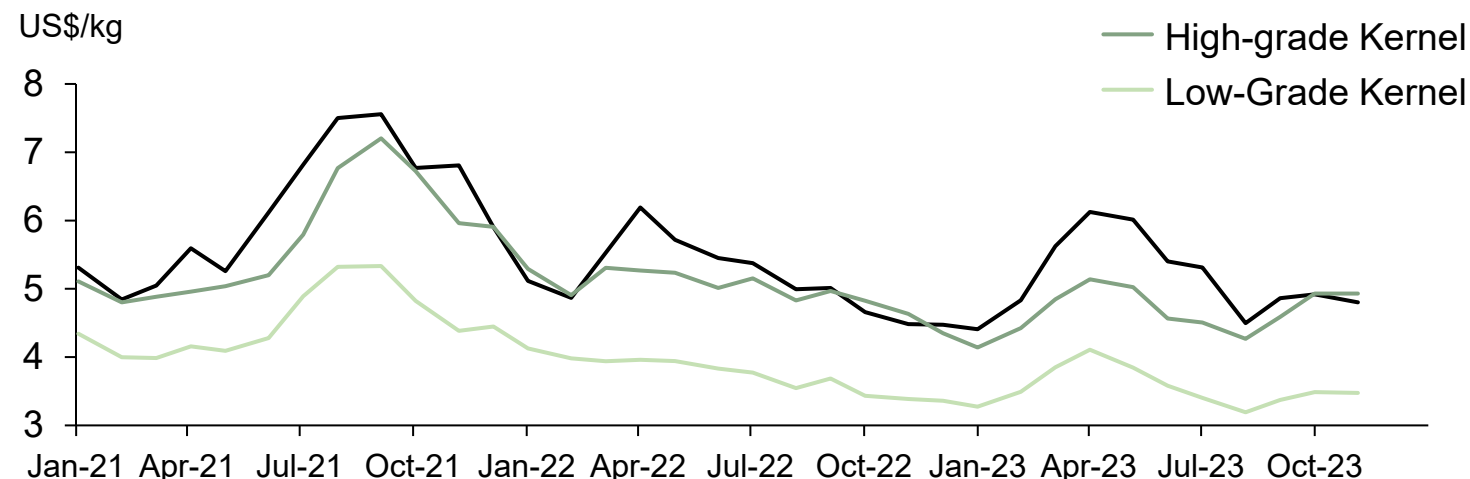
FY23 Weather Affected Crop

- Forecast crop 30,000MT vs actual 19,771 MT
 - 72% of the reduced crop was due to lower volume
 - 28% of the reduced crop was due to lower crack-out
- Cold and wet weather impacted key growing periods
- Major flooding events across the portfolio pre-harvest
- Volumes impacted across total Australian almond industry

Key Results Drivers – Almond Price

SHV almond price reduced by (6%) in FY23, driven by market prices and crop quality

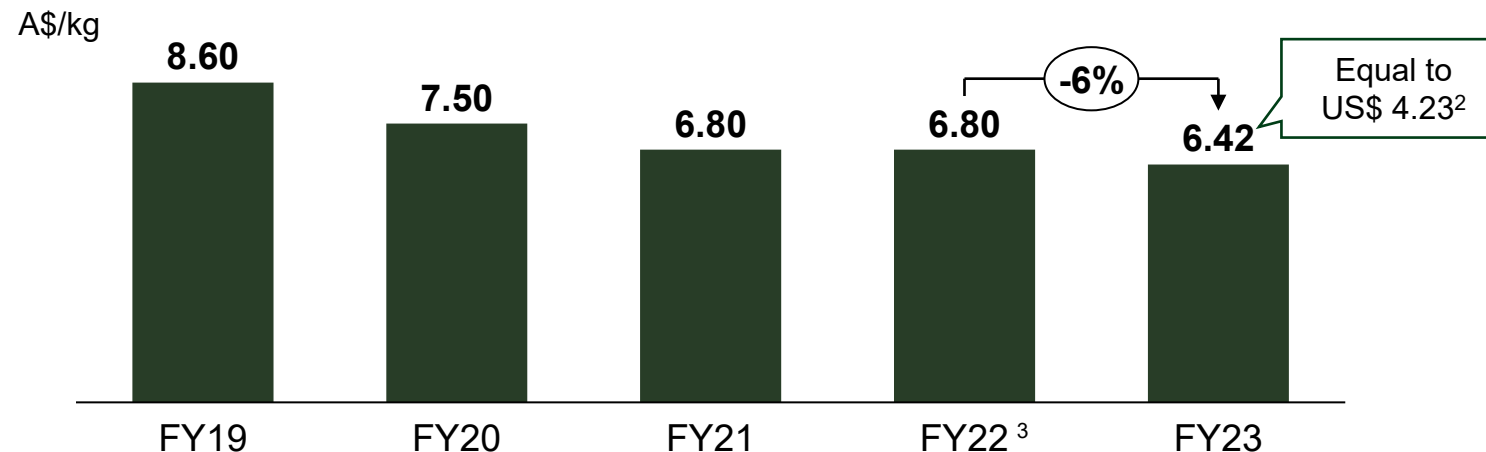
Almond Market Price ¹



Depressed FY23 Prices

- In 2023 global prices increased in the first half, but fell as the year progressed
- SHV has seen a A\$0.40/kg (6%) reduction in average price in FY23
- Weather impacted quality (grade)

SHV Almond Price



(1) Source: Stratamarkets

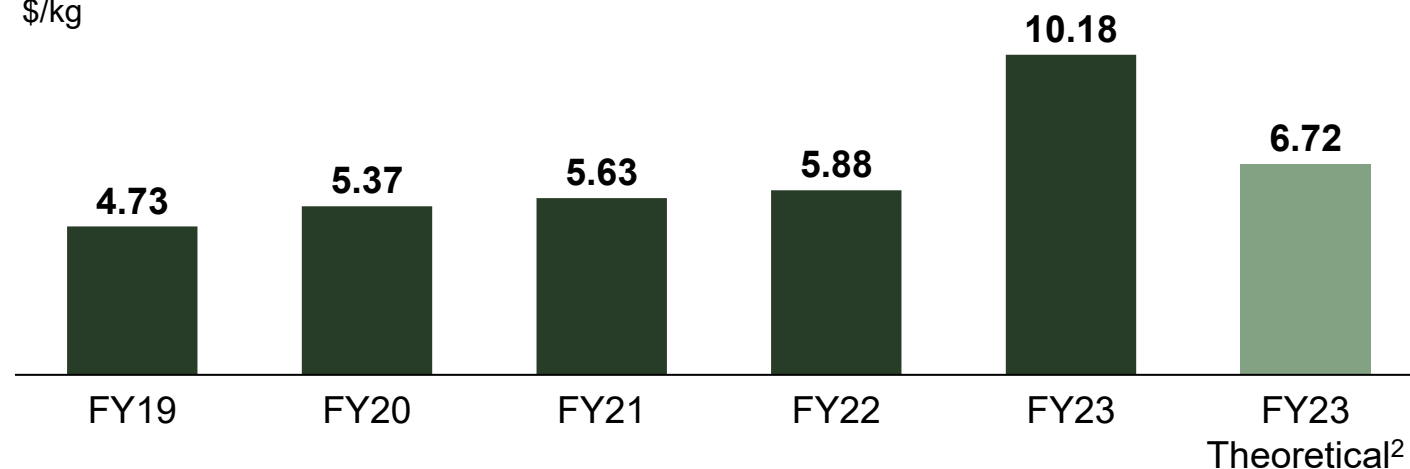
(2) At an exchange rate of \$0.66

(3) Price prior to H1 2023 inventory revaluation

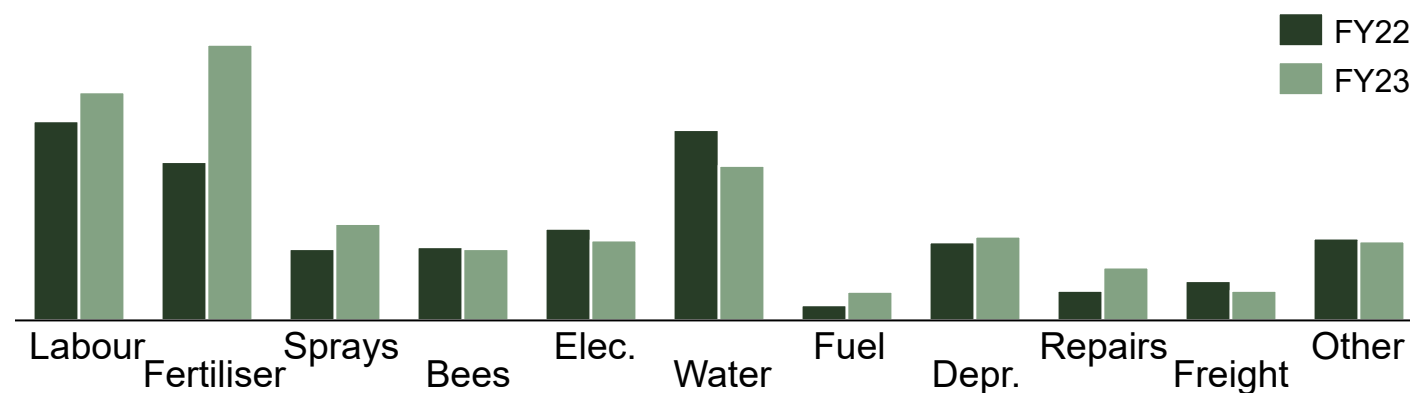
Key Drivers – Production Cost

Total Almond Production Cost¹

\$/kg



Total Growing Cost: 2022 vs 2023 Crop



Increased Production Costs

- Invested to grow 30,000MT but only produced 19,771MT so production costs per kg spiked
- Increase in production costs \$25m driven by:
 - Fertiliser costs (\$12.3m) due to global conflicts
 - R&M increased due to flood impacts
 - SHV's inflationary costs are running at 6-7%, reflecting the Australian economy
 - The increased costs has been partially offset by low water prices driven by high water availability
- Leased farms reaching maturity commenced amortisation of capitalised development costs \$9.4m

A close-up photograph of an almond branch with green leaves and light-colored blossoms. A stylized logo consisting of a series of parallel diagonal lines is positioned above the text "SELECT HARVESTS".

SELECT HARVESTS

FINANCIAL RESULTS

Brad Crump – CFO and Company Secretary

Income Statement

FY23 income was significantly impacted by fair value crop loss

A\$ Millions	FY23	FY22	Variance
Almond volume (MT)	19,771	28,312	(8,541)
Almond price (A\$/kg)	6.4	6.8	(0.4)
Continuing Operations:			
Revenue	206.0	235.5 ¹	(29.5)
EBITDA	(117.1)	40.4	(157.5)
Depreciation and amortisation	(32.2)	(28.3)	(3.9)
EBIT	(149.3)	12.0	(161.3)
Interest expense	(10.2)	(4.1)	(6.1)
Tax benefit / (expense)	44.8	(1.7)	46.5
Net profit after tax	(114.7)	6.2	(120.9)
Discontinued Operations			
EBIT	0.0	(3.2)	3.2
Restructuring expense	0.0	1.2	
Income tax benefit	0.0	0.6	(0.6)
Loss from discontinued operations	0.0	(1.4)	1.4
Reported net profit after tax	(114.7)	4.8	(119.5)
Earnings per share (cents)	(94.8)	3.9	(98.7)

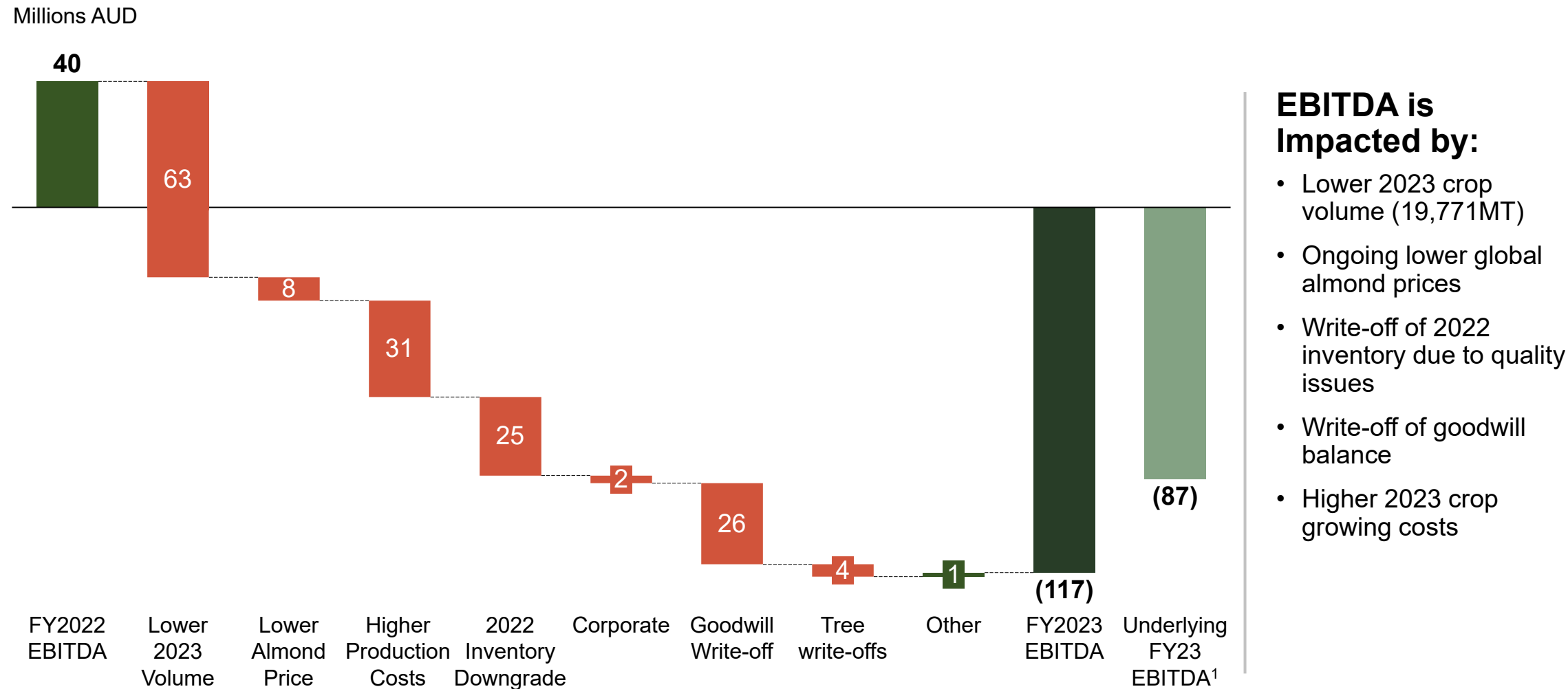
Many Factors Contributed To Lower Earnings

- FY23 EBITDA loss of A\$117.1m (FY22 \$40.4m)
 - 2022 Crop fair value adjustment during the period as a result of quality reclassification and inventory write-off (A\$24.5m)
 - 2023 Crop fair value loss (A\$74.5m)
 - Impairment assessment results in Goodwill written off (\$26m)
 - Almond price decrease to A\$6.42/kg (FY22 A\$6.80/kg)
 - Depreciation increases as farms hit maturity (no longer capitalised expenses)
 - A\$4.1m write down from flood damage to bearer plants
- Interest costs higher due to increased rates and a higher average debt profile
- Tax benefit recognised as deferred tax asset and recoverable against future earnings

(1) FY22 revenue restated due to change in revenue recognition policy relating to recognition of external grower volumes

Group EBITDA: Sources of Change

Lower volume and higher growing costs were the main contributors to adverse FY23 outcome

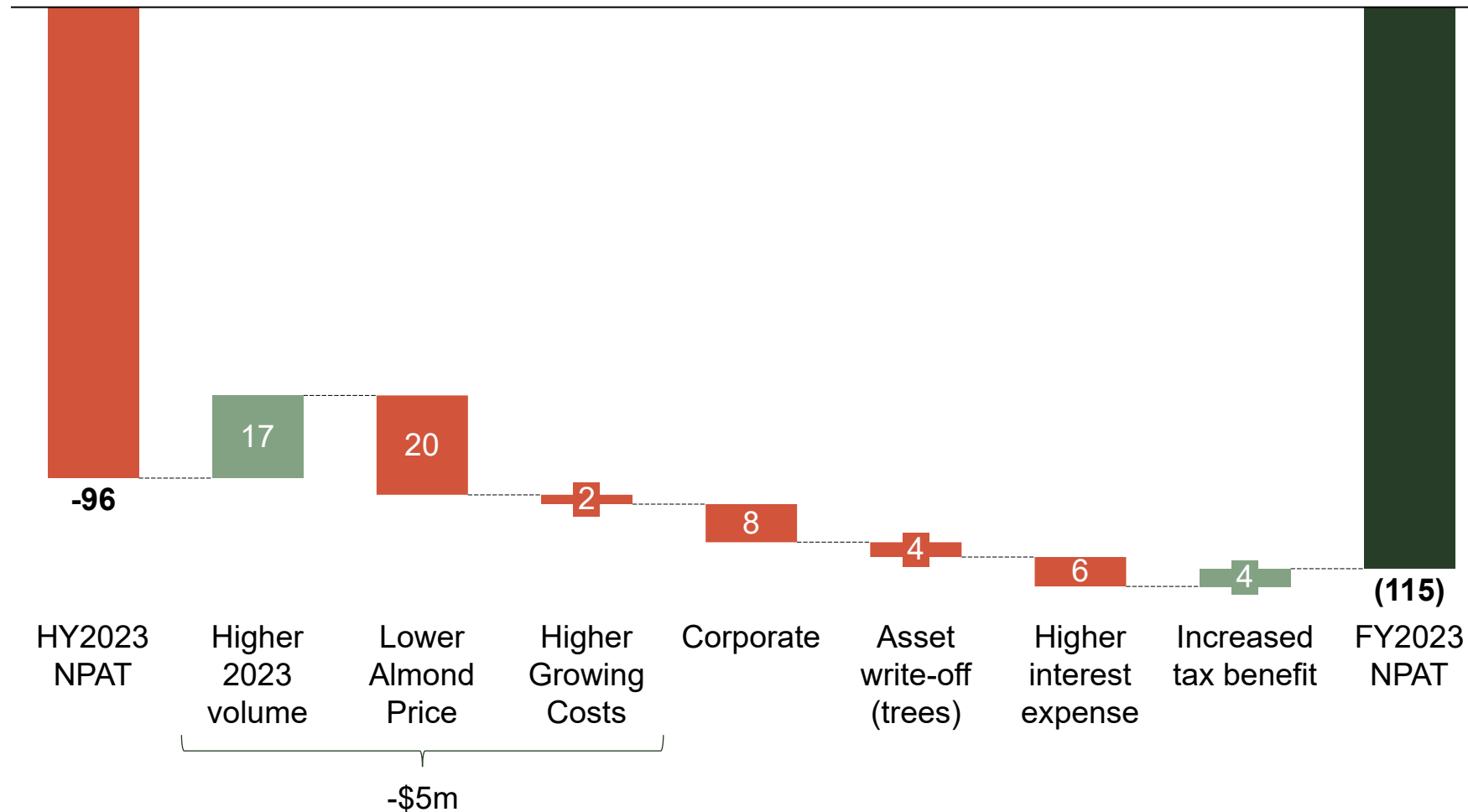


(1) Underlying EBITDA = Reported EBITDA less (Goodwill Impairment + Impairment on Bearer Plants)

FY23 Second Half NPAT Change

Second half NPAT consistent with first half results presentation

Millions AUD



Second Half NPAT impacted by:

- Second half NPAT was positively impacted by:
 - Higher 2023 volume in the second half
 - Increased tax benefit
- Second half NPAT was negatively impacted by:
 - Lower almond price
 - Corporate expenses
 - Tree write-offs
 - Higher interest expenses

Balance Sheet

SHV balance sheet has remained in line with first half expectations

A\$ Millions	FY23	FY22
Current assets ex. cash	203.4	260.8
Cash	1.1	1.1
Right of use assets	190.1	208.2
Non-current assets ex. ROU assets	518.7	544.1
Total assets	913.3	1,014.3
Current liabilities (ex. Borrowings & Lease liabilities)	77.3	77.2
Borrowings	191.3	135.7
Lease liabilities	229.7	242.1
Non-current liabilities (ex. Borrowings & Lease Liabilities)	3.5	39.0
Total liabilities	501.7	494.0
Total equity	411.5	520.3
Net debt/equity %	46%	26%
Return on capital employed %	(23.1%)	1.2%
Liquidity ratio (>1.2x)	2.5	2.8

Key Features of the Balance Sheet

- Inventory levels lower than FY22, due to a lower 2023 crop volume and increased sales velocity
- Receivables lower due to favourable terms with customers negotiated as PMO deliverables.
- SHV owned orchards, Carina West processing facility and permanent water rights on balance sheet at cost
 - Market value of land assets is A\$365.4m (book value A\$244.6m¹)
 - Insurance replacement value of Processing facility \$250m (book value A\$87.5m)
 - (Portfolio of permanent water rights is A\$119.5m (book value \$58.8m²))
- Lower volume 2023 crop and related lower pricing resulted in higher debt
- Covenant measures for the period ending 30 September 2023 met with the fixed charge cover ratio waived until March 2024.
- Debt facilities remain adequate for forward operations
- Gearing of 46%.

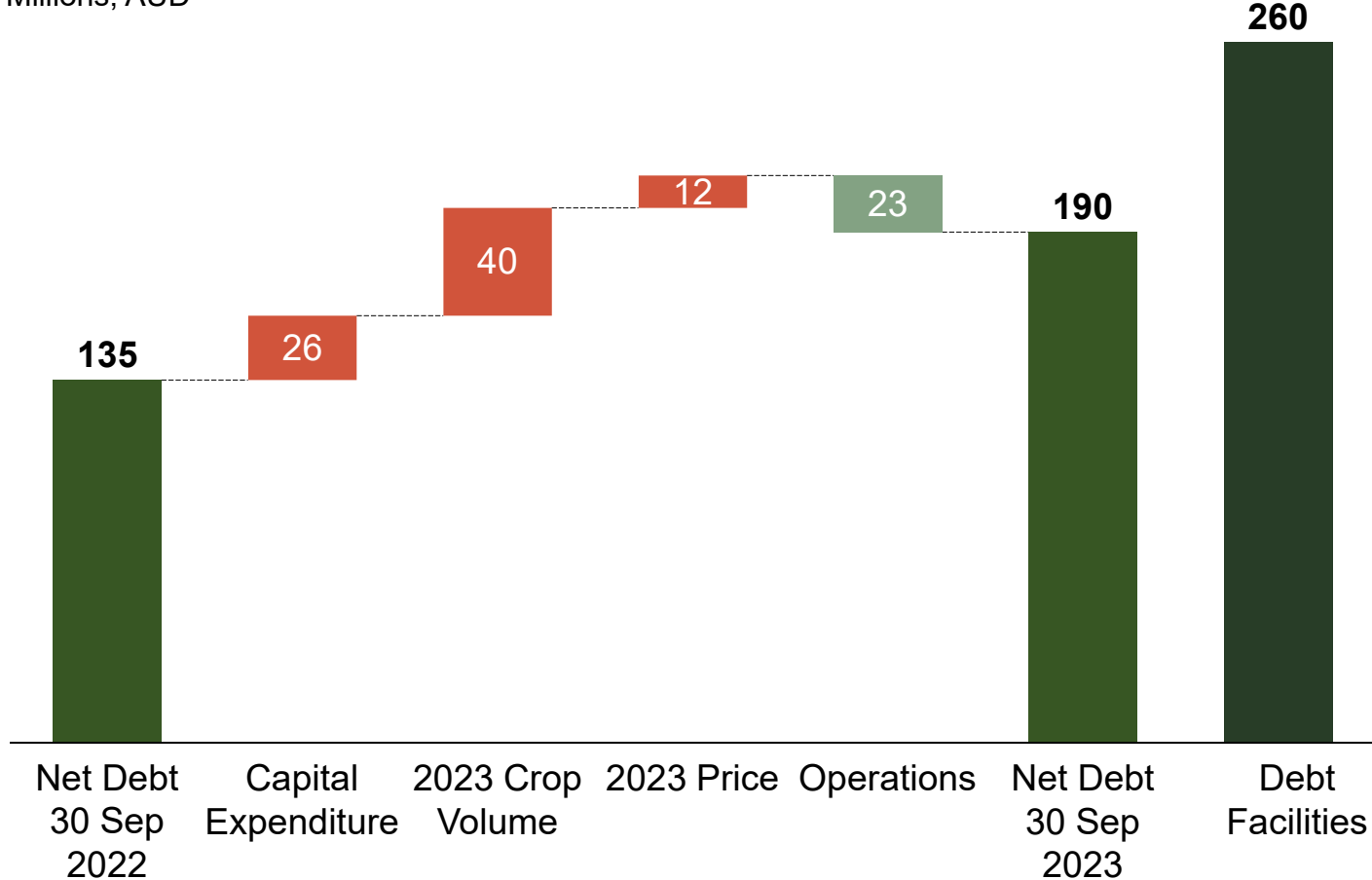
1) Independent valuations September 2022
 2) Market value assessment September 2023

Bank Facilities – Debt and Cash

Net debt increased but sufficient coverage from debt facilities remains

FY23 Increase in Net Debt

Millions, AUD



Drivers of Higher Net Debt:

- Less volume of almonds available to sell due to reduced 2023 crop
- Reduction in price impacting 2023 crop value

The impacts of the above were partially offset by progress of cash initiatives generated by the Project Management Office related to customer and supplier terms.

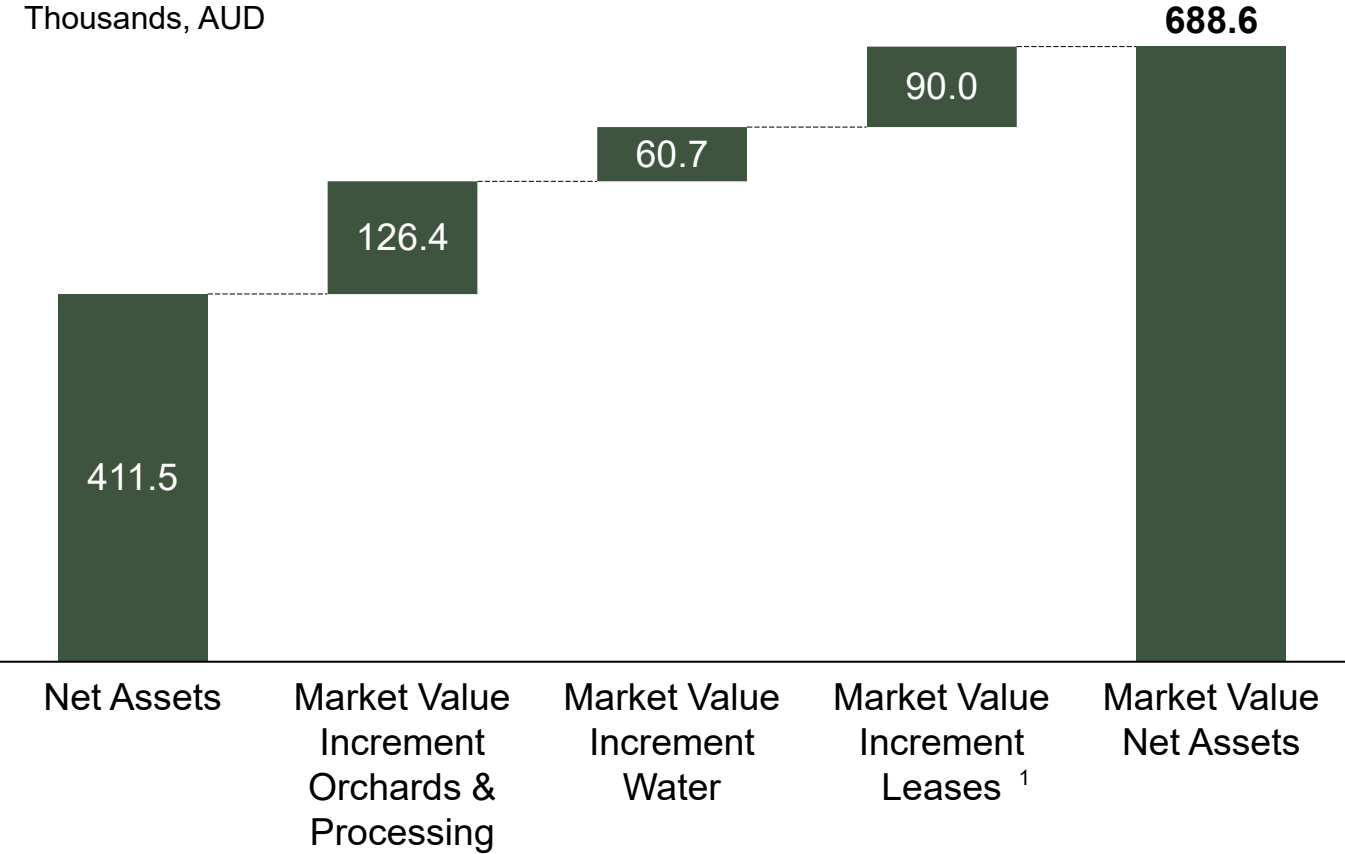
Debt headroom remains sufficient leading into the 2024 crop sales cycle.

Asset Valuations and Net Assets

Asset valuations are 67% higher than book value at 30 September 2023

Net Asset Value vs Market Value

Thousands, AUD



Market Value Variances to Book Value

- Net Assets per share increases from \$3.40/share to \$5.69/share using market value
- Book value of assets of \$913.3m, or \$1,190.4m based on market value (not reflected in Balance Sheet)
- Market value of orchards is \$126.4m higher than book value in the FY23 balance sheet
- Market value of water is \$60.7m higher than book value in the FY23 balance sheet

1) Based on DCF earnings of leased orchard

Cash Flows

Second half cashflow from operations was \$18.5m

\$ Millions	FY23	FY22
Customer receipts	212.7	269.0
Supplier & employee payments	(200.6)	(229.9)
Tax refund	1.4	4.0
Net interest	(21.8)	(16.3)
Cash flow from operations	(8.2)	26.8
Net property, plant and equipment	(21.5)	(24.2)
Net water rights	-	(3.6)
Tree developments costs	(4.7)	(7.7)
Bearer plants and plantation land	-	-
Other items	0.1	(0.1)
Investing cash flows	(26.2)	(35.6)
Issue of shares	-	-
Increase in debt	52.0	38.0
Lease payments	(19.3)	(21.9)
Dividends paid	(2.0)	(5.8)
Financing cash flows	30.7	10.3
Net (decrease) / increase in cash	(3.7)	1.5
Cash at beginning of the year	(1.5)	(3.1)
Cash at the end of the year	(5.2)	(1.5)

Main Cash Movements

- Negative operating cash flows for the full year driven by:
 - Lower 2022 and 2023 crop sales volumes and prices
 - Higher 2023 input costs
 - Increased borrowing costs due to higher debts levels
 - Investment of \$26.2m in:
 - Horticultural equipment
 - Upgrading of Carina West:
 - Value-add facility
 - Installation of a new sorting and packing line
- Cashflow positive in second half (-\$27m H1 vs \$19m H2) driven by:
 - Change in customer and supplier terms
 - Reduced spend
 - Conscious effort to sell 2023 stock quickly



SELECT HARVESTS

STRATEGY & TRANSFORMATION

David Surveyor - Managing Director and CEO

Strategy – four strategic priorities delivered across three horizons

Vision

To be a leader in the supply of 'better for you' and 'better for the planet', plant-based foods

Mission

Deliver sustainable returns to our shareholders by marketing premium almond products to the world

Horizons

HORIZON 1
Strong Foundation

HORIZON 2
Sustainably Profitable

HORIZON 3
Transformation

Strategic Priorities

Substantially greater
almond volume

Leadership in processing
scale & efficiency

Maximise return
from the crop

Innovate to drive
step-out growth

Strategic Priorities - Disciplined Execution

Progress being made across each strategic priority and each of the 3 horizons

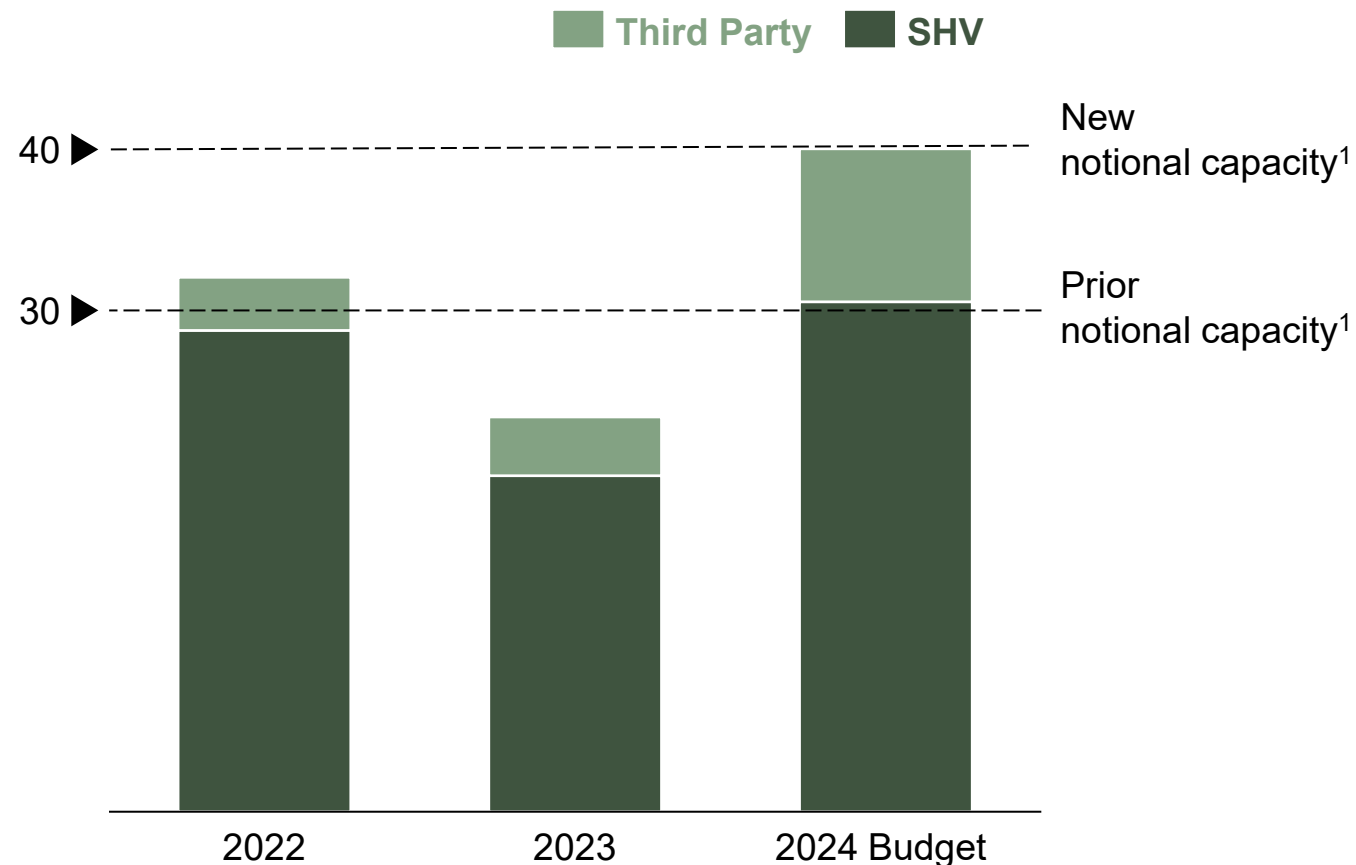
Strategic priorities executed via PMO with disciplined financial management & individual tracking				
	Substantially greater almond volume	Leadership in processing scale & efficiency	Maximise return from the crop	Innovate to drive step-out growth
FY23 Progress	<ul style="list-style-type: none"> Farming cost down initiatives Water strategy review completed Horticulture productivity review commenced External volume (9000 MT) 	<ul style="list-style-type: none"> CWPF Phase 1: Increased capacity to 40,000 MT Increased and stabilised value-added production Activity based costing Processing Cost savings eg Gas, fumigation, insurance 	<ul style="list-style-type: none"> Close out 22 crop Focus on velocity Detailed activity-based costings to understand Cost to Serve Increase cash thru shift in customer terms 	<ul style="list-style-type: none"> Assessing opportunity for third party farm management
FY24 Focus	<ul style="list-style-type: none"> Implement horticulture productivity review recommendations <ul style="list-style-type: none"> Increase yield Cost Improve quality Consider acquire or lease farms Farms run as profit cells to increase accountability 	<ul style="list-style-type: none"> Manufacturing Excellence continues CWPF Phase 2: Options to further increase capacity Grow external almond volume Disciplined almond quality upgrade management CWPF profit cells 	<ul style="list-style-type: none"> Sales Strategy review commenced Margin/price optimisation Continue to Increase velocity Deepen relationships with direct customers Brand strategy Introduce sales profit cell 	<ul style="list-style-type: none"> Innovation of by-product (hull and shell) Remain open to adjacent business opportunities Food innovation Commencing land utilisation

Third Party Processing - Improving Profitability

Third party processing is helping drive sustainable profit growth and will account for ~25% of 2024 volume

SHV Almond Processing Volume

Thousands, MT



Leadership in Processing Scale

- Carina West notional processing capacity increased to 40,000MT for 2024 season
- Increases third party volume opportunity which will:
 - Increase total profitability
 - Reduce exposure to global almond price
 - Lower fixed processing cost for SHV own volumes
- Given strong market demand, SHV is assessing options for a step change in processing capacity

1) Notional capacity impacted by duration of processing season. With a “bumper crop” we would extend the processing season

PMO – Strategy Execution and Discipline

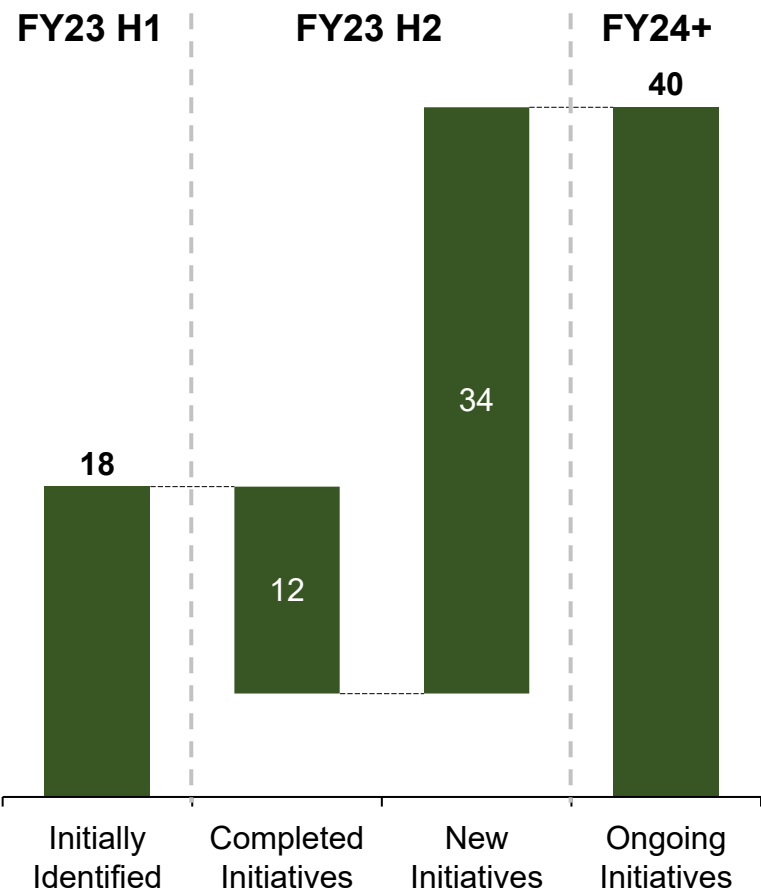
Execution momentum building with growing profit impact and cash benefit

Strategic Priorities



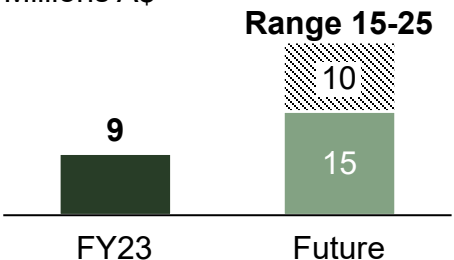
Execution

Count of initiatives



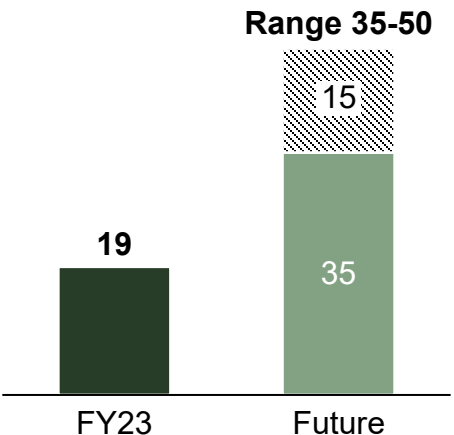
Profit Impact

Millions A\$



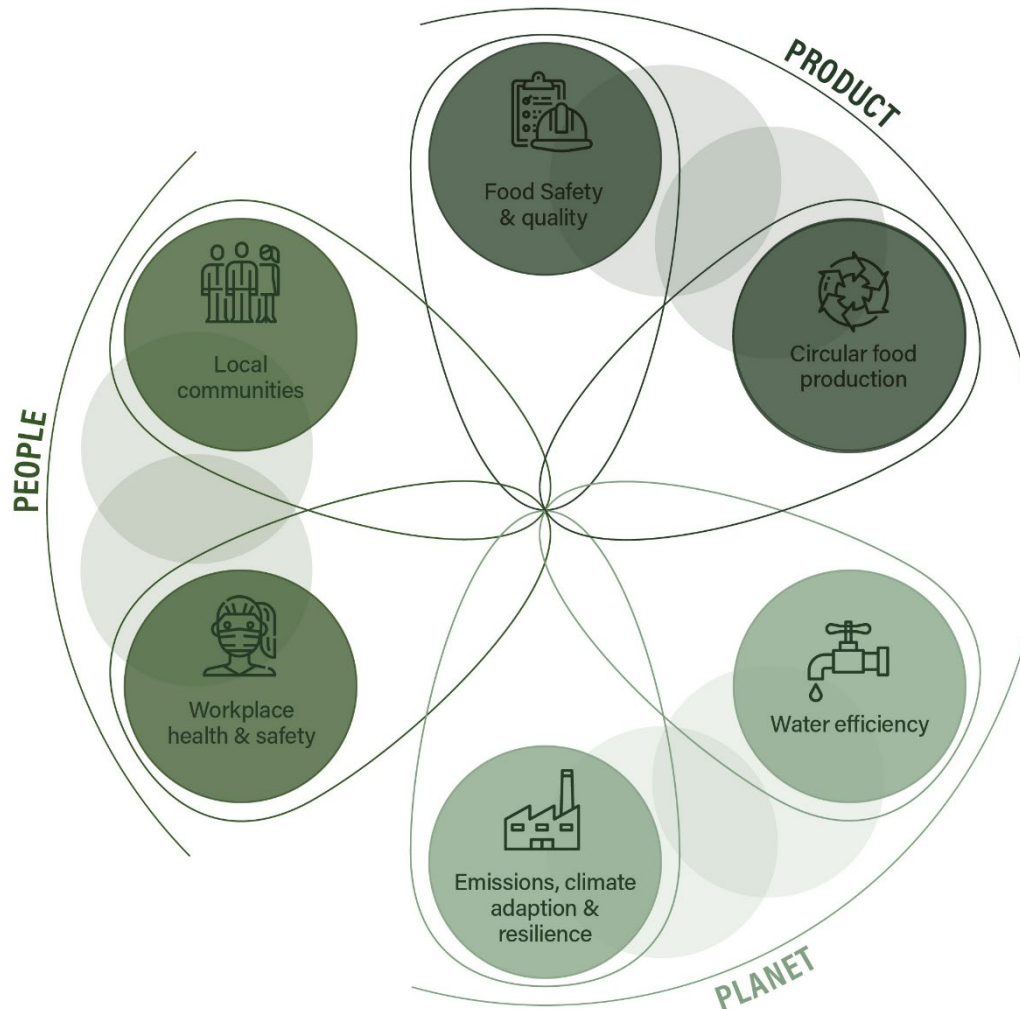
Cash Benefit

Millions AUD



Sustainability – People, Product & Planet Focus

Total emissions have been reduced by 25% since 2021



Emissions Reductions

- From FY21 to FY23 total emissions have been reduced by 25%:
 - Scope 1 change: - 34%
 - Scope 2 change: - 13%
 - Scope 3 change: +1%
- Investment into new fumigation chambers reduced fumigation emissions by 70% from FY21 to FY23
- SHV committed to be carbon neutral by 2050
- SHV has released its Sustainability Report alongside Annual Report
 - Taken steps to align Sustainability Report with IFRS Sustainability Disclosure Standard (IFRS S1 and S2)
 - Sought independent assurance for greenhouse gas emissions
- Sustainability initiatives should also support SHV profitability



SELECT HARVESTS

OUTLOOK

FY24 Outlook - Positive

Positive outlook for Australian crop. Californian crop quality likely to be impacted by delayed harvest

SHV Crop

- Improved our forecast yield approach given 2023
- Yield looks set to rebound
 - very strong bloom intensity, good beehive strength
- Forecast shift to El Nino weather pattern is positive for almond growth
 - hot and dry sufficient opportunity to apply fertiliser as planned
- Tree health positive

Californian Crop

- Industry commentary still to be confirmed indicating:
 - Yield is likely below the USDA objective estimate of 2.6 billion lbs
 - Quality is below typical expectations due to high insect damage and a rain affected harvest

Pricing

- Almond prices firming (may not be a straight line)
 - India demand levels remain strong
 - China demand outlook less optimistic due to economic conditions
 - California inventory levels reducing with potential tailwind from US 2024 crop – will likely help to improve price
- Risk in FY24 for prices to follow a similar pattern to FY23, i.e. increase in first half before falling in second half



Key Messages

FY24 benefits expected from price recovery, transformation delivery & disciplined financial management

Challenging FY2023

- Poor result due to lower volume and lower price
- Full year result consistent with first half expectations

Positive Outlook

- Positive long term industry growth (CAGR of ~5-6%)
- Strong 2024 crop profile (Australia and SHV)
- Good quality expected
- Improving prices

Building Sustainable Profitability

- Need to be sustainably profitable through the cycle
- SHV transformation progressing well:
 - Third-party supply increasing earnings and reducing earnings volatility
 - Horticulture excellence & sales leadership key focus areas
- Disciplined financial management:
 - Cashflows and debt position will
 - Profit cells to drive more granular performance management and increased accountability





SELECT HARVESTS

QUESTIONS