



SELECT HARVESTS

Select Harvests Limited (ABN 87 000 721 380)

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www.selectharvests.com.au

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Record Low Almond Prices, But Medium-Term Signals Strong

Select Harvests Limited ('SHV' or 'Company') today provides a near and medium-term trading update.

Paul Thompson, Managing Director said "Challenging wet conditions for the 2022 crop harvest meant a larger than expected portion of the crop has been negatively impacted, requiring a downgrade in quality. At the same time global almond prices have continued to decline, impacting the value of product sold by the Company since 30 September 2022 and the assumed value of the remaining 2022 crop on hand."

2022 Crop Update

A detailed assessment of inventory on hand has been completed. The quality of the 2022 crop is the worst the Company has experienced in the last ten years. The wet harvest required mechanical drying of a large portion of the 2022 crop and consequently, a higher percentage of inventory is of manufacturing grade quality.

Realised sales prices are in line with a weakened global market, particularly for lower grade almonds. Based on current market conditions, the value of the remaining 15% of the crop on hand is correspondingly reduced. This inventory has been revalued at the relevant lower pricing points or been written off.

The combination of the weather and world prices has reduced the 2022 crop fair value inventory sales price from \$6.80/kg (as disclosed in the FY2022 financial statements) to a forecasted \$6.15 - \$6.30/kg. This price reduction and an inventory write off is expected to reduce the 2022 Crop Fair Value EBIT by \$18M - \$22M.

Market Conditions and Outlook

Mr. Thompson addressed the medium term optimistically, saying "While global market pricing remains at near historic lows there are positive signs emerging. The December shipments from the Californian Almond Board position report and the November shipments from the Australian Almond Board position report were strong."

Buyers in the Indian and Middle Eastern markets are becoming increasingly active. Additionally, the easing of Covid related lockdown measures in China has stimulated demand in this important market.

"The peak of the recent floods has passed. All our orchard operations are focused on our pre-harvest programs. There was no significant damage from the floods, but some minor tree losses occurred due to orchard inundation. The medium-term farming outlook is business as usual."



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“We are planning to commence the 2023 crop harvest in February and the current harvest period weather forecast is favorable.” Mr. Thompson said.

Balance Sheet

Despite the inventory reduction, the company is within its current banking limits. Debt to equity levels at 1H FY2023 is expected to be approximately 35% (based on market value of assets gearing would be approximately 26%).

As a result of the lower realised sale price, inventory write down and current market conditions, it is likely that Select Harvests’ goodwill will be impaired and, if this transpires, a non-cash write-off of approximately \$26M is expected to be recorded in the 1H FY2023 financial statements.

Mr. Thompson said the Company has a well capitalised and flexible Balance Sheet and added, “The previously advised sale of the Mountview orchard is progressing but was delayed due to the recent floods in the Riverina. The Company also has a portfolio of permanent water rights with a current market value of over \$100m which adds to the Company’s financing flexibility.”

This announcement has been approved by the Board of SHV.

ENDS

FOR FURTHER INFORMATION, PLEASE CONTACT:

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About Select Harvests:

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

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

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