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SELECT HARVESTS

20 May 2022

SELECT HARVESTS LIMITED (SHV) CROP AND MARKET UPDATE

Paul Thompson, Managing Director of Select Harvests, announces that there has been ongoing wetter than average weather conditions since our last market announcement on 2 May 2022. There is approximately 4,000MT of kernel product remaining to be harvested. This product is either on the ground or still to be shaken off the trees. Given the adverse conditions, quality levels and total crop volume has been impacted.

To date we have sales commitments for 51% of the forecast crop. Based on the unaudited results we are forecasting a crop of 29,630MT at an estimated sell price of AUD\$6.64. There has been increased horticultural and processing costs related to the wet harvest and general logistic cost increases.

The unaudited 1H FY2022 NPAT is forecast to be \$2.01m compared to a 1H FY2021: \$1.27m.

Management is working diligently implementing various strategies to fast track the drying and processing of the affect to crop to prevent further deterioration and maximising the crop potential.

Crop Update

Current conditions have made accessing the remaining crop in the orchards difficult. A number of strategies are being undertaken to reduce moisture levels, allowing the affected crop to be transported to the Carina West facility for further mechanical drying prior to processing.

Costs will be impacted through extended harvest operations and increased mechanical drying requirements over a larger portion of the crop.

Based on the crop to date, general quality levels are similar to last year's quality profile. However, inshell production has been impacted and further reduced as a percentage of the crop.

Tree health and bud development for the 2023 crop remains positive. Water pricing is forecast to remain at lower-than-average levels, but the outlook is for increased fertiliser and agri-chemical costs.

Market Conditions

The last position reports released shows Australian exports are up 118% for the first month of the season. April 2022 US shipments were stronger than expected, down 1.9% for the month vs 13.5% year to date.

The United States Department of Agriculture's 2022 Subjective Estimate has confirmed next year's industry forecasts that the crop is estimated to be 2.8 billion pounds vs 2.9 billion pounds last year.

Overall market pricing has remained unchanged. Inshell and nonpareil pricing is firm, and lower grade pricing remains low due to high current inventory levels in US ports and storage facilities.

Market activity has been strong since the release of the 2022 subjective estimate. Logistics congestion is the main barrier to clearing the excess US inventory.

Based on a 2.8B pound 2022 US crop and the rest of year's US shipments being in line with last year, carry over will be 850m pounds. The current carryover mix is heavily skewed to manufacturing grades.

Summary

This season's harvest conditions are the worst the industry has seen in the last ten years. The harvest has been hampered by ongoing rain events preventing access to the orchard and providing insufficient on orchard drying time. Horticultural and processing wet harvest mitigation strategies were in place, but the persistent rainfall has stretched these resources. This year has been challenging and has increased costs to operate and the next six months looks as challenging.

The market outlook is becoming more positive. Demand is returning post Covid-19 impacts and global inventories are returning to a more balanced position. Almond pricing is attractive with many alternative commodity prices increasing dramatically, due to supply issues.

Select Harvests has a strong cost position and favourable market access relative to many in the industry. The company is well positioned as commodity prices strengthen.

We will continue to provide updates as the harvesting and processing of the crop progresses. Select Harvests 1HFY2022 audited results will be released on 27th May 2022.

This announcement has been approved by the Board of SHV.

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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