

23 April 2024

2024 Business Update

Select Harvests Limited ('SHV' or 'Company') today provides a business update.

David Surveyor, Select Harvests' Managing Director said "The 2024 harvest commenced two weeks earlier than normal due to the favorable growing conditions and with the aim of maximizing farm hygiene. We are now more than 95% through harvest shaking operations. Based on weighbridge and crack-out data to date we forecast the 2024 crop to be in the range of 28,500 MT and 30,000 MT — whilst potentially below our original forecast, it is on track to be one of the largest crops Select Harvests has ever produced."

2024 Crop Update

The weather conditions across the 2024 harvest period, while not perfect, have been considerably better than in recent years, although wetter conditions over the latter part of harvest have been experienced. We are currently entering the final stages of the 2024 crop harvest.

We have processed 15% of the crop and at this stage the quality metrics have improved from last year and we expect a good quality profile of inshell and kernel grades which will help to support pricing.

The generally drier harvest conditions combined with the efficiency drive throughout the business have facilitated compression of the harvest period to an estimated 12 weeks in total.

Market Conditions and Outlook

The Almond Board of California's March 2024 Position Report showed reduced shipments for both export and US domestic markets. US shipments to China remain well below last year as the lack of available good quality product is impacting demand levels. US YTD total almond shipments are 2.2% higher than last year.

Receivals from growers for the US 2023 crop now total 2.44b pounds, well below the USDA 2023 Objective Estimate of 2.6b pounds. Additionally, there are well documented quality issues with the US 2023 crop (Navel Orange Worm, small sizing, double the normal defect rate) which has also impacted supply.

With the lower US crop receipts, current global almond market conditions and YTD shipments continuing to outpace receipts, US inventory levels have decreased to 1.35b pounds (11.7% lower than March 2023). The current US forecast 2024 carryout inventory of 0.63b pounds (22% lower than the 2023 carryout position) is based off the 2.6b pound Objective Estimate, which as indicated above is expected to be lower once the final receival number is determined and therefore carryout inventory is expected to be 0.4b - 0.5b pounds.



Current Pricing

Select Harvests' 2024 sales program is well underway with approximately 28% of allocated export volumes contracted at attractive pricing levels. Select Harvests' 2024 crop is currently over 60% hedged at an average AUD/USD exchange rate of 0.66.

Since October 2023 we saw consistent market price strength, however spot market prices have softened recently following the 2024 US almond bloom, completed in generally positive conditions. Independent sources, such as Stratamarkets' almond price report, have recently signaled the potential for stabilisation of prices. Movements we are seeing in the spot market price appear to be driven by sentiment, with industry participants speculating on the potential size of the 2024 US crop. A number of US Industry participants will release their crop forecasts in advance of the official USDA 2024 Subjective Estimate, which is due for publication on 10 May 2024.

Given this recent softening, Select's forecast 2024 crop price, based on our crop profile, is in the range A\$7.30/kg - A\$7.50/kg.

Strategy Execution Update

The company strategy continues to be executed through our Project Management Office (PMO) and initiatives are delivering positive outcomes.

Select Harvests' cost reduction actions have made a positive impact and, despite inflationary pressures and increased lease cost recognition, total 2024 crop production costs are forecast to be lower than last year.

The PMO initiatives that are now in place will further benefit the 2025 crop production costs through both a reduced cost base and improved yield profile.

Our operational gains have increased processing capacity and we have matched this with a further increase in external processing volumes, which will now reach approximately 11,000 MT and increase the returns on our processing assets.

Early sales and shipments and the strong results being delivered from the PMO projects are expected to help mitigate any lower volume or price impacts.

Mid-year debt continues to track in line with previous projections and within facility limits. The company remains within its banking covenants and is focused on the 2024 sales program to reduce debt.



Chief Financial Officer and Company Secretary Update

Select Harvests Limited's Chief Financial Officer and Company Secretary, Brad Crump, will be leaving Select Harvests, effective 31 July 2024, to commence the development of his family business operations.

Over the last six and a half years Brad has played an important role in our financial strategy and operations and has made an invaluable contribution particularly during the transition period associated with the change in CEO.

We support his decision and wish him the best in his future endeavours. To facilitate a seamless transition, we have initiated the search for a suitable successor.

We remain committed to delivering value to our stakeholders and maintaining the highest standards of financial governance and transparency.

Summary

In closing, David Surveyor said "The forecast crop is expected to be one of the largest crops that Select Harvests has ever produced. This is a strong rebound from last year and validates the quality assets we have in our portfolio. There is clearly still room for productive improvement in the business and our high-performance program will drive growth.

The company is well progressed in enacting its strategy and this is evident in a lower cost base and increased processing capacity that will deliver returns going forward.

The cash proceeds from the sale of the crop are starting to flow and this will be applied to further reducing our debt position as a priority.

We remain focused on growing, processing and selling almonds as efficiently as possible."

This announcement has been approved by the Board of SHV.

<u>ENDS</u>

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 in 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 <u>www.selectharvests.com.au</u>