#### 54th ANNUAL GENERAL MEETING

Thursday 29<sup>th</sup> February 2024 at 11:00 am

National Australia Bank The Hall, Level 1, 700 Bourke Street, Melbourne, Victoria

# TRAVIS DILLON, CHAIRMAN AND DAVID SURVEYOR, MANAGING DIRECTOR

**Chairman's Welcome, Introduction and Address** 

**SLIDE 1: Select Harvests AGM - Title Slide** 

#### **SLIDE 2: Travis Dillon Chairman**

Good morning and welcome to Select Harvests' 2023
Annual General Meeting.

Under the Select Harvests Limited constitution, a quorum is required for this meeting, and I have been advised that a quorum is present, therefore, I declare this meeting open.

To provide you with sufficient time to vote, I now declare voting open on all items of business.

For those of you I haven't met previously my name is Travis Dillon, Chairman of Select Harvests Limited.

I will be chairing today's AGM with the assistance of:

- Brad Crump, Chief Financial Officer and Company
   Secretary of Select Harvests; and,
- David Surveyor, our Managing Director

Both David and I will be making presentations today, following which David, Brad, myself and my fellow Directors will be happy to answer your questions before overviewing the company's resolutions.

#### **SLIDE 3: Introduction of Board members**

Joining me today in this Annual General Meeting are your Directors:

- Guy Kingwill
- Margaret Zabel
- Michelle Somerville

and

Paul van Heerwaarden

On 24 October 2023, the company announced the appointment of Paul van Heerwaarden to the Board as Non-Executive Director. Paul joins the Board with extensive experience across agri-food and commodity cycle risk management. This includes managing integrated supply chains from farm through to processing and distribution into

industrial and consumer channels, both domestically and internationally.

Paul has had a long career at the Bega Group covering executive financial, operational and sales and marketing roles before taking over as CEO. Previously, his career has seen him work in Australia, the US and Asia in dairy, oilseeds, nuts, meat and grains working for Ridley AgriProducts, Cargill and Nutrihealth.

The Board and I are delighted to welcome Paul to the team.

I also welcome Ben Liu from our lawyers, Minter Ellison, and Alison Milner from our auditors, PricewaterhouseCoopers and Tim Faulkner from Kidder Williams; our advisors.

#### **SLIDE 4: Disclaimer & Basis of Preparation**

Please note the disclaimer and the basis of preparation of this presentation.

#### **SLIDE 5: Presentation Overview**

Today I will present you with an overview of the company, deliver a strategic update, including the outlook and priorities for 2024, prior to handing over to David Surveyor. David will discuss FY2023 performance, the 2024 crop profile, market conditions and an update on some key projects, before we move to questions and the formal proceedings of the Annual General Meeting.

**SLIDE 6: Chairman's Address (Title Slide)** 

**SLIDE 7: Select Harvests Overview** 

FY2023 was a very challenging operating environment for Select Harvests.

Another La Nina weather pattern led to a wetter and colder growing period for the 2023 crop which, following on from similar conditions the prior year, impacted volumes dramatically. Select's 2023 crop was 35% lower than forecast and this reduction was consistent across the Australian almond industry.

In addition to this, global almond prices remained at record low levels.

Both of these factors, in addition to managing the finalization of a poor quality 2022 crop, led to the Company's profit result and cash position being negatively impacted.

Managing through this current position, by focusing on the company's cost base and cashflow timings, has been Management's and the Board's focus in FY2023. At the same time, we had to ensure the 2024 crop yield and quality improved.

The company has continued to operate within its banking facilities, maintain adequate headroom, and met its covenant requirements.

It's pleasing to say that Select is now coming through this challenging period. An improved 2024 crop, both in volume and quality, increasing global pricing and the positive impact of implemented projects on lowering costs and growing additional income streams is starting to show in the company's financial position.

Current global inventory positions and the poor US 2023 crop are expected to see further improvements in almond

prices. Additionally, it appears the US 2024 crop bloom period will be negatively impacted by the current wet conditions in California.

Select Harvests is one of the world's largest almond growers, and a leading manufacturer, processor and marketer of almond products. We have 9,371 Ha of high quality orchards spread through key growing regions in Victoria, South Australia and New South Wales.

Our Carina West Processing Facility now has the capacity to process above 40,000MT of almonds in the peak season and is capable of meeting increased demand for inshell, kernel and value-added products. Demand for our value-added almond products continues to grow. Our value added almond business supplies a full range of premium almond ingredient products to over 600 customers globally.

#### **SLIDE 8: Orchard Portfolio**

Select Harvests weighted average almond orchard age is 15.5 years, with 100% of current planted hectares cash generative. With almond orchards remaining economically viable for 25+ years, this provides Select Harvests with a solid, established foundation for long term growth.

The company also owns a portfolio of water entitlements throughout the Southern Connected Murray Darling Basin (MDB) which meets some of the water requirements for our orchards, while providing significant underpinning value to the real asset base of the company.

#### **SLIDE 9: Asset valuations**

As at today the company's current share price doesn't reflect the value of our core assets.

Recent asset valuations indicate that the value of company orchards, Carina West Processing Facility and the portfolio of water rights are 45.5% higher than the current book carrying values as at 30 September 2023.

In dollar terms, while book value of these assets as at 30 September 2023 is recorded as \$411.5 million, they are valued at \$598.6 million - \$187.1 million more than book value.

Additionally, the discounted value of the future earnings of Select's leased orchards is \$90 million.

The combination of the above market position of Select's net asset value at a total of \$277.1 million above book value and delivers a net asset value per share of \$5.69.

**SLIDE 10: Strategy Update Cover Page** 

#### **SLIDE 11: Global Almond Consumption**

The key factor that underpins the company's and the industry's growth is the ongoing growth in the consumption of almonds.

This chart highlights that every key market globally has grown its consumption of almonds over the past five years. This growth is being driven by the increased awareness of the health benefits of almonds and the increase in middle class populations in densely populated markets.

As shown here the per capita consumption rate for almonds in the key markets of India and China are comparatively very low. This remains an important opportunity for the almond market going forward.

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#### **SLIDE 12: Global Market Supply and Demand**

Following the large US crop in 2021, and the impact of Covid over that period, the global supply and demand imbalance is getting back to more normal levels.

Carry in levels of inventory coming into the 2023 year were high, however positive US shipment levels during 2023 and into 2024, including record volumes shipped from the US in January 2024, plus a reduced 2023 crop has seen forecast carryout inventory levels reduced to average levels and are currently 11.4% lower than the same time last year.

The recent increases in shipping volumes has been driven by demand levels rising following a slight decline in 2022.

Demand levels are forecast to continue to increase as global food consumption patterns return to pre Covid levels (particularly in India and China).

Additionally, the supply capacity of global almonds has now flattened out. The increased level of orchards planted in California six to seven years ago have now reached maturity. Any subsequent new planted acres have been more than offset by acres that have been removed or abandoned due to the low pricing environment over the last few years.

#### **SLIDE 13: Global Market Supply and Demand**

In summary the demand and supply fundamentals are coming back into balance which should lead to an improved pricing environment for the industry.

#### **SLIDE 14: Strategy Update**

Following David Surveyor's appointment as Managing
Director 12 months ago the Company has developed a
strategy that sets a clear path to reset and grow.

The Board and Management have set a clear plan to deliver this in three Horizons:

Horizon One – Build a strong foundation. This is all about being as efficient as we can with our strong asset base.

We are in the process of increasing almond volumes through our Processing Facility – thereby reducing production costs per unit. This has occurred through increasing the capacity of our Processing Facility (at minimal investment) and sourcing almond volumes through third party growers.

There are a number of initiatives in place that are starting to deliver lower costs throughout various areas of the production cycle.

Additionally, the company is investing time and resources to optimize its sales and marketing capability to both improve the velocity of sales and unlock the benefit of price maximization.

Horizon Two – Become Sustainably Profitable. This part of the strategy is to reduce the level of volatility in the company's earnings. We have a great asset base, and we need to ensure we are generating a consistent return.

To do this we will invest in the organizational capability to both grow and improve current operations in a sustainable and consistent profile.

Sustainability continues to be a key area of focus for the Board and Management. We remain committed to ensuring our path forward has sustainability as a key consideration and we need to ensure we are resilient to increase variability in weather patterns.

Horizon Three is about transforming the company to the next step change. This may involve diversification of revenue streams or further investment in the industry value chain.

Any options that would be considered would be assessed against required internal return hurdle rates that are going to increase shareholder value.

What I have outlined is a high level overview of the strategic direction of the company.

Underneath this, management have put together a detailed set of plans to deliver this strategy through the Project Management Office.

There are clear deliverables that will be measured and reported back to the Board and we will report the progress of these to the market in our usual half yearly presentations.

Based on current analysis the delivery of these strategic Horizons will add significant value to the company and therefore shareholders.

#### **SLIDE 15: FY2024 Key Priorities**

In line with delivering the future growth strategy of the company the key priority for the Board and Management is to deliver the best possible result for FY2024. To do this we will focus on:

- 1. Ensuring the safety and wellbeing of all stakeholders
- 2. Successfully completing the upcoming harvest and investing in the 2025 crop
- 3. Process a record volume of product efficiently and at a high quality level
- 4. Continue to manage the detail of our cost base and deliver on opportunities to reduce cost per kg
- 5. Delivering the best price and best quality from the crop to our customers
- 6. Continuing to assess options to deliver additional profitable growth from total bio-mass
- 7. Manage the velocity of our cash to ensure delivery of an improved balance sheet position
- 8. Managing to improve returns through the cycle

In concluding my speech, I would like to thank you for the opportunity to be your Chairman. Select Harvests is a strong company with outstanding people and valuable assets, a naturally great product supported by a strong macro and a significant market opportunity.

We will continue to work hard to ensure the company returns to delivering strong shareholder returns.

#### **SLIDE 16: Managing Director's Address – Cover Page**

Thank you Travis and good morning everyone

I would like to cover 3 topics:

- 1. 2023 performance
- 2. Our transformation progress
- 3. Business outlook

You will note a clear connectivity between Travis and my comments

#### **SLIDE 17: Safety**

- Safety is the right place to start our discussion on performance. People are critical to Select Harvests and Safety is our most important KPI.
- In 2023 we have made a rapid and significant improvement in safety performance, our TRIFR as at the full year was 6.7 injuries per million hours worked, an improvement of 61% on prior year.
- We are driving within the business a clear sense of deep and felt safety leadership to our people. Raising the visibility of safety across the organization. We are building better safety systems and processes and ensuring we measure our performance. Our focus on safety includes well being. We support our people with Community service days and an Employee Assistance Program which covers psychological, financial and health components.

- As we move into 2024 the next step in our safety journey will be about working on critical risks. The first area we will review is machine guarding across CWPF and our 15 farms.
- We still have much to do to achieve our sustainability goal of zero harm. Improving safety is improving operational efficiency and improving business performance.

#### SLIDE 18: FY2023 Financial Results

- The 2023 year was a poor financial result a Net Loss after Tax of \$114.7 million. The final results were in line with our first half guidance and market consensus. A positive aspect of performance is that we held to first half guidance despite the deterioration we saw in pricing during the second half this gives confidence our improvement initiatives are on the right track.
- The result was driven by 3 key issues:
  - The revaluation of 2022 crop in the first half of 2023 as wet product impacted quality - primarily mould (\$24.5 million)
  - A lower 2023 crop volume and price had an impact of (\$74.5m) on 19,771MT.
  - And finally, a non-cash impact of Goodwill being written off (\$26 million)

- The company's balance sheet remains sound with a Net
  Debt to Equity ratio of 46%, albeit higher than we would
  ideally want. And we would expect debt to reduce with the
  2024 crop and with our initiatives.
- Operating Cashflows were negative \$8.2 million with a
  positive shift in the second half as we actioned changes to
  customer and supplier terms, increased sales velocity and
  reduced spend.
- The market value of our assets is substantially above our book values by \$277.1 million as at 30 September 2023.
   As the Chair has noted the Net Asset Value of Select Harvests is \$5.69 per share significantly above our current share price. Whilst this suggests we are under valued it highlights the turnaround we need to deliver as we rebuild trust in Select Harvests

What I would like to do now is provide detail another level down on 4 of our key operational drivers:

- <u>1.</u> Volume
- 2. Price
- 3. Production Costs
- <u>4.</u> Debt

#### **SLIDE 19: Key Results Driver - Crop Volume**

- The 2023 financial year saw the company having to deal with the hangover of the 2022 Crop We started the year with a large volume (15,370 MT) of low quality 2022 crop inventory, this has now been actively managed and sold.
- All low quality product allocated to value added has been consumed.
- The 2022 crop hangover has been dealt with.

#### **2023 Crop**

- The 2023 Australian almond crop was materially impacted by the persistent La Nina weather pattern which included record rainfall, cooler conditions and major flooding events across our portfolio prior to harvest.
- In 2023 we saw lower field crop volumes across the weighbridge, combined with lower crack-out rates. This reduced Select Harvests' 2023 crop volume mid year

forecast to 17,500 metric tonnes. At completion a small positive shift in pollinator crackout % saw the volume increase to 19,771MT.

- It does not change or excuse our result, however the performance of the Select Harvests' crop was consistent with the Australian Industry.
- From a financial perspective, the company invested the full cost of growing the 2023 crop and nature under delivered such that we did not have enough revenue to cover the growing costs.
- Mould has decreased from 2022 crop levels.
- Whilst insect damage is higher (a function of the lower crop size with effectively the same number of insects)
- It is worth noting our investments in state-of-the-art X-ray sorting capability did help ensure the final product quality profile (with 83% upgraded by at least 1 quality grade level.

#### **SLIDE 20: Key Results Driver – Market Price**

- Select Harvests' forecast a price range of \$7.40/kg to \$7.80/kg, with our financial models based on a price of \$7.45/kg.
- Prices looked promising in the lead up to harvest but fell away as the year progressed. Driven greatly by the USDA objective crop forecast of 2.6b lbs (12 July 2023) and owners of inventory dropping price to quit stock.
- At an average price of \$6.40/kg the price was \$1/kg below expectations and 40c/kg below prior year.
- Realised prices were also impacted by the lower crop quality profile. We saw a substantial shift in mix:
  - with inshell mix down to 15% of the total crop versus the 5yr average 23%) – this reduced the top end of our pricing mix and also lowered inshell value due to insect damage impacting quality

- o kernel was 55% versus 5-year average 48%.
- Manufacturing grade was 37% versus 5 year average of 29%, also due to insect damage and hence price was impacted. In essence increased insect damage is the result of a smaller crop with fewer nuts and the same insect population

#### **SLIDE 21: Key Results Driver – Production Cost**

2023 saw a substantive upshift in total production costs.

There are three key points to be made:

 The first being the absolute cost increase per kg was exacerbated by a significantly lower crop volume in 2023, resulting in a substantial increase in cost per kilogram.

The chart shows you our cost base normalized on a 30,000MT crop of \$6.72c per/kg - it was still increasing.

- The second being Production costs which increased by \$25m, for example:
  - Fertiliser, now our largest cost, increased by \$12.3
     million (actual \$28.9 million), approximately double
     the prior year cost, due to price rises as a result of

world supply shortages. In more recent times,

Fertiliser prices have been falling and we expect
them to give back part of their 2023 gain - saving
some \$3-4 million subject to increased application
of fertiliser – needs to be updated

- Chemicals/fungicides up \$2.5 million (from \$7.5 million to \$10 million)
- R&M up \$2 million (\$5.6 to \$7.6m) in response to flood costs
- Water down \$3.8 million (\$20 million to \$16.2 million) as water storage levels throughout the catchment are high and temporary water prices are low and anticipated to remain so for the next 12 months.
- Labour costs were \$4.4 million (Horticultural
   labour costs were \$3.1 million higher (\$20.8 million

to \$23.9 million) and CWPF \$0.7 million (10.6 million to 11.3 million).

- The third issue being Amaroo, Mullroo and Bunargool farms reaching maturity so capitalized development costs are now being amortized – the impact of this an increase of \$9.4 million (\$27 million from \$17.6 million).
- I think it's fair to say that our increased cost base created forward margin concern for the market at the full year results announcement. I will provide comment on production cost down progress later on.

### **SLIDE 22: Key Results Driver – Debt and Cash**

The second key investor concern has been our level of debt.

And the last several years has seen Select Harvests use the balance sheet and debt to fund the operational challenges.

Net Debt/Equity at 46% is higher than we would ideally like.

We are now bringing the financial discipline to reduce debt and this is identified and being delivered through our PMO.

The key drivers for 2023 were lower crop volume having a negative \$40m impact and price a negative \$12m for a total of \$52m. In response the changes to our business model improved our cash to cash cycle and saw a gain of \$23m in the back half.

The company has sufficient headroom for 2024.

Our debt limit is \$267 million (\$260 million facility and \$7

million overdraft) and we enjoy strong banking support.

The company will sensibly reduce debt and restore our

balance sheet over time.

### **SLIDE 23: Sustainability**

We frame our approach to sustainability around 3 areas:

- Product which is about high quality and safe to eat foods – we are (Safe Quality Food) SQF certified.
- Our planet reducing our emissions and using the full biomass we grow.
- Our people keeping them safe from harm and being socially just.

The company continued its sustainability journey in 2023. We continue to lead with our circular economy approach to food production. We typically grow 130,000MT of organic material of which approximately 30,000MT is kernel. We use all of the balance of hull and shell, with bio mass used for energy generation at our Cogen plant (27,000t which produces 3.3MW each year) we use that energy or put excess energy back into the grid. We produce approximately

44,000MT of compost (primarily consisting of 16,000MT hull and shell, 8,000MT bio char and high potash ash from Cogen, 9,000MT olive pomice and 10,000t additives such as gypsum and lime).

The balance of Hull and shell of approx. 51,000t is sold as cattle feed.

We measure our emissions across scope 1,2 and 3. Our emissions vary a bit each year dependent on climate conditions (e.g. in wet conditions we use less water but use more fuel drying the crop). We have reduced our emissions by 25% from 2021 from 178,441t to 134,444t of CO2.

The single largest emission change we made was a reduction from more efficient use of fumigation by 19% (new fumigation chambers) which delivered a 33,000t reduction in total Select Harvests emissions.

We have aligned our sustainability reporting with IFRS sustainability standards and continue to report in reference

to GRI (Global Reporting Initiative). We have independent assurance of our emissions.

### **SLIDE 24: Strategy and Transformation**

Select Harvest is undergoing a transformation in strategy and execution.

Whilst a new MD brings new perspectives, for Select
Harvests the reality is that strategy is developed with the
Board and with our people to ensure the broadest range of
discussion and perspectives.

In response to declining ROCE and profit over the last few years, compounded by two challenging seasons, we have refreshed our strategy. It should not be missed that the company has grown over the last 10 years to 9,371 Ha of almond farms. However, the change in environment means it's appropriate to recognise the need to evolve our strategy.

### **SLIDE 25: Strategy and Transformation**

Select has a clear path forward.

### The company has re-set its strategy.

We are a leader in "better for you and better for the planet foods" and our responsibility is to deliver this and deliver sustainable returns to our shareholders.

The company has now completed Plan 1 and this slide lays out the direction and clear path forward.

#### The company has 4 very clear priorities

- 1. Have substantially greater almond volume
- 2. Leadership in processing scale and efficiency
- 3. Maximise return from the crop
- 4. Innovate to drive step out growth

With the delivery of these occurring over 3 horizons.

As per the management theory we are working on each of these horizons simultaneously.

I will talk about progress against each of these 4 priorities and connect it to our PMO and \$\$\$. Each pillar needs to be delivered with financial discipline. This is core to creating value for shareholders.

Whilst strategy discussion inevitably takes you to future opportunity. The reality is that 90% of our time is focused on today. Maximising the value we get for the 2024 crop, driving a relentless focus on reducing costs, maximizing the growing, processing and selling of the **crop**.

So that is where I will keep the focus of this discussion

The first Strategic Priority is to substantially increase

Almond volumes but do so at low cost per kg:

 In earlier presentations we have discussed and given examples of work on compressible cost, or more for less. This continues as per the original PMO projects (e.g. labour, transport, fert, field-in technology gains for

faster spray times) – I will show you the total numbers in PMO shortly.

- 2. We have completed our water strategy review it confirms that water is strategic to SHV and we have developed a model whereby we make sell and or buy decisions for optimal profit outcomes based on the cycle over short, medium and longer term horizons.
  We are in execution.
- 3. There are broadly 3 options for increasing almond volume:
  - a. Volume expansion with 3<sup>rd</sup> party growers. We have added growers and this will now be 9,000-10,000MT and so is a material increase in total volumes approximately 25% of sales.
  - b. Improve our own farming practices. We have completed a strategic review of our Horticulture

Division (similar to the work done in our Manufacturing Excellence review – we are expecting a meaningful prize and I will talk to this on the next slide.

- c. Farm acquisition and leases we have reviewed some opportunities and none have thus far met our financial discipline requirements. They will only be brought forward if compelling. We do not see current almond prices supporting land premiums and we would seek substantive synergy gains in any opportunity.
- 4. Finally worth pointing out we are shifting our business model to treat each farm as a profit cell. We no longer will think about success being a 30,000MT crop. Each farm is individually measured and has to hit its own target even though they may collectively add to

30,000MT. It's in some ways a subtle but significant operational change but it means the "good can't cover the bad" performers. We have done the same with CWPF and the sales organisation.

### The Second Priority is Leadership in Processing

- As with farms we have a range of Processing compressible cost down initiatives (fumigation costs, packaging, gas, labour)
- 2. Getting CWPF to 40,000MT is the key plank. As previously communicated, we are looking to increase our 2024 Hulling and Shelling capacity by 25% to an average of 10t/ph. We have proven to ourselves this is possible and have run at the required speed. We do have some debottlenecking capex investments to make such as:

- We have installed a new Hash sorting machine \$1m –
   pay back is less than a year
- Approved additional drying capacity \$11m capex with a 2 year payback (dependent on weather timings)
   approved
- WIP warehouse improvement this will not only debottleneck the plant but also reduce asset risk from fire and comes with insurance savings
- 3. Manufacturing excellence work has increased the stability of Value-added processing to consistently deliver its capacity (leadership improvements, training on manufacturing excellence/machine reliability upshift, labour cost down, investment in new oven. We now need the sales velocity to utilise the asset.

The Third Priority is Maximising returns from the crop:

- In FY2023 we have taken care of the 2022 crop.
   Our 2023 crop is also sold
- 2. In the short term we have been focussed on driving more sales velocity. This has accelerated the cash to cash cycle and reduced risk and volume of carry over inventory. However, our results suggest there is more to be done whilst we have sped up its not enough and we need to expand our channels and routes to market.
- 3. We are now completing a full activity based costing review to understand customer and sku profitability, so we have more clarity on the points in the value chain where we generate and lose money.
- 4. In FY2024 sales velocity will remain key as we substantially uplift volumes we are recruiting for

capability. In FY2024 we will be increasingly focussed on margin to maximise the value of the crop.

5. Just as with Manufacturing and Horticulture - A Sales strategy review is complete and I will talk more on this in the following slides.

The Fourth Priority is Step out Growth

We have in the background a number of step out growth
opportunities but it is early days:

We have previously communicated there is an opportunity to create new processing capacity and we have growers wanting to work with Select Harvests.
 Whilst the opportunity remains, progress on this will be subject to a better debt position. Our shareholders want us focussed on maximising the current business and that is exactly what we are doing.

- We are looking at further development of value add foods that leverage our existing skills base (oil and defatted powder)
- 3. We are reviewing our programme to see if we can expand our composting and energy model with the view of adding new revenue streams and supporting our sustainability work.

However, the focus is on improving our base business performance and once we get this in shape, we will be more forthcoming on step out opportunities.

### **SLIDE 26: Horticulture Strategy**

#### Horticultural Productivity Strategy – Leverage the core

As committed, we have now completed our Horticulture strategy review. It has seen us benchmark SHV against other Australian and Californian growers. There are in essence 3 key streams of activity and projects.

The first is to improve yield per acre by investing further in our farming approach by optimising fertiliser, water and bees.

The second is to strive for improvements in product quality – through better on farm hygiene practices.

The third being to look at our cost structures to ensure we are as efficient and as low cost as possible.

Whilst the prize is substantial, the gains from these activities need to be offset against the inflationary pressures all growers and all Australian businesses are experiencing. It

also comes with the timing vagaries of the weather – heat, floods, droughts pests etc. We expect the total value of these initiatives will exceed \$10m. Based on the gains we are seeing we expect the 2024 total production costs to at least be inline with prior year dependent on crop size.

### **SLIDE 27: Sales Strategy Review**

### **Sales Strategy**

The sales strategy review has also been completed and is based around increasing our margin spread across 5 different themes

- 1. Maximise pricing
- 2. Tariff utilisation
- 3. Value Added margin growth
- 4. Value chain development increasingly service and build connection with direct customer relationships
- 5. High value specs....we need to run this one to ground as it has implication for the value of the balance of the crop

Each of these projects is managed through our PMO.

We think in total there is at least \$10 million of value to capture from sales initiatives.

**SLIDE 28: PMO** 

#### **PMO**

We are using the Project Management Office to drive outcomes within the business. This allows us to tie projects to financial outcomes.

### As at today:

- 24 completed projects (insurance, LPG,
   Fumigation, Almond milk containerisation, Value
   Add cleaning time, Piangil power agreement, Bin
   Hire reduction etc.)
- We have added 18 projects since the commencement of the 2024 financial year for a total of 70 projects identified of which 46 are ongoing

Each initiative is individually tracked each week and monthly reported to the board. We started our journey by committing to shareholders \$20 million in profit improvement and \$30 million gain in our cash position over time.

The 2023 results included a profit improvement of \$9 million and \$19 million in cash.

You can see we think there is more substantial upside in both as we add the initiatives we have identified across our Hort and Sales reviews with a further \$40 million upside in profit and \$60 million in cash. We are not putting a timing on it but I would say progress rate to date is reasonable.

**SLIDE 29: Business Outlook – Cover Page** 

**SLIDE 30: Business Outlook** 

Outlook

SHV crop

We commenced harvest a couple of weeks earlier than

usual. Our current forecast for the 2024 crop is 30,000MT.

So far have quality crop looks positive – it's too early to give

a definitive outlook.

Whilst early commencement of harvest is greatly driven by

the weather, one of our horticulture strategic projects is to

complete harvest earlier, to improve quality by reducing

exposure to insects.

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We have presold approximately 15% of the crop. This has primarily been to India and China sales are expected to start to ramp up shortly.

In accordance with our strategy to minimise risk we have FX cover at attractive rates on approximately 75% of stock at 66c.

### California Crop

The 2023 crop receipts for the US as at end December were 2.39b lbs with an expectation it will now conclude at 2.4-2.45b lbs and not the 2.6b lbs predicted by the US Department of Agriculture. Defect rates also running at approximately double the normal levels at 4%. US sales volumes have been strong over several months and so carry in may well be at 500 - 600m lbs.

The 2024 bloom is now underway. California has experienced some wet weather the impact of this on the bloom will be interesting. Additionally, there is a range to the extent farmers have fertilized and maintained farm hygiene given the lack of profitability in recent years which may impact future crop size.

#### Margin

Almond prices continue to increase.

The implications of US sales volume, lower carry in volumes, weather and tree health suggest global prices are likely to remain positive going forward.

India prices remain strong. In China the general economy has slowed however post CNY we have seen an uptick in enquiry.

Whilst prices may not travel in a straight line, our long term view remains there is continued global growth in demand at 6-8% CAGR and over the long term prices will continue to rise.

Select Harvests' cost reduction initiatives are reducing our total production costs.

**SLIDE 31: Key Messages** 

#### **Key Messages:**

- 2023 was a poor year you get them in agriculture and we need to ensure we are better and more robust at managing the business
- The outlook is positive for the 2024:
  - Harvest is underway and we will need to wait for actual crop number
  - The global market is increasingly positive with supply and demand getting back to a better balanced state and rising prices.
- SHV is transforming, we are building a more effective business that is both more robust and capable for growth with a stronger foundation.
  - Costs per Kg are coming down
  - We are increasing almond volumes

- Manufacturing Excellence is delivering gains in capacity both primary processing and value added products
- Execution of our Hort and Sales initiatives are
   key focus areas going forward
- Our strategic initiatives bring upside
- There is significant upside to Select Harvests. Our focus is on delivering the highest quality crop at the lowest possible cost, processing it and maximizing the value we receive in the market.

SLIDE 32: Business of the AGM

**Travis Dillon Chairman** 

I would like to thank David Surveyor for his presentation.

SLIDE 33: Business of the AGM

I will now move to the ordinary business outlined in the Notice of Annual General Meeting.

SLIDE 34: Consideration of the Financial Statements and Reports

**Approval of the Financial Statements and Reports** 

The first item of ordinary business on today's agenda is:

To receive and consider the financial statements of the Company and its controlled entities for the financial year ended 30 September 2023 and the related Directors' Report and Auditor's Report.

The Company Secretary has been monitoring questions received from shareholders. Brad are there any previously submitted questions relating to the Financial Statements or any aspects of the Company's operations?

I would now like to open the floor to any questions attendees may have.

(Discussions and questions)

#### **Resolutions:**

We will now move to the resolutions outlined in the Notice of Annual General Meeting.

Voting today will be conducted by way of poll on all items of business and Computershare will act as the independent returning officer.

For shareholders, proxies, and corporate representatives inperson, I'll ask you to vote once we've gone through all items of business today by completing the green voting card that was provided to you upon admission.

White cards are for visitors only who cannot vote or ask questions today. Shareholders with a yellow card are not entitled to vote on the items of business however can ask questions.

I will provide a warning before I move to close voting at the end of the meeting.

The requirements of the Corporations Act and background to this resolution have been outlined in the Explanatory Notes.

Shareholders should note that in accordance with the Corporations Act, members of the Company's key management personnel whose remuneration details are included in the Remuneration Report for the financial year ended 30 September 2023 and their closely related parties

are prohibited from voting on this resolution. Any votes cast by those persons are void and must not be counted.

Exceptions apply to me as the Chairman voting as proxy on behalf of eligible shareholders who have directed me on how to vote on the resolution. If proxy votes are open I advise that I will vote in favour.

**SLIDE 35: Resolution #1: Remuneration Report** 

The Remuneration Report has been provided to shareholders and I now propose the following resolution:

To adopt the Remuneration Report for the financial year ended 30 September 2023, submitted as part of the Directors' Report for the financial year ended 30 September 2023, pursuant to sections 250R(2) and 250R(3) of the Corporations Act 2001 (Corporations Act).

The Company Secretary will now provide the final Proxy votes submitted.

Outcome of the Proxy votes are as follows:

Those in favour 45,859,224

Those against 5,783,205

Open-Usable 401,130

Brad - Are there any previously submitted questions relating to this resolution?

I would now like to open the floor to any questions attendees may have on resolution 1.

**SLIDE 36: Resolution #2: Director Elections** 

This resolution is to elect as a Director, Mr Paul van Heerwaarden, who having been appointed by the Directors of the Company as a Director on 24 October 2023 in accordance with clause 62 of the Company's Constitution and, being eligible, offers himself for election, be elected as a Director.

**SLIDE 37: Resolution #2: Director Elections** 

The Company Secretary will now provide the final Proxy votes submitted.

Outcome of the Proxy votes is as follows:

Those in favour 51,373,321

Those against 200,825

Open-Usable 417,736

Brad - Are there any previously submitted questions relating to this resolution?

I would now like to open the floor to any questions attendees may have on resolution 2.

SLIDE 38: Participation by the Managing Director in the Long-Term Incentive Plan

Resolution #3: Participation by the Managing Director in the Long-Term Incentive Plan

I now move to Resolution 3, which is:

To approve the participation by the Managing Director in the Long-Term Incentive Plan under ASX Listing Rule 10.14.

The company is proposing to issue awards with a full vested face value of \$1,747,494 to Mr David Surveyor. The number of awards will be determined by dividing that full vested face value by the volume weighted average market price of fully paid ordinary shares in the company over the 10 days

preceding the date of the AGM. As per ASX listing rule 10.14, no director can acquire securities under an employee incentive scheme without shareholder approval. This resolution is seeking that approval.

Shareholders should note that members of the Company's Key Management Personnel and their closely related parties as well as a director of the company who is eligible to participate in the long-term incentive plan are prohibited from voting on this resolution.

The Company Secretary will now provide the final Proxy votes submitted.

Outcome of the Proxy votes are as follows:

Those in favour 50,197,351

Those against 1,439,961

Open Usable 437,194

Brad - Are there any previously submitted questions relating to this resolution?

I would now like to open the floor to any questions attendees may have on resolution 3.

### SLIDE 39: Thank You

Ladies and gentlemen that concludes our discussion on the items of business.

Please ensure that you have cast your vote on all resolutions. I will now pause to allow you time to finalise those votes.

[Pause for Computershare to collect cards] Voting is now closed.

That concludes our meeting. The results of these votes will be released to the stock exchange later today.

I thank shareholders for their attendance.

I now declare the 2023 Annual General meeting closed.