



SELECT HARVESTS

Select Harvests Limited (ABN 87 000 721 380)

Level 3, Building 7, Botanicca Corporate Park
570-588 Swan Street, Richmond Victoria 3121 Australia
Telephone +61 3 9474 3544
Facsimile +61 3 9474 3588
www.selectharvests.com.au

14 July 2022

SELECT HARVESTS LIMITED POLLINATION, CROP AND MARKET UPDATE

Paul Thompson, Managing Director of Select Harvests Limited ("SHV"), is pleased to announce the following updates.

2022 Crop

Harvest has been completed and 100% of the 2022 crop is now secure. The final delivery of the crop to our Carina West processing facility will be finalised within the next ten days. The 2022 crop was impacted by wetter and more humid than average conditions leading up to and during harvest, with some of the crop requiring mechanical drying.

Approximately 70% of the crop has been processed and other than a lower percentage of nonpareil inshell, the balance of the crop quality profile is similar to last year. As previously advised, cashflows have been delayed due to ongoing delays with international shipping.

Our recent investments in processing technology and storage and drying capabilities at our Carina West processing centre has enabled SHV to minimise processing delays and quality impacts from this year's wetter harvest.

Based on current market conditions, SHV's 2022 crop is over 62% committed (including internal sales) with a fair valuation sales price of A\$6.64/kg. Our estimated 2022 export program is fully hedged at 0.72 cents AUD/USD.

Market Conditions

Global demand for almonds remains positive, with the majority of the world opening up post COVID-19 lockdowns. We expect to see good consumption of almonds during the upcoming festive seasons of Diwali, Christmas and Chinese New Year. Customers will need to plan shipments earlier to ensure supply can meet demand.

The United States Department of Agriculture (USDA) released their Objective Forecast for the 2022 California almond crop on 8th July 2022. The USDA's Objective Forecast of a 2.60-billion-pound almond crop is 11.0% lower than last year's crop of 2.92 billion pounds. A combination of early season frost and the ongoing drought have negatively impacted yields, with the USDA's forecast of a 1,900 pound per bearing acre yield for the 2022 crop the lowest in over a decade.

The final shipment month of the current California almond season (August to July) is expected to be strong, following record monthly shipment numbers in both May and June 2022, up 17.4% and 26.3% respectively vs. the previous year. Industry expectations for crop carryout are now below 800 million pounds, a manageable number.

A combination of the lower-than-expected Objective Estimate vs. prior industry consensus and a strong June California shipment report, may result in an appreciation of the almond price as the industry adjusts to a tighter supply scenario heading into the 2022/23 Californian season.

As Agent for: Select Harvests Food Products Pty Ltd (ABN 17 058 752 846)

As Agent for: Kyndalyn Park Pty Ltd (ABN 76 006 360 194)

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2023 Crop & Pollination

Select Harvests' 2023 crop is progressing well with good tree health and sufficient chill hours as we move towards pollination in August. As previously communicated, our 2023 growing costs are expected to increase due to higher fertiliser and chemicals costs, with water prices expected to remain low. We are reducing costs that are within our control, while maintaining our current horticulture program in order to maximise 2023 crop volume and maintain long term tree health.

To date there are positive signs that the current Varroa Mite incursion has been contained. While detections continue, they remain isolated, and/or linked to north-eastern NSW where they were first detected.

A national meeting of stakeholders and affected industry partners continue to meet to agree hive management protocols, to facilitate upcoming pollination requirements of horticulture crops, including almonds.

It is increasingly likely that there will be potential restrictions on moving hives both across state borders and within states. With 50% of the pollinating industry's hives in NSW, a potential shortage in Victoria and South Australia is looking like a reality.

Effective almond pollination is determined by flower density, synchronization, and bee flight hours. Historically we have been able to produce good nut set and crops even with one of these factors being negatively impacted by nature. Despite extensive research it is impossible to accurately predict the individual impact of these three influencers.

The company has undertaken the following actions to reduce risk:

Flower Density

A consistent multiyear horticultural program, with a particular focus on minimizing stress during the pre- and post-harvest period, to ensure strong flower density. Select is confident it has maintained solid and consistent programs for the last few years which is supported by all our tree health data.

Synchronization

Synchronization is the flowering cross over days between varieties. When establishing an orchard: synchronization, harvest time and marketability are the main determinants of varietal selection. Dependent on the region, all Select Harvests' orchards have three or four varieties, and we anticipate no issues with synchronization.

Bee Flight Hours

Bee flight hours is a function of weather, hive strength and hive placement. We have very strict guidelines on hive strength and placement. To further encourage bee activity, we enhance the environment by providing alternative foraging, windbreaks and water drops within our orchards. Optimum weather is a temperature above 14 degrees and light winds.



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Select Harvests is in the process of securing its beehive requirements from beekeepers within respective local areas. In the event we have a shortage, we will need to mitigate the impact of the lower stocking rates through more forensic hive placement.

Conclusion

Paul Thompson said: “While it appears that the current Varroa Mite incursion has been contained, SHV is actively managing the situation and has put in place mitigation strategies to support our 2023 crop pollination. Global demand for almonds continues to remain strong, with the potential for tighter supply following the lower-than-expected Objective Forecast for the 2022 Californian almond crop and continued strong shipment numbers. Select Harvests is focused on processing the remainder of our 2022 crop and delivering another record crop in 2023.”

This announcement has been approved by the Board of Select Harvests.

ENDS

FOR FURTHER INFORMATION, PLEASE CONTACT:

Paul Thompson, Managing Director & CEO	03 9474 3544
Brad Crump, Chief Financial Officer & Company Secretary	03 9474 3544
Andrew Angus, Investor Relations	0402 823 757

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 Northwest Victoria, Southern New South Wales and South Australia. Its almond processing and value-adding facility (Carina West) is located at Wemen in Northwest Victoria.

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