



SELECT HARVESTS

Almond Market Update Goldman Sachs

8th April 2022



SUPPLYING PLANT BASED PROTEIN TO THE WORLD



Disclaimer & Basis of Preparation

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The Select Harvests Limited financial statements are prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. This includes application of AASB 141 Agriculture in accounting for the current year almond crop, which is classified as a biological asset. In applying this standard to determine the value of the current year crop, the Company makes various assumptions at the balance date as the selling price of the crop can only be estimated and the actual crop yield will not be known until it is completely processed and sold. The resulting accounting estimates will, by definition, seldom equal the related actual results, and have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

This announcement has been approved by the Board of Select Harvests



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Select Harvests Overview

One of the worlds largest almond growers, with a geographically diverse 9,262-hectare orchard portfolio

Company Overview

- Listed on the ASX (SHV), with a market capitalisation of A\$654m (6 April 2022) and 611 employees.
- Australia's second largest almond producer and marketer with core capabilities across: Horticulture, Orchard Management, Nut Processing, Sales and Marketing.
- We supply the retail and industrial markets, exporting almonds globally. Continuing to build relationships in the fast-growing markets of India and China, as well as maintaining established routes to market in Asia, Europe and the Middle East.

Orchard Profile

- Geographically diverse almond orchards located in Victoria, South Australia and New South Wales, with a portfolio that includes more than 9,262 hectares of company owned and leased almond orchards and land suitable for planting.
- Select Harvests weighted average almond orchard age is 13.5 years, with 100% of current planted hectares cash generative. Almond orchards remain economically viable for +25 years, providing Select Harvests with a solid foundation for long term growth.
- Our state-of-the-art Carina West processing facility has the capacity to process above 30,000 MT of almonds in the peak season and is capable of meeting the ever-increasing demand for in-shell, kernel and value-added product.

Almond Market

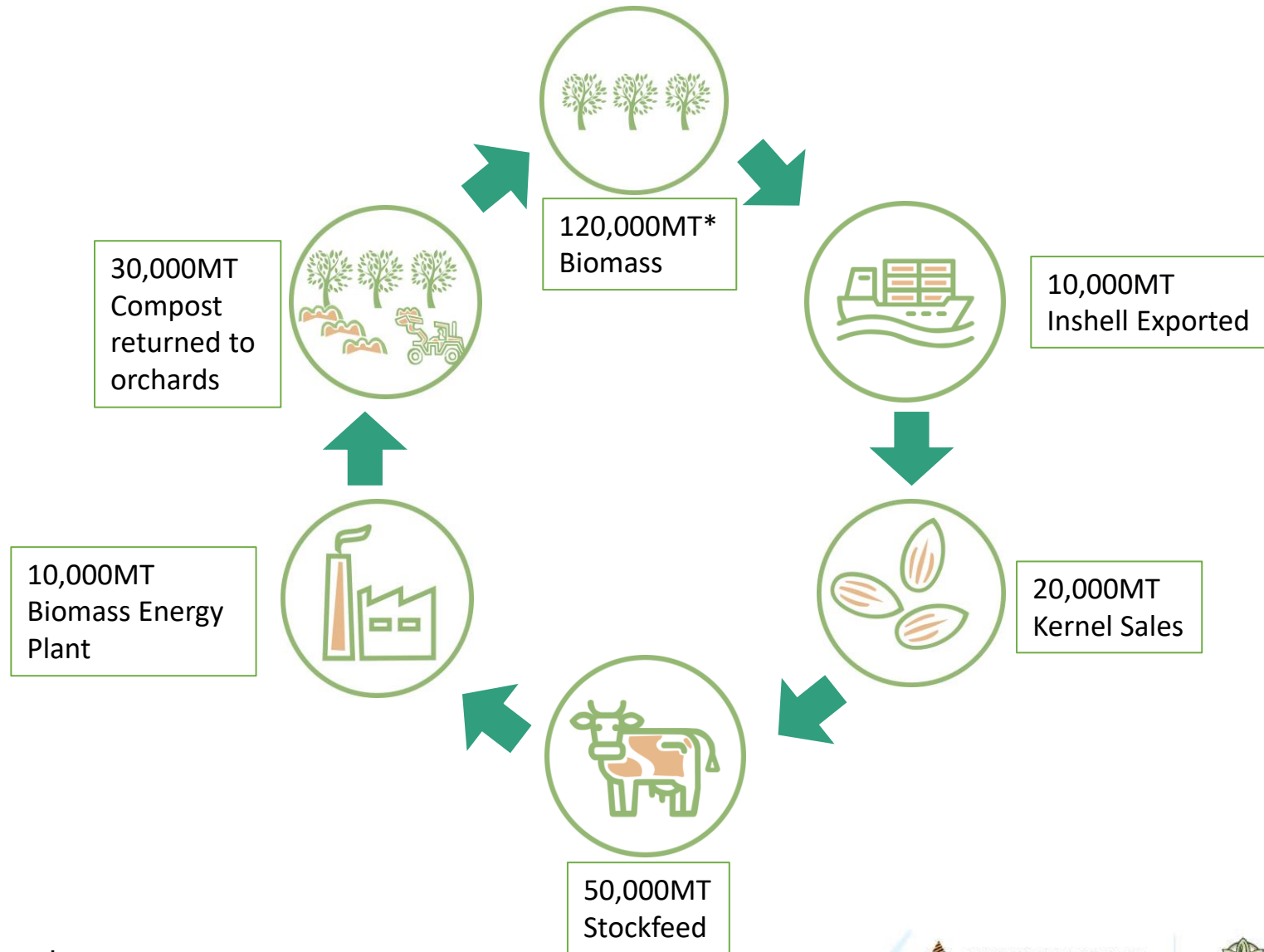
- The global almond market was valued at US\$8.6bn in 2020/21. The U.S. (California) accounted for 79% of world production in 2020/21, followed by Australia and Spain at 7% each. Australia has more than doubled its almond production in the last 10 years.
- The underlying fundamentals of our business remain strong. Demand for almonds, both in their natural form and as a value-added food ingredient, in products such as plant-based milks and yogurts, continues to grow.
- Australian Year on Year (March – January) almond exports are up 14%, with the South/Central Asia (India) market up 44%, and the Northeast Asia (China) market up 35% during the period.

Growth Strategy

- Select Harvests remains well positioned through its low operating costs, ability to deliver large scale value-added production and strong balance sheet to benefit from the growing global demand for almonds.
- Our investment in greenfield developments and orchard acquisitions, including the December 2020 acquisition of the 1,566-hectare Piangil Almond Orchard, will platform long term growth.
- We continue to assess opportunities to increase our almond production base through acquisitions, if suitable orchards become available.



Almond Growing a Closed Loop



* Based on 2021 quantity, estimated volume

Crop Update & India FTA

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- Harvest is forecast to finish late April, subject to the favourable climatic continuing, following a slow start due to adverse weather conditions.
- 60% of the forecast crop has been harvested.
- 35% of the forecast crop has been delivered to the Carina West processing facility.
- 18% of the forecast crop has been processed.
- Initial quality is as expected, inshell yields are down.
- The sorting and packing upgrade has been completed and is operating at or above business case.
- At this early stage of the harvest and marketing program there is no change to our price or crop estimate.
- 1HFY22 Results announcement May 27th.

United States Update

- Pollination is complete and harvest will commence in August.
- Significant frost in Northern growing region.
- Current snowpack 31% of average.*
- Precipitation 60% of average.*
- United States Department of Agriculture Subjective Forecast will be 12th May 2022

Indian Free Trade Agreement

- An Australia-India Free Trade Agreement has been proposed, details are yet to be confirmed
- Current tariffs to be reduced by 50%
 - Inshell Rs 35 to Rs 17.5 (0.31/kg)
 - Kernel Rs 100 to Rs 50 (0.88/kg)
- 34,000MT annual volume cap.
- Commencement date to be advised

* <https://cww.water.ca.gov/>

Market outlook is positive, at this early stage of our harvest & marketing program there is no change to our price or crop estimate



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U.S. Domestic Manufactured Shipments



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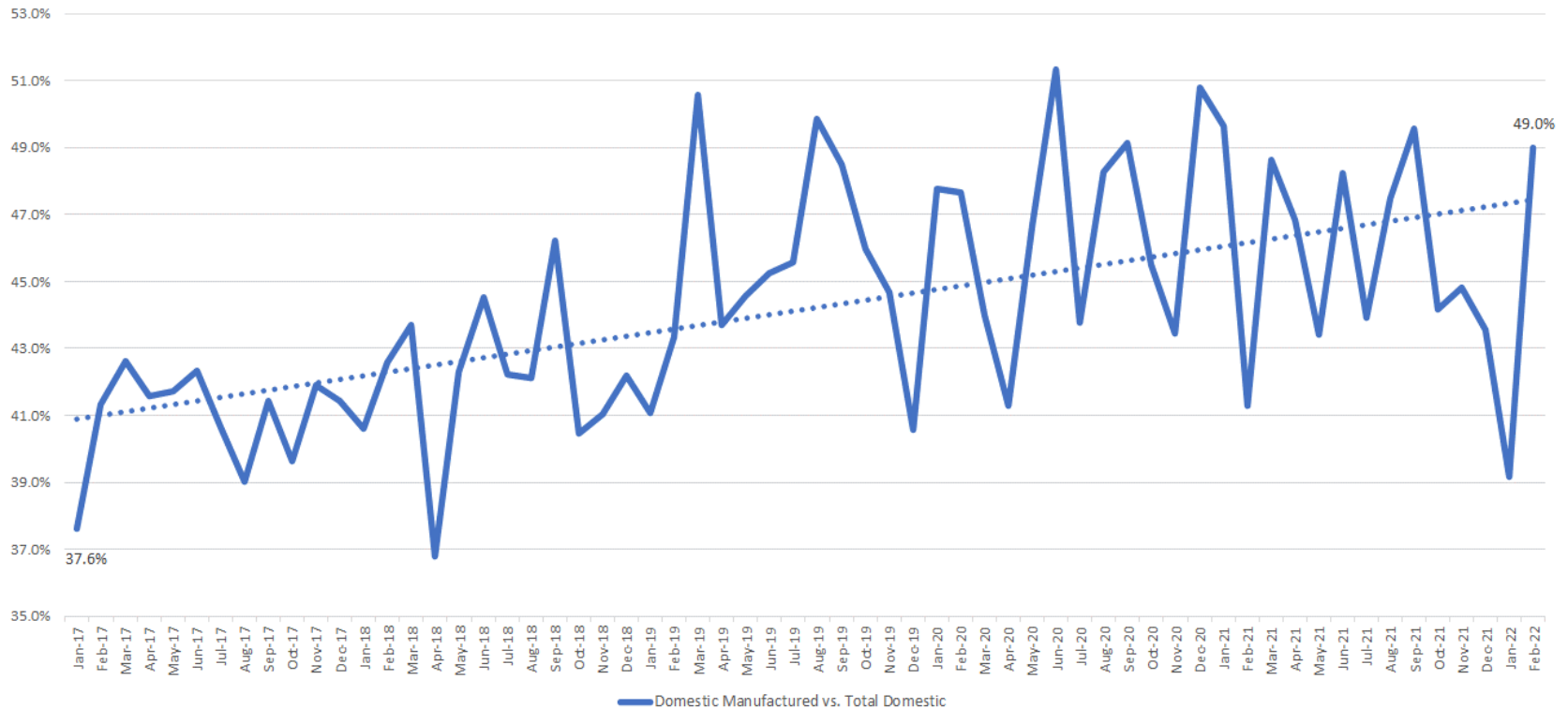


ALLINGA FARMS



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The U.S. Domestic Manufactured market for almonds is growing rapidly, increase from 41% to +47% of total domestic shipments over the past 5 years



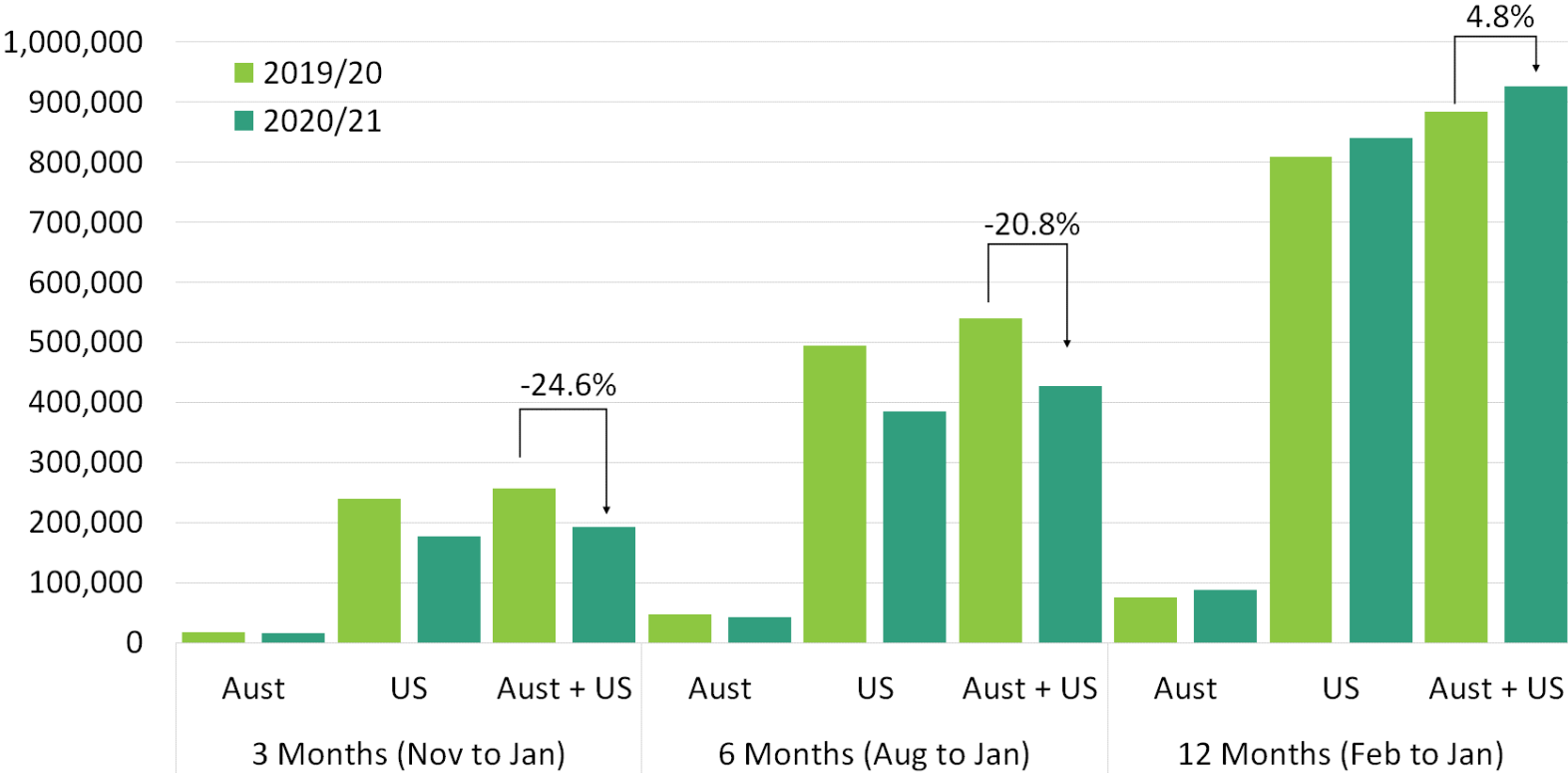
Combined U.S. & Australian Exports



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Combined U.S. and Australian almond exports are down by 24.6% and 20.8% over the last 3 and 6 months respectively, and up 4.8% over the last 12 month to Jan 2022



Source: Almond Board's of California and Australia
 Note: Australian February 2022 export data has not yet been released



Exports to Europe, India and China

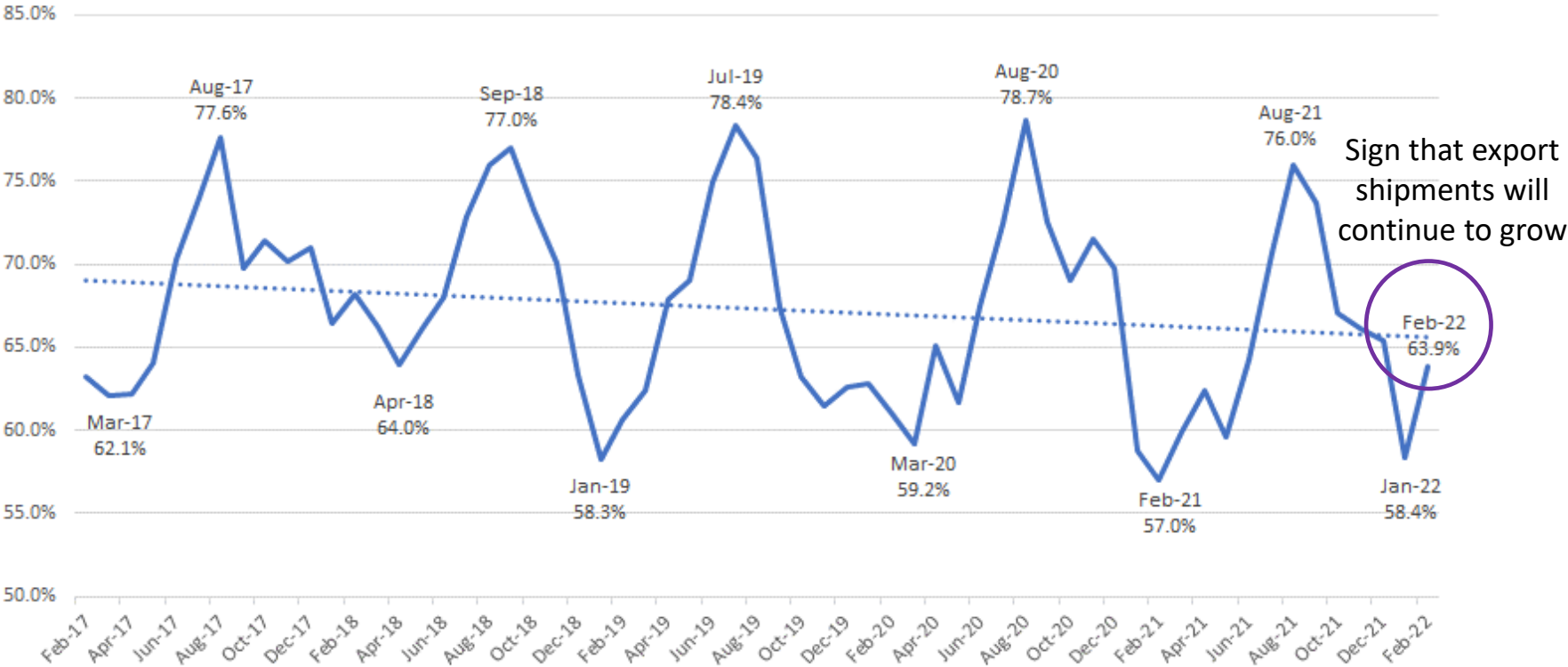


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Europe, India and China accounted for an average of 67% of U.S. + Australian almond exports over the last 5 years

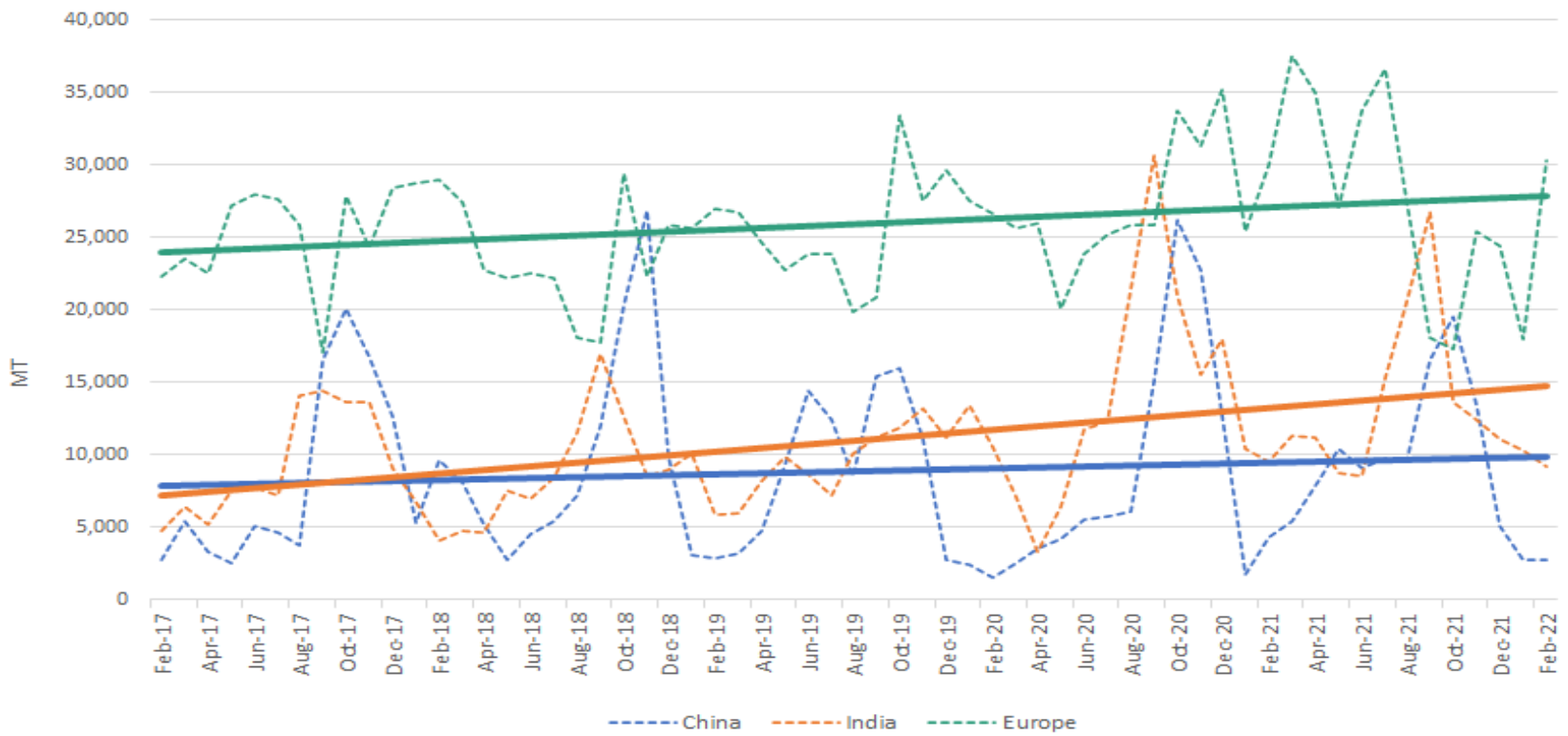
- Combined exports to the three destinations have historically peaked in July to August, with troughs occurring between Feb and March
- A sharp increase in U.S. export shipments for Feb 2022 (vs. both Jan 2022 and Feb 2021), driven by European demand, suggests that the annual trough in exports has already occurred in Jan 2022, with exports now set to increase until at least mid-2022



Source: Almond Board's of California and Australia
 Note: China data includes Hong Kong and Vietnam. Feb 2022 export data for U.S. only

Exports have been increasing to all three destinations, with an increase in long term trend growth over 5 years

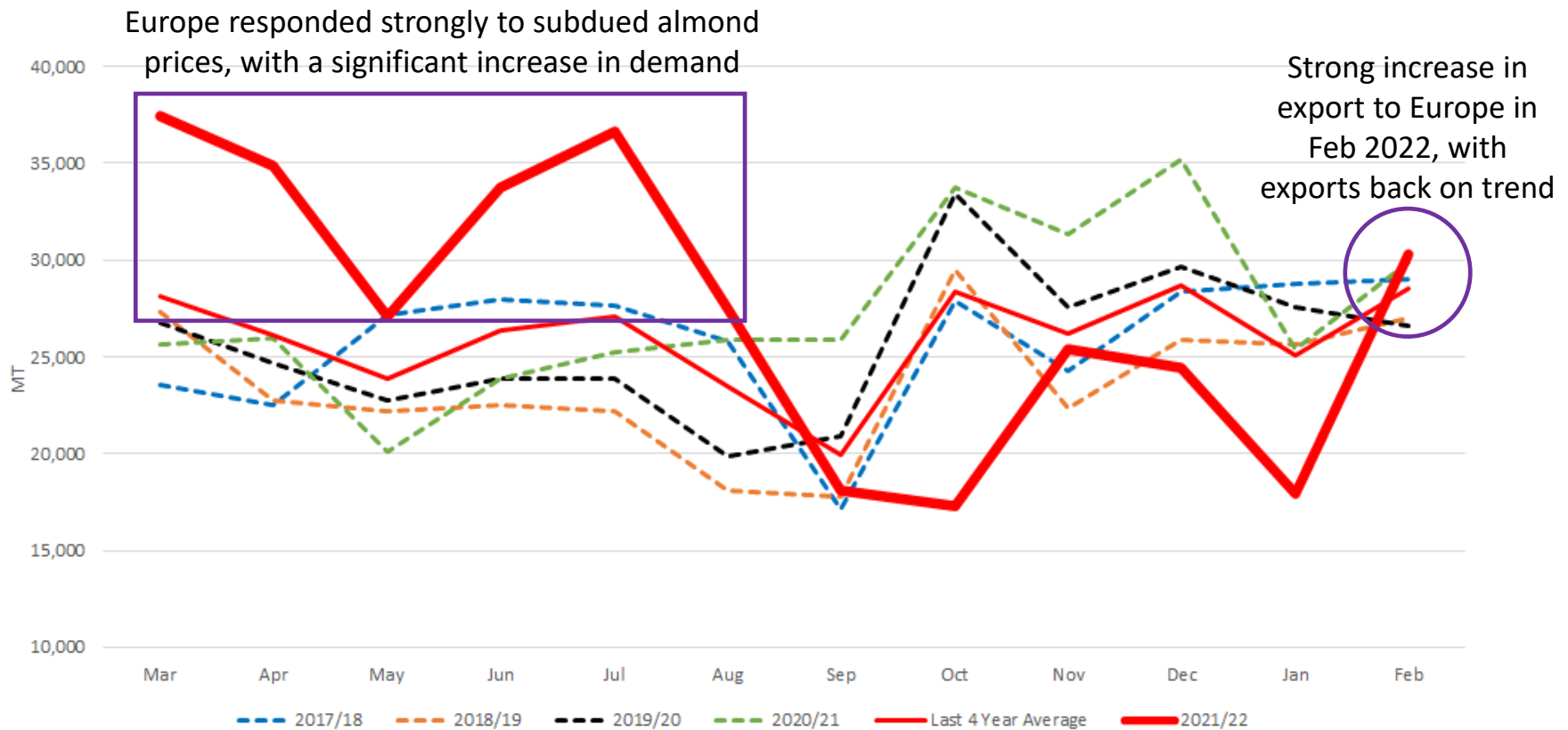
- Europe has increased long term linear almond imports from ~24k MT a month in Feb-17 to ~27k MT per month by Feb-22
- India has seen the strongest growth, increasing linear trend imports from <7.5k MT in Feb-17 to 15k MT by Feb-22
- China has managed to increase growth from ~8k MT per month in Feb-17 to ~10k MT per month in Feb-22, despite the imposition of tariffs on U.S. almond imports during this period



Source: Almond Board's of California and Australia
 Note: China data includes HK and Vietnam. Feb 2022 export data for U.S. only

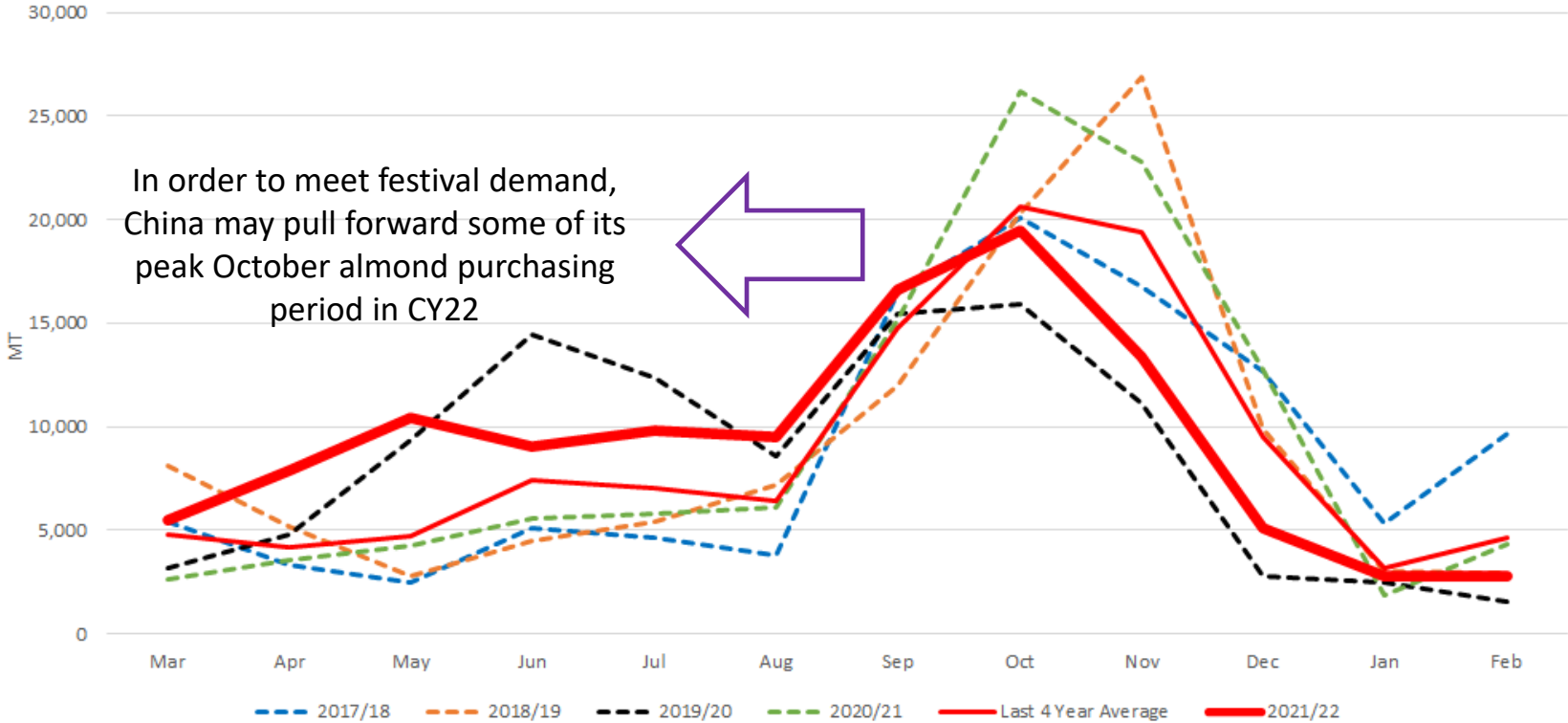
Exports to Europe increased sharply in Feb 2022, rising back above the monthly average seen over the last 4 years

- 25k MT less almonds were exported into Europe from the U.S. and Australia between Sep-21 and Jan-22 vs. the last 4 yr. average
- A return to trend growth for Europe in H1 CY22 would result in a significant increase in almond imports vs. the below trend performance between Sep-21 to Jan-22



Exports to China have been below trend since Oct-21, following an above trend performance in H1 CY21

- 12.6k MT less almonds were exported into China from the U.S. and Australia between Oct-21 and Feb-22 vs. the last 4 yr. average
- Due to freight/logistics issues, China may pull forward some of its October peak almond purchasing, which would result in above average almond exports in H1 CY22



Source: Almond Board's of California and Australia
 Note: China data includes HK and Vietnam. Feb 2022 export data for U.S. only

Exports to India have been inline with trend since Oct-21, following an above trend performance b/n Jun to Sep 21

- U.S. and Australian exports to India have remained on trend since Oct-21. This is likely due to the ‘hangover’ effect of above average exports b/n July 2021 and Sept 2021, when 21k MT additional almond were purchase above the average over the last 4 years
- If the almond price remains subdued, then the expectations would be for a repeat of the high peaks seen in both 2020/21 and 2021/22. As with China, shipping and logistics issues may see this peak brought forward into H1 CY22 to meet festival demand

