SELECT HARVESTS

2023 ANNUAL REPORT

TRANSFORMING OUR FUTURE

CONTENTS

ALLINGA FARMS

RENSHAW

Our almond kernels can be traced to the orchard where they are grown whether they are sold in India, China or in other parts of the world.

We acknowledge and pay our respect to the First Nations custodians of our lands, and to Elders past, present and emerging.

Australia is a significant global almond producer and Select Harvests is 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.

Our Vision

To be a leader in the supply of better for you plant-based foods.

Our Operations

We supply the Australian and global almond markets. Our core capabilities across: Horticulture, Orchard Management, Almond Processing, Sales and Marketing enable us to add value across each of our business activities

Our geographically diverse almond orchards are located in Victoria, South Australia and New South Wales, with a portfolio that includes more than 9,371 hectares (23,156 acres) of company owned and leased almond orchards and land suitable for planting. These orchards, plus other independent orchards, supply our state-of-the-art processing facility at Carina West near Robinvale, Victoria.

Our Carina West processing facility has the capacity to process above 40,000MT of almonds in the peak season and is capable of meeting the ever increasing demand for inshell, kernel and value-added products.

Export

Select Harvests is one of Australia's largest almond exporters and continues to build strong relationships in the fast growing markets of India and China, as well as maintaining established routes to markets in Asia, Europe and the Middle East.

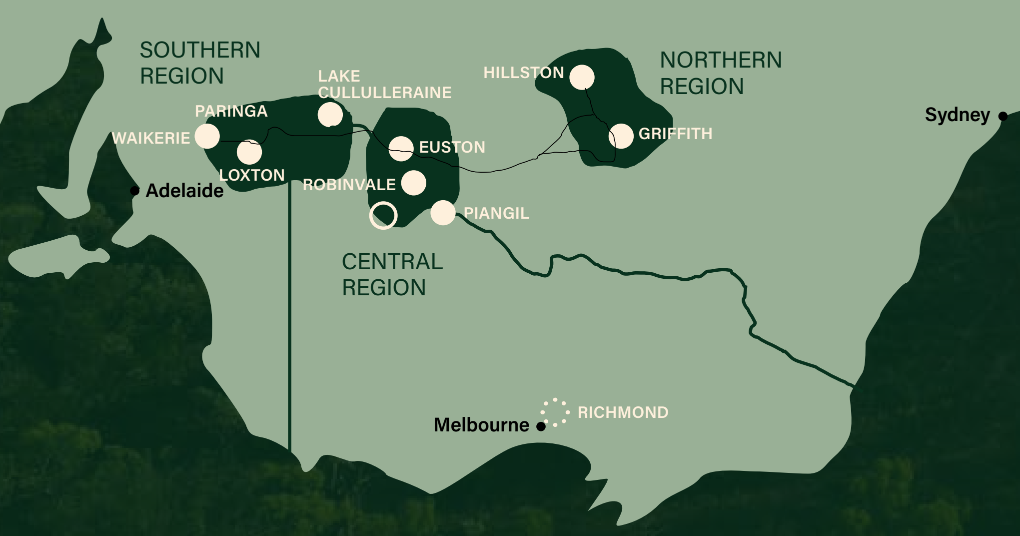
Value-Adding Almond Business

Demand for Select Harvests value-added industrial almond products continues to grow under our Renshaw and Allinga Farms brands.

Our business supplies a full range of premium value-added almond products (blanched, roasted, sliced, diced, meal and paste) in multiple customer categories (beverage, bakery, confectionery, cereal, snacking, health, dairy (ice cream), re-packers and wholesalers) to over 600 customers globally.

GEOGRAPHICAL DIVERSITY

We are one of the world's largest almond growers, with a geographically diverse almond orchard portfolio supplying our state-of-the-art primary processing facility.



- SELECT HARVESTS ORCHARDS
- SELECT HARVESTS PROCESSING
- SELECT HARVESTS HEAD OFFICE

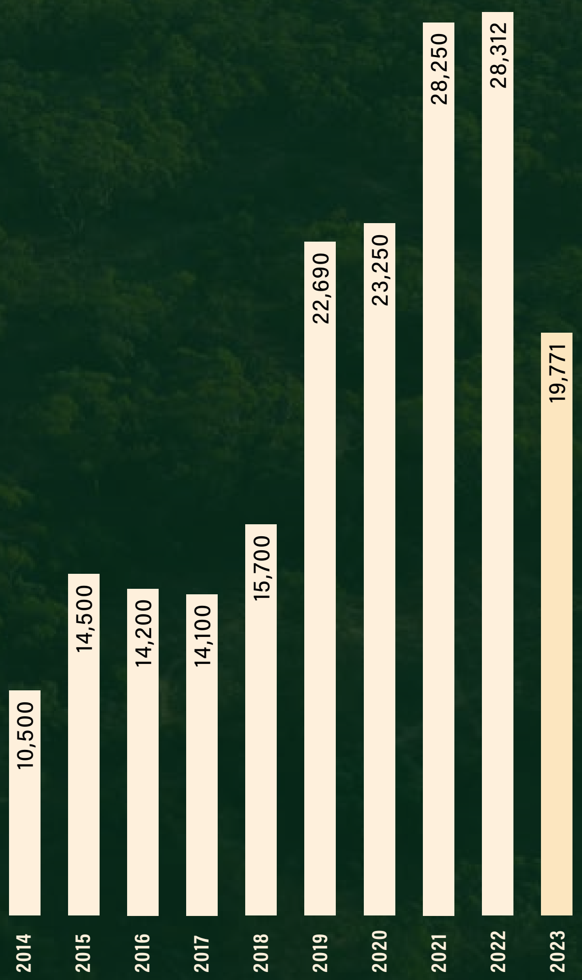
9,371 HA
(23,156 acres)
Total Planted Area

2,670 HA
(6,596 Acres)
Southern Region Planted Area

4,754 HA
(11,746Acres)
Central Region Planted Area

1,948 HA
(4,814 Acres)
Northern Region Planted Area

BUSINESS HIGHLIGHTS



TONNAGE TOTALS

Weight of Kernels Per Annum
(Metric Tonnes)

($117.1M) EBITDA LOSS

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)

($114.7M) NPAT LOSS

Net Profit After Tax (NPAT)

46.2% DTOE

Net Bank Debt to Equity. (Excluding lease liabilities)

$6.42/KG AUD

Average Select Harvests Almond Price

$6.72/KG

THEORETICAL ALMOND PRODUCTION COSTS

Based on a crop volume of 30,000MT

19,771MT

ALMOND CROP

Yield impacted by adverse growing conditions

($8.2M)

OPERATING CASH FLOW

Decrease of $35.1m, impacted by higher operational cost and lower 2023 crop volumes

4,829MT

VALUE-ADD SALES

DOWN **60.8%**

Total Recordable Injury Frequency Rate (TRIFR)

CHAIRMAN & MANAGING DIRECTOR'S REPORT

Select Harvests is a leader in providing foods that are better for you and better for the planet. We remain committed to this and delivering value for our shareholders.

For FY2023 the business recorded a Net Operating Loss after Tax of $114.7m. We recognise the need to improve financial performance and the business has commenced enacting a revised business plan.

The safety performance of the Company further improved in FY2023 with a TRIFR of 6.7. This is the result of a strong focus on safety by the Company over a long period of time. The next step is to further imbed world class safety practices into our everyday operations, so this becomes the way we conduct operations.

Following a challenging FY2022, FY2023 delivered another set of weather-related factors to contend with. The year commenced with unprecedented rainfall across all of the Company's geographic footprint. This led to flooding across several of our orchards. We have recorded a write off for lost trees of $4.1m, however more significant damage was averted due to the dedication and professionalism of the Company's employees in handling situations that have not been seen for a long period of time.

Recovering from the impact of the floods, the Company moved its focus to harvesting the 2023 crop. This harvest period was again more difficult than a typical year due to the wet and cool conditions impacting operating costs and crop quality levels. Once the crop started to be delivered to the processing centre it became evident that the expected volume of 30,000MT was not going to be reached. The last three years of a La Nina weather pattern had impacted the trees and they did not produce to their normal levels. This impact was seen across all of the Company's orchards and across the wider Australian almond industry.

In addition to the volume of nuts being lower the amount of weight in the actual kernel compared to the surrounding hull and shell was lower than average. This meant the trees put more of their energy into producing the protective hull and shell rather than the almond kernel. The consequence of both factors meant that the Company's 2023 crop was 34% lower than forecast at 19,771 MT. A substantial volume of the crop required drying and we applied the lessons from the prior year and effectively managed this at the Carina West Processing Facility. This year also saw the benefit of our more recent investment in sorting technology and allowed us to maximise the quality of the crop.

As the year moved forward into August with the Bloom for the 2024 crop, we were very pleased by the number of flowers across all farms. We secured bees and flight hours were positive. However, the industry was impacted by the varroa mite incursion which has seen the Department of Agriculture, Fisheries and Forestry, move from an eradication phase to a management phase, meaning that going forward beekeepers will need to manage this pest as part of their practices. This had no impact on the 2024 crop pollination and the impact on the bee industry going forward will be closely monitored.

The global almond market continued the prior year pricing trend and remained subdued for FY2023 and our average sell price for the year was $6.42/kg. The market purchased hand to mouth as it waited to see how the 2023 Californian crop developed and the pace at which carryout inventories reduced. Additionally, demand in the largest almond consumer market, the US, declined by 6.3%. The Company achieved premium pricing in key export markets however the lower quality crop meant there were limited opportunities to capitalise on this.

The combination of the above factors has led to the FY2023 financial performance of the Company being materially affected. As a result, operating cashflows were negative and steps were put in place by management to reduce spend and speed cash velocity. As a result, the Company maintained its operations within its set banking limits.

To date the 2024 crop is progressing well with a successful bloom and good growing conditions, a favourable forecast of hotter and drier conditions over the final growing and harvesting periods and below average water pricing.

The management team have put in place improved systems, practices and processes to increase the capacity of the Carina West Processing Facility. This allows for an uplift in throughput volumes. As a result, a significant volume of external grower volumes have been contracted to be processed by Select Harvests in the FY2024 year adding a new profitable and low risk earnings stream.

Work continued through the FY2023 year on maximising the full usage and value of the biomass product produced when growing almonds. Select Harvests continue to develop a profitable circular economy model whereby hull and shell is used for compost, energy and cattle feedlots. Select Harvests have also been continuing work to reduce our carbon emissions with significant reductions being achieved through better fumigation practices.

Financial Performance

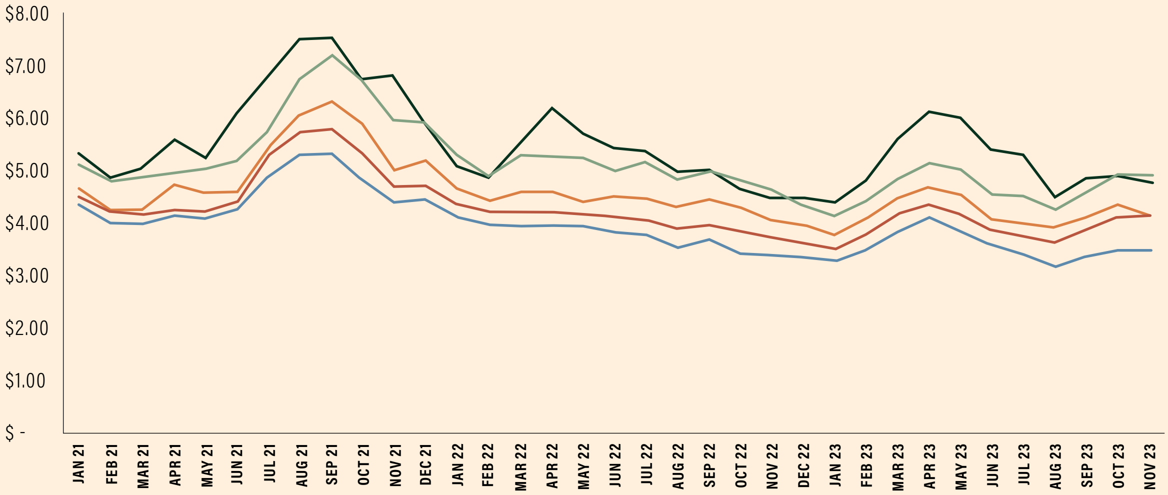
Select Harvests delivered a FY2023 Net Loss After Tax of $114.7m. This loss was a result of three key factors:

i. The 2023 crop was 34% lower than expectations. This was a result of three years of La Nina weather impacts. The impact of this was $74.5m
ii. The value of the 2022 crop carryover inventory was written down further due to its poor quality profile as a result of the cooler and wetter season. The impact of this was $24.5m
iii. The Company wrote off its goodwill intangible asset following a half year impairment assessment. The impact of this was $26.0m.

The 2023 crop yields were lower across all orchards and age profiles. The impact of the La Nina weather events were widespread across the Australian almond industry. The Company is forecasting that the orchards will rebound strongly for the 2024 crop production. The wet and cooler conditions also

CHAIRMAN & MANAGING DIRECTOR'S REPORT

GLOBAL ALMOND PRICING
USD Per Pound



Source: Strata markets almond price table

impacted the 2023 crop quality profile with lower-than-average inshell production and decreased high quality kernel due predominantly to higher moisture levels.

Crop production costs increased 23.4% due to:

- The increased costs of fertiliser and chemicals due to the Russia Ukraine conflict and lower production levels out of China
- Increased orchard lease costs due to inflation adjustments and the full recognition of lease costs on orchards reaching full maturity
- Higher labour costs due to market related increases

The above increases were partially offset by lower water prices.

Our almond value-adding operating results delivered an improved result in FY2023. Production rates have increased following the finalisation and commissioning of new equipment implementation. The results were impacted however, by the current low almond price (particularly for low quality product) which has flowed through to lower sales values for value-add finished goods. 2022 crop input stock is forecast to be fully utilised by December 2023.

The Company's balance sheet remains in a sound position with excellent assets. Due to the lower volume of the 2023 crop and the lower quality profile of the 2022 and 2023 crops the level of cash receipts decreased. As a consequence, the Company's net debt position increased to $190.2m with a gearing level of 46.2%. While this is higher than we would like, the Company's forecast cashflows has us operating within banking limits and a reduction in debt level will follow the harvesting of the 2024 crop.

Reduced available product for shipping, the 2022 and 2023 lower quality crop profiles and lower global almond prices also reduced the Company's operating cashflow to a negative $8.2 million (FY2022 $26.8 million). This, plus a further drawdown of debt, funded the year's investing cashflows which were scaled back to operational requirements only. The Company has implemented strategies around customer receipts and supplier payments to increase the velocity of cashflows.

As a result of the Company's FY2023 financial operating result, the Directors have decided to not declare a final dividend.

As the Company looks to enact its strategy, a series of initiatives have been put in place through the establishment of a project management office. Over the course of the year 52 projects were developed of which 26 are ongoing and 12 are completed. The value created from this work to the end of September 2023 was $8.9m profit and $18.5m cash. The value of these gains was consumed by the impact of a lower crop. None the less the project management office has proved an effective means of identifying and creating value.

Sustainability and Safety

We seek to create value for our shareholders and consider the triple bottom line: the profit we generate from our products, the planet we all live on and the people we rely on to be successful.

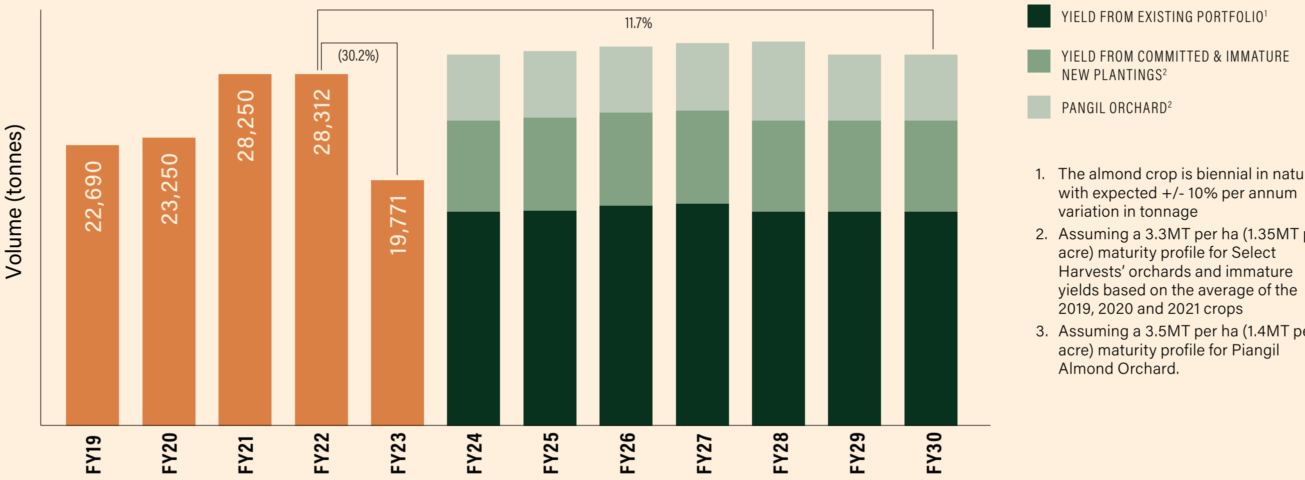
This year has seen a substantial and positive improvement in safety results, processes, and practices. We have recorded a 61% reduction in our total recordable injury frequency rate, demonstrating our people are a clear priority. We also reduced our greenhouse gas emissions by 25% compared to our 2020–21 baseline and remain committed to become carbon neutral by 2050.

We have taken steps to align our Sustainability Report with the recently released IFRS Sustainability Disclosures and continued to report in reference to the Global Reporting Initiative (GRI) 2021). For the first time this year we are releasing our Sustainability Report alongside our Annual Report and have provided independent assurance over our greenhouse gas emissions data, to ensure its integrity. As a result, we are prepared for emerging mandatory sustainability related disclosures posed by the Australian Government.

Our approach to sustainability supports the global effort to achieve the United Nations Sustainable Development Goals and we are committed to the continual improvement of our sustainability performance. For more information, visit our Sustainability Report 2023.

CHAIRMAN & MANAGING DIRECTOR'S REPORT

SELECT HARVESTS THEORETICAL HARVEST VOLUME (MT)



1. The almond crop is biennial in nature with expected +/- 10% per annum variation in tonnage
2. Assuming a 3.3MT per ha (1.35MT per acre) maturity profile for Select Harvests' orchards and immature yields based on the average of the 2019, 2020 and 2021 crops
3. Assuming a 3.5MT per ha (1.4MT per acre) maturity profile for Piangil Almond Orchard.

Almond Market Outlook

The global almond price remained sluggish over the FY2023 period. The USDA released their Objective Estimate in July 2023 of 2.6 billion pounds for the US 2023 almond crop. This was higher than industry expectations and prices softened. Consequently, the market held back on buying as they waited to see how the crop developed. As a result, shipment levels were soft, internationally and domestically (USA), which meant carryover stock numbers have not reduced as fast as expected.

The size and quality of the US crop has been the subject of much discussion. California encountered unseasonal cold and wet weather during the final growing periods and the harvest period. Additionally, the industry has encountered a higher prevalence of the Navel Orange Worm, mould and damage. We are starting to see these factors impact the quality profile and size of the US 2023 crop. This is likely to lead to higher pricing for better quality product, particularly Nonpareil and Inshell.

In October 2023 the USDA released their Tree Nuts: World Markets and Trade Report. This report estimates that 2023/24 global demand for almonds will increase by 6%, outstripping the estimated production levels for the same period.

Based on the current Californian weather related factors and an increase in global demand, almond pricing levels are increasing.

Following the adverse wet conditions over the past two seasons the 2024 crop is progressing well. The trees are in good health and the key milestones of bloom and pollination have both successfully completed. Forecast drier and hotter conditions over the next few months leading into and during harvest will set the Company up for a crop in line with projected expectations for both volume and quality.

Thank You

During the year Paul Thompson, the previous Managing Director, departed Select Harvests. Appointed to the role in July 2012 Paul substantially grew the Company over 10 years. We would like to acknowledge and thank Paul for his leadership over this period.

The past two years have thrown up numerous challenges for the Company to manage through. The Company's employees have handled these challenges in a professional manner and with unwavering dedication. There have been numerous actions that have been undertaken that will put the Company in a position to benefit when the global almond market returns to its average operating position and crop volumes return to improved growing conditions.

Select Harvests has world class assets and being one of the world's largest vertically integrated almond producers has ensured that the Company has navigated through these recent downward cycles and will be able to capitalise on future upside.

The underlying fundamentals of the almond industry remain positive. Select Harvests is very well placed to benefit from the forecast improved global market pricing and the likelihood of a larger and better quality 2024.

Select Harvests' targeted strategic focus going forward is to increase our volume of almonds, improve our processing scale and efficiency, maximise the return from our crop and innovate to drive step out growth.

We would like to thank our shareholders, customers, suppliers, and employees for all their support and commitment during FY2023 and look forward to continuing to pursue operational improvements and growth opportunities in 2024.

Travis Dillion
Chairman

David Surveyor
Managing Director & CEO

SELECT HARVESTS STRATEGY: IN CONTROL OF OUR DESTINY

Vision

To be a leader in the supply of 'better for you' and 'better for the planet', plant-based foods

Mission

Our mission is to deliver sustainable returns to our shareholders by marketing premium almond products to the world

Three Horizons

HORIZON 1	HORIZON 2	HORIZON 3
Strong Foundation	Sustainably Profitable	Transformation

Strategic Priorities

Substantially greater almond volume	Leadership in processing scale and efficiency	Maximise return from the crop	Innovate to drive step-out growth

Delivery Pillars

ZERO HARM	SUSTAINABLE GROWTH	FINANCIAL PERFORMANCE	HORTICULTURAL EXCELLENCE
PROCESSING EXCELLENCE	SUPPLY CHAIN INTEGRATION	CUSTOMER VALUE	HIGH PERFORMANCE & CULTURE

VALUE-ADD ALMONDS

Renshaw supplies a full range of premium value-added almond products in multiple supplier categories, including beverage, bakery, confectionery, cereal, snacking, health, dairy (ice-cream), re-packers and wholesalers, to over 600 customers globally.

2023/24 FOCUS AREAS

Our attention is on the product we produce, minimising the impact on the planet and ensuring the safety of our people, whilst delivering sustainable profits.

FOOD SAFETY & QUALITY

114 complaints
(100 in 2021–22)

CIRCULAR FOOD PRODUCTION

7,792 tonnes harvest biomass returned to orchards in our compost mix
(8,280 tonnes in 2021–22)

WATER EFFICIENCY

100% of our orchards use drip irrigation, tree and soil monitoring systems

EMISSIONS, CLIMATE ADAPTATION & RESILIENCE

25% reduction in greenhouse gas emissions
(compared to our 2020-21 baseline)

WORKPLACE HEALTH & SAFETY

6.7
Total recordable work-related injury frequency rate
(17.1 in 2021–22)*

LOCAL COMMUNITIES

$19,400
Community grants
($35,300 in 2021–22)

CARINA WEST PROCESSING CAPABILITY

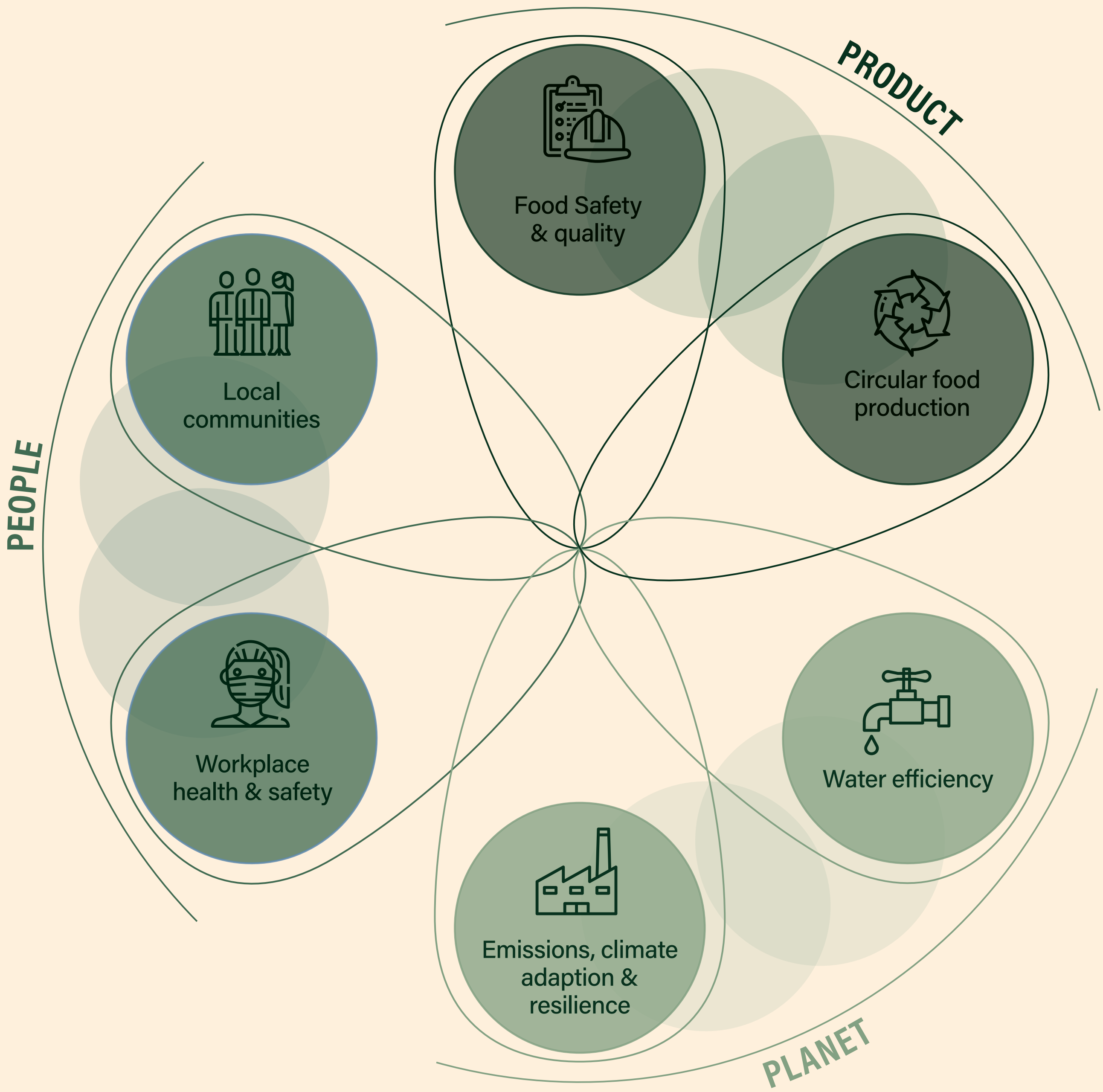
Increased to 40,000MT

PROJECT MANAGEMENT DELIVERY

52 Projects identified with 12 completed

* Total recordable work-related injuries include 'treatment injuries' and 'lost time injuries'. Frequency rates are calculated by the total category number divided by total hours worked (for all direct and labour hire staff) multiplied by one million.

Our sustainability strategy centres around three pillars: product, planet and people, with two priorities for each to achieve our renewed strategy, metrics and targets.



EXECUTIVE TEAM

Left to right: Ekrem Omer, Ben Brown, David Surveyor, Bradley Crump, Trisha Crichton and Dan Wilson

David Surveyor
Managing Director and CEO

Appointed as the Managing Director and Chief Executive Officer of Select Harvests Limited on 20th February 2023. David has experience across a variety of industries and expertise in the food sector. David was previously Chief Executive of Alliance Group Limited, Chairman of Alliance Group (NZ) Ltd, the UK subsidiary, a director of The Lamb Company (North America), Director Meateor Pet Foods, Director Beef and Lamb New Zealand and a member of the Meat Industry Association Council. David was also previously Executive General Manager of Laminex, a subsidiary of Fletcher Building and has held roles with BHP in Australia and as President of Bluescope Lysaght in Malaysia.

Bradley Crump
CFO and Company Secretary

Brad joined Select Harvests as Chief Financial Officer in 2017 and was appointed Company Secretary on 7 August 2018. He is a Certified Practising Accountant and has over 15 years experience in senior financial management. Most recently he has been the CFO of Redflex Limited and previously gained extensive experience in agribusiness as CFO of Landmark (Australia's largest rural services provider) and senior roles within AWB Limited. He brings extensive agribusiness, agri-services and related capital management experience to the role.

Ben Brown
General Manager, Horticulture

Ben joined Select Harvests in 2014. Ben held the position of Project and Technical Manager of the Horticultural Division, before being appointed General Manager Horticulture in April 2018. Ben is an Applied Science graduate with Honours in Soil Science and has 20 years experience across perennial irrigated horticulture with expertise in: orchard development; production horticulture; development of detailed RD&E strategies; and extension and technology transfer of best practice. Prior to joining Select Harvests, Ben was the Industry Development Manager at the Almond Board of Australia and an irrigation and soil agronomist.

Trisha Crichton
General Manager People, Safety & Sustainability

Trisha joined Select Harvests in July 2023. Trisha is a highly accomplished and results driven HR executive with a proven track record in driving organisational change, leadership, and optimising HR initiatives. With extensive experience in centralised HR services, safety culture and fostering employee engagement, she is adept in aligning HR strategies with business objectives to achieve exceptional outcomes. Throughout her career, Trisha has successfully led large-scale transformational initiatives, implemented change management strategies, and driving a culture of continuous improvement. Trisha has held key leadership roles, including General Manager Human Resources at McConnell Dowell, where she oversaw the development and execution of HR strategies for the Australian Business Unit, and HR Shared Services Director at Serco, where she led the implementation of global HR centralised solutions.

Dan Wilson
General Manager, Almond Operations

Dan joined Select Harvests in 2017. He has held the positions of H2E Cogen Manager, Operations Manager - Mechanical Engineering, and was appointed General Manager of Almond Operations in July 2021. Before joining Select Harvests, Dan was the Plant Manager for the BOC bulk gas division in the Northern Territory and brings with him extensive knowledge in production, processing and operations.

Ekrem Omer
General Manager, Sales

Ekrem joined Select Harvests in August 2021 where he assumed the role of International Sales Manager, before being appointed as the General Manager of Sales in July 2023. Ekrem holds an international business degree, and has over 15 years' experience in the industry. Before joining Select Harvests he was involved in an Ingredients business in Australia. His career has spanned multiple business areas with extensive knowledge in sales, procurement and shipping operations, whilst adding value to stakeholder partnerships, making him a driving force in the organisation.

BOARD OF DIRECTORS

Travis Dillon
Chair and Non-Executive Director

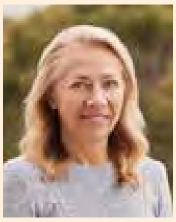
Joined the board on 29 November 2021 and appointed Chair on 27 May 2022. Travis has commercial and strategic expertise in the agricultural sector and relevant distribution channels. He is currently the Deputy Chair of Lifeline Australia, Chair of Clean Seas Seafood and Chair of Terragen Holdings Limited. Travis has previously served as CEO and Managing Director of Ruralco Holdings Limited until its acquisition by Nutrien in September 2019. Prior to becoming Ruralco's Managing Director in 2015, he was the Executive General Manager of Ruralco's operations. Over a career in agri-services, spanning nearly three decades, Travis has held many positions including Branch Manager, Agronomist and numerous Category Manager roles. He is a current member of the Remuneration and Nomination Committee.

David Surveyor
Managing Director and CEO

Appointed as the Managing Director and Chief Executive Officer of Select Harvests Limited on 20th February 2023. David has experience across a variety of industries and expertise in the food sector. David was previously Chief Executive of Alliance Group Limited, Chairman of Alliance Group (NZ) Ltd, the UK subsidiary, a director of The Lamb Company (North America), Director Meateor Pet Foods, Director Beef and Lamb New Zealand and a member of the Meat Industry Association Council. David was also previously Executive General Manager of Laminex, a subsidiary of Fletcher Building and has held roles with BHP in Australia and as President of Bluescope Lysaght in Malaysia.

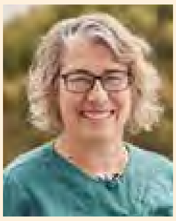
Guy Kingwill
Non-Executive Director

Appointed to the board on 25 November 2019. Guy has an extensive background in horticulture, international soft commodity marketing and water investment and trading. He is currently on the Board of Agriculture Capital Management (Australia) Pty Ltd. Guy has previously served as Managing Director of Tandou Limited, and as a non-executive director of Lower Murray Urban and Rural Water Corporation and Tasmanian Irrigation Pty Ltd. He is Chair of the Remuneration and Nomination Committee and a current member the Audit and Risk Committee and the Sustainability Committee.



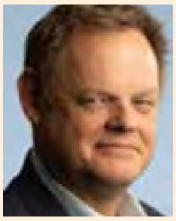
Margaret Zabel
Non-Executive Director

Appointed to the board on 3 October 2022. Margaret is a specialist in customer centred business transformation, brand strategy, innovation, digital communications, customer experience and change leadership. She has 20 years' experience working across major companies and brands in FMCG, food, technology and communications industries including multinationals, ASX 100 and not-for-profits. Her previous roles include National Marketing Director Lion Nathan, VP Marketing for McDonald's' Australia and CEO and Board Director of The Communications Council. Margaret has also served as a Non-Executive Director for the mental health charity RUOK? for 5 years and is currently a Non-Executive Director of G8 Education, The Reject Shop, Collective Wellness Group and Fairtrade AUNZ. She is Chair of the Sustainability Committee.



Michelle Somerville
Non-Executive Director

Appointed to the board on 13 December 2022. Michelle was previously a partner of KPMG for nearly 14 years specialising in external audit and advising Australian and international clients both listed and unlisted primarily in the financial services market in relation to business, finance risk and governance issues. Michelle holds a Bachelor of Business and a Masters of Applied Finance. She is a Graduate Member of the Australian Institute of Company Directors and a Fellow Chartered Accountant. She was also previously an independent consultant to the UniSuper Ltd Audit, Risk and Compliance Committee and a Non- Executive Director of Bank Australia Limited, Challenger Retirement and Investment Services Ltd, Save the Children (Australia) and Down Syndrome Australia.



Paul van Heerwaarden
Non-Executive Director

Appointed to the board on 1 November 2023. Paul has over 30 years' experience in agribusiness including soft commodity cycle risk management and managing integrated supply chains from farm through to processing and distribution into industrial and consumer channels, both domestically and internationally. He has previously held roles with Cargill and Ridley AgriProducts and recently retired from his role as CEO of the Bega Group (BGA). Paul is a Director of Dairy Australia Ltd. He is a current member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

PERFORMANCE SUMMARY

Results – Key Financial Data

$'000 (except where indicated)	FY2023	FY2022	Variance	Variance %
Revenue from Continuing Operations	**206,003**	**235,516**	**(29,513)**	**-12.5%**
Almond Crop Volume (MT)	19,771	28,312	(8,451)	-30.2%
Almond Price (A$/kg)	$6.42	$6.80	-$0.38	-5.6%
Underlying EBITDA from Continuing Operations	**(86,987)**	**40,384**	**(127,371)**	**-315.40%**
Depreciation and Amortisation	(32,247)	(28,342)	(3,905)	-13.8%
Underlying EBIT				
From Continuing Operations	(119,234)	12,042	(131,277)	-1090.1%
From Discontinued Operations	-	(3,198)	3,198	100.0%
Underlying EBIT	**(119,234)**	**8,844**	**(128,078)**	**-1448.2%**
One off items	(30,080)	1,207	(31,287)	-2592.0%
Reported EBIT	**(149,314)**	**10,051**	**(159,365)**	**-1585.5%**
Interest expense	(10,212)	(4,172)	(6,040)	-144.8%
Profit before tax	(159,526)	5,880	(165,406)	-2813.2%
Tax expense	44,799	(1,121)	45,920	-4097.5%
Net Profit After Tax (NPAT)	**(114,727)**	**4,759**	**(119,486)**	**-2510.7%**
Earnings Per Share (EPS) (cents)	**(94.8)**	**3.9**	**(98.7)**	**-2530.7%**
Dividend Per Share (DPS) - Interim (cents)	0	0		
Dividend Per Share (DPS) - Final (cents)	0	2		
DPS - Total (cents)	**0**	**2**	**(2.0)**	**-100.0%**
Net Debt (inc. lease liabilities)	419,843	376,648		
Gearing (inc. lease liabilities) - %	102.0%	72.4%		
Share Price (A$/Share as at 30 Sep)	$4.01	$5.26		
Market Capitalisation (A$M)	485.4	636.2		

Note: It should be reiterated that, as is always the case at the time the Company develops the crop value estimate, there is the potential for changes to occur both in yield outcomes (as the crop harvest and processing progress) and the pricing environment (driven by almond market or currency) shift.

Definitions:

1. EBITDA and EBIT are Non-IFRS measures used by the Company are relevant because they are consistent with measures used internally by management and by some in the investment community to assess the operating performance of the business. The non-IFRS measures have not been subject to audit or review.

CLOSED LOOP COMPOST

Our carbon-based fertiliser is used at scale in our orchards and has the potential to recycle most of our hull waste. We have created a closed loop by using the waste hull ash from the CoGen power plant, which is high in potassium, as an important ingredient to our fertiliser program.

FINANCIAL REPORT

DIRECTORS' REPORT

The directors present their report together with the financial report of Select Harvests Limited and controlled entities (referred to hereafter as Select Harvests, "the Company", "the Group" or "the consolidated entity") for the year ended 30 September 2023.

Directors

The qualifications, experience and special responsibilities of each person who has been a director of Select Harvests at any time during or since the end of the financial year is provided below, together with details of the Company Secretary. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

T Dillon

Adv Dip RBM, MBA, MAICD (Chairman, Non-Executive Director)

Joined the board on 29 November 2021 and appointed Chairman on 27 May 2022. Travis has commercial and strategic expertise in the agricultural sector and relevant distribution channels. He is currently the Deputy Chairman of Lifeline Australia and Chairman of Clean Seas Seafood (ASX: CSS). Travis has previously served as CEO and Managing Director of Ruralco Holdings Limited until its acquisition by Nutrien in September 2019 and as Chairman of Terragen Holdings (ASX: TGH). Prior to becoming Ruralco's Managing Director in 2015, he was the Executive General Manager of Ruralco's Operations. Over a career in Agriservices, spanning nearly three decades, Travis has held many positions including Branch Manager, Agronomist and numerous Category Manager roles. He is a current member of the Remuneration and Nominations Committee and Audit and Risk Committee.

Interest in Shares: 20,100 fully paid shares.

D Surveyor

B Economics, Grad Dip Applied Finance and Investment, MAICD (Managing Director and CEO)

Appointed as the Managing Director and Chief Executive Officer of Select Harvests on 20th February 2023. David has experience across a variety of industries and expertise in the food sector and was recently appointed as a Director of the Almond Board of Australia. David was previously Chief Executive of Alliance Group Limited, Chairman of Alliance Group (NZ) Ltd, the UK subsidiary, a director of The Lamb Company (North America), Director Meateor Pet Foods, Director Beef and Lamb New Zealand and a member of the Meat Industry Association Council. David was also previously Executive General Manager of Laminex and has held roles with BHP in Australia and as President of Bluescope Lysaght in Malaysia.

Interest in shares: Nil.

G Kingwill

B Com, CA, FAICD (Non-Executive Director)

Appointed to the board on 25 November 2019. Guy has an extensive background in horticulture, international soft commodity marketing and water investment and trading. He is currently on the Boards of Agriculture Capital Management (Australia) Pty Ltd. Guy has previously served as Managing Director of Tandou Limited, and as a non-executive Director of Lower Murray Water Urban and Rural Water Corporation and Tasmanian Irrigation Pty Ltd. He is Chair of the Remuneration and Nomination Committee and a current member of the Audit and Risk Committee and the Sustainability Committee.

Interest in shares: 23,511 fully paid shares.

M Zabel

B Math, MBA, GAICD (Non-Executive Director)

Appointed to the board on 3 October 2022. Margaret is a specialist in customer centred business transformation, brand strategy, innovation, digital communications, customer experience and change leadership. She has 20 years' experience working across major companies and brands in FMCG, food, technology and communications industries including multinationals, ASX 100 and not-for-profits. Her previous roles include National Marketing Director Lion Nathan, VP Marketing for McDonalds's Australia and CEO and Board Director of The Communications Council. Margaret has also served as a Non-Executive Director for the mental health charity RUOK? for 5 years and is currently a Non-Executive Director of G8 Education (ASX: GEM), The Reject Shop (ASX: TRS), Collective Wellness Group and Fairtrade AUNZ. She is Chair of the Sustainability Committee and member of the Remuneration and Nomination Committee.

Interest in shares: 9,000 fully paid shares.

M Somerville
B Bus (Accounting), MAF, FCA, FAICD (Non-Executive Director)

Appointed to the board on 13 December 2022. Michelle was previously a partner of KPMG for nearly 14 years specialising in external audit and advising Australian and international clients both listed and unlisted primarily in the financial services market in relation to business, finance risk and governance issues. Michelle holds a Bachelor of Business and a Masters of Applied Finance. Michelle is currently a director of Insignia Financial Limited (ASX: IFL), Epworth Foundation and Summer Foundation. She was previously a director of GPT Group (ASX: GPT). She is Chair of the Audit and Risk Committee and a current member of the Sustainability Committee.

Interest in shares: Nil.

P van Heerwaarden
B Bus, MBA, MAICD (Non-Executive Director)

Appointed to the board on 1 November 2023. Paul has over 30 years' experience in agribusiness including soft commodity cycle risk management and managing integrated supply chains from farm through to processing and distribution into industrial and consumer channels, both domestically and internationally. He has previously held roles with Cargill and Ridley AgriProducts and recently retired from his role as CEO of the Bega Group (ASX: BGA). Paul is a Director of Dairy Australia Ltd. He is a current member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Interest in shares: Nil.

P Thompson
B Bus, MAICD (Managing Director and Chief Executive Officer)

Appointed as the Managing Director and Chief Executive Officer (MD) of Select Harvests Limited on 9 July 2012 and retired on 3 March 2023. Paul has over 30 years of management experience and was previously a Director of the Almond Board of Australia. Paul was previously a President of SCA Australasia, part of the SCA Group, one of the world's largest personal care and tissue products manufacturers. He is a member of the Australian Institute of Company Directors and has formerly held positions as a Director of the Food and Grocery Council and councillor in the Australian Industry Group.

F S Grimwade
B Com, LLB (Hons), MBA, FAICD, SF Fin, FCIS (Non-Executive Director)

Appointed to the board on 27 July 2010 and retired on 27 February 2023. Fred is a Principal and Director of Fawkner Capital, a specialist corporate advisory and investment firm. He is Chairman of CPT Global Ltd (ASX: CGO; director since October 2002) and XRF Scientific Ltd (ASX: XRF; director since May 2012) as well as being a director of Australian United Investment Company Ltd (ASX: AUI; director since March 2014). He was formerly Chairman of Troy Resources Ltd (2013-2017), a non-executive director of AWB Ltd., and has held general management positions with Colonial Agricultural Company, Colonial Mutual Group, Colonial First State Investments Group, Western Mining Corporation and Goldman, Sachs and Co.

F Bennett
BA (Hons), FCA, FAICD (Non-Executive Director)

Appointed to the board on 6 July 2017 and retired on 27 February 2023. Fiona is a Chartered Accountant and an experienced non-executive director with an extensive background in business management, corporate governance, audit and risk. She is currently Chairman of the Victorian Legal Services Board. Ms Bennett has previously served on the boards of BWX Limited (2018-2022), Hills Limited (2010-2021) and Beach Energy Limited (2012-2017). She has previously held senior executive roles at BHP Limited and Coles Limited and has been Chief Financial Officer at several organisations in the health sector.

Company Secretary

B Crump
B Bus, CPA, AMP INSEAD (Chief Financial Officer and Company Secretary)

Joined Select Harvests as Chief Financial Officer on 20 November 2017 and appointed Company Secretary on 7 August 2018. He is a Certified Practising Accountant and has over 15 years experience in senior financial management. Most recently he has been the CFO of Redflex Limited and previously gained extensive experience in agribusiness as CFO of Landmark (Australia's largest rural services provider) and senior roles within AWB Limited. He brings extensive agribusiness, agri services and related capital management experience to the role.

Interest in shares: Nil.

Corporate Information

Nature of operations and principal activities

The principal activities during the year of entities within the Group were the growing, processing, packaging and sale of almonds and its by-products from company owned and leased almond orchards.

Employees

The Company employed 476 full time equivalent employees as at 30 September 2023 (30 September 2022: 568 full time equivalent employees).

Full time equivalent employees include: executive, permanent, contractor and seasonal (casual and labour agency hire) employment types.

Operating and Financial Review

Overview

Select Harvests is one of the world's largest fully integrated almond companies and the second largest almond producer in Australia. With its core world class assets, the Company is well placed to continue benefit from the global almond macro and growth in the wider better for you plant based foods.

This year Select Harvests has faced a number of challenges that have impacted operations and the financial performance of the Company. The third year of a La Nina weather pattern bought cooler and wetter than average conditions during key growing periods. The impact of this weather pattern led to the Company's 2023 crop being 38% lower than expectations. This reduction was seen across the Australian almond industry. Additionally, the almond market remained subdued with pricing levels staying predominantly at historic lows.

The focus during FY2023 has been to implement actions through the Project Management Office that drive operating profit and increase cash velocity to manage the Company's debt levels. Implemented actions have delivered material cost reductions, improved efficiencies and improved cash cycle timeframes. At the same the Company has ensured that FY2023 activities have not impacted the potential performance of the 2024 crop.

The Board, Executive, and key leaders remain committed to ensuring all employees remain engaged with driving the Company's strategy to be in a position to capitalise on the forecast 2024 crop improvement and increased global market pricing.

Pleasingly, our safety performance continued to improve with Total Recordable Injury Frequency Rate lowering to 6.7 vs 17.1 in FY2022. Safety remains the key focus for the Company with key behaviour change actions currently being imbedded within the Company's operations.

Horticulture

Heavy rains led to a number of flooding events through October and November 2022. While a number of orchards were impacted, the horticultural team's actions ensured there was minimal damage to infrastructure. These events, in addition to the prolonged cooler weather conditions, impacted yield levels and the quality profile of the 2023 crop.

Additionally, the 2023 crop harvest was impacted by persistent shower activity coupled with below average temperatures. This combination materially impacted harvest activities and subsequently the crop quality profile. Harvested almonds had high moisture content and cooler conditions meant they were on the ground for longer than average periods leading to increased insect damage and instances of mould.

As a consequence of the wetter and cooler conditions across key growing periods, the yields achieved across both mature and immature orchards was significantly lower than average. This was evident across all geographies and the almond industry in general. These impacts led to a 2023 crop of 19,771 MT, 30.2% lower than the 2022 crop.

Horticultural growing costs increased during the year due predominantly to higher fertiliser and chemical pricing (impacted by the Russia / Ukraine conflict). Most of the other cost categories, with the exception of water, also increased for the 2023 crop.

The forward horticultural focus is yield, costs and quality.

Processing

Processing was complicated by a lower than average quality profile, due to the lower volume of crop to be processed. Throughput rates were reduced for portions of the crop to ensure the maximum level of product was graded to higher levels of inshell and kernel (attracting higher pricing). We also benefited from the Company's recent investments in state-of-the-art technology over the past 3 – 4 years and the ongoing use of on-farm conditioners. The 2023 crop had been fully hulled and shelled by end of the FY2023 year. The remaining sorting and packing continues and will be completed in the second quarter of FY2024.

Due to the wet harvest conditions impacting the delivered crop, approximately 25% of the crop had to be mechanically dried prior to the hulling and shelling process. Higher moisture levels once again led to lower levels of inshell produced and a higher percentage of lower grade product.

The Carina West processing facility achieved less than 2% downtime for the year. All repair work following the major fire on Boxing Day in 2021 has been completed and all insurance payments have been received. As part of this process Select Harvests took the opportunity to upgrade and expand its concrete structural footings and implemented state-of-the-art fumigation chambers.

The value-add facility had a number of challenges dealing with a problematic lower grade portion of the 2022 crop (high instances of mould and insect damage). This product has been allocated to specific production runs and as a consequence the value-add facility is now operating at full production and delivering improved yields. Usage of the 2022 crop as input product should be completed by December 2023.

Sales and Marketing

To date 83% of the 2023 crop is either shipped or committed for sale.

During FY2023 the Company sold the remainder of its 2022 crop inventory available for external sales (there remains some inventory being used as inputs material for value-add production). Given this product's quality profile it was transacted at low grade manufacturing prices.

The 2023 crop almond price remained flat throughout the year as the market waited to see how the profile of the 2023 US crop eventuated. Given the Company's smaller volume and the lower levels of inshell and high-quality product, options to achieve premium pricing margins were limited.

Demand levels and confidence in buyers committing to increased stocks is improving. However, commitment levels in key export markets still remain below pre-pandemic levels.

The value-add activity's contribution was impacted by to the use of prior period raw material, most of which was very low quality. As finished goods sales prices reduced (in line with the lower almond market) gross margins were negatively impacted. The use of 2022 crop through value-add is scheduled to be completed by December 2023 with 2023 crop being utilised thereafter.

Costs, Capital and Cashflow

2023 crop costs of production per kg increased by 73.1% due predominantly to the lower volume of the 2023 crop (i.e. the 2023 growing costs were incurred on a full production basis). Gross production costs increased year on year by 23.4% due mainly to increased fertiliser and chemical costs, higher bee costs and increased lease costs due to a number of orchards reaching full maturity. Additionally, immature orchards cost recognition increased in line with their age profile with increased yield benefits having been recognised in prior years. Gross processing costs were lower due to the lower crop volume however additional drying costs were again incurred due to the extra moisture levels as a result of the wetter and cooler conditions.

Operational cashflows reduced in FY2023 as a result of a lower volume and quality 2023 crop and the reduction in marketable value of the remaining inventory of the 2022 crop. Additionally, global almond prices remained well below their historical averages. Select Harvests' 2023 inshell levels (which attract premium pricing and generate early cashflows) were lower than average due to the cooler and wetter conditions during the harvest period. The Company produced positive operating cashflows in the second half.

Given the reduced 2023 crop and the ongoing low pricing environment in FY2023, costs and capital expenditure were tightly controlled. No major capital expenditure was undertaken, and no permanent water was acquired.

The combination of a lower 2023 crop volume, crop quality profile and lower global almond pricing environment has led to the Company's debt position increasing to $190.2M (FY2022 $134.5M) resulting in a bank debt to equity ratio of 46.2%.

No greenfield activity or acquisitions were undertaken during FY2023. The Company's focus was on organic improvement through efficiency gains and the development of the Project Management Office that has in excess of 50 projects identified to improve profit and/or cashflow.

Financial Performance Review

Profitability

The Reported Net Loss After Tax (NPAT) is ($114.7) million. The Reported Loss Before Interest, Tax, Depreciation and Amortisation (EBITDA) is ($117.1) million and the Reported Loss Before Interest and Taxes (EBIT) is ($149.3) million.

Results Summary and Reconciliation	Reported Result (AIFRS)	
	FY2023 $000's	FY2022 $000's
EBIT from continuing operations	(119,234)	12,042
EBIT from discontinued operations	-	(3,198)
Underlying EBIT	**(119,234)**	**8,844**
One off items	(30,080)	1,207
Reported EBIT	**(149,314)**	**10,051**
Interest Expense	(10,212)	(4,171)
Net (Loss)/Profit Before Tax	**(159,526)**	**5,880**
Tax (expense)	44,799	(1,121)
Net (Loss)/Profit After Tax	**(114,727)**	**4,759**
Earnings Per Share (cents)	(94.8)	3.9

Company Profitability

Company revenue from continuing operations of $206 million was generated for FY2023. This was 12.5% lower than last year mainly due to a lower 2023 crop of 19,771MT (2022: 28,312MT) caused by record rainfall in 2022 and cooler growing conditions across south-east Australia. In addition, a significant portion of the remaining 2022 crop was downgraded during the year due to quality issues primarily related to mould (from exposure to moisture) after a detailed review.

The FY2023 reported loss before interest and taxes (EBIT) of ($149.3) million was $159.4 million lower than FY2022. The lower result was mainly due to:

- The 2023 crop volume falling 34% below the forecast result. This reduction was due to the impact of the La Nina weather pattern impacting 2022 and 2023 growing and harvest conditions. This shortfall was evident across the wider Australian almond industry. Additionally, due to the cooler and wetter climate, the quality profile of the crop was below the Company's average quality mix.
- Global almond prices remained well below historical averages with the US continuing to lower their levels of carry out inventory. The increased percentage of lower grade crop across US and Australian producers also weighed down the average price. Select Harvests' 2023 crop almond price remained below historical averages at $6.42/kg.
- Following a detailed review of the Company's carry forward 2022 inventory, an assessment was made leading to a write down in the value of 2022 inventory and the write-off of volume that was deemed unusable.
- The write-off of the Group's goodwill balance of $26 million following an impairment review at the half year-end in addition to a $4 million bearer plant write-off caused by flood damage at various orchards;
- The Value-Add result was impacted due to processing the lower quality 2022 stock which slowed down the operational performance of the plant. Additionally, due to lower almond prices the sales price of finished goods continued to decline. Both factors negatively impacted margins;
- Higher corporate costs as a result of a number of independent reviews conducted across the Company's operations to outline opportunities to improve performance and returns. Additionally, the Company had to close out a number of 2023 hedge positions due to the lower 2023 crop outcome; and
- Higher interest costs incurred due to higher external debt levels.

Interest Expense

Interest expense of $10.2 million reflects the higher interest rates applicable to current finance facilities and higher average debt levels due to the lower 2023 crop volume, continued lower than average global almond prices and a reduced product quality mix profile.

Consolidated Statement of Financial Position

Net assets as at 30 September 2023 are $411.5 million, compared to $520.3 million as at 30 September 2022. This reduction is due to lower net working capital (resulting from cash improvement initiatives and a lower 2023 crop) and the write-off of goodwill ($26 million) at the half year-end. Net working capital has decreased by 33.5% mainly due to the reduction in inventory on hand as the Company actively sold its inventory. Additionally, the Company has focussed on increasing the velocity of its sales program during the financial year. Trade and other receivables have reduced due to a focus on reducing customer terms and automation of required documents, particularly for export shipments. Similarly, trade and other payables have increased as the Company has increased its payment terms across a number of suppliers.

	FY2023 $000's	FY2022 $000's
Trade and other receivables	47,489	57,094
Inventories	85,317	141,056
Biological assets	70,557	61,198
Trade and other payables	(69,674)	(58,279)
Net working capital	**133,689**	**201,069**

Cash flow and Net Bank Debt

Total net debt as at 30 September 2023 was $190.2 million (30 September 2022 was $134.5 million), with a gearing ratio (total net debt excluding lease liabilities)/equity) of 46.2% (30 September 2022: 25.9%). The increase in borrowings is a result of the reduced 2023 crop leading to a lower volume export sales program and the continuing low global almond price environment (leading to 12 months of sales receipts at $6.42/kg). This was partially offset by management initiatives to improve cash velocity including customer and supplier terms.

Operating cash outflows incurred for FY2023 amounted to $8.2 million (2022: Inflow of $26.8 million). This adverse result was due to operational costs being higher than the sales receipts for the year due to the low volume of the 2023 crop and lower quality profile of the remaining 2022 crop, more than offset by fixed costs related to growing, processing and leasing costs. This result was further hampered by low global almond pricing during the period. The Company delivered a positive operating cashflow of $18.6 million for the second half.

Investing cash outflows of $26.2 million were $9.4 million lower than FY2022. The Company consciously reduced its capital spend in the operating environment. Additionally, as the Company's orchard profile is close to full maturity, costs related to tree development (i.e. capital costs allocated to immature trees) have reduced.

Dividend payments for the year were lower as the final dividend payment relating to the FY2022 result (paid in FY2023) was lower than the FY2021 final dividend paid. Net cash outflow (operating cash, less investing cash, less dividends, less lease principal payments) for FY2023 was $55.7 million which was funded through an increase in bank debt.

Dividends

Due to the Company's recorded loss, no dividend has been declared for the financial year. This compares to a total dividend of 2 cents per share declared for the previous financial year.

Sustainability

Sustainability is embedded within our business strategy. Select Harvests recognises the United Nations Brundtland Commission definition of sustainability, which is defined as 'meeting the needs of the present without compromising the ability of future generations to meet their own needs'.

Sustainability is complex and interdisciplinary, requiring decision making that is economically viable, ecologically sound, and socially just. We seek to create value for our shareholders and consider the triple bottom line: the profit we generate from our products, the planet we all live on and the people we rely on to be successful.

To deliver on our vision and goal, we have framed our approach to sustainability around three pillars.

- Our product: we are committed to supplying high quality, safe, traceable plant-based food that is better for you, while contributing to a circular economy.
- Our planet: we are committed to responsible stewardship of natural resources, reducing our emissions, and building a business that is adapted to climate change and resilient to climate related shocks and stresses.
- Our people: we are committed to providing a safe workplace, with a 'zero harm' goal, promoting a culture of wellbeing, diversity and inclusion, attracting high performing talent and contributing to the communities in which we operate.

Our approach to sustainability supports the global effort to achieve the United Nations Sustainable Development Goals.

Every year we review what's material across our three pillars to identify emerging impacts, risks, and opportunities – to prioritise action. We consider material topics which have, or could have, significant impacts on the economy, environment, and people, as outlined in the Global Reporting Initiative Standards 2021 and the SASB Standards for our sector. We also consider potential risks and opportunities for our business relating to our material topics, consistent with the IFRS Sustainability Disclosure Standards.

We are committed to the continual improvement of sustainability performance, and report progress in our accompanying Sustainability Report 2023.

Environmental regulation

Select Harvests is subject to environmental regulations under various federal, state and local laws relating predominantly to the use of water and air and noise emission levels. We are also subject to conditions of licences and permits related to our operations (such as those for our biomass power station and manufacturing compost). Select Harvests was not in breach of any environmental regulations during the reporting period.

Select Harvests reported under the National Greenhouse and Energy Reporting (NGER) scheme, established by the *National Greenhouse and Energy Reporting Act 2007,* for the first time this year. We have a commitment to be carbon neutral by 2050.

Governance

The Board of Select Harvests is responsible for the overall corporate governance of the Company, including the consideration of climate-related risks and opportunities.

The Board Sustainability Committee, comprising members of the Board of Directors, is responsible for providing oversight of our sustainability strategy, considering climate-related risks and opportunities, and ensuring accountability for targets and timelines set, including reporting.

The Audit and Risk Committee is responsible for the oversight of the Company's overall risk management framework and risk appetite, including internal compliance and control systems.

The Remuneration and Nomination Committee is responsible for setting and approving compensation framework for the Company's Directors, Executives and staff. The Committee meets at least four times a year and consists of at least 3 independent directors.

Business Risks

There are various risks that could have an impact on the achievement of the Company's strategies and future performance.

Set out in the table below are the risks that the Company considers having the greatest possible impact to the business and an outline of what the Company is doing to mitigate these risks.

FY2023 was another extraordinary year for the Company with a third consecutive La Nina weather pattern giving rise to weather volatility impacting both harvest yield, quality and increasing pest and disease pressures. With the impact of geopolitical tensions and uncertainty, global inflation is continuously monitored and where possible managed for its resulting impact on key supply inputs (i.e. fertiliser, etc) across the Company.

Risk	Description	Mitigation
People Safety	The majority of the Company's employees work within farm or processing related environments. The Carina West Processing Facility is a major operating plant that handles the end-to-end process for all of the Company's almond and bio-mass inventory. In addition to the potential harm to any worker, the occurrence of a workplace incident has the potential to harm both the reputation and financial performance of the Company.	Policies and procedures are designed and are in place in order to minimise the risks of injuries occurring. Key operating procedures, ongoing capital maintenance, engineering reviews and proactive maintenance are mitigating actions in place to minimise the risk of a safety event (e.g. fire).
Food Safety (including product quality, utilities supply and major equipment failure).	The Company's almond products move to the end consumer through various channels. Quality issues, product contamination or public health issues could damage the Company's reputation which could adversely impact the Company's financial performance.	Quality testing procedures are in place at each of the Company's processing stages. Additionally, the Company's facilities are subject to numerous independent and customer audits to ensure required standards are met.
Foreign Currency Fluctuations	The global almond price is determined by the US market in US Dollars. Given the majority of the Company's sales are transacted in US dollars, the Company's profitability could be negatively impacted by movements in the USD/AUD foreign exchange rate.	A Treasury and Risk Management policy is in place that ensures the Company's foreign exchange exposure is managed in accordance with the crop growing and sales cycle. Additionally, a Treasury Committee meets monthly to monitor and assess the Company's foreign exchange exposures.
Almond Price Decrease	A key sensitivity to the Company's earnings is its exposure to the almond price which is determined by the US market.	The Company aims to mitigate this risk by maintaining contact with key industry bodies in the US and major traders and customer in key export markets. Crop sales plans are developed each year taking into account pricing factors that impact industry supply and demand. In addition, extensive global marketing and consumer demand drivers get monitored and considered along with global food consumption trends.
Cyber security	The Company has numerous IT infrastructure, systems and processes to support the operation and growth of the business. Should such infrastructure, systems and processes fail or become compromised then there is a risk that sensitive or personally identifiable data is accessed or stolen, data is lost, or data and systems are unable to be accessed which may result in reputational damage, legal penalties and ongoing disruptions to operations.	The Company implements various strategies to mitigate cyber risk across its applications, networks and websites. The Company focusses on employee education, network defence, enterprise wide testing, disaster recovery and segregation of sensitive data. These strategies are internally and externally periodically reviewed, audited and updated.

Business Risks (continued)

Risk	Description	Mitigation
Adequate water supply and cost	Inadequate supply of good quality water, whether due to drought or otherwise, and fluctuating temporary and permanent water prices could impact the Company's profitability and operations. Additionally, given increased demand and decreased supply together with the entrance of non-water users, the cost of water could continue to increase and affect the Company's profitability.	The Company has a balance of owned, leased and spot market temporary water. When commercially viable, the Company also invests in permanent water rights in order to manage price and deliverability. The Company has developed a pricing and supply financial model to guide purchase timings and price. The Company further proactively forecasts water usage and availability, and maintains a focus on reducing water usage in growing its crops through continuous investment in water efficient technology. Following a detailed strategic review the Company, when practical will increase the percentage of water it owns.
Major Facility catastrophe	A major catastrophic event at the Company's Carina West Processing facility including fire/flood or critical equipment failure, resulting in an extended shut down or loss in product could have a significant impact on the Company's financial performance.	To minimise the impacts from a major disruption event, the Company has a Crisis Management Plan which includes a strategy to be followed in the event of a crisis, as well as establishing roles, responsibilities and key activities to be undertaken to effectively manage any type of crisis at the Carina West Processing facility. The Company also reviews and continually assess the adequacy of its insurance cover in place.
Security of Bee Supply	The inability of the Company to secure an adequate quality and quantity of bees for pollination of its almond trees could have a significant impact on its crop yield and financial performance.	The Company continuously engages with the bee keeping industry, the Almond Board and state governments in order to monitor and assess potential risks of supply of bees (i.e. bee disease, etc.). The Company also completes post season analysis of beekeeper performance in order to ensure adequate bee supply numbers are contracted for future crop seasons. During season monitoring of movement of bee keepers within the industry is also carried out in order to ensure adequate supply volumes in future seasons.

DIRECTORS' REPORT
(CONTINUED)

Business Risks (continued)

Risk	Description	Mitigation
Climate and Environment	Changes in climate (both in Australia and in the United States) present an operating risk to the Company's business in the form of weather volatility, water security and crop quality which could have an impact on the Company's production assets (farm orchards) and financial performance. Risks associated with transitioning to a low-carbon- economy, such as government actions to reduce the impacts of climate change, may also impact the Company's operational costs and performance. The Company's operations are subject to various environmental laws and regulations, and a range of licences and permits are required for its farming and processing operations. If the Company becomes responsible for any breach of any of its licences or permits, the Company may incur substantial costs, its operations may be interrupted and it may suffer reputational damage.	The Company's diversification of assets across Australia is a key strategy in minimising the impact of physical risk of climate change. This is in addition to continually improving water security and management practices, investing in new water and farming technologies, prioritising the use of integrated pest management and adopting the use of renewable energy sources. The Company's Board Sustainability Committee oversees strategies relating to horticulture innovation, with one of its areas of focus being the Company's adaptation to the impacts of climate change. The Company utilises the TCFD framework as a tool to aid the analysis of the impacts of climate change and is continually developing and implementing strategies to manage the risk. The Company continues to assess additional ways to reduce its environmental impact, including measures across its business to improve water usage efficiency and chemical usage. The Company also continually reviews its operations to identify ways in which it can minimise the environmental impact of its operations.
Disruption Event	Broader disruption events such as a global Pandemic, global conflicts in key strategic regions, geopolitical changes or general prolonged supply chain disruptions could have the potential to have a significant impact on the Company's operations.	The Company maintains a diverse supplier base both domestically and internationally. Additionally, sales and distribution channels are varied to ensure there is not a reliance on any one region. The Company is in the process of developing a Crisis Management Plan to enact in the event of a major disruption. This will outline a strategy to be followed including establishing roles, responsibilities and key activities if a major disruption event occurs.

Outlook FY2023

The horticultural program for the 2024 crop is underway and is on schedule with minimal weather-related disruptions. Currently, tree health is positive and showing signs of a strong production rebound after last season's below average result. The trees received their sufficient chill hours through the dormancy period and this was followed by a good bloom period with a positive blossom cycle.

Following the easing of bee movement restrictions related to the prior period NSW varroa mite outbreak, Select Harvests received its full bee requirement across its orchard portfolio. The pollination period was positive with good bee flight hours recorded. The Australian Bee Industry has this year experience a varroa mite outbreak. On the 19th of September 2023 the Department of Agriculture, Fisheries and Forestry announced that the eradication of the varroa mite was no longer feasible and there will now be a transition to a management phase. This means it is likely that the varroa mite is imbedded within the bee industry and that beekeepers will need to put steps in place to manage their hives. Note that Australia is the last country globally to have the varroa mite within its honeybee populations.

On the 19th of September 2023 the Bureau of Meteorology declared that an El Nino weather pattern was in place. This assumes that conditions in Select Harvests' growing regions will be drier and hotter than average. These forecast conditions are beneficial to almond growing both from a volume and quality perspective.

The impact of the flood events that occurred at the start of FY2023 have been rectified. Impacted wet areas that still had productive trees have been managed appropriately and progressing as planned for the 2024 crop. As a result of the floods, we reviewed our bearer plants and took a $4.1 million write-off.

Based on industry standard yields and the age profile of the orchards, and assuming normal growing conditions for the remainder season, the Select Harvests 2024 theoretical crop would be approximately 30,000MT to 32,000MT.

Ongoing rainfall and full water catchments led to temporary water prices continuing to decrease. With sellers holding off and the announcement of El Nino, temporary water prices increased to close to $200 per megalitre in September 2023. Recently, prices have started to decline as allocation levels have been released and sellers are coming onto the market. Pricing for fertiliser and chemicals reduced from their FY2022 highs but not to FY2021 pricing. These pricing benefits and the benefits achieved through the Company's cost initiatives have been offset with other cost increases (notably bees and labour) and FY2024 gross cost are expected to be in line with FY2023.

We are forecasting the USD almond price to increase in FY2024. While the US Objective Estimate was released in July 2023 at 2.6 Billion Pounds, the industry is expecting this volume to be lower. In addition to this, the wetter and cooler conditions in California over their key growing and harvest periods is leading to a poor overall quality profile. This is be exacerbated by the presence of the navel orange worm (causing increased insect damage). With an expected lower quality US crop and forecast improved quality 2024 crop for Select Harvests, we expect the ability to capitalise on higher priced inshell and quality kernel products. Levels of enquiry in key export markets is starting to increase indicating that demand levels are returning to pre-pandemic levels.

The Californian 2023 harvest will be completed during November 2023. The key final growing stages and harvest period have been adversely affected by colder and wetter than average conditions. Current indications are that the volume will be potentially less than the Objective Estimate with quality negatively impacted by high moisture levels and increased insect damage through a higher presence of the navel orange worm.

While pricing to date remains at lower than long term average levels, the past two months have shown incremental weekly increases particularly for inshell and higher-grade kernel.

The Select Harvests' team continues to focus on improving efficiency, managing costs and optimising the 2024 crop volume and quality. In the second half of FY2024 the Company will commence the installation of a pre-cleaner and drier. This will allow for the processing of almonds efficiently and deliver an improved quality profile during wetter than average seasons.

Based on the factors above, the Company's cashflow forecasts indicate it will operate within its current lending limits and meet its required covenant measures.

Other key projects currently being progressed are:

- Increased capacity of the Company's Carina West processing facility – a review of the facility has been completed that has identified a number of areas of improvement and minor capital investment to increase the throughput of the plant by 15% – 20%. This increase in processing capacity will be utilised in FY2024.
- Pre-cleaning and drying capacity – the Company will be investing in a new large scale pre-cleaner and dryer. This will ensure that if there is product with high moister levels it can cleaned and dried earlier in the cycle and continue to be processed efficiently and maintain a higher quality profile.
- Expansion of compost production and commercialisation – the Company currently produces in excess of 40,000 tonnes of compost (from orchard waste, ash produced from its biomass energy plant and some external additives). This option reduces the requirement for fertilizer, improves soil structure and health and promotes the transfer of carbon from the atmosphere in soil.
- The Sustainability Report will be published in November 2023.
- The Company continues to investigate organic and strategic growth opportunities such as:
  - Continued expansion in almond orchards, both greenfield and mature
  - Increasing its level of processing capacity and sourcing of external grower volumes
  - Diversification into other nuts and services
  - Increased new product development in almond value-add processes.

Outlook FY2023 (continued)

In summary, FY2023 was a challenging year. The materially impacted crop through a third La Nina period, in addition to a continued below average global pricing environment has led to a large financial operating loss. The Company has managed this period well by ensuring operating costs were as low as possible and cash velocity increasing. The global outlook for the almond industry and 'better for you' plant-based foods remains very strong. Select Harvests has high quality assets, a sustainable and increasingly efficient production profile supported by world class technology. The Company remains well placed to deliver on the opportunities that will arise from the demand growth globally for almonds.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company.

Significant events after the balance date

There were no significant events after balance date.

Non IFRS Financial Information

The non IFRS financial information included within this Directors' Report has not been audited or reviewed in accordance with Australian Auditing Standards. Non IFRS financial information has been used as it better reflects the Company's underlying performance.

Non IFRS financial information includes underlying EBIT, underlying result, underlying NPAT, underlying earnings per share, net interest expense and adjustments to reconcile from reported results to underlying results.

Dividends

	Cents	2023 $'000
Final fully franked dividend declared for 30 September 2023		
• on ordinary shares	Nil	Nil

Indemnification and insurance of directors and officers

During the year the Company entered into an insurance contract to indemnify Directors and Officers against liabilities that may arise from their position as directors and officers of the Company and its controlled entities. The terms of the contract do not permit disclosure of the premium paid.

Officers indemnified include the Company secretary, all directors, and executive officers participating in the management of the Company and its controlled entities.

Committee membership

During or since the end of the financial year, the Company had the following committees that comprise members of the Board of Directors as follows:

Audit and Risk Committee	Remuneration & Nomination Committee	Sustainability Committee
M Somerville (Chair)	G Kingwill (Chair)	M Zabel (Chair)
G Kingwill	T Dillon	G Kingwill
T Dillon	M Zabel	M Somerville
F Bennett (Former Chair)	F Bennett	F Bennett (Former Chair)
F Grimwade	P van Heerwaarden	F Grimwade
P van Heerwaarden		

DIRECTORS' REPORT
(CONTINUED)

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director was as follows:

	Directors' Meetings		Meetings of Committees					
			Audit & Risk		Sustainability		Remuneration & Nomination	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
T Dillon	12	12	4	4	-	-	3	3
D Surveyor[+]	8	8	3	3	2	2	2	2
G Kingwill	12	12	4	4	4	4	3	3
M Zabel[#]	12	12	-	-	4	4	3	3
M Somerville[^]	10	10	3	3	2	2	-	-
P Thompson[*]	5	5	1	1	2	2	1	1
F Bennett[*]	5	5	1	1	2	2	1	1
F Grimwade[*]	5	5	1	1	2	2	-	-

1 Reflects the number of meetings held during the time the Director held office, or was a member of the Committee during the year
+ Appointed 20 February 2023; # Appointed 3 October 2022; ^ Appointed 13 December 2022
* Retired during the financial year

Directors' interests in contracts

Directors held no interests in contracts during the year ending 30 September 2023.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 44.

Non-audit services

Non-audit services provided by the external auditor are approved by resolution of the Audit and Risk Committee and approval is provided in writing to the Board of Directors. The Directors are satisfied that no non-audit services were provided during the period. Amounts paid to PricewaterhouseCoopers are included in Note 6.4 to the financial report.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

Proceedings on behalf of the Company

There are no material legal proceedings in place on behalf of the Company as at the date of this report.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Select Harvests support and have adhered to the ASX principles of corporate governance. The Company has previously adopted Listing Rule 4.10.3 which allows companies to publish their corporate governance statement on their website rather than in their annual report. A copy of the statement along with any related disclosures is available at: http://www.selectharvests.com.au/governance.

This report is made in accordance with a resolution of the Directors.

T Dillon
Chairman

Melbourne, 24 November 2023

REMUNERATION REPORT

Introduction from the Chair of the Remuneration Committee

On behalf of the Board, I am pleased to present the 2023 Remuneration Report, marking my second year as Chair of the Board Remuneration and Nomination Committee. The past year has presented a series of challenges and notable events for the Select Harvests team. Local and global factors have continued to impact our business, our people, and our communities. Despite the challenging operating environment we've faced over the past year, the resilience demonstrated by our staff and the communities in which they operate have been remarkable. As we enter a new phase of leadership our commitment remains focused on the safety and well-being of our staff and continued dedication to being a respected member of the local communities in which we operate.

The objective of Select Harvests' remuneration strategy is to attract, retain and motivate the people we require to drive forward business improvement and growth opportunities. Executive remuneration packages include a balance of fixed remuneration, short term cash incentives and long-term equity incentives. The framework endeavours to align executive reward with market conditions and shareholders' interests.

Fixed remuneration is aligned to the market mid-point for similar roles in comparable companies.

The health and well-being of our people remains the paramount priority for the business, with the short-term incentive payments conditional on the foundations being in place for a safe work environment, evidenced through our tollgates and an increase in percentage on our safety KPI. It is essential that we continue to demonstrate and build on our strong safety culture and our values.

The short-term incentive program is based on annual performance and is evaluated against key performance indicators (KPIs) with financial, individual and operational targets. The performance targets are based on the annual business plan and set at a level that allows for a 50% payout on achieving a challenging yet realistically attainable level of performance. The maximum payout is only realised when an exceptional level of performance is demonstrated across all KPIs. In addition to KPIs for their respective business units and areas of direct responsibility, all Key Management Personnel (KMP) share a company NPAT and Safety KPI to encourage a strong executive team dynamic and cross business unit collaboration.

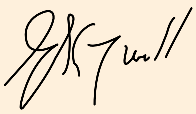
Setting KPIs for agriculture dependent business presents a challenge due to various factors such as climatic conditions, commodity prices and exchange rates having a significant effect on results. While management can to some degree mitigate these "agricultural risks" and should be encouraged to do so, there are elements out of our control. The Board retains some discretion in evaluating overall performance and taking into account operating conditions. KMP STI vesting levels ranged from 25% to 41% of the maximum opportunity.

The FY2023 long-term incentive plan has been adjusted to focus on two key areas that relate to the delivery of strategic sustainable growth in shareholder value over the medium and longer terms. These are:

- 50% weighting to Absolute TSR (CAGR) over the performance measurement period (range between 5% and 20%)
- 50% weighting to Pre-Tax Average ROCE over the measurement period (range between 7.0% and 14.0%)

In the context of prior period vesting assessment, based on historical performance metrics, the Total Shareholder Return (TSR) for the preceding three-year performance period registered a negative 24.2%. This placed the Company at the 30th percentile within its peer group and, consequently, no rights vested.

The remuneration outcomes resulting from the FY2023 performance are set out in this Remuneration Report.



Guy Kingwill
Chair – Remuneration and Nomination Committee
The report has been prepared and audited against the disclosure requirements of the *Corporations Act 2001* (Cth).

1. KEY QUESTIONS

What are our remuneration objectives and guiding principles?

Objective: To deliver sustainable returns as a leader in "better for you" plant based foods					
Principles	Align management and shareholder interests	Reflect our values of: • Safety • Trust & Respect • Integrity & Diversity • Sustainability • Performance • Innovation	Deliver competitive advantage in attracting, motivating and retaining talent	Encourage a diverse workforce	Simple, easily understood, rewarding performance and creating a culture that delivers shareholder value

How is our remuneration structured?

The table below provides an overview of the different remuneration components within the framework.

Objective:	Attract and retain the best talent	Reward current year performance	Reward long term sustainable performance
Remuneration Component	Total Fixed Remuneration (TFR)	Short Term Incentive (STI)	Long Term Incentive (LTI)
Purpose	TFR is set in relation to the external market and takes into account: ▪ Size and complexity of the role ▪ Individual responsibilities	STI ensures appropriate differentiation of pay for performance and is based on business and individual performance outcomes	LTI ensures alignment to long-term overall company performance and is consistent with: • Profitable growth • Long-term shareholder return
Delivery	Base salary, superannuation and salary sacrifice components based on total cost to the Company	Annual cash payment	Performance rights (after the end of the performance period once the vesting conditions have been tested, generally in December)
FY23 Approach	Target TFR positioning is Median of Comparator Group Comparators: ASX Listed Food and Agribusiness Companies	STI Performance Measures[1]. • NPAT (40% - 50%) • Safety Performance (10%) • Personal & Operational performance (15% - 25%) • Board discretion (15%) • With a safety behaviour and values tollgate	LTI Performance Measures • Absolute TSR (50%) • ROCE (50%) • Holding Lock • The participant's minimum holding is equal to 50% of their fixed annual remuneration • Clawback conditions • For fraud or dishonest conduct and breach of obligations to the Company

Who and how much did you pay your Key Management Personnel for the financial year (non IFRS)?

Key Management Personnel (KMP), as defined, encompasses individuals with the authority and responsibility for planning, directing, and overseeing an entity's activities, whether directly or indirectly, including any Director, whether executive or non-executive, of that entity. This year, a comprehensive review of KMP was conducted to ensure that KMP reporting aligns with the definition. Consequently, there has been a reduction in the number of KMP, and our reporting now includes those who are responsible for governing and overseeing the activities of our entity.

The table below presents the remuneration paid to, or vested for, MD and Other KMP for the financial year.

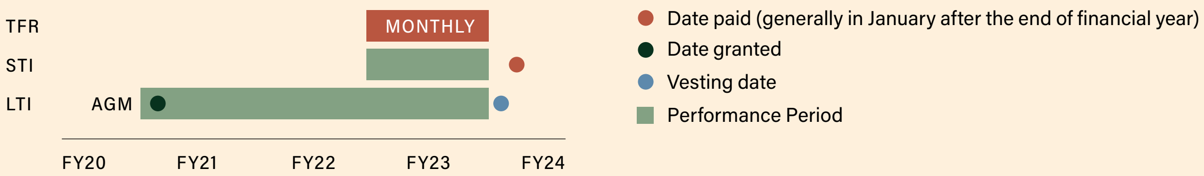
Name and Role	Term as KMP	Total Fixed Remuneration $	STI Achieved[1] $	Vested Performance Rights[2] $	Total $
D Surveyor Managing Director (MD) and Chief Executive Officer	Part year*	662,626	193,366	-	855,992
Brad Crump Chief Financial Officer and Company Secretary	Full Year	449,467	78,459	-	527,926
Ben Brown General Manager (GM) Horticulture	Full Year	381,715	46,084	-	427,799
D Wilson GM Almond Operations	Full Year	314,563	68,233	-	382,796
P Thompson Managing Director and Chief Executive Officer	Part year^	324,542	-	-	324,542

* Appointed 20 February 2023; ^ Retired on 3 March 2023

1. STI will be paid after the FY2023 financial statements have been approved.
2. The vested performance rights value in this table has been determined using the closing share price on the last trading day of FY23. Vesting occurs after the finalisation and approval of the FY2023 financial statements and hurdle testing is completed by an independent expert. Sale of shares emanating from vested performance rights under the current plan are subject to a holding lock which requires Executive KMPs to accumulate and hold a value equivalent to 50% of their annual TFR.

When is remuneration earned and received?

The remuneration components are structured to reward executives progressively across different timeframes. The diagram below shows the period over which FY2023 remuneration was received and when the awards was granted and vested.



What is the remuneration mix for Key Management Personnel?

The remuneration mix for KMP is balanced between fixed and variable remuneration.

- Non-Executive Director: 100% of remuneration is fixed remuneration
- MD: 44% of remuneration is performance-based pay and Nil% of remuneration is delivered as performance rights to shares
- Other KMP: 30% of their remuneration is performance-based pay and 10% of their remuneration is delivered as performance rights to shares

Non-Executive Director	Total Fixed Remuneration
Potential total remuneration	100%
Actual payout of potential total remuneration	100%

MD	Total Fixed Remuneration	Performance Dependent	
Potential total remuneration	56%	Maximum STI 44%	Maximum LTI
Actual payout of potential total remuneration	56%	16%	N/A

Other KMP	Total Fixed Remuneration	Performance Dependent	
Potential total remuneration	60%	Target STI 30%	Maximum LTI 10%
Actual payout of potential total remuneration	60%	10%	0%

REMUNERATION REPORT
(CONTINUED)

STI payments are based on a maximum of 80% for the MD and 50% for other Executive KMP of the fixed remuneration, with maximum payment on achievement of a stretching but achievable target, with regard to past and otherwise expected achievements.

LTI grants are at face value, where face value represents the share pricing at 30 September 2023.

What performance rights were granted for year ended 30 September 2023?

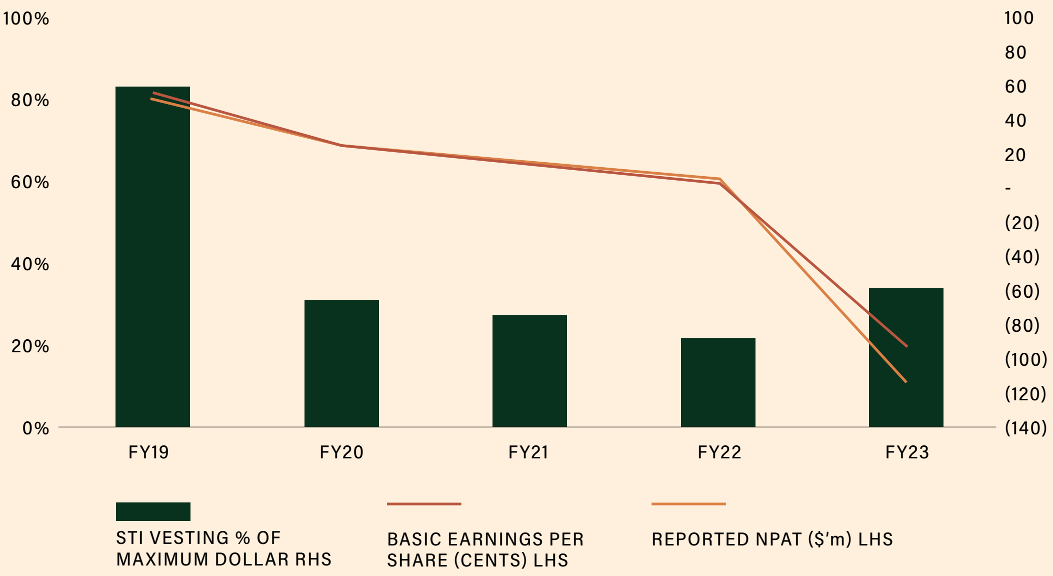
Equity was granted to the MD and Other KMP in FY2023, as detailed in the table below. The methodology used for the allocation was determined using the face value of full vesting based on the Volume Weighted Average Price (VWAP) over the 10 days preceding the date of 27 February 2023 Annual General Meeting.

	Number of Performance Rights granted	Face Value
MD		
David Surveyor	261,191	$1,026,481
P Thompson^	Nil	Nil
Other KMP		
Brad Crump – CFO & Company Secretary	56,511	$222,088
Ben Brown – GM Horticulture	46,389	$182,309
Dan Wilson - GM Almond Operations	38,345	$150,696

^ Retired 03 March 2023

Is there alignment between management and shareholder interests?

The Board's decision to give KMP's a higher STI in 2023 is a strategic move to better align management with shareholder interests. This acknowledges the complexity of executive roles and emphasises a performance-focused culture that directly benefits the Company and its shareholders in the long run. The Board is confident that this compensation structure strikes the right balance between risk and reward, enhancing shareholder value through leadership and strategic execution.



2. MD AND OTHER KMP REMUNERATION

2.1 How STI outcomes are linked to performance

At the commencement of each annual operating cycle the Board sets KPIs for the MD and the MD sets KPIs for the KMP with target levels of performance based on the Board approved annual operating plan. At the end of the operating cycle the Board assesses actual performance against these KPIs based on full year final financial and operating results and metrics. Actual performance against reported results and related metrics determines the STI reward.

The FY2023 financial and operating results and related metrics resulted in KMP STI rewards as a percentage of TFR of 21.4%. This evaluation reflects a company that experienced financial challenges. Nonetheless, the individuals showed dedication to minimise the loss and implement improvements through a challenging year.

2.2 Overview of FY2023 remuneration framework

Fixed Remuneration			
Base salary	Consists of cash salary, superannuation and salary sacrifice arrangements based on total cost to the Company. Reviewed annually with reference to the market median for comparable companies, the individual's performance and potential and the Company's future plans. There is no guaranteed base pay increase in any executive contract.		
Short Term Incentive (STI)		**% of Fixed Remuneration**	
Opportunity		MD Unsatisfactory - 0% Threshold – up to 20% Target – up to 40% Maximum – up to 80%	Other KMP Unsatisfactory - 0% Threshold – up to 7.5-12.5% Target – up to 15-25% Maximum – up to 50%
Purpose	To provide incentive to exceed the annual business objectives.		
Term	1 year		
Instrument	Cash		
Performance and measures	KPI Score Card ▪ Company NPAT ▪ Safety Performance ▪ Personal & Operational performance/ Project delivery ▪ Board discretion With a safety behaviour and values tollgate	MD 50% 10% 25% 15%	Other KMP 40% - 50% 10% 25-35% 15%
Why these were chosen	To provide a balance between outperforming the annual operating plan, individual business unit plans, focus on the efficient use of capital and strengthening the balance sheet, on time and budget delivery of strategic projects and sustained orchard productivity. The Board retains some discretion to adjust the outcomes based on whether they were influenced by uncontrollable "headwinds" or "tailwinds" and the degree to which behaviours reflect our values. The health and well-being of our people remains paramount and no incentive is paid if the foundations for a safe work environment were not maintained.		
Long Term Incentive (LTI)		**% of Fixed Remuneration**	
Opportunity		MD Face Value – up to 160%	Other KMP Face Value – up to 50%
Purpose	Reward achievement of long-term business objectives and sustainable value creation for shareholders.		
Term	3 years, vesting at the end of the period.		
Instrument	Performance rights		
Performance conditions*	1. Continuing service		
	2. Positive absolute shareholder return		
	3. 50% based on Absolute Total Shareholder Return compound average growth rate (CAGR) over the performance measurement period. The performance targets and vesting proportions are as follows: ▪ Below 5% ▪ >5% and <10% ▪ Target of 10% ▪ >10% and <20% ▪ At or above 20%	 Nil Pro rata vesting 50% Pro rata vesting 100%	
	4. 50% based on Pre-Tax Return on Capital Employed over the performance measurement period. The performance targets and vesting proportions are as follows: ▪ Below 7.0% ▪ Between 7.1% and 9.8% ▪ Target of 9.8% ▪ Between 9.8% and 14.0% ▪ At or Above 14.0%	 Nil Pro rata vesting 50% Pro rata vesting 100%	
Why these were chosen	- TSR provides a shareholder perspective of the Company's relative performance against comparable companies - ROCE focusses management on the effective allocation and efficient use of the Company's capital assets		

*The Remuneration and Nomination Committee is responsible for assessing whether the targets are met and in doing so obtains the advice of an independent expert.

Other	
Hedging policy	Individuals cannot hedge Select Harvests equity that is unvested or subject to restrictions.
Clawback	The Board may determine that any unvested share rights will lapse or be forfeited in certain circumstances such as in the case of fraud, wilful misconduct or dishonesty.
Minimum shareholding requirements	Vested performance rights are to be held until the accumulated value is equal to 100% base salary.

The safety behaviour and values tollgate, which requires maintenance of a safe work environment, was passed.

The individual KMP actual STI payments and potential maximum payments are set out in the following table in section 2.3.

2.3 What we paid to MD and Other KMP in FY2023 – Further detail

The following pages compare the maximum potential and actual remuneration for the financial year ended 30 September 2023 for current KMP. Amounts include:

- Total fixed remuneration
- STI achieved as a result of business and individual performance (versus the maximum potential STI)
- Share performance rights that vested during the year at face value (versus the maximum initial award face value) for the performance testing period concluding in that year.

This information differs from the statutory remuneration disclosures presented in Section 5.1 (which are presented in accordance with the accounting standards) as the performance rights value is based on the closing share price on the day the tranche of performance rights were approved. The directors believe that the remuneration received is more relevant to users for the following reasons:

- The statutory remuneration expensed is based on historic cost and does not reflect the value of the equity instruments when they are actually received by the KMPs
- The statutory remuneration shows benefits before they are actually received by the KMPs

Key Management Personnel (KMP)			Total Fixed Remuneration $'000	Short Term Incentive $'000	Performance Rights $'000	Total $'000
D Surveyor+ MD & CEO	Actual Remuneration	2023	662	193	-	855
	Maximum Potential	2023	662	530	-	1,192
Brad Crump Chief Financial Officer and Company Secretary	Actual Remuneration	2023	449	78	-	527
	Maximum Potential	2023	449	225	92	766
Ben Brown General Manager (GM) Horticulture	Actual Remuneration	2023	382	46	-	428
	Maximum Potential	2023	382	191	77	650
D Wilson General Manager Almond Operations	Actual Remuneration	2023	315	68	-	383
	Maximum Potential	2023	315	158	37	510
P Thompson* Managing Director & CEO	Actual Remuneration	2023	325	-	-	325
	Maximum Potential	2023	325	260	383	968

+ Joined 20 February 2023; * Resigned on 3rd March 2023

2.4 FY2024 Outlook

The Remuneration and Nomination Committee and Board continue to review our remuneration strategy:

- The 2024 STI KPIs focus on priorities and outcomes budgeted for as part of annual business plans, maintaining the focus on safety, financial metrics, cost of production and culture.
- Our LTI performance rights are allocated annually, ensuring closer alignment to current strategic plans and financial targets.
- The focus of LTI moves to delivery of strategic sustainable growth in shareholder value over the medium and longer terms. Performance metrics: Absolute TSR (50% weighting) and absolute ROCE (50% weighting).

2.5 Long Term Performance Perspective

The following table provides the performance outcomes over a five year period which align to the STI and LTI outcomes for Executive KMP.

	Year ended 30 September				
	2023	2022	2021	2020	2019
Net (loss)/profit after tax ($'000)	(114,727)	4,759	15,116	25,001	53,022
Basic EPS (cents)	(94.8)	3.9	12.7	26.0	55.5
Basic EPS Growth	(2,531%)	(69%)	(51%)	(53%)	3,552%
Dividend per share (cents)	-	2.0	8.0	13.0	32.0
Opening share price 1 Oct ($)	5.26	8.29	5.57	7.69	5.32
Change in share price ($)	(1.25)	(3.03)	2.72	(2.12)	2.37
Closing share price 30 September ($)	4.01	5.26	8.29	5.57	7.69
TSR % p.a.+	(24%)	(36%)	50%	(26%)	51%

+ TSR is calculated as the change in share price for the year plus dividends announced for the year, divided by opening share price

Vesting of performance rights is based on performance against the hurdles over the three years prior to vesting.

The following illustrates the Company's performance against the criteria in the LTI plan.

	Year ended 30 September				
EPS Growth	2023	2022	2021	2020	2019
Basic EPS (cents)	(94.8)	3.9	12.7	26.0	55.5
Underlying EPS (cents)	(73.3)	3.2*	18.0*	26.0	55.5
3 Year EPS CAGR	(241.3%)	(61.4%)	(7.5%)	24.9%	11.9%
3 Year EPS CAGR target 5% - 20% Percentage vested	0%	0%	0%	100%	73%

Note: From next year onwards, the Company's performance will be measured using Return on Capital Employed (ROCE)

* Underlying EPS is adjusted for the impairment of goodwill (FY23) and loss on sale of the Consumer Brands and restructuring costs for the Thomastown site (FY2022 and FY2021). Please refer to note 3.7 and 5.4 within the Consolidated Financial Statements for more information.

	Year ended 30 September				
Relative TSR Performance*	2023	2022	2021	2020	2019
SHV 3 Year TSR %	(24.2%)	(28.42%)	64.3%	24.5%	22.8%
SHV 3 Year TSR Ranking	28th percentile	30th percentile	93rd percentile	62nd percentile	29th percentile
Peer group 3 Year Median TSR	21.4%	(8.4%)	(5.8%)	20%	50%
SHV Rank against peer group	40 out of 55	41 out of 58	2nd out of 16	6th out of 14	11th out of 15
Percentage vested	0%	0%	100%	73%	0%

* TSR ranking relative to ASX Consumer Staples also included in the All Ordinaries index.

2.6 Terms of KMP Service Agreements

Remuneration and other terms of employment for the KMP are formalised in service agreements. These service agreements set out the base salary arrangements and future review. Each of these agreements provide for participation in a Short Term Incentive Plan and a Long Term Incentive Plan.

Other significant provisions of the agreements are that the term is on-going with a 6 month notice period for the MD and 6 months notice period for Other KMP.

Other than the notice periods, there are no specific termination benefits applicable to the service agreements.

3. NON-EXECUTIVE DIRECTORS' ARRANGEMENTS

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director. On 1st November 2023, P van Heerwaarden joined the Board as a non-executive Director.

Non-Executive Directors receive fees (including statutory superannuation) but do not receive any performance related remuneration nor are they issued options or performance rights on securities. This reflects the responsibilities and the Group's demands of directors. Non-Executive Directors' fees are periodically reviewed by the Board to ensure that they are appropriate and in line with market expectations.

Non-Executive Directors' professional development is supported and funded through the Company's training budget. There is no equity ownership requirement for Non-Executive Directors. Directors are encouraged to acquire and hold shares equivalent in value to their annual fees.

The current aggregate fee limit of $973,750 was approved by shareholders at the 25 February 2022 Annual General Meeting. For the FY2023 year, the total amount paid to Non-Executive Directors was $693,665.

The remuneration is a base fee with the Chair of each of the Committee receiving additional fees commensurate with their responsibilities. The current directors' fees are as follows:

Current Base Fees (including superannuation)	
Chair	$252,216
Other Non-Executive Directors	$109,737
Additional Fees (including superannuation)	
Chair of the Audit and Risk Committee	$14,633
Chair of the Remuneration and Nomination Committee	$14,633
Chair of the Sustainability Committee	$14,633

4. GOVERNANCE

4.1 Role of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee operates under its own Charter and reports to the Board. The Charter was approved on 4 October 2022 by the Board. A copy of the Charter is available on the Company's website: www.selectharvests.com.au

4.2 Use of Remuneration Advisors

During the financial year ended 30 September 2023, no remuneration advisors were engaged. This assessment occurs on a biannual cycle.

4.3 Share Trading Policy

The Share Trading Policy was last reviewed by the Board in May 2023. A copy is available on the Company's website: www.selectharvests.com.au

Under the policy senior executives may not hedge Select Harvests equity that is unvested or subject to restrictions.

4.4 Loans and Other Transactions to Directors and Executives

There were no loans outstanding at the reporting date to Directors and executives. There have been no other transactions with Directors and executives.

5. KMP STATUTORY DISCLOSURES

5.1 Details of FY2023 and FY2022 Remuneration

Remuneration of Directors and other KMP of Select Harvests.

		Short Term			Post Employment Benefit	Long Term		Other	
	FY	Base Fee $	Short Term Incentives $	Non Cash Benefit $	Superannuation Contributions[N] $	Leave Entitlement Expense $	Performance Rights Granted $	Other $	Total $
Non-Executive Directors									
T Dillon+	2023	227,992	-	-	24,224	-	-	-	252,216
	2022	114,668	-	-	11,752	-	-	-	126,420
G Kingwill	2023	112,045	-	-	11,905	-	-	-	123,950
	2022	107,184	-	-	10,858	-	-	-	118,042
M Zabel++	2023	112,045	-	-	11,905	-	-	-	123,950
M Somerville+++	2023	87,152	-	-	9,291	-	-	-	96,443
F Grimwade^	2023	41,193	-	-	4,325	-	-	-	45,518
	2022	99,494	-	-	10,073	-	-	-	109,567
F Bennett^	2023	46,686	-	-	4,902	-	-	-	51,588
	2022	121,236	-	-	2,941	-	-	-	124,177
M Iwaniw^^	2022	170,994	-	-	-	-	-	-	170,994
N Anderson^^^	2022	47,401	-	-	4,740	-	-	-	52,141
Executive Director									
D Surveyor++++	2023	636,937	193,366	2,208	34,298	52,888	113,798	62,640[1]	1,096,135
P Thompson^^^^	2023	307,618	-	-	16,924	(17,656)[2]	28,728[2]	378,651[2]	714,265
	2022	713,763	124,938	-	28,127	24,707	374,667	-	1,266,202
Other KMP									
B Crump	2023	423,486	78,459	-	25,981	53,203	44,272	50,000[3]	675,401
	2022	412,246	44,417	-	24,038	-	50,487	50,000	581,188
B Brown	2023	343,012	46,084	12,730	25,973	23,579	36,413	-	487,791
	2022	335,374	38,285	-	27,733	14,181	41,589	-	457,162
D Wilson++	2023	289,590	68,233	-	24,973	13,768	25,959	-	422,523
	2022	242,604	43,070	-	26,382	30,371	26,256	-	368,683
P Ross	2022	329,149	34,327	-	27,603	8,515	41,708	-	441,302
N Feder	2022	309,168	34,901	-	26,918	-	19,787	-	390,774
S Douglas*	2022	276,445	19,609	-	17,804	-	32,114	341,019[4]	686,991

+ Appointed 29 November 2021; ++ Appointed 3 October 2022; +++ Appointed 13 December 2022; ++++ Appointed 20 February 2023
^ Retired 27 February 2023; ^^ Retired 30 June 2022; ^^^ Retired 25 February 2022; ^^^^ Retired 3 March 2023
* Redundancy 30 June 2022;

1. For D Surveyor, the amount relates to accrual of retention incentive which is payable on 25th October 2025 based on Mr Surveyor's continued employment to this date.
2. For P Thompson, the negative leave entitlement expense relates to annual leave taken in excess of the accrual posted during the year. The amount disclosed as "Other" relates to termination payment. The amount recorded in respect of share based payments is accelerated since they remain subject to meeting vesting conditions, notwithstanding the cessation of his employment on 3 March 2023.
3. For B Crump, on 7 June 2022, Mr Crump was awarded a cash bonus in the amount of $100,000 payable in December 2023, subject to continuous employment.
4. For S Douglas, the amount relates to payment of redundancy benefit.

N Includes salary sacrifice contribution

Notes

It should be noted that performance rights granted, referred to in the remuneration details set out in this report, comprise a proportion of rights which have not yet vested and are reflective of rights that may or may not vest in future years.

The elements of remuneration have been determined based on the cost to the consolidated entity.

Performance rights granted have been independently valued using the Black-Scholes-Merton model and the Monte Carlo simulation option pricing model, which takes account of factors such as the exercise price of the rights, the current level and volatility of the underlying share price and the time to maturity of the rights. The amount shown here is an accounting expense and reflects the value as determined using this model. The value is expensed over the vesting period of the rights.

5.2 Details of LTI Performance Rights Granted, Vested and Exercised

Performance rights granted to the MD and Other KMP during the year.

	Number				
	Opening balance 1 October 2022	Granted during the year	Vested during the year	Forfeited during the year	Closing balance 30 September 2023 (unvested)
MD					
D Surveyor	-	261,191	-	-	261,191
P Thompson*	329,845	-	-	46,845	283,000
Other KMP					
B Crump	68,145	56,511	-	11,243	113,413
B Brown	56,306	46,389	-	9,369	93,326
D Wilson	36,171	38,345	-	4,500	70,016

* Resigned 3 March 2023
P Ross and N Feder were no longer a KMP as at 1 October 2022. Their balance at that date were 56,403 and 27,058 respectively.

All vested rights are exercisable after the performance period, subject to a holding lock that requires KMP to hold shares with a value equivalent to their base salary.

5.3 Active Plan Performance Rights Granted

Performance rights granted to KMPs under the LTI Plans that are relevant to FY2023 and beyond.

Grant Date	Vesting Conditions	Performance Period	Participating KMPs	Performance Achieved	Vested %	Expiry Date
28 Jul 2021	• EPS Compound Annual Growth • Relative TSR performance to peer group • Continuous service • Holding Lock	1 October 2020 to 30 September 2023	P Thompson B Crump B Brown D Wilson	30 September 2023 rights achieved 0% of EPS condition rights and 0% of TSR condition rights	0%	31 October 2023
31 May 2022	• Absolute TSR • ROCE • Strategy implementation • Continuous service • Holding Lock	1 October 2021 to 30 September 2024	P Thompson B Crump P Ross B Brown D Wilson	2024 period to be determined.	N/A	31 October 2024
9 March 2023	• Absolute TSR • ROCE • Continuous service • Holding Lock	1 October 2022 to 30 September 2025	B Crump B Brown D Wilson	2025 period to be determined.	N/A	31 October 2025
7 April 2023	• Absolute TSR • ROCE • Continuous service • Holding Lock	1 October 2022 to 30 September 2025	D Surveyor	2025 period to be determined.	N/A	31 October 2025

The LTI Plan provides for the offer of a parcel of performance rights with a three year performance period to participating employees. The rights vest at the end of the period on achievement of the performance hurdles. Performance rights are granted under the plan for no consideration.

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

5.4 Grants of Performance Rights

The table details the grants of performance rights to the MD and KMP.

Rights to deferred shares									
Name	Year Granted	Number Granted	Value per right[N]	Vested %	Vested Number	Forfeited %	Forfeited Number	Financial years in which rights may vest	Max. value yet to vest
D Surveyor	2023	261,191	$2.96	-	-	-	-	30-Sep-26	$387,035
P Thompson	2020	46,845	$4.22	-	-	100%	46,845	30-Sep-23	-
	2021	77,903	$6.29	-	-	-	-	30-Sep-24	-
	2022	205,097	$3.91	-	-	-	-	30-Sep-25	-
B Crump	2020	11,243	$4.22	-	-	100%	11,243	30-Sep-23	-
	2021	18,622	$6.29	-	-	-	-	30-Sep-24	$1,334
	2022	38,280	$3.91	-	-	-	-	30-Sep-25	$15,452
	2023	56,511	$2.47	-	-	-	-	30-Sep-26	$56,889
B Brown	2020	9,369	$4.22	-	-	100%	9,369	30-Sep-23	-
	2021	15,361	$6.29	-	-	-	-	30-Sep-24	$1,100
	2022	31,576	$3.91	-	-	-	-	30-Sep-25	$12,746
	2023	46,389	$2.47	-	-	-	-	30-Sep-26	$46,699
D Wilson	2020	4,500	$4.22	-	-	100%	4,500	30-Sep-23	-
	2021	8,066	$6.29	-	-	-	-	30-Sep-24	$578
	2022	23,605	$3.91	-	-	-	-	30-Sep-25	9,528
	2023	38,345	$2.47	-	-	-	-	30-Sep-26	$38,601

N Based on an external valuation at grant date.

5.5 Number of Shares Held by Directors and Other KMP

The movement during the year in the number of ordinary shares of the Company held, directly or indirectly, by each director and other KMP, including their personally related entities, is as follows:

	Held at 1 October 2022	Received on exercise of performance rights	Other changes during the year	Held at 30 September 2023
Non-executive Directors				
T Dillon	8,850	-	11,250	20,100
G Kingwill	16,432	-	7,079	23,511
M Zabel	-	-	9,000	9,000
M Somerville	-	-	-	-
F Grimwade	92,699	-	(92,699)+	-
F Bennett	19,507	-	(19,507)+	-
MD				
D Surveyor	-	-	-	-
P Thompson	674,398	-	(674,398)+	-
Other KMP				
B Crump	11,333	-	(11,333)	-
B Brown	28,869	-	138	29,007
D Wilson	-	-	-	-

+ As these Directors and employees are no longer with the Company, the number of shares held by them are no longer reported and therefore removed from the table.
P Ross and N Feder were no longer a KMP as at 1 October 2022. Their balance at that date were 168,498 and Nil respectively.

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Select Harvests Limited for the year ended 30 September 2023, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Select Harvests Limited and the entities it controlled during the period.

Alison Tait Milner

Alison Tait Milner
Partner
PricewaterhouseCoopers

Melbourne
24 November 2023

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2023 FINANCIAL REPORT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

		Consolidated	
	Note	2023 $'000	2022 Restated* $'000
Continuing Operations Revenue			
Total revenue	2.2	**206,003**	**235,516**
Other income/(expenses)			
Fair value adjustment of biological assets	3.3	(74,512)	26,723
Gain on sale of assets	2.3	1,020	321
Insurance claims proceeds	2.3	2,148	8,795
(Loss)/Gain on foreign currency transactions		(3,102)	344
Total other income/(expenses)		**(74,446)**	**36,183**
Expenses			
Cost of sales		(232,427)	(237,164)
Administrative expenses		(18,364)	(19,707)
Finance costs		(10,212)	(4,145)
Impairment of non-current asset	2.3	(30,080)	(2,785)
(Loss)/Profit Before Income Tax	2.4	**(159,526)**	**7,898**
Income tax benefit/(expense)		44,799	(1,726)
(Loss)/Profit From Continuing Operations	5.4	(114,727)	6,172
(Loss) from discontinued operations		-	(1,413)
(Loss)/Profit Attributable To Members Of Select Harvests Limited		**(114,727)**	**4,759**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges, net of tax		7,495	(6,119)
Other comprehensive income/(loss) for the year		**7,495**	**(6,119)**
Total Comprehensive Income Attributable to Members of Select Harvests Limited		**(107,232)**	**(1,360)**
Total Comprehensive Income Attributable to Members of Select Harvests Limited arises from:			
Continuing operations		(107,232)	53
Discontinuing operations		-	(1,413)
		(107,232)	**(1,360)**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents per share)	2.5	(94.8)	5.1
Diluted earnings per share (cents per share)	2.5	(94.1)	5.1
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents per share)	2.5	(94.8)	3.9
Diluted earnings per share (cents per share)	2.5	(94.1)	3.9

* Refer to note 1.1 Basis of Preparation for details of the restatement of comparative information.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2023

	Note	Consolidated 2023 $'000	Consolidated 2022 Restated* $'000
Current assets			
Cash and cash equivalents	4.2	1,134	1,135
Trade and other receivables	3.1	47,489	57,094
Inventories	3.2	85,317	141,056
Biological assets	3.3	70,557	61,198
Tax receivable		21	1,452
Total current assets		**204,518**	**261,935**
Non-current assets			
Other receivables		2,076	1,825
Deferred tax assets	3.11	6,424	-
Property, plant and equipment	3.5	449,631	455,294
Right-of-use assets	3.6	190,077	208,200
Intangible assets	3.7	60,524	87,030
Total non-current assets		**708,732**	**752,349**
Total assets		**913,250**	**1,014,284**
Current liabilities			
Trade and other payables	3.8	69,674	58,279
Borrowings	4.3	6,322	2,663
Lease liabilities	3.9	27,119	30,465
Derivative financial instruments	3.4	3,922	14,629
Deferred gain on sale	3.10	175	175
Provisions	3.12	3,515	4,134
Total current liabilities		**110,727**	**110,345**
Non-current liabilities			
Other payables	3.8	527	1,298
Borrowings	4.3	185,000	133,000
Lease liabilities	3.9	202,536	211,655
Deferred tax liabilities	3.11	-	35,164
Deferred gain on sale	3.10	1,926	2,101
Provisions	3.12	1,009	437
Total non-current liabilities		**390,998**	**383,655**
Total liabilities		**501,725**	**494,000**
Net assets		**411,525**	**520,284**
Equity			
Contributed equity	4.1	401,615	401,164
Reserves	4.1	6,081	2,029
Retained profits		3,829	117,091
Total equity		**411,525**	**520,284**

* Refer to note 1.1 Basis of Preparation for details of the restatement of comparative information.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

		Consolidated			
	Note	Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 1 October 2021		**397,343**	**7,657**	**121,956**	**526,956**
Profit for the year		-	-	4,759	4,759
Other comprehensive income		-	(6,119)	-	(6,119)
Total comprehensive income for the year		**-**	**(6,119)**	**4,759**	**(1,360)**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs and deferred tax	4.1	3,821	-	-	3,821
Dividends paid or provided	2.6	-	-	(9,624)	(9,624)
Employee performance rights	6.3	-	491	-	491
Balance at 30 September 2022		**401,164**	**2,029**	**117,091**	**520,284**
Loss for the year		-	-	(114,727)	(114,727)
Other comprehensive income		-	7,495	-	7,495
Total comprehensive loss for the year		**-**	**7,495**	**(114,727)**	**(107,232)**
Transactions with equity holders in their capacity as equity holders:					
Transfers to retained earnings		-	(3,884)	3,884	-
Contributions of equity, net of transaction costs and deferred tax	4.1	451	-	-	451
Dividends paid or provided	2.6	-	-	(2,419)	(2,419)
Employee performance rights	6.3	-	441	-	441
Balance at 30 September 2023		**401,615**	**6,081**	**3,829**	**411,525**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

		Consolidated	
	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		212,696	268,983
Payments to suppliers and employees		(200,609)	(229,855)
		12,087	**39,128**
Interest received		16	10
Interest paid (including lease interest)		(21,780)	(16,282)
Income tax received/(paid)		1,431	3,987
Net cash (outflow)/inflow from operating activities	4.2	**(8,246)**	**26,843**
Cash flows from investing activities			
Proceeds from Government grants		120	73
Proceeds from sale of property, plant and equipment		1,419	3,941
Proceeds from sale of water rights		-	369
Payment for water rights		-	(3,962)
Payment for property, plant and equipment		(22,986)	(28,140)
Payment for software		-	(105)
Payment for license		-	(49)
Payment for tree development costs		(4,704)	(7,696)
Net cash outflow from investing activities		**(26,151)**	**(35,569)**
Cash flows from financing activities			
Proceeds from borrowings		137,000	145,050
Repayments of borrowings		(85,000)	(107,050)
Principal elements of lease payments		(19,294)	(21,931)
Dividends on ordinary shares, net of Dividend Reinvestment Plan		(1,969)	(5,803)
Net cash inflow from financing activities		**30,737**	**10,266**
Net (decrease)/increase in cash and cash equivalents		**(3,660)**	**1,540**
Cash and cash equivalents at the beginning of the year		(1,528)	(3,068)
Cash and cash equivalents at the end of the year		**(5,188)**	**(1,528)**
Reconciliation to cash at the end of the year:			
Cash and cash equivalents	4.2	1,134	1,135
Bank overdrafts	4.2	(6,322)	(2,663)
		(5,188)	**(1,528)**

The above Consolidated Statement of Cash Flow includes both continuing and discontinued operations and should be read in conjunction with the accompanying notes. Amounts related to discontinued operations are disclosed in Note 5.4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

1.1 Basis of Preparation

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for Select Harvests Limited and its subsidiaries ('the Group').

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. Select Harvests Limited is a for profit entity which is incorporated and domiciled in Australia. Its registered office and principal place of business is:

Select Harvests Limited
L3, Building 7, Botanicca Corporate Park
570-588 Swan Street
Richmond VIC 3121

A description of the nature of the Company's operations and its principal activities is included in the review of operations in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 24 November 2023. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All financial reports and other information are available on our website: https://www.selectharvests.com.au.

Compliance with IFRS

The consolidated financial statements of the Group comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through the Consolidated Statement of Comprehensive Income and biological assets.

Critical accounting estimates

The preparation of consolidated financial statements in conformity with Australian equivalents to IFRS ('AIFRS') requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher level of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.2.

New or amended Accounting Standards and Interpretations adopted during the financial year

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting year. These do not have a material effect on the Group's consolidated financial statements.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 September 2023 reporting period and have not been early adopted by the Group. The Group's assessment of these new standards and interpretations concluded that they will not have a material impact on the consolidated financial statements of the Group in future periods. The new standards and interpretations are as follows:

- AASB 2020-1 Amendments to Australian Accounting Standards- Classification of Liabilities as Current or Non-Current (effective years beginning after 1 January 2023)
- AASB 2020-6 Amendments to Australian Accounting Standards- Classification of Liabilities as Current or Non-Current – Deferral of effective date (effective years beginning after 1 January 2023)
- AASB 2021-2 Amendments to Australian Accounting Standards- Disclosure of Accounting Policies and Definition of Accounting Estimates (effective years beginning after 1 January 2023)
- AASB 2021-5 Amendments to Australian Accounting Standards- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective years beginning after 1 January 2023)
- AASB 2022-1 Amendments to Australian Accounting Standards- Initial Application of AASB17 and AASB 9 (effective years beginning after 1 January 2023)

New sustainability reporting standards

In June 2023 the International Sustainability Standards Board (ISSB) published two sustainability reporting standards in response to the demand for better information about sustainability related matters.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

1.1 Basis of preparation (continued)

The standards issued were:

- IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information". IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity.
- IFRS S2 "Climate-related Disclosures". IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

The Australian climate related financial disclosure requirements are still being finalised, however disclosures are expected to be closely aligned with the ISSB Standards, with Australian equivalents to be set by the AASB considering Australian-specific requirements. Based on the current proposals, the climate related disclosure requirements are expected to first apply to the Group for the financial year ending 30 September 2025.

Whilst there are currently no mandatory climate related reporting requirements, the Group recognises the importance of environmental and social matters to its shareholders, suppliers and customers and discloses a significant amount of information on these topics in its Annual Sustainability Report. The Group's 2023 Sustainability Report has been released to the ASX at the same time as this report and can be found on the Company's website at https://www.selectharvests.com.au/governance/

Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. A list of the Group's subsidiaries is included in note 5.1.

Intercompany transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each entity comprising the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of the Group.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges.

Restatement of comparative information

(a) Revenue recognition for sale of external grower almonds

During the financial year, the Group assessed the revenue recognition policy for the sale of almonds received for processing from external growers. Previously, revenue had been recognised assuming the Group was acting as an agent, however the recent assessment concluded that the Group was acting as a principal in the arrangement. The error resulted in a material understatement of Total Revenue recognised for the 2022 and prior financial years and a corresponding understatement in Cost of sales. This restatement did not impact Net Profit. Additionally, there was an understatement of Inventory and Trade and other payables. There was no impact on equity.

(b) Unwinding of fair value margin recognised on crops harvested in prior periods

Almond crops are accounted for as a biological asset and measured at fair value. In prior years, the fair value margin recognised on almond crops when harvested and transferred to inventory was reversed when the almonds were sold through the Fair value adjustment of biological assets line. Going forward the fair value movement and cost of sales will be recognised at their respective gross amounts, with the reversal of the fair value adjustment not recognised through the Fair value adjustment of biological assets line. There was not an impact on Net Profit. For the year ended 30 September 2022, the amount of $29.77m has been reclassified to increase Cost of sales with a corresponding adjustment in the Fair value adjustment of Biological assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

1.1 Basis of preparation (continued)

The errors have been corrected by restating each of the affected consolidated financial statement line items for the prior periods as follows:

$'000 For the financial year ended 30 September 2022 (Consolidated Statement of Comprehensive Income extract)	30 September 2022	Increase	30 September 2022 (restated)
Total Revenue (a)	199,661	35,855	235,516
Fair Value adjustment of biological assets (b)	(3,048)	29,771	26,723
Cost of sales (a) & (b)	(171,538)	(65,626)	(237,164)

$'000 As at 1 October 2021 (Consolidated Statement of Financial Position extract)	1 October 2021	Increase	1 October 2021 (restated)
Inventories (a)	114,316	23,587	137,903
Trade and other payables (a)	(64,967)	(23,587)	(88,554)

$'000 As at 30 September 2022 (Consolidated Statement of Financial Position extract)	30 September 2022	Increase	30 September 2022 (restated)
Inventories (a)	128,462	12,594	141,056
Trade and other payables (a)	(45,685)	(12,594)	(58,279)

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

Parent entity financial information

The financial information for the parent entity, Select Harvests Limited, disclosed in Note 5.2 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the consolidated financial statements of Select Harvests Limited.

1.2. Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions concerning the future about uncertain external factors such as: discount rates, the effects of inflation, the outlook for global and local almond market supply and demand conditions, foreign exchange rates, asset useful lives and climate-related risks such as heat waves, droughts and floods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors. The actual outcomes of estimates and judgements used may differ because of changes in these estimates and judgements.

The estimates and judgements that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

1.2.1 Climate related risks

Consideration has been given to climate related risks throughout the consolidated financial statements, and in particular in respect of the short-term impacts of climate conditions impacting forecast future cash flows and the carrying value of biological assets and the longer term climate impacts on the caring value of non-current assets, including orchard valuations (owned and leased) and water entitlements.

Climate risks most likely to affect the Group financially include floods and droughts, given the dependency on the use of water on its orchards. The financial impact of increasing/decreasing water costs as a result of droughts/floods, will most likely be offset by changes in almond prices given drier conditions usually increase almond quality and quantities and vice versa.

1.2. Critical Accounting Estimates and Judgement (continued)

The effect of these two extreme weather events on the Group's Net Profit After Tax (NPAT) are summarised below:

	Floods		Drought	
Temporary Water Price	↓		↑	
Product quality	↓	% Inshell lower & higher manufacturing grade	↑	% Kernel & inshell higher & manufacturing grade lower
Harvesting cost	↑	Labour, weed spraying & chemicals	↓	Labour, chemicals
Processing cost	↑	Drying	↓	
Pricing	Better or worse growing conditions in Australia due to extreme weather conditions will have a significant impact on global almond prices. Extreme weather conditions in California will dictate global almond commodity prices.			

The financial impact of increasing temporary water costs because of drier conditions will be offset by lower harvest and processing costs as well as a higher % of inshell and kernel production and visa versa.

1.2.2 Going concern

The Group's operating loss before tax result of $159.5m for the financial year resulted from a downgrade in quality of the 2022 crop, lower almond pricing, high operating costs and poor bloom and growing conditions impacting the net volume of the 2023 crop.

As a result of these challenges, the Board and management have considered the Group's ability to continue as a going concern for the next 12 months from the date the consolidated financial statements are issued ("forecast period").

As of 30 September 2023, the Group has non-current bank debt of $185.0 million and current debt of $6.3 million.

During the financial year, the Group successfully secured credit approval for an increase in banking facilities, adjusted covenants (refer note 4.3) and incorporating the seasonal facility into its overall banking facility. The Group was in compliance with the revised covenants for the period ending 30 September 2023.

The Group has reviewed its cash flow forecast and its ability to operate within the net debt limit for the forecast period. In undertaking this review, the Group considered the critical assumptions in relation to the forecast and performed a sensitivity analysis on the forecast cash flows.

The Group's forecast cash flows include critical assumptions relating to crop quality, crop volume and almond pricing and operating costs.

Crop volumes and pricing

A critical assumption is the 2024 crop volume. The cash flow includes the assumption of the 2024 crop tonnage returning to historical average harvest volumes and quality profile, and an increase of at least 15% on the 2023 crop almond price.

The increase in the almond price is on the basis of a significant increase in quality and resulting increase in the inshell portion of the crop sales, alongside upward movements in market pricing. There are a number of positive indicators for almond pricing and positive upward movement in recent contracted sales.

Operating costs

The forecast includes the impact of inflationary increases on input costs, offset by cost savings related to key input costs such as fertiliser.

Sensitivity of cash flows

The Group has considered the downside scenarios of changes to almond pricing and volumes. Based on downside scenarios, the Group is satisfied that reasonable changes to key assumptions would not create a liquidity issue.

If the sales volume and pricing were to adversely impact the cash flow, the Group has other cash flow initiatives to maintain the headroom in the debt facilities. These include divestment of certain assets (e.g. water) and other cost saving initiatives and business efficiency projects.

Compliance with forecast covenants

The Group's Fixed Charge Cover ('FCC') ratio will be tested for the period ended 31 March 2024 and 30 September 2024. The compliance with the FCC ratio will be based on the estimated profit for the FY2024 crop. There is limited headroom in the forecast FCC covenant for the FY24 testing dates, and hence any downside change to the forecast almond price, quality of the harvest or the forecast tonnage could result in a breach of the FCC covenant in FY24. The FCC ratio is sensitive to changes in the 2024 crop forecast. A change in the 2024 crop almond price assumption of 5.6% or a drop in yield of 5.6% would result in a FCC covenant ratio breach at 31 March 2024.

1.2. Critical Accounting Estimates and Judgement (continued)

Based on this analysis the Group would continue to trade within the limits of the available funding facilities and comply with financial covenants throughout the going concern forecast period. It has been concluded that the Group will continue to operate as a going concern and as a result, the consolidated financial statements have been prepared on this basis.

Other Critical accounting estimates and assumptions include:

Inventory – Valuation of the 2023 Almond Crop: refer note 3.2 Inventories
Carrying value of biological assets: refer note 3.3 Biological Assets
Carrying value of non-current assets: refer note 3.5 Property, Plant and Equipment, note 3.6 Right-Of-Use Assets and 3.7 Intangibles
Recoverability of booked tax losses: refer to note 3.11

2. RESULTS FOR THE YEAR

2.1 Segment Information

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

Segment products and locations

The Chief Executive Officer and Executive Management assess the performance of the Group on a consolidated basis.

The Group grows, processes and value-adds to almonds from owned and leased almond orchards. Raw and processed product is exported or sold domestically to consumers and Business to Business for industrial related almond products. The Group operates predominantly within the geographical area of Australia.

2.2 Revenue from continuing operations

		Consolidated	
	Note	2023 $'000	2022 Restated* $'000
Revenue recognised at point in time			
Sale of goods and services	(a)	203,386	233,061
Management services		2,054	1,760
Government grant and other revenue	(b)	563	695
Total revenue		**206,003**	**235,516**

* Refer to note 1.1 Basis of Preparation for details of the restatement of comparative information.

a. Revenue from the Sale of goods includes sales of value-added almond products of $44.2m (2022: $55.8m) and non value-added products of $159.2m (2022: $137.6m).

b. A government grant of $0.12 million was received during the year for hull digestion plant purposes (2022: $0.07 million).

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, and amounts collected on behalf of third parties. Revenue is recognised when performance obligations are satisfied and control of the goods or services have passed or been provided to the buyer. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods and services

Revenue is recognised in respect of the sale of goods at the point in time when control over the corresponding goods is transferred to the customer (i.e. at a point in time for sale of goods when the goods are shipped to the customer or when the services have been provided). Revenue from sale of goods includes revenue where the Group sells almonds purchased from external growers. The Group is considered to be a principal in the sale of almonds purchased from external growers, given the Group has control over the external grower inventory from the time of delivery to the Group through to ultimate sale to customers.

Revenue is collected on behalf of shipping and insurance third parties in instances where there are freight and insurance services incorporated into the sales contract. The promise to arrange shipping and insurance on behalf of the customer is identified as a separate performance obligation from the promise to sell the associated almonds. The nature of this performance obligation is to provide agency services, arranging the shipping and insurance on behalf of the customer, and accordingly revenue is recognised on a net basis.

Management services

Management services revenue relates to services provided for the management and development of farms as well as sub leasing of our non-almond orchard. The services are recognised as revenue when services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Government grants

Government grants are assistance by the government in the form of transfers of resources to the Group in return for past or future compliance with certain conditions relating to the operating activities of the Group.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which they become receivable.

Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are deducted from the carrying amount of the asset on the consolidated Statement of Financial Position. The grant is recognised in profit or loss over the life of the depreciable asset as a reduced depreciation expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

2.3 Other Income and Expenses

		Consolidated	
	Note	2023 $'000	2022 $'000
Profit before tax from continuing operations includes the following specific expenses:			
Depreciation of Property, Plant and Equipment:			
• Buildings		219	193
• Plant and equipment		11,573	9,218
Total depreciation of Property, Plant and Equipment	(a)	11,792	9,411
Depreciation charge of right-of-use assets:			
• Property		226	576
• Plant and equipment		309	331
• Orchard-citrus		1,199	1,145
Total depreciation of right-of-use assets	(b)	1,734	2,052
Interest on leases	(c)	760	720
Amortisation of software		503	825
Amortisation of license		5	3
Employee benefits		46,375	44,464
Short term and low-value lease rental payments	(d)	1,315	1,337
Impairment losses on:			
• Property, Plant and Equipment	(e)	-	2,082
• Inventory	(e)	-	703
• Bearer plant	(f)	4,085	-
• Goodwill	3.7	25,995	-
		30,080	2,785
Insurance recovery	(e)	2,148	8,795
Net (gain)/loss on disposal of property, plant and equipment		1,020	48
Net (gain)/loss on disposal of permanent water		-	(369)

a. In addition, the following depreciation amounting to $22.63 million (2022: $19.46 million) was capitalised as part of the biological asset which will then unwind as part of cost of sales when the almonds are sold.

b. In addition, the following ROU asset depreciation amounting to $17.67 million (2022: $15.44 million) and $2.24 million (2022: $5.43 million) was capitalised as part of the biological asset and leasehold improvement respectively. The portion capitalised into the biological asset will then unwind as part of cost of sales when the almonds are sold.

c. Lease interest amounting to $9.18 million (2022: $7.44 million) and $1.55 million (2022: $3.94 million) was capitalised as part of the biological asset and leasehold improvement respectively. The portion capitalised into the growing crop will then unwind as part of cost of sales when the almonds are sold.

d. The expense represents lease rentals that are short-term leases (terms of 12 months or less) and leases of low-value assets charged directly to the Consolidated Statement of Comprehensive Income.

e. On 26 December 2021, the Group experienced a fire event in its co-waste handling area at its Carina West processing facility. The damage impacted some site buildings, materials handling equipment and work in progress inventory. As the inventory and equipment were destroyed beyond repair, their fair value less cost of disposal was nil and written off to profit and loss.
The impairment loss is included in other expenses in the Consolidated Statement of Comprehensive Income. An insurance recovery of $2.15 million (2022: $8.79 million) has been recognised as other income. With the receipt of $2.15 million, the insurance claim is now finalised.

f. During the financial year, the Company experienced floods on selected orchards. Although efforts were made by management to clear the flood waters, some trees in low lying areas were heavily impacted. This led to management performing an assessment of the trees impacted and recognising an impairment loss.

2.4 Income Tax Expense

		Consolidated	
	Note	2023 $'000	2022 $'000
(a) Income tax benefit/(expense)			
Current tax		-	-
Deferred tax		39,899	(1,930)
Over/(Under) provided in prior years		4,900	809
Total current tax benefit/(expense)		**44,799**	**(1,121)**
Deferred income tax (benefit)/expense included in income tax expense comprises:			
Increase/(Decrease) in deferred tax assets	3.11	22,194	3,700
(Increase)/Decrease in deferred tax liabilities	3.11	17,705	(5,630)
		39,899	**(1,930)**
Income tax expense is attributable to:			
Loss/(Profit) from continuing operations		44,799	(1,726)
Loss from discontinued operations	5.4	-	605
Aggregate income tax benefit/(expense)		**44,799**	**(1,121)**
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
(Loss)/Profit from continuing operations before income tax expense		(159,526)	7,898
Tax benefit/(expense) at the Australian tax rate of 30% (2022: 30%)		47,858	(2,369)
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
Other non-assessable income		-	(166)
Other non-deductible items		(7,959)	-
(Under)/Over provided in prior years		-	809
Origination and reversal of temporary differences		4,900	-
Income tax benefit/(expense)		**44,799**	**(1,726)**

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

(i) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Australia or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward.

2.4 Income Tax Expense (continued)

(ii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the taxation authority are classified as Cash Flows from Operating Activities.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2.5 (Loss) Earnings Per Share

	2023 Cents	2022 Cents
(a) Basic (loss)/earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	(94.8)	5.1
From discontinued operations	-	(1.2)
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(94.8)**	**3.9**
(b) Diluted (loss)/earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	(94.1)	5.1
From discontinued operations	-	(1.2)
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(94.1)**	**3.9**
(c) Reconciliation of earnings used in calculating earnings per share		
(Loss)/Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	(114,727)	6,172
From discontinued operations	-	(1,413)
	(114,727)	**4,759**

The following reflects the share data used in the calculations of basic and diluted earnings per share:

	2023 Number	2022 Number
(d) Weighted average number of shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	121,021,435	120,710,209
Weighted average number of performance rights issued	852,743	440,885
Effect of dilutive securities:		
Adjusted weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	121,874,178	121,151,094

Basic Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive ordinary shares, and after income tax effect of interest and other financing costs associated with potential dilutive ordinary shares. Diluted earnings per share include performance rights issued to executives under the Company's LTI plans.

2.6 Dividends

	Consolidated	
	2023 $'000	2022 $'000
(a) Dividends paid during the year		
(i) FY2023 Interim Dividend		
No interim dividend declared (FY2022: Nil)	-	-
(ii) FY2022 Final Dividend – paid 2 February 2023		
Fully franked dividend 2c per share (FY2021 final dividend: 8c paid on 4 February 2022)	2,419	9,624
	2,419	**9,624**
(b) Dividends proposed and not recognised as a liability.		
No dividend (2022: 2 cents per share) has been declared by the directors $Nil (2022: $2,419,016).		
(c) Franking credit balance		
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2022: 30%)	**18,464**	**21,086**

The above amounts represent the balance of the franking account (presented as the gross dividend value) as at the end of the period, adjusted for:

i. Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
ii. Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.

3. ASSETS AND LIABILITIES

3.1 Trade and Other Receivables

	Consolidated 2023 $'000	2022 $'000
Trade receivables	32,287	33,864
Loss allowance	-	-
	32,287	33,864
Other receivables	3,105	5,254
Prepayments	12,097	17,976
	47,489	**57,094**

Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are recognised initially at the amount of consideration that is unconditional and subsequently measured at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are explained below.

(a) Impairment of trade receivables

The Group applies the AASB 9 Financial Instruments simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 September 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The ageing analysis for the financial year ended 2023 was determined as follows:

	Current $'000	Up to 3 months past due $'000	More than 3 months past due $'000	Total $'000
30 September 2023				
Gross carrying amount	32,302	(15)	-	32,287
30 September 2022				
Gross carrying amount	34,177	(313)	-	33,864

Note: Expected credit loss on aged receivables is immaterial and not disclosed above.

(b) Effective interest rates and credit risk

All receivables are non-interest bearing.

The Company minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers from across the range of business segments in which the Company operates. Refer to Note 4.4 for more information on the risk management policy of the Company as well as the effective interest rate and credit risk of current receivables.

(c) Fair value

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

3.2 Inventories

	Consolidated 2023 $'000	2022 Restated* $'000
Raw materials	13,383	28,892
Finished goods and work in progress	62,527	103,608
Other inventories	9,407	8,556
	85,317	**141,056**

* Refer to note 1.1 Basis of Preparation for details of the restatement of comparative information.

3.2 Inventories (continued)

Inventories are valued at the lower of cost and net realisable value. A write-down of $24.5m (2022: Nil) was made for the 2022 crop due to deterioration in stock quality during the financial year.

A fair value write down was recognised on the 2023 almond crop in biological assets (note 3.3). There have been no subsequent write-downs to the 2023 crop after being transferred into inventory.

Almond inventory held at 30 September 2023 that has been purchased from external growers is included in the Group's Inventory balance given the Group has control over the external grower inventory from the time of delivery to ultimate sale to customers.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials and consumables: purchase cost on a first in first out basis;
- Biological assets reclassified as inventory (included within raw materials in the table above): the initial cost assigned to agricultural produce is the fair value less costs to sell at the point of harvesting in accordance with AASB 141 Agriculture ('AASB 141'). Subsequently, downward changes to the fair value of uncommitted inventory are recognised to the Consolidated Statement of Comprehensive Income. The fair value measurements for the uncommitted inventory balance have been categorised as Level 2 fair values based on the inputs to the valuation techniques used, which are based on observable market data. It is measured considering the estimated selling price at any given point in time based on:
  - current market prices for similar quality products i.e. inshell/kernel, etc;
  - executed sales of similar quality product in the market; and
  - The observable data used for measurement of the uncommitted inventory balance are inherently considering the impact of climate change risks at the time of measurement including any climate related impacts on the size of the Californian almond crop;
- Finished goods and work in progress: cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity; and
- Other inventories comprise consumable stocks of chemicals, fertilisers and packaging materials recorded at cost on a first in first out basis.

Critical Accounting Estimates & Assumptions

Valuation of the 2023 Almond Crop

The 2023 almond crop is classified as inventory once the crop is harvested in accordance with AASB 102 Inventories. At balance date, the Company had completed hulling and shelling of all its almonds with a yield of 19,771MT and 83% of this crop had been sold or committed to be sold.

At 30 September 2023, $45.8 million of the Groups' inventory is in relation to the 2023 almond crop.

The critical accounting estimates and assumptions used in determining the net realisable value of the 2023 uncommitted inventory on hand includes the quality of the inventory on hand, and its associated market pricing. It also considers any subsequent contracts entered into after year end.

3.3 Biological Assets

	Consolidated	
	2023 $'000	2022 $'000
Growing almond crop	**70,557**	**61,198**
Reconciliation of changes in carrying amount of biological assets		
Opening balance	61,198	51,321
Increases due to purchases/growing costs (including capitalised depreciation)	206,831	178,707
Decreases due to harvest (i)	(122,960)	(195,553)
(Loss)/Gain arising from changes in fair value (ii)	(74,512)	26,723
Closing balance	**70,557**	**61,198**

i. Includes biological assets reclassified as inventory at the point of harvest
ii. Net (decrements)/increments in the fair value of the growing assets are recognised as (expense)/income in the Consolidated Statement of Comprehensive Income..

Recognition and Measurement

Almond trees are bearer plants and are therefore presented and accounted for as property, plant and equipment ('PPE') (see note 3.5). However, almonds growing on the trees are accounted for as biological assets until the point of harvest. Almonds are transferred to inventory at fair value less costs to sell when harvested (see note 3.2). Biological assets relate to the almond crop and are measured at fair value less costs to sell in accordance with AASB141. Where fair value cannot be reliably measured or little or no biological transformation has taken place, biological assets are measured at cost.

At 30 September 2023, the biological asset balance relates to the 2024 almond crop, which is recorded at cost and has little or no biological transformation. The 2023 almond crop has been transferred to inventory after it was fully harvested during the financial year.

3.3 Biological Assets (continued)

The change in estimated fair value of the biological assets are recognised in the Consolidated Statement of Comprehensive Income. Fair value measurements have been categorised as Level 3 fair values based on the inputs to the valuation techniques used, which are not based on observable market data. It is measured taking into account the following:

- estimated selling price at harvest and estimated cash inflows based on forecasted sales;
- estimated yields; and
- estimated remaining growing, harvests, processing and selling costs.

All the non-observable data used for measurement of the biological assets fair value, are inherently considering the impact of climate change risks at the time of measurement including for example the impact of severe weather conditions on water requirements to grow and harvests the almond crops.

Critical Accounting Estimates & Assumptions

Carrying value of biological assets

The recoverability of the biological assets carrying value is dependent on the estimated 2024 crop volume and price. The Group's forecasts includes the assumption of the 2024 crop tonnage returning to historical average harvest volumes and quality profile, and an increase of at least 15% on the 2023 crop almond price. These estimates incorporate the consideration of short-term climate related risks and assumptions as set out in Note 1.2.1.

The increase in the almond price is based on a significant increase in quality and resulting increase in the inshell portion of the crop sales, alongside upward movements in market pricing. There are a number of positive indicators for almond pricing and positive upward movement in recent contracted sales.

3.4 Derivative Financial Instruments	Consolidated	
	2023 $'000	2022 $'000
Current Liabilities		
Fair Value of Forward exchange and option contracts – cash flow hedges	3,922	14,629

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

(i) Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions.

For hedges of foreign currency purchases and sales, the Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Company therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness. Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated or if there are changes in the credit risk.

In hedges of foreign currency purchases and sales, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of Australia or the derivative counterparty.

(ii) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Consolidated Statement of Comprehensive Income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(iii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in Other Expenses in the Consolidated Statement of Comprehensive Income.

3.4 Derivative Financial Instruments (continued)

(iv) Cash flow hedge accounting

When option contracts are used to hedge forecast transactions, the Company designates intrinsic value options as the hedging instrument. Gains and losses relating to the effective portion of the change in value of the options are recognised in the cash flow hedge reserve within equity.

When forward exchange contracts ('FEC's) are used to hedge forecast transactions, the Company designates the full change in fair value of the forward exchange contract('FEC') as the hedging instrument. The gains or losses relating to the effective portion of the change in fair value of the entire FEC are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in Cost of Sales in the Consolidated Statement of Comprehensive Income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated Statement of Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to Other Expenses in the Consolidated Statement of Comprehensive Income.

(v) Outstanding hedge instruments

The Company entered into FEC's hedge instruments to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective of entering the FEC's is to protect the Company against unfavourable exchange rate movements for highly probable contracted and forecasted sales and purchases undertaken in foreign currencies.

At balance date, the details of outstanding hedge instruments are:

	Buy Australian Dollars		Average Exchange Rate	
Less than 6 months	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
FEC Sell USD Settlement	USD66,693	USD74,687	0.67	0.72

	Buy Australian Dollars		Average Exchange Rate	
More than 6 months	**2023 $'000**	**2022 $'000**	**2023 $'000**	**2022 $'000**
FEC Sell USD Settlement	USD30,000	USD47,500	0.65	0.68
Option Sell USD Settlement	USD10,000	-	0.67	-

(vi) Credit risk exposures

Credit risk for derivative financial instruments arises from the potential failure by counterparties to the contract to meet their obligations at maturity. The credit risk exposure to FEC's is the net fair values of these instruments.

The net amount of the foreign currency the Group will be required to pay or purchase when settling the brought forward foreign currency contracts should the counterparty not pay the currency it is committed to deliver to the Group at balance date was USD $106,693,000 (2022: USD $122,186,522).

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

3.4 Derivative Financial Instruments (continued)

(vii) Hedging reserves

The Group's hedging reserves as presented in Consolidated Statement of Changes in Equity relate to the following hedging instruments:

	Consolidated		
	Intrinsic value of options $'000	Spot component of currency forwards $'000	Total hedge reserves $'000
Closing balance 30 September 2021	(689)	(3,433)	(4,122)
Add: Change in fair value of hedging instrument recognised in Other Comprehensive Income ('OCI')	-	(14,629)	(14,629)
Less: Reclassified from OCI to profit or loss	896	2,652	3,548
Less: Deferred tax	(207)	5,169	4,962
Closing balance 30 September 2022	**-**	**(10,241)**	**(10,241)**
Add: Change in fair value of hedging instrument recognised in OCI	(702)	(3,222)	(3,924)
Less: Reclassified from OCI to profit or loss	-	14,629	14,629
Less: Deferred tax	210	(3,421)	(3,211)
Closing balance 30 September 2023	**(492)**	**(2,255)**	**(2,747)**

(vi) Market risk

The effects of the foreign currency related hedging instruments on the Company's financial position and performance are as follows:

	Consolidated	
	2023 $'000 Sell USD	2022 $'000 Sell USD
FEC's		
Carrying amount asset/(liability)	(3,222)	(14,629)
Notional amount	96,693	122,187
Maturity date	October 2023 – August 2025	October 2022 - September 2023
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since 1 October	(3,220)	(14,629)
Change in value of hedged item used to determine hedge effectiveness	3,220	14,629
Weighted average hedged rate for the year (including forward points)	USD$0.6652: AUD$1	USD$0.7036: AUD$1
Foreign currency options		
Carrying amount (liability)	(702)	-
Notional amount	10,000	-
Maturity date	May-June 2024	-
Hedge ratio	1:1	-
Change in intrinsic value of outstanding hedging instruments since 1 October	(702)	-
Change in value of hedged item used to determine hedge effectiveness	702	-
Weighted average strike rate for the year	USD$0.6732: AUD$1	-

3.5 Property, Plant And Equipment

(a) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment ('PPE") for the current financial year.

	Buildings $'000	Leasehold Improvement $'000	Plantation land and irrigation systems $'000	Plant and equipment $'000	Bearer Plants $'000	Capital work in progress $'000	Total $'000
At 30 September 2021							
Cost	22,777	39,971	153,791	152,026	241,964	5,320	615,849
Accumulated depreciation	(4,665)	-	(43,554)	(83,978)	(46,045)	-	(178,242)
Net book amount	**18,112**	**39,971**	**110,237**	**68,048**	**195,919**	**5,320**	**437,607**
Year ended 30 September 2022							
Opening net book amount	18,112	39,971	110,237	68,048	195,919	5,320	437,607
Reclassification from ROU*	-	-	-	2,275	-	-	2,275
Additions	1,474	8,496	-	3,140	7,696	25,867	46,673
Disposals	-	-	-	(309)	-	(2)	(311)
Depreciation expense	(631)	(596)	(3,814)	(13,623)	(10,204)	-	(28,868)
Impairment loss (i)	-	-	-	(2,082)	-	-	(2,082)
Transfers	1,790	-	2,329	20,457	-	(24,576)	-
Closing net book amount	**20,745**	**47,871**	**108,752**	**77,906**	**193,411**	**6,609**	**455,294**
At 30 September 2022							
Cost	26,041	48,467	156,120	172,471	249,660	6,609	659,368
Accumulated depreciation	(5,296)	(596)	(47,368)	(94,565)	(56,249)	-	(204,074)
Net book amount	**20,745**	**47,871**	**108,752**	**77,906**	**193,411**	**6,609**	**455,294**
Year ended 30 September 2023							
Opening net book amount	20,745	47,871	108,752	77,906	193,411	6,609	455,294
Reclassification from ROU*	-	-	-	3,317	-	-	3,317
Additions	-	3,743	-	98	4,704	21,385	29,930
Disposals	-	-	-	(388)	-	(11)	(399)
Depreciation expense	(753)	(2,686)	(4,196)	(14,369)	(12,422)	-	(34,426)
Impairment loss (ii)	-	-	-	-	(4,085)	-	(4,085)
Transfers	445	-	4,911	15,092	-	(20,448)	-
Closing net book amount	**20,437**	**48,928**	**109,467**	**81,656**	**181,608**	**7,535**	**449,631**
At 30 September 2023							
Cost	26,477	52,210	161,031	187,491	248,097	7,535	682,841
Accumulated depreciation	(6,040)	(3,282)	(51,564)	(105,835)	(66,489)	-	(233,210)
Net book amount	**20,437**	**48,928**	**109,467**	**81,656**	**181,608**	**7,535**	**449,631**

* This relates to ROU assets when the lease has expired and ownership remains with the Company.

i. The impairment loss relates to assets that were damaged by a fire at the Carina West processing facility during 2022 – see note 2.3 for details. The whole amount written off was recognised as other expense in the Consolidated Statement of Comprehensive Income, as there was no amount included in the asset revaluation surplus relating to the relevant assets. An amount of $2.1 million (2022: $8.8 million) has been recognised in other income and relates to compensation for overall damages caused by the fire and recognised as other income. The claim has now been finalised.

ii. The impairment loss relates to bearer plants that were damaged by flood during the year at both the Group's orchards. In total 523 acres of bearer plants were written off as a result of the floods.

3.5 Property, Plant And Equipment (continued)

Cost basis

The non-current assets of the CGU carrying value (including Property, Plant and Equipment) were assessed on a fair value less costs to sell basis. The Group assesses for indicators of impairment at the asset cash generating unit level, which is considered the smallest identifiable group of assets generating cash inflows that are largely independent of cash inflows from other assets. The Group determined this to be the orchard level.

An independent valuation was performed by Herron Todd White in September 2022 for specific assets of our Almond Division (ten owned orchards and the Carina West Processing Facility). The orchards were valued using a direct comparison summation and a discounted cashflow to determine their market value. This was performed on the basis of 'highest and best use' being the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and results in the highest value of the property being valued. The valuation approach used for the processing facility was capitalisation of Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and a productive unit basis to determine its market value. The book value of the assets at 30 September 2023 was $332.1 million against the September 2022 valuation performed by Herron Todd White amounting to $458.4 million which was confirmed against current market conditions to support the carrying values at 30 September 2023 by performing a sample of external valuations at this date. As the inputs to determine the fair value are unobservable, the valuation is considered Level 3 in the fair value hierarchy.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land are depreciated on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. The useful economic life and residual value of PPE is reviewed on an annual basis considering key assumptions including forecast usage, changes in technology, physical condition, and potential climate change implications.

Bearer plants are assumed ready for use when a commercial crop is produced from the seventh year post planting. The depreciation on the almond trees amounting to $12.42 million (2022: $10.20 million) was capitalised into the growing crop cost base. Leasehold improvements commence depreciation when a commercial crop is produced from the seventh year post planting and depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

Buildings	25 to 40 years
Plant and equipment	5 to 20 years
Bearer plants	10 to 30 years
Irrigation systems	10 to 40 years
Leasehold improvements	13 to 14 years

Capital works in progress

Capital works in progress are valued at cost and relate to costs incurred for owned orchards and other assets under development.

Critical Accounting Estimates and Assumptions

Carrying value of non-current assets

The recoverable value assessment includes assumptions related to fair value including relevant transactional prices, market conditions and asset useful lives. The carrying value assessment of bearer plants includes judgement on tree age, yields and estimates for tree damage. Refer to Note 1.2.1 for assumptions made in relation to climate related risks.

3.6. Right-Of-Use Assets

	Note	Property $'000	Plant and equipment $'000	Orchard[(a)] $'000	Total $'000
At 1 October 2021		**599**	**9,668**	**212,283**	**222,550**
Reclassification to PPE*		-	(2,275)	-	(2,275)
Additions		15	706	10,998	11,719
Disposal		(1)	(712)	-	(713)
Depreciation charge for the year	(b)	(594)	(2,554)	(19,776)	(22,924)
Impairment loss		-	(157)	-	(157)
At 30 September 2022		**19**	**4,676**	**203,505**	**208,200**
Reclassification to PPE*		-	(3,317)	-	(3,317)
Additions		1,726	1,293	3,815	6,834
Disposal		(5)	-	-	(5)
Depreciation charge for the year	(b)	(227)	(1,087)	(20,321)	(21,639)
At 30 September 2023		**1,513**	**1,565**	**186,999**	**190,077**

* This relates to ROU assets when the lease has expired and ownership remains with the Company.

(a) Orchard

The orchards comprise leases with Arrow Funds Management, Rural Funds Management, Lachlan Valley Farms and Aware Super. A total of 11,729 (2022: 11,729) acres of land are leased over an initial 20 year term (with extension options) in which the Company has the right to harvest almonds and citrus from the trees for the term of the agreement. The Company also has first right of refusal to purchase the properties in the event that the lessor wishes to sell.

(b) Orchard depreciation

Depreciation relating to the orchards have either been capitalised as part of growing crop and leasehold improvements or expensed directly to the Consolidated Statement of Comprehensive Income. Depreciation relating to a small portion of land (sub-leased out by the Group) used for citrus farming has been expensed.

A Right-of-Use ('ROU') asset is recognised at the commencement date of a lease. The ROU asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, by any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

ROU assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is expensed over its estimated useful life. ROU assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The ROU assets carrying values were assessed by comparing the net present value of future cashflows against the lease payments over the life of the leases to ensure recoverability.

The Group has elected not to recognise a ROU asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to the income statement as incurred.

Assessment of recoverable value

The Group assesses for indicators of impairment at the asset cash generating unit level which is determined to be the orchard level. During the year, indicators of impairment were determined to be present at two leased orchards, as a result of lower than Group average profitability for the orchards. The ROU assets carrying values were assessed by comparing the net present value of future cashflows against the lease payments over the life of the leases to ensure recoverability.

Critical Accounting Estimates and Assumptions

Recoverable value of right of use assets

Where indicators of impairment are identified and a value in use model is prepared to support the carrying value of the right of use asset, there are estimates in future cash flows assumptions for yield by orchard, quality of almonds and almond price. The key estimate is the future almond price which is based on a 10 year historical average.

3.7 Intangibles

	Consolidated				
	Goodwill $'000	Permanent Water Rights $'000	Software $'000	License $'000	Total $'000
At 30 September 2021					
Cost	25,995	55,122	5,586	-	86,703
Accumulated amortisation	-	-	(2,718)	-	(2,718)
Net book amount	**25,995**	**55,122**	**2,868**	**-**	**83,985**
Year ended 30 September 2022					
Opening net book amount	25,995	55,122	2,868	-	83,985
Acquisition	-	3,962	105	49	4,116
Disposal	-	(243)	-	-	(243)
Amortisation	-	-	(825)	(3)	(828)
Closing net book amount	**25,995**	**58,841**	**2,148**	**46**	**87,030**
At 30 September 2022					
Cost	25,995	58,841	5,692	49	90,577
Accumulated amortisation	-	-	(3,544)	(3)	(3,547)
Net book amount	**25,995**	**58,841**	**2,148**	**46**	**87,030**
Year ended 30 September 2023					
Opening net book amount	25,995	58,841	2,148	46	87,030
Acquisition	-	-	-	-	-
Disposal	-	-	(3)	-	(3)
Impairment charge	(25,995)	-	-	-	(25,995)
Amortisation	-	-	(503)	(5)	(508)
Closing net book amount	**-**	**58,841**	**1,642**	**41**	**60,524**
At 30 September 2023					
Cost	-	58,841	5,689	49	64,579
Accumulated amortisation	-	-	(4,047)	(8)	(4,055)
Net book amount	**-**	**58,841**	**1,642**	**41**	**60,524**

Permanent water rights

Permanent water rights are recorded at historical cost. Such rights have an indefinite life and are not amortised. As an integral component of the land and irrigation infrastructure required to grow almonds, the carrying value is tested annually for impairment. If events or changes in circumstances indicate impairment, the carrying value is adjusted to take account of any impairment losses.

The value of permanent water rights relates to the Group's CGU and is an integral part of land and irrigation infrastructure required to grow almond orchards. The fair value of permanent water rights is supported by the tradeable market value, which at current market prices is in excess of book value.

The Group's portfolio of water rights is currently recorded at a historical cost value of $58.8 million (2022: $58.8 million). A market value assessment was performed at the end of the financial year. This was completed by accessing the State Water Registers and determining the median price for the applicable class of water rights. This value is then applied on a like for like basis to the Group's water portfolio. As water prices fluctuate due to seasonal factors, current market rates have been valued internally at $119.5 million (2022: $128.6 million). As the inputs to determine the fair value are observable, the valuation is considered Level 2 in the fair value hierarchy.

3.7 Intangibles (continued)

Software

Costs associated with maintaining software programmes are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software to use it
- there is an ability to use the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development of the software
- the expenditure attributable to the software during its development can be reliably measured

Directly attributable costs that are capitalised as part of the software include employee costs, consultant costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Software costs are amortised on a straight line basis over the period of their expected benefit, being 7 years.

License

These are costs incurred for the application of an EPA license as part of the manufacturing of the composts program which involves converting hull and waste into composts material that can be used as fertilisers. These costs are amortised on a straight line basis over a period of 10 years.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/business at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less any accumulated impairment losses.

Impairment of assets

Goodwill, brand names and permanent water rights that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

The Group has determined it appropriate to operate as a single segment and operates one CGU, that is expected to benefit from the synergies of the combination. The goodwill is allocated to the CGU at the level that is monitored for internal management purposes.

(a) Impairment tests for goodwill

Critical Accounting Estimates and Assumptions

During the financial year, following the reduction in the Group's 2023 operating profit due to the write-off of the 2022 crop inventory and estimated decrease in yield of the 2023 crop, the Group considered the event as an indicator of impairment, resulting in the completion of impairment testing as at 31 March 2023 on a Value In Use (VIU) basis. Impairment testing concluded that the recoverable amounts of the CGU's assets did not exceed the carrying value resulting in the write off on the Group's goodwill balance of $26 million. Key assumptions used in the value-in-use calculations for impairment include a real pre-tax weighted average cost of capital (of 12.1%), long term growth rate (of 2.75%), harvest volumes, almond price, growing crop costs and water prices. Additionally, assumptions around capital expenditure and working capital changes were incorporated. The real pre-tax weighted average cost of capital takes into account industry related gearing levels, risk premiums and benchmarking peer group rates used. This rate differs to what the Group uses internally to assess strategic opportunities and asset performance.

At that time, the forecasted cashflows for the remainder of FY2023 were based on the latest assumptions of forecast weather patterns, a lower Californian 2023 crop related to drought impacting volume, quality and production cost and increasing almond prices globally. The post FY2023 cashflows were based on the Group's medium to long term averages relating to production yields, global almond pricing, production costs including water, given the difficulty in predicting weather patterns impacting SHV profitability.

3.8 Trade And Other Payables

	Consolidated 2023 $'000	Consolidated 2022 Restated* $'000
Current		
Trade creditors	39,993	42,810
Other creditors and accruals	29,681	15,469
	69,674	**58,279**
Non-current		
Other creditors and accruals	**527**	**1,298**

* Refer to note 1.1 Basis of Preparation for details of the restatement of comparative information.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

3.9 Lease Liabilities

	Consolidated 2023 $'000	Consolidated 2022 $'000
Current	27,119	30,465
Non-current	202,536	211,655
	229,655	**242,120**
The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments after the reporting date.		
Within one year	28,552	32,038
Later than one year but not later than five years	124,888	124,797
Later than 5 years	137,219	154,645
	290,659	**311,480**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding ROU asset, or to profit or loss if the carrying amount of the ROU asset is fully written down.

Leases are secured with the orchards, property and plant and equipment.

3.10 Deferred Gain on Sale

	Consolidated	
	2023 $'000	2022 $'000
Current		
Sale and leaseback	175	175
Non-current		
Sale and leaseback	**1,926**	**2,101**

The deferred gain on sale relates to the sale and leaseback of bearer plants for three orchards that were sold to First State Super on 22 September 2015 and 1 January 2016. The lease is for a 20 year term and the gain is amortised over the lease term.

3.11 Deferred Tax (Non Current)

		Consolidated	
	Note	2023 $'000	2022 $'000
The balance comprises temporary differences attributable to:			
Amounts recognised in profit and loss			
Receivables		-	566
Inventory		11,135	(3,762)
Biological assets		(20,198)	(17,629)
Property, plant and equipment (includes bearer plants)		(39,679)	(41,345)
Right-of-use assets		(51,955)	(61,351)
Accruals and provisions		1,741	1,738
Lease liabilities		68,896	72,636
Tax losses	(a)	34,724	8,837
Unrealised FX		(1)	(115)
		4,663	**(40,425)**
Amounts recognised directly in other comprehensive income			
Cash flow hedges		1,177	4,389
Amounts recognised directly in equity			
Equity raising costs		584	872
Net deferred tax (assets)/liabilities		**6,424**	**(35,164)**
Movements:			
Opening balance 1 October		(35,164)	(38,851)
Prior period (over) provision		4,900	2,340
Charged/(Credited) to Consolidated Statement of Comprehensive Income		39,899	(1,930)
Charged/(Credited) to other comprehensive income		(3,211)	3,277
Debited/(Credited) to equity		-	-
Closing balance at 30 September		**6,424**	**(35,164)**

3.11 Deferred Tax (Non Current) (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Critical Accounting Estimates and Assumptions

Recoverability of deferred tax assets

Judgement is required to determine whether deferred tax assets are recognised in the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable income is based on forecast cash flows from operations, which are impacted by various factors including almond sales prices, crop volumes, climate change risks, etc. To the extent that the future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved FY2024 budget, and future business plans. The Group is expected to generate taxable income from 2024 onwards. The losses can be carried forward indefinitely and have no expiry date.

3.12 Provisions

	Consolidated	
	2023 $'000	2022 $'000
Current		
Employee benefits	2,957	4,134
Others	558	-
	3,515	**4,134**
Non-Current		
Employee benefits	**1,009**	**437**

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Employee benefits

This covers the leave obligations for long service leave and annual leave which are classified as either short-term benefits or other long-term benefits explained below. The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service leave where employees have completed the required period of service and also for those employees who are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations.

Contributions are made by the Company to employees' superannuation funds and are charged as expenses when incurred.

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

3.12 Provisions (continued)

The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term benefit obligations

The liability for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

4. CAPITAL, FINANCING AND RISK MANAGEMENT

4.1 Equity

		Consolidated	
	Note	2023 $'000	2022 $'000
(a) Contributed equity			
Ordinary shares issued and fully paid	(b)	401,615	401,164

Contributed equity

Ordinary shares are classified as equity. The value of new shares or options issued is shown in equity.

	2023		2022	
	Number of Shares	$'000	Number of Shares	$'000
(b) Movements in shares on issue				
Beginning of the year	**120,950,818**	**401,164**	**120,224,370**	**397,343**
Issued during the year:				
• Dividend reinvestment plan	107,846	451	649,953	3,821
• Long term incentive plan – tranche vested	-	-	76,495	-
End of the year	**121,058,664**	**401,615**	**120,950,818**	**401,164**

Performance Rights

Long Term Incentive Plan

Select Harvests Limited ('the Company') offers employee participation in long term incentive schemes as part of the remuneration packages for the employees. In determining the quantum of rights offered the board considers a number of factors including: the corporate strategy; the appropriate mix of fixed and at risk remuneration; the fair value and face value of the rights; and the market relativity of employees with equivalent responsibilities.

The long-term scheme involves the issue of performance rights to the employee, under the Long Term Incentive Plan. The market value of ordinary Select Harvests Limited shares closed at $4.01 on 30 September 2023 ($5.26 on 30 September 2022).

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

4.1 Equity (continued)

		Consolidated	
	Notes	2023 $'000	2022 $'000
(c) Reserve			
Asset revaluation reserves	(i)	7,644	7,644
Share-based payments reserve	(ii)	1,184	4,626
Cash flow reserve	(iii)	(2,747)	(10,241)
		6,081	**2,029**

(i) Asset revaluation reserve

The asset revaluation reserve was previously used to record increments and decrements in the value of non-current assets. This revaluation reserve is no longer in use given assets are now recorded at cost.

(ii) Share-based payments reserve

The Share-based payments reserve is used to recognise the fair value of performance rights granted and expensed but not exercised.

(iii) Cash flow hedge reserve

The cash flow hedge reserve is used to record gains or losses on the fair value movements of financial instruments designated as cash flow hedges (net of tax). Refer to note 3.4(a)(iii) for more detail on how the reserve moves to the Consolidated Statement of Comprehensive Income.

4.2 Cash and Cash Equivalents

	Consolidated	
	2023 $'000	2022 Restated* $'000
Reconciliation of the net (loss)/ profit after income tax to the net cash flows from operating activities		
Net (loss)/profit after tax	(114,727)	4,759
Adjustments for:		
Depreciation and amortisation	23,123	28,872
Depreciation Right-Of-Use asset (net of capitalised amount)	19,615	17,496
Capitalised lease interest payments	8,262	(3,936)
Impairment loss/(gain)	25,995	(1,207)
Net (gain)/loss on sale of assets	(1,020)	(321)
Share-based payments expense	441	491
Deferred gain on sale	(175)	(175)
Asset written off	4,085	4,498
Changes in assets and liabilities		
Decrease/(Increase) in trade and other receivables	9,354	27,748
(Increase)/Decrease in inventory	55,739	(3,153)
(Increase)/Decrease in biological assets	(9,359)	(9,877)
(Decrease)/Increase in trade payables	10,624	(32,094)
(Increase)/Decrease in income tax receivable	1,431	3,833
(Decrease)/Increase in deferred tax liability	(41,587)	(3,687)
(Decrease)/Increase in provisions	(47)	(6,404)
Net cash flow from operating activities	**(8,246)**	**26,843**

*Refer to Note 1.1 Basis of Preparation for details of the restatement of comparative information.

Non-cash financing activities

During the current financial year ended 30 September 2023, the Company issued 107,846 new shares (September 2022: 649,953) as part of the Dividend Reinvestment Plan.

4.2 Cash and Cash Equivalents (continued)

(a) Net debt reconciliation

Net debt at the end of the year is as follows:

	Consolidated	
	2023 $'000	**2022 $'000**
Cash and cash equivalents	1,134	1,135
Bank overdrafts	(6,322)	(2,663)
Borrowings- repayable after one year	(185,000)	(133,000)
Lease liabilities- repayable within one year	(27,119)	(30,465)
Lease liabilities- repayable after one year	(202,536)	(211,655)
Net debt	**(419,843)**	**(376,648)**

Cash and cash equivalents

purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, money market investments readily convertible to cash within two working days, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

	Liabilities from financing activities					
	Cash/bank overdraft $'000	**Leases due within 1 year $'000**	**Leases due after 1 year $'000**	**Borrowings due within 1 year $'000**	**Borrowings due within 1 year $'000**	**Total $'000**
Net debt at 30 September 2021	**(3,068)**	**(31,661)**	**(221,494)**	**-**	**(95,000)**	**(351,223)**
Cash flows – Principal	453	34,031	-	-	(38,000)	(3,516)
Cash flows – Interest	-	(12,100)	-	-	-	(12,100)
Additions to leases	-	(10,896)	-	-	-	(10,896)
Foreign exchange adjustments	1,087	-	-	-	-	1,087
Other non-cash movements	-	(9,839)	9,839	-	-	-
Net debt at 30 September 2022	**(1,528)**	**(30,465)**	**(211,655)**	**-**	**(133,000)**	**(376,648)**
Cash flows – Principal	3,845	30,847	-	-	(52,000)	(17,308)
Cash flows – Interest	-	(11,552)	-	-	-	(11,552)
Additions to leases	-	(6,830)	-	-	-	(6,830)
Foreign exchange adjustments	(7,505)	-	-	-	-	(7,505)
Other non-cash movements	-	(9,119)	9,119	-	-	-
Net debt at 30 September 2023	**(5,188)**	**(27,119)**	**(202,536)**	**-**	**(185,000)**	**(419,843)**

4.3 Borrowings

	Consolidated	
	2023 $'000	**2022 $'000**
Current - Secured		
Bank overdraft	6,322	2,663
Non-current - Secured		
Debt facilities	185,000	133,000

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of

4.3 Borrowings (continued)

the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs, inclusive of all facility fees, bank charges, and interest, are expensed as incurred.

(a) Interest rate risk exposures

Details of the Company's exposure to interest rate changes on borrowings are set out in Note 4.4.

(b) Assets pledged as security

The bank overdraft and debt facilities of the parent entity and subsidiaries are secured by the following:

i. A registered mortgage debenture is held as security over all the assets and undertakings of Select Harvests Limited and the entities of the wholly owned group.
ii. A deed of cross guarantee exists between the entities of the wholly owned group.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

		Consolidated	
	Note	2023 $'000	2022 $'000
Current			
Floating charge			
Cash and cash equivalents		1,134	1,135
Receivables		47,489	57,094
Inventories		85,317	128,462
Biological assets		70,557	61,198
Tax receivables		21	1,452
Total current assets pledged as security		**204,518**	**249,341**
Non-current			
Floating charge			
Other receivables		2,076	1,824
Deferred tax assets		6,424	-
Property, plant and equipment		449,631	455,294
Permanent water rights		58,841	58,841
Intangible assets		1,683	28,189
Total non-current assets pledged as security		518,655	544,148
Total assets pledged as security		**723,173**	**793,489**

Financing arrangements

During the financial year, the Group successfully secured credit approval for an increase in banking facilities, adjusted covenants as well as incorporating the seasonal facility into its overall banking facility. Incorporating the seasonal facility into the overall banking facility ensures certainty around access to the seasonal facility should the Group require it for the 2024 harvest. The new facility limit amounted to $260 million (2022: $175.1 million) with the limit reducing by $20 million each at 1st July 2024 and 1st July 2025. Please refer to note 4.4 for further information.

The Group also adjusted it's covenants computation by decreasing the fixed charge cover ratio (FCC) covenant from >3.0 applicable at the first testing date (as at 31 March 2024) to > 2.0 times. At the September 2024 testing date, the FCC ratio will revert back to > 3.0. The two other covenants remained the same as per the previous agreement:

- Liquidity ratio requirement of >1.2
- Net gearing ratio requirement of <40%

There was no change made to the Company's bank overdraft facilities which amounted to USD$5 million (2022: USD$5 million). The current interest rates at balance date are 5.81% (2022: 4.57%) on the debt facility, and 1.675% (2022: 1.675%) on the United States dollar bank overdraft facility.

4.4 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, foreign exchange and other price risks, and ageing analysis for credit risk.

Risk management is carried out by management pursuant to policies approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Group sells both almonds harvested from owned orchards through the almond pool and processed products internationally in United States dollars, and purchases raw materials and other inputs to the manufacturing and almond growing process from overseas suppliers predominantly in United States dollars. The Group also acquires capital related items internationally in both United States dollars and European Euros.

Management and the Board review the foreign exchange position of the Group and, where appropriate, enter into a variety of derivative financial instruments, transacted with the Group's bankers to manage its foreign exchange risk. These include formulating various strategies, FEC's, and options.

The exposure to foreign currency risk at the reporting date was as follows:

Group	2023 USD $'000	2022 USD $'000
Trade receivables net of payables	15,187	16,895
Overdraft	(4,083)	(1,732)
Foreign Exchange Contracts (FEC's)		
• sell foreign currency (cash flow hedges)	96,693	122,187
Sell foreign currency option contracts*	10,000	-

* Foreign currency option contracts have a number of possible outcomes depending on the spot rate at maturity. These contracts are shown at face value. Depending on spot rate at maturity, the value of the contract can be USD10 million (2022: Nil) or USD20 million (2022: Nil).

Group sensitivity analysis

Based on financial instruments held at 30 September 2023, had the Australian dollar strengthened/ weakened by 5% against the US dollar, with all other variables held constant, the Group's results for the period would have been $5.51 million lower/$6.09 million higher (2022: $6.26 million lower/$6.92 million higher), mainly as a result of the US dollar denominated financial instruments as detailed in the above table. Equity would have been $6.09 million lower/$6.73 million higher (2022: $7.041 million lower/$7.78 million higher), arising mainly from FEC's designated as cash flow hedges.

(ii) Cash flow interest rate risk

The Group's interest rate risk arises from borrowings issued at variable rates, which exposes the Group to cash flow interest rate risk. The Group's borrowings at variable interest rate are denominated in AUD.

At the reporting date the Group had the following variable rate borrowings:

	2023 Interest rate %	2023 Balance $'000	2022 Interest rate %	2022 Balance $'000
Debt facilities (AUD)	5.28%	185,000	4.02%	133,000
Overdraft (USD)	1.68%	6,322	1.68%	2,663

An analysis of debt maturities is provided in (c) below.

The Group analyses interest rate exposure on an ongoing basis in conjunction with the debt facility, cash flow and capital management. With the current low interest rate environment and the future expectation that interest rates will remain at low levels, management has not entered into any interest rate swap agreement during the year.

Group sensitivity

At 30 September 2023, if interest rates had changed by +/- 25 basis points from the weighted average interest rate with all other variables held constant, the result for the period would have been $331,000 lower/higher (2022: $236,000 lower/higher).

4.4 Financial Risk Management (continued)

Interest rate risk

The Company's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 %	2022 %
(i) Financial assets								
Cash	-	-	1,134	1,135	1,134	1,135	-	-
Trade and other receivables	-	-	47,489	57,094	47,489	57,094	-	-
Total financial assets	**-**	**-**	**48,623**	**58,229**	**48,623**	**58,229**		
(ii) Financial liabilities								
Bank overdraft – USD @ AUD	6,322	2,663	-	-	6,322	2,663	1.68	1.68
Bank loans	185,000	133,000	-	-	185,000	133,000	4.52	1.61
Lease liabilities	229,655	242,120	-	-	229,655	242,120	5.00	4.99
Trade creditors	-	-	39,993	30,216	39,993	30,216	-	-
Other creditors	-	-	29,681	15,469	29,681	15,469	-	-
FEC's	-	-	3,924	14,629	3,924	14,629	-	-
Total financial liabilities	**420,977**	**377,783**	**73,598**	**60,314**	**494,575**	**438,097**		

Financial Assets

Collectability of trade receivables is reviewed on an ongoing basis. Trade receivables are carried at full amounts due less expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Amounts receivable from other debtors are carried at full amounts due. Other debtors are normally settled on 30 days from month end unless there is a specific contract which specifies an alternative date. Amounts receivable from related parties are carried at full amounts due.

Financial Liabilities

The bank overdraft disclosed within interest bearing liabilities is carried at the principal amount and is part of the Net Cash balance in the Consolidated Statement of Cash Flows. Interest is charged as an expense as it accrues. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

(b) Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale, retail and farm investor customers, including outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) and to historical information. The majority of the Group's sales are derived from large, established customers with no history of default.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts of those assets, as disclosed in the Consolidated Statement of Financial Position and Notes to the financial statements.

The Group applies the AASB 9 Financial Instruments simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 month and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group's banking partners have long-term credit ratings of AA- and A+ (Standard and Poor's).

4.4 Financial Risk Management (continued)

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The following debt facilities are held with National Australia Bank (NAB) and Rabobank (RABO).

Debt facilities	Held with	Expiry date	Facility Limit[1]	Amount drawn 30 September 2023
1. Working Capital	NAB	31/03/2026	$120,000,000	$105,000,000
	NAB	30/06/2024	$20,000,000	-
	RABO	31/03/2026	$100,000,000	60,000,000
2. Seasonal#	RABO	01/07/2025	$20,000,000	20,000,000
			AUD $260,000,000	**AUD $185,000,000**
3. Overdraft+	NAB	28/02/2024	USD $5,000,000	USD $4,083,000

\+ Held with NAB only and reviewed annually.

1 During the year the Company has successfully renewed and increased its current debt facility agreements with NAB and Rabobank. The new facility limit amounted to $260 million (2022: 210 million) till 30th June 2024, whereby it will reduce to $240 million before a further reduction to $220 million from 1st July 2025.

The interest rate paid on these facilities is determined by an incremental margin on the BBSY rate.

The Group had access to the following undrawn borrowing facilities at the reporting date:

Floating rate	2023 $'000	2022 $'000
Term/Seasonal#	AUD $75,000	AUD $42,100
Bank overdraft facility USD	USD $917	USD $3,268

Subject to seasonal restrictions as mentioned above

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. The debt facilities (term and seasonal) may be drawn at any time over the term subject to restrictions noted above on the seasonal facility.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities, net and gross settled derivative instruments into relevant maturity groupings based on the remaining period at the reporting date of the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months $'000	6–12 months $'000	Between 1–5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Group at 30 September 2023						
Non-derivatives						
Variable Rate						
Debt facilities	-	-	193,450	-	193,450	185,000
Trade and other payables	69,674	-	-	-	69,674	69,674
Lease liabilities	14,208	14,344	124,888	137,219	290,659	229,655
Bank Overdraft	6,366	-	-	-	6,366	6,322
Derivatives						
FEC USD sell – (inflow)	(66,693)	(15,000)	(15,000)	-	(96,693)	(3,220
USD Sell option	-	(10,000)	-	-	(10,000)	(702)
Net USD						

4.4 Financial Risk Management (continued)

	Less than 6 months $'000	6–12 months $'000	Between 1–5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Group at 30 September 2022						
Non-derivatives						
Variable Rate						
Debt facilities	-	-	139,075	-	139,075	133,000
Trade and other payables	58,279	-	-	-	58,279	58,279
Lease liabilities	16,003	16,035	124,797	154,645	311,480	242,120
Bank Overdraft	2,682	-	-	-	2,682	2,663
Derivatives						
FEC USD buy – outflow	-	-	-	-	-	-
FEC USD sell – (inflow)	(74,687)	(47,500)	-	-	(122,187)	(14,629)
USD Sell option	-	-	-	-	-	-
Net USD	(74,687)	(47,500)	-	-	(122,187)	(14,629)

(d) Fair Value Measurement

The fair value of certain financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments, such as FEC's and foreign currency options, are valued using specific valuation techniques as follows:

- for FEC's - the present value of future cash flows based on the forward exchange rates at the balance sheet date
- for foreign currency options - option pricing models

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar instruments.

Disclosures are required of fair value measurements by level of the following fair value measurement hierarchy:

a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level one);
b. Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level two); and
c. Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level three).

At 30 September 2023 the Group's assets and liabilities measured and recognised at fair value comprised the FEC's and foreign currency options. These are level 2 measurements under the hierarchy.

5. GROUP STRUCTURE

5.1 Controlled Entities

The consolidated financial statements of the Group include the consolidation of Select Harvests Limited and its controlled entities. Controlled entities are the following entities controlled by the parent entity (Select Harvests Limited).

	Country of Incorporation	Percentage Owned (%)	
		2023	2022
Parent Entity:			
Select Harvests Limited (i)	Australia		
Controlled entities of Select Harvests Limited:			
Kyndalyn Park Pty Ltd (i)	Australia	100	100
Select Harvests Food Products Pty Ltd (i)	Australia	100	100
Meriram Pty Ltd (i)	Australia	100	100
Kibley Pty Ltd (i)	Australia	100	100
Select Harvests Nominee Pty Ltd (i)	Australia	100	100
Select Harvests Orchards Nominee Pty Ltd (i)	Australia	100	100
Select Harvests Water Rights Unit Trust (i)	Australia	100	100
Select Harvests Water Rights Trust (i)	Australia	100	100
Select Harvests Land Unit Trust (i)	Australia	100	100
Select Harvests South Australian Orchards Trust (i)	Australia	100	100
Select Harvests Victorian Orchards Trust (i)	Australia	100	100
Select Harvests NSW Orchards Trust (i)	Australia	100	100
Jubilee Almonds Irrigation Trust Inc	Australia	100	100

(i) Members of extended closed group. Refer 5.2(c) for further details.

5.2 Parent Entity Financial Information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Balance Sheet	2023 $'000	2022 $'000
Current Assets	2,747	3,922
Total Assets	**588,154**	**554,587**
Current Liabilities	21,891	18,422
Total Liabilities	**176,819**	**147,174**
Shareholders' Equity		
Issued capital	401,615	401,165
Reserves		
• Cash flow hedge reserve	(7,134)	(10,240)
• Options reserve	1,343	4,627
Retained profits	15,512	11,861
Total Shareholders' Equity	**411,336**	**407,413**
(Loss)/Profit for the year	(9,814)	(8,053)
Total comprehensive (loss)/income	**(2,320)**	**(14,172)**

(b) Tax consolidation legislation

Select Harvests Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The head entity, Select Harvests Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, Select Harvests Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

5.2 Parent Entity Financial Information (continued)

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Select Harvests Limited for any current tax payable assumed and are compensated by Select Harvests Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Select Harvests Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement is due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year

The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(c) Guarantees entered into by parent entity

Each entity within the Group has entered into a cross deed of financial guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

Loans are made by Select Harvests Limited to controlled entities under normal terms and conditions.

5.3 Related Party Disclosures

(a) Key management personnel compensation

	Consolidated	
	2023	**2022**
Short term employment benefits	3,141,476	3,669,273
Post-employment benefits	573,352	559,988
Long service leave	125,782	77,774
Share based payments	249,170	586,608
	4,089,780	**4,893,643**

Other disclosures relating to key management personnel are set out in the Remuneration Report.

(b) Director related entity transactions

There were no director related entity transactions during the year.

(c) Directors' interests in contracts

There were no directors' interests in contracts during the year.

5.4 Discontinued Operations

(a) Description

On 30 August 2021, the Group announced the sale of the Lucky and Sunsol brands to Prolife Foods Pty Ltd with the sale completed on 30 September 2021. As part of the sale agreement of the Consumer Brands, the Company entered into a six month co-packing agreement to produce Lucky and Sunsol products on behalf of Prolife Foods Pty Ltd. As the co-packing agreement is a result of the sale of the Consumer brands business, the associated revenue and expenses have been disclosed as discontinued operations.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented reflects the discontinued operations for the financial year ended 30 September 2023.

	Note	2023 $'000	2022 $'000
Revenue		-	30,618
Expenses		-	(33,816)
Underlying EBIT		-	(3,198)
Interest expense		-	(27)
Restructuring gain/(expense)	(i)	-	1,207
(Loss) before income tax		**-**	**(2,018)**
Income tax benefit		-	605
(Loss) after income tax of discontinued operations		**-**	**(1,413)**
Net cash inflow/(outflow) from ordinary activities		-	7,350
Net cash (outflow) from investing activities		-	-
Net decrease in cash generated by the business		-	7,350

i. The Company had fully exited Thomastown by 30 June 2022. All costs incurred during the closure, such as employee retention incentives, redundancy costs and other restructuring costs have been adjusted against the provision made as at 30 September 2021. Any variance with the provisions were adjusted and reflected as restructuring gain in the previous financial year.

	2023 Cents	2022 Cents
Basic (loss) per share from discontinued operations	-	(1.2)
Diluted (loss) per share from discontinued operations	-	(1.2)

6. OTHER INFORMATION

6.1 Contingent Liabilities

(i) Guarantees

Cross guarantees are given by the entities comprising the Group. Group entities are set out in Note 5.1.

(ii) Bank Guarantees

As at 30 September 2023, the Company had provided $6.16 million (2022: $6.16 million) of bank guarantees as security for the almond orchard leases.

6.2 Expenditure Commitments

Upon adoption of AASB 16 Leases "AASB 16" on 1st October 2019, the operating and finance lease commitments have been disclosed as lease liabilities except for leases on water rights which are classified as intangibles and therefore excluded from the AASB 16 scope.

(a) Operating lease commitments

Commitments payable in relation to leases contracted for at the reporting date but not recognised as liabilities:

	Consolidated	
	2023 $'000	2022 $'000
Minimum lease payments		
• Within one year	9,544	14,382
• Later than one year and not later than five years	17,364	19,388
• later than five years	-	-
Aggregate lease expenditure contracted for at reporting date	**26,908**	**33,770**

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis over the term of the lease.

(b) Capital commitments

	Consolidated	
	2023 $'000	2022 $'000
Significant capital expenditure contracted for at the end of the reporting year but not recognised as liabilities is as follows:		
Property, plant and equipment	6,070	1,532

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

6.3 Share Based Payments

Long Term Incentive Plan

The Group offers executive directors and senior executives the opportunity to participate in the long term incentive plan (LTI Plan) involving the issue of performance rights to the employee under the LTI Plan. The LTI Plan provides for the offer of a parcel of performance rights with a three year performance period to participating employees on an annual basis.

Previous performance rights issue had rights vesting each year, with half of the rights vesting upon achievement of underlying earnings per share (EPS) and the other half vesting upon achievement of total shareholder return (TSR) targets. The underlying EPS growth targets are based on the Cumulative Annual Growth Rate (CAGR) of the Company's underlying EPS over the three years prior to vesting. The TSR targets are measured based on the Company's average TSR compared to the TSR of a peer group of ASX listed companies over the three years prior to vesting. The performance targets and vesting proportions are as follows:

Rights issued in previous financial year

Measure	Rights to Vest
Underlying EPS	
Below 5% CAGR	Nil
5% CAGR	25%
5.1% - 19.9% CAGR	Pro rata vesting
20% or higher CAGR	50%
TSR	
Below the 50th percentile*	Nil
50th percentile*	25%
51st – 74th percentile*	Pro rata vesting
At or above 75th percentile*	50%

* Of the peer group of ASX listed companies as outlined in the directors' report.

Performance rights issued in the current financial year with vesting date of 31 October 2025 have rights vesting based on absolute TSR (50% weighting) and absolute ROCE (50% weighting) over the three years prior to vesting.

The performance targets and vesting proportions are as follows:

Absolute TSR (50% weighting)

Performance Level	Absolute TSR (CAGR) Over Performance Period	Vesting % of Tranche
Stretch	≥ 20%	100%
Between Target & Stretch	> 10% & < 20%	Pro-rata
Target	**10%**	**50%**
Between Threshold and Target	> 5% & < 10%	Pro-rata
Threshold	5%	25%
Below Threshold	<5%	0%

Average ROCE (50% weighting)

Performance level	SHV's Average ROCE for Performance Period	Vesting %
Stretch	> 14% of ROCE Achieved	100%
Between Target & Stretch	> ROCE achieved of 9.8% & < ROCE achieved of 14%	Pro-rata
Target	**ROCE achieved of 9.8%**	**50%**
Between Threshold and Target	> ROCE achieved of 7.0% & < ROCE achieved of 9.8%	Pro-rata
Threshold	ROCE achieved of 7.0%	25%
Below Threshold	ROCE achieved less than 7.0%	0%

6.3 Share Based Payments (continued)

Summary of performance rights over unissued ordinary shares

Details of performance rights over unissued ordinary shares at the beginning and ending of the reporting date and movements during the year are set out below:

30 September 2023

Grant date	Vesting date	Exercise price	Balance at start of the year (number)	Granted during the year (number)	Forfeited during the year (number)	Vested during the year (number)	Balance at end of the year		Proceeds received ($)	Shares issued (number)	Fair value per share# ($)	Fair value aggregate ($)
							On issue	Vested				
27/03/2020	31/10/2022	-	105,480	-	(105,480)	-	-	-	-	-	4.22	-
28/07/2021	31/10/2023	-	175,542	-	(15,742)	-	159,800	-	-	-	6.29	1,005,142
31/05/2022	31/10/2024	-	382,381	-	(31,292)	-	351,089	-	-	-	3.91	1,372,758
09/03/2023	31/10/2025	-	-	266,642	(45,971)	-	220,671	-	-	-	2.47	545,057
07/04/2023	31/10/2025	-	-	261,191	-	-	261,191	-	-	-	2.55	773,125

Based on an external valuation at grant date.

30 September 2022

Grant date	Vesting date	Exercise price	Balance at start of the year (number)	Granted during the year (number)	Forfeited during the year (number)	Vested during the year (number)	Balance at end of the year		Proceeds received ($)	Shares issued (number)	Fair value per share# ($)	Fair value aggregate ($)
							On issue	Vested				
29/04/2019	31/10/2021	-	152,986	-	(76,491)	(76,495)	-	-	-	-	5.18	-
27/03/2020	31/10/2022	-	105,480	-	-	-	105,480	-	-	-	4.22	445,126
28/07/2021	31/10/2023	-	175,542	-	-	-	175,542	-	-	-	6.29	1,104,159
31/05/2022	31/10/2024	-	-	382,381	-	-	382,381	-	-	-	3.91	1,495,110

Based on an external valuation at grant date.

Fair value of performance rights granted

The assessed fair value at grant date is determined using the Black-Scholes-Merton model (ROCE valuation) and the Monte Carlo option pricing model (Absolute TSR) that takes into account the term of the rights, the impact of dilution, the share price at offer date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right. This assessment was made by an external expert.

The model inputs for rights granted in the tables above included:

	Share price at grant date	Expected volatility*	Expected dividends	Risk free interest rate
07 April 2023 Performance Rights Issue	$4.28	36%	1.00%	2.88%
09 May 2023 Performance Rights Issue	$4.02	36%	1.00%	3.43%
31 May 2022 Performance Rights Issue	$5.88	39%	2.51%	2.65%
28 July 2021 Performance Rights Issue	$7.66	40%	0.52%	0.02%
27 March 2020 Performance Rights Issue	$7.05	40%	4.95%	0.35%
29 April 2019 Performance Rights Issue	$6.49	40%	1.83%	1.33%

* Expected share price volatility was calculated with reference to the annualised standard deviation of daily share price returns on the underlying security over a specified period.

Expenses arising from share-based payment transactions

Total expenses/(credits) arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated	
	2023 $	2022 $
Performance rights granted under employee long term incentive plan	**441,301**	**491,092**

6.3 Share Based Payments (continued)

Share-based payments

Share-based compensation benefits are provided to employees via the Select Harvests Limited Long Term Incentive Plan (LTIP).

The fair value of performance rights granted under the Select Harvests Limited LTIP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the performance rights. The fair value at grant date is independently determined using a Monte Carlo option pricing model that takes into account the term of the right, the vesting and performance criteria, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the right. The fair value of the performance rights granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. At each balance sheet date, the entity revises its estimate of the number of rights that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the Consolidated Statement of Comprehensive Income with a corresponding adjustment to equity.

6.4 Auditors' Remuneration

		Consolidated	
		2023 $	2022 $
Audit and other assurance services			
Audit and review of financial statements		443,200	374,300
Other services	(a)	-	-
Total remuneration of PricewaterhouseCoopers		**443,200**	**374,300**

(a) There were no fees paid to PricewaterhouseCoopers for other services performed during the period.

6.5 Events Occurring After Balance Date

There were no significant events occurring after balance date.

DIRECTORS' DECLARATION

In the directors' opinion:

a. the consolidated financial statements and Notes set out on pages 46 to 87 are in accordance with the Corporations Act 2001, including:
   i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii. giving a true and fair view of the consolidated entity's financial position as at 30 September 2023 and of its performance for the financial year ended on that date;
b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
c. at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note 5.1 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 5.2.

Note 1.1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the Managing Director and Chief Financial Officer required under section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

T Dillon
Chairman

Melbourne, 24 November 2023

Independent auditor's report

To the members of Select Harvests Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Select Harvests Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 September 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 September 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
Basis of preparation *(Refer to note 1.2.2)* As described in note 1.2.2, the Consolidated Financial Statements have been prepared by the Group on a going concern basis. The Group's profitability and cash flows have been impacted by a downgrade in quality of the 2022 crop, lower almond pricing, high operating costs and poor bloom and growing conditions impacting the net volume of the 2023 crop. The Group prepared a cash flow forecast for the next 12 months from the date the financial report is issued, which assessed its liquidity and compliance with forecast covenant positions.	Our procedures included the following, amongst others: • Evaluated the appropriateness of the Group's assessment of their ability to continue as a going concern, including whether the level of analysis is appropriate given the nature of the Group and the period covered is at least 12 months from the date of our auditor's report. • Read the relevant banking facility agreements and developed an understanding of the key terms, including available drawdown amounts, maturity dates and covenants. • Obtained the Group's cash flow forecast and compared the future cash flows used in the forecast with the forecasts formally approved by the Board. • Assessed whether the significant assumptions for harvest volumes, almond price and operating costs used in the cash flow forecast and covenant calculation were appropriate, with reference to the historical performance and external market data where possible.

pwc

Key audit matter	How our audit addressed the key audit matter
Assessing the appropriateness of the Group's basis of preparation for the financial report was considered a key audit matter due to its importance to the overall Consolidated Financial Statements and the level of judgement involved in forecasting future cash flows for a period of at least 12 months from the audit report date and covenant calculations of the Group.	• Checked the mathematical accuracy of key data inputs for the cash flow forecast. • Checked the mathematical accuracy of the covenant calculations and compared the calculations to the relevant covenant requirements in the banking facility agreements. • Evaluated the reasonableness of the disclosures made in note 1.2.2, including significant assumptions and sensitivities to changes in such assumptions, against the requirements of Australian Accounting Standards.
Inventory valuation *(Refer to note 3.2)* The Group held inventory of $85.3 million at 30 September 2023. The inventory balance includes harvested almonds at year end. In accordance with Australian Accounting Standards, inventories are valued at the lower of cost and net realisable value. We considered inventory valuation to be a key audit matter because of the financial significance of the inventory balance and the judgement required by the Group in determining key assumptions used in determining net realisable value.	Our procedures included the following, amongst others: • Assessed the Group's accounting policies against the requirements of Australian Accounting Standards. • Evaluated net realisable value of inventory by: - comparing the carrying value of inventory at year-end, to actual selling prices achieved after year-end for a sample of items sold or to a sample of committed sales contracts, and - assessing whether the almond price assumptions used to determine the net realisable value of the inventory, where there were no committed sales contracts, were appropriate, with reference to market prices. • Evaluated the reasonableness of the disclosures made in note 3.2 in light of the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Carrying value of Goodwill *(Refer to note 3.7)* During the year, the Group held goodwill of $26.0 million. The Group identified one Cash Generating Unit (CGU) for assessing the carrying value of goodwill. At 31 March 2023, the Group performed an impairment assessment for the CGU, by preparing a financial model to determine if the carrying value of the assets is supported by forecast future cash flows, discounted to present value (the "model"). The impairment assessment resulted in a full impairment of the goodwill balance. We consider the carrying value of goodwill to be a key audit matter because of the financial significance of the carrying value of the CGU and the significant judgements and assumptions applied by the Group in estimating forecast future cash flows.	Our procedures included the following, amongst others: • Assessed whether the Group's determination of the Cash Generating Unit (CGU) was consistent with our knowledge of the Group's operations. • Tested the mathematical accuracy of key data in the model. • Compared the forecast cash flows used in the model with the forecasts formally approved by the Board. • Assessed whether the significant assumptions used in the model, including forecast harvest volumes, water prices and almond pricing, were appropriate with reference to external market data, where available. • Assessed whether the discount rate and long-term growth rate applied in the model were appropriate, based on market information. • Evaluated the reasonableness of the disclosures made in note 3.7, including key assumptions, in light of the requirements of the Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 33 to 43 of the directors' report for the year ended 30 September 2023.

In our opinion, the remuneration report of Select Harvests Limited for the year ended 30 September 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Alison Tait Milner
Partner

Melbourne
24 November 2023

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows.

(a) Distribution of equity securities

The following information is current as at 31 October 2023.

The number of shareholders, by size of holding, in each class of share is:

Number of ordinary shares	Number of shareholders
1 to 1,000	4,546
1,001 to 5,000	3,588
5,001 to 10,000	928
10,001 to 100,000	707
100,001 and over	42

The number of shareholders holding less than a marketable parcel of shares is:	
60,566	1,126

(b) Twenty largest shareholders

The following information is current as at 31 October 2023.

The names of the twenty largest registered holders of quoted shares are:

		Number of shares	Percentage of shares
1	CITICORP NOMINEES PTY LIMITED	27,035,697	22.33%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,040,941	14.08%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	13,678,069	11.30%
4	NATIONAL NOMINEES LIMITED	5,857,772	4.84%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT- COMNWLTH SUPER CORP A/C>	5,361,429	4.43%
6	UBS NOMINEES PTY LTD	4,748,314	3.92%
7	BUTTONWOOD NOMINEES PTY LTD	3,458,351	2.86%
8	BNP PARIBAS NOMS PTY LTD	2,274,575	1.88%
9	INVIA CUSTODIAN PTY LIMITED <A/M UNIT A/C>	1,061,302	0.88%
10	EQUITY T S PTY LTD	620,342	0.51%
11	RATHVALE PTY LIMITED	546,105	0.45%
12	BNP PARIBAS NOMINEESS PTY LTD HUB24 CUSTODIAL SERV LTD	497,645	0.41%
13	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	495,928	0.41%
14	MR JOHN PATERSON	480,000	0.40%
15	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	392,850	0.32%
16	TOAL INTERNATIONAL PTY LTD <TOAL FAMILY A/C>	370,000	0.31%
17	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	319,383	0.26%
18	TASMAN SUPER PTY LIMITED <ROBINSON FAMILY S/F A/C>	304,225	0.25%
19	REZANN PTY LTD <RIPKA FAMILY A/C>	273,000	0.23%
20	ENGINEERING SOFTWARE & CONTROL SYSTEMS LIMITED	250,000	0.21%
	Total securities of Top 20 holdings	**85,065,928**	**70.27%**
	Remaining holders balance	35,992,736	29.73%
	Total	**121,058,664**	**100%**

ASX ADDITIONAL INFORMATION

(c) Substantial shareholders

The substantial shareholders as disclosed by notices received by the Company as at 31 October 2023 are:

	Number of shares	Percentage of shares
Perpetual Limited	12,420,240	10.33%
Yarra Capital Management Limited	9,481,714	7.89%
Paradice Investment Management Pty Ltd	9,609,921	7.95%
Wilson Asset Management Group	8,162,469	6.74%
Host-Plus Pty Limited as trustee of the Hostplus Pooled Superannuation Trust	6,837,837	5.65%
United Super Pty Ltd in its capacity as trustee of CBUS (United Super)	6,701,652	5.57%
Macquarie Group Limited	6,603,363	5.45%
Vanguard Group	6,097,065	5.04%

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

The Company is listed on the Australian Stock Exchange. The home exchange is Melbourne.

CORPORATE INFORMATION

Select Harvests Limited
ABN 87 000 721 380

Directors
T Dillon (Chair)
D Surveyor (Managing Director – appointed 20 February 2023)
G Kingwill (Non-Executive Director)
M Zabel (Non-Executive Director – appointed 3 October 2022)
M Somerville (Non-Executive Director – appointed 13 December 2022)
P van Heerwaarden (Non-Executive Director – appointed 1 November 2023)
P Thompson (Managing Director- retired 03 March 2023)
F S Grimwade (Non-Executive Director – retired 27 February 2023)
F Bennett (Non-Executive Director – retired 27 February 2023)

Company Secretary
B Crump

Registered Office - Select Harvests Limited
L3, Building 7, Botanicca Corporate Park
570-588 Swan Street
Richmond VIC 3121

Postal address
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570-588 Swan Street
Richmond VIC 3121
Telephone (03) 9474 3544
Email info@selectharvests.com.au

Solicitors
Minter Ellison Lawyers

Bankers
National Australia Bank Limited
Rabobank Australia

Auditor
PricewaterhouseCoopers

Share Register
Computershare Investor Services Pty Limited
Yarra Falls
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SELECT HARVESTS

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