

The banner features a green background with a white curved shape on the right containing the Zespri Kiwifruit logo. On the left, there are images of kiwifruit slices and a whole kiwifruit. The text 'MAKE YOUR HEALTHY' is in white, and 'irresistible' is in a yellow script font.

**MAKE YOUR HEALTHY**  
*irresistible*

**ZESPRI ANNUAL MEETING**

**23 August 2023**

**Chairman's Address**

**Bruce Cameron**

Last season was one of our industry's toughest.

We faced an incredibly challenging environment, including dealing with the ongoing impact of Covid-19.

The most significant impact was the border restrictions which caused a severe labour shortage and ultimately the fruit quality issues we experienced.

That cost of quality was estimated at \$534 million dollars.

That's more than half a billion dollars' worth of fruit, which we grew but couldn't sell, and money which is missing from our back pockets.

We felt the force of mother nature.

Since the hail storm in Motueka in late 2020, we've experienced a number of significant weather events.

The banner features a green background with a white curved shape on the right containing the Zespri logo. On the left, there are images of sliced kiwifruit. The text 'MAKE YOUR HEALTHY' is in white, and 'irresistible' is in a yellow script font.

MAKE YOUR HEALTHY  
*irresistible*



They've included frosts, strong winds, more hail, cyclones, flooding, European heatwaves, and warm winters leading to reduced crop volumes.

We've also faced heightened geopolitical uncertainty, more red tape, increasing barriers to trade and rising costs – all trends which continue today.

Higher costs, greater challenges and less fruit to sell defined our year.

Each of these issues on their own are challenging enough, but together, they presented an extraordinary test of our industry's resilience.

Some things were out of our control but as a collective, we need to recognise we made mistakes, including here at Zespri.

I want to acknowledge that we have taken lessons from these to ensure we don't repeat them.

The banner features a green background with a white curved shape on the right containing the Zespri Kiwifruit logo. On the left, there are images of sliced kiwifruit. The text 'MAKE YOUR HEALTHY' is in white, and 'irresistible' is in a yellow script font.

**MAKE YOUR HEALTHY**  
*irresistible*



## **2022/23 Financial Results**

We've seen both average grower returns and our corporate results fall back from the record highs of recent years, placing growers and many in the industry under significant pressure.

Our 2022/23 total net dividend of \$1.17 per share for the year represented a decrease of 61 cents on the previous year.

This included a final net dividend of 18 cents per share, partially imputed at 80%, and as at midday today, Zespri shares were trading at \$4.80.

## **Rising to the Challenge**

While I know it's little comfort when so many growers are under pressure, we have been able to mitigate the impact of these challenges better than many other primary industries.

That should give us a sense of confidence moving forward.

The banner features a green background with a white curved shape on the right containing the Zespri Kiwifruit logo. On the left, there are two kiwi fruit slices, one whole and one cut in half, with a Zespri sticker. The text 'MAKE YOUR HEALTHY' is in white, and 'irresistible' is in a yellow cursive font.

MAKE YOUR HEALTHY  
*irresistible*



The significant investment we've made in our brand and in building demand has meant that even in such a difficult season, we secured record pricing.

Our global hedging programme allowed us to counter the volatility we've seen in foreign exchange, delivering a gain of \$101.1 million.

Our shipping partnerships and ability to charter our own ships, protected us from the severe disruption to global shipping schedules.

The longstanding and trusted relationships we've formed with our customers – and the fact they want what we provide because of its reputation for quality and the demand - helped soften the frustration they've felt over last season's poorer fruit quality.

### **Cost of Quality**

The importance of resolving that issue cannot be underestimated.

Firstly, it's money removed from our pockets.

The banner features a green background with a white curved shape on the right containing the Zespri Kiwifruit logo. On the left, there are images of sliced kiwifruit. The text 'MAKE YOUR HEALTHY' is in white, and 'irresistible' is in a yellow script font.

MAKE YOUR HEALTHY  
*irresistible*



The cost of quality last year was \$2.56 for Green and \$3.44 per tray for SunGold Kiwifruit.

Capturing that would have significantly strengthened the position of growers entering another challenging year.

Secondly, it puts at risk the reputation of our kiwifruit and the Zespri brand – something which underpins the premium growers receive in market.

While we still have some way to go to return these costs to a more appropriate level, we've made some good progress.

On behalf of the Board, I want to acknowledge your immense response to that challenge so far.

## **The Outlook**

Unfortunately, much of the complexity and uncertainty is going to remain.

The climate is changing.



MAKE YOUR HEALTHY  
*irresistible*

Zespri  
KIWIFRUIT

We can all see the impact it's having on our growing season and our ability to live up to our quality standards.

We are going to have to adapt to this.

The trading environment is deteriorating from a free trade perspective.

There are more barriers to trade than ever before and while there's been some real success with our officials opening new markets, it is getting harder.

Geopolitical competition is increasing.

The demands from regulators, customers and consumers to be more sustainable are more and more stringent, adding pressure to comply.

Competition in the market is increasing.

And the world is getting more expensive and uncertain.

All of which we must respond to – and I have no doubt we can.

We're going to have to be proactive and united in doing so – it will require us to act decisively together.



**MAKE YOUR HEALTHY**  
*irresistible*



The opportunity to add more value for growers is significant if we do so.

### **Important Lessons**

It is in challenging times like these that growers expect Zespri to be at the top of our game.

And I want to acknowledge that we haven't always met our own expectations.

We took lessons from the Producer Vote, seeking your approval to expand offshore plantings as a means of moving towards 12 month-supply.

While many of you agreed with the concept, a number of you said we needed to focus on responding to grower concerns and strengthening our New Zealand industry first.

Many are also worried about the challenges and our industry's ability to respond.



**MAKE YOUR HEALTHY**  
*irresistible*

You want a plan for tackling these challenges and finding a way forward, with the voice of growers clearly in the centre.

We listened.

What you also told us through Shed Talks, Focus Groups, research surveys, roadshows and in person, is you expect Zespri to do better and we will.

### **Stronger together**

Our ability to problem solve together has been fundamental to the industry's success and it's going to be critical moving forward.

It's enabled us to build a world-class industry and fruit brand that consumers trust, to tackle the challenges we have been confronted with and deliver strong returns.

That success has been led by some of the mainstays and great leaders we've had in our industry over many years.





MAKE YOUR HEALTHY  
*irresistible*



It's also part of what has attracted newer industry participants with new ideas.

Today our grower community is made up of an increasingly diverse group of people with different outlooks, approaches, risk appetites and goals.

It's fantastic to see because it makes us a stronger industry.

But it also means we can't do things the same way we always have.

We need to listen to those new ideas and add them to the foundational approaches we've built our success on.

And we need to ensure we create equal opportunity for all growers to engage, and feel empowered over the direction of our industry.

Because it's crucial that we do this together.

### **Building Back Stronger**

We've started to do that.

The banner features a green background with a white curved shape on the right containing the Zespri logo. On the left, there are images of kiwifruit slices and a whole kiwifruit. The text 'MAKE YOUR HEALTHY' is in white, and 'irresistible' is in a yellow cursive font.

MAKE YOUR HEALTHY  
*irresistible*



I hope you have seen over the last year, an increased commitment from Zespri to listen, and to work more closely with the industry to address our issues and ensure the voice of the grower is at the centre.

As a Board, we've spent a lot of time considering how we can help relieve the pressures that growers are feeling.

There's already been some positive steps made, including in the sharp focus we've put on lifting returns by resolving our quality and supply chain challenges.

We've also implemented a new licence release system, designed to address your desire for more transparency around the current level of demand for licence and so everyone can see the market price.

## **Industry Alignment**

But there's much more we can and should be doing to work better together.



MAKE YOUR HEALTHY  
*irresistible*



This is in large part why the Board stopped progress on exploring listing on the NZX this year as a potential means of increasing grower shareholding of Zespri.

We heard your feedback that while this is important to address, the industry needed the space to focus on more urgent priorities – including producing consistently good-quality fruit so that we can maximise the value that's returned to growers.

And also that it is difficult to invest when you are under financial pressure.

I want to reassure you that increasing grower shareholding in Zespri remains a focus for the Board.

It is critical that all growers can have the opportunity to benefit from the gains our business can deliver.

It's a conversation that will continue over the coming months, and we've appreciated your feedback so far.

A desire to be better aligned is also why you're seeing more events like shed talks and more regular grower engagement.



MAKE YOUR HEALTHY  
*irresistible*

Zespri  
KIWIFRUIT

It's important that you as growers and industry representatives are helping lead our industry conversations, allowing us to understand the priorities you want to see the industry concentrate on and how you think we tackle them.

Dan will talk more about this shortly, but the focus we're putting on industry alignment is going to be a long-term approach.

It will position our industry to take advantage of the many strengths we have, and the opportunities that lie ahead.

## **Governance**

Finally, on behalf of the Board I'd like to acknowledge the retirement of Peter Springford.

Peter has made a significant contribution since joining the Board in 2017, with the Board benefitting from his business leadership and governance experience.

Please join me in thanking Peter.



MAKE YOUR HEALTHY  
*irresistible*

Zespri  
KIWIFRUIT

## Creating Value

On behalf of the Board I want to thank Dan, the Zespri team and all of our industry colleagues for your dedication, resilience and your commitment in what has been a particularly challenging season.

There are headwinds, but the Board remains positive about our ability to navigate these, and to deliver increased value to growers in 2023/24 and beyond.

Because the one thing we can say with absolute certainty, is that the fruit we grow and which meets the Zespri standard, will sell and sell well.

We should not lose sight of that.

I wish you well for the remainder of our current season.

The more settled weather of late is hopefully a sign of calmer waters ahead of us.

And I hope that in a year's time, we can reflect on better results which meet your expectations, which remains our focus at Zespri.



I'd now like to invite Dan Mathieson to deliver his CEO address.

**Bruce Cameron**  
**Chairman**