



BUILDING BACK *Stronger*

Zespri Annual Report 2022/23



BUILDING BACK *Stronger*

It's been a really challenging period for our industry.

Like many others in the primary industries, we've experienced ongoing disruption from the pandemic, increased costs, significant weather events, and poorer fruit quality, all of which have impacted grower returns.

Yet, while it's clearly been challenging, our shared commitment to adapt and to work together to lift our performance has remained steadfast.

Our industry is now focused on **building back stronger**, resetting in a period of lower volumes to ensure we're collectively making adjustments to provide consumers with consistently great-tasting and high-quality kiwifruit in the years ahead.

We know that by doing this, we'll be in a better position to meet the growing demand for our fruit, and maximise the value we can return to our growers and our communities.





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HIGHLIGHTS 2022/23



183.5m

Total sales volumes reached 183.5 million trays of New Zealand and non-New Zealand kiwifruit.



\$3.92b

Global net kiwifruit sales decreased to \$3.92 billion, down 2.8% from previous year.

* As per the Alternative Revenue Statement on page 94.



\$2.24b

Zespri's total fruit and service payments (including the loyalty premium) to New Zealand growers decreased by 9% to \$2.24 billion in 2022/23.



24.8m

Zespri Global Supply sold 24.8 million trays of kiwifruit and contributed \$29.5 million towards Zespri's profit.



35

More than 35 healthy lifestyle programmes were delivered across 12 countries around the world. These are community activities or events that encourage or support healthy lifestyles.



57

57 charter vessels and 200 container vessels safely delivered Zespri Kiwifruit to global customers and consumers.



10,000

More than 10,000 intermediate-age students, 350 schools and 1,800 volunteers took part in Zespri AIMS Games.



40

Launch of the Climate Change Adaptation Plan – *Adapting to Thrive in a Changing Climate* – the second of our climate change adaptation targets, and which includes more than 40 current and future actions Zespri and the wider industry will build on to future-proof the growing and breeding of kiwifruit, maintain fruit quality and manage supply, and protect the industry's financial future.



20,000

20,000 children participated in the Zespri Young and Healthy Virtual Adventure.



06

A total of six creative campaign awards won, including a bronze at the ACC Tokyo Creative Awards and a bronze award at the China Content Marketing Awards.

SEASON OVERVIEW

KEY DATES

31 March	Financial year-end
21 August 2023	Deadline for proxies for Annual Meeting
23 August 2023	Annual Meeting The Annual Meeting of the Shareholders of Zespri Group Limited will be held at 1pm on Wednesday 23 August at Mercury Baypark Arena, 81 Truman Lane, Mount Maunganui
August and December	Indicative dates for dividend payments: August (prior year final and current year first interim) and December (second interim).

In 2022/23, Zespri sold 183.5 million trays of New Zealand- and non-New Zealand-grown kiwifruit, down from the 201.5 million trays sold in the previous financial year.

Global revenue generated by fruit sales decreased by 2.8 percent to \$3.92 billion.

Zespri Global Supply (ZGS) reached sales of 24.8 million trays, down slightly from the 26.5 million trays in 2021/22. ZGS revenue decreased from \$536.9 million in 2021/22 to \$519.3 million in 2022/23.

Total fruit and service payments, across all pools and excluding the loyalty premium, was \$2.19 billion in 2022/23.

Zespri's net profit after tax was \$238.7 million, down from the 2021/22 net profit after tax of \$361.5 million. Zespri's New Zealand Supply segment made a loss of \$22.1 million in 2022/23 versus the \$24.9 million profit made in 2021/22, driven by higher costs and reduced fruit volumes.

Our Non-New Zealand Supply segment made a profit of \$29.5 million, up \$2.6 million on 2021/22, with reduced volumes offset by increased pricing and improved margin. Zespri's New Cultivar segment saw new cultivars licence revenue fall from \$436.7 million to \$308.1 million in 2022/23, with Zespri releasing fewer Zespri SunGold Kiwifruit hectares.

The total dividend per share in the 2022/23 financial year is expected to be \$1.17 per share, down from the \$1.78 recorded in 2021/22. The dividend pay-out ratio is expected to be 90 percent for 2022/23, in line with the 90 percent paid in the prior year.

These results reflect the challenging period the industry is experiencing, and while we were able to secure very strong pricing in the marketplace, grower returns have decreased on the back of the increasing costs we've faced across the supply chain.

Quality costs, freight costs, and post-harvest costs have risen, and business costs have been impacted by inflationary pressures. The significant rise in fruit quality costs that the industry has experienced, which is estimated at ~\$530 million in 2022/23, was driven by the season's labour shortage and poorer quality harvest.

The scale of these quality costs offers an indication of the size of the value in front of the industry if we can address our challenges, which we have a proven track record of doing. We acknowledge the considerable efforts already under way to deliver this through the implementation of the industry's seven-point Quality Action Plan.



FINANCIAL HIGHLIGHTS

A summary of our seasonal results, financial year results, net profit after tax, global operating revenue and kiwifruit sales, export earnings and equity, global volume, and Orchard Gate Returns.

	2022/23	2021/22	Variance
Seasonal results			
New Zealand-grown fruit and service payments (including loyalty premium)	2,242.0 million	2,473.4 million	(9%)
– Per tray supplied	\$13.52	\$13.77	(2%)
New Zealand-grown Orchard Gate Return (OGR) per hectare	\$100,345 (average)	\$124,479 (average)	(19%)
– Green	\$57,636	\$75,494	(24%)
– Organic Green	\$60,912	\$67,752	(10%)
– SunGold	\$137,524	\$176,026	(22%)
– Organic SunGold	\$133,548	\$143,772	(7%)
– Sweet Green	\$41,761	\$54,609	(24%)
– RubyRed	\$42,063		
Financial year results			
Net profit after tax	\$238.7 million	\$361.5 million	(34%)
Dividend per share (cents)			
– Interim	99.0	149.0	(34%)
– Final	18.0	29.0	(38%)
– Total	117.0	178.0	(34%)
Percentage of available profit	90%	90%	
Zespri global operating revenue¹	\$4.224 billion	\$4.465 billion	(5%)
Zespri global kiwifruit sales (net)²	\$3.916 billion	\$4.029 billion	(3%)
Export earnings (New Zealand grown)³	\$2.608 billion	\$2.871 billion	(9%)
Equity	\$323.2 million	\$322.1 million	(0%)
Zespri global volume (trays sold)	183.5 million	201.5 million	(9%)
New Zealand grown	158.7 million	175.0 million	(9%)
– Green	55.7 million	71.1 million	(22%)
– Organic Green	2.9 million	2.9 million	(1%)
– SunGold	93.6 million	96.0 million	(3%)
– Organic SunGold	2.8 million	2.4 million	17%
– Sweet Green	0.2 million	0.3 million	(22%)
– RubyRed	0.1 million		
– Other	3.4 million	2.3 million	50%
Non-New Zealand grown	24.8 million	26.5 million	(6%)
– Green	9.2 million	9.8 million	(6%)
– SunGold	15.6 million	16.7 million	(7%)

¹ Global operating revenue equals global kiwifruit sales plus new cultivars licence revenue as presented in the Alternative Revenue Statement; see page 94.

² As presented in the Alternative Revenue Statement; see page 94.

³ Export earnings (New Zealand grown) equals return from fruit sales adding back hail-self insurance, other direct pool costs – onshore and removing interest income from the Alternative Revenue Statement; see page 94.

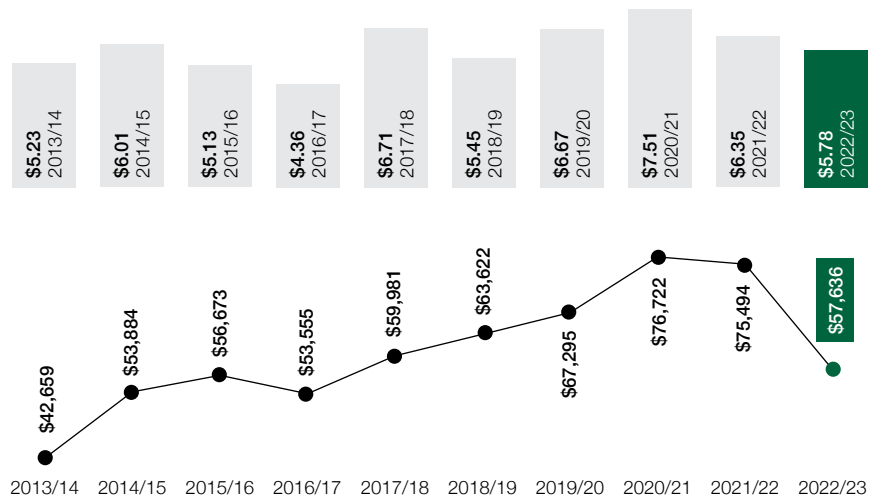
● Zespri Green Kiwifruit

Average OGR per tray

\$5.78

Average OGR per hectare

\$57,636



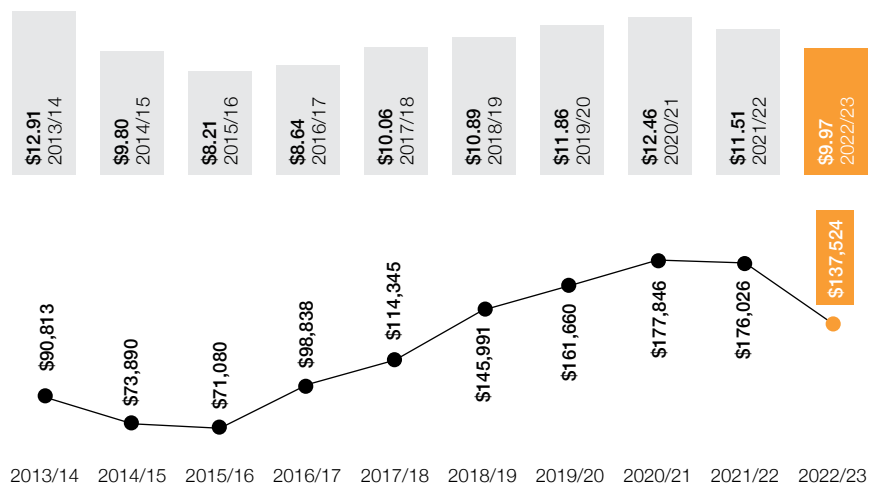
● Zespri SunGold Kiwifruit

Average OGR per tray

\$9.97

Average OGR per hectare

\$137,524



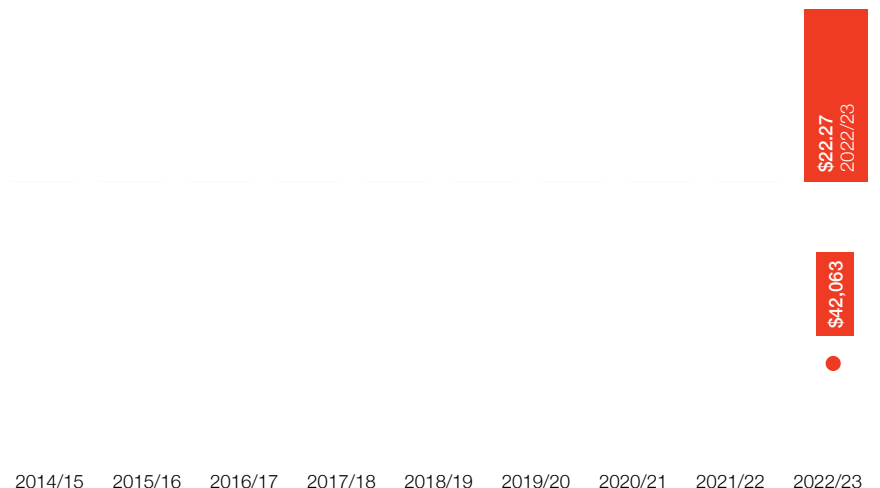
● Zespri RubyRed Kiwifruit

Average OGR per tray

\$22.27

Average OGR per hectare

\$42,063



Zespri Green Organic Kiwifruit

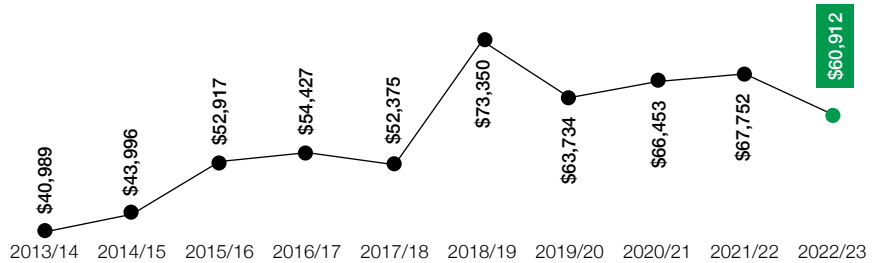
Average OGR per tray

\$8.68



Average OGR per hectare

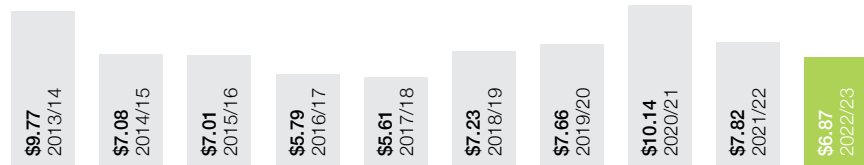
\$60,912



Zespri Sweet Green Kiwifruit

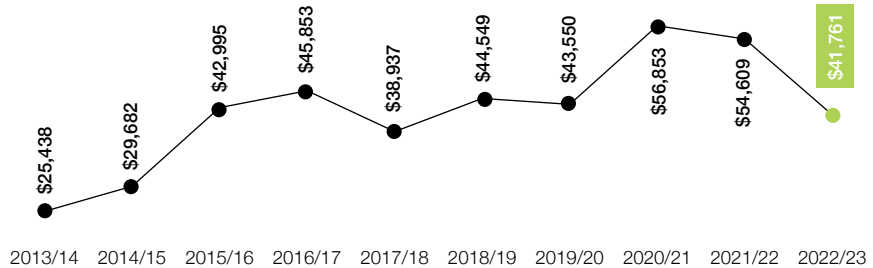
Average OGR per tray

\$6.87



Average OGR per hectare

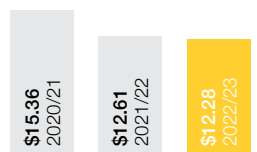
\$41,761



Zespri SunGold Organic Kiwifruit

Average OGR per tray

\$12.28



Average OGR per hectare

\$133,548



BUILDING BACK TOGETHER

"It's important we reset as an industry, with the lower volumes in 2023 enabling us to lift our fruit quality and set up our supply chain to manage increased volumes. That way, we can meet the unique demand opportunity in front of us and return more value to our growers and our communities in the seasons to come."



Overview

Our annual results reflect an incredibly difficult 2022/23 season for the kiwifruit industry.

On orchard, growers were forced to respond to a range of adverse weather events, both in New Zealand and in our offshore growing regions.

During the 2022 harvest period, this included hail, frost and an exceptionally hot European summer. We've seen these challenges continue in preparing for our 2023 harvest with a much warmer New Zealand winter, frost damage, more rain, and devastating cyclones and floods.

The impact of these environmental challenges has been considerable, including in some cases the loss of full crops and costly long-term rehabilitation of orchards. As always, members of our industry have rallied to offer important financial and pastoral support as part of the immediate recovery.

These efforts will continue with New Zealand Kiwifruit Growers Incorporated (NZKGI) leading our industry's ongoing advocacy efforts, supported by Zespri and post-harvest operators, and working closely with grower engagement teams to provide on-the-ground advice and help.

For the third successive year, we experienced the impact of COVID-19, with the heightened presence of the Omicron variant within New Zealand communities during the peak of the kiwifruit harvest exacerbating our industry's labour shortage.

Following the planning we undertook ahead of the season and through the Industry Five-Point Plan, we adjusted our processes to streamline our supply chain to help pick, pack, and ship the full 2022/23 season crop. Despite our best efforts to prepare, the severe shortage of workers throughout harvest was a key driver of the poorer quality fruit we saw during the season.

As a result, the industry experienced some of our highest-ever quality costs – estimated at ~\$530 million – and these significantly affected grower returns.

At a per-tray level, quality costs increased from \$1.65 for Green in 2021/22 to \$2.56 in 2022/23, from \$1.49 for Organic Green in 2021/22 to \$3.26 in 2022/23, from \$1.68 for Zespri SunGold Kiwifruit in 2021/22 to \$3.44 in 2022/23, from \$2.38 for Zespri Organic SunGold Kiwifruit in 2021/22 to \$3.50 in 2022/23. Quality costs for Zespri RubyRed Kiwifruit were \$1.49 per tray in its first commercial season.

The scale of these costs is an important reminder of the need to work together to ensure we can deliver the consistently good-quality fruit the Zespri brand has been built on. Our focus must be to work together to bring these costs down towards the \$1.00 mark for Green and \$1.50 mark for Zespri SunGold Kiwifruit, helping us return more value to growers.

We have also seen rising costs throughout the supply chain and faced a more challenging consumer environment



A kiwifruit orchard affected by Cyclone Gabrielle in February 2023.

stemming from global inflationary pressures and heightened geopolitical uncertainty from the Russia-Ukraine conflict. The Environment Protection Authority's reassessment of hydrogen cyanamide (Hi-Cane) creates ongoing uncertainty for growers, and Zespri continues to work with experts to present the best case to support its ongoing use.

Any of these issues in isolation would be challenging enough, but arriving together and on the back of a difficult 2021/22, they have represented an extraordinary test of our industry's resilience.

Our investment in building demand, our brand, and our strong negotiating position have helped our business weather these challenges better than many other primary industries facing similar headwinds.

We have maintained solid run rates and secured record-level pricing, helping offset some of the increased costs we've experienced.

This year, average in-market pricing per tray for Green reached \$17.74, up 9.7 percent, with Organic Green pricing \$22.47 per tray, up 8.6 percent. The average Zespri SunGold Kiwifruit pricing per tray was \$27.46, up 7.1 percent, with the average Zespri Organic SunGold Kiwifruit price per tray \$31.43, up 10.9 percent. The average Sweet Green pricing per tray was \$20.24, up 1.7 percent on 2021/22, and Zespri RubyRed Kiwifruit average pricing per tray reached \$39.50, in its first commercial season.

Our ability to maintain strong prices has been enabled by our scale, our collaborative approach to addressing challenges, and the long-term relationships we've formed with our supply chain and retail partners.

We've also seen strong support from the Government through the successful conclusion of negotiations on the free trade agreements with the UK and Europe.

These agreements include the removal of tariffs on kiwifruit exports into both markets, which will support our effort to grow these markets and strengthen returns for New Zealand exporters. This was particularly encouraging as the agreements were concluded against a global backdrop of increased geopolitical uncertainty and growing opposition to free trade.

Our fundamental strengths and the continued investment in our brand and in building demand will remain critical in taking advantage of the strong demand we're continuing to see for our fruit from consumers around the world.

Corporate results

In 2022/23 we sold a total of 183.5 million trays, down from the 201.5 million trays recorded in 2021/22.

Global revenue from kiwifruit sales decreased from \$4.03 billion in 2021/22 to \$3.92 billion in 2022/23.

While the total fruit and service payment (including loyalty premium) to growers decreased from \$2.47 billion to \$2.24 billion in the 2022/23 season, this is our second highest result.

Zespri recorded a net profit after tax of \$238.7 million, down from the record \$361.5 million in 2021/22. This result reflects the reduced amount of Zespri SunGold Kiwifruit licence offered in 2022 given the uncertainty caused by COVID-19 and supply chain challenges, with the 2022 licence round generating gross licence revenue (excluding GST) of \$302.6 million and other licence income for the year accounting for a further \$5.5 million. In total, Zespri issued 334.19 hectares of conventional Zespri SunGold Kiwifruit licence alongside 282.39 hectares of Zespri RubyRed Kiwifruit licence. Zespri Organic SunGold Kiwifruit licence was not released because modelling indicates current and projected supply will satisfy future market demand.

The total net dividend in the 2022/23 financial year is expected to be \$1.17 per share, down from the \$1.78 per share recorded in 2021/22.

In 2022/23 global revenue per full-time employee equivalent was \$5.1 million, down from the \$5.8 million recorded in 2021/22, with 219,000 trays sold per full-time employee equivalent versus 260,000 trays in 2021/22. This reflects the fact that we are continuing to invest to keep demand ahead of supply, as well as investing in people for the Horizon Programme, which will enable us to have the systems required to realise future growth.

Across 2022/23, our performance was again led by our major markets of Greater China, Japan, and Europe, but also by exciting new ones like North America and Vietnam, with Spain a real highlight in Europe.

We also saw ZGS financial performance reach new levels, despite some weather-related challenges in Europe, with volumes sold of 24.8 million trays and a contribution to the fruit and services payment of around \$373 million.

Category performance

While gross pricing has increased across all categories in 2022/23, the significant cost increases we've seen across the season – including in freight, quality, and post-harvest costs – have resulted in OGR per tray returns decreasing across all categories from the previous season.

The industry scale enabled Zespri to hedge foreign exchange impacts on New Zealand Supply grower returns in advance, with an overall objective of reducing volatility across seasons in accordance with our Treasury Management Policy. In 2022/23, Zespri's foreign exchange hedging programme delivered a gain of \$101.1 million, following the \$108.4 million gain achieved in the previous year.

The Zespri SunGold Kiwifruit average return per tray was \$9.97, with the average per-hectare return down to \$137,524.

Zespri Organic SunGold Kiwifruit saw an average per-tray return of \$12.28, with the average per-hectare return decreasing to \$133,548.

The average Zespri Green per-tray return decreased to \$5.78, while the average per-hectare return for Green was \$57,636.

The average Zespri Organic Green return per tray was \$8.68, with the average per-hectare return increasing to \$60,912.

Zespri Sweet Green achieved an average return per tray of \$6.87 and an average per-hectare return of \$41,761.

The average Zespri RubyRed Kiwifruit return per tray was \$22.27, with an average per-hectare return of \$42,063.

Committed to better quality

Much of our focus over the last year has been on ensuring we can manage fruit quality.

Protecting our brand and the reputation we have built by supplying consistently good quality fruit is critical to our ongoing success and the industry has responded well to this challenge in trying circumstances.

The 2022/23 growing season has again been challenging, and across the supply chain we've seen a concerted effort from growers, post-harvest operators, and our in-market teams to refocus on providing quality fruit to our customers and finishing the 2023/24 season as early and as strongly as possible.

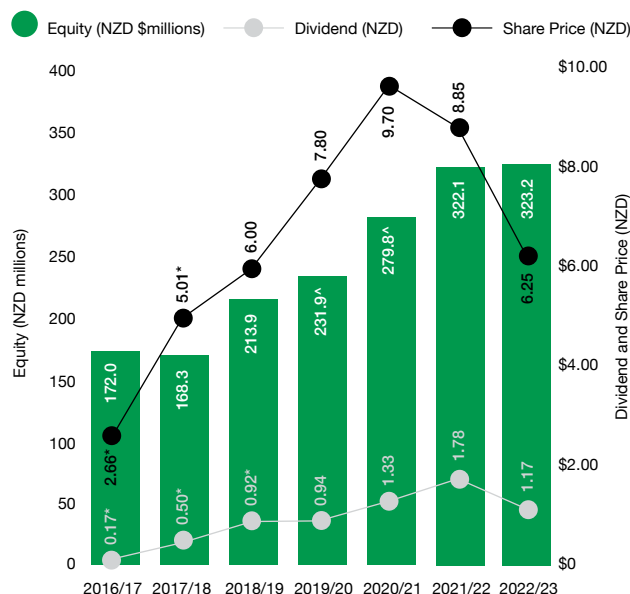
Within Zespri, this has included reviewing our existing systems and processes to identify the adjustments needed to ensure our quality meets the expectations of our customers and consumers.

Central to this has been the development and establishment of the industry's Quality Action Plan, a process led by the Industry Advisory Council following widespread industry discussion throughout 2022/23.

Encompassing seven key initiatives extending across the supply chain, this Plan represents the industry's strategic approach to both lifting quality through improved growing and harvesting practices, and reducing the costs associated with poor quality, including keeping fruit that doesn't meet our high standards onshore.

¹ Refer to note 4 of the 'Notes to the Financial Statements' on page 68.

Zespri Group Limited Equity, Dividend Returned and Share Price – 7 years

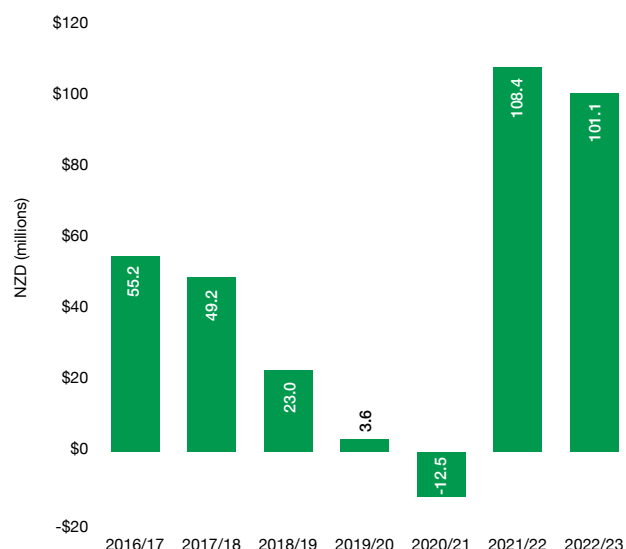


* Adjusted to reflect the impact of the targeted share issue and buyback transactions in November 2018 and the three-for-two share split in March 2019.

[^] Equity retrospectively restated for changes to accounting policy relating to Software-as-a-Service (see note 1 (b) of the Financial Statements).

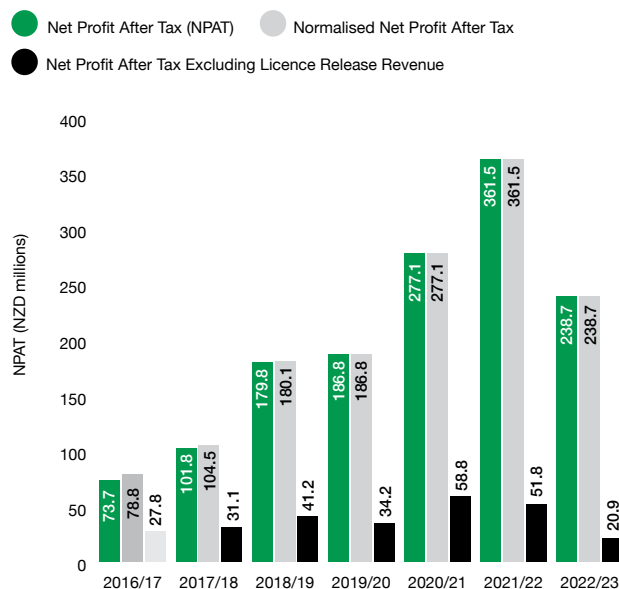
Over a five-year period from 1 April 2018 to 31 March 2023 Zespri has achieved a compound annual total shareholder return of 24 percent. This measure reflects a combination of the increase in share price and gross dividend during the period.

Foreign Exchange and Oil Hedging Gain/(Loss)*



* 2022/23 saw large foreign exchange derivative gains due to the average New Zealand Dollar spot being higher than the average of all realised foreign exchange hedges for the season. During 2020/21 the lower New Zealand Dollar spot allowed us to hedge a portion of future seasons' returns at favourable rates leading to the gain.

Zespri Group Limited Profitability – 7 years



* Net profit after tax was retrospectively restated for changes to accounting policy relating to Software-as-a-Service (see note 1 (b) of the Financial Statements).

Zespri Group Normalised Profit After Tax

Zespri provides a normalised profit view to reflect normal operating profit. Normalised profit is derived by adjusting net profit after tax for significant extraordinary items. Extraordinary items adjusted below are historical and relate to specific pre-2016 licence revenue.

	2023 \$m	2022 \$m	2021 \$m	2020 \$m	2019 \$m	2018 \$m	2017 \$m
Net profit after taxation	238.7	361.5	277.1	186.8	179.8	101.8	73.7
Licence revenue*	-	-	-	-	0.30	2.7	5.1
Normalised profit after taxation	238.7	361.5	277.1	186.8	180.1	104.5	78.8

* The licence revenue adjustment relates to a change in revenue recognition for licences, subject to a specific Psa clause. The final adjustment has been made in 2019.

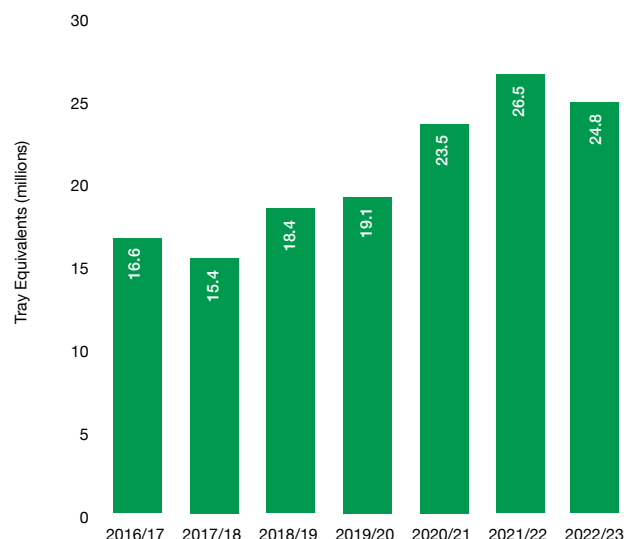
Global Kiwifruit Sales – 7 years



Global Kiwifruit Sales are as presented in the Alternative Revenue Statement; see page 94.

Total Volume Sold – 7 years

Non-New Zealand-grown kiwifruit



As part of the industry's Quality Action Plan, we have moved to rebalance our commercial drivers and incentives so that we can influence production and harvest decision-making, with the goal of trying to deliver the right fruit at the right time for our markets, and the best possible returns to growers.

We've also put a renewed focus on promoting best-practice growing and harvesting techniques, improving our end-to-end fruit flow decision-making processes including our in-market supply levels, and expanding our quality assurance resources to help keep poorer-quality fruit onshore.

Many of these initiatives have already commenced and the value of these can be seen in promising customer feedback following our early shipments, with customers acknowledging a return to the quality they expect to see from Zespri.

Meeting in person with our customers again and reassuring them of our industry's commitment to quality has been a priority as well. This has been helped by the easing of pandemic-related travel restrictions, allowing us to also restart our New Zealand market tours programme and grower tours to markets.

These connections are important in enabling us to acknowledge the support and understanding our customers and partners have offered over the last few pandemic-affected seasons. They have also helped us reconfirm the commitment we share in meeting consumer demand for consistently high quality fruit which we know is an important driver in helping our partners' businesses generate the best possible value too.

Creating value

Throughout a challenging year, we have continued to invest in creating value for the industry and for our communities. This encompasses the refinements we have made to our market development framework, which supports our strategy of investing to develop new and existing markets to create demand ahead of supply and driving sustainable value, including our efforts to attract new consumers and build loyalty.

North America and Vietnam are delivering excellent growth, as we have focused on these as our launch markets.

In 2022/23 we also established a new category of markets, which we believe has the potential to deliver accelerated year-on-year growth in value, although likely not at the same pace and level of investment as North America and Vietnam.

Six markets have now been activated for faster growth in this new category, comprising the UK, Switzerland, Portugal, India, Indonesia, and Malaysia. While 2023/24's lower volumes will mean we have less fruit to support the strategy, we are still increasing our local activity and expect to see their respective volume more than double over the next 10 years, bringing additional value to growers.

Korea has continued to show exceptional growth and we expect this will remain a key growth market over the next five years, along with Germany and France. We will also continue to develop the huge potential in China at a pace that manages risk and ensures we have a broad market base.

Supporting this growth has been our continued focus on brand-led demand creation, including developing a more consistent global Zespri brand which uses fewer but more impactful campaigns.

This has included work to strengthen our emotional connection with consumers through our shared values, greater use of our Kiwi Brothers, who continue to prove incredibly popular in all our key markets, and promotion of our fruit's health and nutritional benefits.

We have also continued to look at how we can embrace more sustainable practice throughout our global supply chain.

The weather events we've experienced over the last year have reinforced the importance of being able to adapt to the changing climate, and our first-ever Climate Change Adaptation Plan lays the groundwork to ensure we can remain a resilient and profitable industry in the years ahead.

This Plan identifies the physical climate risks the industry is likely to experience from orchards through the supply chain, as well as transitional risks such as market and regulatory changes. It presents a roadmap to enable the kiwifruit industry to thrive in our rapidly changing climate, including how we can focus on maintaining fruit quality and supply through our growing systems and our ongoing development of new varieties.

The implementation of the industry's Water Strategy is on track and we're grateful for the time growers are continuing to give to ensure it works for the industry. We're also continuing to make steady progress on reducing the environmental impact of our packaging, implementing new pack types in most markets.

These initiatives are critical to maintaining both our market and customer access as well as continuing to attract consumers and a market premium.

We have further strengthened our relationship with Māori over the last past 12 months. This has included the appointment of Kiriwaitangi Rei-Russell to a new position within Zespri, as Head of Māori Alliances – Te Ūpoko o ngā Kāhui Māori. The new role supports our company's cultural connection with Te Ao Māori, and is designed to enhance our partnerships with our Māori stakeholders, facilitating the growth of value through to Māori growers and delivering benefits for the wider industry. In addition, a collaborative marketing programme with Māori Kiwifruit Growers Inc (MKGI), taking Zespri Kiwifruit to Hawaii, has also commenced. This is focused on increasing demand and deepening our market penetration to help increase the value we can return to all growers.

Our community partnerships have also allowed us to strengthen our relationships with our communities and the

support we continue to receive from them. In New Zealand, our community investment programme has seen our industry support an increasing number of families and some of the most in-need members of our society, including through our work with KidsCan and Good Neighbour.

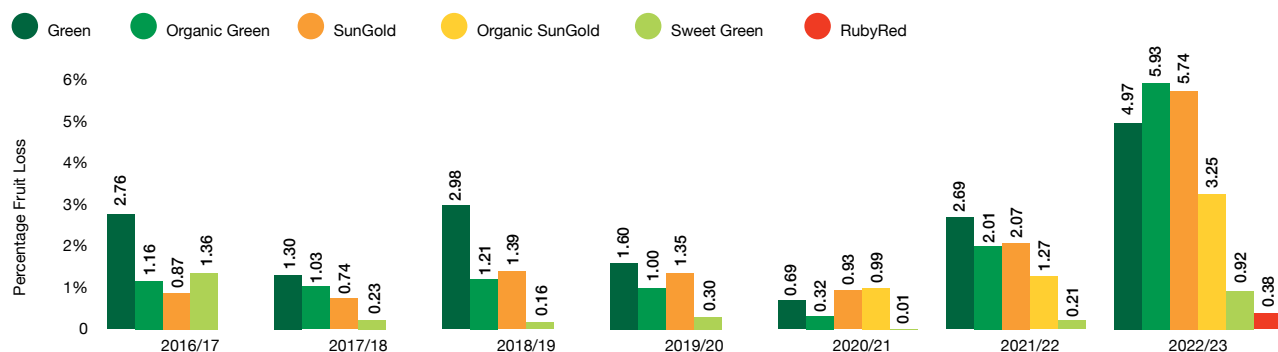
We enjoyed another successful year of the Zespri Young and Healthy Virtual Adventure, which helps educate more than 20,000 children each year about healthy habits. We also celebrated our first year as naming rights sponsor of the Zespri AIMS Games – one of the largest sporting events held in the southern hemisphere, which brings together more than 10,000 young athletes and demonstrates the value kiwifruit plays in our local Bay of Plenty region.

We joined forces with the Parliamentary Sports Trust, using rugby and netball games against a selection of New Zealand politicians and a charity auction to raise more than \$43,000 to support workers from the Recognised Seasonal Employer (RSE) scheme in light of the impact the pandemic has had on many Pacific communities.

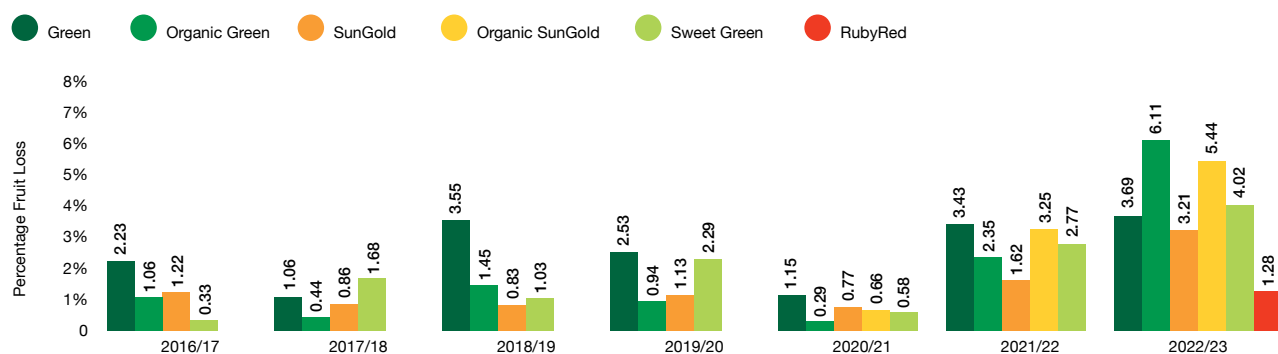


“We have continued our focus on brand-led demand creation, including developing a more consistent global Zespri brand which uses fewer but more impactful campaigns.”

Onshore Fruit Loss – 7 years

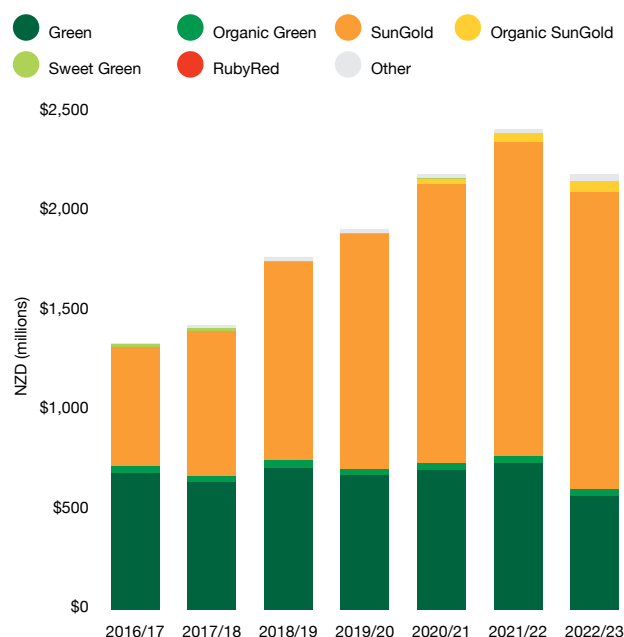


Offshore Fruit Loss – 7 years



Total Fruit and Service Payments – 7 years

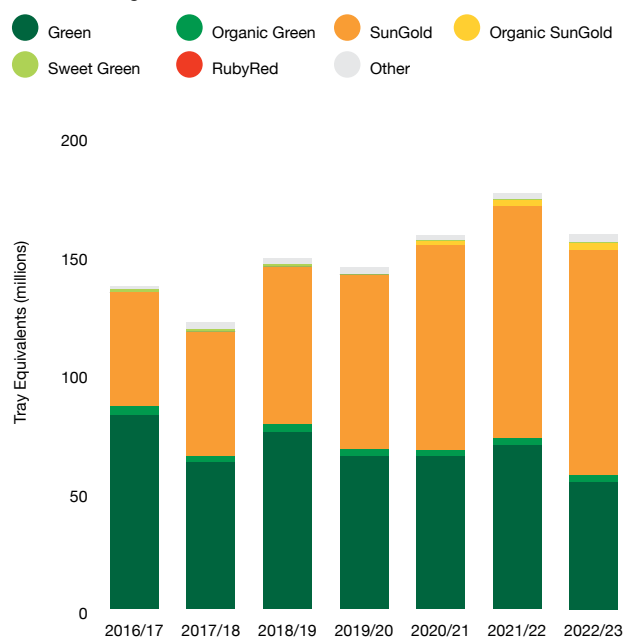
New Zealand-grown kiwifruit (excluding loyalty premium)



The 2019/20 and earlier comparatives presented here for SunGold Kiwifruit include the combined pool of Zespri SunGold and Organic SunGold Kiwifruit. These varieties have been split into separate pools from 2020/21 onwards.

Total Volume Sold – 7 years

New Zealand-grown kiwifruit



The 2019/20 and earlier comparatives for SunGold Kiwifruit include the combined pool of Zespri SunGold and Organic SunGold Kiwifruit. These varieties have been split into separate pools from the 2020/21 year.

Globally, by December 2022, we had delivered more than 35 healthy lifestyle programmes across 12 countries, achieving our community pillar target set out in our sustainability strategy – to ‘Partner with communities on Healthy Lifestyle Programmes in our major markets by 2022’. You can read more about this on pages 33 and 37.

These contributions have helped strengthen our industry’s reputation as one which is good for New Zealand and the communities where we operate around the world.

Building back stronger

It is important that we now take the opportunity offered by lower volumes in 2023/24 to reset our industry and to address the challenges we’ve faced so that we can build back stronger.

This includes implementing strategies to manage the volume growth we expect in the coming seasons from improved growing conditions and more Zespri SunGold and RubyRed Kiwifruit plantings reaching maturity, as well as the value growth we can attain by addressing some of our supply-side challenges.

This will require post-harvest and Zespri to consider what changes are needed to support the future growth and delivery of increasing value to growers.

A dedicated Green strategy is an important pillar in our industry and Zespri is continuing to look at how we can best optimise market performance and capture enhanced value for Green growers in the long term.

Within Zespri, we have adjusted our executive structure to strengthen global supply excellence and increase our focus on driving value deeper into the value chain.

Former Acting Chief Global Supply Officer Jason Te Brake has been appointed to a newly created Chief Operating Officer role. The COO function brings together teams from across Zespri’s Grower, Industry, Supply, Commercial, Quality, Technical, and end-to-end supply chain operations. Its focus will be on improving how we manage a strongly integrated supply chain to help improve efficiency, cost management, and transparency of critical information which will support the industry’s ability to deliver long-term value.

Our existing Executive Officers for Greater China, Asia Pacific and Europe and North America have been redefined as Presidents of their respective territories, and now sit as full members of the Executive, helping strengthen the voice of the customer within our senior leadership. Linda Mills, whose Chief Market Performance Officer role is being disestablished, has provided strong leadership as Acting President of Europe and North America following the departure of Giorgio Comino in early 2023. Linda will transition to a new role as Head of Integrated Business Planning in 2023.

The sustainability function of the business has now shifted to sit within a Marketing, Innovation, and Sustainability function led by Jiunn Shih, recognising the importance of aligning these core elements of our business. As part of this change, in 2023 we will farewell our Chief Grower, Industry, and Sustainability Officer Carol Ward, who has held a number of senior roles over more than 21 years at Zespri. She has been pivotal in commencing the globalisation of Zespri’s marketing programme, the establishment of the Kiwifruit Breeding Centre joint venture with Plant & Food Research, and driving Zespri’s sustainability programme and targets. We thank Carol for her tremendous contribution to Zespri and wish her well in the next chapter of her career.

We also wish to thank Alastair Hulbert, who stepped down as our Chief Global Supply Officer in late 2022, for the significant contribution he made in leading our global supply chain teams through an incredibly difficult period in recent years.

Over the past year, we have made important progress in resetting our legacy systems through the Horizon Programme, including implementing the first tranche of the programme. You can read more about this on page 45.

Good growth

The above changes will set us on the path to building value for the industry.

Achieving this requires us to consider the current pressures we face as an industry, including an ongoing labour shortage, as well as a need to deliver consistently good-quality kiwifruit and post-harvest capacity through a period of considerable volume growth.

Our efforts to do this will be guided by the sense of collaboration that defines our industry and by making sure that the value we build will create positive change for our industry.

We will work closely with our stakeholders so that we can deliver collective value when providing more consumers with great-tasting and healthy kiwifruit.

We will focus on growing brand-led demand ahead of supply, delivering industry-leading value, supplying more high-quality kiwifruit, and creating a kiwifruit experience that consumers love.

The past year has shown the scale of the challenges we can overcome when working together and we look forward to being able to maximise the value we return to our industry, our partners, and our communities in the years ahead.



Dan Mathieson
Chief Executive Officer



Bruce Cameron
Chairman

CORPORATE GOVERNANCE

Zespri is committed to providing a sustainable and safe business environment and adhering to the regulatory and legislative frameworks applicable to our business globally. We have clear written procedures and policies in place to ensure we meet and maintain a high standard of integrity, and a robust corporate governance framework.

Ethical standards

At Zespri, we're committed to demonstrating integrity and maintaining a high standard of business ethics. The development and maintenance of corporate governance policies and processes are integral to ensuring we are always achieving these high ethical standards. There are clear expectations on all Zespri Directors, officers, and employees who represent and act for Zespri to do so with integrity and in compliance with applicable law and company policy. Zespri's Code of Conduct and Director's Manual clearly articulate these expectations, along with training and presentations throughout the company which cover a range of ethical and compliance issues.

Conflicts of interest:

Careful management of conflicts of interest is needed as five of the eight Zespri Directors are elected from the kiwifruit industry. Zespri has comprehensive policies and practices in place which meet and, in some cases, exceed the requirements of the Companies Act 1993 to address existing and potential Board conflicts. All Directors are required to declare any actual or potential conflict of interest as soon as it arises, and Directors with relevant conflicts excuse themselves from meetings while issues which may present a significant conflict are discussed and decided. Where a conflict is considered unmanageable, a Director may have to choose whether to continue as a Zespri Director or pursue their other business interests. A Conflict of Interest Policy and associated record is also in place for employees.

Compliance

Zespri has policies and procedures in place that demonstrate our commitment to legal compliance. These include, among others, policies regarding gifts, anti-corruption, bribery, privacy, and anti-competitive behaviour, and Zespri staff are regularly trained across these policies to ensure communication and education of the latest compliance requirements and expectations. Our policies are underpinned by audits and investigations conducted by an internal audit function, with exceptions being reported to the Audit and Risk Management Committee. Zespri also has a dedicated global Speak Up line for anyone to report unethical or illegal behaviour. Zespri's expectations of compliant behaviour are communicated to our customers and suppliers globally, and we monitor such compliance through due diligence and audits in target areas.

Confidentiality and privacy:

Zespri is subject to extensive privacy legislation from many jurisdictions and we continue to refine our processes to reflect changes associated with continually evolving international data privacy regulations and the collection, handling and processing of personal information. This is in addition to prioritising cybersecurity initiatives to bolster technical measures to support protection of personal and

commercially sensitive information. Zespri Directors and employees are supported by comprehensive policies to ensure understanding of their legal obligations in the areas of confidentiality and privacy. We periodically review our policies and procedures to ensure best practice, and training is provided to supplement understanding and adherence to these policies. **Zespri's Constitution also contains provisions pertaining to confidentiality and shareholder democracy also to be consistent with the high degree of industry engagement.**

Board composition and performance

The Zespri Board comprises eight members – five Directors elected from the kiwifruit industry and three Independent Directors. The combination of industry and independent directors gives Zespri the benefit of a Board with a wide range of experience across key areas. The Board recommends Independent Directors for election by shareholders in line with the skills needed for Zespri's future strategic direction. The Board has adopted processes to consider the skill sets required for the appropriate governance of Zespri and the contribution of Independent Directors, including external recruitment processes for Independent Directors. The Chair is elected each year following the Annual Meeting, providing an opportunity for managing succession as required. The Board provides strategic direction, drawing upon Directors' extensive collective knowledge, which includes expertise in the kiwifruit industry, international business, agribusiness, marketing, and finance. Induction processes are in place for new Directors, as well as for each subcommittee when subcommittee memberships change. As part of a continuous improvement plan, the Board reviews its performance on an ongoing basis, and engages in director development activities at an individual level, through external presenters who support the Board on topical issues, and through engagement with, and facility visits to, industry and other stakeholders. Following travel restrictions stemming from the COVID-19 pandemic, Directors have been able to resume market visits this year in order to better understand markets, assess execution against strategy, and engage with offshore-based staff to understand local capability, challenges and Zespri culture. Along with these visits, the Board has also continued with regular online meetings with market-based teams to ensure ongoing engagement with key stakeholders and to maintain awareness of current conditions.

The Board has formally delegated decision-making to management through a comprehensive Global Delegated Authorities Manual, which sets out what decisions are reserved for the Board and committees, as well as a stepped qualitative and quantitative cascade of approval processes at different levels of management. Further policies pertaining to decisions made in the daily management of the business are also in place.

Board committees

Board committees are convened in certain key areas to increase effectiveness, and include the Audit and Risk Management Committee, People and Culture Committee, and Board Innovation Subcommittee.

Audit and Risk Management Committee:

The Audit and Risk Management Committee reviews risk management strategies, internal controls and compliance processes with a view to monitoring Zespri's overall risk. It also reviews the Financial Statements with the assistance of management and the Company's external auditor, KPMG, and supports and oversees management in its evaluation of key accounting judgements. Jonathan Mason is the current chair of the committee.

People and Culture Committee:

The People and Culture Committee attends to strategic employment matters including general remuneration and incentive policy, employee engagement, organisational development strategy, and the appointment and remuneration of senior executives. Paul Jones currently chairs the committee.

Board Innovation Subcommittee:

Innovation is a key enabler of Zespri's business strategy, requiring innovation programmes to be aligned to Zespri's long-term strategic objectives. The Board Innovation Sub-committee reviews and endorses Zespri's strategy for science and innovation and applies appropriate governance principles to optimise innovation performance, challenge and guide future innovation vision and work with management to mitigate innovation risk. Nathan Flowerday is the current chair of the subcommittee.

Advisory boards

After formation last year, the Global Sustainability Advisory Board continues to support the Board and management in relation to its sustainability commitments through provision of additional insight and expertise and is chaired by Alison Barrass. The ZGS Advisory Board continues to meet regularly, chaired by Craig Thompson.

Each board committee and advisory board has terms of reference articulating its scope of activity and authority, and all Directors receive copies of all papers and minutes. A verbal update on committee/advisory board meetings is also provided at each Board meeting, providing opportunity for discussion. A table displaying meeting attendance by each Director is provided on page 85.

The Board also convenes smaller informal committees and steering groups to address particular issues as the need arises. In addition, Directors represent Zespri in industry bodies such as Kiwifruit Vine Health Incorporated (KVH) and the Industry Advisory Council (IAC) which is currently chaired by Zespri Director Tony Hawken.

Reporting and disclosure

Zespri is subject to reporting and disclosure obligations under the Companies Act 1993, Financial Markets Conduct Act 2013, and other relevant legislation, which governs the duties of Directors including, but not limited to, financial reporting, securities, health and safety, environment and employment. The Board works with management to ensure the Financial Statements are accurate and complete, including adoption of accounting policies and controls that mitigate incorrect information or omissions. At the end of each financial year, the Chief Financial Officer and Chief Executive Officer ensure Zespri complies with accounting standards and controls.

In addition to normal corporate requirements of reporting and disclosure, the Kiwifruit Export Regulations 1999 (the Regulations) require Zespri to publicly disclose Financial Statements in accordance with the Kiwifruit Export Information Disclosure Handbook. The required disclosures are included within the New Zealand Industry Performance section of the Annual Report, or within the Financial Statements of the Annual Report. Further disclosures are contained in the special purpose Financial Statements, including the Audit Report from KPMG.

Zespri seeks to communicate proactively and transparently to our shareholders and other stakeholders, in a manner largely consistent with the continuous disclosure obligations on public companies. This communication not only extends to updates regarding current matters, but also to future plans such as five-year plans, outlook documents, grower roadshows, newsletters and updates.

Remuneration

As provided for in Zespri's Constitution, the maximum amount of remuneration payable to Directors is set by shareholders. This is undertaken on the recommendation of the Director Remuneration Committee, which has regard to independent benchmarking information provided by organisations such as Ernst & Young and the Institute of Directors. The details of remuneration paid to Directors during the financial year are available on page 85.

The committee also considers governance succession within the New Zealand kiwifruit industry as a whole, and supports the Board in respect of industry initiatives such as the Industry Governance Development Programme (IGDP). Four strong candidates were selected to participate in the 2022 IGDP – Andrew Livingston, Luke McKay, Shannon Harnett, and Tammy Hill.

The IGDP is part-funded by Zespri. It is designed to give candidates a solid introduction to governance and leadership possibilities, as well as allow them to gain an appreciation of their capacity and potential for future engagement in governance within the industry.



The committee comprises three elected shareholder members (presently Andre Hickson, Michelle Dyer, and Julian Raine) and one independent member appointed by the Board (Graeme Milne). The committee's 2022/23 report is published within the Notice of Meeting booklet.

Safety and wellbeing

Zespri recognises that our most important asset is our people. This means that ensuring the safety and wellbeing of both Zespri employees and other workers is critical. The Company has a Board Charter on Health and Safety that is reviewed as required, by legislative or organisational requirements. The Board fulfils its obligations by fostering a strong culture of care of people, reviewing and monitoring the identification, reporting and management of critical risks and ensuring that appropriate policies and procedures are in place to support risk mitigation. Directors receive targeted updates regarding health and safety matters at each Board meeting, and Zespri works with industry stakeholders to ensure the provision of safe workplaces. Directors also conduct health and safety visits to different working environments of Zespri.

The Board and management team's strong focus on the wellbeing of our people, and those of our wider stakeholders, recognised the significant impact that recent years have had on our people. Zespri has taken important steps to create a culture and network of support

not only for general wellbeing and safety, but also mental wellness, resilience, and understanding of mental health. This has included a dedicated Flourish Day, which includes education, and facilitated discussions with respect to recognition and support for all Zespri people.

Risk management

An integral part of the Board's activities is risk management and ensuring that Zespri and our stakeholders are not exposed to undue risk as a result of business operations. Zespri has a comprehensive Risk Management Policy based on AS/NZS ISO 31000:2009 and the risk matrix developed by management and reviewed by the Board, together with processes to monitor and assess such risks on a continual basis throughout the year. The Board maintains an issue watch register, which identifies and updates the Board regularly on current risk items in the business. The Audit and Risk Management Committee and Board receive focused updates on internal audit matters, as well as regular updates on risk areas such as health and safety, foreign exchange, sustainability, cybersecurity, and information systems stability.

The Board is committed to safeguarding the reputation and business of Zespri against instances of non-compliance by Zespri or our business partners. This initiative requires continuous improvement and monitoring of internal processes, as well as a sound understanding of the legal obligations throughout the distribution chain.

Taking these steps enables Zespri to mitigate opportunities for unlawful conduct by third parties which may affect Zespri's business or operations. Many jurisdictions in which Zespri conducts business have introduced, or are in the process of introducing, modern slavery reporting and diligence obligations. Zespri takes supply chain transparency seriously, and engages in due diligence with respect to our suppliers and other participants in the Zespri supply chain, as well as setting clear expectations of our immediate suppliers to take similar steps in their own operations. Zespri has global customer and supplier codes of conduct, which set expectations for supply chain participants, targeting a range of issues including legal and financial compliance, food safety and quality standards, fair competition, anti-bribery, anti-corruption, fair employment practices and labour standards, health and safety, and care for the environment. During the financial year, Zespri continued to work closely with New Zealand industry and government stakeholders to support enforcement of labour laws in the kiwifruit industry.

From time to time, Zespri is involved in commercial disputes relating to our business. Where disputes are anticipated to have a quantifiable financial exposure or progress to formal proceedings, provisions are made for the costs of defending or pursuing such claims.

The Board works to ensure management has appropriate governance and discipline regarding the procurement of financially or strategically important suppliers. This includes competitive tendering or benchmarking, where appropriate, particularly around the renewal or expansion of high-value and long-term contracts or relationships. A strong focus is placed on areas of significant expenditure such as professional services, marketing and logistics, with higher-value and longer-term contracts over defined thresholds requiring approval by the Board as part of the Global Delegated Authorities Manual. Particular strategic emphasis is placed on building strong supplier relationships that drive value and support the key initiatives of the business.

Auditors

The Board appoints the auditors for Zespri on an annual basis following approval from shareholders. KPMG have been Zespri's auditors since 2011 and operate a strict rotation of audit partners. Zespri's current audit partner (since 2022) is Laura Youdan.

Controls are in place to restrict what non-audit work may be provided by the auditor. In the 2022/23 financial year, non-audit work and fees paid to KPMG are shown on page 68. Representatives of the auditors attend meetings of the Audit and Risk Management Committee periodically to discuss the audit plans and outcomes, meet privately and attend the Board meetings if their input is required on particular matters or queries. The Board has not identified any issues that have compromised auditor independence.

Shareholder relations

Zespri shares are listed on the Unlisted Securities Exchange (USX) share trading platform, which allows for a higher degree of transparency of information regarding share trading. USX is a Financial Product Market operating under an exemption from subpart 7 of Part 5 of the Financial Markets Conduct Act 2013. Craigs Investment Partners has been acting as market maker for Zespri shares since November 2016, which has led to increased market liquidity and a greater degree of share price stability.

Subject to variances in rules applicable to companies listed on the USX, Zespri's policies on Director and employee share trading are largely consistent with the obligations for Director trading adopted by public companies, including prior notice of intention to trade, approval by an Independent Director and transparency of Director trading activities through regular reporting to shareholders.

The policies also impose trading halts when any material information is known to Directors and employees. The Board considers at the end of each meeting whether any price-sensitive information should further preclude Directors or employees from trading Zespri shares. Details of share trading by Directors as well as their relevant interests are published on Zespri's corporate website (www.zespri.com) and on the grower website, the Canopy (canopy.zespri.com). The Board endeavours to operate a highly transparent disclosure programme to ensure that the market is as informed as possible, including a Chairman's email following each Board meeting, virtual meetings, grower roadshows, regular season and industry updates on the USX platform (adhering to a market-sensitive information policy), and publication of strategic information documents, including a five-year outlook document.

The Board is focused on ensuring that shareholders can engage fully with Zespri and our Board. As part of our shareholder meetings, Zespri offers shareholders hybrid meeting options including online streaming and voting to ensure that all shareholders have the best ability to participate fully in the meetings and decisions arising from them.

Kiwifruit New Zealand

Kiwifruit New Zealand (KNZ) is the independent statutory regulator, established to monitor and enforce Zespri's compliance with the Kiwifruit Export Regulations 1999 (Regulations). KNZ is a body corporate comprised of six members (one chair and five directors) who each serve three-year terms. Three of the members are appointed by the Minister of Agriculture and three members are elected by kiwifruit producers. KNZ is an important part of the industry structure and has three key functions: to issue the export authorisation to Zespri, to monitor and enforce the mitigation measures provided in the Regulations, and to manage the collaborative marketing regime.

Kiwifruit industry stakeholder engagement

The kiwifruit industry is a uniquely integrated sector that requires significant co-operation between all industry participants – growers, post-harvest operators, Zespri, and industry bodies, such as New Zealand Kiwifruit Growers Incorporated (NZKGI), Māori Kiwifruit Growers Incorporated (MKGI), and Kiwifruit Vine Health (KVH) – together with our regulator KNZ and local and national government. The Board is committed to working with all relevant stakeholders, within the regulatory framework, to achieve the best possible outcomes for shareholders, growers and the industry.

Kiwifruit Breeding Centre

The Kiwifruit Breeding Centre (KBC) – our 50/50 joint venture with Plant & Food Research – was established in 2021 with a dedicated leadership team and board. The KBC is focused on driving greater, and faster, innovation within kiwifruit breeding, with the aim of creating healthier, better-tasting, and more sustainability-focused varieties. Already, we are seeing improvements in this space to deliver future value opportunities for New Zealand growers.

Climate change and sustainability

Since announcing our sustainability framework in February 2020, work has continued to embed sustainability into Zespri's operations. At a Board level, this included formally agreeing responsibility for sustainability. A Kiwifruit Industry Sustainability Position Statement has been developed that sets out Zespri's commitment to sustainability and demonstrates how appropriate management focus is being given to climate change and sustainability at Zespri and throughout the industry.

At a governance level, our Sustainability Advisory Board has also continued to provide valuable independent perspectives on how Zespri can refine and improve our priority activities. The Board met in September 2022 and March 2023, discussing Zespri's Climate Strategy and encouraging the inclusion of climate change into growth forecast modelling. The Board also reviewed progress towards our packaging targets and our current work looking at alternative packaging options. It was noted that while this is a complicated issue given global supply chains and differences across countries, there is a need for Zespri to continue reducing packaging and developing innovative solutions for both transport and consumer packs.



A close-up photograph of a woman with long brown hair, smiling warmly at the camera. She is holding a silver fork with a single, perfectly round slice of red kiwifruit balanced on its tip. The kiwifruit slice is vibrant red with a white core and visible seeds. In the background, there are blurred green leaves and other kiwifruit slices, suggesting a fresh, natural setting. The lighting is soft and warm, creating a pleasant and inviting atmosphere.

ZESPRI STRATEGY

At Zespri, we believe in the goodness of our kiwifruit and the positive impact it has on our consumers and the communities and environment in which we operate. And we know we have the potential to grow our impact further by reaching more consumers in more markets and returning more value to our industry partners.



Our kiwifruit is well positioned to enable us to capitalise on the strong health and wellness trend we are seeing in the markets today, which has only heightened since the COVID-19 pandemic. Furthermore, we know that brands like ours, with a strong purpose and cause for good, can grow brand value faster.

While there is huge opportunity to be realised, 2022/23 has been a year of challenges for Zespri and the industry. We are increasingly aware of the need to ensure the added consumer demand we seek is driving value, at the right pace, for all industry players, as well as for the environment.

Consultation, collaboration, and alignment with our partners are critical to ensuring strong buy-in and execution of our strategy.

Our strategy aims to strike a healthy balance between focusing on optimising our core activities, and looking ahead for opportunities to capture future value.

Our three core strategic pillars and three future strategic pillars will be covered in more detail in the following pages of this report.

Growing the core

- Empower our People and Culture
- Brand-led Demand Creation Excellence
- Year-round Global Supply Excellence

Creating the future

- Future-led Sustainable Industry
- Future-led Innovation Portfolio
- Future-led Digital Operating Model

While these strategic pillars guide our long-term strategy, we must prioritise our resources and activities every year to ensure we focus on the most immediate needs of the business and the industry that will deliver value today and keep progressing towards building a stronger future. The following pages provide insight into our current chosen priorities and activities.



BUILDING A THRIVING CULTURE

Our focus on enabling people to thrive at Zespri is strategic for our performance today, and for our ability to grow sustainably into the future.



Empowering people and culture

We have continued to invest in strengthening our people 'moments that matter', from recruitment through to performance. We have worked to improve systems to protect people and to support them in their mental health and wellbeing. At the same time, we have looked ahead to what we need for the future, to be a deeply inclusive company with a world-class reputation for people and culture excellence.

In safety and wellbeing, we have focused on managing and mitigating what we call our 'fatal risks'. These are the areas with greatest potential for harm to our people that cover driving, working around mobile machinery, operating quad bikes and all-terrain vehicles, exposure to hazardous substances, and mental health.

During the year, we recorded 100 health and safety events, down 23 percent on 2021/22. Of these, 90 percent were Class 3 or minor in nature. We did not record any incidents that resulted in serious harm, or as having high or extreme potential for harm.

We are continually monitoring and mitigating our fatal risks, including in the area of mental health. We made progress in engaging our whole organisation through our 'Flourish'



programme, launched in early 2022. Since then, a total of 674 people have taken part in 13 workshops, taking time out from work to develop awareness about mental wellbeing and about what people need in order to be at their best. This requires enduring commitment and we are continuing to develop the Flourish programme for future years.

With Zespri people located worldwide, the role of our regional health and safety committees and champions in markets has been key to evolving the Zespri global safety and wellbeing culture. We also continue to work alongside the wider kiwifruit industry to share incidents, lessons, and best practices – essential for supporting safety performance across our closely-interconnected sector.

Effective leadership at all levels of Zespri is a critical lever to enable individual, team and organisational performance as well as activating our unique culture. When people join Zespri, we want to support them to achieve their potential, whatever role they are in, with growth opportunity achieved by purpose-centred development owned by the individual and supported by leaders. One way we do this is through our core leadership development programmes, including Lead Zespri (understanding our approach to leadership), Zespri Thrive (leading self) and Zespri Ignite (leading teams and others). More than 200 employees completed our programmes in 2022/23.

Attracting, hiring and retaining diverse talent is another critical lever for performance. During the year, we filled 296 roles in our business – both new and existing roles. We have improved candidate experience and candidate communication, including investment with LinkedIn Life to strengthen our reach to prospective candidates.

We will further invest in how we attract talent, including through the launch of our Employee Referral Programme and the development of a Zespri 'Employee Value Proposition' to articulate our unique offerings. We will also invest in talent management to support a stronger pipeline of candidates for critical roles and career planning to support all our people to achieve their potential.

Zespri is a company of over 800 people across more than 20 countries, diverse in our backgrounds, in thought, culture, age, ethnicity, gender identity, sexual orientation, physical differences and all the many ways people are different from one other.

We're connected with diverse communities, from growers across several countries, to partners, customers, and consumers in more than 50 markets.

We believe the diversity of our people should be embraced as part of a thriving culture where all our people belong and contribute to their full potential.

A diverse, equitable and inclusive culture creates business value – attractive to talent, reflective of our communities and supportive of better decisions and better performance.



Zespri is at an early point in developing a programme on diversity, equity, and inclusion. During the last year, we have begun this work through a discovery phase that starts with data and insight on our composition.

One aspect of Zespri is that women make up the majority of our workforce but are under-represented in senior management roles. This reinforces our need to focus on supporting women in their development, careers and progression at Zespri, through considering the systemic barriers and biases that can impact outcomes.

Data and insight are core to understanding our challenges and opportunities. We intend to report our diversity data as soon as possible, focusing on gender pay equity and equal pay, once we have fully developed our reporting methodology aligned to best practice.

We will also improve our data, including on ethnicity in our New Zealand workforce and understanding the Māori composition of our team.

More broadly, we intend to focus on ways to build a thriving and inclusive culture where people feel they belong – aligned with supporting Zespri to grow sustainably into the future.

“We intend to focus on ways to build a thriving and inclusive culture where people feel they belong – aligned with supporting Zespri to grow sustainably into the future.”

The future of work

At the end of 2022, Zespri began a project to reset our company for sustainable growth to 2030 and beyond. We’re calling it our ‘Future of Work’ programme.

This initiative looks at how Zespri is set up as an organisation today, including our internal organisational structure, our processes, and our people, and how these aspects of Zespri can best serve the needs of a much larger industry in the future.

The work we’ve undertaken to date has focused on improving how we are prioritising activities within the business, increasing our focus on our key activities and doing fewer things better with stronger alignment to our strategy.

This has included establishing a ‘market-oriented network model’ for the business which recognises the focus our global teams have on market-facing activity, with efficient centralised functions driving standardisation and excellence across one integrated business.

We have also set up one end-to-end supply chain function, under the Chief Operating Officer, to enable stronger integrated management of processes from growers through to markets.

We believe this revised structure is the right model for a brand-led business like ours. It will drive clear accountabilities, ensuring we have markets and business functions working tightly together.

The Future of Work will be a strategic focus in 2023/24 as we look to meet the growing demand for our fruit and maximise the value we’re returning to our growers and communities.

BUILDING AN ICONIC HEALTH FOOD BRAND

Zespri continues to be recognised as a world-leading fruit brand, with a more consistent brand identity helping drive a stronger emotional connection with consumers across our markets.

Building an even more iconic brand remains critical to our industry's ability to connect with consumers and return value to our growers and communities.

To achieve this, our in-market teams have put a significant focus on driving consistency across our markets over the last year – using the power of our brand identity to help grow demand for Zespri Kiwifruit and create a stronger emotional connection with consumers.

We've met our brand recognition targets in eight of our core markets and exceeded targets in seven, with consumers continuing to associate our fruit with health benefits and quality. This has ensured Zespri has remained among the top three fruit brands in 10 of our 15 key markets.

This is a particularly strong result in such a challenging global environment where consumers have faced rising costs, significant inflationary pressures, geopolitical tension and the ongoing impact of the COVID-19 pandemic.

Zespri unveiled four new global campaigns in 2022/23 (down from five in 2021/22), designed to deliver a bigger impact and better results. While using fewer campaigns, we've seen a lift in our advertising recall which has been above benchmark in 11 markets, an increase on the nine markets in which this was achieved during 2021/22. This sees Zespri performing above benchmark against not only fruit brands, but also all brands in the market.

Building greater consistency has helped our teams drive efficiencies as well, and to support this we have embedded new ways of working with our global agency consolidation and marketing hub structure. This has helped drive cost savings in our advertising and promotion spend, while also allowing us to execute consistently with scale and quality.

We'll continue to embrace fewer campaigns, focusing on making these bigger and better. This will include making the most of our existing advertising assets and by using our Kiwi Brothers as a global distinctive brand asset in more markets.

Today, our Kiwi Brothers are used in marketing activities in 11 of our 15 core markets, and in the coming season we will expand their use in markets like Taiwan, Hong Kong, Malaysia, Thailand, and India. We're excited to see our favourite mascots embark on new adventures and we look forward to introducing them to more consumers around the world as part of a Zespri brand that consumers love.

Our brand excellence and creativity was recognised with six awards during the 2022/23 season, including a bronze for Japan at the ACC Tokyo Creative Awards and a bronze award at the China Content Marketing Awards. As we look ahead in what we hope will be a more settled consumer environment, our focus will be to grow Zespri from a top fruit brand to one of the world's most captivating and purposeful health food brands.

We'll do this by reinforcing Zespri's quality story and evolving our health credentials – not just as a fruit that is good for an individual, but also as a brand and product that contributes to a healthier self and a healthier society. We will be promoting our commitment to purpose-led growth too, centred around our efforts to help people, communities and the environment to thrive through the goodness of kiwifruit.

Over the past 12 months we've continued to develop our school programmes in Spain and Taiwan as we seek to instil good eating habits from an early age, with these offshore programmes complementing the Zespri Young and Healthy Virtual Adventure and Zespri AIMS Games in New Zealand. Our aim is to inspire children and make it fun for them to eat more fresh fruit and vegetables, so that we can go beyond just talking about good food and establishing this as a lifelong behaviour. You can read more about how we are investing in our communities around the world on page 37.



STRENGTHENING OUR GLOBAL SUPPLY CHAIN

We're fortunate to have outstanding people working across our global supply chain and their continued efforts have ensured that we could respond to the challenging operational environment we've faced.

Much of our focus in the initial part of the 2022/23 season was on navigating the immediate challenges within our global supply chain, associated with the ongoing impact of the COVID-19 pandemic.

The need to manage an expected lift in Zespri SunGold Kiwifruit volumes at a time when we faced a significant labour shortage, global shipping challenges and risks surrounding market access to China – given their COVID-19 elimination strategy – saw the industry establish a Five-Point Action Plan.

The Plan's tactical operational adjustments allowed us to optimise the use of our available labour to harvest our full crop. As a result, fruit procurement was brought forward, adjustments made to the Taste Zespri Maximum Taste Payment and Taste curve, limited volumes of Size 39 Zespri SunGold Kiwifruit were procured as non-standard supply, and refinements were made to both our charter and container shipping schedules.

In total, Zespri used 57 charter vessels for delivering fruit to market in 2022/23. The charter programme included five vessels to Northern Europe, eight to the Mediterranean, five to North America, and 39 to Asia. A further 16,600 40-foot equivalent units were shipped using around 200 container liner services or containers on charter vessels.

Our strong relationships with our shipping partners provided much-needed certainty around logistics during a period of sustained freight capacity constraints. This also meant that Zespri was able to handle the global supply chain disruption better than many other primary industry exporters.

A comprehensive pan-industry review of the Taste Zespri programme and the maturity clearance system took place in 2022/23 as well, with support from growers, post-harvest, and technical experts. The resulting changes reinforced the importance of the Taste Zespri programme in enabling us to meet consumers' preferences for consistently great-tasting kiwifruit which has been a long-standing attribute of the Zespri brand.

However, while the industry's efforts enabled us to harvest all of the 2022/23 season's fruit, the lack of labour contributed to a poorer-quality harvest, which affected fruit quality throughout the season. Given this significant topic of industry discussion throughout the season, the Zespri Quality Management Response Plan was ultimately implemented in July, with Zespri's Quality team working with suppliers to improve the quality of fruit arriving in market through a number of tactical changes to quality-checking processes.

These changes, along with a considerable effort across the industry and in partnership with many of our offshore distribution partners, have meant that Zespri has been

able to largely keep poor-quality fruit away from our customers, helping protect the Zespri brand.

The industry has consequently moved swiftly to address this through the development of the Quality Action Plan launched in October 2022, which was established after significant engagement across the industry. The Action Plan focuses on improving fruit quality through greater promotion of best-practice kiwifruit growing and harvesting techniques, an increased onshore quality assurance presence, additional supplier performance differentiation through the Supplier Accountability programme, and rebalanced commercial incentives.

While focused predominantly on delivering improved fruit quality for the 2023/24 season, many of the initiatives will remain an important part of our longer-term focus on maintaining improved quality in future years when we expect greater volumes of fruit. This will be formalised in a Quality Reset project which has already commenced.



“Our strong relationships with our shipping partners provided much-needed certainty around logistics during a period of sustained freight capacity constraints.”

STRIVING FOR A STRONGER TOMORROW

We believe in being a brand that is recognised for what we stand for as much as our great-tasting fruit. Our commitment to sustainability sits at the heart of this, with our sustainability framework providing a clear set of priorities and long-term targets that we're working towards.



Aligned with the Sustainable Development Goals (SDGs)

Our kiwifruit industry sustainability framework was established following industry research and stakeholder engagement, and embraces global best practice including materiality assessment. We have also linked it to the United Nations SDGs most relevant to our industry sector. These include SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 15 (Life on Land).

Making steady progress towards our targets

We're making steady progress across all our sustainability targets, despite the challenges of our difficult growing season. The focus in 2022/23 has been on our two greatest priorities – responding to climate change and addressing the environmental impacts of our packaging.

Nourishment for many

The health benefits of our kiwifruit underpins the value our industry creates for consumers globally.

Zespri is committed to helping people around the world make healthier lifestyle choices by providing fresh fruit with a high nutritional value. Our target is about helping

people improve their health and wellbeing. Greater health and wellbeing is achieved through the eating of one kiwifruit, which is referred to as a 'healthy eating occasion'. Against our target of offering six billion healthy eating occasions by 2025, we've reached five billion in 2022/23¹. This is core to our purpose in helping people thrive by enhancing their health and wellbeing.

Investing in communities around the world

We've also continued our work towards meeting the targets we've set to help improve people's livelihoods and wellbeing.

The first of these targets was to establish partnerships within our communities on healthy lifestyle programmes in our major markets by 2022. Healthy lifestyle programmes are defined as community activities or events that encourage or support healthy lifestyles, with our major markets identified based on sales volume, and including Belgium, China, France, Germany, Italy, Japan, Netherlands, New Zealand, South Korea, Spain, Taiwan, and the USA. Since 2020, we've delivered more than 35 healthy lifestyle programmes across 12 countries and we're proud of the improved healthy practices these are helping to foster.

This goal has helped align Zespri's community investment effort and today we are supporting a range of healthy lifestyle programmes across the globe, including through

¹ The data is representative of the total amount of kiwifruit consumed from New Zealand and Zespri Global Supply for the financial year stated. Consumer fruit wastage of 10 percent has been assumed.



our involvement in nutritional education programmes in schools and communities, professional health communications, sponsorship of community sporting events, and charitable donations in the form of either kiwifruit and/or financial contributions (see also page 47).

Our environmental targets

We've set out our progress on Zespri's environmental targets in the dedicated section on pages 39–41.

Engaging our people through Conversations for Climate

We've also worked hard to continue to build sustainability knowledge within our global business. This year, that included Zespri holding our first Sustainability Week in February 2023, helping develop internal awareness and expand our collective knowledge about climate change.

The week's theme, #ConversationsForClimate, allowed us to discuss Zespri's sustainability strategy and climate change initiatives to inspire our team members to make changes to reduce their emissions at work and at home.

Across the world, our people participated in both in-person and virtual activities, such as undertaking sustainability training sessions, e-Bike training, enjoying a shared plant-based lunch and presentations from sustainability leaders. Staff were also encouraged to calculate and share their own personal carbon footprint calculations to highlight the daily improvements we can all make to reduce emissions.

Contributing to primary sector leadership

As a key contributor to New Zealand's export earnings, we recognise our role in helping to meet the consumer expectations of and the sustainability ambitions for New Zealand. This year, we have contributed to a number of industry-sector leadership forums, including the development of the Horticulture New Zealand Action Plan and the update to the Government's 'Fit for a Better World' roadmap.¹

Aotearoa Circle Partnership

Zespri has also joined Aotearoa Circle as a leading partner. A voluntary initiative, the Aotearoa Circle brings together leaders from the public and private sectors to explore the state of our natural resources, and to commit to priority actions that will halt and reverse their decline.

Our membership helps deepen Zespri's commitment and contribution to the agricultural sector. This has included the Agri-Adaptation Roadmap, which complements our own Climate Change Adaptation Plan launched in November 2022. We are also working with other leading

New Zealand businesses to identify natural capital risks we are facing and how to best respond using the Taskforce on Nature-related Financial Disclosures (TNFD).

Climate Leaders Coalition

Zespri is a signatory of the Climate Leaders Coalition and has committed to taking action to build a low-emissions, climate-resilient and sustainable future. Formed in 2018, the Coalition revised its statement of ambition in 2022 to align with the latest science, and continues to empower New Zealand businesses to lead the response to climate change through collective, transparent and meaningful action on mitigation, adaptation and transition. Over the last year, Zespri has participated in a number of masterclass sessions with Coalition members, sharing our knowledge and experience, including around climate change adaptation. The Coalition currently has around 100 signatories from across the public, private, and not-for-profit sectors.



“Our packaging targets are aimed at finding solutions that reduce our environmental impact, while also ensuring high-quality fruit, guaranteeing food safety, and avoiding waste.”

¹ See: <https://fitforabetterworld.org.nz/>

ENHANCING OUR ENVIRONMENT

The importance of embracing more sustainable practice has been reinforced by the multiple severe weather events affecting our growers and their surrounding communities over the last year.

Global weather patterns are changing, with New Zealand experiencing increasing rainfall and warmer temperatures during autumn and winter.

Both weather events and shifts in weather patterns highlight the necessity for our industry to adapt and prepare for a changing climate.

Adapting to thrive

In November 2022, we launched our Climate Change Adaptation Plan – *Adapting to Thrive in a Changing Climate*. This saw us achieve our second climate change adaptation target – to strengthen our preparedness for climate change by building an industry-wide adaptation plan by December 2022.

Developed in consultation with growers and industry representatives, the Plan outlines how the kiwifruit industry intends to adapt to a changing climate in New Zealand and in its offshore growing locations, and provides a framework for our long-term approach to adaptation.

It is a response to Zespri's *Climate Change Risks and Opportunities Report*, published in 2021, and includes more than 40 current and future actions Zespri and the wider industry will build on to future-proof the growing and breeding of kiwifruit, maintain fruit quality, manage supply, and protect the industry's financial future.

Progress against our environment targets

Our 2020/21 reporting period provides the baseline measures for Zespri's corporate and industry emissions from shipping, while 2021/22 establishes the baseline reporting period for all three of Zespri's packaging targets.

Packaging

Zespri's packaging serves to deliver the goodness of our kiwifruit from our orchards to consumers, but we know that we need to continue to look at how we can better use more sustainable packaging.

Our packaging targets are aimed at finding solutions that reduce our environmental impact, while also ensuring high-quality fruit, guaranteeing food safety, and avoiding waste.

Performance against Zespri's packaging targets is gaining momentum as new solutions developed during consumer packaging trials are beginning to be implemented in market.

In 2022/23, this resulted in a reduction in the use of plastic consumer clamshells, which we have begun to substitute with fibre-based alternatives in key markets. This has helped to drive improved performance against

Zespri's 100 percent reusable, recyclable, or compostable packaging target which is now at 88 percent.

The increase in fibre-based consumer packaging has helped to reduce the amount of plastic used across Zespri's supply chain as well.

Zespri's total packaging carbon footprint is in line with the initial 2021/22 baseline (Table 1). Improved data collection in 2022/23 resulted in the inclusion of additional consumer packaging.¹ This additional packaging resulted in an approximate four percent increase in Zespri's total packaging carbon footprint compared with the 2020/21 baseline. However, carbon impact assessments integrated into our packaging decision-making resulted in lower carbon packaging choices enabling us to offset this increase in consumer packaging volume.

We are also making steady progress on developing a fully home-compostable label that meets all performance and technical requirements in the extended cool chain, as well as regulatory requirements in European markets.

Table 1. Zespri packaging target performance*

Progress on our packaging targets	2022/23	2021/22	2020/21
Our packaging will be 100% recyclable, reusable or compostable by 2025	88%	87%	86%
Any plastic packaging we use will be made from at least 30% recycled plastic by 2025	26%	11%	11%
We will reduce our packaging carbon footprint by 25% per kg of fruit by 2030**	0%	(1%)	Baseline year

* Prepared in accordance with Zespri Packaging Targets Basis of Preparation, available at www.zespri.com/en-NZ/Sustainability-Our-Environment. The figures have been subject to Limited Assurance.

** Compared to the 2020/21 baseline year.

Water

Zespri has also continued to work alongside NZKGI, Māori Kiwifruit Growers Incorporated, and industry representatives to collectively protect and enhance our water resources as part of our kiwifruit industry's Water Strategy.

Over the last year, our policy, research, innovation, and grower engagement workstreams have continued their programmes of work aimed at protecting water quality, efficient water use and improving soil health. This has included better understanding of our nutrient use and uptake.

We are encouraged by indications that synthetic fertiliser use is trending downwards². Based on our multi-year research programme with Plant & Food Research and the Bay of Plenty Regional Council, we have also been able to model water quality impacts from kiwifruit-growing regions².

¹ The increase is within Zespri's threshold for changes to historical data, as detailed in Zespri's Packaging Targets Basis of Preparation at <https://www.zespri.com/en-NZ/Sustainability-Our-Environment>. The additional packaging did not materially impact the other two targets.

² Refer to the February 2023 issue of *Kiwiflier*: <https://www.zespri.com/content/damzespri/nz/publications/Kiwiflier/kiwiflier-2023/KF-444-February-2023.pdf>

This research has helped inform the programme under way in at-risk catchments and through extension programmes. In February 2023, more than 120 people took part in our Industry Water Strategy Nutrient and Water Showcase, demonstrating the considerable progress we are making with our Water Strategy, including providing research insights, extension practices, and industry-led leadership.

Carbon emissions*

Shipping is Zespri's most material industry emissions source and remains a key focus in our efforts to drive emission reductions.

In 2022/23, Zespri's shipping emissions from New Zealand-sourced fruit reduced by approximately 14 percent compared to the previous year. While around nine percent of this was driven by a reduction in the total number of trays shipped, the remainder was due to the increase in charter vessel utilisation, where additional containers were loaded above deck on each vessel.

We recognise the need to work with our global shipping partners to address increasing global shipping emissions. Over the last year, we have established a ground-breaking Green shipping partnership with one of Zespri's shipping suppliers. This partnership is a global first between

an exporter and a shipping provider and is taking a long-term approach, focusing on the changes in fuel types and shipping infrastructure needed to decarbonise.

Zespri's corporate emissions have been defined as 'core' emissions resulting from immediate business activities, including purchased office electricity and staff travel. Our target is for Zespri corporate to be carbon neutral by 2025.

In 2022/23, Zespri's staff corporate emissions increased significantly compared to the previous year; however, these remain about 45 percent below the 2019/20 pre-COVID-19 baseline. The rise was driven by increased air travel, due to the increase in staff travelling on long-haul international flights to reconnect with colleagues, consumers and the global industry after COVID-19 restrictions.

To keep future staff travel in alignment with our emissions goals, we will continue to manage travel budgets and policy.

Zespri's office electricity emissions remain consistent at approximately 300 tonnes of carbon per year. Our Mount Maunganui head office is now supplied with 100 percent renewable, Toitū climate-positive certified electricity, generated from wind, hydro, and solar.

Table 2. Zespri shipping emissions from New Zealand-sourced fruit

Industry emissions source	Units	Carbon emissions			
		2022/23	2021/22	2020/21	2019/20
Shipping	t CO ₂ -e	384,300	443,800	374,300	315,900
	kg CO ₂ -e per Tray Equivalent (TE)	2.3	2.5	2.3	2.1
	kg CO ₂ -e per kg of fruit shipped	0.7	0.7	0.7	0.6

Table 3. Zespri corporate emissions

Scope	Emissions source	Carbon emissions (tCO ₂ -e)			
		2022/23	2021/22	2020/21	2019/20
Scope 1	Vehicle fuel	300	200	100	300
Scope 2	Office electricity (location based)	300	300	300	300
	Office electricity (market based)**	200			
Scope 3	Air travel	4,100	500	300	7,800
	Taxis and staff mileage	100	100	100	200
Total Zespri corporate emissions		4,700	1,000	800	8,600

* Zespri's reported carbon emissions (Table 2 and Table 3) have been prepared in accordance with ISO 14064-1: 2018 Greenhouse gases – organisational quantification and reporting standard sections 6.2 (Selection of quantification approach) and 6.3 (Calculation of GHG Emissions and Removals) for the period 1 April 2022 to 31 March 2023. The figures have been subject to Limited Assurance. Refer to <https://www.zespri.com/en-NZ/Sustainability-Our-Environment> for further details.

** For the 2022/23 reporting period, Zespri used 100 percent renewable, Toitū climate-positive certified electricity, generated from wind, hydro, and solar at our Mount Maunganui head office. To account for this, the total Zespri corporate emissions includes the market-based figure for office electricity, rather than the location-based figure.

FUTURE-LED INNOVATION

Zespri's innovation programme has played a critical role in shaping and strengthening the kiwifruit industry, with a new cultivar programme, pest and disease control, consumer health messaging, and improvements in growing and post-harvest.

Developing a future-led innovation programme is one of Zespri's key strategic priorities and will continue to be a strong driver of enabling us to maximise the value we can return for growers and shareholders.

Over the last year, we have moved to embed our on-orchard and supply chain innovation teams within our Global Extension, Quality and Technical teams to be closer to grower and supply chain challenges. This means we are better able to serve core industry needs.

This year, Zespri Innovation-funded research has focused on the industry's current fruit quality challenges.

Work has explored both responsive and preventative solutions to some of the leading causes of poor fruit quality in 2022/23, including non-pathogenic fungal growth, superficial skin rub, and softer fruit. There have also been efforts to explore the use of technology for strategic fruit quality solutions to ensure quality measures are repeatable and objective, as well as globally transferable.

Several streams of innovation work are under way in response to the Environmental Protection Authority's (EPA) proposal to ban hydrogen cyanamide (Hi-Cane) in 10 years' time. This has included research to support Zespri's submission to the EPA, fundamental budbreak research, exploring Hi-Cane replacement products, how we can best optimise orchard management for budbreak, and our ongoing work in the new variety space.

The new varieties breeding programme will be a critical aspect of our industry's future.

After a decade of development, grower trials commenced in winter 2022 on new green kiwifruit cultivars that show superior commercial potential with high-yielding, good-tasting fruit. These cultivars were selected to perform well in lower winter chill environments and are part of a long-term strategy to mitigate the impacts of climate change on the New Zealand kiwifruit yields.

Once the vines begin to yield fruit, the trials will include supply chain and market testing to assess their suitability for commercial release. Cultivar development takes considerable time and the earliest the green kiwifruit cultivars would likely be available is 2027. We will be working hard to move as quickly as we can to bring these new cultivar to our growers.

Through the Kiwifruit Breeding Centre (KBC) – our joint venture with Plant & Food Research – we're continuing to work hard to develop more, better, or differentiated cultivars faster for Zespri, ones that will increase productivity, strengthen climate resilience, attract new

consumers to the kiwifruit category and grow overall kiwifruit consumption.

Achieving the industry's Water Strategy Goals (see page 40) through optimising nutrient efficiency, water efficiency, and soil health depends heavily on the research carried out by Zespri Innovation in collaboration with research partners.

After seven years of experiments on orchards across a range of locations, soil types, and cultivars, we now have a good understanding of nutrient cycling and all the components that contribute to nitrate leaching. Working with the Global Extension team, resources are being rolled out to growers so they can mitigate nutrient losses while maintaining productivity.

Innovation has also been supporting the Water Policy Group as we work with councils around changes to water takes and allocations. Case studies into irrigation use on orchard provided valuable kiwifruit-specific data that enables NZKGI to advocate on behalf of growers as the plan changes come into effect.

The last season has had numerous challenges requiring responsive action to help solve current industry challenges, but the Innovation team has also kept a view on the horizon, leading the way around what might be possible in the future. This includes investing in future technologies designed to improve orchard management, like the prototype human-assist harvester called the e-BIN which has been developed by the University of Waikato and which won the overall Innovation prize at Mystery Creek Fieldays in 2022. This harvester is currently shortlisted for the New Zealand Primary Industry Awards' Technology Innovation Award.

Innovation will continue to play a pivotal role in our ability to meet the changing needs of our consumers, and respond to the challenges we face.



The e-BIN prototype human-assist harvester developed by the University of Waikato.

A DIGITAL-LED FUTURE

Our future-led digital strategy is about empowering today's decisions and inspiring tomorrow's experiences through digital innovation.



Our strategy includes delivering a core digital foundation that enables Zespri to utilise data to fuel our ability to make better decisions, to be able to scale for industry success across our kiwifruit ecosystem, and unlock the genius of our people through continuous improvement and ongoing innovation.

This will be enabled through strong data and process governance, strengthening our solution capability, and having an innovation mindset. Our key measures of success will be about process maturity and system performance, data insights and learning, digital engagement across our grower communities and wider industry, our underlying operating model and being responsive to shifts in demands.

The Horizon Programme was formed as the first stage of this strategy heading to 2030 and represents a significant investment in updating outdated systems and processes that are simply no longer fit for purpose given the size of our business today, nor scalable for the industry growth we expect to realise in future years. As of 31 March 2023, our total investment in Horizon had reached \$122.8 million, following investment of \$50.2 million in 2022/23.

Our business systems span several value streams and are complex given the integrated nature of our operations and the diverse global markets in which we operate.

The first tranche of Horizon was therefore focused on setting up our digital platform and beginning the challenging process of transitioning and migrating away from legacy systems to modern, robust, and scalable solutions that will drive business insight and performance.

Implementation has not been without some challenges due to the size and nature of the scope of work being undertaken. This resulted in a 90-day delay to our major Tranche One go-live which was completed in November 2022. This included the full migration of core finance and financial planning capabilities, and the first phases of investment in our global supply and demand planning, sales order and pricing management, and our in-market supply-chain and fruit inspection, and quality claims processes.

Since go-live, there has been a period of stabilisation as our people, processes, and new systems are bedded into business-as-usual.

As the focus and opportunity shifts to the next tranche, Zespri will be able to leverage the investment we have made to date to concentrate on delivering programmes of work that complete our transition away from legacy systems or add the sort of capability long-awaited by growers and the wider industry.

The next tranche on our digital roadmap is a multi-pronged approach, with priority placed on completing our end-to-end Supply Chain Transformation from New Zealand and non-New Zealand-supplied fruit, our integrated Quality Management processes and systems, and getting our Grower Enablement programme of work under way.

We expect all of these initiatives will require ongoing annual investment over the next three to five years to fulfil the vision and capability Zespri is striving for in our digital-led 2030 strategy.



A HAPPY AND HEALTHY COMMUNITY

We firmly believe that as we grow, so too must the contribution
we make to our communities.



In New Zealand, our community investment programme is driven by three pillars – with our efforts focused on supporting happy and healthy communities, growing a skilled and connected industry, and enhancing our environment. Offshore, we have worked hard to assist local communities through healthy lifestyle programmes, donations of Zespri Kiwifruit, and financial contributions.

Our newly formed partnership with AIMS Games has had a positive impact on the community – getting young people outside, being active and participating in sports. Zespri AIMS Games is one of the largest sporting championships in the southern hemisphere, and in 2022 more than 10,000 athletes visited Tauranga to compete in 23 sports.

A sports day and charity auction at Te Puke raised more than \$43,000 to support Recognised Seasonal Employers (RSE) scheme workers and their Pacific communities. The event – organised by Zespri – featured rugby, netball, cultural events, and a charity auction to help those RSE communities impacted by COVID-19. Funds raised supported projects in the home countries of RSE workers through the grassroots charities Tractors for Tonga and Village to Village Charitable Trust, along with the Kiwifruit Industry Community Support Fund.

The Zespri Young and Healthy Virtual Adventure kicked off in Term 4 in 2022 with around 20,000 tamariki from schools across New Zealand taking part. The partnership, which is now in its third year, aims to inspire, teach and encourage Kiwi kids and their whānau to develop healthy habits for a lifetime of good physical and mental health. Children learn about the importance of moving their bodies, eating plenty of fruit and vegetables, drinking more water, and reducing screen time.

In early 2023, we opened our first-ever dedicated fund for all school-related sponsorship requests. The Zespri School Fund came out of existing community funding and offered a total of \$15,000 worth of uncapped grants to schools and early childhood centres. The Fund has been created with the purpose of giving back to our valued schools, Te Kura and early childhood education providers. We also see this work as an important investment in the skills, leadership, and wellbeing of our next generation.

In addition, Zespri has donated \$243,000 to support Cyclone Gabrielle relief efforts in flood-affected regions including Hawke's Bay and Gisborne, with \$100,000 going to the Kiwifruit Growers Relief Fund and \$143,000 to the New Zealand Red Cross.



A sports day and charity auction at Te Puke raised more than \$43,000 to support Recognised Seasonal Employers (RSE) scheme workers and their Pacific communities.



The Zespri Young and Healthy Virtual Adventure aims to inspire, teach, and encourage 20,000 Kiwi kids and their whānau to develop healthy habits for a lifetime of good physical and mental health.

ZESPRI GLOBAL SUPPLY INDUSTRY PERFORMANCE

Zespri's strategy is to market the world's leading portfolio of kiwifruit
12 months of the year.

Achieving 12-month supply means we can maintain trade relationships and shelf space throughout the year and keep our kiwifruit in stock for our customers and consumers, while helping deliver strong returns to New Zealand growers, our non-New Zealand growers, and our communities.

Zespri Global Supply (ZGS) volumes for Zespri SunGold Kiwifruit and Green Kiwifruit play a critical role in achieving this strategy.

We work with growers in Italy, France, Japan, and Korea to supply Zespri SunGold Kiwifruit and procure Zespri Green Kiwifruit from Italy and Greece. ZGS has been operating for more than 20 years and is working towards achieving 12-month supply for Zespri. Our focus is on maximising production and achieving the best outcome for the New Zealand industry, including New Zealand growers and shareholders, along with our partners, from the approval in 2019 of 5,000 hectares of Zespri SunGold Kiwifruit and 20 million trays of Zespri Green.

While ZGS volumes are increasing as new orchards mature, ZGS will not be able to achieve 12-month supply from the current approval. In 2022, Zespri asked producers in New Zealand to approve an expansion of the approved area for planting Zespri SunGold Kiwifruit and new varieties in countries other than China and Chile. While there was significant support for the proposal, it did not reach the required 75 percent threshold of support. ZGS is now focused on achieving maximum production from the 5,000 hectares of Zespri SunGold Kiwifruit that the industry approved in 2019, and we expect to complete planting of these hectares in 2024. Once fully mature, this is expected to see ZGS volumes more than double from current volumes but will still be well short of meeting target demand in the New Zealand off-season.



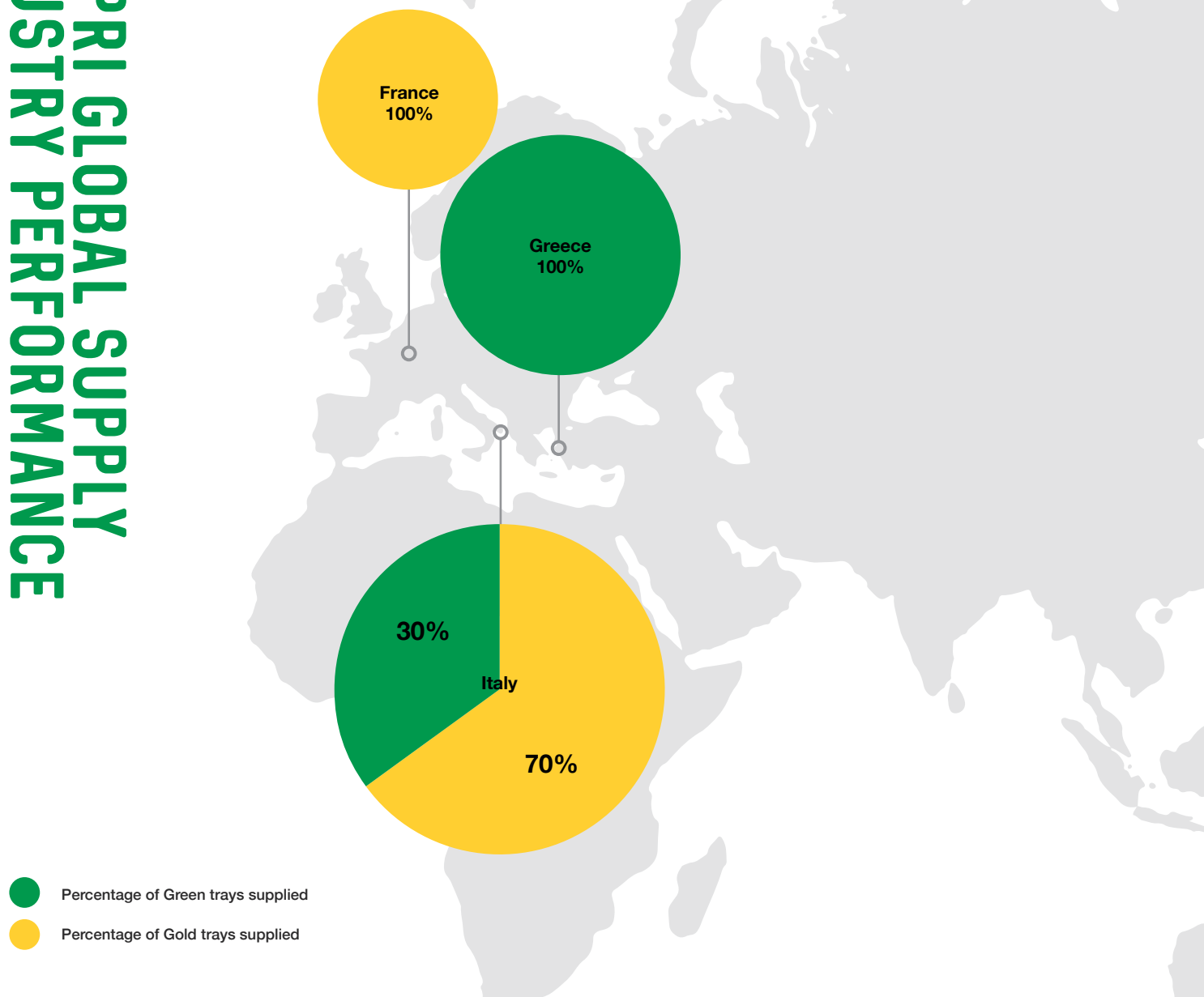
ZGS season launch in Korea.

In 2022, the ZGS season was significantly impacted by sustained hot weather during the growing season, which was the biggest concern across all regions. Temperatures of above 35°C are known to have an impact on plants and when these temperatures occur more regularly, plant health and fruit growth are significantly impacted. Growing regions in Italy and France experienced up to four times the number of days above 35°C compared with the previous season. The impacts felt across all ZGS growing regions included lower yields, smaller fruit size, and reduced storage quality, and resulted in production volumes that were 20 percent below expected levels.

In the 2022/23 financial year, ZGS achieved sales of \$519 million from 16 million trays of Zespri SunGold Kiwifruit and nine million trays of Zespri Green Kiwifruit. This resulted in a contribution of \$29.5 million to corporate profit. Subject to climate impacts, ZGS volumes and profit are expected to grow strongly in the coming years.

“ZGS has been operating for more than 20 years and is working towards achieving 12-month supply for Zespri.”

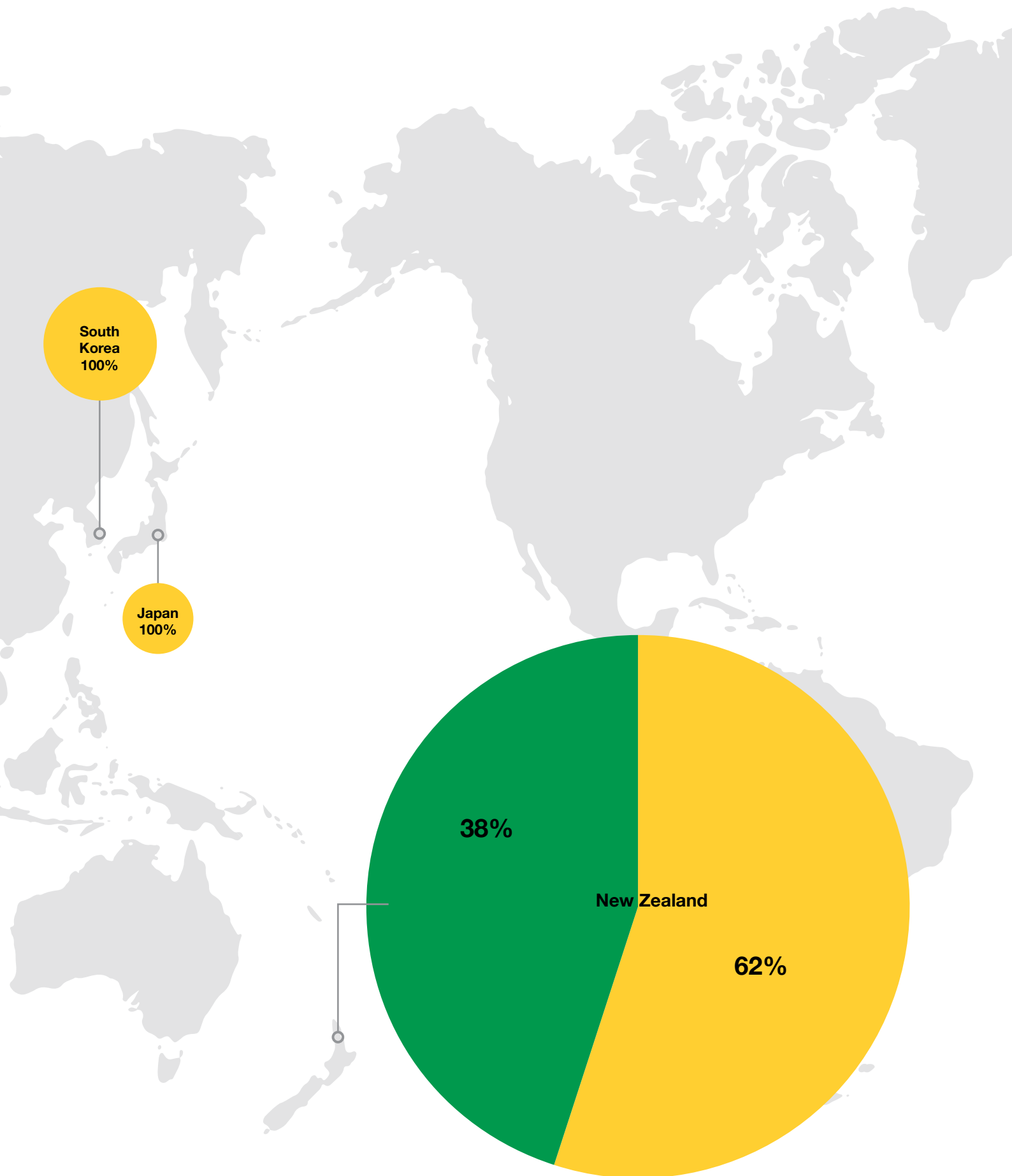
ZESPRI GLOBAL SUPPLY INDUSTRY PERFORMANCE



Region	Trays supplied ('000)	Percentage of supply	Producing hectares ¹	Number of orchards ¹
France	1,074	0.6%	327	87
Greece	3,121	1.6%	–	–
Italy	20,171	10.5%	2,618	856
Japan	458	0.2%	103	183
South Korea	748	0.4%	138	247
New Zealand	165,884	86.6%	14,512	3,178

¹ ZGS producing hectares and orchards figures for regions other than New Zealand represent supply of Zespri licensed varieties only.

Legacy trial areas in Iberia and Australia that previously produced supply for the ZGS business have been phased out as Zespri focuses on major growing regions. Zespri also has a number of trial sites in the US and Greece.



Note: Graphic is not to scale.



**Bruce
Cameron**

Chairman



**Paul
Jones**

Deputy Chairman



**Alison
Barrass**

Director



**Nathan
Flowerday**

Director



Tony Hawken

Director



Jonathan Mason

Director



Peter Springford

Director



Craig Thompson

Director

OUR EXECUTIVE TEAM



Dan Mathieson

Chief Executive Officer



Ichiro Anzai

President Asia Pacific



Tim Clarkson

Executive Officer Strategy



Rachel Depree

Executive Officer Sustainability



Richard Hopkins

Chief Financial Officer



Michael Jiang

President
Greater China



Jiunn Shih

Chief Marketing,
Innovation and
Sustainability
Officer



Nick Kirton

Executive Officer
Northern
Hemisphere Supply



Edith Sykes

Chief People
Officer



Linda Mills

Acting President
Europe and
North America



Jason Te Brake

Chief Operating
Officer



David Scullin

Chief Digital
Officer



Tracy Sherlock

Chief Executive
Assistant

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Financial Statements and Statutory Information

For the year ended
31 March 2023

Your Directors take pleasure in presenting the Financial Statements of the Company and its subsidiaries (collectively Zespri Group) and Statutory Information for the year ended 31 March 2023.

For and on behalf of the Directors.

B L Cameron

Chairman

J P Mason

Director



Independent Auditor's Report

To the shareholders of Zespri Group Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements of Zespri Group Limited (the 'Company') and its subsidiaries and investments in joint operations (the 'Group') on pages 62 to 83 present fairly, in all material respects the Group's financial position as at 31 March 2023 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated Balance Sheet as at 31 March 2023;
- the consolidated Income Statement and Statement of Comprehensive Income, statements of Changes in Equity and Cash Flows for the year then ended; and
- notes, including a summary of significant accounting policies.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has also provided other services to the group in relation to limited assurance and assurance related engagements over non-financial disclosures, other assurance services, agreed upon procedure engagements, taxation consulting and compliance services and climate change consulting services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the Group.



Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$12 million determined with reference to a benchmark of group Total Fruit and Service Payments. We chose the benchmark because, in our view, this is a key measure of the group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements

The key audit matter

How the matter was addressed in our audit

Operating Revenue (\$4.1 billion)

Refer to Note 2a to the Financial Report.

Key operating revenue streams include sales of kiwifruit (\$3.8 billion) and sales of Zespri Plant Variety Right licences (\$0.3 million).

The Group recognises revenue from sales of kiwifruit when control has transferred, which has been determined to be when the kiwifruit is delivered to the customer. Sales revenue is generated from customers in many markets. There is a risk that revenue may be recognised or measured incorrectly due to the complexities of selling under a range of different commercial terms, currencies and shipping arrangements.

Plant Variety Licences are awarded to growers who submit the highest bid in a tender process. A number of related parties participate in the tender process which gives rise to the risk that they might benefit unfairly from knowledge of the tender process.

Our audit procedures included:

- Reviewing key financial controls over revenue systems.
- In respect of sales of kiwifruit revenue, we performed a range of procedures tailored to the respective markets including:
 - Testing a sample of revenue transactions, vouching cash receipt to bank.
 - Obtaining confirmation of revenue from large customers.
 - Reconciling cash receipts to revenue recorded.
 - Obtaining evidence of delivery for a sample of revenue transactions which occurred close to balance date.
- In respect of Plant Variety Licence revenue, we have performed procedures including comparing the bid prices of License sales to related parties, to the bid price of other participants.

We did not identify any material misstatements in relation to operating revenue.



Implementation of SAP S/4HANA enterprise resource management (ERP) system

The Group's financial reporting processes are heavily dependent on IT systems and controls which are used globally.

In November 2022 the Group migrated from SAP Enterprise Centralised Control (SAP ECC) to SAP S/4HANA as their ERP system.

As with the implementation of any new system there is a heightened risk of:

- User error, as users become familiar with new processes and controls with SAP S/4 Hana.
- Data integrity where data is transferred between SAP ECC and SAP S/4HANA.
- Systems errors or outages as SAP S/4HANA is optimised post implementation.
- Unauthorised transactions or fraudulent activity due to inappropriate access granted through the implementation of SAP S/4HANA.

Our audit procedures included:

- Obtaining an understanding of governance, processes, and controls for the implementation of SAP S/4HANA including migration of data from SAP ECC, system testing, user acceptance, and incident management.
- Assessing the effectiveness of the IT control environment and automated business process controls in both SAP ECC and SAP S/4HANA to assess whether these controls have operated effectively throughout the full financial year.
- Performing additional control testing or sample testing, as required, to be able to form our conclusion upon the control environment and operation of IT application controls in both SAP ECC and SAP S/4HANA systems.
- Obtaining an understanding of the financial reporting processes within the SAP S/4HANA system and where necessary performing additional substantive procedures or requesting management to perform additional analysis where the financial reporting processes had not yet been fully implemented.

We have no matters to report.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, 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.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards issued by the New Zealand Accounting Standards Board;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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 ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.

KPMG
Auckland

3 July 2023

Income Statement and Statement of Comprehensive Income

Income Statement	Notes	2023 \$'000	2022 \$'000
Operating revenue	2(a)	4,069,688	4,335,434
Other revenue	2(b)	61,438	58,710
Operating expenses	3	(3,918,451)	(4,003,329)
Other net gains/(losses)	4	107,602	112,865
Operating profit before taxation		320,278	503,680
Finance revenue	5(a)	13,136	4,242
Finance expense	5(b)	(2,166)	(2,797)
Net profit before taxation		331,248	505,125
Taxation expense	6(a)	(92,500)	(143,624)
Net profit after taxation		238,748	361,501
Other comprehensive income:			
Items that may be subsequently reclassified to the income statement:			
Foreign currency translation differences for foreign operations		(3,464)	3,250
Total comprehensive income for the year		235,284	364,751

The above Income Statement and Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Balance Sheet

Balance Sheet at 31 March	Notes	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	11(a)	424,986	443,965
Accounts receivable	9	91,546	114,013
Income tax receivable		3,020	7,698
Other financial assets	11(a)	119,527	199,473
Prepayments	10	65,140	99,269
Inventories	12	109,084	169,592
		813,303	1,034,010
Non-current assets			
Other financial assets	11(a)	71,602	187,854
Property, plant and equipment	13	70,626	69,175
Intangibles	14	37,030	31,124
Deferred tax assets	6(b)	12,004	12,347
Prepayments	10	201	1,731
Right of use assets	15(a)	14,617	14,468
		206,080	316,699
Total assets		1,019,383	1,350,709
Current liabilities			
Accounts payable and accruals	17	449,282	580,201
Income tax payable		5,123	10,207
Provisions and insurance liabilities	18	3,370	974
Other financial liabilities	11(b)	119,527	199,473
Lease liabilities		1,987	4,860
		579,289	795,715
Non-current liabilities			
Accounts payable and accruals	17	3,367	2,810
Interest bearing liabilities	11(c)	27,000	30,000
Provisions and insurance liabilities	18	24	22
Deferred tax liabilities	6(b)	1,530	2,078
Other financial liabilities	11(b)	71,602	187,854
Lease liabilities		13,372	10,142
		116,895	232,906
Equity			
Share capital		26,539	26,539
Reserves	8(a)	(214)	3,250
Retained earnings	8(b)	296,874	292,299
		323,199	322,088
Total liabilities and equity		1,019,383	1,350,709

The above Balance Sheet should be read in conjunction with the accompanying notes.

The Financial Statements were authorised for issue by the Directors of Zespri Group Limited on 3 July 2023.

Authorised for, and on behalf of, the Board:

B L Cameron
Chairman

J P Mason
Director

Statement of Changes in Equity

Statement of Changes in Equity	Notes	Share capital \$'000	Foreign Currency Translation reserve \$'000	Retained earnings \$'000	Total \$'000
Balance as at 1 April 2022		26,539	3,250	292,299	322,088
Total comprehensive income for the year:					
Net profit after taxation	8(b)	–	–	238,748	238,748
Other comprehensive income (net of tax)					
Foreign currency translation differences for foreign operations	8(a)	–	(3,464)	–	(3,464)
Total other comprehensive income		–	(3,464)	–	(3,464)
Total comprehensive income for the year		–	(3,464)	238,748	235,284
Dividends paid during the year	7(c)	–	–	(234,173)	(234,173)
Balance as at 31 March 2023		26,539	(214)	296,874	323,199
Balance as at 1 April 2021		26,539	–	253,293	279,832
Net profit after taxation	8(b)	–	–	361,501	361,501
Foreign currency translation differences for foreign operations		–	3,250	–	3,250
Total comprehensive income for the year		–	3,250	361,501	364,751
Dividends paid during the year	7(c)	–	–	(322,495)	(322,495)
Balance as at 31 March 2022		26,539	3,250	292,299	322,088

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

Statement of Cash Flows

Statement of Cash Flows	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Cash was provided from:			
Receipts from sales		3,760,927	3,864,550
Receipts from sales of Zespri licences		307,620	435,236
Receipts from research co-funding		2,497	3,174
Other sundry items		60,372	50,652
Insurance receipts – reinsurance assets		2,897	3,506
Proceeds from derivatives	4	101,052	108,366
Taxation refunded		178	1,918
		4,235,543	4,467,402
Cash was applied to:			
Payments to contracted suppliers – New Zealand-grown fruit		2,279,965	2,455,510
Payments to contracted suppliers – non-New Zealand-grown fruit		421,468	397,453
Payments to other suppliers and employees		1,209,646	1,073,984
Insurance claims – reinsurance liabilities		7,874	11,330
Taxation paid		93,220	151,134
		4,012,173	4,089,411
Net cash provided from operating activities	19	223,370	377,991
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment, and intangibles		32	32
		32	32
Cash was applied to:			
Purchase of property, plant and equipment		8,647	5,394
Purchase of intangible assets		12,975	(19,544)
		21,622	24,938
Net cash used in investing activities		(21,590)	(24,906)
Cash flows from financing activities			
Cash was provided from:			
Interest received		13,136	4,242
		13,136	4,242
Cash was applied to:			
Repayment of bank term loan		3,000	–
Interest paid		683	909
Lease liabilities payments		9,573	5,533
Dividend payments	7(c)	234,173	322,495
		247,429	328,937
Net cash used in financing activities		(234,294)	(324,695)
Net (decrease)/increase in cash held		(32,513)	28,390
Effects of exchange rate changes on foreign currency cash balances		13,534	932
Add opening cash brought forward		443,965	414,643
Cash and cash equivalents at the end of the period	11(a)	424,986	443,965

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 Summary of significant accounting policies

Statement of compliance and basis of preparation

The Financial Statements are a consolidation of Zespri Group Limited ('the Company'), its subsidiaries and investments in joint operations (collectively 'Zespri Group'). The Company is domiciled in New Zealand and is a profit-oriented entity incorporated under the Companies Act 1993 of New Zealand. Zespri Group's primary activity is the purchase, export and marketing of fresh kiwifruit.

The Company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The Financial Statements of the Group comply with the Financial Markets Conduct Act 2013 and Financial Reporting Act 2013.

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS) and other applicable Financial Reporting Standards.

The consolidated financial statements are presented in New Zealand dollars (\$) (the 'presentation currency').

The consolidated Financial Statements have been prepared according to historical cost basis, modified by the revaluation of certain items as identified in the specific accounting policies below.

Use of estimates and judgements

The preparation of the financial statements requires the use of judgements, estimates and applying assumptions that affect amounts reported in the financial statements.

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because judgement is applied, actual results could differ from estimates made. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately in the Income Statement.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the assumptions applied, methods used and uncertainties pertaining to these are discussed in the related accounting policies below and in the relevant notes:

- Valuation of derivatives (Note 11)
- Capitalisation of intangible assets (Note 14)
- Timing and amount of provisions and insurance liabilities (Note 18)
- Realisation of contingent assets and liabilities (Note 20)

Specific accounting policies

The principal accounting policies adopted in the preparation of the Financial Statements are set out below and in the relevant notes to the financial statements.

(a) Foreign currency translation

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions during the year and from the translation of monetary assets and liabilities at balance date are recognised in the Income Statement.

Non-monetary items held at historical cost are translated using the historical exchange rate at the date of the transaction.

Foreign currency translation – foreign operations

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The assets and liabilities of these entities are translated at exchange rates existing at balance date. The exchange gains or losses arising on translation are recorded in other comprehensive income (OCI) and accumulated in the foreign currency translation reserve (FCTR) in equity.

2 Revenue

(a) Operating revenue	2023 \$'000	2022 \$'000
Sale of kiwifruit (at spot foreign exchange rates):		
New Zealand-grown kiwifruit	3,212,139	3,317,899
Non-New Zealand-grown kiwifruit	519,284	538,553
Collaborative marketing	26,962	38,512
Total revenue from kiwifruit product sales	3,758,385	3,894,964
Sale of Zespri Plant Variety Right licences	308,111	436,714
Revenue from branding royalties	295	250
Insurance revenue ¹	2,897	3,506
	4,069,688	4,335,434

1 Insurance revenue includes revenue received or receivable on policies taken out for pre-'Free on board stowed' (FOBS) and post-FOBS kiwifruit losses.

(b) Other revenue	2023 \$'000	2022 \$'000
Gain on sale of assets	3	53
Zespri Plant Variety Right royalty income	46,596	45,338
Research and Development Tax Credit (RDTI)	3,500	2,200
Co-funding for other projects	339	2,935
Other income	11,000	8,184
	61,438	58,710

(i) Sale of kiwifruit

The Group generates revenues primarily from the sale of kiwifruit to its customers. Sales of kiwifruit are recognised when control of the goods has transferred, being when the goods are delivered to the distributor or retailer. Delivery occurs when the goods have been shipped to the destination port and (if relevant) have received the relevant food safety approvals in the country of destination, the risks of loss have been transferred to the distributor, and the distributor has accepted the goods. Kiwifruit is often sold with volume incentives based on aggregate sales over a 12 month period. Revenue from these sales is recognised net of estimated volume discounts. Historical experience is used to estimate and provide for these incentives, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

(ii) Collaborative marketing

Revenue from the sale of kiwifruit under collaborative marketing agreements is recognised when the goods are delivered to the agreed destination and the risks of loss have been transferred to the collaborative marketer.

(iii) Licence

Revenue from sales of licences is recognised when control of the licence has transferred, being when the licence application has been accepted.

(iv) Co-funding and RDTI income

Research co-funding and RDTI income is recognised over the period necessary to match it with the costs that it is intended to compensate. Where research and development expenditure is expensed in the Income Statement, co-funding and RDTI income to which it relates is shown separately as income. Co-funding and RDTI income is recognised only when there is reasonable assurance that any conditions attached to the funding have been complied with, and that the funding will be received.

(v) Royalty

Royalty income is recognised on a net basis when sale of licensed Plant Variety Right (PVR) kiwifruit occurs.

3 Operating expenses

The following items have been included in operating expenses (at spot foreign exchange rates):

	2023 \$'000	2022 \$'000
Cloud computing research and development costs ¹	25,174	39,750
Commissions	21,790	23,113
Donations and Sponsorships ²	1,649	1,417
Employee remuneration and benefits	150,323	140,623
Employee remuneration and benefits – defined contribution plan	3,255	3,135
Fruit and service payments – New Zealand-grown kiwifruit ³	2,193,016	2,420,285
Fruit purchases – non-New Zealand-grown kiwifruit	373,347	409,630
Innovation	24,976	31,975
Kiwifruit New Zealand ⁴	692	512
Kiwifruit Vine Health Incorporated ⁵	2,260	2,820
Loss on sale of assets	32	21
Loyalty Premium – New Zealand-grown kiwifruit	48,554	53,072
New Zealand Kiwifruit Growers Incorporated ⁶	1,776	1,763
Promotion	204,113	183,388

¹ Cloud computing research and development costs relate to software as a service arrangements where the underlying software and associated infrastructure are hosted by a service provider, independent of Zespri.

² Donations and sponsorship expenditure includes: donations to various charities such as NZ Food Network, Red Cross and the Kiwifruit Grower Relief Fund; community partnerships with the Young and Healthy Charitable Trust, AIMS Games, KidsCan, Surf Life Savings Eastern Region, Good Neighbor, Youth Search and Rescue and Otanewainuku Kiwi Trust; horticultural scholarships; sponsorship of the New Zealand Rural Leadership Trust & Kellogg's Rural Leaders skills programme and other ad hoc smaller community initiatives.

³ Contracted-supplier fruit returns by means of fruit and service payments reflect the value of sales from New Zealand-grown kiwifruit after deducting those expenses defined under the annual New Zealand Supply Agreement, including foreign exchange gains and losses.

Zespri Group is required to fund certain Statutory Board and Grower Representation industry initiatives. These are stated below:

⁴ The Company is required, under Regulation 39 of the Kiwifruit Export Regulations 1999, to fund the statutory board Kiwifruit New Zealand.

⁵ Zespri Group Limited pays two different levies to Kiwifruit Vine Health Incorporated on behalf of growers: (1) a Psa levy of \$0.002 per tray of Class 1 Green and Class 1 Gold exported to markets other than Australia; and (2) a biosecurity levy of \$0.014 per tray for all varieties exported to markets other than Australia.

⁶ Zespri Group Limited is required by The Commodity Levies (Kiwifruit) Order 2017 to pay a levy to New Zealand Kiwifruit Growers Incorporated on behalf of growers. The rate for 2022/23 was \$0.01 per tray of kiwifruit grown in New Zealand and exported to markets other than Australia (2022: \$0.01 per tray).

Fees paid to auditors

Fees were paid to KPMG as follows:

- Audit of financial statements: \$641,300 (2022: \$480,500)
- Other audit and assurance related fees: \$163,000 (2022: \$122,000)¹
- Non-audit fees: \$114,000 (2022: \$102,017)²

¹ Other audit-related fees include fees for limited assurance and assurance related engagements over non-financial disclosures, other assurance services and agreed upon procedure engagements.

² Non-audit fees include tax and climate change consulting.

Other audit fees of \$104,332 (2022: \$83,716) have been paid to other auditors to meet local requirements.

4 Other net gains/(losses)

	2023 \$'000	2022 \$'000
Net gains/(losses) from derivatives	101,052	108,366
Net foreign exchange gains/(losses) from non-derivatives ¹	6,550	4,499
	107,602	112,865

¹ Net foreign exchange gains/(losses) from non-derivatives relate to the revaluation of foreign denominated monetary assets and liabilities (refer to Note 11(a)).

5 Finance revenue and expense

	2023 \$'000	2022 \$'000
(a) Finance revenue		
Interest revenue	13,136	4,242
	13,136	4,242
(b) Finance expense		
Interest expense	652	786
Interest on leases	402	436
Fee expense	1,112	1,575
Total finance expense	2,166	2,797

6 Taxation

	2023 \$'000	2022 \$'000
(a) Taxation expense		
Net profit before taxation	331,248	505,125
Income tax using the New Zealand corporate tax rate – 28%	92,749	141,435
Tax effect of:		
Non-deductible or non-assessable items	(1,025)	(111)
Translation gain differences on foreign tax	(1,003)	1,664
Tax over provided in prior year	716	(186)
Foreign income at different tax rates	(176)	(56)
Movement in distribution of accumulated retained earnings of subsidiaries	1,239	878
Taxation expense	92,500	143,624
Effective tax rate	27.92%	28.43%
Taxation expense is represented by:		
Current tax expense	92,387	140,710
Deferred tax expense	113	2,914
Taxation expense	92,500	143,624

	Provisions and accruals \$'000	Property, plant and equipment \$'000	Retained earnings in subsidiaries \$'000	Other \$'000	Total \$'000
(b) Deferred tax asset/(liability)					
Balance at 1 April 2022	14,686	(2,053)	(1,886)	(478)	10,269
Charged to income statement	244	(895)	357	181	(113)
Exchange differences and other	308	(1)	–	11	318
Balance at 31 March 2023	15,238	(2,949)	(1,529)	(286)	10,474
Balance at 1 April 2021	12,099	3,294	(2,688)	777	13,482
Charged to income statement	2,847	(5,346)	802	(1,217)	(2,914)
Exchange differences and other	(260)	(1)	–	(38)	(299)
Balance at 31 March 2022	14,686	(2,053)	(1,886)	(478)	10,269

	2023 \$'000	2022 \$'000
(c) New Zealand imputation credit account		
Imputation credits available for use at 31 March	1,375	691

Income tax expense comprises current and deferred tax and is calculated using rates enacted or substantively enacted at balance date. Current and deferred tax is recognised in the Income Statement unless the tax relates to items in other comprehensive income, in which case the tax is recognised as an adjustment in other comprehensive income against the item to which it relates.

7 Equity

(a) Basic earnings per share

	2023	2022
Net profit after taxation attributable to shareholders (\$'000)	238,748	361,501
Weighted average shares ('000)	183,252	183,252
Basic average per share (\$)	1.30	1.97

Basic earnings per share are calculated by dividing net profit after taxation by the weighted average number of shares outstanding during the year.

(b) Share capital

The total number of authorised and issued shares is 183,252,240 (2022: 183,252,240).

All ordinary shares are fully paid, rank equally subject to the voting cap and are classified as equity. Each shareholder is entitled to one vote per ordinary share up to a maximum that is calculated by reference to the lesser of the number of shares held or that shareholder's New Zealand production supplied to Zespri Group.

Capital management

The Company's activities are restricted under the Kiwifruit Export Regulations 1999 in order to protect shareholders and contracted suppliers. Because Zespri Group is primarily a short-term borrower, capital management is restricted to the management of authorised and issued share capital and retained earnings.

Under its Constitution, the Company may issue, buy-back, consolidate or subdivide shares.

(i) Share capital

The Regulations do not restrict the levels of share capital able to be authorised for issue by the Company. The Company's Constitution provides some restriction over the scale of individual offers for shares. To date, in line with the Kiwifruit Export Regulations 1999, shares have been issued by the Company to producing New Zealand kiwifruit growers.

The voting rights of shareholders are capped by reference to the individual shareholder's share of total New Zealand production supplied to the Company during the year. Divergence between shareholdings and production can occur through the production impact of new plantings and as growers enter or exit the industry in New Zealand. This divergence is monitored by the Company at least annually, through the process of determining the voting caps of shareholders prior to the Annual Meeting of the Company.

(ii) Payment of dividends

Capital levels are monitored as part of the solvency tests required under the Companies Act 1993 to approve the payment of dividends to shareholders. Capital retained in the Company is measured for solvency purposes, and to determine whether the minimum level of equity retained in Zespri Group, as agreed by the Board of Directors, is maintained.

Following the approval of an updated constitution in March 2018, shares held by a person that becomes a non-producer subsequent to this date will not receive dividends from three years following becoming a non-producer. This does not apply to shareholders who were non-producers as of 14 March 2018 who will cease to receive dividends in 2025 if they remain non-producers.

At 31 March 2023 there were 19 shareholders who were not eligible for at least one of the 2023 dividends.

(c) Dividends paid

	2023 \$'000	2022 \$'000
Ordinary dividends:		
On ordinary shares – final (prior year)	53,033	49,436
On ordinary shares – interim (current year)	181,030	272,804
Supplementary dividends (to non-residents)	110	255
Total dividends paid	234,173	322,495

During the year, the 2022 final unimputed dividend of 29 cents per share and the 2023 interim partially imputed dividend of 89 cents per share were paid in August 2022. An additional 2023 interim partially imputed dividend of 10 cents per share was paid in December 2022. All of these dividends are recognised in the Financial Statements. Supplementary dividends of \$110,049.50 were paid to shareholders not tax resident in New Zealand, for which Zespri Group received a foreign investor tax credit entitlement. An intention by the Board of Directors to pay a final partially imputed dividend is detailed in Note 22.

8 Reconciliation of movements in reserves

(a) Reserves	2023 \$'000	2022 \$'000
Foreign currency translation reserve	(214)	3,250
	(214)	3,250
(b) Retained earnings		
Movements in retained earnings were as follows:		
	2023 \$'000	2022 \$'000
Balance as at 1 April	292,299	253,293
Dividend paid during the year	(234,173)	(322,495)
Net profit after taxation attributable to shareholders	238,748	361,501
Balance as at 31 March	296,874	292,299

9 Accounts receivable

	2023 \$'000	2022 \$'000
Current:		
Trade receivables	51,917	49,772
Other receivables	20,592	29,110
Indirect taxation	19,037	35,131
Total current accounts receivable	91,546	114,013

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method and adjusted for credit impairment losses. Included in trade receivables are debtors which are past due at balance date.

Accounts receivable past due but not impaired	2023 \$'000	2022 \$'000
Less than 3 months overdue	8,354	6,584
Between 3 and 6 months overdue	1,148	100
Between 6 and 12 months overdue	46	8
More than 12 months overdue	–	–
	9,548	6,692

10 Prepayments

	2023 \$'000	2022 \$'000
Current:		
Prepaid submit payments for next season's fruit not recorded in inventory	30,220	70,696
Insurance	3,260	5,302
Option premiums	6,733	1,820
Other	24,927	21,451
Total current prepayments	65,140	99,269
Non-current:		
Option premiums	201	510
Other	–	1,221
Total non-current prepayments	201	1,731
Total prepayments	65,341	101,000

11 Financial assets and liabilities

(a) Financial assets per Balance Sheet	Notes	Loans and receivables		Assets designated at fair value through the Income Statement		Total	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Derivatives – held for trading		–	–	191,129	387,327	191,129	387,327
Accounts receivable	9	91,546	114,013	–	–	91,546	114,013
Cash and cash equivalents ¹		424,986	443,965	–	–	424,986	443,965
Total other financial assets		516,532	557,978	191,129	387,327	707,661	945,305
Represented by:							
Current		516,532	557,978	119,527	199,473	636,059	757,451
Non-current		–	–	71,602	187,854	71,602	187,854
Total other financial assets		516,532	557,978	191,129	387,327	707,661	945,305

(b) Financial liabilities per Balance Sheet	Notes	Liabilities at amortised cost		Liabilities designated at fair value through the Income Statement		Total	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Derivatives – held for trading		–	–	73,637	63,963	73,637	63,963
Contracted future suppliers		–	–	117,493	323,364	117,493	323,364
Accounts payable and accruals	17	452,649	583,011	–	–	452,649	583,011
Lease liabilities		15,359	15,002	–	–	15,359	15,002
Interest bearing liabilities		27,000	30,000	–	–	27,000	30,000
Total other financial liabilities		495,008	628,013	191,129	387,327	686,137	1,015,340
Represented by:							
Current		451,269	585,061	119,527	199,473	570,796	784,534
Non-current		43,739	42,952	71,602	187,854	115,341	230,806
Total other financial liabilities		495,008	628,013	191,129	387,327	686,137	1,015,340

1 Of the cash and cash equivalents, \$64,499,664 is held in short term money market deposits with the balance being held in transactional bank accounts. 67 percent is held in NZD, 15 percent in CNY and the balance in other currencies that the Group trades with customers in.

Financial assets and financial liabilities, except for derivatives, are measured initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost and subject to regular review for impairment.

Derivatives

Zespri Group may reduce its exposure to fluctuations in foreign currency exchange rates and commodity prices affecting operating costs, through the use of derivatives. Derivatives are not entered into for speculative purposes.

Derivatives able to be utilised under the Treasury Management Policy include interest rate swaps, oil swaps, foreign exchange options and forward contracts.

Zespri Group's policy is to manage risk from an economic perspective. As a result, Zespri Group manages the risks of net positions subject to market risks. Hedge accounting has not been applied. As a result, all derivatives are required to be classified as 'held for trading'.

(i) Recognition and derecognition:

Derivatives are recognised initially and subsequently at fair value, with changes in fair value of derivatives recognised in the Income Statement. The fair value of all financial instruments is recorded in the Balance Sheet. Derivatives are derecognised when the contractual rights or obligations relating to the cash flow expire.

Fair value of financial assets and liabilities

The derivative financial instruments have been valued using a discounted cash flow valuation methodology.

Assets and liabilities are measured at fair value by the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

All financial instruments held by the Group and measured at fair value are classified as level 2 under the fair value measurement hierarchy.

Zespri Group is subject to a number of financial risks that arise as a result of its operational activities. To manage and limit the effect of these financial risks, the Board of Directors has approved policy guidelines and authorised the use of various financial instruments. The policies and financial instruments permitted are documented in the Treasury Management Policy which is reviewed and approved annually. The policies and financial instruments being utilised at balance date are discussed under the sections Liquidity risk, Credit risk and Market risk below.

11 Financial assets and liabilities (continued)

(c) Liquidity risk

Zespri Group is exposed to liquidity risk where there is a risk that the Group may encounter difficulty in meeting its day to day obligations due to timing of cash receipts and payments. The objective is to ensure that cash is available to pay obligations as they fall due.

(ii) Contractual maturities as at 31 March

2023	Notes	< 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000	> 5 years \$'000	Total \$'000
Non-derivatives:						
Trade creditors	17	104,091	–	–	–	104,091
Accruals and other payables	17	345,191	–	3,367	–	348,558
Lease liabilities (undiscounted)		5,964	5,886	3,195	783	15,828
Interest bearing liabilities		–	–	27,000	–	27,000
		455,246	5,886	33,562	783	495,477
Derivatives:						
Derivatives – held for trading		41,877	25,535	6,225	–	73,637
Contracted future suppliers		77,650	31,693	8,149	–	117,492
		119,527	57,228	14,374	–	191,129
Total contractual maturities		573,192	60,500	47,990	784	682,466
2022						
Non-derivatives:						
Trade creditors	17	72,352	–	–	–	72,352
Accruals and other payables	17	507,849	–	2,810	–	510,659
Lease liabilities (undiscounted)		4,918	4,413	5,162	1,697	16,190
Interest bearing liabilities		–	–	30,000	–	30,000
		585,119	4,413	37,972	1,697	629,201
Derivatives:						
Derivatives – held for trading		38,938	19,004	6,021	–	63,963
Contracted future suppliers		160,535	110,751	52,078	–	323,364
		199,473	129,755	58,099	–	387,327
Total contractual maturities		784,592	134,168	96,071	1,697	1,016,528

(d) Credit risk

Zespri Group is exposed to credit risk from transactions with trade debtors and financial institutions in the normal course of business.

Zespri Group has a credit approval policy which restricts the exposure to individual debtors and the Board of Directors reviews exposures to trade debtors. In certain regions a portion of amounts owed by trade debtors is secured by way of trade credit insurance, bank guarantees or other collateral, with all others being unsecured. Zespri Group does not require any collateral or security from financial institutions to support its transactions with those institutions. The counter-parties used for banking and finance activities are financial institutions with credit ratings ranging from A to AA-.

In assessing credit losses for trade receivables, the Group applies the simplified approach and records lifetime expected credit losses (“ECLs”) on trade receivables. Lifetime ECLs result from all possible default events over the expected life of a trade receivable. The Group considers the probability of default upon initial recognition of the trade receivable, based on reasonable and available information on the customers. In assessing ECLs on trade receivables the Group considers both quantitative and qualitative inputs. Quantitative data includes past collection rates, industry statistics, ageing of receivables, and trading outlook. Qualitative inputs include past trading history with the Group.

(e) Market risk

Zespri Group is subject to market risks that arise as a result of its operational activities. The types of market risk to which Zespri Group is exposed include interest rate risk, currency risk and commodity price risk.

(i) Interest rate risk:

Zespri Group’s policy relating to interest rate risk management aims to achieve the lowest cost of funds.

Zespri Group may put in place seasonal funding facilities if required. Zespri Group is primarily a short-term borrower and investor and generally carries any interest rate risk itself. Investments consist of on-call funds and short-term deposits.

Zespri Group has put in place long term floating interest rate building funding, however has a \$27,000,000 (2022: \$30,000,000) interest rate derivative contract in place to effectively convert the interest rate to fixed. During the year Zespri entered into a contract to reduce interest rate hedging to offset the building funding reduction.

11 Financial assets and liabilities (continued)

(ii) Currency risk:

During the course of business, Zespri Group procures and exports fruit, incurs selling, marketing and administrative costs, and carries cash denominated in foreign currencies. As a result of these transactions, exposures to fluctuations in foreign currency exchange rates occur. The foreign currencies in which Zespri Group primarily deals are Euro (EUR), Japanese Yen (JPY), United States Dollars (USD), Chinese Yuan (CNY) and Korean Won (KRW).

Zespri Group's primary objective in managing foreign exchange risk is to mitigate excess volatility in the New Zealand Dollar return to shareholders and the New Zealand kiwifruit industry arising from foreign currency movements.

Net exposures of expected foreign currency income and expenditure are estimated. The Treasury Management Policy provides guidelines within which Zespri Group enters into contracts to manage the expected net exposures. Based on these guidelines, contracts are taken out up to 36 months in advance. With express Board approval, the Company can take out contracts that are in excess of 36 months in advance.

Foreign exchange contracts

As part of the foreign currency hedging strategy, Zespri Group has entered into forward exchange contracts and options. The value of these contracts held at balance date were:

	Notional value		Fair value gain/(loss)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
At fair value through the Income Statement – held for trading				
Sell forward exchange contracts	5,504,449	5,185,252	110,128	289,545
Currency option contracts	594,331	267,695	7,365	33,818
	6,098,780	5,452,947	117,493	323,363
Represented by:				
Other financial assets			191,130	387,326
Other financial liabilities			(73,637)	(63,963)
			117,493	323,363
By currency:				
AUD/NZD	54,524	36,632	1,415	(599)
EUR/NZD	1,343,860	1,463,157	20,607	99,658
JPY/NZD	1,262,628	930,843	89,762	173,745
USD/NZD ¹	1,916,759	1,744,358	16,097	99,716
USD/CNY ¹	1,167,640	1,007,885	(13,525)	(61,174)
USD/KRW ¹	353,369	270,072	3,137	12,017
	6,098,780	5,452,947	117,493	323,363

¹ A portion of the USD/NZD transactions are utilised in conjunction with the USD/KRW and USD/CNY transactions to translate these currencies back to NZD.

	Notional value		Fair value gain/(loss)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Maturity of foreign exchange contracts				
Less than one year	3,164,460	2,538,490	77,650	160,534
One to two years	2,004,096	1,793,395	31,693	110,751
More than two years	930,224	1,121,062	8,149	52,078
	6,098,780	5,452,947	117,492	323,363

(f) Market risk sensitivity as at 31 March

Zespri Group is exposed to various market risks in relation to balances held as at 31 March.

As a result of the seasonal nature of the business, the impact on the Income Statement and equity resulting from movements in foreign exchange rates that could have occurred at 31 March is unrepresentative of the exposure during the year and is immaterial to the results for the year ended 31 March 2023.

Management has considered the seasonal risk to the business and the sensitivity using average balances held during the year.

Under the terms of the New Zealand Supply Agreement, the supplier assumes the risk of foreign exchange, and any change in foreign currency rates on average balances would not be material to the pre-tax profit of the Group. The effect of exchange rate movements is managed by the use of forward contracts and options to mitigate excess volatility.

Under the terms of the New Zealand Supply Agreement, interest costs incurred on the seasonal funding facility and interest income earned on short-term deposits are largely assumed by the Registered Supplier. A change in interest rates using average funding facility and short-term deposit balances for the year would not be material to the pre-tax profit of the Group.

11 Financial assets and liabilities (continued)

(g) Embedded derivatives

Embedded derivatives are derivatives that are included within the terms of a non-derivative host contract. They affect the cash flows of the combined instrument in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified index, price, rate or other variable.

Companies within Zespri Group enter into contracts in the normal course of their operations. Within some of these contracts are embedded derivatives. Where the embedded derivatives are deemed to be closely related to the host contract, they are not valued or recognised separately from the accounting required for the host contract in the Financial Statements. Embedded derivatives deemed not to be closely related to the host contract are accounted for as if they were stand-alone derivatives.

Zespri International Limited acts as treasury agent for Zespri Group and is responsible for paying New Zealand-contracted suppliers (supply entities which have signed the New Zealand Supply Agreement) based on the net results earned by Zespri Group.

The Company has entered into back-to-back arrangements with New Zealand-contracted suppliers and Zespri International Limited, primarily reflecting the results of any derivatives taken out for the purposes of managing risk to the New Zealand fruit return.

	Notional value		Fair value gain/(loss)	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Contracted future suppliers	6,098,780	5,452,947	(117,492)	(323,363)

12 Inventories

	2023 \$'000	2022 \$'000
New Zealand-grown kiwifruit inventory (next season)	83,121	150,283
Non-New Zealand-grown kiwifruit inventory	9,673	5,185
Packaging materials	16,258	14,095
Other	32	29
Total inventories	109,084	169,592

Inventories are valued at the lower of cost or net realisable value. Costs incurred in bringing inventory to its present location and condition are accounted for at purchased cost on a first-in first-out basis. Borrowing costs are excluded.

13 Property, plant and equipment

2023	Land and improvements \$'000	Leasehold improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Work in progress \$'000	Total \$'000
Net book value as at 1 April 2022	12,149	1,608	43,572	9,682	138	2,026	69,175
Depreciation expense	–	(669)	(1,528)	(4,705)	(43)	–	(6,945)
Additions	–	144	696	5,235	–	3,501	9,576
Disposals (net)	(696)	(8)	–	(41)	–	(435)	(1,180)
Net book value as at 31 March 2023	11,453	1,075	42,740	10,171	95	5,092	70,626
Cost	11,453	4,933	48,564	27,419	348	5,092	97,809
Accumulated depreciation	–	(3,858)	(5,824)	(17,248)	(253)	–	(27,183)
Net book value as at 31 March 2023	11,453	1,075	42,740	10,171	95	5,092	70,626

2022

Net book value as at 1 April 2021	11,453	2,147	45,372	9,779	102	1,184	70,037
Depreciation expense	–	(814)	(1,487)	(3,823)	(52)	–	(6,176)
Additions	696	276	9	3,814	90	2,026	6,911
Disposals (net)	–	(1)	(322)	(88)	(2)	(1,184)	(1,597)
Net book value as at 31 March 2022	12,149	1,608	43,572	9,682	138	2,026	69,175
Cost	12,149	5,115	47,868	22,507	348	2,026	90,013
Accumulated depreciation	–	(3,507)	(4,296)	(12,825)	(210)	–	(20,838)
Net book value as at 31 March 2022	12,149	1,608	43,572	9,682	138	2,026	69,175

13 Property, plant and equipment (continued)

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Costs cease to be capitalised as soon as the asset is ready for productive use.

Depreciation is provided on a straight-line basis at rates calculated to allocate the cost of assets over their estimated useful lives.

The estimated useful lives used for depreciation purposes are as follows:

Buildings	Lower of 50 years or useful life of the building
Leasehold improvements	Lower of 10 years or unexpired portion of lease
Plant and equipment	2–25 years
Motor vehicles	5 years
Building fit-out	5–25 years
Land	Not depreciated

The useful life and residual value of property, plant and equipment is reviewed annually. Any change required as a result in the change of these estimates is recognised in the Income Statement during the period.

Property, plant and equipment commitments

As at 31 March 2023 there are outstanding capital commitments totalling \$803,660 for property, plant and equipment (2022: \$274,418).

14 Intangibles

	Development costs \$'000	Computer software \$'000	Work in progress \$'000	Total \$'000
2023				
Net book value as at 1 April 2022	5,992	11,048	14,084	31,124
Amortisation expense	(1,811)	(5,422)	–	(7,233)
Additions	3,603	–	9,536	13,139
Disposals (net)	–	–	–	–
Transfers	–	21,903	(21,903)	–
Net book value as at 31 March 2023	7,784	27,529	1,717	37,030
Cost	13,096	78,985	1,717	93,798
Accumulated amortisation	(5,312)	(51,456)	–	(56,768)
Net book value as at 31 March 2023	7,784	27,529	1,717	37,030
2022				
Net book value as at 1 April 2021	4,658	9,007	2,979	16,644
Amortisation expense	(1,478)	(3,584)	–	(5,062)
Additions	2,813	4,912	12,006	19,731
Disposals (net)	(1)	–	(188)	(189)
Transfers	–	713	(713)	–
Net book value as at 31 March 2022	5,992	11,048	14,084	31,124
Cost	9,493	57,082	14,084	80,659
Accumulated amortisation	(3,501)	(46,034)	–	(49,535)
Net book value as at 31 March 2022	5,992	11,048	14,084	31,124

(i) Research and development costs:

Research expenditure is expensed in the period incurred. Development costs are capitalised as internally generated intangible assets upon commercialisation where future benefits are expected to exceed those costs; otherwise, development costs are expensed in the period incurred.

Development costs include costs relating to the development and production for Zespri-developed cultivars. Costs capitalised include those of budwood, legal fees and costs of obtaining PVRs less any research co-funding received in respect of this expenditure. Development costs capitalised as an internally generated intangible asset have finite useful lives and are carried at cost less accumulated amortisation.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of five years.

(ii) Computer software:

Zespri Group purchases and develops software for use in its own business only.

The cost of computer software acquired is the value of the purchase price to acquire the assets, and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use.

14 Intangibles (continued)

The cost of software developed by, and for the use of, Zespri Group includes the cost of all materials used to develop the software, direct labour on the project and financing costs that are directly attributable to the project. The amount initially recognised as an intangible asset is the sum of this expenditure incurred from the date the above recognition criteria is met. Computer software has a finite useful life and is carried at cost less accumulated amortisation.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of three to five years.

(iii) Impairment

The useful life and residual value of intangibles are reviewed annually. Any change required as a result in the change of these estimates is recognised in the Income Statement during the period.

Intangibles work in progress

As at 31 March 2023, 100 percent (2022: 99 percent) of the Group intangibles work in progress relates to ongoing computer software projects. Of this, \$572,016 (2022: \$11,785,439) relates to the Horizon Programme following implementation of Tranche 1 in November 2022. Tranche 1 included the full migration of core finance and financial planning capabilities.

Intangible commitments

As at 31 March 2023 there are outstanding capital commitments totalling \$775,010 for intangible assets (2022: \$3,048,777). Of this, Nil relates to the Horizon Programme (2022: \$2,663,977).

15 Leases

(a) Right of use assets	Buildings \$'000	Land \$'000	Motor Vehicles \$'000	Office Equipment \$'000	Total \$'000
2023					
Net book value as at 1 April 2022	10,442	2,287	1,710	29	14,468
Depreciation expense	(3,927)	(323)	(983)	(51)	(5,284)
Additions	197	2,247	415	93	2,952
Derecognition	(318)	(41)	(752)	(5)	(1,116)
Reassessment of lease term	3,087	(511)	949	73	3,598
Net book value as at 31 March 2023	9,481	3,659	1,339	139	14,618
Cost	19,273	5,187	2,429	210	27,099
Accumulated depreciation	(9,792)	(1,528)	(1,090)	(71)	(12,481)
Net book value as at 31 March 2023	9,481	3,659	1,339	139	14,618
2022					
Net book value as at 1 April 2021	12,149	2,751	873	87	15,860
Depreciation expense	(4,112)	(312)	(961)	(73)	(5,458)
Additions	3,068	–	1,782	22	4,872
Derecognition	(407)	(51)	(1)	(4)	(463)
Reassessment of lease term	(256)	(101)	17	(3)	(343)
Net book value as at 31 March 2022	10,442	2,287	1,710	29	14,468
Cost	16,327	3,135	3,082	55	22,599
Accumulated depreciation	(5,885)	(848)	(1,372)	(26)	(8,131)
Net book value as at 31 March 2022	10,442	2,287	1,710	29	14,468
(b) Lease expenses included in the Income Statement				2023 \$'000	2022 \$'000
Short term leases				3,378	350
Variable lease payments				2	11
Interest on leases				402	436
Gain on leases				(1)	(50)
Total lease expenses				3,781	747

15 Leases (continued)

Lease liabilities are measured at the present value of future lease payments discounted using the Group's incremental borrowing rate which ranges between 1-3%. Right of use (ROU) assets are initially recognised at cost, comprising the initial amount of the lease liability less any unamortised lease incentives. ROU assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In considering the lease term, the Group applies judgement in determining whether it is reasonably certain that an extension or termination option will be exercised.

(c) Lessor income

Lease income from lease contracts in which the Group acts as a lessor:

	2023 \$'000	2022 \$'000
Operating lease income ¹	91	81
	91	81

1 The Group leases out part of the head office building to New Zealand Kiwifruit Growers Incorporated and Kiwifruit Vine Health.

(d) Sub-lessor income

Sub-lease income from lease contracts in which the Group acts as a lessor:

	2023 \$'000	2022 \$'000
Operating sub-lease income ¹	113	77
	113	77

1 The Group sub-leases out an orchard to Kiwifruit Breeding Centre.

(e) Maturity analysis – contractual undiscounted lessor income

	2023 \$'000	2022 \$'000
Less than one year	91	81
One to five years	456	406
More than five years	456	486
Total Contractual undiscounted lessor income	1,003	973

16 Group entities

Basis of Consolidation

Zespri Group Limited is the ultimate holding company for the Zespri Group of companies. The consolidated Financial Statements include the results and balances of all entities over which the Company and its subsidiary companies have control.

All inter-company transactions are eliminated on consolidation.

Subsidiaries

All subsidiaries are wholly owned companies and have been incorporated and consolidated at inception by Zespri Group companies. No subsidiaries have been obtained by acquisition. The results and balances of subsidiaries are included in the consolidated Financial Statements of Zespri Group from the date of inception.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The Group's subsidiaries are involved in exporting, importing, selling, marketing, investing, researching, and management of New Zealand-grown and Non-New Zealand-grown kiwifruit.

The Group holds investments in certain countries that have some limited restrictions on the repatriation of funds back to New Zealand. This does not result in any significant restrictions on the flow of funds for the Group.

Joint operations

A joint operation is a joint arrangement where two or more parties have joint control and a right to the assets, and obligation for liabilities of the joint arrangement. The Group recognises its share of assets, liabilities, revenues and expenses of the joint operation.

The Kiwifruit Breeding Centre is a joint operation between Plant & Food Research and Zespri. It was established on 1 October 2021 to drive greater innovation within kiwifruit breeding. Zespri has a 50% participating interest in this jointly controlled operation and the proportionate interests in the assets, liabilities and expenses have been incorporated in the financial statements under the appropriate headings.

16 Group entities (continued)

The Group comprises of the Company and the following trading entities.

Subsidiary	Incorporated	Subsidiary	Incorporated
Zespri Global Supply Holding Company Limited	New Zealand	Zespri International (India) Pvt Ltd	India
Zespri Innovation Company Limited	New Zealand	Zespri Fresh Produce Italy S.r.l.	Italy
Zespri International (Asia) Limited	New Zealand	Zespri International Italy S.r.l.	Italy
Zespri International Limited	New Zealand	Zespri Fresh Produce (Japan) K.K.	Japan
Zespri New Zealand Limited	New Zealand	Zespri International (Japan) K.K.	Japan
Zespri International (Australia) Pty Limited	Australia	Zespri International (Malaysia) Sdn. Bhd	Malaysia
Zespri International (Europe) N.V.	Belgium	Zespri Fresh Produce (Korea) Co. Limited	South Korea
Zespri Service Centre N.V.	Belgium	Zespri International (Korea) Co. Limited	South Korea
Zespri Fruit Consultoria (Brasil) Ltda	Brazil	Zespri International (Singapore) Pte Limited	Singapore
Zespri Fruit Industry (Shanghai) Co. Ltd	China	Zespri International Iberica SL	Spain
Zespri Fruit (Shanghai) Co Limited	China	Zespri International Nordic AB	Sweden
Zespri Fresh Produce France S.A.R.L.	France	Zespri International (United Kingdom) Limited	United Kingdom
Zespri International France E.U.R.L.	France	New Zealand Kiwi Holdings Inc.	United States of America
Zespri International Germany GmbH	Germany	Zespri International (Vietnam) Company Limited	Vietnam
		Zespri International (Switzerland) AG	Switzerland

Joint Operation	Incorporated	Interest	Activity
Kiwifruit Breeding Centre Limited	New Zealand	50%	New cultivar research

Zespri Group is relying on the Financial Markets Conduct (Overseas Subsidiary Balance Date Alignment) Exemption Notice 2016 in respect of the accounting period to which these financial statements relate.

All Group subsidiaries have a 31 March balance date with the exception of Zespri Fruit (Shanghai) Co. Limited, Zespri Fruit Industry (Shanghai) Co. Ltd and Zespri Fruit Consultoria (Brasil) Ltd which all have a 31 December balance date due to local requirements.

The Kiwifruit Breeding Centre Limited has a 30 June balance date to align with the balance date of joint owner Plant & Food Research.

17 Accounts payable and accruals

	2023 \$'000	2022 \$'000
Current:		
Trade creditors	104,091	72,352
Loyalty accrual ¹	1,415	38,235
Accrued expenses	161,862	162,243
New Zealand fruit and service payments – current season	69,673	85,096
New Zealand fruit and service payments – next season	87,354	185,146
Income in advance	789	4,989
Payroll tax deductions payable	5,312	2,119
Employee entitlements	18,786	30,021
Total current accounts payable and accruals	449,282	580,201
Non-current:		
Employee entitlements	3,367	2,810
Total non-current accounts payable and accruals	3,367	2,810
Total accounts payable and accruals	452,649	583,011

¹ The loyalty premium is paid to the New Zealand growers who have signed a three-year rolling grower contract and met the conditions of that contract. The loyalty premium is 30.0 cents (2022: 30.0 cents) per tray equivalent of New Zealand Class 1 kiwifruit supplied to the Company. The premium was paid in three instalments of 10.0 cents each in January 2023, February 2023 and March 2023.

18 Provisions and insurance liabilities

	Provisions \$'000
2023	
Value as at 1 April 2022	996
Amounts charged	(135)
Additional provision	2,449
Exchange differences	84
Value as at 31 March 2023	3,394
Represented by:	
Current	3,370
Non-current	24
Value as at 31 March 2023	3,394

Other provisions include legal costs associated with ongoing legal proceedings, none of which are expected to have a probable material outflow.

In the normal course of business, the Zespri Group is party to various lawsuits and claims (refer Note 20).

Zespri Group records provisions when it has a legal or constructive obligation to satisfy a claim as the result of a past event, it is more likely than not that an outflow of resources will be required to satisfy the obligation and a reliable estimate of the amount can be made.

In 2023 there were no insurance liabilities incurred.

19 Reconciliation of net profit after taxation with net cash from operating activities

	2023 \$'000	2022 \$'000
Net profit after taxation	238,748	361,501
Non-cash items:		
Net loss/(gain) on sale of property, plant and equipment, and intangibles	83	(19)
Net (gain) on foreign currency cash balances	(13,534)	(931)
Depreciation of property, plant and equipment	6,945	6,176
Depreciation of, and interest on leases	9,654	5,894
Amortisation of intangibles	7,233	5,062
Movement in deferred taxation	(205)	3,213
	10,176	19,395
Movement in working capital:		
Decrease/(increase) in receivables and prepayments	51,613	(41,146)
Decrease in net current income tax	(404)	(8,803)
Decrease/(increase) in other financial assets	196,197	(15,641)
Decrease in inventories	60,508	25,787
(Decrease)/increase in payables to contracted suppliers	(182,254)	28,765
(Decrease)/increase in other financial liabilities	(196,201)	15,645
Increase/(decrease) in accounts payable, accruals, provisions and employee entitlements	57,439	(4,179)
	(13,102)	428
Items classified as financing activities	(12,452)	(3,333)
Net cash available from operating activities	223,370	377,991

20 Contingent assets and liabilities

The Group has assessed its previous contingent liabilities and has determined that the possibility of an outflow of resources embodying economic benefits is remote and therefore no material contingent liabilities have been identified.

In the normal course of business, Zespri Group is party to various lawsuits and claims, both as a plaintiff and as a defendant. It is not possible to predict with certainty whether Zespri Group will ultimately be successful and what the impact might be. Provisions are made in accordance with accounting policy and disclosed in Note 18.

Zespri has recently commercialised the Red19 variety. Should the company decide to withdraw the variety for any reason, and the licence holder has not accepted a new licence under the terms of the Licence Agreement, the Company is required to reimburse the licence holder a calculated rate of \$5,000 (including GST) per hectare of licenced area, provided that no more than four whole years have elapsed between the date of the original allocation of the licence by the Company and the date of notice of decommercialisation given by the Company. In addition, the Company is required to refund a percentage of the original licence price paid. As at 31 March 2023, the maximum exposure under the decommercialisation scenario is \$76,390,335 (2022: \$38,553,775).

Contingent liabilities with respect to guarantees extended total \$9,502,337 (2022: \$11,106,680).

21 Related party transactions

(a) Key management personnel and directors compensation

Zespri Group's key management personnel include Directors and members of the senior executive.

	2023 \$'000	2022 \$'000
Short-term employee benefits	11,596	14,189
Directors' fees	1,042	957
	12,732	15,146

(b) Transactions with external related parties through common directorship, control or significant influence

Transactions with related parties are entered into the same contracted commercial terms as for all other growers and contracted suppliers in New Zealand.

All of the transactions below, including any disputes, were entered into under the same contracted and commercial terms as for all other growers and contracted suppliers in New Zealand.

	Notes	2023 \$'000	2022 \$'000
Transactions with external related parties			
Revenue/(expenses):			
Sale of Zespri PVR licences		26,492	18,610
Sundry income		703	809
Fruit and service payments		(26,044)	(62,133)
Loyalty premium		(941)	(806)
Other expenses		(434)	(2,701)
Balances receivable/(payable):			
Sundry income		88	297
Fruit and service payments		(270)	(3,712)
Loyalty premium		—	(1,715)

In 2022/23, total payments made to related party supply entities (not included above) are \$18m (2022: \$50m), and a payables balance of \$5m (2022: \$8m) remains at 31 March 2023.

In 2022/23, external related parties conducted no new variety block trials on orchards (2022: nil ha). Payments are made to trialists when crops are producing. Upon completion or termination of a trial, trialists can generally obtain, at no cost, a licence to cultivate a Zespri commercial kiwifruit variety for an agreed area. For pre-commercial blocks, this is for a new or existing variety upon commercialisation or an existing variety on trial completion or early termination by Zespri. For demonstration blocks, this is for an existing variety on completion of each year of the trial or early termination by Zespri in 2022/23, external related parties obtained 2.58ha of new variety licence from trialist entitlement (2022: 2.36ha).

21 Related party transactions (continued).

	Expense		Receivables(Payable)	
(c) Transactions with Kiwifruit Breeding Centre Limited (joint operation)	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue/(expenses):				
Research expenses	(16,564)	(8,159)		
Lease income	462	901		
At 31 March	(16,102)	(7,258)		
Balances receivable/(payable):				
Trade receivables(payables)	–	–	101	(4,653)
At 31 March	–	–	101	(4,653)

22 Events occurring after balance date

On 30 May 2023 the Board of Directors of Zespri Group Limited announced its intention to pay a final partially imputed dividend of 18.0 cents per fully paid ordinary share (2022: 29.0 cents) to be paid in August 2023. As the intention was announced after balance date, the financial effect has not been recognised in the Financial Statements.

In May 2023, 348.3 hectares of Gold3, and 125.8 hectares of Red19 licences were allocated to Growers (from a licence release of 350 hectares of Gold3 and 150 hectares of Red19). The total revenue (excluding GST) was \$212,343,052. Full settlement of the related licence receivables is due by 20 July 2023.

Subsequent to 31 March 2023, no other events have occurred which require adjustment or disclosure in the Financial Statements.

23 Group segment results

Reportable segments have been determined to follow the strategic business lines of the Group, which also reflect groups of similar products and services. Zespri Group has four reportable segments:

- New Zealand kiwifruit: all activities related to the production and sale of New Zealand-grown kiwifruit varieties, other than activities included in the new cultivar segment.
- Non-New Zealand supply: all activities related to the production and sale of non-New Zealand-grown kiwifruit varieties, other than activities included in the new cultivar segment.
- New cultivars: all pre-commercialised activities related to any Zespri PVR kiwifruit including activities related to the selling and administration of PVR licences, and the associated ongoing royalty income.
- All other segments: all other segments not covered above including ownership of land and buildings.

The internal management information on which segment results are based uses a different method for allocating realised gains and losses on treasury activities. For internal management reporting, realised gains and losses from the management of foreign exchange risk are allocated to the business unit's individual revenue and expense lines based on the underlying currencies of the transactions to effect what would be a 'hedged' rate on the cumulative transactions. For financial reporting purposes, these net realised foreign exchange gains/(losses) on derivatives are disclosed separately from the operating revenue and operating expense within other net (losses)/gains (refer Note 4).

	New Zealand kiwifruit \$'000	Non-New Zealand kiwifruit \$'000	New cultivars \$'000	All other segments \$'000	Eliminations \$'000	Total \$'000
2023						
Total sales revenue – external customers	3,396,667	519,323	–	–	–	3,915,990
Inter-segment revenue	–	–	46,891	2,911	(49,802)	–
Other external revenue	5,958	2,564	311,685	11,962	–	332,169
Segment revenue	3,402,625	521,887	358,576	14,873	(49,802)	4,248,159
Fruit and service payments	2,193,016	373,347	–	–	–	2,566,362
Loyalty premium	48,554	–	–	–	–	48,554
Depreciation and amortisation	15,527	1,035	4,184	626	–	21,372
Inter-segment expense	43,416	6,386	–	–	(49,802)	–
Inter-segment interest (income)/expense	(9,989)	–	–	9,989	–	–
Other external expenses	1,134,248	111,614	34,748	12	–	1,280,622
Total expense	3,424,772	492,382	38,932	10,627	(49,802)	3,916,911
Segment profit before taxation	(22,147)	29,505	319,644	4,246	–	331,248

23 Group segment results (continued)

2022	New Zealand kiwifruit \$'000	Non-New Zealand kiwifruit \$'000	New cultivars \$'000	All other segments \$'000	Eliminations \$'000	Total \$'000
Total sales revenue – external customers	3,491,846	536,864	–	–	–	4,028,710
Inter-segment revenue	–	–	45,589	3,891	(49,480)	–
Other external revenue	10,214	1,291	440,714	2,880	–	455,099
Total revenue	3,502,060	538,155	486,303	6,771	(49,480)	4,483,809
Fruit and service payments	2,420,284	409,775	–	–	–	2,830,059
Loyalty premium	53,072	–	–	–	–	53,072
Depreciation and amortisation	13,190	988	2,088	620	–	16,886
Inter-segment expense	44,109	5,371	–	–	(49,480)	–
Inter-segment interest	(1,356)	–	–	1,356	–	–
Other external expenses	947,846	95,160	35,661	–	–	1,078,667
Total expense	3,477,145	511,294	37,749	1,976	(49,480)	3,978,684
Segment profit before taxation	24,915	26,861	448,554	4,795	–	505,125

Group sales revenue – by location of external customers	2023 \$'000	2022 \$'000
<i>Total Europe and North America</i>	1,530,654	1,632,511
<i>Total Europe</i>	1,226,020	1,376,435
Spain	310,398	380,905
Germany	268,559	314,202
France	186,422	212,011
Italy	159,553	185,662
Netherlands	115,648	155,329
Belgium	185,440	128,326
<i>Total North America</i>	304,634	256,076
USA	269,795	217,182
Canada	34,839	38,894
<i>Total Asia Pacific</i>	1,159,635	1,119,011
Japan	757,387	767,261
South Korea	276,035	235,290
Australia	63,426	56,684
Singapore	34,205	33,301
Vietnam	28,581	26,475
<i>Total Greater China</i>	1,036,813	1,047,295
China	820,110	837,704
Taiwan	172,312	166,862
Hong Kong	44,390	42,729
<i>Total Other</i>	188,889	229,893
New Zealand	1,253	1,381
Other	187,636	228,512
	3,915,991	4,028,710

In 2022/23 there are no customers which account for at least 10 percent of sales across the group (2022: Nil).

Non-current assets – by location of asset	2023 \$'000	2022 \$'000
New Zealand	106,547	89,313
Other	19,709	27,185
	126,256	116,498
Other non-current assets (no assigned location):		
Deferred tax assets	12,448	12,347
Other financial assets	71,602	187,854
Total non-current assets	210,306	316,699

Statutory Information

Shareholder information

Top 20 shareholders as at 31 March 2023	Number of shares	%
Trinity Lands Limited	4,428,838	2.42
Whitehall Fruitpackers Holdings Limited	3,244,043	1.77
Mangatarata Farms Limited	2,252,266	1.23
Cooper Coolpac Limited	2,227,482	1.22
Jace Orchards Limited	2,093,524	1.14
Mangatarata Orchards Limited	1,827,965	1.00
Liberty Foundation 1977 Limited	1,762,628	0.96
Progeny Kiwifruit Limited	1,660,348	0.91
Fruit Force Partnership	1,600,476	0.87
Birdhurst Limited	1,291,070	0.70
Golf Course Orchard Limited Partnership	1,258,615	0.69
High Fives Kiwifruit Limited Partnership	1,228,773	0.67
Frontier Orchards Limited Partnership	1,221,277	0.67
OCP I Limited Partnership	1,157,067	0.63
T & R Hughes Family Trust	1,103,157	0.60
The Wotton Trust	1,095,135	0.60
Ngai Tukairangi No.2 Trust	1,056,658	0.58
Ohiwa Hort Limited	1,007,925	0.55
Golden Meadows Limited	1,000,000	0.55
Strathboss Kiwifruit Limited	994,695	0.54
	33,511,942	18.30

Distribution of ordinary shares and registered shareholders as at 31 March 2023

Size of holding	Number of shareholders	%	Number of shares	Size of holding %
1 – 10,000	250	14.06	1,188,980	0.65
10,001 – 75,000	906	50.96	32,937,751	17.97
75,001 – 200,000	422	23.73	50,680,052	27.66
200,001 – 500,000	154	8.66	48,245,023	26.33
Over 500,001	46	2.59	50,200,434	27.39
Total	1,778	100.00	183,252,240	100.00

Shareholder statistics	2023	2022
Number of shares ('000)	183,252	183,252
Interim and final dividend (per share) – partially imputed	\$1.17	\$1.78
Share price at year-end	\$6.25	\$8.85
Earnings per share	\$1.30	\$1.97
Net dividend yield	18.72%	20.11%
Gross dividend yield at 28% tax rate	24.54%	27.93%
Share trading		
Number of shares sold and/or transferred: on-market trades	4,722,618	4,389,915
Number of shares sold and/or transferred: off-market trades	9,688,748	9,140,061
Equity ratio	31.71%	23.80%
Net tangible assets value (per share)	\$1.56	\$1.59

Directors' disclosures

Directors' meeting attendances* and business travel overseas

Name	B L Cameron – Chair	J P Mason	N W Flowerday	P R Jones	C M Thompson	P M Springford	A Barrass	A J Hawken
Zespri Group Limited Board	16	16	18	17	15	16	13	18
Audit and Risk Management Committee	5	6	5	5	5	6	–	6
People and Culture Committee	3	4	2	4	2	2	4	4
Industry Advisory Council ¹	3	–	5	4	3	–	–	5
Board Innovation Subcommittee	4	–	5	4	5	–	5	5
Sustainability Advisory Board	–	–	–	–	–	–	2	–
Zespri Global Supply (ZGS) Advisory Board	3	–	–	1	3	–	–	2
Number of business travel overseas	3	2	3	3	2	1	3	2

* All Directors have a standing invitation to attend meetings of all committees, irrespective of whether they are a member of that Committee. Subcommittee membership is reviewed periodically and changed during the course of the year.

¹ In addition to the scheduled bi-monthly IAC meetings, there were a series of fortnightly quality online calls. Due to the nature of the meetings, Director attendance was not always essential, therefore not recorded.

Committee members – Directors

Audit and Risk Management Committee

J P Mason (Chair)	P M Springford
N W Flowerday	A J Hawken

Kiwifruit Breeding Centre

N W Flowerday

People and Culture Committee

P R Jones (Chair)	J P Mason
A Barrass	A J Hawken

Zespri Global Supply Advisory Board (ZGS)

C M Thompson (Chair)

Industry Advisory Council

A J Hawken (Chair)	N W Flowerday
P R Jones	B L Cameron (observer)

Zespri Global Sustainability Advisory Board

A Barrass (Chair)

Board Innovation Subcommittee

N W Flowerday (Chair)	P R Jones
A Barrass	C M Thompson

Kiwifruit Vine Health Board

C M Thompson

Remuneration of Directors

	2023 \$
A Barrass	113,750
B L Cameron	238,655
N W Flowerday	110,151
A J Hawken	110,151
P R Jones	130,651
J P Mason	125,484
P M Springford	103,984
C M Thompson	108,984
Total	1,041,810

The Chair of each committee receives \$5,000 of remuneration per annum, except for the Chair of the Audit and Risk Management Committee who receives \$15,500 remuneration per annum.

Directors' interests – shareholdings

The following table sets out the shareholdings in Zespri Group Limited held by each Director or related entity as at 31 March 2023.

	Shareholding as at 31 March 2022	Date of transaction	Share price \$	Number purchased and transferred	Number sold	Interest commenced/ (ceased)	Shareholding as at 31 March 2023
B L Cameron	1,277,429		–	–	–	–	1,277,429
A Barrass			–	–	–	–	–
N W Flowerday	1,335,984	12/04/2022	–	1,228,773	1,228,773		1,335,984
A J Hawken	527,601	14/05/2022	9.00	13,000	–	–	
		31/01/2023	6.50	3,000	–	–	543,601
P R Jones	10,679,046	22/04/2022	9.00	10,000	–	–	–
		29/04/2022	8.90	320,000	–	–	–
		14/05/2022	9.00	59,067	–	–	–
		29/05/2022	9.00	70,000	–	–	–
		30/05/2022	9.00	204,905	–	–	–
		1/06/2022	9.00	4,000	–	–	–
		9/06/2022	8.96	40,000	–	–	–
		26/06/2022	9.10	100,000	–	–	–
		11/10/2022	6.75	50,000	–	–	–
		11/10/2022	6.70	110,000	–	–	–
		15/11/2022	6.63	30,000	–	–	–
		16/11/2022	6.63	17,000	–	–	–
		7/12/2022	6.53	32,455	–	–	–
		31/01/2023	6.50	3,000	–	–	–
		13/03/2023	6.50	120,545	120,545	–	–
		13/02/2023	6.50	50,000	50,000	–	11,729,473
J P Mason			–	–	–	–	–
P M Springford			–	–	–	–	–
C M Thompson	1,750,195	22/07/2022	9.00	2,200	–	–	1,752,395

The above table includes shareholdings and share trades by 'relevant interests' of Directors as defined in the Financial Markets Conduct Act 2013.

A full list of Directors' interests is included on the following pages.

Directors' interests – Directors in office as at 31 March 2023

B L Cameron Director and Chairman of, and shareholder in, Zespri Group Limited Director of Zespri International Limited Director and Chairman of Realty Service Holdings Limited Director of Eves Realty Group Ltd Director of, and shareholder in, Cameron Dairy Farms Limited Director of, and shareholder in, Cameron Farms Limited Director of, and shareholder in, Cameron Orchards Limited (Shareholder in Eastpack Limited and DMS Pro growers Limited) Director of, and shareholder in, Gilston Mains Limited Director of, and shareholder in, Gilston Mains Resources Limited (interest commenced October 2022) Director of, and shareholder in, Strathlea Holdings Limited Trustee of B L and G M Cameron Family Trust Director of, and shareholder in Anchorage Capital Limited Trustee of Rawenga Trust (interest ceased March 2023) Director of, and shareholder in, Cameron Quarry Limited (interest commenced October 2022)	N W Flowerday Director of, and shareholder in, Zespri Group Limited Director of Zespri International Limited Director of Kiwifruit Breeding Centre Limited Director of, and shareholder in, NWF Holdings Limited (Shareholder in Apata Group Limited) Director of, and shareholder in, Pro Kiwi Limited Director of HFKGP Limited (General Partner for High Fives Kiwifruit Limited Partnership) (Interest commenced April 2022) Partner in High Fives Kiwifruit Limited Partnership (Shareholder in Apata Group Limited) (Interest commenced April 2022) Partner in Hairy Fruit Limited Partnership
A J Hawken Director of, and shareholder in, Zespri Group Limited Director of Zespri International Limited Chairman of Tapawera Hops Limited Partnership Chairman of Heretaunga Orchard Limited Partnership Chairman of Te Aari Apple Limited Partnership Director and Chairman of Rakete Orchards GP Limited Director and Chairman of Wairau Hops Limited Director of, and shareholder in, Eastern Gold Limited (Shareholder in Eastpack Limited and DMS Pro growers Limited) Director of, and shareholder in, Hawken Farm Limited Director of, and shareholder in, Pipt Limited Director of, and shareholder in, Rochford Farms Limited Director of, and shareholder in, Willows Rd Gold Limited Director of Tirohanga Fruit Company Shareholder in EastPack Limited Shareholder in Ryan Hawken Enterprises Limited Trustee of Kenmore Trust (Shareholder in Eastpack Limited) Business Development Manager at Trinity Lands Limited	P R Jones Director of, and shareholder in, Zespri Group Limited (Substantial shareholding) Director of Zespri International Limited Director of Anamata 100 Ltd Director of DMS Group Limited and subsidiaries Director of DMS Pro growers Supply Entity Limited Director of Gold Income JV Ltd Director of Mangatarata Orchards Limited and Mangatarata Orchard Partnership Director of Tane-Mahuta Orchard Developments Limited Director of, and shareholder in, Willow Rd Gold Limited Director of, and shareholder in, Direct Management Services Limited Director of, and shareholder in, DMS Pro growers Limited Director of, and shareholder in, Eastern Gold Limited Director of, and shareholder in, Elizabeth Heights Limited Director of, and shareholder in, Fraser Rd Orchard GP Limited and Limited Partnership Director of, and shareholder in, Fruit Force Partnership Director of, and shareholder in, Golf Course Orchard GP Limited and Limited Partnership Director of, and shareholder in, Mangatarata Farms Limited Director of, and shareholder in, Origin Capital Partners Management Limited and related entities Director of, and shareholder in, OTK Orchards Limited Director of, and shareholder in, TKG Agent Limited and TKG Partnership Shareholder in Progeny Kiwifruit Limited Trustee of, and beneficiary of, the Patricia Jones Trust Trustee of, and beneficiary of, the P R Jones Family Trust Director of Origin Capital Fund 2 GP Ltd Director of Origin Capital Partners GP Ltd

Directors' interests – Directors in office as at 31 March 2023 (continued)

<p>J P Mason</p> <p>Director of Zespri Group Limited</p> <p>Director of Zespri International Limited</p> <p>Director and Chairman of Vector Limited and some subsidiaries</p> <p>Director of Air New Zealand Limited</p> <p>Director of Allagash Limited</p> <p>Director of Westpac New Zealand Limited</p> <p>President of the Board of Directors of the American Chamber of Commerce</p> <p>Member of University of Auckland Council</p> <p>Trustee of University of Auckland Endowment Fund</p> <p>Trustee of Dilworth School</p> <p>Trustee of World Wildlife Fund for Nature (NZ)</p>	<p>A Barrass</p> <p>Director of Zespri Group Limited</p> <p>Director of Zespri International Limited</p> <p>Chairwoman and Director of Babich Wines Limited</p> <p>Chairwoman and shareholder of Tom & Luke Holdings Ltd</p> <p>Director of Spark New Zealand Limited</p> <p>Director, and shareholder of, Rockit Global Ltd</p> <p>Member of the Institute of Directors Nominations Committee</p> <p>Director of Suncorp Group Limited and New Zealand subsidiaries</p> <p>Vero Insurance New Zealand Limited, Asteron Life Limited and Vero Liability Insurance Limited</p>
<p>P M Springford</p> <p>Director of Zespri Group Limited</p> <p>Director of Zespri International Limited</p> <p>Director of Infratil Limited</p> <p>Director of Omaha Ventures Limited</p> <p>Director of Springford and Newick Limited</p> <p>Director of, and shareholder in, Cerbere Investments Limited</p> <p>Director of, and shareholder in, Charlie Farley Forestry Limited</p> <p>Director of, and shareholder in, Medicann Investments Limited</p> <p>Shareholder of New Zealand Wood Products Limited</p> <p>Trustee of The Dunstan Trust</p> <p>Trustee of The Springford Family Trust</p>	<p>C M Thompson</p> <p>Director of, and shareholder in, Zespri Group Limited</p> <p>Director of Zespri International Limited</p> <p>Director of D.C.D Orchards Limited</p> <p>Director of Kaiaponi Farms Limited</p> <p>Director of Kiwifruit Vine Health Incorporated</p> <p>Director of Ohiwa Hort Limited</p> <p>Director of Ohiwa Investments Limited</p> <p>Director of Paradise Kiwis Limited</p> <p>Director, and shareholder of, Alandale Farms Limited (Shareholder in Seeka Kiwifruit Limited)</p> <p>Director, and shareholder of, B&T Ranch Limited</p> <p>Director, and shareholder of, Double M Orchards Limited</p> <p>Shareholder of CVC Orchards Limited</p> <p>Shareholder of G.I.K. ss</p> <p>Shareholder of Seeka Kiwifruit Limited</p> <p>Trustee of CM Thompson Family Trust</p> <p>Trustee and beneficiary of L&C Trust</p> <p>Trustee of ID & N Greaves Family Trust</p>

Employee remuneration

For the year ended 31 March 2023, the number of employees whose total remuneration and value of any benefits received or receivable exceeded \$100,000 between the following bands was:

Number of non-New Zealand-based employees	Number of New Zealand-based employees	Total remuneration and benefits (\$)
30	30	\$100,000 to \$109,999
34	20	\$110,000 to \$119,999
29	15	\$120,000 to \$129,999
23	29	\$130,000 to \$139,999
16	11	\$140,000 to \$149,999
20	7	\$150,000 to \$159,999
9	9	\$160,000 to \$169,999
16	13	\$170,000 to \$179,999
6	4	\$180,000 to \$189,999
11	5	\$190,000 to \$199,999
8	7	\$200,000 to \$209,999
7	4	\$210,000 to \$219,999
4	4	\$220,000 to \$229,999
7	5	\$230,000 to \$239,999
5	1	\$240,000 to \$249,999
7	5	\$250,000 to \$259,999
2	1	\$260,000 to \$269,999
3	7	\$270,000 to \$279,999
3	5	\$280,000 to \$289,999
2	1	\$290,000 to \$299,999
1	2	\$300,000 to \$309,999
1	1	\$310,000 to \$319,999
	1	\$320,000 to \$329,999
1	1	\$330,000 to \$339,999
1	2	\$350,000 to \$359,999
2	1	\$360,000 to \$369,999
2	2	\$380,000 to \$389,999
3		\$390,000 to \$399,999
1		\$410,000 to \$419,999
	1	\$420,000 to \$429,999
1		\$440,000 to \$449,999
1		\$450,000 to \$459,999
1		\$500,000 to \$509,999
1		\$530,000 to \$539,999
2	1	\$540,000 to \$549,999
	2	\$590,000 to \$599,999
1		\$600,000 to \$609,999
	1	\$670,000 to \$679,999
	1	\$730,000 to \$739,999
	1	\$800,000 to \$809,999
1		\$980,000 to \$989,999
1		\$1,070,000 to \$1,079,999
1		\$1,340,000 to \$1,349,999
1		\$1,990,000 to \$1,999,999

Note: These bands are in New Zealand Dollar equivalents and reflect foreign exchange fluctuations.

Redundancy Payments

For the year ended 31 March 2023, the number of employees who received redundancy payments between the following bands was:

Number of non-New Zealand-based employees	Number of New Zealand-based employees	Total remuneration and benefits (\$)
–	3	\$50,000 to \$99,999
2	–	\$100,000 to \$149,999

Note: These bands are in New Zealand Dollar equivalents and reflect foreign exchange fluctuations.

Industry Performance

Regional Production Analysis – New Zealand-Grown Kiwifruit

	2022/23		2021/22		2020/21		2019/20	
Tray Equivalents (TEs) supplied to Zespri	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha
● Zespri Green Kiwifruit								
Northland	69	6,878	79	7,410	81	8,829	100	6,835
Auckland	226	7,919	237	9,332	243	8,030	256	7,175
Bay of Plenty								
– Katikati	793	9,449	824	11,343	859	8,011	830	8,960
– Ōpōtiki	424	7,245	433	11,363	436	10,735	444	10,834
– Tauranga	912	10,149	987	11,711	996	10,625	1,066	9,773
– Te Puke	2,863	10,359	2,969	12,672	3,079	11,551	3,190	11,058
– Waihi	90	8,851	101	10,822	106	7,608	132	7,771
– Whakatāne	254	7,479	279	9,153	309	7,434	331	8,369
Waikato	230	7,450	210	9,327	202	8,297	204	9,113
Poverty Bay	31	7,671	31	7,035	40	6,054	44	6,801
Hawke's Bay	34	7,574	39	6,332	41	6,005	41	6,916
Lower North Island	70	8,321	69	6,482	69	8,623	69	9,062
South Island	183	7,339	133	6,903	197	6,226	208	6,519
Total producing hectares	6,180		6,390		6,659		6,915	
Average TE supplied per hectare		9,480		11,529		10,133		9,932
● Zespri Organic Green Kiwifruit								
Northland	–	–	–	–	–	–	–	–
Auckland	1	5,714	1	4,569	1	5,118	1	2,626
Bay of Plenty								
– Katikati	39	7,206	29	8,862	29	6,427	30	6,095
– Ōpōtiki	22	7,137	22	7,337	22	7,400	21	7,092
– Tauranga	187	6,453	177	7,331	177	7,333	174	6,599
– Te Puke	39	7,956	38	8,926	35	8,276	37	7,924
– Waihi	21	6,582	20	6,207	22	3,961	22	5,077
– Whakatāne	6	3,665	4	2,463	4	2,742	4	3,178
Waikato	145	6,377	142	5,226	147	4,875	147	6,047
Poverty Bay	–	–	–	–	–	–	0	2,728
Hawke's Bay	–	–	–	–	–	–	–	–
Lower North Island	7	4,947	6	8,097	2	3,330	2	3,763
South Island	–	–	–	–	–	–	–	–
Total producing hectares	467		438		439		437	
Average TE supplied per hectare		6,601		6,805		6,296		6,386
● Zespri SunGold Kiwifruit¹								
Northland	528	10,602	430	12,461	386	13,251	368	11,738
Auckland	383	12,119	286	13,447	234	14,312	227	12,865
Bay of Plenty								
– Katikati	755	13,542	707	16,072	597	13,285	537	13,421
– Ōpōtiki	638	10,906	603	15,771	571	13,901	543	14,132
– Tauranga	544	14,559	519	15,443	517	14,580	500	13,133
– Te Puke	2,939	14,230	2,643	15,621	2,402	15,252	2,085	14,228
– Waihi	91	13,483	82	15,412	97	12,256	105	11,887
– Whakatāne	549	10,518	425	14,283	341	13,405	274	12,074
Waikato	213	10,754	194	14,204	185	12,773	197	11,239
Poverty Bay	430	11,476	346	13,532	311	10,727	267	12,321
Hawke's Bay	171	12,710	167	12,522	165	11,034	156	12,559
Lower North Island	2	13,209	1	10,010	1	10,096	1	11,093
South Island	245	15,269	119	11,335	241	15,189	224	14,897
Total producing hectares	7,486		6,522		6,047		5,483	
Average TE supplied per hectare		12,998		14,964		14,130		13,443

	2022/23		2021/22		2020/21		2019/20	
Tray Equivalents (TEs) supplied to Zespri	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha
● Zespri Organic SunGold Kiwifruit¹								
Northland	31	8,684	24	9,745	9	7,579	–	–
Auckland	3	7,701	4	4,877	4	8,687	–	–
Bay of Plenty								
– Katikati	15	9,127	10	12,156	2	7,868	–	–
– Ōpōtiki	14	8,616	11	12,335	11	7,939	–	–
– Tauranga	52	10,346	41	12,613	30	10,618	–	–
– Te Puke	113	11,281	102	11,643	52	12,350	–	–
– Waihi	6	10,489	6	9,545	13	9,307	–	–
– Whakatāne	11	13,143	–	–	–	–	–	–
Waikato	22	10,614	19	9,256	18	8,263	–	–
Poverty Bay	19	10,749	4	11,702	3	4,871	–	–
Hawke's Bay	–	–	–	–	–	–	–	–
Lower North Island	–	–	–	–	–	–	–	–
South Island	–	–	–	–	–	–	–	–
Total producing hectares	285		222		142		–	
Average TE supplied per hectare		10,518		11,299		10,253		–

● Zespri Sweet Green Kiwifruit

Northland	–	–	–	–	–	–	–	–
Auckland	8	5,324	9	4,957	12	3,088	14	2,894
Bay of Plenty								
– Katikati	6	4,328	6	5,153	8	4,307	9	4,718
– Ōpōtiki	5	4,026	5	8,653	5	5,687	5	7,353
– Tauranga	1	5,406	1	9,330	1	5,771	1	7,380
– Te Puke	7	8,472	8	10,775	9	8,719	17	7,778
– Waihi	–	–	–	–	–	–	–	–
– Whakatāne	2	4,352	2	6,670	5	5,844	7	5,674
Waikato	–	–	–	–	–	–	8	6,248
Poverty Bay	–	–	–	–	–	–	–	–
Hawke's Bay	7	7,838	7	5,605	7	7,831	7	5,920
Lower North Island	–	–	–	–	1	2,471	2	3,181
South Island	–	–	–	–	–	–	–	–
Total producing hectares	34		37		48		70	
Average TE supplied per hectare		6,025		6,969		5,608		5,668

● Zespri RubyRed Kiwifruit

Northland	2	2,342	–	–	–	–	–	–
Auckland	11	1,674	–	–	–	–	–	–
Bay of Plenty								
– Katikati	4	3,142	–	–	–	–	–	–
– Ōpōtiki	8	1,599	–	–	–	–	–	–
– Tauranga	4	2,838	–	–	–	–	–	–
– Te Puke	15	2,271	–	–	–	–	–	–
– Waihi	1	1,857	–	–	–	–	–	–
– Whakatāne	2	1,779	–	–	–	–	–	–
Waikato	9	959	–	–	–	–	–	–
Poverty Bay	5	1,331	–	–	–	–	–	–
Hawke's Bay	–	–	–	–	–	–	–	–
Lower North Island	–	–	–	–	–	–	–	–
South Island	–	–	–	–	–	–	–	–
Total producing hectares	59		–		–		–	
Average TE supplied per hectare		1,882		–		–		–

All Zespri Kiwifruit

Northland	630	10,077	533	11,588	476	12,391	467	10,694
Auckland	632	10,319	537	11,413	494	10,886	497	9,642
Bay of Plenty	11,429	11,434	11,053	13,480	10,736	12,111	10,363	11,537
– Katikati	1,612	11,274	1,575	13,403	1,493	10,068	1,407	10,575
– Ōpōtiki	1,110	9,313	1,074	13,753	1,046	12,341	1,012	12,510
– Tauranga	1,699	11,141	1,725	12,405	1,722	11,470	1,741	10,420
– Te Puke	5,976	12,243	5,760	13,980	5,577	13,127	5,328	12,266
– Waihi	209	10,646	209	12,142	238	9,250	259	9,218
– Whakatāne	823	9,533	710	12,184	659	10,484	614	9,962
Waikato	619	8,352	564	9,969	551	8,883	555	9,016
Poverty Bay	485	11,105	381	12,988	353	10,155	312	11,526
Hawke's Bay	212	11,718	212	11,166	212	9,966	204	11,197
Lower North Island	78	8,125	77	6,684	73	8,392	75	8,749
South Island	427	11,880	252	8,994	438	11,157	433	10,861
Total producing hectares	14,512		13,610		13,334		12,905	
Average TE supplied per hectare		11,183		13,007		11,804		11,281

¹ The 2019/20 comparatives presented here for Zespri SunGold Kiwifruit reflect the combined pool of Zespri SunGold and Zespri Organic SunGold Kiwifruit. These varieties have been split into separate pools from the 2020/21 year.

TE/ha = tray equivalents of supplied class 1 standard supply sizes per hectare.
Producing hectares includes all hectares producing fruit in the relevant season.
Producing hectare amounts are not rounded to whole numbers; therefore, rounding differences may apply to totals.







New Zealand Kiwifruit Industry Statistics

	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Distribution to growers/suppliers								
Fruit and service payments (excluding loyalty premium)	13.22	13.47	13.72	12.94	11.52	11.53	9.21	9.27
Loyalty premium	0.29	0.30	0.39	0.31	0.30	0.27	0.25	0.24
Total payments per tray¹	13.52	13.77	14.11	13.25	11.83	11.80	9.46	9.51
Crop volumes ('000)								
Trays submitted (gross)	175,301	183,973	160,977	150,341	157,715	125,822	148,902	123,763
Trays supplied	165,860	179,662	159,649	148,134	154,058	124,433	145,871	120,145
Trays sold	158,726	175,033	158,077	145,223	148,843	123,246	137,748	117,094
Trays sold as a percentage of trays supplied	95.7%	97.4%	99.0%	98.0%	96.6%	99.0%	94.4%	97.5%
General statistics								
Production per hectare (trays submitted)	12,080	13,518	12,072	11,650	12,373	9,913	11,838	10,157
Producing hectares	14,512	13,610	13,334	12,905	12,747	12,692	12,578	12,185
Orchard Gate Return per hectare (average)	100,345	124,479	123,041	107,142	96,033	79,361	68,868	60,758
Number of producers ²	2,804	2,843	2,813	2,792	2,756	2,405	2,435	2,516
Average number of trays supplied per producer	59,151	63,194	56,754	53,057	55,899	51,739	59,906	47,752
Number of orchards registered								
0 – 2 hectares	698	713	734	738	717	774	791	807
2 – 5 hectares	1,550	1,527	1,554	1,540	1,575	1,509	1,508	1,499
5 – 10 hectares	774	743	720	693	702	607	589	568
Over 10 hectares	274	254	214	211	207	165	161	147
Total (KPINs)	3,296	3,237	3,222	3,182	3,201	3,055	3,049	3,021
Average orchard size (hectares)								
Green	3.3	3.3	3.3	3.3	3.4	3.5	3.5	3.5
Gold*	3.9	3.8	3.5	3.3	2.8	2.7	2.6	2.3
* includes Gold3 (first season producing 2012/13), Hort16A and Gold9 (decommissioned 2015/16)								
Number of packhouses used								
0 – 500,000 trays	6	5	6	10	7	15	16	17
500,000 – 1,000,000 trays	3	2	3	3	6	6	7	5
1,000,000 – 2,000,000 trays	5	4	8	9	8	4	5	9
Over 2,000,000 trays	25	27	24	22	23	22	22	20
Total	39	38	41	44	44	47	50	51
Average trays stored per packhouse ('000)	4,495	4,841	3,926	3,417	3,584	2,677	2,978	2,427
Number of coolstores used								
0 – 500,000 trays	17	27	17	22	25	31	35	29
500,000 – 1,000,000 trays	8	5	10	8	6	8	10	5
1,000,000 – 2,000,000 trays	8	6	7	9	8	6	7	9
Over 2,000,000 trays	27	27	25	24	25	22	21	21
Total	60	65	59	63	64	67	73	64
Average trays stored per coolstore ('000)	2,922	2,830	2,728	2,386	2,464	1,878	2,040	1,934
Number of employees								
New Zealand based (includes seasonal employees)	402	381	343	294	251	239	233	194
Non-New Zealand based	435	395	345	284	279	239	203	159
Total	837	776	688	578	530	478	436	353
Global revenue per employee (\$'000) – including seasonal employees								
	5,073	5,774	5,675	5,830	5,952	5,244	5,379	5,457
Global revenue (adjusted to 31 March 2023 7-year average foreign exchange rates) per employee (\$'000) – including seasonal employees								
	4,877	5,627	5,468	5,642	5,794	5,256	5,408	5,502

1 Per tray amounts are not rounded to two decimal places; therefore, rounding differences may apply to totals.

2 In accordance with the revised Constitution definition of Producer, from 2018/19 the number of producers includes lessees. The historical numbers exclude lessees.

New Zealand Total Fruit And Service Payments Including Loyalty Premium

		Return \$m 2022/23	\$ PER TE ¹ 2022/23	\$ PER TE ¹ 2021/22	\$ PER TE ¹ 2020/21	\$ PER TE ^{1,2,3} 2019/20
Class 1 Kiwifruit						
 Zespri® Green Kiwifruit	Total tray equivalents supplied (m)		58.6	73.9	67.5	68.7
	Fruit payments	243.4	4.16	4.69	8.65	4.10
	Fruit incentives	246.1	4.20	3.77	0.36	4.15
	Service payments	82.9	1.42	1.50	1.39	1.59
	Loyalty premium	17.6	0.30	0.30	0.40	0.31
	Total fruit and service payments (including loyalty premium)	589.9	10.07	10.25	10.80	10.16
 Zespri® Organic Green Kiwifruit	Total tray equivalents supplied (m)		3.1	3.0	2.8	2.8
	Fruit payments	18.5	5.99	6.25	11.54	5.64
	Fruit incentives	16.0	5.18	5.50	0.46	5.71
	Service payments	3.2	1.03	0.96	0.81	0.90
	Loyalty premium	0.9	0.30	0.30	0.40	0.31
	Total fruit and service payments (including loyalty premium)	38.5	12.50	13.02	13.21	12.56
 Zespri® SunGold Kiwifruit ⁽²⁾⁽³⁾	Total tray equivalents supplied (m)		97.3	97.7	85.5	73.7
	Fruit payments	719.8	7.40	7.82	14.18	6.32
	Fruit incentives	637.6	6.55	6.77	0.83	8.14
	Service payments	135.9	1.40	1.61	1.42	1.57
	Loyalty premium	29.1	0.30	0.30	0.40	0.31
	Total fruit and service payments (including loyalty premium)	1,522.4	15.65	16.50	16.82	16.35
 Zespri® SunGold Organic Kiwifruit ⁽²⁾	Total tray equivalents supplied (m)		3.0	2.5	1.5	–
	Fruit payments	24.5	8.16	7.21	16.95	–
	Fruit incentives	23.2	7.73	8.20	0.55	–
	Service payments	3.4	1.14	1.30	0.96	–
	Loyalty premium	0.9	0.30	0.30	0.40	–
	Total fruit and service payments (including loyalty premium)	52.0	17.32	17.02	18.85	–
 Zespri® RubyRed Kiwifruit	Total tray equivalents supplied (m)		0.1	–	–	–
	Fruit payments	2.5	21.98	–	–	–
	Fruit incentives	–	0.19	–	–	–
	Service payments	–	–	–	–	–
	Loyalty premium	–	0.30	–	–	–
	Total fruit and service payments (including loyalty premium)	2.5	22.48	–	–	–
 Zespri® Sweet Green Kiwifruit	Total tray equivalents supplied (m)		0.2	0.3	0.3	0.4
	Fruit payments	1.7	8.05	7.16	12.70	6.59
	Fruit incentives	0.6	2.78	3.98	0.50	3.92
	Service payments	–	–	–	–	–
	Loyalty premium	0.1	0.30	0.30	0.40	0.31
	Total fruit and service payments (including loyalty premium)	2.3	11.12	11.44	13.61	10.82
Class 2 Kiwifruit						
Class 2 Zespri Green Kiwifruit	Total tray equivalents supplied (m)		1.1	1.3	1.1	1.1
	Fruit payments	7.3	6.38	7.18	7.32	7.01
	Service payments	0.2	0.17	0.16	0.13	–
	Total fruit and service payments	7.5	6.56	7.34	7.45	7.01
Class 2 Zespri Organic Green Kiwifruit	Total tray equivalents supplied (m)		0.1	0.1	0.1	0.1
	Fruit payments	0.7	8.41	9.87	10.02	10.02
	Service payments	–	0.22	0.20	0.15	0.13
	Total fruit and service payments	0.7	8.63	10.07	10.17	10.15
Class 2 Zespri SunGold Kiwifruit ⁽⁴⁾	Total tray equivalents supplied (m)		0.8	0.9	0.8	0.5
	Fruit payments	8.5	10.15	9.36	9.02	8.44
	Service payments	0.1	0.13	0.19	0.16	0.03
	Total fruit and service payments	8.6	10.27	9.55	9.18	8.47
Class 2 Zespri SunGold Organic Kiwifruit ⁽⁴⁾	Total tray equivalents supplied (m)		–	0.0	0.0	–
	Fruit payments	–	–	14.10	13.42	–
	Service payments	–	–	0.03	0.04	–
	Total fruit and service payments	–	–	14.14	13.47	–
Non-standard supply kiwifruit						
	Total tray equivalents supplied (m)		1.5	0.0	0.1	0.8
	Fruit payments	16.7	11.06	8.47	9.71	4.20
	Fruit incentives	–	–	5.17	–	3.49
	Service payments	0.8	0.56	0.43	0.77	0.96
	Total fruit and service payments	17.6	11.62	14.07	10.48	8.65
Total All Pools						
	Total tray equivalents supplied (millions)		165.9	179.7	159.6	148.1
	Fruit payments	1,043.5	6.29	6.50	11.74	5.28
	Fruit incentives	923.4	5.57	5.44	0.61	6.12
	Service payments	226.5	1.37	1.53	1.37	1.54
	Loyalty premium	48.6	0.29	0.30	0.39	0.31
	Total fruit and service payments (including loyalty premium)	2,242.0	13.52	13.77	14.11	13.25
	Total fruit and service payments 2021/22 (NZ IFRS)	2,473.5				
	Total fruit and service payments 2020/21 (NZ IFRS)	2,253.2				
	Total fruit and service payments 2019/20 (NZ IFRS)	1,962.5				

(1) \$ Per TE amounts are not rounded to two decimal places; therefore, rounding differences may apply to totals.

(2) The 2019/20 comparatives presented here for Zespri SunGold kiwifruit reflects the combined pool of Zespri SunGold Kiwifruit and Organic SunGold Kiwifruit. These varieties have been split into separate pools from 2020/21 onwards.

(3) The 2019/20 comparatives presented here for Zespri Class 2 SunGold Kiwifruit reflects the combined results of Zespri Class 2 SunGold and Class 2 Organic SunGold Kiwifruit. These varieties have been presented separately from 2020/21 onwards.

Alternative Revenue Statement

	2022/23	2021/22	2020/21
Zespri global operating revenue (\$'000)**	4,224,102	4,465,440	3,889,634
Zespri global kiwifruit sales – net (\$'000)	3,915,991	4,028,710	3,582,708
New Zealand grown kiwifruit tray equivalents supplied (millions)	165.8	179.7	159.6
Non-New Zealand grown kiwifruit tray equivalents supplied (millions)	25.6	26.8	23.7
New Zealand kiwifruit segment	\$'000	\$'000	\$'000
Gross sales of New Zealand kiwifruit	3,776,963	3,773,671	3,334,563
Promotional rebates, claims and discounts	(406,699)	(320,491)	(258,894)
Net sales of New Zealand kiwifruit	3,370,265	3,453,180	3,075,669
Net fruit return through collaborative marketers	26,403	38,666	34,212
Other pool income	403	3,463	877
Revenue attributable to New Zealand pools¹	3,397,070	3,495,309	3,110,758
Less New Zealand pool costs:			
Freight	354,800	246,967	166,211
Insurance (onshore and offshore excluding hail)	7,115	5,635	4,718
Hail self-insurance	–	6,328	445
Duty and customs	47,364	46,789	48,361
Other direct pool costs – onshore ^{2, 3, 4, 6}	116,316	114,161	103,835
Other direct pool costs – offshore	189,800	145,644	124,779
Promotion	189,527	179,285	167,437
Interest income ⁵	(9,989)	(1,356)	(630)
Total pool costs	894,933	743,453	615,156
Return from fruit sales	2,502,137	2,751,856	2,495,602
New Zealand fruit and service payments	2,193,016	2,420,284	2,190,089
Zespri margin⁷	309,121	331,572	305,513
Other non-pool revenue	3,589	3,564	2,478
Innovation funding ⁹	1,966	3,187	2,678
New Zealand kiwifruit corporate revenue	314,676	338,323	310,669
Less corporate overhead expenses:			
Innovation	20,206	16,398	13,326
Overhead costs – onshore	158,845	135,326	93,989
Overhead costs – offshore	109,304	107,657	86,395
Allocated excess taxation	(85)	955	–
New Zealand kiwifruit corporate overhead expense	288,270	260,336	193,710
Zespri EBIT and loyalty premium from New Zealand kiwifruit segment	26,407	77,987	116,959
Loyalty premium	48,554	53,072	62,619
Zespri EBIT from New Zealand kiwifruit	(22,147)	24,915	54,340
Non-New Zealand supply segment⁸	\$'000	\$'000	\$'000
Net sales of non-New Zealand supply kiwifruit	519,323	536,864	472,827
Less non-New Zealand supply costs:			
Direct costs including fruit purchases	458,804	479,110	413,556
Overhead costs	33,579	32,184	28,816
Other expense / (income)	(2,564)	(1,291)	1,634
	489,819	510,003	444,006
EBIT from non-New Zealand supply segment	29,505	26,861	28,821

	2022/23	2021/22	2020/21
New cultivars segment	\$'000	\$'000	\$'000
New cultivars licence revenue	308,111	436,731	306,926
New cultivars royalty income ²	46,891	45,589	39,600
New cultivars Innovation Income ⁹	3,574	3,983	5,674
Revenue attributable to new cultivars	358,577	486,303	352,200
Less new cultivars costs:			
Amortisation of new cultivars	1,811	1,479	1,284
New cultivars costs ¹⁰	37,121	36,270	31,141
	38,932	37,749	32,425
EBIT from new cultivars segment	319,645	448,554	319,775
Land and buildings segment	\$'000	\$'000	\$'000
Income	2,996	2,935	2,862
Overhead costs	638	619	834
	638	619	834
EBIT from land and buildings segment	2,358	2,316	2,028
Zespri Group Profit Segment	\$'000	\$'000	\$'000
Zespri Group EBIT	329,361	502,646	404,964
Net interest income	1,973	1,524	353
Add back allocated excess taxation	(85)	955	–
Zespri Group profit before taxation	331,248	505,125	405,317
Taxation	92,500	143,624	114,827
Zespri Group profit after tax	238,748	361,501	290,490
Restatement adjustment after tax*	–	–	(13,357)
Restated Zespri Group profit after tax	238,748	361,501	277,133
Total fruit and service payments	2,193,016	2,420,284	2,190,089
Loyalty premium	48,554	53,072	62,619
Total fruit and service payments (including loyalty premium)	2,241,569	2,473,356	2,252,708

The Alternative Revenue Statement is used for management information and is the basis for the calculation of the fruit and service payments. Foreign exchange gains and losses are allocated differently from the way that they are allocated in the Financial Statements in that they are apportioned to the relevant line items above. For more detail on segment EBITs, refer to Note 23 of the Financial Statements. Amounts are not rounded to two decimal places, therefore rounding differences may apply.

* The restated Zespri profit after tax relates to accounting policy changes for Cloud Computing. For more detail on the nature of the restatements refer to note 1(b) of the Financial Statements.

** Global operating revenue equals global kiwifruit sales, plus new cultivars licence revenue.

Cause of Change 2022/23 vs 2021/22 \$millions

Net sales price/ offshore fruit loss		20.7
Market and profile mix		62.1
Volume	(171.1)	
Foreign exchange		31.8
Other income/expenses	(348.8)	
Taxation		51.1
Other season total fruit and service payments accrued	(0.4)	
Total	(354.5)	

The 'Cause of Change' chart outlines the decrease in the return to the industry this financial year to \$2,480 million from \$2,835 million in 2021/22.

	\$'000
Total fruit and service payments 2021/22 (including loyalty premium)	2,473,500
Add other seasons total fruit and service payments accrued	(144)
Add Zespri net profit after tax 2021/22	361,501
Return to industry 2021/22 financial year	2,834,857
Movements due to change in:	
Net sales price/offshore fruit loss	20,736
Market and profile Mix	62,081
Volume	(171,057)
Foreign exchange	31,792
Other income/expenses	(348,767)
Taxation	51,124
Return to industry 2022/23 season	2,480,766
Other season accruals	(449)
Return to industry 2022/23 financial year	2,480,317
Total fruit and service payments 2022/23 season	2,193,433
Add other season total fruit and service payments accrued	(418)
Add Zespri loyalty premium 2022/23	48,554
Total fruit and service payments 2022/23 (including loyalty premium)	2,241,569
Add Zespri net profit after tax 2022/23	238,748
Return to industry 2022/23 financial year	2,480,317

New Zealand Pool Costs as a Percentage of Pool Revenue

	2022/23	2021/22	2020/21
Zespri margin (net of loyalty premium)	7.7%	8.0%	7.8%
Freight*	10.4%	7.1%	5.3%
Insurance	0.2%	0.3%	0.2%
Duty and customs	1.4%	1.3%	1.6%
Other direct pool costs – onshore	3.4%	3.3%	3.3%
Other direct pool costs – offshore	5.6%	4.2%	4.0%
Promotion	5.6%	5.1%	5.4%
Interest (Income)/Charge	(0.3%)	(0.0%)	(0.0%)
Total fruit and service payments (including loyalty premium)	66.0%	70.8%	72.4%
	100.0%	100.0%	100.0%
Revenue attributable to New Zealand pools (\$'000)¹	3,397,070	3,495,309	3,110,758

* Freight costs have increased as a percentage of pool revenue in 2022/23 due to global freight rates and fuel cost increases.

- 1 Net revenue attributable to the pools includes sales of New Zealand-grown kiwifruit, income from New Zealand collaborative marketing programmes and other pool income as noted in the Alternative Revenue Statement.
- 2 Within 'Other direct pool costs – onshore' is the 3.0 percent royalty from new cultivars on net sales for Gold3, Red19 and Green14. This royalty is made up of two components: 1.35 percent of this royalty is paid to The New Zealand Institute for Plant & Food Research Limited and 1.65 percent royalty income from new cultivars in Zespri Group Limited.
- 3 Other direct pool costs – onshore include: KVH funding, KNZ fees and NZKGI funding.
- 4 Zespri Group Limited pays two different levies to Kiwifruit Vine Health Incorporated (KVH) on behalf of growers, for kiwifruit grown in New Zealand and exported to markets other than Australia: (1) National Pathway Management plan \$0.004 per tray and (2) a biosecurity levy of \$0.01 per tray.
- 5 Interest income is made up of the following: interest income of \$10.04 million and interest paid of \$0.05 million. This results in an overall interest income to the pools of \$9.99 million.
- 6 Zespri Group Limited is required, under Regulation 39 of the Kiwifruit Export Regulations 1999, to fund the statutory board Kiwifruit New Zealand. New Zealand Kiwifruit Growers Incorporated (NZKGI) is the kiwifruit grower representation body and Zespri Group Limited is required by The Commodity Levies (Kiwifruit) Order 2017 to pay a levy to NZKGI on behalf of growers. The rate for the 2022/23 year was \$0.011 per tray of kiwifruit grown in New Zealand and exported to markets other than Australia.
- 7 Zespri margin is calculated in accordance with the New Zealand Supply Agreement, being 5.0 percent of net sales (excluding collaborative marketing programmes) and 6.75 percent of fruit payments to suppliers.
- 8 Further analysis of non-New Zealand-grown supply is available within the segment reporting in Note 23 of the Financial Statements.
- 9 Innovation funding has been split between the New Zealand kiwifruit segment and the new cultivars segment based on the segment activity (refer Note 2(b) and Note 23 of the Financial Statements).
- 10 New Cultivars Costs include overhead costs and innovation costs (refer to Note 23 of the Financial Statements).
- 11 Fruit and service payments include an accrual of \$418k relating to early seasons sales and costs across the financial years.



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