



**20 June 2023**

Dear Growers and Shareholders,

I write to update you on today’s meeting of the Zespri Board of Directors which included discussion on the following issues:

- Indicative June 2023/24 OGR Forecasts
- 2023/24 Forecast Total Fruit and Services Payment Range
- 2023/24 Forecast Corporate Profit and Dividend Range
- Pre-Commercial Trials Update
- Annual Meeting – 23 August 2023
- Shed Talks

**Indicative June 2023/24 OGR Forecasts**

The Zespri Board today updated its indicative forecast OGR guidance last provided to growers on 23 March 2023. These ranges have been narrowed, with the bottom of the range lifted for all varieties other than SunGold Kiwifruit.

Forecast per tray ranges are up across all pools compared to final 2022/23 season results, with the latest forecast Green per tray returns our highest-ever opening OGR range. The improved range reflects an easing in some of the headwinds we have faced recently, including reduced freight costs, improved fruit quality and strong early-season pricing. These have been offset by the ongoing inflationary pressures, including in the post-harvest sector.

This season’s lower crop volumes are expected to see per hectare forecast returns remain subdued this season, particularly for Green growers given the historically low volume of Green fruit we have in 2023/24. In this environment, our focus will continue to be on maximising the value we can return to growers, with the industry’s continued focus on improving quality and reducing quality-related costs remaining pivotal. Optimising this season’s size profiles and our market mix will also be a focus this season, particularly as we look to finish the season as early as possible to manage late season fruit quality.

Pools (Fruit Categories)	2023/24 Indicative Per Tray Range - June Forecast	2023/24 Indicative Per Tray Range –23 March Guidance	2023/24 Indicative Per Hectare Range – June Forecast	2023/24 Indicative Per Hectare Range – 23 March Guidance
Zespri Green	\$7.25 - \$8.50	\$6.50 - \$8.50	\$50,000 - \$60,000	\$52,000 - \$68,000

<b>Zespri Organic Green</b>	\$9.50 - \$11.00	\$9.00 - \$11.00	\$44,000 - \$51,000	\$51,000 - \$63,000
<b>Zespri SunGold Kiwifruit</b>	\$10.50 - \$12.00	\$10.50 - \$12.50	\$116,000 - \$133,000	\$124,000 - \$148,000
<b>Zespri Organic SunGold Kiwifruit</b>	\$11.50 - \$13.50	\$11.00 - \$13.50	\$87,000 - \$102,000	\$94,000 - \$116,000
<b>Zespri Green14</b>	\$8.50 - \$10.50	\$7.50 - \$10.00	\$39,000 - \$49,000	\$34,000 - \$46,000
<b>Zespri RubyRed Kiwifruit</b>	\$20.50 - \$22.50	\$17.00 - \$20.00	\$32,000 - \$35,000	\$27,000 - \$31,000

### **2023/24 Forecast Total Fruit and Services Payment Range**

The Total Fruit and Service Payment range (excluding loyalty premium) for the 2023/24 season is forecast at between of \$1.975 billion to \$2.175 billion.

### **2023/24 Forecast Corporate Profit and Dividend Range**

The forecast range of corporate net profit after tax for 2023/24 is \$155 million to \$175 million, including licence release income, down from last year. This is largely due to lower licence income this season and lower supply volumes impacting the New Zealand Supply business segment.

The forecast net dividend per share range for the year ending 31 March 2024 is \$0.76 to \$0.86 (the gross dividend per share is \$0.97 - \$1.09). This is based on a dividend pay-out ratio of 90% of the available distributable profit, and imputation credits attached at a level of 70% of the maximum allowable.

The first interim dividend for 2023/24 is expected to be confirmed next month ahead of the first payment in August 2023.

### **Pre-Commercial Trials Update**

The Board today approved precommercial trials of a new red cultivar which are expected to commence later this winter.

Since commercialising the Red19 cultivar in late 2019, we have seen strong market demand for RubyRed Kiwifruit in our Asian Pacific markets. With more orchards reaching maturity, this year RubyRed Kiwifruit supply volumes increased to 330,000 trays and we expect to supply around 6.9 million trays of RubyRed Kiwifruit by 2027/28.

The decision to progress another red variety to precommercial trials is part of our effort to explore how to extend our supply of RubyRed Kiwifruit throughout the season and return more value to growers. The new cultivar that will enter precommercial trials is expected to have different seasonal timing to Red19 making it a complementary variety, and if commercialised, it is expected it will help us meet growing demand for a red kiwifruit for a longer period of time.

Any varieties entering pre-commercial trials must meet specific performance targets and are thoroughly evaluated before being considered for commercialisation. This process usually takes around five years to

complete, although the knowledge we have gained in developing and commercialising Red19 may allow us to move through the evaluation process more quickly.

**Zespri Annual Meeting: Wednesday 23 August 2023**

I look forward to seeing you at Zespri's Annual Meeting which will be held at Mercury Baypark, 81 Truman Lane, Mount Maunganui, at 1pm on Wednesday 23 August 2023 and can also be joined online.

A reminder that shareholders may vote at the meeting in person, appoint a proxy to attend and vote on their behalf, or vote in advance. Please note that advance voting (online or by post) and proxy appointments close at 1pm on Monday 21 August.

We will also be making a copy of Zespri's 2022/23 Annual Report available online in the coming weeks.

**Shed Talks**

Finally, a reminder that Zespri's Shed Talks commence this week which are a great opportunity for our team to hear directly from growers and industry on several key topics and what is top of mind for you. Feedback captured at the last round of shed talks had a significant influence on the licence release process, the design of the new Canopy website and the 7-point quality action plan. We encourage you to come along and help shape the future and ensure Zespri knows what is on your mind. A full list of venues and times is available on Canopy.

Best regards,

Bruce Cameron  
Chairman