



20 January 2023

Hi everyone,

I hope you've all had the chance to recharge with family and friends over the break.

The weather in parts of the country has been unsettled in recent weeks, and we are all hoping for plenty of sunshine throughout February and March to deliver dry matter for a great-tasting 2023 crop.

As we prepare for the upcoming 2023 harvest, the focus for our whole industry must be to reset every part of our supply chain to ensure we are delivering consistently great quality fruit to our customers – both in 2023 and in the years ahead. This is particularly important given the costs associated with fruit quality that we've seen throughout the 2022 season. These quality costs have unfortunately continued to rise as we've closed out the season.

Demand for our fruit has remained as expected and we completed the 2022 season in line with previous years. However, we have seen further deterioration in the fruit quality of our final vessels, particularly in the final shipments of our Green varieties into Europe and Asia. These shipments arrived after our previous forecast calculations were completed, with fruit quality much worse than anticipated, driven by higher fruit loss than forecast – both onshore and offshore – and higher quality claims.

At the time of our previous forecast, our fruit loss in Europe was estimated at approximately 7% for the last quarter of the year. Unfortunately the provisional fruit loss estimate is now at nearly 20% during this period, and fruit that needed repacking before being sent through to our customers was at a level approximately three times higher than the year prior. Quality claims from customers are also estimated to be nearly three times the level we experienced in 2021, and more significant than anticipated in the prior forecast. Higher fruit loss in New Zealand meant Japan was undersupplied by more than a million trays, with poorer fruit quality than anticipated in Japan also impacting our market mix.

Our next forecast is still being prepared in the lead up to the Board meeting on 24 February. It is important to let you know that the **additional costs associated with this poorer Green fruit quality** are likely to be more than 60c per tray for Green and 50c for Green Organic growers, based on our latest information, and still subject to finalisation. We understand how tough this will be for growers at the end of what has been a very hard year. Given the significant impact this has on Green returns and the amount already paid to date for the 2022 season, **we will not be proceeding with February progress payments for Green and Green Organic growers** and will reassess the impact on future progress payments once we have completed the February forecast.

This is not the sort of news that any of us wanted to start the year and it is a further reminder of the importance of addressing our fruit quality given the amount of value we have lost through quality costs. What is more positive is the demand we've continued to see for our fruit, and I want to acknowledge the hard work that's been undertaken across the industry to ensure that we could deliver the best possible fruit to our customers and consumers in what has been one of our most challenging seasons. This includes the effort of our in-market teams who repacked the last of our 2022 season fruit, helping protect our brand and reputation.

We will keep the industry regularly updated on further progress as we move through the 2023 harvest, including providing more details following the release of our February forecast, and in the year's first grower roadshows commencing in early March.

Our industry will continue to work together to address this fruit quality challenge in 2023 and beyond, including through the work being undertaken as part of the industry's Quality Action Plan. The significant focus you are all putting into improving fruit quality is critically important for us to significantly improve grower returns in 2023 and in the years ahead.

Dan Mathieson
Chief Executive