



23 November 2022

Dear Industry Colleagues,

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

- November 2022/23 Forecast
- Dividend Announcement
- Forecast corporate profit and dividend range
- Horizon Update
- Cost Management
- Fielddays and Roadshows

November 2022/23 Forecast

The Board of Zespri Directors met today and approved the November forecast for the 2022/23 season, the second full forecast we’ve published this year.

The table below outlines November 2022 forecast OGR per tray and per hectare returns for each category compared to the previous August 2022 forecast.

Pools (Fruit Categories)	2022/23 November Forecast (Per Tray)	2022/23 August Forecast (Per Tray)	2022/23 November Forecast (Per Ha)	2022/23 August Forecast (Per Ha)
Zespri Green	\$6.13	\$6.13	\$61,304	\$61,144
Zespri Organic Green	\$8.83	\$9.33	\$62,075	\$63,953
Zespri SunGold Kiwifruit	\$9.81	\$10.02	\$135,377	\$138,495
Zespri Organic SunGold Kiwifruit	\$11.42	\$12.18	\$124,107	\$132,486
Zespri Green14	\$6.16	\$5.43	\$37,437	\$33,023
Zespri RubyRed Kiwifruit	\$20.38	\$18.93	\$38,501*	\$35,766*

*NB: Zespri RubyRed forecast per hectare return, in its first year as a commercial pool, has been influenced by a high proportion of productive hectares returning low yields impacted by vine age. Across the age profile, 8 hectares with a vine age of >2 years returned an average yield of 6,029 trays per hectare and a per hectare return of \$122,882 (August forecast: \$114,153). A further 51 hectares with a vine age of < 2 years returned an average yield of 1,213 trays and a per hectare return of \$24,710 (August forecast: \$22,954).

The latest OGR forecast reflects the ongoing challenges we’ve encountered this season, particularly with regard to fruit quality. The industry has continued to work hard to strengthen onshore quality assessment processes, however the weekly rates of onshore fruit loss have trended above those considered in the August 2022 forecast and there is higher onshore fruit loss this season across the four largest pools. Offshore, market teams have continued to identify opportunities to lift returns, and we have seen positive movements on freight costs and foreign exchange. Offshore quality costs have however, continued to track higher than previously estimated, most notably across the Gold pools. All major markets have updated their estimates of the season results with projections of higher fruit loss and quality claims, with Europe, China and Japan seeing the largest cost impact.

As a result, both conventional and Organic SunGold Kiwifruit per tray returns are now below the June 2022 OGR range guidance, while Green Kiwifruit is showing signs of being able to absorb additional quality impacts and maintain returns at the levels forecast in August 2022. Forecast average per hectare returns, outside of SunGold Kiwifruit, remain within the June 2022 range guidance.

The total fruit and service payment, across all pools and excluding the loyalty premium, is forecast between \$2,200 million and \$2,225 million, once revised market allocations are known following recent updates to expectations around onshore fruit loss.

Dividend announcement

Today the Zespri Board also resolved to pay a partially imputed net interim dividend relating to the 2022/23 financial year of 10 cents per share (the gross dividend is 13 cents per share). The payment date is 9 December 2022 and is payable to all holders of fully paid ordinary shares in the Company who are registered as holders of such shares in the share register of the Company on 2 December 2022.

Forecast corporate profit and dividend range

The forecast range of corporate net profit after tax for the year ending 31 March 2023 is \$225 million to \$235 million, including licence release income. This is down from last year's 2021/22 corporate profit after tax of \$361.5 million, with the bottom end of the range slightly below the bottom end of the August 2022 forecast range. The forecast net dividend per share range for the year ending 31 March 2023 is \$1.11 to \$1.15 per share (with a gross dividend per share of \$1.43-\$1.48). This range is inclusive of the 89 cents per share net interim dividend (a gross interim dividend of \$1.17) paid in August 2022, and the second net interim dividend of 10 cents per share (the gross interim dividend is 13 cents per share) to be paid in December 2022 as noted above.

Horizon Update

The first tranche of the Horizon Programme went live on 1 November. This is a significant investment, with tranche one delivering modern digital systems for finance and our core supply chain to standardise and improve our processes. With this foundation in place, Zespri is looking to further developments in 2023-24, focusing on grower enablement and solutions for extended supply chain and quality management, integrated business planning and sales.

Cost Management

We are, like growers and supply chain partners, experiencing headwinds and going into a very tough economic cycle due to the challenges of reduced 2023 NZ supply and an anticipated global recession. In this environment, management is working hard with the Board to support improved fruit quality systems, manage costs and realise operational efficiencies so we can ensure we can return value to growers, the industry and our communities.

Fielddays and Roadshows

A reminder that members of the Board, Dan and members of the Zespri Executive look forward to meeting with growers at this year's Mystery Creek Fielddays starting next Wednesday 30 November 2022. Dan will provide a brief update on this season from 12:00pm each day when growers are invited to join us for lunch. We'll also have some end of day refreshments available from 3.30pm each day and a light informal breakfast will be available from 10:00am at our site on Saturday morning.

An additional round of Grower Roadshow meetings have also been set for Nelson on Monday 5 December, Kerikeri on Tuesday 6 December and an in-person and online BOP Roadshow will be held in Te Puke on Thursday 8 December. The team will be discussing the details around this latest OGR forecast, and an update on the industry Quality Action Plan for 2023. Details on these roadshows are available on the Canopy [here](#).

I look forward to seeing you at Fieldays and our Roadshows.

Best regards

Bruce Cameron
Chairman