



23 August 2022

Dear Growers and Shareholders,

I am writing to update on the following items following today’s Board Meeting.

- August 2022/23 Forecast
- Forecast Corporate Profit and Dividend Ranges
- Unauthorised Gold3 plantings update
- Producer Vote
- 2022 Annual Meeting – 24 August 1PM
- August/September Grower Roadshows

August 2022/23 Forecast

The Zespri Board of Directors today approved the August forecast for the 2022/23 season. This is the first full forecast of the season, following the indicative ranges released in June.

The forecast reflects the considerable challenges we’re facing this season, in particular with significant quality issues and lower yields. While our teams in the markets are continuing to work hard to lift prices and manage spending levels to strengthen overall returns, the headwinds we face are significant. This includes rising costs through the supply chain, in particular freight and post-harvest costs, which continue to put pressure on returns to growers.

Fruit quality remains the primary challenge, particularly for Zespri SunGold Kiwifruit. Fruit loss and quality claims are tracking well above historical averages and expected to continue to do so. The impact on returns is significant, with the quality cost to growers forecast to be \$2.80 per tray for SunGold Kiwifruit, compared with \$1.68 last year and this has pushed this forecast below the June range. For Green, quality costs are expected to be \$1.95 per tray, compared with \$1.65 last year. Beyond the impact on grower returns, these quality challenges are putting significant pressure on our reputation for providing consistent fruit quality amongst our distribution partners and we will require an industry-wide response to address this. Our Zespri market operations teams and distribution partners in market are working hard on our behalf to keep fruit on shelf up to our standards but this has been particularly difficult this season.

Pools (Fruit Categories)	2022/23 August Forecast Per Tray	2022/23 June Indicative Range Forecast Per Tray	2021/22 March Final Per Tray	2022/23 August Forecast Per Hectare	2022/23 June Indicative Range Forecast Per Hectare	2021/22 March Final Per Hectare
Zespri Green	\$6.13	\$6.00 - \$7.50	\$6.35	\$61,144	\$60,000 - \$73,000	\$75,494

Zespri Organic Green	\$9.33	\$8.75 - \$10.25	\$9.74	\$63,953	\$56,000 - \$66,000	\$67,752
Zespri SunGold Kiwifruit	\$10.02	\$10.25 - \$11.75	\$11.51	\$138,495	\$141,000 - \$161,000	\$176,026
Zespri Organic SunGold Kiwifruit	\$12.18	\$11.50 - \$13.50	\$12.61	\$132,486	\$123,000 - \$145,000	\$143,772
Zespri Green14	\$5.43	\$5.00 - \$7.00	\$7.82	\$33,023	\$30,000 - \$43,000	\$54,609
Zespri RubyRed Kiwifruit	\$18.93	\$17.00 - \$19.00	NA	\$35,766*	NA	NA

*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 \$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 \$22,954.

OGR per tray and OGR per hectare returns include a forecast loyalty premium of \$0.30 per class 1 tray supplied, \$0.05 above the base \$0.25 per class 1 tray supplied loyalty premium.

The total fruit and service payment, across all pools and excluding the loyalty premium, is forecast at between \$2,225m and \$2,275m, once revised market fruit allocations are known following recent updates to expectations around onshore fruit loss.

Forecast corporate profit and dividend range

Zespri's corporate net profit after tax is expected to be between \$227m and \$247m, including licence release income, consistent with our June guidance. A strong focus has been placed on identifying savings opportunities across Zespri's corporate overheads to support and maintain profitability despite the challenges being faced this season.

The forecast dividend per share range for the year ending March 2023 also remains consistent with our June guidance at \$1.10 to \$1.19 (and/or a Gross dividend per share range including imputation credits of \$1.44 to \$1.56). This range is inclusive of the \$0.89 per share interim dividend (and/or a Gross interim dividend of \$1.17 per share) paid on 12th August 2022, following the 2022 licence release.

Unauthorised Gold3 Plantings Update

Zespri has received an updated estimate on the amount of unauthorised Gold3 plantings in China which indicates there are now around 7,000 total hectares of unauthorised Gold3 plantings in total.

This is less than the previous estimate provided to growers in March 2022 which indicated there was around 7,000-8,000 hectares of Gold3 in the Sichuan Province, and another 3,000-4,000 hectares grafted in other growing regions outside of Sichuan.

This reflects less unauthorised Gold3 being grafted than expected, as well as the difficulties in generating an accurate assessment of the 2021/22 grafting season earlier this year given the local COVID-19 restrictions in place in China.

Zespri is continuing to monitor the situation closely and will provide an update to growers on next steps over the coming months.

Producer Vote

Voting on the ZGS Producer Vote will close at 5pm tomorrow.

Zespri is seeking your support for the expansion of our current offshore kiwifruit plantings (excluding Chile and China) to allow us to fulfill our 12-month supply strategy to ensure Zespri Kiwifruit is available to consumers all year-round. This supports returns to New Zealand growers through maintaining shelf space, strengthening our relationship with customers and making our marketing and branding spend more efficient.

Voting can take place via the internet (visit www.electionz.com/zespri22), through completion of your postal voting papers, or in person at our AGM tomorrow.

I encourage all growers to cast your vote if you haven't already.

2022 Annual Meeting: 24 August 1PM

I look forward to seeing you at Zespri's Annual Meeting tomorrow.

The meeting is an important opportunity to reflect on the 2021/22 season but also to discuss the challenges we are facing this season, including quality concerns and how we must respond to them as an industry.

We will also reflect on the wider outlook for the industry including the significant opportunities which are ahead of us should we choose to pursue them. As well as hearing from CEO Dan Mathieson, Zespri Chief Market Performance Officer Linda Mills and Chief Global Supply Officer Alastair Hulbert will provide an update on the season in market and how we are performing through the supply chain.

The event will be held at Trustpower Arena, 81 Truman Lane, Mount Maunganui, at 1pm and I hope to see you there or online.

August/September Grower Roadshows

Finally, in addition to our AGM, Zespri Chief Executive Dan Mathieson and Chief Grower Industry and Sustainability Officer Carol Ward along with NZKGI and KVH leadership will be providing updates on the season forecast, quality issues, sustainability and new variety development in our August/September roadshows commencing next week. We will also provide a brief update on the licence review and potential options for changes to the licence release process in 2023 and beyond, which will be covered in more detail over the coming months. The Grower Roadshow meetings will be held in person, with an option to join online for the Tauranga Roadshow. Please register for your preferred location here:

<https://events.zespri.com/grower-roadshows/glm/Site/Register>.

DATE	TIME	LOCATION
29 Aug	9 - 11am	Waikato Mighty River Domain, 601 Maungatautari Road, Lake Karapiro
	2:30 - 4:30pm	Auckland PIA Event Centre, 55 Ward Street, Pukekohe 2120
30 Aug	9 - 11am	Kerikeri The Turner Centre, 43 Cobham Drive
	1.30 - 3.30pm	Whangārei Northland Events Centre, Semenoff Stadium, 51 Okara Drive
31 Aug	9 - 11am	Hawke's Bay The Crown Hotel, Corner Bridge Street and Hardinge Road, Ahuriri, Napier
	4 - 6pm	Gisborne Bushmere Arms Hotel, 673 Matawai Road, Waerengahika
1 Sept	10am - 12pm	Ōpōtiki Ōpōtiki Golf Club, 14 Fromow Road
	2:30 - 4:30pm	Matatā Matatā Rugby Club, 12 Division Street
2 Sept	9 - 11am	Te Puke The Orchard Church, 20 Macloughlin Drive, Te Puke
	2 - 4pm	Katikati Fairview Golf Club, 34 Sharp Road, Aongatete
5 Sept	11am - 1pm	Nelson Top 10 Holiday Park, 10 Fearon Street, Motueka
6 Sept	6 - 8pm	Tauranga Online option also available Zespri head office, 400 Maunganui Road, Mount Maunganui

Regards,

Bruce Cameron