



13 December 2023

Hi Everyone,

I'm pleased to update you on a number of key discussions from today's Board meeting listed below, including an important announcement around an upcoming change to Zespri's Board of Directors.

- 2024 Licence Release programme
- Shareholder Alignment Initiatives
- 2024 Outlook and Five Year Forecast Ranges
- Board Update: Chairman Bruce Cameron to retire
- Chairman's Comment – Bruce Cameron
- Chairman-Elect Comment – Nathan Flowerday
- New Canopy Update

2024 Licence Release Programme

We have received significant feedback from the industry on next year's licence programme. This has included discussion on expected yields, the need to deliver consistently high quality fruit and onshore supply chain capacity constraints.

The Board has taken this feedback into account as part of its annual review process and has approved a reduced licence release programme in 2024.

Highlights

SunGold Licence Release

- A total of 250 hectares of SunGold Kiwifruit licence will be released in 2024. This is a reduction from the 500 hectares signalled in the 2023 Outlook document published in December 2022
- 150 hectares will be available through a Restricted SunGold Kiwifruit (Hayward/Green14 Cutover) Pool
- 100 hectares will be available in an Unrestricted SunGold Kiwifruit Pool
- The Board has confirmed its expectation for indicative 2025 licence release of 350 hectares of SunGold Kiwifruit, of which 200 hectares is for the Restricted SunGold Kiwifruit (Hayward/Green14 Cutover) Pool, and the remaining hectares to be made available via the Unrestricted SunGold Kiwifruit Pool. This is subject to annual review, improved quality and associated quality costs in 2024, and suppliers indicating they will increase investment in additional capacity beyond that already signalled
- From 2026 through to 2028, the Board has approved an indicative range of between 350 – 500 hectares of SunGold Kiwifruit licence per year, subject to annual review and the conditions outlined above. A portion of this range may be made available for the Restricted SunGold Kiwifruit (Hayward/Green14 Cutover) Pool

- There will be no release of Organic SunGold Kiwifruit licence in 2024 due to sufficient supply.

Zespri RubyRed Licence Release

- There will be no release of RubyRed Kiwifruit licence in 2024 as we consolidate our understanding of fruit performance including size, yields and storage and focus on driving strong run rates as volumes grow next season
- The Board expects to release 100 hectares of RubyRed Kiwifruit licence in 2025 and expects to release between 100-300 hectares each year from 2026 through to 2028, subject to annual review.

Additional onshore packing and coolstore capacity will need to be built in the coming 2-5 years to absorb that future growth, with post harvest indicating that increased volumes and revenue are required to support further investment. We recommend growers work with their post harvest partners to understand their future packing and coolstore capacity prior to making any licence-purchasing decisions.

Further details on the 2024 licence release programme will be available on Canopy and in the Summer Kiwiflier which will be made available online before Christmas.

Shareholder Alignment Initiatives

The Board today approved the first tranche of initiatives designed to strengthen grower shareholding of Zespri.

This follows extensive industry engagement throughout the year on how to increase the number of growers that own shares and how to improve shareholder alignment. We appreciate so many growers sharing their views on a preferred approach.

There is a strong desire from the industry to make share trading easier, with growers keen to avoid shareholder initiatives that are mandatory or require large one-off payments.

From 2025, Zespri intends to offer growers the opportunity to receive their June loyalty payment (relating to the 2024 harvest season) as shares, subject to further consultation with and support from the Industry Advisory Council regarding changes to the Loyalty Agreement. Zespri also intends to offer shareholders the ability to reinvest dividend payment as shares. Both of these initiatives would be provided on an opt-in basis, with the January loyalty payment remaining a cash payment. This is designed so growers who choose to can improve their shareholding in the easiest way possible.

The Board has also confirmed that Zespri will remain listed on the USX and will seek to utilise a Continuous Product Disclosure Statement (PDS) to support future share issues and potential buybacks. Zespri does not intend to conduct a share buyback in relation to dry/overshared shares.

More information on these initiatives will be provided in the upcoming Kiwiflier and at Grower Roadshows in early 2024.

2024 Outlook and Five-Year Forecast Ranges

The Board has approved the publication of the 2024 Outlook. This provides an overview of Zespri's Five-Year Plan, covering the five-year period through to 2028/29 and provides a snapshot of how our medium-term strategy will be implemented along with some of our medium-term challenges and opportunities. I encourage you to read the document which provides a strong overview of the market and our strategy and will help you to understand the outlook for the industry.

The Outlook also includes the following forecast OGR ranges for this five-year period:

- For Green, the forecast range is \$7.00 - \$9.00 per tray.
- For Organic Green, the range is \$9.50-\$11.50 per tray.
- For SunGold Kiwifruit, the range is \$9.50-\$12.50 per tray.
- For Organic SunGold Kiwifruit, the range is \$11.00-\$14.00 per tray.
- For Zespri RubyRed Kiwifruit, the range is \$10.50-\$16.50 per tray once volumes exceed 3 million trays.

These ranges reflect both the upside and downside opportunities and risks over the five-year period. More information on this will be covered in the Five Year Outlook document which will be made available on Canopy and on Zespri's website before Christmas.

Board Update: Chairman Bruce Cameron to step down

Zespri Chairman Bruce Cameron has confirmed that he will step down as Chairman of the Board in February 2024 and retire as a Director of Zespri at the company's next Annual Meeting in August 2024.

The Board has unanimously elected grower-director Nathan Flowerday as Chairman-Elect, with Nathan taking over from Bruce following next February's Board Meeting. Nathan has been a Director of Zespri since 2012 and was re-elected as a Grower Director with 98 percent support in August. He currently Chairs the Board Innovation Subcommittee, is a member of the Audit and Risk Committee and is a Director of the Kiwifruit Breeding Centre. Nathan's family has been involved in the kiwifruit industry for more than 25 years, with he and his wife Amanda living on their orchard in Te Puke.

On behalf of the Zespri team I want to thank Bruce for the tremendous contribution he has made to our industry. He joined the Board just before Psa hit and his leadership in responding to that challenge and the many we have faced since has helped deliver some outstanding results for growers.

As Chairman, Bruce has overseen a number of key strategic decisions Zespri has made in recent years to create sustainable long-term value for the industry. This has included the expansion of our innovation work and the growth of SunGold Kiwifruit, the focus on securing world-leading market-based talent to enhance our local sales and marketing programmes so that we can secure more value, and modernising Zespri's digital infrastructure and platforms through the Horizon Programme. He helped steer us through the significant challenges of recent seasons while setting the strategy for our medium and long-term growth and has been an incredibly strong voice for growers as we have continued our work to further develop as a world-class organisation.

I also want to congratulate Nathan on his appointment and look forward to working closely with him to address the important challenges and opportunities in front of us to maximise the value we return to growers in the years ahead.

Chairman's Commentary

"Today's Board meeting included a number of significant discussions relating to the 2024 season. Our decision to release a reduced amount of SunGold Kiwifruit hectares acknowledges the constraints our supply chain is experiencing, balancing this with the need to increase SunGold production to meet the growing demand for our fruit. We've also confirmed recommended Period 1 time and KiwiStart rates, which the IAC will now consider. These are important for making sure we incentivise both quality and storage in 2024, and to help us maintain a consistent flow of high quality fruit throughout the year. The Board remains focused on increasing share ownership and we were pleased to confirm those initiatives today.

Finally, I'm delighted to see the Board unanimously endorse Nathan Flowerday as the next Chairman of Zespri. Nathan brings great experience, having served on the Board for more than a decade, and I look forward to working with him for the remainder of my term as a Director. I've long maintained that it's not just enough having great fruit on the vines. You also need to have great people to move it, store it and sell it. The fantastic people our industry has will continue to drive our success, and I've appreciated the feedback growers and industry colleagues have shared when we've got things right and when we haven't. Together, we've built a strong track record of success, with our unique industry structure providing the scale to withstand a number of headwinds and a strong platform to chase the many opportunities we now have in front of us.

All the best for a safe and relaxing festive break with your family and friends.

Best regards

Bruce Cameron

Comment from Chairman Elect – Nathan Flowerday

"It's a real privilege to have the support of the Board to take on the role of Chairman next year and I want to thank Bruce for the immense contribution he's made to our industry. Zespri is an organisation created by New Zealand growers for New Zealand growers, and keeping growers at the centre of our decision-making will continue to be our focus. We have an industry structure that provides a strong platform from which to maximise the value we're returning to growers and I look forward to continuing our work to do that."

New Canopy is Live

Thanks to those growers who have already shared their feedback around the refreshed Canopy site which is live at <https://canopy.zespri.com>.

This site has been designed to deliver you a better experience with a focus on making sure Canopy is easier to navigate. If you're a grower, post harvest operator or service supplier, you'll be able to access key information and resources, so please continue to register.

We will be making additional enhancements to the new Canopy into the New Year and value further grower and industry feedback. If you've got any thoughts on how we can further improve the site, please share them via canopyproject@zespri.com.

All the best for the Christmas break and I look forward to speaking again in 2024 where we hope we have a much larger high-quality crop.

Best regards

Dan Mathieson