3 August 2026

Hi everyone,

The last couple of weeks of July have been positive, and we're expecting to see our sales rates lift as we near the end of a more heavily competitive summer fruit period this season. We're also getting some great engagement through our Shed Talks with large grower turnouts – thanks to those of you who have taken part in the conversations. Shed Talks are continuing again this week so please do get along if you can as we're discussing some important topics including how we can best protect and secure strong value in a more competitive China market and what a commercial framework for a potential new Green cultivar could look like. You can see the full schedule on Canopy here.

Market update

The past two weeks have seen a strengthening of our weekly sales rates with early signs of the upcoming finish to the Northern Hemisphere summer fruit period. We have seen more challenging conditions in the market this season, with increased volumes of competitor fruit at lower price points, coupled with lower levels of consumer confidence due to the global economic environment. At the same time, we are selling through a record volume, with higher orchard yields resulting in SunGold Kiwifruit volumes this season being at the levels we expected in 2029 – 3 years ahead of schedule – and we are holding our value in the market despite many other fruits reducing price substantially.

Our recent weekly SunGold sales rates are tracking at levels 10-15% above last season, with 84 million trays sold and Organic SunGold 2.9 million trays sold, which is 5.5 million and 350k trays ahead of last year respectively. We still remain 2-3 million trays behind where we would like to be based on our season planning, and this is a result of falling behind due to supply chain delays earlier in the season and not being able to recover the ground we hoped for in a more challenging market environment this season. Our North America market is performing well with 38% growth from last year, with Europe weathering a more fiercely competitive summer fruit period and recording growth of more than 15%. China is our only market not growing this season as we have deliberately planned to not put volume pressure on this market, which would result in price and value erosion for growers and higher quality costs at the back end of the season due to risks around storage this year.

Green sales are tracking well with 22 million trays sold and 1 million trays sold for Green Organic, which is 45% and 35% of the crop respectively, and while our volumes are behind last season due to the slower start from delayed maturity, we are slightly ahead of last season in terms of proportion of crop sold.

Our targeted promotional and marketing activities have been in full swing during recent months as we maximise consumer awareness and drive the greatest levels of sell through possible, while still ensuring we maintain our premium brand positioning and protect future seasons' value. This is an important balance – driving sell through for the current season, maintaining and strengthening our premium brand positioning, and maximising grower value in the current season and protecting value for future seasons.

Our inventory in market continues to reduce from its peak levels as we are seeing sell through, with Europe inventory now at 3.2 weeks down from 4 weeks in my previous update, and China, Japan and the US all sitting comfortably within the 2-3 week range we aim for. We have just 1 million trays of KiwiStart fruit in Europe left to sell, specific to certain sizes, which we expect to sell through in the coming weeks. Our focus is also on selling any aged inventory which presents a greater risk to fruit quality.

We have seen fruit quality for SunGold arrivals in market stabilise in recent weeks, with defects for the season sitting slightly above the same time last season, with a higher level of softs arriving in market. Claims in market are currently tracking slightly higher than expected due to the increased levels of softs on arrivals, and we are monitoring and validating claims at a greater level than we have before to ensure we are protecting grower value and managing fruit quality risks in the market. Quality on Green arrivals is also sitting at a slightly elevated level than last season due to softs, and we are continuing to ensure we sell through promptly.

Red80 Licence Update

As I mentioned in my last update, Zespri has cancelled a portion of the Red80 licensed hectares allocated to two entities who failed to pay their required deposits after successfully bidding in both the Restricted and Unrestricted auctions. These bidders were unrelated valid applicants and approved participants in the auction, with the issue only becoming apparent when deposit payments were not made when due after the auction.

When it became apparent that the deposits would not be paid, Zespri cancelled the affected licence and offered the affected hectares to those bidders who participated in the second-to-last auction round and who either reduced their bid or did not participate in the final round. These bidders were offered the opportunity to purchase an area equal to or less than the area they had sought in the earlier auction round, at the auction's closing price.

As a result, 2.96 hectares of Red80 Restricted licence has been reallocated. The remaining 7.04 hectares from the Restricted pool and 7.5 hectares from the Unrestricted pool will remain unallocated for the 2026 season.

While this outcome results in fewer hectares being allocated and a reduction of $3.9 million in total licence revenue compared with initial expectations, this approach has allowed us to preserve the fairness, consistency and integrity of the licence allocation process. The impact of this remains within our corporate profit and dividend forecast ranges published in June.

We are considering future licence auction rules in terms of potential sanctions and eligibility criteria where settlement commitments are not met, with the Board considering Zespri's 2027 licence release programme in October.

Grower Virtual Town Hall on Tuesday 4 August

I'll be hosting a Grower Virtual Town Hall **tomorrow at 5:30pm**. It's a chance to talk through how the season is tracking, and share some observations from the feedback we've had through shed talks as well as answer your questions. Details on how you can join are available here on Canopy.

All the best.

Jason