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Zespri's 2022/23 Financial Results Reflect Challenging Season

2022/23 Financial results summary:

- Zespri global operating revenue: NZ\$4.22 billion (includes licence revenue)
- Zespri global fruit sales revenue: NZ\$3.92 billion
- Total New Zealand-grown fruit and service payments including loyalty premium: NZ\$2.2b
- Zespri global trays sold: 183.5 million trays
- Zespri's net profit after tax: NZ\$237.8 million (includes licence revenue)
- Expected Total Dividends: NZ\$1.17 per share

Zespri's 2022/23 financial results reflect a challenging period for the kiwifruit industry, with grower returns down on the back of fruit quality issues that have primarily been driven by the industry's severe labour shortage, along with cost increases and supply chain challenges.

The scale of quality costs, which increased from \$307 million in 2021/22 to \$534 million in 2022/23, along with increasing demand and stronger pricing in market, illustrate the opportunity the industry has to secure greater value and the importance of the current focus on addressing quality concerns and supply chain challenges.

Zespri recorded total global fruit sales revenue of NZ\$3.92 billion in 2022/23, down 3 percent on the record result of 2021/22, with global sales volumes down from 201.5 million trays to 183.5 million trays.

Direct returns to the New Zealand industry decreased to \$2.24 billion in 2022/23, the third highest Total Fruit and Service Payments recorded, and are spread across New Zealand growing regions including the Bay of Plenty, Northland, the East Coast, Nelson and the Waikato.

Increased quality and other costs resulted in grower returns being down on the record highs of recent seasons, with Green and SunGold Kiwifruit per hectare returns outside the lower end of the season's initial forecast ranges.

Final 2022/23 New Zealand Grower Returns:

Pools (Fruit Categories)	2022/23 Final (Per Tray)	2022/23 February Forecast (Per Tray)	2021/22 Final (Per Tray)	2022/23 Final (Per Ha)	2022/23 February Forecast (Per Ha)	2021/22 Final (Per Ha)
Zespri Green	\$5.78	\$5.55	\$6.35	\$57,636	\$55,395	\$75,494
Zespri Organic Green	\$8.68	\$8.04	\$9.74	\$60,912	\$56,398	\$67,752
Zespri SunGold Kiwifruit	\$9.97	\$9.79	\$11.51	\$137,524	\$134,962	\$176,026
Zespri Organic SunGold Kiwifruit	\$12.28	\$11.58	\$12.61	\$133,548	\$125,909	\$143,772
Zespri Sweet Green	\$6.87	\$6.31	\$7.82	\$41,761	\$38,366	\$54,609
Zespri RubyRed Kiwifruit	\$22.27	\$21.99	-	\$42,063	\$41,543	-

Zespri's Non-New Zealand Supply sales decreased to \$519 million, down from \$537 million last year. This reflects similar challenges experienced in our offshore growing regions, with our Italian growers in particular facing extreme heat and some of the worst quality costs they have experienced in recent years.

Total operating revenue of \$4.22 billion was down on last year's record \$4.47 billion. Zespri's net profit after tax was \$237.8 million, back from the record profit of \$361.5 million in 2021/22, with Zespri releasing a reduced number of SunGold Kiwifruit hectares as part of its 2022/23 licence release programme.

Zespri Chief Executive Officer Dan Mathieson says the results are indicative of what's been a very difficult period for many primary industries, with growers facing challenges relating to the labour shortage, the ongoing impacts of COVID-19, the climate and rising costs.

"This was one of our toughest-ever seasons and the industry worked incredibly hard to deliver our fruit to market, despite facing an extraordinary number of challenges including a significant labour shortage.

"We continued to see strong demand and pricing in market and secured more than \$100 million in savings via our foreign exchange hedging policy. However, quality costs have significantly impacted grower returns which have dropped from the highs recorded in recent seasons."

Mr Mathieson says that the results illustrate the importance of the industry's efforts to improve quality which remains a key driver in delivering stronger returns in future years. .

“We know this is a challenging period for growers, particularly Green growers, given the fact we also have lower volumes of fruit in the 2023/24 season.

“The investment we’ve made in building consumer demand and a world-leading fruit brand, alongside our long-term customer and supply chain relationships, means we’re well placed to get back on track and increase the value we can deliver back to growers, the industry and New Zealand communities.

“Reducing our quality costs will be central to this, and the industry is working hard across the supply chain to make sure we’re once again delivering consistently great quality fruit to consumers in 2023/24 and beyond.

“While conditions remain challenging, the first shipments of the 2023/24 season have been well received by our customers, indicating initiatives from the industry’s Quality Action Plan are helping reduce quality costs and keeping poorer quality fruit onshore.”

“Our industry has a proven track record of being able to address challenges by working together and with a strong demand outlook, we remain encouraged by the opportunity for the industry to deliver greater value for growers and our stakeholders in the years ahead,” Mr Mathieson says.

ENDS

Note: All financial results are in \$NZD.

Imagery

Imagery, including of CEO Dan Mathieson, can be found in the following link:

<https://www.dropbox.com/s/clfo/d9ztf3j7javaqkawy50je/h?dl=0&rlkey=8k07jyj3y5ooic5dsgvd340td>

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ABOUT ZESPRI

Zespri is 100 percent owned by current and former kiwifruit growers and has a global team of 850 based in Mount Maunganui and throughout Asia, Europe and the Americas. Our purpose is to help people, communities and the environment thrive through the goodness of kiwifruit, and we work with 2,800 growers in New Zealand and 1,500 growers offshore to provide consumers with fresh, healthy and great-tasting Zespri Green, RubyRed™ and SunGold Kiwifruit. In 2022/23, we supplied 183.5 million trays of kiwifruit to consumers in more than 50 markets, and recorded global operating revenue of NZ\$4.22 billion. Zespri is committed to sustainability, with areas of improvement identified right through the supply c