



ZESPRI

FIVE-YEAR OUTLOOK

NOVEMBER 2024

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INTRODUCTION

This Outlook presents an overview of Zespri's Five-Year Plan, which is updated and reviewed by the Zespri Board annually. This edition covers the period from the 2024/25 harvest season to 2029/30.

The Outlook provides growers, industry, and shareholders with a summary of how Zespri's medium-term strategy will be implemented by category, and sets out some of the key challenges and opportunities ahead.

It does rely on several assumptions and the further out it looks, the less certain the assumptions, with the plan becoming more directional.

Our intent with this Outlook is to provide key information to growers and industry stakeholders to help inform business decisions.

Key assumptions included within this Outlook include the following:

- Forecasts within this Outlook are based on existing cultivars that Zespri has commercialised
- New cultivars within the breeding programme not yet commercialised are excluded from forecasts
- Potential impacts on yields, size and quality from limited trials of the use of Plant Growth Regulators in New Zealand during 2025 or on-orchard innovation which may improve productivity are not factored into this Outlook.

Yield assumptions that have been used, based on existing growing practices and methods, are as follows.

NZ Supply

Fruit Group	Yield assumption	2025 Yield	2029 Yield
SunGold Kiwifruit	Year 4+	15,000	15,000
Organic SunGold Kiwifruit	Year 4+	11,400	12,300
Green Kiwifruit	Average	10,600	10,600
Organic Green Kiwifruit	Average	6,900	6,900
RubyRed Kiwifruit	Year 4+	8,000	9,000

ZGS Supply

Fruit Group	Yield assumption	2025 Yield	2029 Yield
SunGold Italy	Year 4+	7,900	9,000
SunGold France	Year 4+	4,900	6,300
SunGold Korea	Year 4+	8,200	9,800
SunGold Japan	Year 4+	7,700	7,900



KEY POINTS

This document considers the medium and longer-term risks and opportunities ahead of the industry.

The demand outlook for Zespri Kiwifruit is positive, built on a high-quality, great-tasting product, sustained investment in sales and marketing activities, and the continued promotion of the health and nutrition benefits of our kiwifruit, which together help build our brand equity and an emotional connection with consumers.

It is also built on meeting customer and consumer demands by giving the market what it wants, including 12-month supply. We are operating in an increasingly competitive and complex marketplace. Our ability to maximise returns is subject to maintaining our category leadership position, including increasing supply to fulfill demand with our own supply of high-quality Zespri Kiwifruit.

Further details on these opportunities and risks are outlined on pages 10-13.

While this Outlook acknowledges the dynamic nature of our current operating environment and the rapidly intensifying competition in the market, what hasn't changed are the following general points:

Market trends and industry context

- Confidence in demand for Zespri Kiwifruit remains strong.
- The Zespri brand is strong and is now a top three fruit brand in 10 out of our 15 core markets.
- We are operating in a complex economic environment while also facing regulatory and cost pressures, and industry capacity challenges which we need to respond to.
- Disruption has become more common in the global context, as seen in recent years through the COVID pandemic, high inflationary pressures, multiple wars, geopolitics, technological disruption, extreme weather events and environmental pressures all impacting at once. With disruption likely to continue, businesses are expected to be operating in an environment of ongoing uncertainty and volatility.
- Managing costs, as well as adding value, are critical to strong grower returns and these are both key focus areas for Zespri.

- Our brand recognition and a clear brand purpose, outstanding quality and taste, nutritional value, and maintaining trust among consumers are key to staying ahead of the competition and commanding a premium price.
- A leading kiwifruit portfolio that meets consumers' needs and is available for 12-months of the year is critical to maximising the value we can return to growers.
- Meeting demand requires continued innovation and investment by Zespri, growers, post-harvest operators, customers, and partners across the supply chain. The implications of the strong growth we are experiencing adds pressure right across the industry. It also requires an aligned industry approach.
- Industry alignment, with strong and profitable businesses and more growers owning shares, growing high value varieties and being confident in the outlook for their orchards, is key to the industry's ongoing success.
- Zespri is focused on ensuring grower payments and commercial incentives reward growers and supply chain partners who can deliver fruit of high utility – great taste, size, storage, and quality, aligned with market demand and opportunities to maximise value to the grower pool.

- The changing climate will continue to create challenges, with our Climate Change Adaptation Plan supporting the industry's ability to respond and adapt to future climatic conditions.
- The Environmental Protection Agency (EPA) has confirmed, following a review, that the industry can continue to use hydrogen cyanamide in New Zealand, supporting consistent quality and yields.

Category updates

- Zespri SunGold™ Kiwifruit consumer demand remains ahead of supply in both the New Zealand and Zespri Global Supply (ZGS) seasons, and this growth is an important contributor to our positive distributor and retailer partnerships across our global markets, with customers wanting consistent quality delivered throughout the retail programme.
- Expanding Northern Hemisphere supply via the 2024 Producer Vote to capture more of this demand is critical. It will help protect value for the industry by retaining shelf space, maintaining premium pricing, optimising advertising costs, and importantly, responding to increased competition.
- SunGold continues to drive future volume and revenue growth because consumer demand and willingness to pay is strong. This profitable growth creates a positive cycle of value creation, enabling investment in building a strong brand and driving sales which also supports Zespri Green™ and Zespri RubyRed™ Kiwifruit sales and pricing.
- Green continues to maintain a loyal consumer base and remains a critical part of our offering as an everyday solution to nutritional needs. We continue to maximise value in the markets by differentiating with a higher quality product that delivers sought-after health attributes, under the umbrella of a trusted brand. It is important to maintain the right balance of demand and supply to the right markets, while focusing on quality, yields and costs in New Zealand.
- Red continues to be a dynamic category, with increasing production volumes and a proliferation of brands in the market, in response to increasing consumer interest. Zespri RubyRed Kiwifruit has added excitement amongst consumers and customers as the latest addition to the Zespri portfolio,



helping attract new and younger consumers to Zespri Kiwifruit overall. To grow demand for Red further, we will continue to innovate with size, storage, productivity and our market execution. China and Japan remain our biggest markets for RubyRed Kiwifruit.

- Zespri Organic Kiwifruit enables us to meet the needs of a key segment of consumers, delivering incremental value to organic growers. With the challenging macro-economic climate and inflationary pressures, general organic category growth has slowed in the key organic markets of the US and Europe. Despite this, demand for Zespri Organics remains high and with organic kiwifruit having less than 0.3 percent share of the organic fruit bowl, there is significant room to grow.

OUR 2030 STRATEGY

Our strategy is focused on maximising value now and ensuring we're investing to create value in the future.

That includes delivering outstanding fruit, supply chain and sales and marketing performance, and developing the varieties of the future. It includes having talented people in high-

performing teams focused on the areas where we can create value for growers, enabled by the digital systems which will future-proof our ability to get our fruit to market all year and keep our supply chain running, even in the most challenging times.

The size of the opportunity for our industry and our growing communities out to 2030 in terms of the additional value we can create and bring back is considerable, from both the New Zealand Supply and ZGS windows. We must remain relevant in an increasingly competitive global food environment by meeting the growing demand of our customers and consumers and their expectations regarding quality, availability, sustainability, and how we operate.

For the first time since 2018, we are conducting workshops to understand consumer needs with a strong focus on health. This is essential to ensuring our future cultivars programme and go-to-market approach delivers to these consumer needs and therefore drives demand. As consumer needs evolve, our understanding of the impact we have on people's health is being redefined. We will continue to work on substantiating new claims in market to differentiate our offerings from that of our competition.

Being a brand our customers and consumers trust and believe in is critical to our ongoing success. They need to know we are operating in a way which is positive, that we are supporting efforts to improve the environmental and social impact of the food system and supporting communities to succeed – in New Zealand and around the world.

WE MUST REMAIN RELEVANT IN AN INCREASINGLY COMPETITIVE GLOBAL FOOD ENVIRONMENT BY MEETING THE GROWING DEMAND OF OUR CUSTOMERS AND CONSUMERS AND THEIR EXPECTATIONS REGARDING QUALITY, AVAILABILITY, SUSTAINABILITY, AND HOW WE OPERATE.

Operating a long way from our key markets makes this even more important. Growing kiwifruit in the northern hemisphere via ZGS helps us meet the growing demand for locally grown food, which has become particularly important for European consumers.

We are also well placed to capitalise on the consumer trend of greater consideration of the environmental impact of food and its impact on health and well-being.

By 2030, we expect to create more than eight billion healthy eating occasions a year, helping more people live a healthy lifestyle and driving change in the global food system. Executing our strategy will support strong New Zealand grower returns.

OVERVIEW OF DEMAND AND SUPPLY

- This *Five-Year Outlook* sees an increase in total New Zealand supply from 195 million trays in the 2024 harvest season to 228 million trays in 2029. This is equivalent to 17 percent volume growth.
- Through this period, we are forecasting per tray Orchard Gate Return (OGR) ranges of:
 - Zespri Green™ Kiwifruit: \$7.00 to \$9.00
 - Zespri™ Organic Green Kiwifruit: \$10.50 to \$12.50
 - Zespri SunGold™ Kiwifruit: \$10.00 to \$13.00
 - Zespri Organic SunGold™ Kiwifruit: \$13.00 to \$16.00
 - Zespri RubyRed™ Kiwifruit: \$12.50 to \$16.50
- These ranges reflect both upside and downside opportunities and risks over the five-year period.

New Zealand SunGold

- New Zealand supply of Class 1 conventional SunGold Kiwifruit is expected to increase from nearly 130 million trays in 2024 to 153 million trays supplied in 2029.
- Zespri intends to release conventional SunGold hectares to meet the increasing demand for our fruit; however, we have also considered the challenges the industry is facing with supply capacity and capital constraints and the continued need to focus on improving fruit quality. With these considerations in mind, 400 hectares of SunGold licence will be released in 2025, which is slightly higher than the 350 hectares previously signaled, with the aim of capturing slightly more demand

ahead of competition. The increase provides confidence to the industry to invest in further capacity, as volumes continue to grow.

- Of the 400 hectares, 250 hectares will be allocated to the open pool. The remaining 150 hectares will be allocated to a restricted Hayward and Green14 cutover pool, which enables growers of green varieties to transition into SunGold, while supporting strengthened Hayward profitability. Whilst subject to annual review, 2025 may be the final year that Zespri offers hectares for this restricted cutover pool, in order to achieve optimal supply. Optimising market performance of Green is a key priority for our market teams and managing supply volumes will help us deliver high quality fruit and return more value to help offset the rising costs across the supply chain.
 - In 2026, the intention is to release up to 400 hectares of SunGold licence, subject to:
 - Review of market demand
 - Continued improved quality and associated quality costs in 2025
 - Supply chain capacity forecasts; noting that additional supply chain capacity growth will be needed beyond that currently indicated by post-harvest entities.
 - The indication for SunGold licence from 2027 to 2029 is in the range of 350-500 hectares per year, noting that demand exists to release further hectares; however, supply chain capacity remains an important consideration. It's important to note the licence release programme is subject to an annual review with the analysis of opportunity and risk including both demand and supply-side factors.
 - Licence for Finishing Off Blocks will be available during the 2025 year.
 - There is expected to be around 9,475 producing hectares of both SunGold and Organic SunGold in New Zealand by 2025/26. By around 2029, we expect to deliver around 158 million trays at current yield estimates.
- ### Zespri RubyRed
- RubyRed remains an exciting addition to the Zespri portfolio, adding novelty and interest to the beginning of the New Zealand sales season.
 - We are continuing to deepen our understanding on how to optimise growing, size, storage and handling and building confidence on how to drive run-rates in market as supply continues to ramp up.

- Accordingly, Zespri will not release RubyRed licence in 2025 to allow for continued consolidation of learnings on the supply and demand dynamics of the new variety before releasing more licence. Future hectare releases for RubyRed are also subject to these learnings on the current Red19 variety, and Stage 3 innovation trials on new Red varieties.
- The increasing volumes in the coming years are anticipated to provide considerable opportunities to grow demand further, while maintaining premium pricing, as well as gain confidence around supply side factors, including yields, size and storage.
- Licence for Finishing Off Blocks will be available during the 2025 year.

Zespri Green

- New Zealand supply of conventional Zespri Green Kiwifruit is forecast to drop from around 60 million trays in 2024/25 to around 50 million trays in 2029/30 because of conversion to other varieties and removal of orchards. This gradual reduction in supply should result in increased per tray value for the category.

Zespri Organic

- There is expected to be around 6 million trays of Organic SunGold Kiwifruit and 4 million trays of Organic Green Kiwifruit by 2029, based on current yield estimates.

Zespri Global Supply (ZGS)

- Based on the existing ZGS approvals (5,000 hectares of SunGold, procurement of up to 20 million Trays of Green and 1,000 hectares of new varieties), we expect non-New Zealand supply of around 49 million trays for SunGold and Green by 2029.
- By 2034, forecasts indicate there will be 63 million trays of excess target demand for non-New Zealand SunGold, providing the opportunity for Zespri to capture more demand and if we don't, a risk that competitors fill the supply gap.
- If producers approve another 2,520 hectares of SunGold to be allocated in ZGS regions over the next six years in the November 2024 Producer Vote, supply will grow to around 46 million trays of SunGold grown in ZGS regions by 2029 and 65 million trays by 2034/5; meeting 60 percent of demand by 2034/5, rather than 42 percent from the current approved 5,000 hectares.

KEY PRIORITIES

ZESPRI GLOBAL SUPPLY [ZGS] – EXPANDING SUPPLY TO SECURE THE FUTURE

The ZGS business was set up almost 25 years ago to provide fruit that could be sold under the Zespri brand in the counter-season. It is a critical enabler of Zespri's strategy to create sustainable, long-term value for New Zealand kiwifruit growers by offering consumers the world's leading portfolio of Zespri branded kiwifruit for 12 months of the year. In 2019, producers approved the planting of up to 5,000 hectares of SunGold in overseas countries (excluding Chile and China), the procurement of up to 20 million Trays of Green, and up to 1,000 hectares of new varieties.

By the end of March 2024, Zespri had planted 4,730 SunGold hectares in offshore growing locations and allocated all 5,000 hectares. The current approved hectares leave unfulfilled target demand of SunGold of 23 million trays in 2029, growing to 63 million trays by 2034. Competitors are investing to fill this gap by building their own supply and brands, improving their value proposition, and taking market share.

In this context, being able to supply Zespri-branded kiwifruit to our key customers in key markets year-round is how Zespri is going to maintain its leading position in an increasingly competitive category. As a result, in 2024 Zespri has discussed with the industry a proposal to plant additional ZGS SunGold hectares, with a Producer Vote to take place in November 2024. Producers will be voting on the following resolution:

Producer Vote Resolution

"That growers support the allocation of up to 420 additional hectares of Zespri SunGold Kiwifruit per year over six years across Italy, France, Japan, South Korea and Greece, subject to annual review by the Zespri Board to confirm forecast demand remains ahead of supply and the provision of annual reporting to growers".



The key benefits of ZGS include:

- **Supports strong pricing:** ZGS supports our price premium by maintaining our market position and space with key retailers.
- **Builds the brand:** Being on shelves year-round keeps Zespri in front of consumers, helping to build loyalty, recognition, and value.
- **Ensures positive consumer experiences:** Having Zespri-quality fruit available means consumers have a consistent, positive experience of kiwifruit. Inferior fruit can turn consumers off kiwifruit and erode the value of the category for all brands.
- **Strengthens relationships with retailers:** Retailers want kiwifruit all year; if they can't get it from Zespri, they'll look elsewhere. Having consistent supply keeps them committed to Zespri.
- **Strengthens relationships with growers:** We can keep the best ZGS growers growing for Zespri, rather than growing competitor varieties or other fruits.
- **Enhances partnerships:** Having local production means more support from communities and regulators. ZGS was a key reason why the 8.8 percent tariff on our exports to the EU was removed. New Zealand Growers paid \$50 million in tariffs there in 2023.

- **Leverages research:** Zespri's northern hemisphere footprint means year-round, global research on issues of critical importance, including biosecurity and production.
- **Supports market access:** Having strong local relationships and growing presence supports our ability to maintain our market access, including resolving challenges that can arise.

If the Producer Vote is successful, additional SunGold hectares will be allocated, and planting will start in early 2025.

INDUSTRY ALIGNMENT FRAMEWORK

The Industry Alignment framework, established in late 2023, puts growers' voices at the centre of our decision-making. This framework provides a process for growers and the industry to share their perspectives on priorities, challenges and opportunities with industry leaders. We recognise that in order to create value across the entire supply chain, growers, post-harvest, and Zespri need to be aligned.

Key areas which growers have identified for prioritisation include improved financials, aligning commercial incentives with our growing environment and customer expectations, supporting greater grower ownership, enhancing supply chain transparency, and discussing future issues management.



Strong progress has been made:

- The revised licence system reflects grower requests for greater visibility of demand and ensures all successful bidders pay the same price.
- The Green Symposium, led by New Zealand Kiwifruit Growers Incorporated (NZKGI) and supported by Zespri, and our Green Grower Townhalls have focused on how we are unlocking more value in the Green category, with a Head of Product driving in-market efforts.
- The discussion on ZGS expansion is underway.
- To improve share alignment, from 2025, eligible growers will have the opportunity to receive their June loyalty payment (related to the 2024 harvest) as shares and shareholders will be able to reinvest dividend payments as shares. Zespri will also use a Product Disclosure Statement (PDS) to support future share issues and potential share buy-backs, retaining our listing on the Unlimited Stock Exchange (USX). The offers to participate in these share initiatives will be made in accordance with the Financial Markets Conduct Act 2013.

Zespri will continue to review the key priorities requiring focus each year and will continue to seek feedback from the industry to inform these priorities. .

UNAUTHORISED PLANTINGS IN CHINA [UAG3]

The problem of unauthorised G3 plantings in China is growing, with an estimated 8,387 hectares in the ground (at the time of writing), estimated to be producing a total of 40 million trays; of which 20 million trays are equivalent to Zespri Class 1 quality standard. Though we consider that the rate of planting has slowed, with less successful local growers switching to other varieties or land uses, overall production is increasing, as more of the plantings reach maturity.

While it continues to be challenging to identify where all the UAG3 is going, including in which cities and channels it is being sold, where possible Zespri continues to collect intelligence on sales of UAG3. Some UAG3 is being sold under competitor brands for 60 to 70 percent the price of Zespri Gold3, some through e-commerce platforms, some with counterfeit Zespri packaging and/or blending with genuine Zespri product – the most lucrative – and some is exported to other markets in Asia.

As part of our efforts to protect the Zespri brand, Zespri is successfully using legal channels, noting this will not lead to the plantings being removed. This includes working with local authorities to successfully prosecute three individuals in China

in late 2024 for the online sales of locally grown fruit with counterfeit Zespri labels to the value of more than NZ\$700,000. The offenders were each sentenced to three years and nine months in jail and ordered to pay a fine of 550,000 yuan (NZD\$125,000). This follows another successful judgement earlier in 2024 against an online seller who received a three-year non-custodial sentence and a fine of 20,000 yuan. Zespri's civil case in China to address unauthorised Gold3 plantings continues. We have also been operating a verification of origin audit programme since 2020 which tests where Zespri-branded fruit was grown, providing an opportunity for commercial consequences if China-origin fruit is found in Zespri packaging in authorised channels.

We continue to work to understand the impact that unauthorised plantings have on New Zealand growers and our market position, and we will continue discussing our response with industry.

MARKET TRENDS AND INDUSTRY CONTEXT





OPPORTUNITIES

Zespri remains confident in the demand outlook despite a complex global macro-economic environment, regulatory and cost pressures and industry capacity challenges.

Opportunities include:

Macro population changes: More than half the world's population is now middle class or wealthier. This rise in the middle class is driven by developing markets e.g. China and India, where a rise in demand for premium fruit is noted. More people than ever are living past 60. As they age, their fruit consumption tends to increase, driven by heightened health awareness and dietary needs.

Health and wellness: The COVID-19 pandemic led to a marked increase in mental health concerns, a shift towards preventive measures and self-care practices, and a shift from physical health to a better experience of life. This trend has continued post-COVID-19 and there is growing recognition of the importance of nutrition in overall health and disease prevention, emphasising the interconnectedness of dietary habits, and

holistic health and wellbeing. Fruit consumption is driven by these healthy habits.

Zespri headroom: Fresh fruit consumption per capita in our core markets is forecast to grow at a combined annual growth rate of two percent from 2024 to 2029, with Zespri Kiwifruit remaining competitive against other fruits and healthy food products. Kiwifruit has significant headroom for growth with its current position – still representing less than one percent share of the global fruit bowl but rising up the fruit bowl rankings in most of our key markets. Globally, Zespri has less than 30 percent consumer household penetration i.e. fewer than 30 percent of households consume Zespri Kiwifruit per year. Meanwhile, in our core markets, consumer intent to purchase Zespri Kiwifruit rose from 53 percent to 67 percent from 2019 to 2023.

Zespri's brand offering: Zespri has a strong brand position in the top three fruit brands in 10 out of our 15 core markets, continuing to represent a trusted and valued consumer brand through premium quality, great taste and health benefits.

Our coordinated approach to developing our global markets ensures diversification across multiple export countries and enhances the availability of Zespri Kiwifruit to global consumers.

Sales and marketing: We continue to work across the globe and with our customers to deliver sales and marketing excellence. We are developing and implementing sales excellence and capability to improve joint business planning, distributor management and in-store execution. On the marketing side, we continue to build and embed capabilities to effectively build our brand and sell more trays in the markets, and to do so consistently and more efficiently as volumes grow.

Zespri Global Supply (ZGS): ZGS supports New Zealand grower OGRs by enabling Zespri to demand strong pricing, hold shelf space, build customer loyalty and maximise efficiencies in marketing spend. It is critical to retaining existing customers and consumers and attracting new ones, and to maintaining our position in an increasingly competitive category.



The Kiwifruit Breeding Centre (KBC): KBC is focused on developing the highest value, most productive and tastiest, most nutritious kiwifruit. This includes new Green, Red and Gold kiwifruit cultivars by integrating science, digital tools, genomics, sustainable growing practices, and commercial expertise.

Innovation: Our work includes exploring future production systems that have the potential to significantly improve orchard productivity, supporting our industry's ability to capture more consumer demand.

The Horizon Programme: The Horizon programme is helping sustain our industry's growth trajectory by updating many of Zespri's core systems to protect our ability to get fruit to market and to bring money home. The focus for the next stage of the programme includes completing Zespri's Supply Chain transformation with the goals of simplification, reducing cost and operational risk and providing scalability.

Climate change readiness: Zespri's Climate Change Adaptation Plan sets out our strategy to help the kiwifruit industry transition to a low-carbon, climate-resilient future. Preparing for the impacts of climate change is how the industry can continue to thrive. This includes future growing systems and the development of new varieties of kiwifruit that are more resilient to drought and pests.

Zespri's hedging policy: Zespri's foreign exchange hedging programme allows us to take advantage of longer-term foreign exchange rates reducing the impact of currency fluctuations on New Zealand grower returns across seasons. More than one billion dollars has been delivered back to the kiwifruit industry over the past two decades through the programme.

New Zealand Government and regulatory affairs: Zespri works alongside NZKGI to advocate for growers on any New Zealand legislative changes that impact the industry. This includes topics such as labour, infrastructure, decarbonisation, water, proposed legislative change, and foreign affairs.

Sustainable packaging: Customer, consumer and regulatory pressures continue with regards to packaging. While Zespri has a way to go to achieve our targets, in some markets we are making strong progress. For example, in China we are trialling new sustainable packaging and in October 2024 we announced that our home compostable fruit labels had received globally recognised certification from three leading bodies, and all fruit would begin transitioning to these labels. Value-add packaging formats allow better targeting and placements in-store, increasing conversion and uplifting value while meeting customer, consumer, and regulatory requirements, particularly in markets like Europe.

India tariff reduction: Work is underway between the New Zealand and India governments to reduce tariffs on the export of New Zealand kiwifruit into India – the world's largest market by population and fastest-growing large economy.



CHALLENGES AND RISKS

While our future is positive, growers and investors should also consider the risks of growing and exporting kiwifruit from New Zealand.

Risks and uncertainties which may impact Zespri's performance include:

Loss of single desk status: The Kiwifruit Regulations give Zespri the sole right to export kiwifruit from New Zealand, other than to Australia. If the Regulations were amended to remove or reduce this status, then Zespri's current structure and operations could be significantly disrupted.

Ongoing cost pressures: More than half of consumers have struggled with rising living costs since 2020. Banks raising interest rates over this time (tightening monetary policy) have contributed to increased costs. While global inflation and therefore interest rates are expected to continue to drop by the end of 2025, higher than historical inflationary pressures remain in the short term, which will continue to see consumers focusing

on what 'value' means to them and potentially buying less or looking at cheaper alternatives. As a premium fruit, Zespri must justify our value more than ever by delivering on quality and investing in the health benefits of our fruit and brand strength.

Increased competition: The competitive environment continues to become more challenging as competitors try to leverage the category demand and value space created by Zespri. This includes a larger volume of competitor red, green and yellow varieties, especially during the northern hemisphere supply window to fill demand in the New Zealand counter-season and competitor efforts to establish 12-month supply. Greece's production has surged by more than 50 percent in the last five years, nearing New Zealand's total producing hectares, while China alone has 45,000 hectares of reds and over 8,000 hectares of Unauthorised Gold3. More branded kiwifruit products are being seen in the market. Other fruits, like berries and durian, are also capturing more of the premium fruit market in Asia. Competitors are increasingly investing in marketing and in-store activities.

Geo-political, trade and economic risks: Market access factors such as economic volatility, inflation, price controls, and foreign government action (including trade embargoes and sanctions, tariffs, subsidies, quotas, price controls, and other non-tariff barriers) could impact kiwifruit sales. Other factors such as war and geopolitical tensions, can constrain the flow of commodities and impact costs of inputs such as shipping and energy.

Market access can be impacted by several factors including phytosanitary, regulatory, food safety, biosecurity, compliance changes and broader global trade relations and geopolitics. Zespri is working to mitigate this risk by maintaining a broad demand base and faster development of large volume markets, close monitoring of our environment, strong government relations and adherence to robust supply protocols. This is combined with a risk management framework and risk mitigation strategies for various scenarios.

Environmental pressures: Increasing environmental regulation and customer requirements could impact Zespri's market access

if we do not meet the new requirements being introduced. To protect our value in market, we will need to continue to address plastics, non-compostable and non-recyclable material in our packaging, as well as addressing the environmental challenges we contribute to and are affected by, such as greenhouse gas emissions, water, biodiversity and impacts from climate change.

Climate change impacts: Preparing for the impacts of climate change is core to ensuring the industry is climate resilient and can continue to thrive. In 2021, Zespri published a *Kiwifruit Industry Climate Risks and Opportunities Report* which sets out the nature of the risks that Zespri and our partners face. These risks have informed the development of the climate change work programme, including the *Climate Change Adaptation Plan*¹, all part of helping the kiwifruit industry transition to a low-carbon, climate-resilient future. Additional focus areas include actions to decarbonise, opportunities to partner with shipping suppliers to transition to low emissions fuels, the role of future growing systems and the development of new varieties of kiwifruit that are climate tolerant.

Cost of carbon: The cost and coverage of carbon pricing and taxes is expected to increase, with the International Maritime Organisation (IMO) and countries around the world considering mandatory carbon pricing and carbon taxes. This would translate into direct cost for the industry. The inclusion of shipping in the EU Emissions Trading Scheme signals the start of passing through global supply chain decarbonisation costs via regulation, and this cost could increase if the IMO introduces a new carbon levy from 2027.

Reliance on particular suppliers/distributors: If distributors in key markets were lost, Zespri might not be able to immediately efficiently reallocate supply or find an alternative distributor, impacting season delivery and returns. Zespri believes its current business split of distributors is appropriate and has proven no significant risk for many years. To manage distributor risk, Zespri has been working to reshape its relationships with distributors from traders to strategic partners through joint business planning, longer term contracts, and by joint value creation to develop stronger loyalty and certainty with its distributors.

IT systems and infrastructure: Zespri relies on the performance of its own and its suppliers' technology across the full supply chain. If Zespri's IT was interrupted, compromised or damaged, depending on the issue it could result in fruit loss, revenue loss, reputational damage and/or significant costs to restore functionality. Zespri continues to invest in its information technology infrastructure to try and ensure its systems are robust and secure. Operational disruptions and cost-overruns

IMPROVING AND MAINTAINING A PREMIUM LEVEL OF FRUIT QUALITY IS CRITICAL TO PROTECTING OUR BRAND AND TO MAXIMISING THE VALUE WE CAN RETURN TO GROWERS. INITIATIVES DESIGNED TO IMPROVE FRUIT QUALITY THROUGH BEST-PRACTICE KIWIFRUIT GROWING AND HARVESTING AS PART OF THE INDUSTRY'S QUALITY ACTION PLAN ARE PROVIDING GREATER ONSHORE QUALITY ASSURANCE, AND REBALANCED COMMERCIAL INCENTIVES.

are further risks that may arise in connection with any IT system upgrade or significant maintenance event.

Fruit quality: Improving and maintaining a premium level of fruit quality is critical to protecting our brand and to maximising the value we can return to growers. Initiatives designed to improve fruit quality through best-practice kiwifruit growing and harvesting as part of the industry's Quality Action Plan are providing greater onshore quality assurance, and rebalanced commercial incentives. This focus on quality will help to reduce fruit waste and ensure more kiwifruit is able to be exported or new sources of value created.

Supply chain capacity and pace of growth: Continued investment will be required to manage expected crop volume increases and to allow the New Zealand kiwifruit industry to grow capacity and address quality issues. Growers are encouraged to ensure that for any development of orchards there are strong associated partnerships with a post-harvest company to make sure there is capacity to pack and store the fruit.

Share ownership: Zespri is owned by current and former growers, however not all growers are shareholders. Improving share alignment is key to aligning grower/shareholder interests and pursuing our strategy to create ongoing value. We've already taken significant steps in this direction by announcing two initiatives to lift grower ownership in Zespri. These will allow eligible growers to opt in to receive loyalty payments as shares and give shareholders the option to receive dividends as shares. Both initiatives are set to commence in 2025, and offers to participate will be in compliance with the Financial Markets Conduct Act 2013.

Biosecurity: Unwanted pests and disease could impact crop quality and volume, as well as New Zealand's reputation and market access. For example, the high risk and potential consequence of Brown Marmorated Stink Bug has made it a priority for biosecurity readiness and response for both the industry biosecurity organisation, Kiwifruit Vine Health (KVH), and the Ministry for Primary Industries, and the industry remains alert to potential fruit fly incursions.

Non-compliance and brand risk: Consumers, regulators and communities are increasingly concerned about compliance issues and brands being good members of their communities, resulting in a higher level of scrutiny on industries like ours. Any issues like worker exploitation, water quality, water use, or poor spray management could attract negative attention, impact on our reputation, our social licence, and our ability to operate without greater regulatory constraints, and to attract the value enabled by being a premium brand. Zespri will continue to work with the industry so that we can protect the value we have created together.

Regulation: Ensuring ongoing compliance within an increasingly complex regulatory environment, where numerous markets are introducing regulatory frameworks to drive both operational risk mitigation and reporting requirements around areas such as supply chain transparency/due diligence, sustainability, privacy, artificial intelligence, and other demands of their respective populations. Expanding into new markets will add to the complexity of understanding the similarities and differences between these regulatory frameworks and the resulting implications for our supply chain and growers.

¹[http://www.zespri.com/content/dam/zespri/nz/sustainability/Climate Change Adaptation Plan](http://www.zespri.com/content/dam/zespri/nz/sustainability/Climate%20Change%20Adaptation%20Plan)



CATEGORY UPDATES



ZESPRI GREEN KIWIFRUIT (HAYWARD)

SITUATION AND CHALLENGES

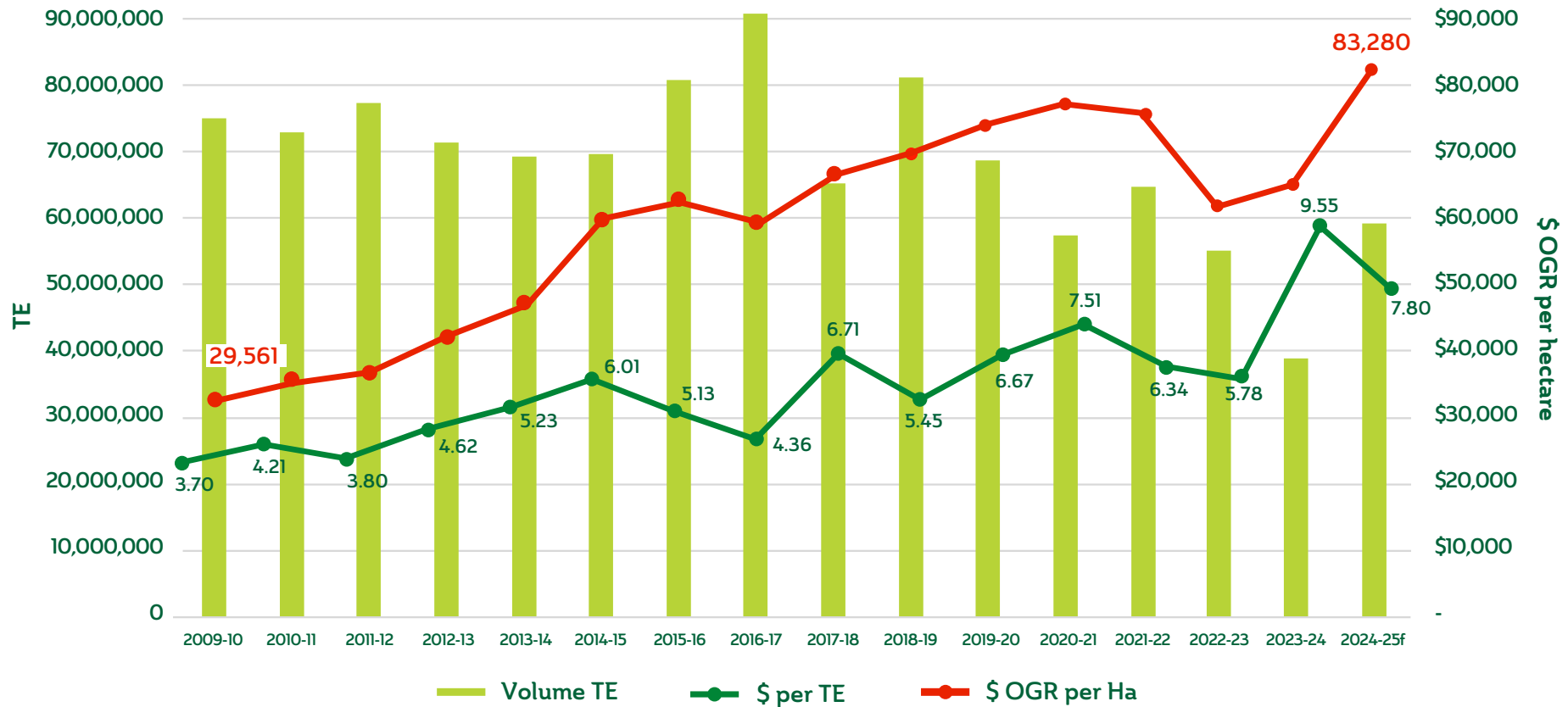
Zespri Green Kiwifruit attracts a significant premium over competitor Greens – around 29 percent globally. Zespri captures that price premium because of our ability to deliver better quality, market preferred sizes and higher taste fruit than our competition, under the trusted Zespri brand. The performance of Green is supported by sales and marketing excellence, a strong Zespri portfolio, and our 12-month supply strategy which holds premium shelf space.

The moderation of volumes of Green will support sustainable returns. We estimate OGRs of \$7.00 to \$9.00 per tray or \$74,000 to \$95,000 based on average yields. The supply versus demand dynamic is more sensitive for Green with the level of competition and supply volume in any given year impacting returns. Our challenge is to balance an ideal volume that supports higher returns (subject to high quality and

delivering the right size profile) while maintaining our category leadership position and portfolio mix.

Green has seen high volume volatility over recent seasons as illustrated in the following chart, with a strong supply season in 2024, following lower supply seasons prior due to weather impacts such as frosts, rain and wind impacting yield. Cost increases mean that profitability of the Green category has become more challenging, particularly for growers with below average yields. We note that the implementation of the New Zealand European Union Free Trade Agreement (NZ-EU FTA) has benefited Green because we send a higher proportion of Green to Europe. We forecast that supply of Green will continue to decline, particularly over the later years of the next five years, due predominantly to grafting to other varieties.

ZESPRI GREEN KIWIFRUIT VOLUME VS RETURNS



In 2022, trials commenced on new Green cultivars, developed through the industry’s breeding programme, that show commercial potential with high yielding, good tasting fruit. The earliest these cultivars would likely be available is 2027, though we’re progressing relevant trials quickly. A better yielding cultivar with consumer-friendly characteristics will help elevate Zespri’s positioning in market as well as unlock more potential returns.

In the short term, 150 hectares of the total allocation of SunGold Licence released in 2025 will be exclusively available for cutover from Green and Green14. The current supply and demand situation suggests that 2025 may be the final year Zespri will offer restricted pool licence specifically for Green cutover, subject to annual review, acknowledging the need for growers to transition to a more profitable variety while ensuring an ideal portfolio mix. Growers will continue to have

the opportunity to cutover to SunGold by purchasing licence through the open pool. Other growers may make the decision to pull out of Green altogether, whether for economic reasons or alternate land use drivers. This can be expected to further reduce Green hectares and support Green per tray and per hectare returns, while maintaining a solid base of Green in our portfolio so we can continue as category leaders in the wider kiwifruit category.

MARKETING AND MARKET DEVELOPMENT

Optimising the quality, taste and size attributes of Green remain the most important aspects of differentiating it from competitor greens and maintaining our price positioning. Holding the best shelf space with a portfolio of kiwifruit in key markets with key retailers is also critical to attracting strong premiums.

Building strong demand requires:

- Differentiating our product to justify our price premium:
 - Focusing strongly on health communication to recruit more new consumers and increase loyalty, particularly around the digestive health properties of Green.
- Investing in brand marketing to create consumer demand for our premium proposition and fostering availability and trust with consumers. Expanding reach and availability by investing in market and sales channels to build a broadened distribution base:
 - Offering 12-month supply to customers to maintain Zespri's shelf space, position, and maximise investment in sales and marketing
 - Strengthening retail relationships, creating awareness of Zespri's quality attributes, and optimising in-store execution.
 - Optimising the eating experience: Optimising product quality, taste, and availability for early and late supply to drive repeat and word of mouth customers. Retail level ready-to-eat programmes to maximise the eating experience.
- In terms of market allocation, Europe will continue to take the largest share of Green over the next five years, at around 50 percent of supply. However, as volumes decline, market allocation mix (which markets we put fruit into) will also add value, as high returning markets such as Japan, China, Taiwan, and Korea are anticipated to make up a higher proportion of the global allocation, supported by strong contributions from growth markets such as North America and Vietnam.
- In the long-term, we're focusing on building the differentiation among green competition to ensure we can enhance retail relationships and sustain our justified price premiums in market.

POINTS AHEAD

Hayward continues to be the predominant green cultivar globally, although we are aware of new competitive greens with stronger consumer attributes, but not necessarily strong performance right across the value chain. We expect that in the longer term someone may be successful in breeding a better green that will take significant market share from Hayward, should they be able to get the necessary consumer, storage, and yield characteristics. We are continuing our research and development of new cultivars that may offer greater resilience to warmer winter climates in the future.

From a Zespri perspective, our high-level approach is to:

1. Optimise the quality of Green and grow demand for Green 12 months of the year at strong, sustainable long-term value.
2. Continue the work of breeding and commercialising a new green that will unlock further growth and value in the green category. In the near term, this involves developing a replacement green that delivers a strong yield, while the longer-term focus is developing a differentiated green with consumer perceived benefits worth paying more for.
3. Support the pathway for green growers into higher yielding varieties with a stronger consumer demand proposition, through licensing mechanisms making it easier for them to access licence.



4. Through this planning window we aim to achieve average per hectare returns of \$74,000 to \$95,000 subject to seasonal factors. We note that high yield years of more than 11,000 trays per hectare would make it more challenging to drop volumes and achieve higher returns in market.

ZGS VIEW

Northern hemisphere Green is procured under a trading model, therefore available volumes and price per kilo are highly dependent on the fluctuations in supply in any given season.

While in the past we have sourced Hayward primarily from Italy, we're now sourcing an increasing amount from Greece during the counter-season. Procurement of Hayward from Europe has increased since 2018 to 36,000 tonnes, of which more than 60 percent is now procured from Greece in order to complement New Zealand supply and deliver the benefits to consumers, retail partners and growers of 12-month supply. Fruit quality is improving significantly, while pricing for Hayward in Europe markets is highly competitive due to decreasing volumes in Italy. We're working with Italian growers on tackling pest and disease issues, like Kiwifruit Vine Decline Syndrome or Brown Marmorated Stink Bug (BMSB), by delivering year-round research programmes which help us prepare for any potential incursions into New Zealand.

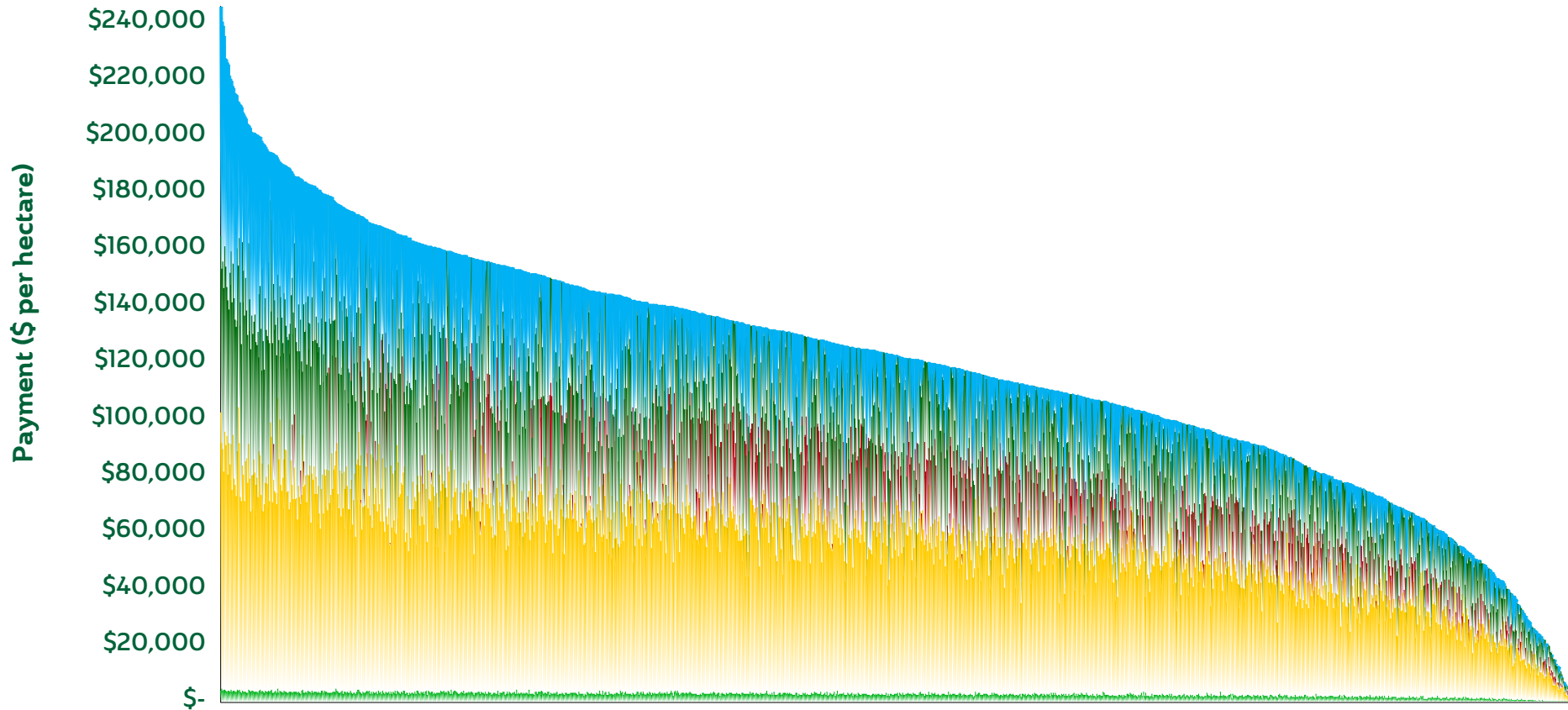
DISTRIBUTION OF PERFORMANCE ACROSS ORCHARDS

Based on the August 2024/25 season forecast for Green, the average New Zealand Fruit and Service Payment, including loyalty, paid per hectare is forecast to be \$124,130. The average 2024/25 yield is 10,678 trays per hectare which is up from 6,879 trays per hectare in 2023/24. The average size per tray is 34.26 which is significantly smaller than the previous season result of 30.42. The largest portion of the Fruit and Service

Payment (excluding loyalty) is fruit payments (43 percent), which comprises a submit payment of \$2.73 per tray and progress payments of \$2.15 per tray. The Taste Zespri Grade contributed \$3.56 per tray on average, and taste contributed 31 percent of the overall Fruit and Service Payment (excluding loyalty).



ZESPRI™ GREEN KIWIFRUIT - FRUIT & SERVICE PAYMENTS 2024/25 (BASED ON E2 AUGUST FORECAST)



Grower Number
(payments exclude Pack, Class 2 & NSS, Supplier Accountability, Priority premium payments)

Time/Ha Taste Zespri/Ha KiwiStart/Ha Fruit Pmt/Ha Loyalty/Ha

ORCHARD GATE RETURN

The August 2024/25 forecast shows the Green average OGR per hectare at \$83,280.

The projected OGR range per hectare, based on Zespri's Five-Year Plan horizon (2025-2029) is between \$74,000 to \$95,000.

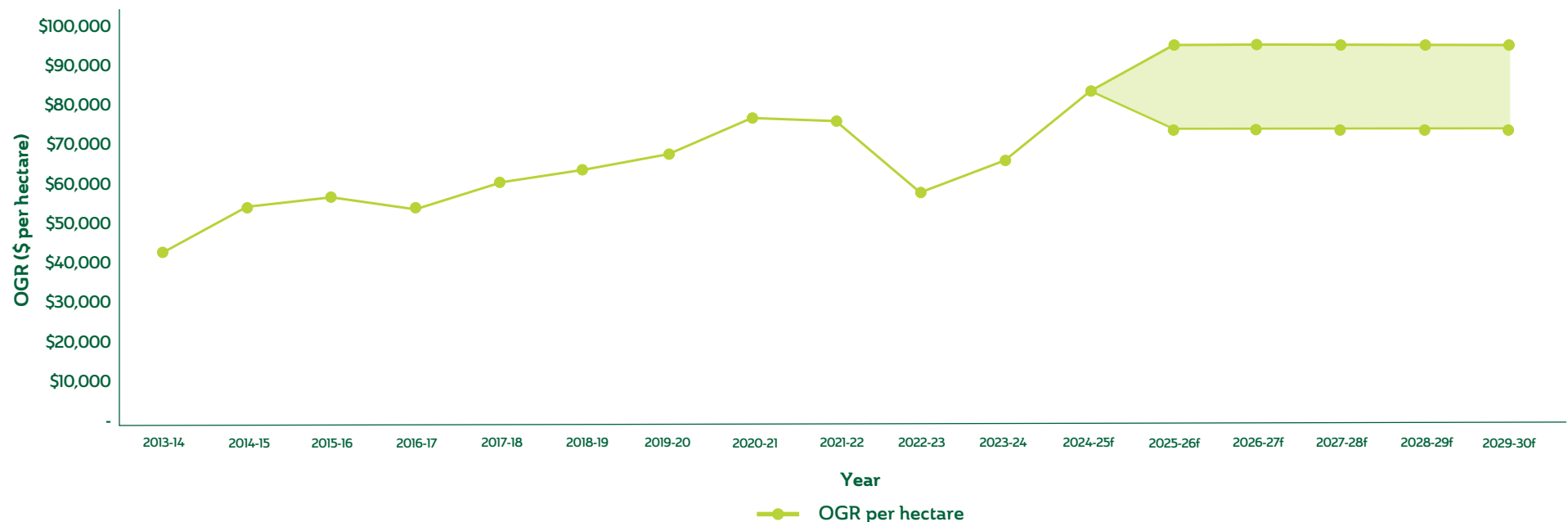
On-orchard costs are not provided in this chart, and we note costs can vary quite significantly from orchard to orchard.

Growers will know their costs best from their own experience and data.

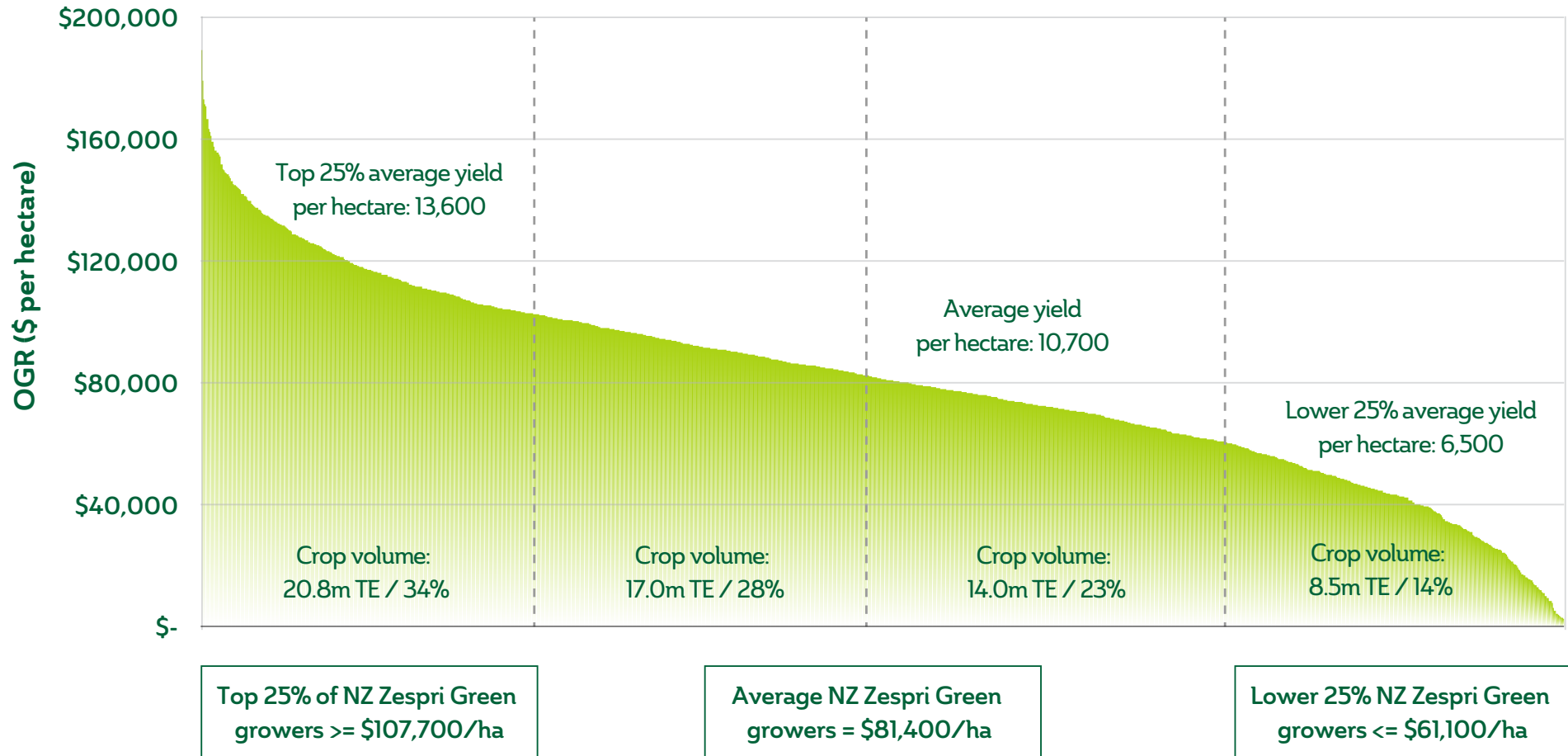
The bottom graph shows the distribution of expected 2024/25 orchard gate returns across KPINs (as opposed to weighted volume average) based on the August forecast for 2024/25. The OGR is the average amount received by each orchard or

part orchard after Zespri and post-harvest costs are deducted. In this case, an average of \$3.89 per tray for postharvest costs was used. It does not show net orchard return, which factors in average on-orchard costs.

ZESPRI™ GREEN KIWIFRUIT - ORCHARD GATE RETURN PER HECTARE



ZESPRI™ GREEN KIWIFRUIT - ORCHARD GATE RETURN* 2024/25 PER HECTARE (BASED ON E2 AUGUST FORECAST)



**some payments are not allocated at an individual grower level and are excluded or estimated in this analysis.*

ZESPRI SUNGOLD KIWIFRUIT (GOLD3)

SITUATION AND CHALLENGES

Expected to be the cornerstone of Zespri's growth for the next five years, demand growth remains strong, and based on information currently available we believe we can grow Class 1 conventional SunGold demand across all markets by between 11-16 million trays per year through to 2029. The forecast supply of NZ Class 1 conventional Zespri SunGold Kiwifruit is 153 million trays in 2029/30. The Outlook takes into account existing plantings coming into full production and Zespri's decision to extend SunGold licence release to 2029.

400 hectares of SunGold licence will be released in 2025. This is slightly higher than the up to 350 hectares signalled last year and includes 150 hectares for cutover from Hayward and Green14.

Following Zespri's annual review, the increased number of licensed hectares being released reflects Zespri's intent to capture more of the growing market demand for SunGold, while continuing to consider supply capacity constraints and the need to improve fruit quality and reduce associated quality costs.

The indicative release of up to 400 hectares in 2026, and the indicative range of 350 to 500 hectares between 2027-2029, provides the flexibility to support our long-term strategy of maintaining demand ahead of supply to take account of:

- Mature SunGold vines are estimated to produce close to 15,000 Class 1 trays per hectare on average over the next five years.
- Time required for newer SunGold orchards to come into production.
- Maintaining high quality
- The need for and confidence to invest in additional post-harvest capacity, including contingency planning to support volume fluctuations for slow or lumpy season starts and/or high yield seasons

It's important to note all licence release will continue to be reviewed annually and will only be confirmed at the end of each season, depending on quality, additional industry capacity, and demand growth performance.

MARKETING AND MARKET DEVELOPMENT

Market demand for SunGold remains strong in our core markets, however global macroeconomic trends are shifting. While China remains a key source of growth for Zespri, it's important to acknowledge China is signalling a change in their overall pace of economic growth versus in the prior decade. In this context, Zespri recognises the need to continue to diversify our market mix, and develop a broader set of markets. North America, Korea, Vietnam, and India have shown strong growth and represent future opportunities.

Consumer confidence levels are affected by volatility and the polycrisis the world is seeing, and this is likely to lead to more conservative choices in spending. In this context, as a premium product, SunGold may be exposed to consumers trading down to lower quality products. It is critical Zespri upholds its unparalleled fruit quality, great taste, and health credentials as fundamental elements to support the SunGold value proposition to consumers.

POINTS AHEAD

Zespri's strong brand is a core competitive advantage. With SunGold being an exclusive product, it is well positioned to take full advantage of this growth. We will need to continue building our perceptions of worth, demonstrating to consumers that SunGold is unique and fulfils valuable needs and occasions.

Competition is increasing in the yellow-fleshed kiwifruit category, with a proliferation of brands that are increasingly expanding their portfolio of kiwifruit across the three main varieties of green, yellow and red. The offering is not only increasing, but quality and the ability to stay longer on shelf is developing quickly. This is also true for UAG3, as mentioned earlier in this document, particularly as the supporting supply chain capabilities strengthen. Beyond kiwifruit, there are also other high quality local fruits that, while in season, can present themselves as more affordable alternatives. This is particularly evident in the northern hemisphere, putting pressure on Zespri to be visible and available on shelf all year round. A gap in supply exposes the brand to competition, making it harder to take back the position with customers once a competitor product with reasonable quality has been on shelf.

The growth in competitor varieties is in part enabled by the inability of Zespri to release more licence in northern hemisphere production locations as a result of the unsuccessful 2022 Producer Vote to expand offshore SunGold plantings. This



will continue to lead to more competition through the supply chain and in market. If successful, the 2024 ZGS Producer Vote will increase supply of ZGS SunGold and give us more ability to compete.

Growers should expect alternative northern and southern hemisphere supply yellow-flesh options will eventually be successful, leading to greater competition and therefore returns will moderate in the longer term.

With SunGold being a growth driver that is reaching maturity stage as a product towards the end of the outlook period, achieving economies of scale and controlling costs in our value chain will be critical to sustaining the high levels of profitability this product has delivered so far.

Modelling suggests average OGR per hectare returns can be sustained between \$150,000 to \$196,000 over the five-year timeframe, on volumes growing to 153 million trays in 2029/30. As always, modelling is based on several assumptions, and is dependent on seasonal factors, such as volume, taste, quality, and market conditions, and on broader factors such as biosecurity, competition, and market access.

Strong quality performance of SunGold, as well as strong brand-led demand creation is critical to our ongoing success. On the supply side, our plan assumes that taste and storage characteristics meet customer expectations and continue to

drive sales rates and maintain the sales window. The industry-wide focus on continuing to improve quality is critical to optimising returns.

It is strategically important to grow SunGold in a competitive context, to remain category leaders, hold shelf space, and maintain customer relationships as competition increases.

ZESPRI GLOBAL SUPPLY VIEW

Zespri is growing SunGold Kiwifruit in four countries outside of New Zealand (Italy, France, Japan, and Korea) and will soon have planted all 5,000 offshore hectares approved in the 2019 Producer Vote. As these orchards come into full production, ZGS is expected to near double SunGold production levels, reaching 40 million trays by the 2029 season. Despite these increases, ZGS production from the current approval will only meet almost two thirds of the target demand in the New Zealand off-season in 2029. The 2024 Producer Vote will ask producers to support the expansion of ZGS SunGold hectares by up to an additional 420 hectares allocated per year for the next six years in Italy, France, Japan, South Korea, and Greece.

The success of the Vote is critical to enabling Zespri to increase production and capture demand ahead of rising competition, protecting and strengthening returns for New Zealand growers.

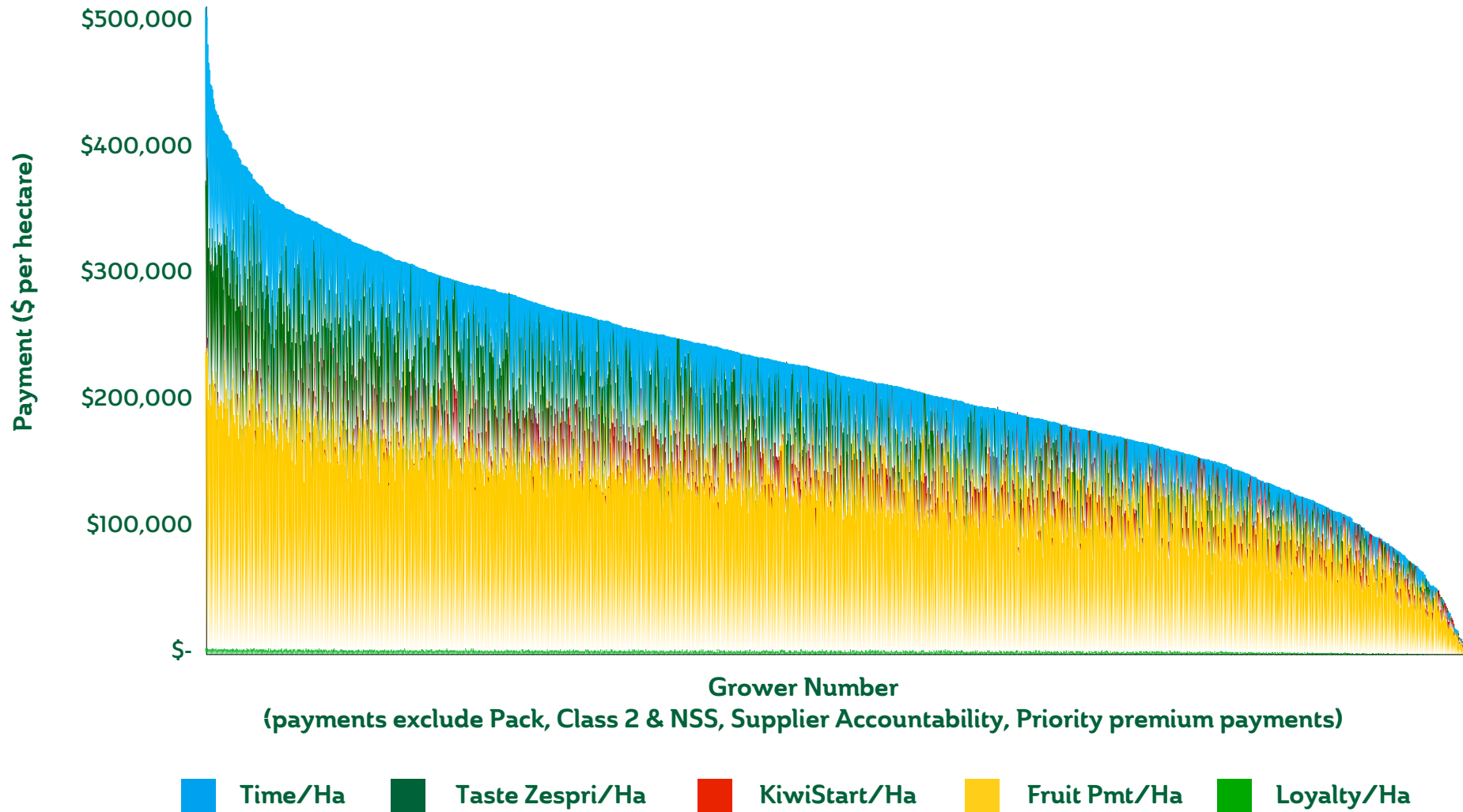
DISTRIBUTION OF PERFORMANCE ACROSS ORCHARDS

Based on the August forecast for the 2024/25 season, the average Fruit and Service Payment, including loyalty, paid per hectare is \$236,973. The average yield is 14,426 trays per hectare which is up from 11,374 trays per hectare in 2023/24. This includes orchards that are not yet fully mature. The average size per tray is 27.7, compared with 25.4 for the previous season. Typically, the largest portion of the Fruit and Service

Payment (excluding loyalty) is fruit payments (57 percent) which comprises a submit payment of \$3.60 per tray and progress payments of \$5.60 per tray. The Taste Zespri Grade contributed \$3.30 per tray on average, and taste contributed 20 percent of the overall Fruit and Service Payment (excluding loyalty).



ZESPRI™ SUNGOLD KIWIFRUIT - FRUIT & SERVICE PAYMENTS 2024/25 (BASED ON E2 AUGUST FORECAST)



ORCHARD GATE RETURN

The August 2024/25 forecast shows the SunGold average OGR per hectare at \$154,113, which is up from \$146,987 in the 2023/24 season.

The 2024/25 season has seen a significant lift in volume through increased yields on the back of a low yield 2023/24 season. Although quality this season remains good, there are additional risks with the longer season compared to last year. In order to support run rates for the longer season and limit the impact of late season quality, the use of customer funds

has increased to support run rates in markets. Downward pressure this season from the weakened Japanese Yen, as well as the mouse infestation on the first European vessel have impacted OGRs, but this was partially offset as the category has also benefited from the implementation of the New Zealand-European Free Trade Agreement (NZ-EU FTA).

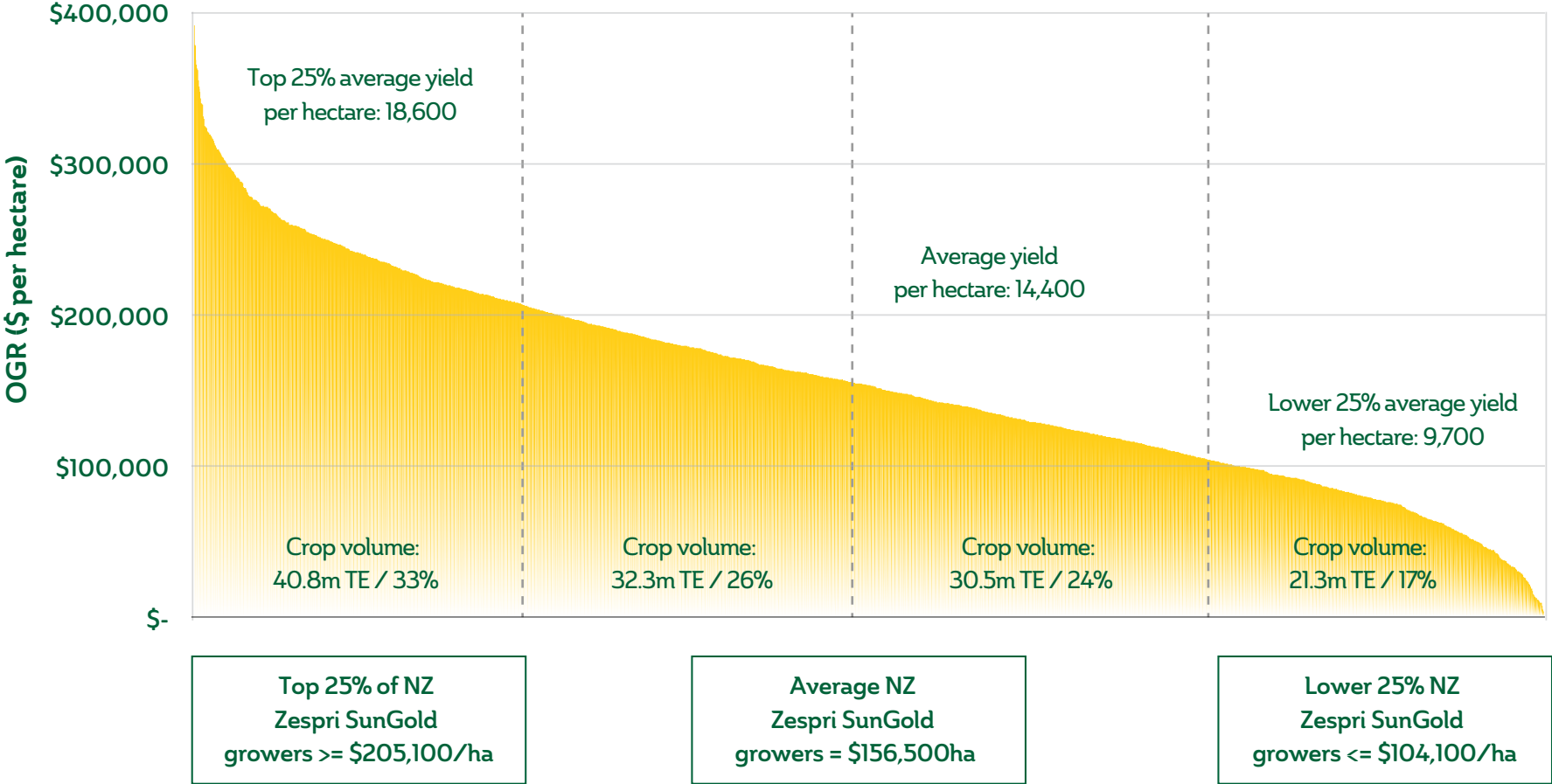
On-orchard costs are not provided in the OGR range chart, and we note costs can vary quite significantly from orchard to orchard. Growers will know their costs best from their own experience and data.

For planning purposes, Zespri also announced an indicative range of returns from \$10.00 - \$13.00 per Class 1 tray at an average yield of close to 15,000 trays per hectare. These indicate that average per hectare returns could be sustained above \$150,000 over the five-year timeframe. This assumes the continued release of additional tranches of SunGold licence subject to annual stop/go decisions based on demand and supply chain capacity.

ZESPRI™ SUNGOLD KIWIFRUIT - ORCHARD GATE RETURN PER HECTARE



ZESPRI™ SUNGOLD KIWIFRUIT - ORCHARD GATE RETURN* 2024/25 PER HECTARE (BASED ON E2 AUGUST FORECAST)



*some payments are not allocated at an individual grower level and are excluded or estimated in this analysis.

The graph shows the spread of orchards or part orchards throughout the country, and expected orchard gate returns based on the August forecast of 2024/25. The OGR is the average amount received for each orchard or part orchard after Zespri and post-harvest costs are deducted. In this case, an average of \$5.70 per tray for post-harvest costs were used.

The data presented here shows the distribution of orchard gate returns across KPINs (as opposed to weighted volume average). It does not show Net Orchard Return, which factors in average on-orchard costs.



ZESPRI ORGANIC GREEN AND ZESPRI ORGANIC SUNGOLD KIWIFRUIT

SITUATION AND CHALLENGES

The rapid growth of the general organic category seen during the pandemic has now slowed in the key organic markets around the world including the US, Germany and France. Contributing to this slowdown is the economic climate and cost of living crisis which has seen organic consumers adopt coping strategies such as purchasing less and purchasing cheaper alternatives such as own-label organic or conventional produce.

In the US - the largest organic market in the world - we are seeing the growth of conventional produce outpace the growth of organic produce for the first time since the pandemic.

Local produce continues to be a strong preference for organic consumers as they seek out produce that is better for the local communities and the planet. This is especially evident in France and Germany where local organic kiwifruit is becoming more prevalent.

Despite these challenges, demand for Zespri Organics remains high and with organic kiwifruit having less than 0.3 percent share of the organic fruit bowl, we have significant headspace to grow.

MARKETING AND MARKET DEVELOPMENT

We will continue to build premium demand for Zespri Organics through:

- Building distribution and geographically expanding in the main organic markets of the US and Europe
- Maintaining the value from Asian markets where organic awareness is low but willingness to pay is high
- Driving in-store visibility and securing incremental shelf-space for organics where possible (e.g. the organic aisle or imported section)
- Looking for ways to differentiate in the organic category to ensure we stand-out and are worth paying more for.

LOOKING AHEAD

In the coming years we are expecting growth for Organic SunGold to be driven by the main organic regions in the world; North America, and Europe. The US and Germany will deliver double-digit growth where our teams are building distribution and expanding geographically. As our leading market for Organic SunGold globally and a high-returning market for Organic Green, the US will continue to drive value despite the rapid increase in volume.

Growth from Asian regions is expected to be moderate, where the awareness of the category is low yet willingness to pay is higher. Japan does continue to be a strategic market for our organic portfolio where we sell an equal amount of both organic varieties and where we will continue to nurture the long-standing relationships that have been developed for our organic portfolio.

We expect Class 1 Organic Green New Zealand supply to stabilise at around 3.5 million trays during the five-year period based on projected yields. There is continued strong demand for Organic Green and for the 2024/25 season, Zespri again is forecasting strong average returns on a per tray basis. Significant year-on-year changes in yields in recent seasons has challenged the ability to hold returns at a per hectare level, and to hold and build sustainable value in the category in the long-term. The challenge is to return per hectare value sufficient to offset yield and size differentials compared to conventional.

For Organic SunGold, due to higher-than-expected yields and more organic conversions, this Five-Year Outlook has



incorporated no Organic SunGold licence release in 2024. Depending on the rate of Organic conversions in the coming years, it may be possible to offer some organic licence in three-to-four years' time to capture more of the growing market demand. The forecast supply of Class 1 Organic SunGold is still expected to increase significantly over this planning window from 3.6 million trays supplied in 2024/25 to around 5.7 million trays supplied in 2029/30. The Outlook takes into account greenfield developments coming into production, alongside conversions from conventional SunGold coming into full organic certification, and yield improvements.

AS OUR LEADING MARKET FOR ORGANIC SUNGOLD GLOBALLY AND A HIGH-RETURNING MARKET FOR ORGANIC GREEN, THE US WILL CONTINUE TO DRIVE VALUE DESPITE THE RAPID INCREASE IN VOLUME.



ZESPRI ORGANIC GREEN KIWIFRUIT

POINTS AHEAD

Europe, Japan, and North America combined represent more than 90 percent of total sales for this variety. A similar allocation strategy is expected in coming seasons, with allocation prioritised based on distinct organic demand and the market opportunity to deliver a strong and stable return.

Zespri is modelling a range of \$10.50. to \$12.50 per tray for Class 1 Organic Green. However, significant year-on-year changes in yield in recent seasons means there could be significant variability in per hectare average returns of between \$72,000 and \$86,000.

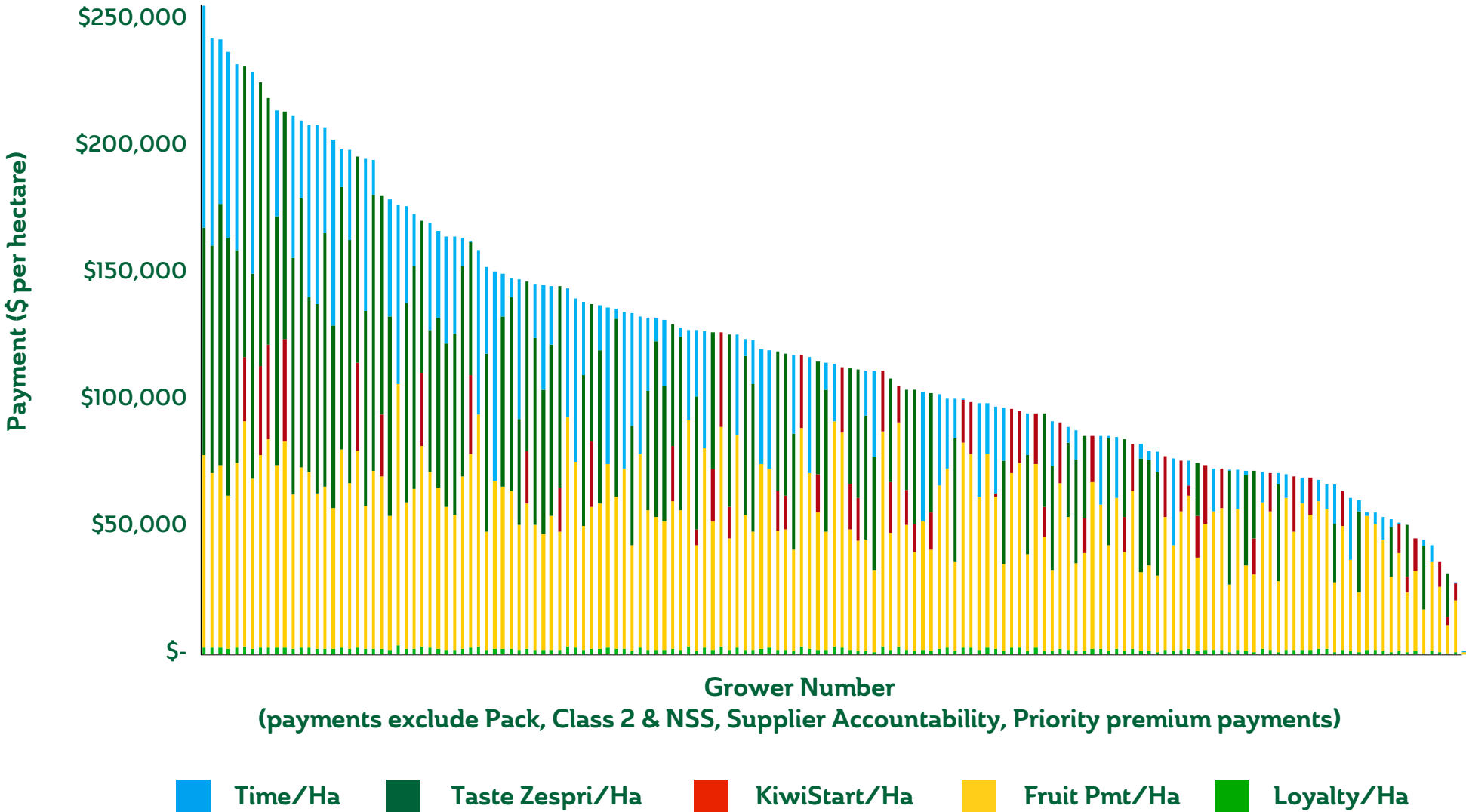


DISTRIBUTION OF PERFORMANCE ACROSS ORCHARDS ORGANIC GREEN

Based on the August 2024/25 forecast, the average Fruit and Service Payment for Organic Green, including loyalty, paid per hectare will be \$111,608. The average yield is 7,652 trays per hectare which is higher than the average 4,476 trays per hectare in 2023/24. The average size per tray is 34.8, compared with 32.6 for the previous season.

The largest portion of the Fruit and Service Payment (excluding loyalty) is fruit payments (48 percent), which comprises a submit payment of \$2.75 per tray and progress payments of \$4.13 per tray. The Taste Zespri Grade contributed \$3.85 per tray on average, and taste contributed 27 percent of the overall Fruit and Service Payment (excluding loyalty).

ZESPRI™ ORGANIC GREEN KIWIFRUIT - FRUIT & SERVICE PAYMENTS 2024/25 (BASED ON E2 AUGUST FORECAST)

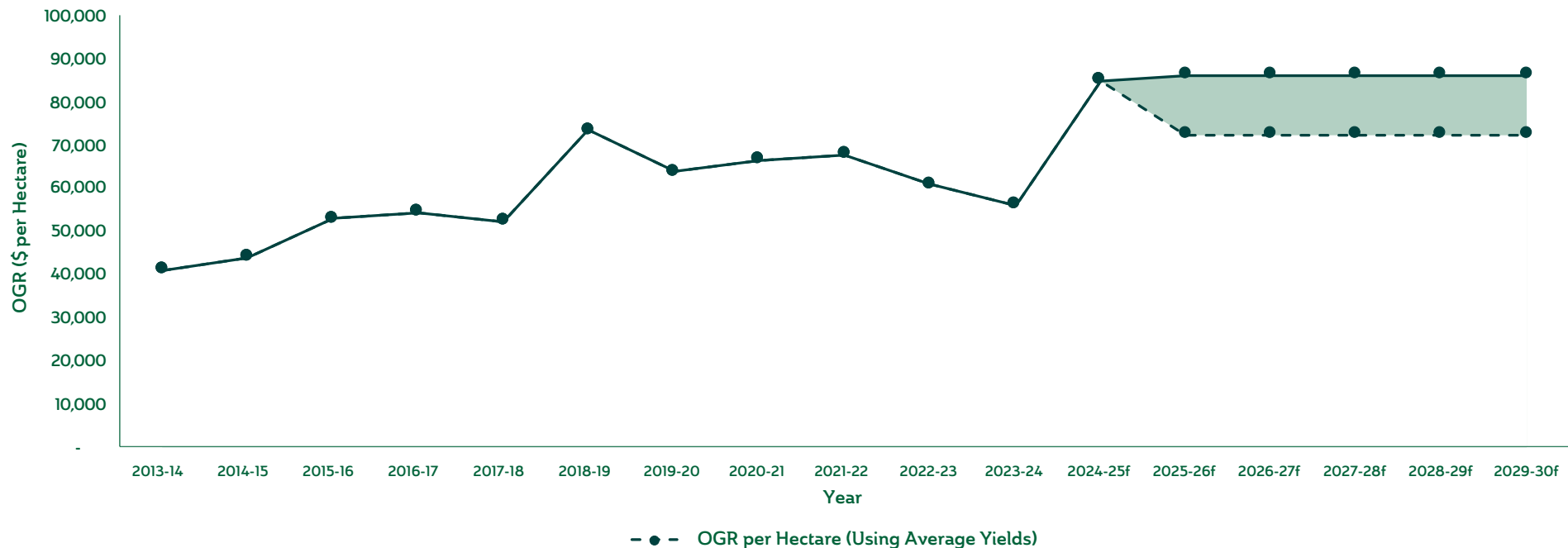


ORCHARD GATE RETURNS ORGANIC GREEN

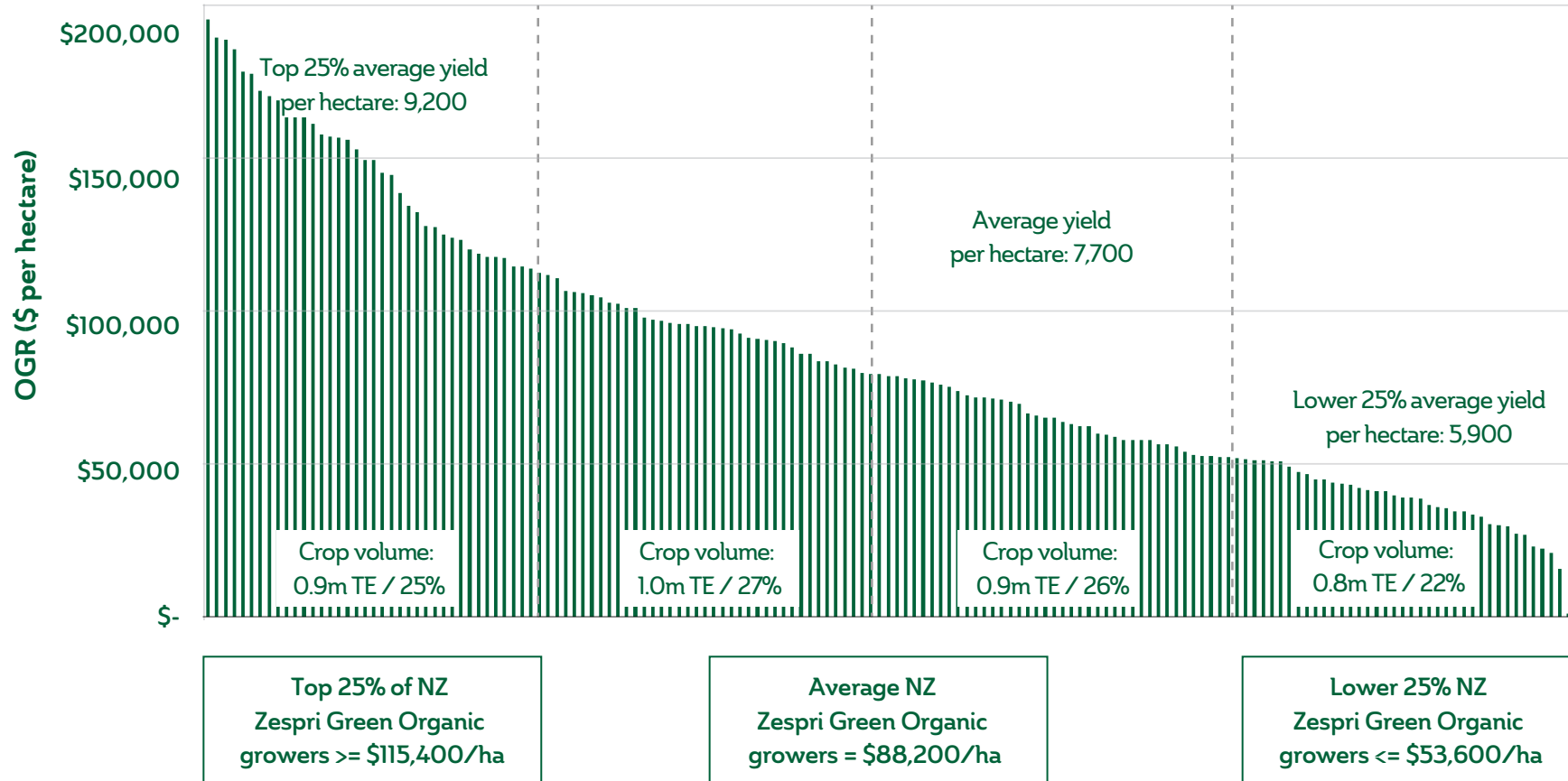
The August 2024/25 forecast shows the Organic Green average OGR per hectare at \$84,903, which is up compared to \$56,086 in the 2023/24 season. The total volume of trays supplied was 3.6 million trays, up from two million in 2023/24. On-orchard costs are not provided in this chart, and we note costs can vary quite significantly from orchard to orchard. Growers will know

their costs best from their own experience and data. There are several cost factors that could increase inflation at a rate above historic trends. This includes, among other things, continuing increases in wage rates, and potentially, in costs associated with compliance.

ZESPRI™ ORGANIC GREEN KIWIFRUIT - ORCHARD GATE RETURN PER HECTARE



ZESPRI ORGANIC GREEN KIWIFRUIT - ORCHARD GATE RETURN* 2024/25 PER HECTARE (BASED ON E2 AUGUST FORECAST)



*some payments are not allocated at an individual grower level and are excluded or estimated in this analysis.

The graph shows the spread of orchards or part orchards throughout the country and their expected orchard returns based on the August forecast for the 2024/25 season.

The OGR is the average amount received for each orchard or part orchard after Zespri and post-harvest costs are deducted. In this case, an average of \$3.84 per tray for post-harvest costs was used.

The data presented here shows the distribution of OGRs across KPINs (as opposed to weighted volume average). It does not show Net Orchard Return, which factors in average on-orchard costs.

ZESPRI ORGANIC SUNGOLD KIWIFRUIT

POINTS AHEAD

We continue to see strong demand for Organic SunGold, and we are expecting strong supply growth in this variety over the planning window, even with no additional licence being released.

Based on current supply projections (yields and orchards coming into production) we do not plan to release more Organic SunGold licence in 2024, but there is potential to offer some licence in three-to-four years' time, depending on the rate of conversions to organics in the coming years. This position will be reassessed annually.

We estimate demand growth of Class 1 Organic SunGold to be around 500-700,000 trays per year over the five-year planning

window, with growth prioritised based on distinct organic demand and the market opportunity to deliver a strong and stable return.

Zespri is modelling a range of \$13.00 to \$16.00 per tray for Class 1 Organic SunGold. Modelling suggests average OGR per hectare returns can be sustained between \$147,000 to \$182,000 over the five-year timeframe (subject to market environment and demand outlook), on volumes growing to 5.7 million trays in 2029/30. As always, this Outlook is dependent on seasonal factors, such as volume, taste, and market conditions, and on broader factors such as biosecurity and market access.



DISTRIBUTION OF PERFORMANCE ACROSS ORCHARDS ORGANIC SUNGOLD

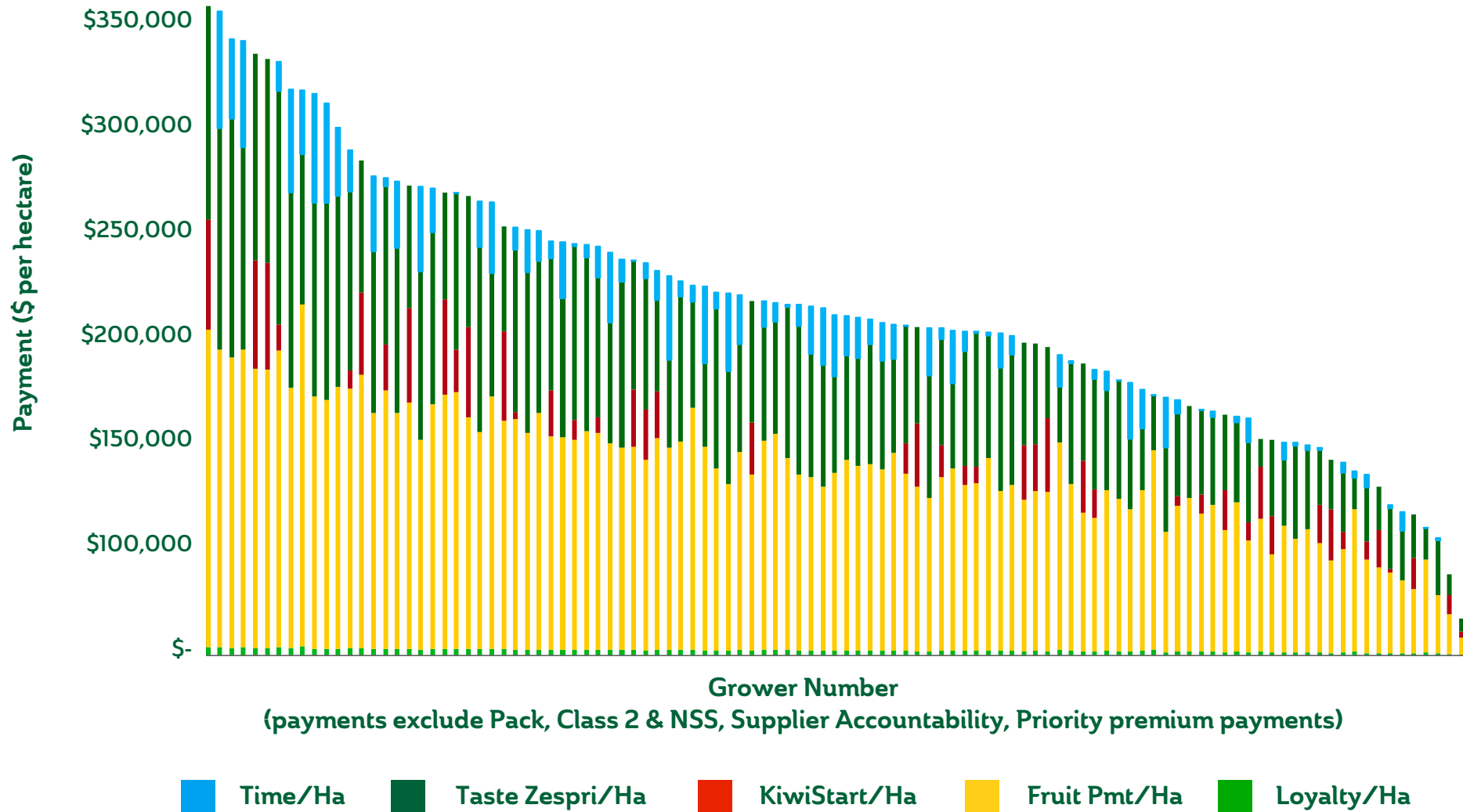
Based on the August 2024/25 forecast, the average Fruit and Service Payment for Organic SunGold, including loyalty, paid per hectare is \$193,609.

The average yield is 10,286 trays per hectare which is higher than the average 7,715 trays per hectare in 2023/24. The average size per tray is 28.3, compared with 25.6 for the previous season.

The largest portion of the Fruit and Service Payment (excluding loyalty) is fruit payments (52 percent), which comprises a submit payment of \$3.60 per tray and progress payments of \$6.02 per tray. Taste Zespri Grade was 33 percent, contributing \$6.08 per tray.



ZESPRI™ ORGANIC SUNGOLD™ KIWIFRUIT KIWISTART (BASED ON E2 AUGUST FORECAST)



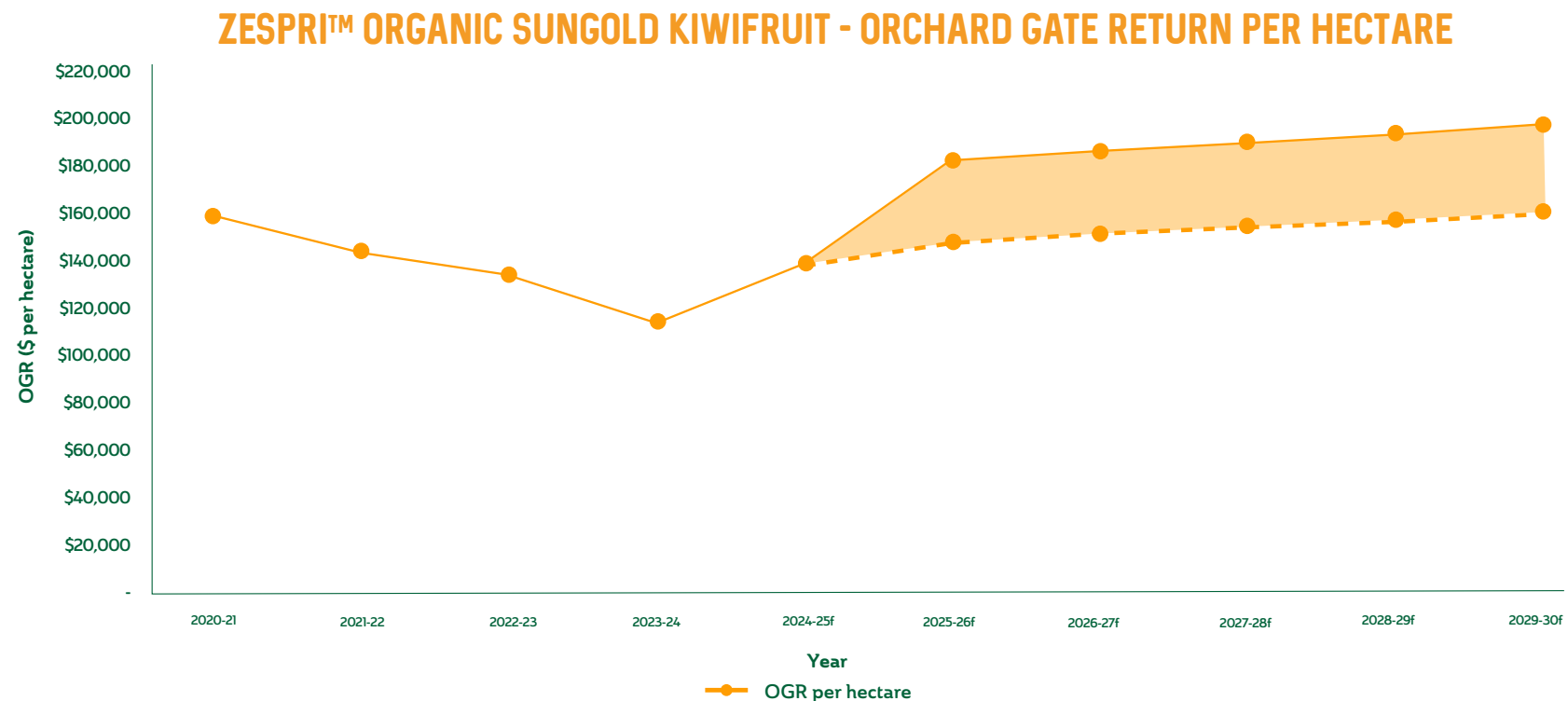
ORCHARD GATE RETURNS

ORGANIC SUNGOLD

The August 2024/25 forecast shows the Organic SunGold average OGR per hectare at \$138,390, which is higher than \$113,449 in the 2023/24 season. The total volume of trays supplied was 3.6 million trays, up on 2.3 million trays in 2023/24.

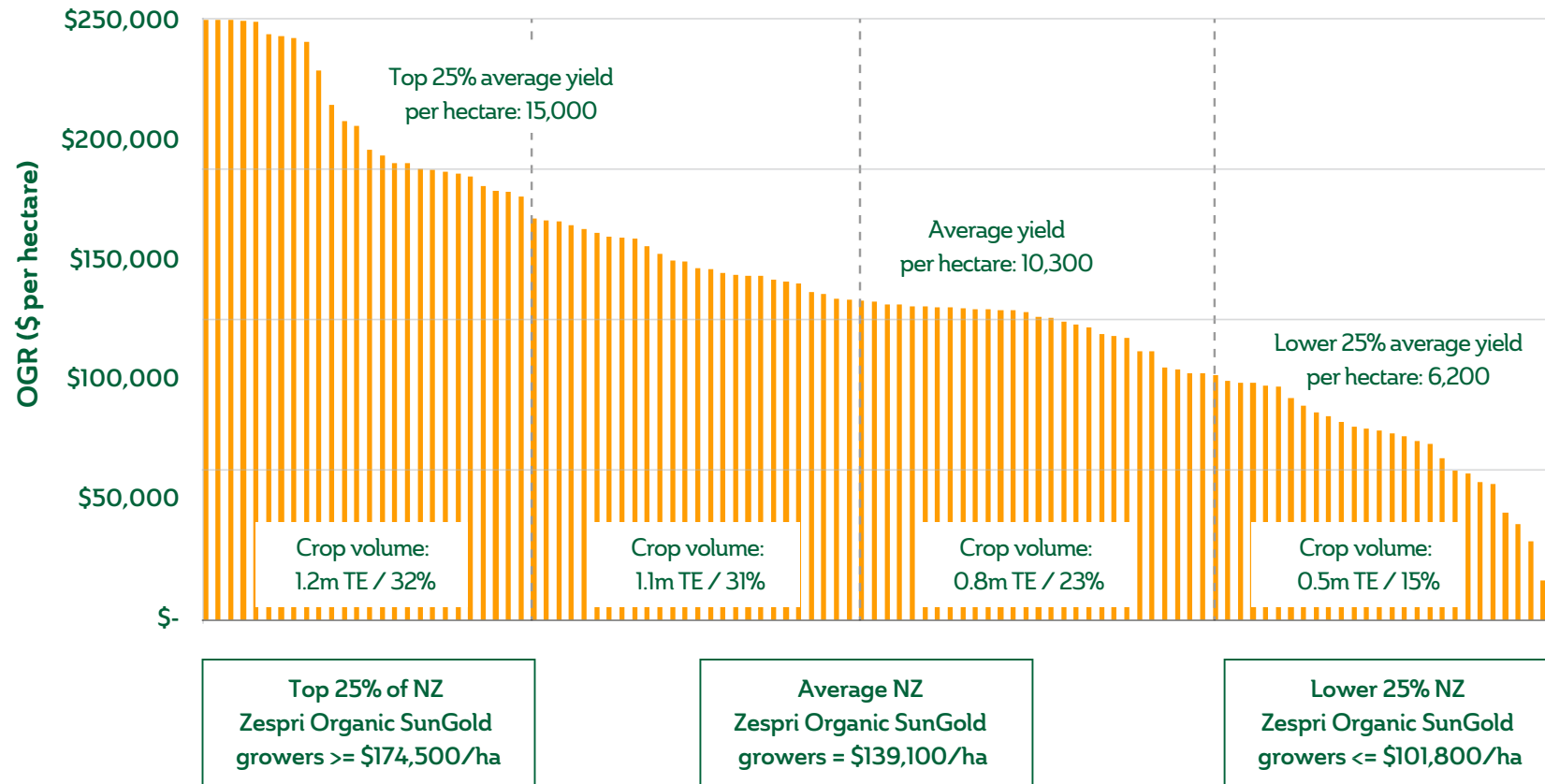
On-orchard costs are not provided in this chart, and we note costs can vary quite significantly from orchard to orchard. Growers will know their costs best from their own experience and data.

There are several cost factors that could increase inflation at a rate above historic trends. This includes, among other things, continuing increases in wage rates, and potentially, in costs associated with compliance.



Returns are based off Organic SunGold returns. Prior to 2020/21, Organic SunGold was pooled with Sungold Conventional, but has moved into a separate pool in the 2020 season. Forecast using Year 4+ Yields

ZESPRI™ ORGANIC SUNGOLD KIWIFRUIT - ORCHARD GATE RETURN* 2024/25 PER HECTARE (BASED ON E2 AUGUST FORECAST)



*some payments are not allocated at an individual grower level and are excluded or estimated in this analysis.

The 2024/25 forecast reflects an improvement in yields compared to the prior season, but with the increased volume additional selling costs have normalised the per tray rate off the back of a low volume, high priced season

The graph shows the spread of orchard or part orchards throughout the country and their expected orchard returns based on the November forecast for the 2023/24 season.

The OGR is the average amount received for each orchard or part orchard after Zespri and post-harvest costs are deducted.

In this case, an average of \$5.46 per tray for post-harvest costs was used.

The data presented here shows the distribution of OGRs across KPINs (as opposed to weighted volume average). It does not show Net Orchard Return, which factors in average on-orchard costs.



ZESPRI RUBYRED™ KIWIFRUIT (RED19)

SITUATION AND CHALLENGES

The red kiwifruit category is small in the context of the global kiwifruit market, but it is growing. In China, 833 million trays of kiwifruit are produced yearly and red-fleshed kiwifruit represents about one percent of this volume. In Europe, it is estimated that Red kiwifruit plantations represent one percent of the total kiwifruit planted, with this variety becoming increasingly more appealing to producers.

Red appeals to producers partly because of its price. In China, retail prices can reach a premium of up to 150 percent over local gold kiwifruit. Italian red kiwifruit, sold mostly in Europe, achieved in 2023 an average retail price of 14 percent above a SunGold pre-pack.

Branded kiwifruit players are presenting a full portfolio kiwifruit as part of a full offering for retailers and consumers to secure greater brand recognition and physical availability as leading kiwifruit brands and red kiwifruit is a key part of this. Commercialised in December 2019 as an exclusive variety to Zespri, RubyRed aims to capture the opportunity in the red kiwifruit category, while complementing Zespri's core products of Green and SunGold.

The 1.5 million trays of RubyRed delivered in 2024 were well received by consumers across existing markets of Japan, China, Singapore, Taiwan, and New Zealand, and new markets of Korea, Hong Kong, and Malaysia, with the vibrant red colour and sweet berry flavour notes appealing to consumers. Health remains a key supporting benefit, with high levels of antioxidants and anthocyanins helping set the product apart from other kiwifruit in the portfolio. These differentiating factors, coupled with novelty and a short selling window drives excitement in the markets and further supports the premium pricing achieved versus SunGold and Green.

However, the high proportion of very small size of the fruit (42s and 46s) is a top concern raised in customer and consumer feedback. This has been particularly evident in China, a market known to attract significant premiums for larger fruit and where Zespri SunGold, being over 80 percent of the volume sold by Zespri there, sets a strong reference point. Consumer research has validated small sized fruit as being perceived as less premium, and this could have a potential long term detrimental effect on the brand. It is important to stabilise a consistent, larger sized offering that supports the premium proposition and pricing that RubyRed has been able to enjoy this far.

MARKETING AND MARKET DEVELOPMENT

As well as improving size, we need to continue to invest in building consumer awareness and demand for RubyRed, which is new and different to the other products in the Zespri portfolio. It is the first proposition that aims at a consumer need that is driven by sensorial experience, complementing the health driven propositions that Green and SunGold represent. We're confident the marketing of RubyRed will continue to attract more consumers to try this variety and grow our industry's share of the global fruit bowl.

POINTS AHEAD

In total, we expect to supply around 7.8 million trays by 2029/30, and to open up new markets for RubyRed during this time, including Indonesia and Vietnam. However, we're constrained due to the shorter shelf life of this product and need to serve markets closer to production.

To date, 912 hectares of RubyRed licence have been released.

Innovation in the red category, both on optimising Red19, as well as developing new and better varieties of red kiwifruit, remains a top priority. Our innovation programmes, both through storage technology and new cultivars, are addressing the challenges, including, but not limited to extending the selling window. A new Red is already in Stage 3 trials and it has so far demonstrated good potential to complement Red19. At the same time, Red19 Stage 3 trials are also being performed in Italy to assess both the cultivar performance, as well as the commercial viability. With this, Zespri expects to be able to be in market longer and potentially reach more markets in the next few years.

Following a review of the 2024/25 season, we will not be releasing any RubyRed licence in 2025, while we continue to learn and innovate with fruit size, yield and colour; to grow consumer awareness in the markets and have the benefit of another season's assessment of the commercial viability of other Red varieties in the innovation pipeline. The need to continue learning on Red means that further licence release from 2025-2029 is yet to be confirmed.



ORCHARD GATE RETURNS

Financial modelling has been completed for potential returns for the next five years, based on three years of commercial production.

These potential returns are inherently uncertain and have been completed using several assumptions, including without limitation:

1. Customer demand is as anticipated in all markets
2. Five-year effective exchange rates have been used
3. Limited direct competition for the product during its normal sales season

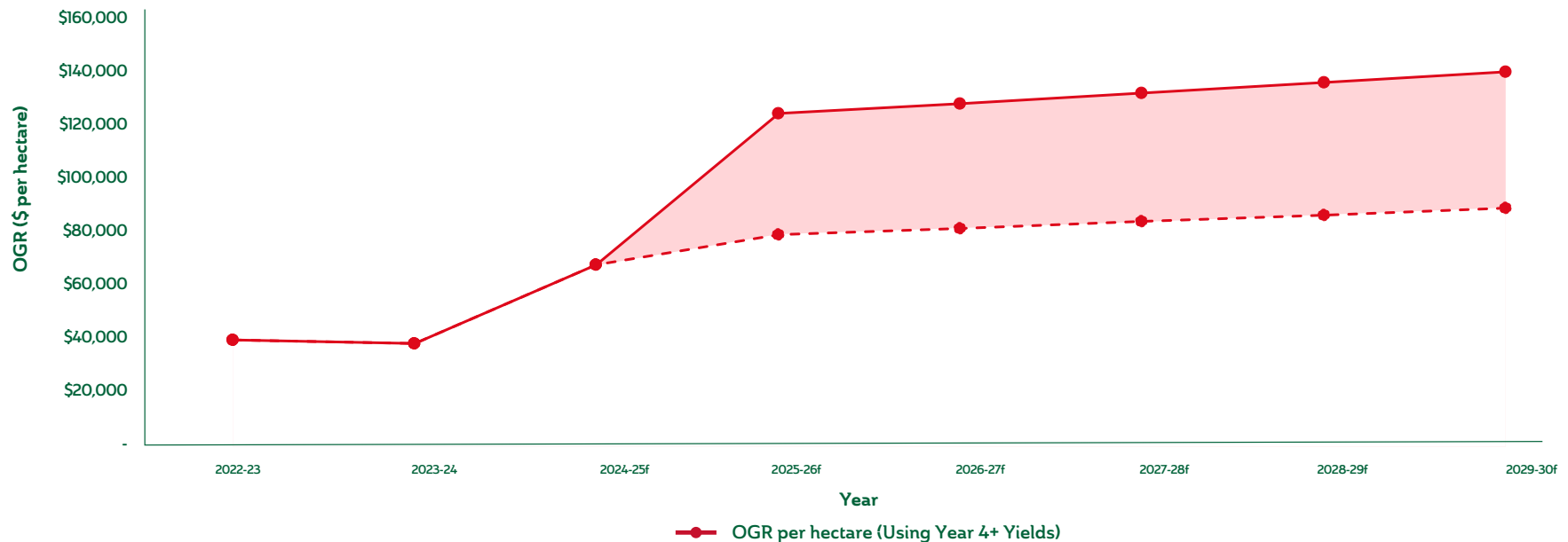
4. Post-harvest costs do not exceed forecast levels
5. Returns are not impacted by unforeseen risks such as excessive fruit loss, significant market access issues, or biosecurity and crop protection issues
6. Size 46s are included in the OGR estimates in this section for 2024 and 2025 only.

Depending on market demand and further performance of small-sized fruit in market after 2025, Size 46s will be considered for acceptance as non-standard supply on a season-by-season basis.

Please note, these forecast returns are indicative only. This reflects the high level of uncertainty still associated with this variety while we build towards commercial volumes.

OGR per hectare is dependent on orchard yield, and it is expected it will take growers differing times to achieve full production. For example, assuming an orchardist who grafted in 2022 to RubyRed can achieve a full crop at an average of around 9,000 trays per hectare by 2025, then an OGR per hectare of between \$103,000 and \$149,000 is forecast. Further information is available in the Red19 New Variety Information Guide (NVIG) available on Canopy.

ZESPRI™ RUBYRED KIWIFRUIT - ORCHARD GATE RETURN PER HECTARE



DISTRIBUTION OF PERFORMANCE ACROSS ORCHARDS

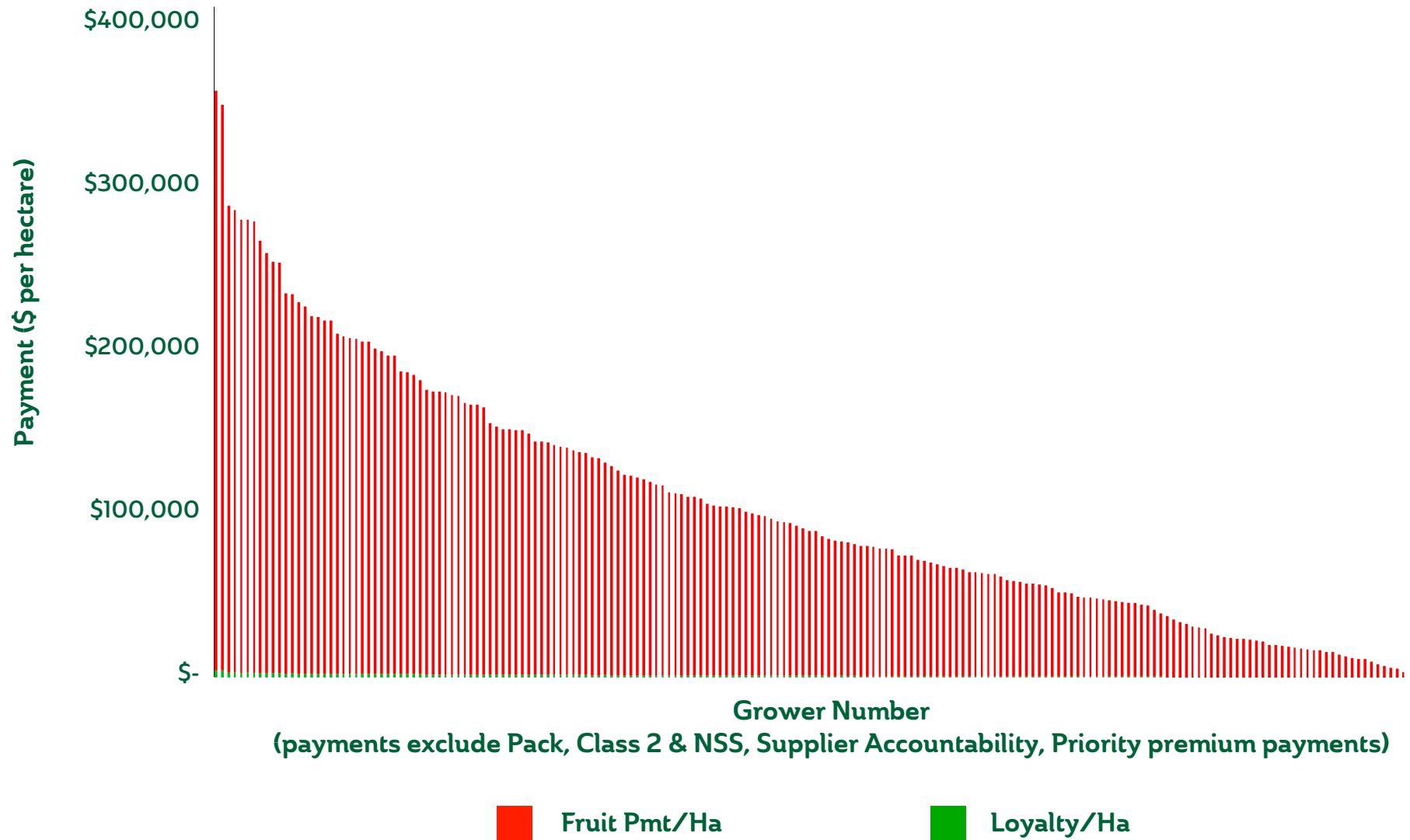
Based on the August 2024/25 forecast, the average Fruit and Service Payment for Zespri RubyRed™ Kiwifruit, including loyalty, paid per hectare is \$89,475. The 2024/25 average yield was 4,280 trays per hectare which is higher than the average 1,547 trays per hectare in 2023/24 (to note, the 2024/25 season included size 46s as Standard Supply whereas the prior season these were not included in the yield as were Non-

Standard Supply). The average size per tray was 41.27, compared with 39.01 for the previous season (including 46s – 41.01).

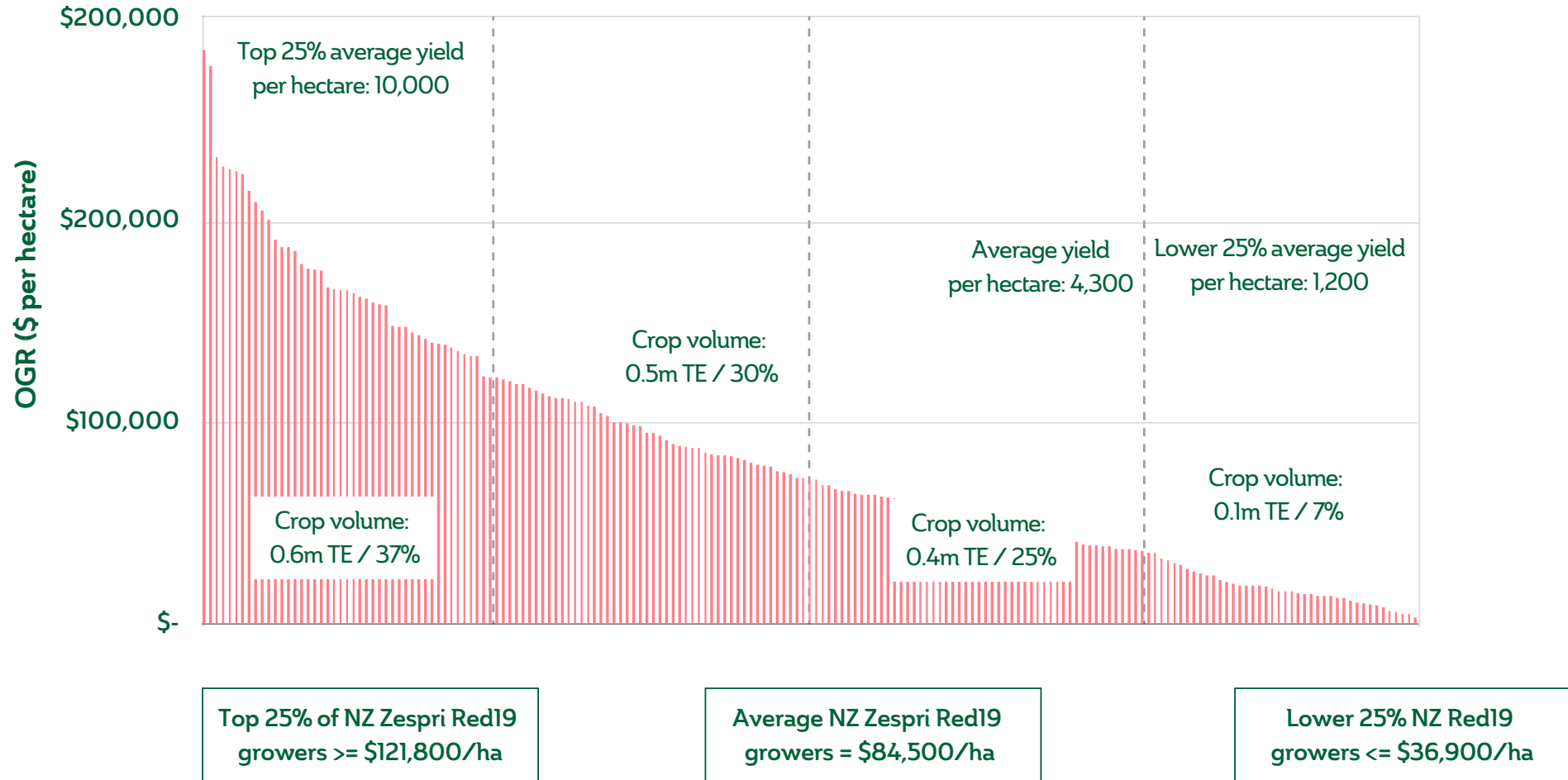
The RubyRed return is paid out as a fruit payment, comprising of a submit payment of \$5.10 per tray and progress payments of \$15.64 per tray.



ZESPRI RUBYRED™ KIWIFRUIT - FRUIT & SERVICE PAYMENTS 2024/25 (BASED ON E2 AUGUST FORECAST)



ZESPRI™ RED19 KIWIFRUIT - ORCHARD GATE RETURN* 2024/25 PER HECTARE (BASED ON E2 AUGUST FORECAST)



**some payments are not allocated at an individual grower level and are excluded or estimated in this analysis.*

The August 2024/25 forecast shows the RubyRed OGR per tray at \$16.74, resulting in an average OGR per hectare of \$71,653, higher than the \$40,741 in the 2023/24 season. The total volume of trays supplied was 1.5 million trays, more than six times the 245,000 trays supplied in the 2023/24 season.

ZESPRI ORGANIC RUBYRED™ KIWIFRUIT

- Zespri Organic RubyRed™ Kiwifruit will present an exciting innovation for organic consumers.
- A volume of 100,000-150,000 trays of Organic RubyRed is required for launch to enable us to invest in marketing and promoting this exciting variety. At present, we have approximately 65 hectares of Organic RubyRed, so we anticipate it will be several years before we can consider a launch.
- The main organic markets of North America and Europe are expected to be key sales regions, but due to their long transit times these markets are not accessible yet for RubyRed.

ZESPRI SWEET GREEN™ KIWIFRUIT (GREEN14)

SUMMARY

Zespri Sweet Green™ Kiwifruit volumes continue to decrease. In 2024/25, Class 1 New Zealand supply was around 119,000 trays, down from a peak production of 890,000 trays in the last five years, primarily due to cutover to other varieties. Even with the decline in volumes, Zespri will continue to sell the variety as its sweet and early proposition has a place in the Zespri portfolio for the foreseeable future.

When Sweet Green is managed appropriately, and quality is good, the variety has strong consumer liking with no detrimental impact on the brand. Our focus remains on supplying a high-tasting offering, as early as possible, to complement the green sales programme. This includes:

- Supplying early to Japan (at the same time or earlier than Hayward) and in a continuous volume to sustain programmes, subject to market restrictions
- Balancing supply to Europe to facilitate market access and shipping options
- Improving the size profile.

MARKETING AND MARKET DEVELOPMENT

The market opportunity for Sweet Green continues to be based on a proposition of early supply, sweeter taste, and a more convenient eating experience. Our ability to successfully execute will depend on being able to deliver reliably good quality, good tasting Sweet Green to our markets early in the season.

DISTRIBUTION AND PERFORMANCE ACROSS ORCHARDS

Based on the August 2024/25 forecast, the average Fruit and Service Payment plus loyalty premium paid per hectare is \$81,849.

The 2024/25 average yield was 6,369 trays per hectare which is higher than the 4,688 trays per hectare in 2023/24. The average size per tray is 36.8, compared with 34.8 for the previous season.

The largest portion of the Fruit and Service Payment (which does not include loyalty premiums) is fruit payments (66 percent), which comprises a submit payment of \$2.95 per tray and progress payments of \$5.37 per tray. The Taste Zespri Grade contributed \$3.67 per tray on average, and taste contributed 29 percent of the overall Fruit and Service Payment.

BEYOND 2028

A 10-YEAR OVERVIEW OF DEMAND AND SUPPLY

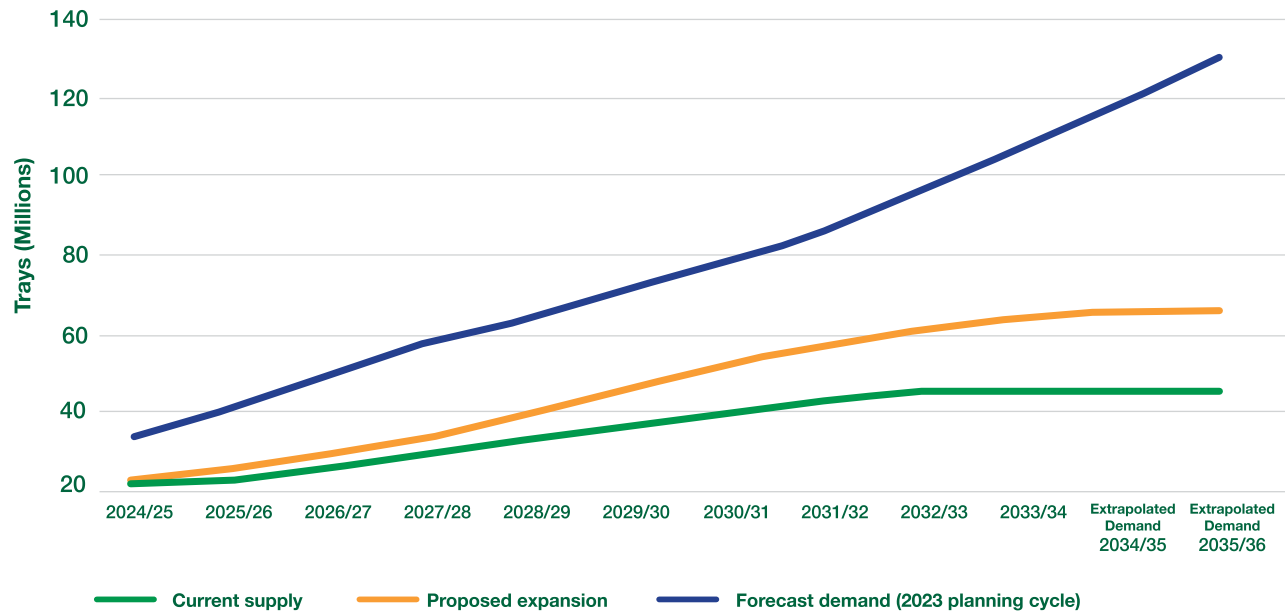
In addition to the Five-Year Outlook for the industry, Zespri also develops a 10-year view of supply and demand. The purpose is to set out an optimal view of sustainable growth over the long-term, balancing volume growth with preserving value.

The information provided in the 10-Year Plan is directional only and provides a view of how strong demand could be and potential implications for the supply side of the industry.

Since the previous industry outlook, the challenging global economy continues to impact on the 10-year demand outlook, albeit in the long-term we expect the global economy should rebound. From a New Zealand supply perspective, the total volume is forecast to increase versus the 2023 Five-Year Outlook, as a result of a slightly higher licence release for SunGold, less Green cutover licence than previously indicated, and marginally higher yield assumptions for some fruit groups.

From a northern hemisphere supply perspective, in 2019 New Zealand producers approved planting of up to 5,000 hectares of SunGold in northern hemisphere growing regions. As of March 2023, 4,730 hectares were planted and all hectares are allocated. We continue to see strong demand from the markets for Northern Hemisphere fruit to support a 12-month supply strategy. A Producer Vote will be held in November 2024 to ask New Zealand producers to approve the allocation of up to 420 additional hectares of SunGold Kiwifruit per year over six years in Italy, France, Japan, South Korea and Greece. If this Vote is successful, Zespri will meet 60 percent of forecast demand in the 2034/35 counter-season. As part of the Producer Vote process, Zespri has been communicating to the New Zealand industry the importance of ZGS expansion to grow and protect future value.

ZGS SUNGOLD SUPPLY



The key points from the 10-Year Plan include the following:

Zespri's mission to grow global sales revenue to \$4.5 billion by 2025 remains on track; and in fact, we may achieve this in the 2024/5 season. Accordingly, we are in the process of reviewing our long-term strategy, which we will seek industry input into in the coming year.

- Our current view is that further investment in markets could activate 12-month demand of up to 339 million trays by 2029 and up to 515 million trays by 2034, at sustainable returns, subject to further licensing releases, efficient production costs, and overcoming supply chain capacity constraints.
- Kiwifruit remains an under-developed category with less than one percent of the global fruit bowl, which means there is space to occupy and advantage to be gained through scale. This space also creates competitor risk.

- Zespri's sales and marketing investment is forecast to generate more demand in the long term and ahead of forecast supply in the 10-year outlook.
- The plan does not consider new varieties not yet commercialised, which could be either additive or substitutional.
- Growth over the next 10 years will continue to be driven by SunGold, with supply increasing from New Zealand by up to seven million trays per year from 2029 to 2034, based on current licence release plans. The New Zealand supply of SunGold is estimated to reach 174 million trays by 2034.

KIWIFRUIT REMAINS AN UNDER-DEVELOPED CATEGORY WITH LESS THAN ONE PERCENT OF THE GLOBAL FRUIT BOWL, WHICH MEANS THERE IS SPACE TO OCCUPY AND ADVANTAGE TO BE GAINED THROUGH SCALE.

- RubyRed commercial volumes began in 2022 with 126,000 trays sold in Asia Pacific and the Greater China region, and is anticipated to rise up to eight million trays by 2034, and with the aim to achieve a 15 percent OGR premium over SunGold in the respective markets it is sold in, assuming innovation and growing practices help to reduce the small size profile.
- Supply of Green from New Zealand is expected to decline throughout the 10-year forecast, partly due to cutover as a portion of SunGold and RubyRed licence is allocated to Hayward and Green14 cutover. This results in Green volumes decreasing from around 50 million trays in 2029 to around 48 million trays in 2034. This reduction in supply alongside ongoing efforts to build demand at high value allows Zespri to uplift Green pricing in markets and return more value to growers to mitigate rising orchard and post-harvest costs.
- Demand for Organics continues to remain positive in the long-term with opportunity for incremental growth in most markets subject to the per hectare value being generated to offset yield and average size impacts. While limited headroom remains for Organic SunGold in the next three years as a result of demand running very close to supply, there may be opportunity for further licence release thereafter.
- It is important to note other than EU Emissions Trading Scheme costs (where shipping companies pass on the cost of carbon to customers), future potential industry carbon costs, and the potential impact of climate change, are not incorporated in OGRs and yields.

THE DEMAND OUTLOOK

Kiwifruit is still an underdeveloped category with less than one percent of the global fruit bowl, but with huge growth potential. This creates potential for disproportionate advantages of scale in relation to costs within the next 10 years, although the gap could close if costs continue to have a disproportionate change in rate of increase.

Zespri has developed good quality demand through market development, brand and category growth – underpinned by the popularity of SunGold which supports returns across the portfolio, strong marketing and high-quality supply. Interest in RubyRed is also high, and we believe it will continue to bring new consumers to the category, and even more so if we can continue to innovate on fruit size, colour, and storage to extend the selling window. Green remains an important component of Zespri’s offering to provide a diversified portfolio of fruits to meet different consumer needs and consumption occasions with a loyal consumer base who see strong value.

However, competition among kiwifruit brands and fruits in general is dynamic and if we do not maintain growth, we risk falling behind. These risks include forfeiting the opportunity to bring further value back to New Zealand growers and the broader industry; giving other developing fruit items the opportunity to strengthen consumer preference; failing to supply Zespri customers with sufficient volumes, meaning they might need to seek alternative supply; and losing share within the fruit bowl making it more costly to build mental and physical availability of our brand.

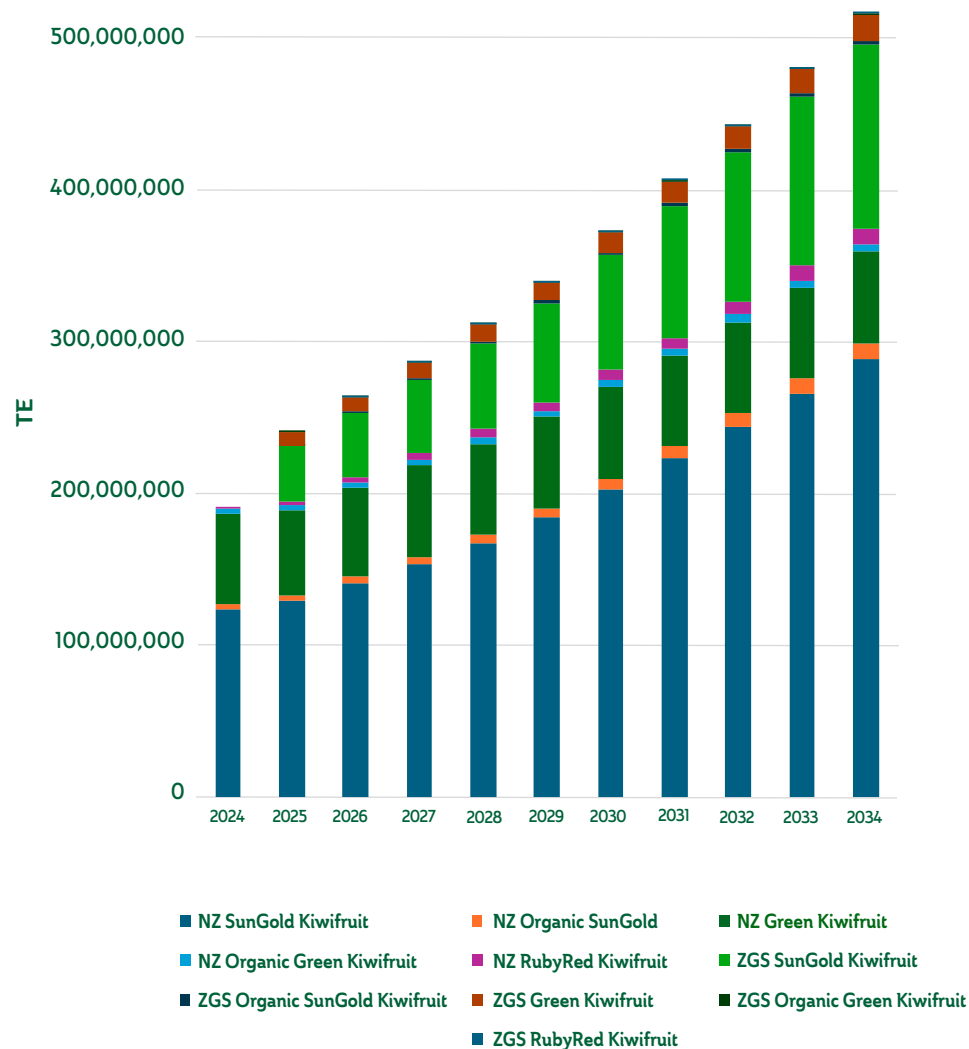
New cultivar commercialisation continues to be a priority for Zespri, through our partnership in KBC, to offer new and exciting kiwifruit that meets more consumers’ needs. We are excited by the cultivars coming through the innovation pipeline in the coming five- and 10-year horizon and will continue to work with growers, industry, and markets to test their commercial viability to inform commercialisation decisions.

The 10-year outlook licence release is tempered due to industry capacity constraints as well as the inability to expand ZGS production to complement New Zealand supply, given the Producer Vote to expand ZGS production is not taking place until November 2024 so any forecast increases in supply have not been included in this document.

The strength of demand is such that hard market choices sometimes have to be taken, supported through a market development framework. Each market is categorised according to its stage of development, with investment and volume allocation planned accordingly and performance measured against targets.

Zespri’s sales and marketing strategy is focused on ensuring consumers are at the heart of the strategy; prioritising and growing markets; strengthening relationships with key customers; going deeper before going wider in market; balancing short-term and long-term goals; and focusing on performance in the prioritised markets. Zespri continues to deliver value and build the capability of its distribution and retail partners to ensure we execute with excellence against the demand we create.

12-MONTH, 10-YEAR TARGET DEMAND GROWTH





RISKS TO SUPPLY AND DEMAND

There are several supply risks that could impact the 10-year plan, including:

Supply

- Labour and infrastructure capacity within the kiwifruit industry, supporting fruit to be picked, packed, repacked, and shipped to market, both efficiently and effectively to support quality
- Meeting the 10-year supply projection requires continued development and investment and innovation by Zespri, growers, post-harvest operators, and partners across the supply chain. In particular, growth in packing, cool storage, and port loading capacity will be required to keep pace with increasing fruit volumes. Furthermore, additional investment in industry capacity would be needed in order to capture more of the unmet demand, which reaches 92 million trays of SunGold by 2034.
- Managing fruit quality right through the supply chain, from orchard to customer, which is a foundation of our premium Zespri brand

- Optimising the supply chain to drive cost efficiencies, while building resilience and the agility to respond to changes including climate, market access, and sustainability regulations
- Weather and climate events that have the potential to impact on yields and quality.
- Managing cost increases from labour, freight, packaging, and carbon will be key to optimising returns for all fruit groups
- Managing the supply volumes for Hayward to drive value
- An unsuccessful Producer Vote on additional ZGS SunGold hectares restricting Zespri's ability to increase counter seasonal supply and continue working towards 12-month supply with key customers in key markets.

Availability

- Market access is lost to a significant market
- Delay in arrival of fruit to market due to supply chain congestion, shortage of vessels, pest issues, or labour

shortages, leading to increased fruit loss or decrease in fruit quality to consumers

- Significant yield improvement resulting in crop increase in excess of market capacity.

On demand, there are several risks that could impact the plan, including:

Consumer Preference

- Varying levels of economic recession and recovery
- Cost of living pressure dampening consumer demand for high quality premium fruits
- Shift in consumer behaviour towards different food options (e.g. more sustainable fruit, more 'convenient to eat' fruit).

Competition

- Inability to meet target demand due to capacity constraints in New Zealand and inability to plant more offshore

- Competitors' kiwifruit quality, such as the UAG3 in China
- Risk of competitive new plant varieties, for example the emergence and growth of new gold varieties in Europe that are competing with SunGold
- New competitive fruit offerings take market share from other fruits
- Risk of competitors combining to form new consortiums and imitate Zespri's model and taking market share.

These factors present a diversity of risk, and Zespri's risk management involves building mitigation measures into the plan. That means ensuring headspace and reallocation options between markets by keeping demand ahead of supply. Steady supply development and progressive market development are expected to better prepare markets to absorb volume increases. However, with kiwifruit being a natural product, volume volatility cannot always be predicted. Zespri will also continue to innovate to develop new kiwifruit products to meet consumers' evolving needs, with a strong focus on health and nutrition.

Impacts of climate on supply

Zespri has commenced work to further understand the nature and extent of climate risk to the kiwifruit industry.

To date, Zespri has:

- Identified the most likely physical and transition risks impacting our business globally, as set out in Zespri's Climate Risks and Opportunities Report, published in 2021
- Published its Climate Change Adaptation Plan outlining how the kiwifruit industry intends to respond to a changing climate in New Zealand and in its offshore growing locations
- Worked with Plant & Food Research and MPI to quantify the change in productive hectares over time by growing region in New Zealand for kiwifruit;
- Worked with MPI to identify the climate change impact on kiwifruit yield and dry matter in all New Zealand regions for mid-late century timeframes;
- Undertaken a 'Proof of Concept' with The Yield to use Artificial Intelligence and Machine Learning to start to understand the potential impact of chronic climate change on Gold and Green conventional yields in the future. The 'Proof of Concept' has highlighted that the impact of chronic climate change in the next 10 years is expected to be subtle:



- For Hayward conventional, the proof of concept suggests yields may decline by up to 1.5 percent in the next five years and up to 2.2 percent in the next 10 years.
- For Gold conventional, the proof of concept suggests yields may decline by up to 3.5 percent in the next five years and up to 3.9 percent in the next 10 years. It is important to note this work is a 'Proof of Concept' and further work is being undertaken in the coming year to validate the findings and, in due course, to extend the learnings to other fruit groups. Additional research is required to understand the impact of acute weather events on yields, including frequency and severity of impact. Accordingly, for the purposes of this Plan, Zespri is overlaying the same percentage downside by fruit group that was experienced in the 2023 season, when a myriad of acute impacts occurred. As was the case in the 2023 10-Year Plan, in the absence of detailed assessment, an acute weather impact year of that magnitude is estimated to happen once in five years. In the five-year modelling, we have incorporated the known acute and chronic climate events that have impacted yield over the past five years into future base yield forecasts, by setting peak yield for each fruit group as an average of the yield from 2019-2024;

noting 2023 was excluded due to it being a high climate impact season.

Climate modelling capability is being further developed to help better quantify the impacts and frequency of different climate scenarios on yield, and in due course other parameters such as fruit quality, supply chain operations and eventually new cultivar development.

Out of scope assumptions

The following considerations are not yet included in our 10-year outlook, as the full extent of impact and timing is yet to be fully understood:

- Commercialisation of any new Zespri or third party PVRs, and their impact on existing demand
- Any new growing systems which may impact on yields, noting that such growing systems are under development by Zespri, but further steps are still required ahead of commercialisation readiness
- Costs of carbon in relation to industry targets and regulatory change.



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