



Rising to the **CHALLENGE**

ANNUAL REPORT 2021/22





OUR INDUSTRY HAS BEEN BUILT ON OUR ABILITY TO RISE TO MEET BOTH THE CHALLENGES AND OPPORTUNITIES IN FRONT OF US.

From establishing a Single Desk and building one of the world's leading fruit brands, to rebuilding from the devastating impacts of Psa, we continue to prove that we can succeed together.

We've seen it in the way we've managed compliance changes, broader global trade relations and geopolitics.

It's been evident in our recognition of the labour challenges we're facing this season, and the changes we've made to get ahead of these.

And we're seeing it again now in the way we continue to work together to rise to the ongoing challenges posed by the COVID-19 pandemic.

The resilience of our people has been a fundamental driver of our ability to respond.

It's enabled us to deliver strong returns for growers, strengthen our partnerships across the global supply chain, meet growing demand for our fruit across the markets, and continue to make strong contributions to our local communities.

At a time when New Zealand has been so disconnected from the rest of the world, it's something we should all be incredibly proud of.



HIGHLIGHTS

2021/22



Global net kiwifruit sales increased to

\$4.03BN

up 12% from 2020/21

*As per the Alternative Revenue Statement on page 106



Global operating revenue (including licence revenue)

\$4.47BN

up 15% from 2020/21

*As per the Alternative Revenue Statement on page 106



Total sales volumes reached

201.5M

trays of New Zealand and non-New Zealand kiwifruit



Net profit after tax

\$361.5M

up from 2020/21 restated profit after tax of \$277.1 million



Zespri's total fruit and service payments (including the loyalty premium) to New Zealand growers increased by 10% to

\$2.47BN

in 2021/22



Zespri Global sales volumes

11%

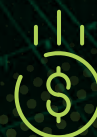
Up from 2020/21



Zespri Global Supply sold

26.5M

trays of kiwifruit and contributed \$26.9 million towards Zespri's profit



Expected total net dividend

\$1.78

per share

INITIATIVES

2021/22



THE HORIZON PROGRAMME

Transforming our systems and processes with 889 new system build items to enable us to be more efficient in delivering kiwifruit to customers



PEOPLE AND CULTURE

An inclusive, connected and highly engaged global team of 776 full-time equivalent employees



COMMUNITY

Helped 20,000 kids in New Zealand stay fit and healthy through the Zespri Young and Healthy Virtual Adventure



SHIPPING

66 chartered reefer vessels safely delivered over 17,000 refrigerated containers of Zespri Kiwifruit to global customers and consumers



BRAND

Among the top 2 fruit brands in 10 of our 15 key markets around the world



CULTURAL CONNECTION

Kia Oho, Zespri's very own Māori cultural programme, launched to strengthen our relationships with Māori growers and communities



CARING FOR THE ENVIRONMENT

Approval of carbon-neutral kiwifruit trials helping industry work towards its goal of being carbon-neutral to retail by 2030



INNOVATION

Invested \$29.1 million in innovation projects in 2021/22, up from \$25.8 million in 2020/21

Table of CONTENTS

02.	Highlights 2021/22	75.	Notes to the Financial Statements
03.	Initiatives 2021/22	1.	Summary of Significant Accounting Policies
06.	Season Overview and Annual Meeting	2.	Revenue
07.	Financial Highlights	3.	Operating Expenses
08.	Orchard Gate Returns	4.	Other Net Gains/(Losses)
10.	Chairman and CEO's Report	5.	Finance Revenue and Expense
20.	Corporate Governance	6.	Taxation
24.	An Iconic Premium Brand	7.	Equity
28.	People and Culture	8.	Reconciliation of Movements in Reserves and Retained Earnings
32.	Striving for a Better Tomorrow	9.	Accounts Receivable
36.	Enhancing Our Environment	10.	Prepayments
40.	A Happy and Healthy Community	11.	Financial Assets and Liabilities
44.	Cultivating Success	12.	Inventories
48.	The Horizon Programme	13.	Property, Plant and Equipment
52.	Zespri Global Supply Performance	14.	Intangibles
56.	Zespri Board	15.	Leases
58.	Zespri Leadership	16.	Group Entities
60.	2030 Strategy	17.	Accounts Payable and Accruals
64.	Financial Results	18.	Provisions and Insurance Liabilities
67.	The Independent Auditor's Report	19.	Reconciliation of Net Profit After Taxation With Net Cash From Operating Activities
71.	Income Statement and Statement of Comprehensive Income	20.	Contingent Assets and Liabilities
72.	Balance Sheet	21.	Related Party Transactions
73.	Statement of Changes in Equity	22.	Events Occurring After Balance Date
74.	Statement of Cash Flows	23.	Group Segments Results
		96.	Statutory Information
		102.	Industry Performance
		106.	Alternative Revenue Statement
		108.	Cause of Change



Season OVERVIEW

It was a milestone year for our industry with the significant growth in the supply of New Zealand-grown Zespri Kiwifruit in 2021/22 helping meet the strong demand for our fruit around the world.

Despite the significant cost and quality headwinds we've faced in market, throughout the supply chain and on orchard, we've managed to deliver our second-highest Orchard Gate Returns per hectare.

Total sales volumes reached 201.5 million trays of New Zealand and non-New Zealand kiwifruit, an 11% increase on the previous financial year. Global revenue generated by fruit sales increased by 12% percent to \$4.03 billion.

Zespri Global Supply (ZGS) reached sales of 26.5 million trays, up from the 23.5 million trays in 2020/21, with revenue increasing from \$472.8 million in 2020/21 to \$536.9 million in 2021/22.

Total fruit and service payments, across all pools and excluding the loyalty premium, were \$2.42 billion.

Zespri net profit after tax for the year ended 31 March 2022 was \$361.5 million, up from the 2020/21 retrospectively restated profit* of \$277.1 million, which reflects the strong demand we're seeing for our fruit and revenue generated from licence release.

These results reflect the considerable work undertaken by growers, post-harvest operators and industry partners to rise to the challenge, enabling us to deliver on our purpose of helping people, communities, and the environment around the world thrive through the goodness of kiwifruit.

The total net dividend per share in the 2021/22 financial year is expected to be \$1.78, up from the \$1.33 recorded in 2020/21. The dividend pay-out ratio is expected to be 90% for 2021/22, an increase from the 80% paid in the prior year. The increase in the dividend pay-out ratio offsets non-cash impacts resulting from changes in the interpretation of international accounting standards. Some expenditure previously treated as an asset is now expensed in the year of spend. In addition, the industry agreed an extraordinary New Zealand loyalty payment of five cents per class 1 tray from 2021/22 through to 2023/24 to offset the estimated impact of the accounting standard change on New Zealand grower returns.

*2020/21 Net profit after tax has been retrospectively restated for changes in the Cloud Computing accounting policy (refer to note 1(b) of the financial statements).

KEY DATES



31 March 2022

Financial year-end



8 July 2022

Annual Report circulated



22 August 2022

Deadline for proxies
for Annual Meeting



**24 August 2022
Annual Meeting**

The Annual Meeting of the Shareholders of Zespri Group Limited will be held at 1pm on Wednesday 24 August at Baypark Arena, 81 Truman Lane, Mount Maunganui.



December and August

Indicative dates for dividend payments, August (prior year final and current year first interim) and December (second interim).

Financial HIGHLIGHTS

	2021/22	2020/21	Variance
Seasonal results			
New Zealand–grown fruit and service payments (including loyalty premium)	\$2,473.5 million	\$2,253.2 million	10%
– Per tray supplied	\$13.77	\$14.11	(2%)
New Zealand–grown Orchard Gate Return (OGR) per hectare ⁴	\$124,479 (average)	\$123,041 (average)	1%
– Green	\$75,494	\$76,722	(2%)
– Organic Green	\$67,752	\$66,453	2%
– SunGold	\$176,026	\$177,846	(1%)
– Organic SunGold	\$143,772	\$158,599	(9%)
– Sweet Green	\$54,609	\$56,853	(4%)
Financial Year results			
Net profit after tax	\$361.5 million	\$277.1 million¹	30%
Net dividend per share (cents)			
– Interim	149.0	106.0	41%
– Final	29.0	27.0	7%
– Total	178.0	133.0	34%
Percentage of available profit	90%	80%	
Zespri global operating revenue²	\$4.465 billion	\$3.890 billion	15%
Zespri global kiwifruit sales (net)	\$4.029 billion	\$3.583 billion	12%
Export earnings (New Zealand–grown)	\$2.871 billion	\$2.599 billion	10%
Equity	\$322.1 million	\$279.8 million³	15%
Zespri global volume (trays sold)	201.5 million	181.5 million	11%
New Zealand–grown	175.0 million	158.0 million	11%
– Green	71.1 million	66.7 million	7%
– Organic Green	2.9 million	2.8 million	6%
– SunGold	96.0 million	84.8 million	13%
– Organic SunGold	2.4 million	1.4 million	67%
– Sweet Green	0.3 million	0.3 million	(5%)
– Other	2.3 million	2.1 million	10%
Non–New Zealand–grown	26.5 million	23.5 million	13%
– Green	9.8 million	9.7 million	1%
– Gold	16.7 million	13.8 million	21%

¹ 2020/21 Net profit after tax has been retrospectively restated for changes in the Cloud Computing accounting policy. Refer to note 1(b) of the financial statements.

² Zespri global operating revenue equals global kiwifruit sales plus new cultivars licence revenue as presented in the Alternative Revenue Statement, see page 106.

³ 2020/21 Equity has been retrospectively restated for changes in the Cloud Computing accounting policy. Refer to note 1(b) of the financial statements.

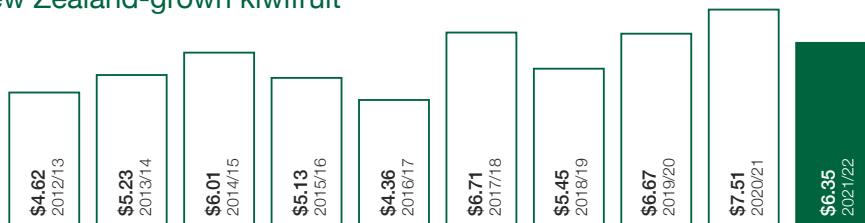
⁴ OGR per hectare is calculated by multiplying OGR per tray by average industry yield per productive hectare.

Orchard Gate RETURNS

ZESPRI GREEN KIWIFRUIT – New Zealand-grown kiwifruit

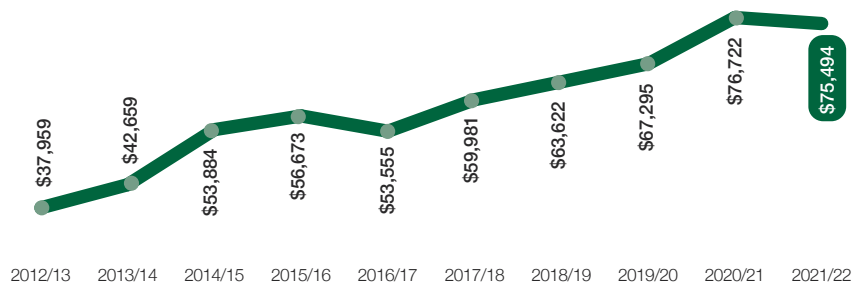
Average orchard gate return per tray

\$6.35



Average orchard gate return per hectare

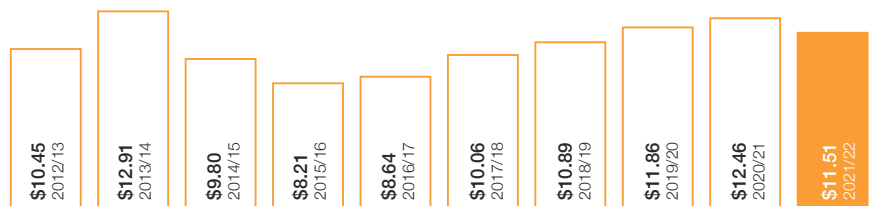
\$75,494



ZESPRI GOLD KIWIFRUIT – New Zealand-grown kiwifruit

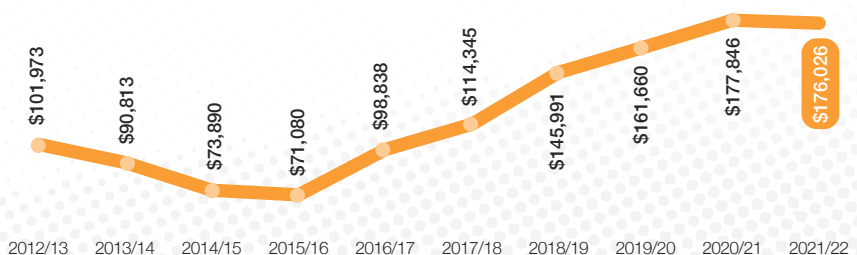
Average orchard gate return per tray

\$11.51



Average orchard gate return per hectare

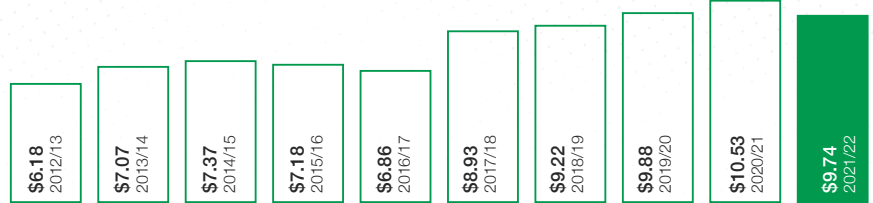
\$176,026



ZESPRI ORGANIC GREEN KIWIFRUIT – New Zealand-grown kiwifruit

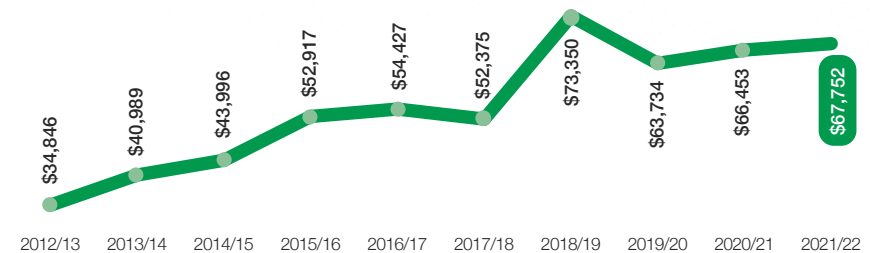
Average orchard gate return per tray

\$9.74



Average orchard gate return per hectare

\$67,752



ZESPRI SWEET GREEN KIWIFRUIT – New Zealand-grown kiwifruit

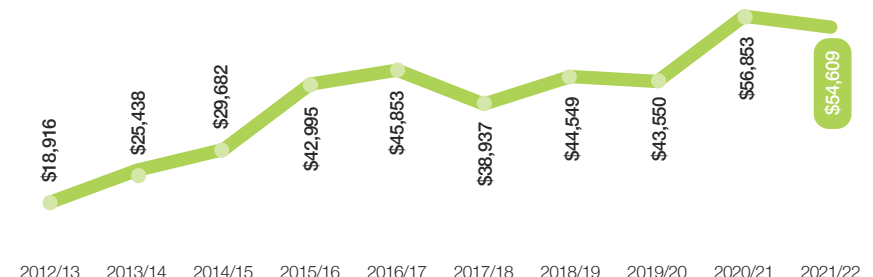
Average orchard gate return per tray

\$7.82



Average orchard gate return per hectare

\$54,609



ZESPRI ORGANIC SUNGOLD KIWIFRUIT – New Zealand-grown kiwifruit

Average orchard gate return per tray

\$12.61



Average orchard gate return per hectare

\$143,772



Leading from the **FRONT**

OVERVIEW

The 2021/22 season was challenging.

Despite significant headwinds, we continued to make real progress in our efforts to build a world-leading fruit brand and deliver some of our highest-ever per hectare returns.

Once again, our industry showed its character and resilience, and underlined the benefits of unity and a shared purpose.

When confronted by obstacles, uncertainty, change and disruption, we acted, adapted, found solutions, turned disruption into opportunity and showed how strong this industry is at its best.

We should acknowledge how real those challenges were.

They included the pandemic and ongoing supply chain disruption, shifting weather patterns and tightening regulations, changes to fruit flows, increasing competition in the market, labour shortages, late season fruit quality issues, cost increases and a growing opposition to free trade and open borders.

In spite of these challenges, we still got our crop off the vines, into ships, then stores around the world, and we brought record value back to New Zealand in doing so.


And we didn't do it by chance.

We did it because of the industry's unity and foresight and because of the culture we've built which focuses on results, accountability and trust.

And, importantly, we did it because we continue to put our people and our values first.

We're creating value by delivering on our purpose. And we're generating value through the investments we continue to make.



A photograph of two men walking on a gravel path in front of a large brown barn. The man on the left is wearing a light blue button-down shirt and dark trousers. The man on the right is wearing a light blue button-down shirt, a dark vest, and light-colored trousers. The background features a large brown barn with a gabled roof, surrounded by green trees and grass. The scene is brightly lit, suggesting a sunny day. A green graphic overlay with a halftone pattern is on the right side of the image, containing text.

Our investment in building one of the world's strongest fruit brands means consumers continue to turn to us in times of uncertainty.



Our investment in building one of the world's strongest fruit brands means consumers continue to turn to us in times of uncertainty.

The quality of our fruit, although challenged through the season, means those consumers recognise the value they are getting when purchasing Zespri Kiwifruit.

The relationships we've built with our customers has meant that, even when we have not been able to meet face-to-face, they have continued to promote the Zespri brand.

Though we have seen disruption and significant increases in costs in both 2021/22 and the current year, our supply chain relationships and ability to leverage the scale of the industry has meant we have avoided the worst impacts of the shipping crisis through our ability to charter ships.

Our ongoing investment in our innovation programme – \$29.1 million in 2021/22 – continues to create value. Zespri RubyRed™ Kiwifruit is generating real interest among consumers and attracting more people to the category.

Our work behind the scenes with school children, food programmes, and a number of charitable groups has meant we have been able to make a difference within our communities.

And the critical work we're doing to adapt our practices will support our goal to thrive in a low-carbon, climate-resilient future.

We also recognise that rising costs, driven by the increasingly volatile world we live in, are affecting growers. We are continuing to work hard to recoup as much value from the markets to offset this – driven by our strong brand, our long-standing relationships and our strategy of building demand ahead of supply – although the scale of these cost increases does make this challenging.

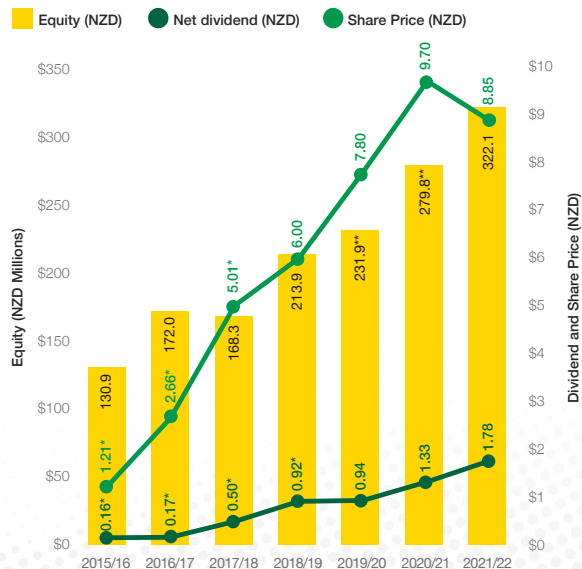
The 2021/22 season also presented a number of operational challenges, some of which disproportionately affected particular groups of growers. Organic SunGold Kiwifruit growers were affected by the decision not to allocate fruit to China and by container vessel transit delays

to North America which led to increased fruit loss. Nelson growers impacted by the hail event on 26 December 2021 sought a higher level of hail compensation from the pool, but this did not reach the necessary approval threshold in industry discussions. Supply chain disruption affected all growers and suppliers, and we continue to work through the implications of the Taste programme. Denatonium Benzoate residues led to a substantial write-off of stock in the market, while closer to home Zespri sought to tackle challenging on-orchard compliance issues.

These operational issues, among others, have not only had financial consequences across the industry, but have also driven tough conversations about accountability, allocation of risk and in some cases the relative positions of different grower groups within the wider industry. It is important that we continue those discussions together to enable our industry to continue to achieve its growth ambitions.

On another challenging matter, while there was strong support from growers for our proposed approach to address the issue of unauthorised SunGold Kiwifruit plantings in China, we did not reach the required 75% threshold for the proposed trial to proceed. The issue of unauthorised plantings continues to be a concern and we are progressing our efforts to find an alternative way forward.

ZESPRI GROUP LIMITED EQUITY, DIVIDEND RETURNED AND SHARE PRICE – 7 YEARS



* Adjusted to reflect the Impact of the Share Issue and Buyback transactions in November 2018 and the three-for-two share split in March 2019.
 **Equity retrospectively restated for changes to accounting policy relating to Cloud Computing (see note 1 (b) of the financial statements).
 Over a five-year period from 1 April 2017 to 31 March 2022 Zespri has achieved a compound annual total shareholder return of 44%. This measure reflects a combination of change in share price and increase in gross dividend over the period.

Profit after tax

↑ **30%**

to \$361.5m

*2020/21 profit restated for changes to accounting policy relating to SaaS

Zespri global kiwifruit sales (net)

↑ **12%**

to \$4.029b

Net dividend per share

↑ **34%**

to 178c

New Zealand-grown (trays sold)

↑ **11%**

to 175.0m

Ultimately, every challenge we rise to meet underlines the resilience at the core of the industry and our commitment to help people, communities and the environment thrive.

Through these efforts we continue to see a lift in global demand for Zespri Kiwifruit driven by consistent investment in sales and marketing to help build demand, accelerated by the increasing desire for fresh healthy fruit.

CORPORATE RESULTS

In 2021/22, total sales reached 201.5 million trays, up from the 181.5 million trays recorded in 2020/21.

Global revenue from kiwifruit sales also increased to \$4.03 billion, up from \$3.58 billion in 2020/21. The total Fruit and Service payment (including loyalty premium) to growers increased to \$2.47 billion, up from the previous season result of \$2.25 billion.

Although below last season's record highs and at the lower end of our initial forecast ranges, the industry recorded the second-highest per hectare returns on record in 2021/22. These are strong results considering the significant challenges the industry has faced.

Together, we achieved a record net profit after tax of \$361.5 million, compared with a 2020/21 restated profit after tax of \$277.1 million. This result reflects record crop volumes, increased demand for our kiwifruit, and strong licence pricing. It also incorporates an accounting treatment change for Cloud Computing.

In New Zealand the 2021 licence round generated gross licence revenue (excluding GST) of \$430.1 million, with other licence income for the year accounting for a further \$6.6 million.

Zespri issued 700 hectares of conventional SunGold Kiwifruit licence, 50 hectares of Organic SunGold Kiwifruit licence, and 150 hectares of Zespri RubyRed Kiwifruit licence.

The total net dividend per share in the 2021/22 financial year is expected to be \$1.78, up from the \$1.33 recorded in 2020/21.

In 2021/22, global revenue per full-time employee equivalent was \$5.8 million, slightly up on the 2020/21 result, with 260,000 trays sold per full-time employee equivalent versus 264,000 trays in 2020/21. This reflects the fact that we are continuing to invest to keep demand ahead of supply, as well as investing in people for the Horizon Programme, which will enable us to have the systems required to realise future growth.

Across 2021/22, our performance was again led by our major markets of Greater China, Japan and Europe, but also by exciting new ones like North America and Vietnam, with Spain a real highlight in the EU.

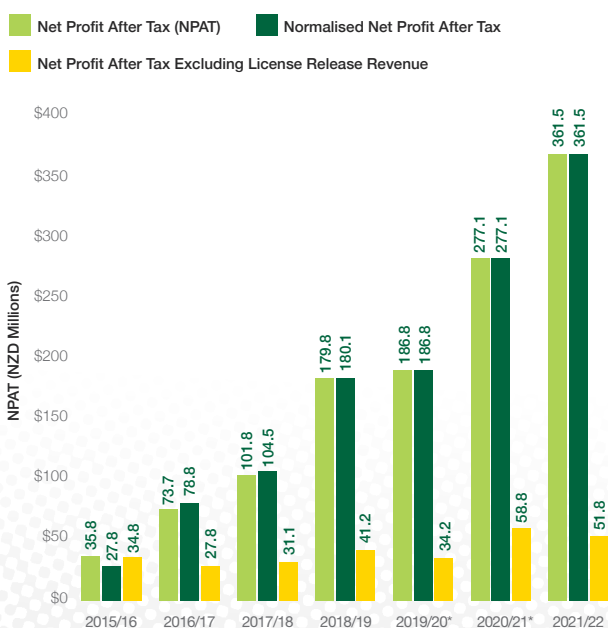
We saw ZGS financial performance reaching new levels, despite some weather-related challenges in Europe, with volumes sold of 26.5 million trays and a contribution to fruit and services payment of around \$410 million.

MARGIN RESET

Zespri's fruit return margin percentage under the enduring funding agreement will be reset downward by 0.25% to 6.75% for the 2022/23 financial year, as a result of the three-year average NZ Supply EBIT exceeding 1.2% of New Zealand Supply Sales.

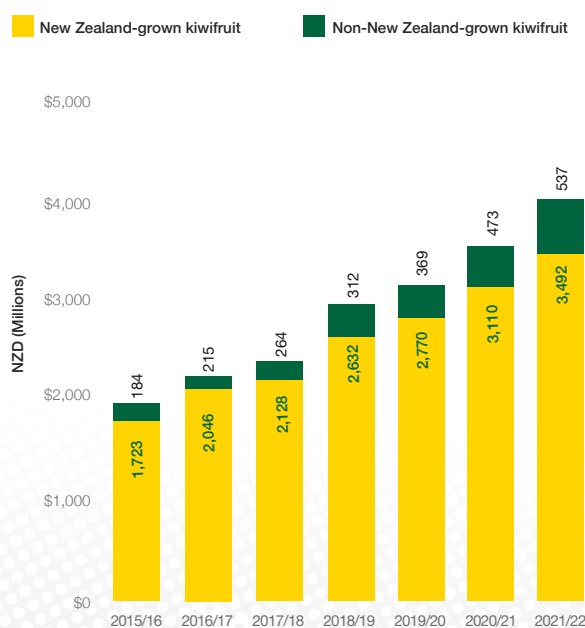
The result of this is increased value to growers through Fruit and Service payments for the 2022/23 financial year, which is expected to be between \$5 million and \$6 million.

ZESPRI GROUP LIMITED PROFITABILITY – 7 YEARS



* Net profit after tax was retrospectively restated for changes to accounting policy relating to Cloud Computing (see note 1 (b) of the financial statements).

GLOBAL KIWIFRUIT SALES – 7 YEARS

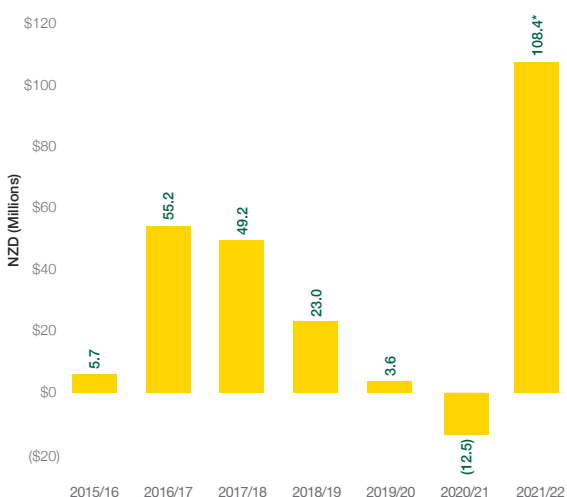


OGR PER TRAY SEASONAL CHANGE

	Green	Organic Green	SunGold	Organic SunGold	Sweet Green
OGR 2020 Season	7.51	10.53	12.46	15.36	10.14
Gross Price	0.19	0.11	0.44	0.92	0.47
Quality ¹	(0.78)	(0.87)	(0.58)	(1.20)	(2.13)
Freight	(0.34)	(0.36)	(0.36)	(0.45)	(0.33)
Post Harvest ²	(0.41)	(0.38)	(0.45)	(0.89)	(0.13)
Foreign Exchange	(0.09)	(0.10)	(0.19)	(0.12)	(0.24)
Profile and Mix ^{3,4}	0.29	0.75	0.15	(1.05)	(0.31)
Other	(0.01)	0.07	0.04	0.04	0.36
Total OGR Movement	(1.16)	(0.79)	(0.95)	(2.75)	(2.32)
OGR 2021 Season	6.35	9.74	11.51	12.61	7.82

- 1 Quality is the cost versus prior season comprising fruit loss trays and quality claims.
- 2 Post Harvest includes post harvest costs, time costs, pack differential and income from class 2 and non-standard supply fruit returns reported through the industry post harvest survey.
- 3 Profile relates to the impact on returns of the change in size of the fruit across seasons.
- 4 Mix relates to the change in market fruit is sold in across seasons.

FOREIGN EXCHANGE AND OIL HEDGING GAIN/[LOSS]



* 2021/22 saw large foreign exchange derivative gains due to the average New Zealand Dollar spot being higher than the average of all realised foreign exchange hedges for the season. During 2020 the lower New Zealand Dollar spot allowed us to hedge a portion of future seasons' returns at favourable rates leading to the gain.

ZESPRI GROUP NORMALISED PROFIT AFTER TAX

Zespri provides a normalised profit view to reflect normal operating profit. Normalised profit is derived by adjusting net profit after tax for significant extraordinary items. Extraordinary items adjusted below are historical and relate to a historical China provision and specific pre-2016 licence revenue.

	2021/22 \$m	2020/21* \$m	2019/20* \$m	2018/19 \$m	2017/18 \$m	2016/17 \$m	2015/16 \$m
Net profit after taxation	361.5	277.1	186.8	179.8	101.8	73.7	35.8
China provision	-	-	-	-	-	-	(13.0)
Licence revenue**	-	-	-	0.3	2.7	5.1	5.0
Normalised profit after taxation	361.5	277.1	186.8	180.1	104.5	78.8	27.8

* Net profit after tax was retrospectively restated for changes to accounting policy relating to Cloud Computing (see note 1 (b) of the financial statements).

**The licence revenue adjustment relates to a change in revenue recognition for licences, subject to a specific Psa clause. The reduction from profit in 2014/15 was brought back over time as the revenue was received. The final adjustment was made in 2019. Licence revenue releases from 2016 do not have these clauses and are not adjusted in normalised profit.

CATEGORY PERFORMANCE

We continue to deliver strong returns for growers including our second-highest per hectare returns across all categories. This is despite the challenges we've seen in 2021/22, including increasing freight costs, late season quality issues, foreign exchange rate volatility and increased post harvest costs. Gross pricing has increased across all categories, but this has not offset these costs, resulting in decreased OGR per tray returns for all categories from the prior season.

Zespri hedges New Zealand Supply grower returns in advance, with an overall objective of reducing volatility across seasonal grower returns in accordance with our Treasury Management Policy. Foreign exchange volatility driven by a higher New Zealand Dollar across 2021/22 would have adversely impacted grower returns by \$126.5 million. The 2021/22 hedging program mitigated the majority of this risk, delivering \$100.1 million of benefit to grower returns and reducing the overall adverse impact of foreign exchange to \$26.4 million. Also, the oil hedging in place for the 2021 season had a benefit to grower returns of \$8.3 million.

The Zespri SunGold Kiwifruit average return per tray is \$11.51 with the average return per hectare down slightly to \$176,026.

Zespri Organic SunGold Kiwifruit saw an average per tray return of \$12.61, with the average per hectare return decreasing to \$143,772.

The average Zespri Green per tray return decreased to \$6.35, while the average per hectare return for Green was \$75,494.

The average Zespri Organic Green return per tray was \$9.74, with the average per hectare return increasing to \$67,752.

Zespri Sweet Green achieved an average return per tray of \$7.82 and an average return per hectare of \$54,609.

DELIVERING THE SEASON

Tackling supply chain challenges and optimising the crop to market was at the forefront of our minds and the industry did an outstanding job in a challenging environment.

We managed a significant labour shortage, cost increases, increased uncertainty and weather challenges which affected fruit clearances.

Our long-term strategic partnerships with both chartered reefer carriers and container liner services ensured we could continue to deliver fruit to our markets. We also saw challenges with higher levels of fruit loss and late-season quality issues than in previous seasons. This is an issue we need to tackle, ensuring we maintain our reputation for quality which underpins our brand proposition and the value we are able to generate.

These challenges provided real lessons and the industry adapted quickly ahead of the 2022/23 season to put in place changes to procurement plans, fruit incentive payments and pack types to increase our packing capacity while expanding our charter shipping programme.

*The New Zealand
kiwifruit industry has done
an outstanding job in a
challenging environment.*



Offshore, our ZGS programme again delivered strong returns for growers, despite significant weather challenges in Europe. ZGS achieved vastly improved yields in all production countries and delivered record volumes of Zespri SunGold Kiwifruit, enabling supply in Europe to be extended from 18 to 21 weeks.

Our work to become a more sustainable industry has also continued, including exploring new partnerships to help address our emissions. We have developed further our understanding of our climate risks and progressed our packaging targets, including converting all of our packaging in France to cardboard and introducing compostable fruit labels that meet new local regulatory requirements.

The lessons we take from these initiatives help to ensure we meet the needs of consumers and will enable us to return sustainable value to growers, partners and communities.

The recommended phase out of hydrogen cyanamide (better known by the brand name HiCane) remains of significant concern given the impact a ban would have on growers.

Health and safety is our top priority and we are continuing to invest in understanding the concerns raised by the EPA.

All of the information we have received to date, including from independent experts, supports our view that the EPA has significantly overstated the risks and understated the benefits of using HiCane.

We are participating in the regulatory process to ensure that any decision on the future of HiCane is based on the best available information and also exploring replacement varieties and alternative products.

HORIZON

We have continued our ambitious approach to updating our digital systems and processes to better protect and enhance our ability to get fruit to market and returns back to growers.

We're unpicking old systems and building new ones to deliver better data management and faster, more intuitive digital systems and processes.

It is a significant investment, but one which we have had to tackle after years of under-investment in our digital infrastructure. It is a critical part of our ability to continue to grow the industry and our returns to growers.

The Horizon Programme will provide faster, more reliable systems with more functionality and consistency to our supply chain teams.

Over the next three years it will also develop intuitive tools, reliable data, information and other support services to deliver a better experience for growers with our system and tools.

We will ensure the returns to growers are clear as we invest for the future through sustainable growth, innovation and an enhanced grower experience.

Our partnership with KidsCan is providing support to young people in need, and our support for food rescue charities is diverting food waste from landfill and improving food security for the vulnerable.

RISING FURTHER

The industry faces an incredibly bright future if we continue to make positive decisions and to grow in a way which is good for our communities.

Kiwifruit represents less than 1% of the global fruit bowl but demand is growing quickly as the world increasingly focuses on health and wellbeing and plant-based diets. Consumers also continue to support brands which align with their values and are making positive contributions to the challenges the world faces.

It's critical we continue to look ahead to how we secure the industry's future and seize the opportunities in front of us, grow in a sustainable and purposeful way and continue to add value for growers.

We're making positive steps already.

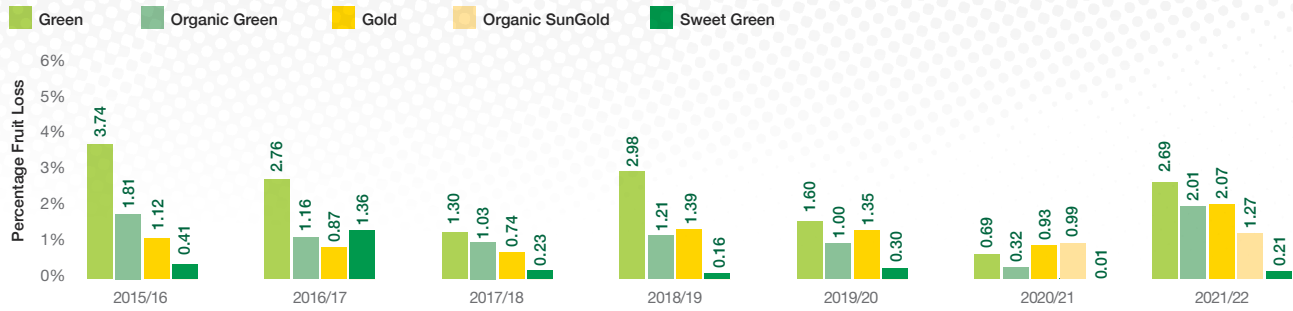
From an environmental perspective we're increasing our understanding of our impact on waterways and, through our extension programmes, working with growers to ensure the nutrients we use are applied at the right time and place on the orchards.

We've also established a carbon-neutral kiwifruit trial with growers, suppliers and a key customer as we progress our goal of being carbon-neutral to our retailers by 2030, and trialling options to address plastics as part of our move towards having 100% recyclable, reusable or compostable packaging by 2025. Our sustainability efforts are guided by the Sustainability Advisory Board which has been established to advise us on the risks and opportunities that lie ahead.

We're also making an increasingly positive impact on our communities through initiatives like the Zespri Young and Healthy Virtual Adventure Challenge, helping tens of thousands of young New Zealanders learn about the importance of eating well, exercising and looking after the environment.

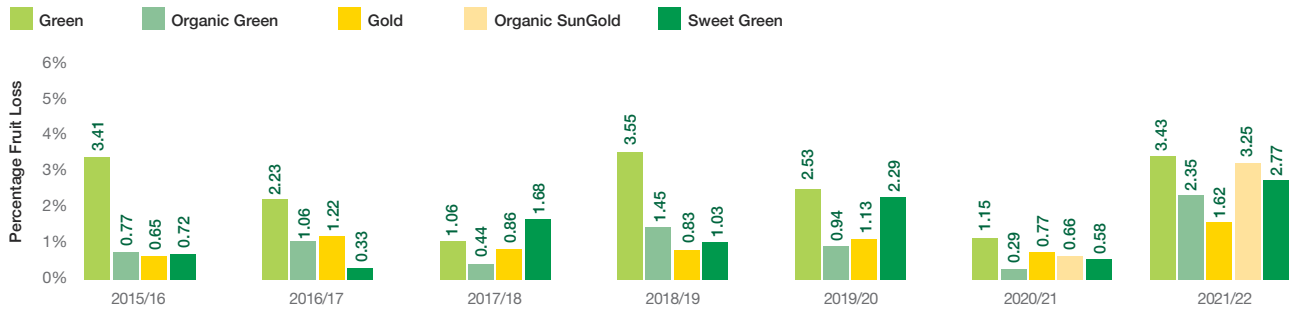


ONSHORE FRUIT LOSS – 7 YEARS



These fruit-loss percentages do not include crop management trays.

OFFSHORE FRUIT LOSS – 7 YEARS



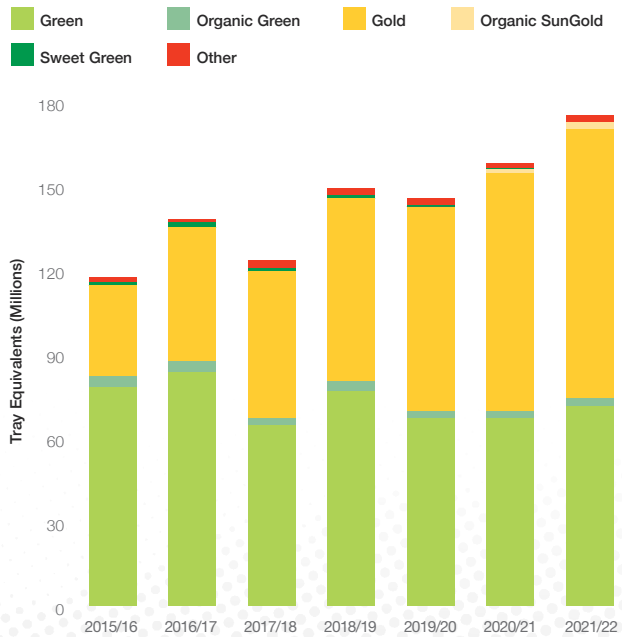
TOTAL FRUIT AND SERVICE PAYMENTS – 7 YEARS

New Zealand-grown kiwifruit (excluding loyalty premium)



TOTAL VOLUME SOLD – 7 YEARS

New Zealand-grown kiwifruit



The 2019/20 and earlier comparatives for Gold Kiwifruit include the combined pool of Zespri SunGold and Organic SunGold Kiwifruit. These varieties have been split into separate pools from 2020/21 onwards.

Our partnership with KidsCan is providing help to young people in need, and our support for food rescue charities is diverting food waste from landfill and improving food security for the vulnerable. We also hosted the inaugural Kiwifruit Industry XV vs Parliamentary Sports Trust Rugby match which raised funds for the victims of the Whakaari/White Island tragedy and first responders.

We're strengthening our supply chain and social licence, and protecting our market channels, by continuing to address the difficult issues of worker exploitation. We need to show that we will not accept the mistreatment of anyone in our industry and will continue to provide support so that ours is an industry people want to work in.

We are committed to developing our relationship with Māori, working in partnership to strengthen and support Māori grower aspirations, and to build on our track record as a successful, resilient, connected, innovative and diverse industry for all growers.

All of this is not only the right thing to do; it's protecting our future, enhancing our brand and our environment, building resilience into our business and helping our growers and communities thrive.

Innovation will also continue to play a critical role in our success.

The establishment of the Kiwifruit Breeding Centre, a joint venture between Zespri and Plant & Food Research Limited, is an exciting development that will allow us to extend

New Zealand's position as the world's leading innovator in kiwifruit, creating healthier, better-tasting and more sustainability-focused varieties.

By focusing on what we do well – building strong teams, brand-led demand creation and year-round supply, as well as focusing on sustainability and world-class innovation and digitalised operating models – we are well positioned to return greater value to the industry and create opportunities for growth and enduring value for our growers and communities.

The model is working – we're creating considerable value for New Zealand growers with volume sold up 11%, revenue from fruit sales up 11%, and total fruit and service payments up 10%.

CONCLUSION

Despite the challenges presented by COVID-19 and the constraints it has placed on the global supply chain, our industry has still managed to deliver a record crop.

This has been achieved through a lot of hard work from growers, post harvest operators and our industry's commitment to ensuring we're able to meet our consumers' needs for fresh, healthy and high-quality kiwifruit.

While there are challenges ahead of us, demand for our fruit remains strong, and by working together we'll ensure we can optimise grower returns and strengthen the value we deliver to our communities.



Corporate GOVERNANCE

Zespri is proud of our ongoing commitment to providing a sustainable and safe business environment and adherence to global regulatory frameworks applicable to our business. We have clear written procedures and policies in place to ensure we meet and maintain a high standard of integrity, and a robust corporate governance framework. This section outlines key points of the corporate governance framework in which we operate.

ETHICAL STANDARDS

At Zespri, we are committed to demonstrating integrity and maintaining a high standard of business ethics. Corporate governance policies and processes are integral to ensuring we are always achieving these high ethical standards, and all Zespri Directors, officers and employees who represent and act for Zespri are subject to clear expectations to do so with integrity and in compliance with applicable law and company policy. Zespri's Code of Conduct and Directors Manual clearly articulate these expectations, and we conduct trainings and presentations on a range of ethical and compliance issues throughout the Company.

Conflicts of interest: As required by the Zespri Constitution, five of the eight Zespri Directors are elected from the kiwifruit industry. Zespri has comprehensive policies and practices in place which meet and, in some cases, exceed the requirements of the Companies Act 1993 to address existing and potential Board conflicts. All Directors are required to declare any actual or potential conflict of interest as soon as it arises, and Directors with relevant conflicts excuse themselves from meetings while issues which may present a significant conflict are discussed and decided. Where a conflict is considered unmanageable, a Director may have to choose whether to continue as a Zespri Director or pursue their other business interests. A Conflict of Interest Policy and associated record is also in place for employees.

COMPLIANCE

Zespri's policies and procedures demonstrate our commitment to legal compliance including, among others, policies regarding gifts, anti-corruption, bribery, privacy and anti-competitive behaviour. Zespri staff are regularly trained across these policies to ensure communication and education of the latest compliance requirements and expectations. These policies are underpinned by audits and investigations conducted by an internal audit function,

with exceptions being reported to the Audit and Risk Management Committee. Zespri has a dedicated global Speak Up line for anyone to report unethical or illegal behaviour. Zespri's expectations of compliant behaviour are also communicated to our customers and suppliers, and we monitor such compliance through due diligence and audits (on a risk basis) of compliance in target areas.

Confidentiality and privacy: As a global business, Zespri is subject to extensive privacy legislation from many jurisdictions and continues to refine its processes to reflect changes associated with continually evolving international data privacy regulations and the collection, handling and processing of personal information as well as prioritising cybersecurity initiatives to bolster technical measures to support protection of personal and commercially sensitive information. Comprehensive policies support Zespri Directors and employees to ensure understanding of their legal obligations in the areas of confidentiality and privacy. Policies and procedures are periodically reviewed to ensure best practice, and training is provided to supplement understanding and adherence to policy. Consistent with the high degree of industry engagement, Zespri's Constitution also contains provisions pertaining to confidentiality and shareholder democracy.

BOARD COMPOSITION AND PERFORMANCE

The Zespri Board comprises eight members, of which three are independent. The combination of industry and independent directors gives Zespri the benefit of a Board with a wide range of experience across key areas. Independent Directors are recommended by the Board for election by shareholders in line with the skills needed for Zespri's future strategic direction. The Board has adopted processes to consider the skillsets required for the appropriate governance of Zespri and the contribution of Independent Directors, including external recruitment processes for Independent Directors. The Chair is elected each year following the Annual Meeting, providing an opportunity for managing succession as required. The Board provides strategic direction drawing upon Directors' extensive collective knowledge, which includes expertise in the kiwifruit industry, international business, agribusiness, marketing and finance. Induction processes are in place for new Directors, as well as for each sub-committee when sub-committee memberships change. As part of a continuous improvement plan, the Board reviews its performance on an ongoing basis, and engages in director development activities at an individual level, through external presenters who support the Board on topical issues, and through engagement with and facility visits to industry and other stakeholders. While the Board has been unable in recent years to undertake normal market visits to better understand markets, assess execution against strategy, and engage with offshore-based staff to understand local capability, challenges and Zespri culture, the re-opening of

global borders is enabling plans for these visits to resume in the upcoming year. As in 2020/21, the Board continued regular online meetings with market-based teams to ensure ongoing engagement with key stakeholders and to maintain awareness of current conditions.

The Board has formally delegated decision-making to management through a comprehensive Global Delegated Authorities Manual, which sets out what decisions are reserved for the Board and committees, as well as a stepped qualitative and quantitative cascade of approval processes at different levels of management. Further policies pertaining to decisions made in the daily management of the business are also in place.

BOARD COMMITTEES

Board committees have been established in certain key areas to increase effectiveness, and include the Audit and Risk Management Committee, People and Culture Committee, and Board Innovation Sub-committee.

Audit and Risk Management Committee:

The Audit and Risk Management Committee reviews risk management strategies, internal controls and compliance processes with a view to monitoring Zespri's overall risk. It also reviews the Financial Statements with the assistance of management and the Company's external auditor, KPMG, and supports and oversees management in its evaluation of key accounting judgements. Jonathan Mason currently chairs the committee.

People and Culture Committee: The People and Culture Committee attends to strategic employment matters including general remuneration and incentive policy, employee engagement, organisational development strategy and the appointment and remuneration of senior executives. Paul Jones currently chairs the committee.

Board Innovation Sub-committee: Innovation is a key enabler of Zespri's business strategy, requiring innovation programmes to be aligned to Zespri's long-term strategic objectives. The Board Innovation Sub-committee reviews and endorses Zespri's strategy for science and innovation and applies appropriate governance principles to optimise innovation performance, challenge and guide future innovation vision and work with management to mitigate innovation risk. Nathan Flowerday currently chairs the sub-committee.

ADVISORY BOARDS

During the year, the Board formed a new Global Sustainability Advisory Board to support the Board and management in relation to its sustainability commitments through provision of additional insight and expertise. The Advisory Board consists of independent members with relevant expertise and is chaired by Alison Barrass, with

direct reporting back to the Zespri Group Limited Board. The ZGS Advisory Board continues to meet regularly, chaired by Craig Thompson. The Board disestablished the China Advisory Board, and extends its thanks to the members of that Advisory Board for their insights and guidance over the past several years as Zespri's business in China became more established and mature.

Each board committee and advisory board has terms of reference articulating its scope of activity and authority, and all Directors receive copies of all papers and minutes. A verbal update on committee/advisory board meetings is also provided at each Board meeting, providing opportunity for discussion. A table displaying meeting attendance by each Director is provided on page 97.

OTHER COMMITTEES

The Board also convenes smaller informal committees and steering groups from time to time to address particular issues as the need arises. During this year, two of these committees were the Project Horizon working group, formed to ensure strong oversight of Zespri's ongoing systems replacement programme, and the Kiwifruit Breeding Centre working group which provided guidance and insight for management in relation to the creation and implementation of the new cultivar development joint venture with Plant & Food Research. Directors also represent Zespri in industry bodies such as Kiwifruit Vine Health Incorporated (KVH) and the Industry Advisory Council (IAC) which is currently chaired by Zespri Director Tony Hawken.

REPORTING AND DISCLOSURE

Zespri is subject to reporting and disclosure obligations under the Companies Act 1993, Financial Markets Conduct Act 2013, and other relevant legislation, which governs the duties of Directors including, but not limited to, financial reporting, securities, health and safety, environment and employment. The Board works with management to ensure the financial statements are accurate and complete, including adoption of accounting policies and controls that mitigate against incorrect information or omissions. At the end of each financial year, the Chief Financial Officer and Chief Executive Officer ensure Zespri complies with accounting standards and controls.

In addition to normal corporate requirements of reporting and disclosure, the Kiwifruit Export Regulations 1999 (the Regulations) require Zespri to publicly disclose Financial Statements in accordance with the Kiwifruit Export Information Disclosure Handbook. The required disclosures are included within the New Zealand Industry Performance Section of the Annual Report, or within the Financial Statements of the Annual Report. Further disclosures are contained in the special purpose Financial Statements, including the Audit Report from KPMG.

Zespri seeks to communicate proactively and transparently to its shareholders and other stakeholders, in a manner largely consistent with the continuous disclosure obligations on public companies. This communication not only extends to updates regarding current matters, but also to future plans such as five-year plans, outlook documents and regular roadshows, newsletters and updates.

REMUNERATION

The maximum amount of remuneration payable to Directors is set by shareholders as provided for in Zespri's Constitution. This is done on the recommendation of the Director Remuneration Committee, which has regard to independent benchmarking information provided by organisations such as Ernst & Young and the Institute of Directors. The details of remuneration paid to Directors during the financial year are available on page 97. The committee also considers governance succession within the New Zealand kiwifruit industry as a whole, and supports the Board in respect of industry initiatives such as the Industry Governance Development Programme. The committee comprises three elected shareholder members (presently Andre Hickson, Michelle Dyer and Julian Raine) and one independent member appointed by the Board (Graeme Milne). The committee's 2021/22 report is published within the Notice of Meeting booklet.

SAFETY AND WELLBEING

Zespri recognises that its most important asset is its people. This means that ensuring the safety and wellbeing of both Zespri employees and other workers is critical. The Company has a Board Charter on Health and Safety that is reviewed as required, by legislative or organisational requirements. The Board fulfils its obligations by fostering a strong culture of care of people, reviewing and monitoring the identification, reporting and management of critical risks and ensuring that appropriate policies and procedures are in place to support risk mitigation. Directors receive targeted updates regarding health and safety matters at each Board meeting, and Zespri works with industry stakeholders to ensure the provision of safe workplaces. Directors also conduct health and safety visits to different working environments of Zespri.

As with all global businesses, over the past year many Zespri people in New Zealand and globally have been subject to continued periods of lockdowns, difficult working conditions and direct health impacts through infection of Zespri people or their family members. The Board maintained its strong people-first position to support Zespri's employees through these ongoing challenges and is exceptionally proud of the resilience and commitment of Zespri's global workforce and its ability to deliver the outcomes contained in the Financial Statements.

The Board and management team's strong focus on the wellbeing of our people and those of our wider stakeholders, recognised the significant impact that recent years have had on our people, particularly in the area of mental health and wellbeing. Zespri has taken significant steps to create a culture and network of support not only for general wellbeing and safety but also mental wellness, resilience and understanding of mental health. This prompted a dedicated Flourish day, which included education, and facilitated discussions with respect to recognition and support for all Zespri people.

RISK MANAGEMENT

Risk management forms an integral part of the Board's activities, with a view to ensuring that Zespri and its stakeholders are not exposed to undue risk as a result of business operations. Zespri has a comprehensive Risk Management Policy based on AS/NZS ISO 31000:2009 and the risk matrix developed by management and reviewed by the Board, together with processes to monitor and assess such risks on a continual basis throughout the year. The Board maintains an issue watch register, which identifies and updates the Board regularly on current risk items in the business. The Audit and Risk Management Committee and Board receive focused updates on internal audit matters, together with regular updates on risk areas such as health and safety, foreign exchange, sustainability, cyber security and information systems stability.

The Board is committed to safeguarding the reputation and business of Zespri against instances of non-compliance by Zespri or our business partners. This initiative requires continuous improvement and monitoring of internal processes, as well as a sound understanding of the legal obligations throughout the distribution chain. Taking these steps enables Zespri to mitigate opportunities for unlawful conduct by third parties which may affect Zespri's business or operations. Many jurisdictions in which Zespri conducts business have introduced, or are in the process of introducing, modern slavery reporting and diligence obligations. Zespri takes supply chain transparency seriously, and engages in due diligence with respect to its suppliers and other participants in the Zespri supply chain, as well as setting clear expectations of its immediate suppliers to take similar steps in their own operations. Zespri has global customer and supplier codes of conduct, which set expectations for supply chain participants, targeting a range of issues including legal and financial compliance, food safety and quality standards, fair competition, anti-bribery, anti-corruption, fair employment practices and labour standards, health and safety, and care for the environment. During the financial year, Zespri continued to work closely with New Zealand industry and government stakeholders to support enforcement of labour laws in the kiwifruit industry.

From time-to-time, Zespri is involved in commercial disputes relating to our business. Where disputes are anticipated to have a quantifiable financial exposure or progress to formal proceedings, provisions are made for the costs of defending or pursuing such claims.

The Board works to ensure management has appropriate governance and discipline regarding the procurement of financially or strategically important suppliers. This includes competitive tendering or benchmarking, where appropriate, particularly around the renewal or expansion of high-value and long-term contracts or relationships. A strong focus is placed on areas of significant expenditure such as professional services, marketing and logistics, with higher-value and longer-term contracts over defined thresholds requiring approval by the Board as part of the Global Delegated Authorities Manual. Particular strategic emphasis is placed on building strong supplier relationships that drive value and support the key initiatives of the business.

AUDITORS

The Board appoints the auditors for Zespri on an annual basis following approval from shareholders. KPMG have been Zespri's auditors since 2011 and operate a strict rotation of audit partners. This rotation meant that Zespri's audit partner changed in 2022 to Laura Youdan.

Controls are in place to restrict what non-audit work may be provided by the auditor. In the 2021/22 financial year, non-audit work and fees paid to KPMG are shown on page 78. Representatives of the auditors attend meetings of the Audit and Risk Management Committee periodically to discuss the audit plans and outcomes, meet privately and attend the Board meetings if their input is required on particular matters or queries. The Board has not identified any issues that have compromised auditor independence.

SHAREHOLDER RELATIONS

Zespri shares are listed on the USX share trading platform, which allows for a higher degree of transparency of information regarding share trading. USX is a Financial Product Market operating under an exemption from subpart 7 of Part 5 of the Financial Markets Conduct Act 2013. Craigs Investment Partners has been acting as market maker for Zespri shares since November 2016, which has led to increased market liquidity and a greater degree of share price stability.

Subject to variances in rules applicable to companies listed on USX, Zespri's policies on Director and employee share trading are largely consistent with the obligations for Director trading adopted by public companies, including prior notice of intention to trade, approval by an Independent Director and transparency of Director trading activities through regular reporting to shareholders.

The policies also impose trading halts when any material information is known to Directors and employees. The Board considers at the end of each meeting whether any price-sensitive information should further preclude Directors or employees from trading Zespri shares. Details of share trading by Directors as well as their relevant interests are published on Zespri's corporate website (www.zespri.com) and on the grower website, the Canopy (<https://canopy.zespri.com>). The Board endeavours to operate a highly transparent disclosure programme to ensure that the market is as informed as possible, including a Chairman's email following each Board meeting, virtual meetings, grower roadshows, regular updates of the USX platform (adhering to a market sensitive information policy), and publication of strategic information documents, including a five-year outlook document.

The Board is focused on ensuring that shareholders can engage fully with Zespri and its Board. As part of its shareholder meetings, Zespri offers shareholders hybrid meeting options including online streaming and voting to ensure that all shareholders have the best ability to participate fully in the meetings and decisions arising from them.

CLIMATE CHANGE AND SUSTAINABILITY

Since announcing our sustainability framework in February 2020, work has continued to embed sustainability into Zespri's operations. At a Board level, this included formally agreeing Board level responsibility for sustainability. A Kiwifruit Industry Sustainability Position statement has been developed that sets out Zespri's commitment to sustainability and demonstrates how appropriate management focus is being given to climate change and sustainability at Zespri and through the industry.

KIWIFRUIT NEW ZEALAND

Kiwifruit New Zealand (KNZ) is the independent statutory regulator for the kiwifruit industry. The regulatory framework is an important part of our industry structure which recognises the grower support for co-ordinated research and a unified brand in our export markets.

KIWIFRUIT INDUSTRY STAKEHOLDER ENGAGEMENT

The kiwifruit industry is a uniquely integrated sector that requires significant co-operation between all industry participants – growers, post-harvest operators, Zespri, and industry bodies, such as New Zealand Kiwifruit Growers Incorporated (NZKGI) and KVH, – together with our regulator KNZ and local and national Government. The Board is committed to working with all relevant stakeholders, within the regulatory framework, to achieve the best possible outcomes for shareholders, growers and the industry.



An Iconic Premium Brand

Continued investment in the Zespri brand was a key factor in creating further consumer demand, reinforcing Zespri's values of goodness, sustainability and distinguishing Zespri Kiwifruit as a premium product amid growing global competition.





This year saw our Brand Power scores at a historic high in terms of the predisposition to choose Zespri over other brands following the first-ever brand refresh in 2020.

Driving consistency across markets has led to faster and stronger brand recognition with unaided awareness in our 15 key markets increasing by 2.7% from 2020 when our refreshed brand identity was launched. This great performance in terms of brand power saw Zespri among the top-three brands in 10 out of 15 of our key markets.

The refreshed brand, together with our commitment to purpose-led growth and sustainable production, has helped create a stronger emotional connection among consumers who are increasingly concerned about the values of the people behind the product, as well as the quality and provenance of the product itself.

While COVID-19 presented significant challenges to everyday business across all our markets, our teams globally continued to drive efficiency and effectiveness with fewer campaigns (from 17 in 2018 to 5 in 2021), delivering a bigger impact and better results.

Our brand excellence was recognised with 14 international awards, including our Zespri Bodyshape TV commercial – featuring the beloved Kiwi Brothers – being named the Top Performer Advertisements in Belgium and the

Netherlands at the Kantar Creative Effectiveness Awards for its humour, consistency and message relevance.

In addition, we were recognised in Japan for creating one of the most influential TV commercials at the CM Data Bank Awards and we were awarded Silver at the ACC Tokyo Creativity Awards for Social Influence.

In Greater China, we received the 2021 Best Seller Golden Brand award, which recognises our brand's leading performance in 2021 in China, as well as the Responsible Brand Award at the 11th China Charity Festival for our collaboration with the China Nutrition Society on the release of a white paper on White Collar Women's Healthy Diet.

COVID-19 has heightened consumer awareness globally about the importance of a healthy diet and the role of nutrition in boosting immunity. This has provided a tailwind for our targeted messaging emphasising the superior Vitamin C content in our kiwifruit.

On top of health messaging, one of the key shifts that we are working on is the transition from functional benefits to emotional benefits for our consumers. This is done through increased focus on the irresistible taste of our kiwifruit, and this approach has been particularly successful with our primary target audiences in Korea, Singapore, Belgium and Netherlands, as seen in the 2021 Brand Tracker scores.





In terms of challenges posed by the pandemic, we still see extra caution and hygiene required with outdoor activation and sampling activities. As more markets open, we also see a need to be present and highly visible in stores as more consumers head back to the actual stores for a real shopping experience.

The second year of our refreshed brand identity and brand positioning further highlighted the effectiveness of the new brand in unlocking demand for Zespri Kiwifruit and reinforcing our position as a leading global healthy food brand.

Looking ahead, we expect the refreshed brand and added emphasis in purpose-led marketing in the coming years to continue to capture both volume and value growth and build a more meaningful connection with consumers around the world.

People and culture

People are at the heart of our business. We continue to invest to help our people thrive and perform at their best on behalf of growers and the industry. A diverse and highly engaged global team will energise Zespri to fulfil its purpose, empowered by our culture, our values, and our systems and processes.





We made good progress in 2021/22 on putting in place the foundations to support performance and to help our people to flourish. These cover many of the ‘moments that matter’ for Zespri people, from leadership through to mental wellbeing.

An improvement this year has been creating a globally consistent reward framework across the company. This includes designing our short-term incentive scheme to be simpler to understand and easier to connect to our performance and company targets. We provide regular updates to all people during the year to give visibility into company performance and targets and to align individual effort to company objectives such as delivering strong returns to growers.

We have continued to develop leadership capability across the company through our internal programmes. These are designed around leading self and leading others, anchored to our leadership framework and the capabilities, capacities and character that leaders need.

This year our core leadership programmes of Lead Zespri (introducing leadership at Zespri), Zespri Thrive (leading self) and Zespri Ignite (leading others and teams) were attended by 210 people. We built change leadership capability through a Navigate programme, involving 258 people, supporting our Horizon transformation programme

and other areas of change. We also continued to invest in our online Zespri Learn resources and to promote a culture of purpose-centred, learner-led development that is owned by individuals and supported by leaders.

Labour shortages and closed borders are making recruitment of talented people challenging for many organisations, including Zespri. In the face of the so-called ‘Great Resignation’, we need more than ever to create a compelling case for people to join us and to remain with us. Having an engaged, experienced workforce that knows the industry and brand, and builds relationships with partners in market, will strengthen our ability to create ongoing value for growers. The first encounter of Zespri is often in the recruitment process and this year we have improved our systems and processes for candidate experience and onboarding. We have strengthened our internal recruitment resources and during the last year completed 285 recruitments to help meet the needs of our growing business. While we have recruited high-calibre people we have maintained the focus on efficiency and continue to report on revenue per full-time equivalent employee which was \$5.8 million in 2021/22.

A focus in the people space is safety and wellbeing. Over the last year we had 776 full-time equivalent staff and during that time we have recorded 154 incident reports, including one that was considered as having high potential



to cause injury and another 32 that were deemed moderate risk. Our 'fatal' risks remain in the areas of driving, working around mobile machinery, operating quad bikes and all terrain vehicles, exposure to hazardous substances, and mental health. We have worked to support business units around the world develop health and safety plans aligned to these risks and to the specific risks of their activities. More generally, we have strengthened our crisis response systems and processes and completed a major crisis response exercise.

We have also worked to support our people through various stages of COVID lockdowns and home working, including regular communication, advice on office safety protocols and promotion of vaccination and wider health measures, all aligned to country requirements and policies.

During the last year we have developed a greater awareness of the risks of mental health for our people, impacted by COVID-19 and the workload demands of the season. For the first time, we asked in our all-company engagement survey specific questions to understand how people feel about speaking up on mental health issues and how well the company supports our people to talk about their own mental health.

Findings from the responses led to a Zespri-wide programme on mental health that we call 'Flourish'.

This launched with a series of 'circuit-breaker' workshops, with around 600 of our people taking time out to learn about mental wellbeing and to think about what they as individuals need in order to be at their best. We're pleased to see an increase in our mental wellbeing scores in our company-wide Pulse survey, including openness about mental health and leadership. This is the start of a journey towards helping our people not just to perform at work but to flourish at work.

Overall, engagement across our workforce has been strong, with our most recent Pulse survey at 77 points. Our relative strengths in how people experience Zespri show across wellbeing, communication and company direction. We have opportunities in the areas of careers, resources to deliver, and execution. Participation in our survey was very high with 95% of our people taking time to have their say. Our people are proud to work for Zespri and on behalf of New Zealand kiwifruit growers.

Looking ahead, people and culture is a strategic priority for Zespri with investment to support our ability to achieve the industry's ambitious growth plans. This includes creating personalised, seamless and meaningful experiences for our people, from talent acquisition through to performance and accountability. Ultimately, our efforts serve to make Zespri not only a great place to work but a business with people at the heart in the service of our growers and shareholders.







Striving for a better tomorrow

Our purpose and values underpinned work during the year to further embed sustainability within our business.

We have a strong base to work from.

We work with the best growers in the world to provide a product which supports consumers' health and wellbeing and which treads lightly on the land. However, we know more needs to be done in order to meet the expectations of our consumers, customers and regulators – as well as ourselves.

Over the last year, we've concentrated on making progress in those areas we've identified as our key priorities.

This is particularly important given consumers around the world are increasingly conscious of the purchases they are making, looking beyond the product itself to consider the way in which it's produced, its impact on the environment, and the care that is provided to those who help deliver it.

Our ability to meet this challenge is crucial in being able to connect with consumers, and ultimately to create sustained value for our growers and our communities.



BENCHMARKING OUR SUSTAINABILITY PERFORMANCE






A key focus of the last year has been improving our systems so that we have comparable data to measure our progress. This has enabled the industry to participate in the 2021 World Benchmarking Alliance (WBA) Food and Agricultural Benchmark project, which focuses on embracing the UN Sustainable Development Goals and to drive transformational change.

The project, which assesses 350 of the largest agribusiness companies in the world on their progress against a range of measures, focusing on nutritional value, environmental performance, social inclusion and strategy and governance, uses the UN Sustainable Development Goals to progress change.

In its 2021 report, the WBA ranked Zespri in the top 20% of all companies at 69th overall. We performed most strongly on nutritional measures where our leading practices on food safety and certification against GLOBALG.A.P. contributed to a top-10 placing, with the report highlighting that we must continue to focus on establishing better systems for reporting against our targets and improving the visibility of some of our policies such as social sustainability and the work we do to protect people within our industry.

SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals are a key part of our sustainability framework and strategy.

Our kiwifruit		See page 24
Packaging		See page 39
Water		See page 39
Climate change		See page 38
Our community		See page 40



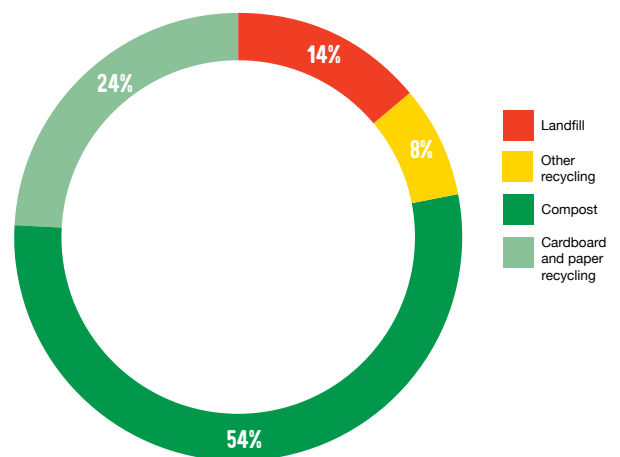
ZESPRI AS AN ENABLER OF SYSTEMIC CHANGE

We have also maintained our commitment to support sustainability focused community initiatives.

Within Zespri itself, this has included introducing a new waste system at our Mount Maunganui office. We have reduced our waste to landfill by 90% from the 2020 baseline audit conducted by Tauranga City Council, exceeding our target of 50%. Of the 11.9 tonnes of waste produced in 2021/22, more than half of that was processed into organic compost, with a total diversion from landfill rate of 86% achieved. This initiative is now being extended across a number of our global offices.

Zespri is also working with other primary sector partners and a number of our suppliers to support the Wai Kōkopu Catchment project and its goals of improved water quality in the Waihi Catchment waterways and improved nutrient management.

ZESPRI MOUNT MAUNGANUI OFFICE WASTE STREAMS 2021/22



Waste streams	Waste produced (tonnes)	
	2021/22	2020/21
Landfill	1.7	1.5
Compost	6.5	6.6
Cardboard and paper recycling	2.8	4.4
Other recycling	0.9	0.8
Total waste	11.9	13.2

Prepared in accordance with GRI 306: Waste 2020 standard. The reported figures have been subject to Limited Assurance.

Enhancing our Environment

We remain committed to doing our part to lead an industry that helps enhance the environment, enabling it to thrive through the goodness of kiwifruit.

This is something we'll achieve by continuing to build on our growers' innate sense of guardianship and desire to protect the land, and the broader efforts already underway across the supply chain to address the major environmental challenges we've identified.

We're working with our industry as guardians of our natural resources, as well as playing our part in responding to the changes we're seeing in our markets and with our consumers.



RESPONDING TO THE CLIMATE CHALLENGE

The World Economic Forum has highlighted climate change as the number one risk in its Global Risk Report 2022¹. Climate change continues to be one of our consumers’ greatest concerns alongside water issues, plastic packaging and pollution².

Knowing our climate risks

As an organisation and an industry, it is important that we continue to adapt our practices to ensure we can thrive in a low-carbon and climate-resilient future.

Understanding the nature and scale of risk that Zespri and our partners face is the first step in reducing our vulnerability and enhancing our resilience.

Over the last year, we’ve made important progress. In August 2021, we delivered on the first of our climate change commitments: to publicly report on our climate risks and opportunities. Zespri’s first Climate Risk and Opportunities report³ was prepared in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Carbon neutral kiwifruit

Global challenges like climate change require everyone to contribute, which is why we’re working closely with partners to help reduce the carbon footprint of our fruit. This is fundamental to meeting our broader commitment to be carbon positive to retailers by 2030. Work is underway on a carbon-neutral trial, working collectively across the supply chain from the orchard through post harvest and shipping to retailers, to explore ways to decarbonise our supply chain and understand and meet the market needs. What we learn from this two-season trial spanning orchard to retailers will help the industry towards achieving its ambitious climate goals.

Partnerships to address industry emissions

Similarly, we realise the importance of working with our global shipping partners to address increasing global shipping emissions. Reducing emissions while global shipping trade increases is a challenge in itself and we are committed to supporting the industry to transform.

Over the last year, we have been working to establish a ground-breaking global partnership with one of our main shipping suppliers, so that we can accelerate the development of low-carbon shipping solutions. This partnership will be a global first between an exporter and a shipping provider, with the only other “Green Corridor” established to date being between the Ports of Shanghai and Los Angeles. It will help us respond to the increases we’re seeing in our overall shipping emissions.

Our total supply chain emissions account for ~2kg of CO₂-e emissions per kg of kiwifruit consumed⁴. Shipping continues to be a significant contributor to this, and with a larger crop to transport and pandemic-associated global supply chain issues including shipping congestion to navigate through increased specialised charter vessels, our overall shipping emissions increased by 19% in 2021/22.

Table 1. Zespri’s Industry Shipping Emissions from New Zealand sourced fruit*

Industry emission source	Unit	2021/22	2020/21*	2019/20*
Shipping	t CO ₂ -e	443,800	374,300	315,900
	kg CO ₂ -e per kg of fruit shipped	0.7	0.7	0.6
	kg CO ₂ -e per Tray Equivalent (TE)	2.5	2.3	2.1

* Scope 3 emissions, prepared in accordance with ISO 14064-1:2018 organisational reporting standard. 2020/21 and 2019/20 emissions have been recalculated using updated methodology consistent with 2021/22. The figures have been subject to Limited Assurance.

Zespri has also undertaken a detailed review of the way we calculate energy consumption related to shipping, and as a result we have updated our methodology to ensure that we continue to align with leading industry practices. The shipping emissions for the 2019 and 2020 seasons (Table 1) have been recalculated using this updated methodology.

Keeping our corporate emissions low

After a year of lockdowns and travel restrictions, our teams have started to reconnect with our markets. Our staff emissions from travel have increased slightly from last year. Although our corporate emissions still remain 87% lower than our initial baseline year, we are taking measures to ensure these remain as low as possible, including reviewing the company’s travel policy.

Table 2. Zespri Corporate Emissions*

Scope	Emission Source	tCO ₂ -e		
		2021/22	2020/21	2019/20
Scope 1	Vehicle fuel	200	100	300
Scope 2	Office electricity	300	300	300
Scope 3	Air Travel	500	300	7,800
	Staff mileage and taxis	100	100	200
Total Zespri corporate emissions		1,100	800	8,600

* Prepared in accordance with ISO 14064-1:2018 organisational reporting standard. The figures have been subject to Limited Assurance.

FINDING SOLUTIONS FOR BETTER PACKAGING

Our packaging serves to deliver the goodness of our kiwifruit from our orchards to consumers.

Conscious of the impacts that packaging has on the environment, we are continuing to work with our partners to find more sustainable packaging solutions that enable us to address food safety, avoid waste and reduce the amount of plastic we use.

Zespri is committed to creating a positive brand experience through the packaging we use – meeting our environmental, quality and food safety standards along the way. As outlined in *Table 3*, we have set three targets linked to our goal to support a circular economy. Two are focused on reducing plastic and the third on reducing our emissions associated with packaging. We are currently measuring at 87% against our target of 100% recyclable, reusable or compostable packaging.

Exploring new solutions

While we have a relatively strong platform to work from with almost 90% of our packaging already being recyclable, reusable or compostable, we know there is more to do.

Over the past year, we've undertaken a number of packaging trials or projects designed to help us reduce our reliance on plastic packaging and explore the viability of alternatives throughout our global supply chain.

In France, we've converted all our packaging to cardboard, while in China we've trialled a recyclable pack that not only meets our environmental targets but is preferred by customers and has led to improvements across our packing, quality and in-store experience. We've also modified our fluted board pack used in Australia which is driving increased brand support among customers.

Zespri is continuing to explore alternative fruit labels, which not only provide an important means of differentiating our fruit varieties but offer an assurance to customers that the fruit they are purchasing is authentic, safe and high-quality Zespri Kiwifruit. This has included introducing home compostable paper fruit labels on our conventional fruit in France this season.

However, these new solutions are expensive and technology can be slow-moving so we remain conscious of the need to work together with our customers to scale up their use so that we can bring the price down.

We are also continuing our work to calculate the carbon footprint associated with packaging so we know our overall impact and can make better decisions when we change materials and processes⁵. Further information about our Life Cycle Assessment can be found on our website at <https://www.zespri.com/en-NZ/Sustainability-Our-Environment>.

*Table 3. Progress on our packaging targets**

Progress on our packaging targets*	2021/22	2020/21
Our packaging will be 100% recyclable, reusable or compostable by 2025	87%	86%
Any plastic packaging we use will be made from at least 30% recycled plastic by 2025	11%	11%
We will reduce our packaging carbon footprint by 25% per kg of fruit by 2030	(1%)	baseline year

* Prepared in accordance with Zespri Packaging Targets Basis of Preparation available at www.zespri.com/en-NZ/Sustainability-Our-Environment. The figures have been subject to Limited Assurance

Managing nutrients and water together

Together with New Zealand Kiwifruit Growers Incorporated (NZKGI) and Māori Kiwifruit Growers Incorporated, over the last year we've continued our work to progress the industry's water strategy – He Wai mō Āpōpō – which focuses on collectively protecting and enhancing water resources for our people, our environment and our communities.

We have hosted a number of industry workshops designed to explore options for improving nutrient and water use efficiency, including how orchard practices and different soil types impact nutrient use efficiency and catchment water quality. We've continued to improve our data so that we can strengthen our knowledge of nutrient management and soil management techniques, noting the crucial role this plays in meeting our targets. We've also worked closely with NZKGI and HortNZ on proposed freshwater regulations to consider the role our existing Industry Assurance Programme can play in helping growers meet new regulatory requirements. Growers in the Bay of Plenty are also supporting the community-led restoration programme in the Waihi Estuary, partnering with Wai Kōkupu Inc to help improve local water quality and estuary health.

This work continues to be a collaborative effort and we're grateful for the involvement of our grower community, fertiliser advisors and scientists in helping guide this work which will ensure our industry continues to embrace the sustainable use of water.

¹ [WEF_The_Global_Risks_Report_2022.pdf](https://www.weforum.org/reports/the-global-risks-report-2022) (weforum.org)

² *Global WhoCares, WhoDoes?* 2021 Kantar

³ [https://www.zespri.com/content/dam/zespri/nz/sustainability/Zespri-Climate-Risk-Opportunities-\(TCFD\)-Report.pdf](https://www.zespri.com/content/dam/zespri/nz/sustainability/Zespri-Climate-Risk-Opportunities-(TCFD)-Report.pdf)

⁴ *Zespri 2019 (PAS 2050) Product lifecycle assessment.*

⁵ <https://www.zespri.com/content/dam/zespri/nz/sustainability/Zespri-Packaging-Targets.pdf>

A happy and healthy community

Zespri is committed to making positive contributions to our communities. We're proud of our role in supporting a happy and healthy community, protecting our environment and building a skilled and innovative industry.





Our purpose is to help people, communities and the environment around the world thrive through the goodness of kiwifruit, and we made a real impact again in 2021/22.

We maintained our focus on supporting happy and healthy communities, a skilled industry and sustainable environment, working alongside old and new partners to do so. We donated more than 130 tonnes of healthy kiwifruit to groups throughout New Zealand, from food rescue organisations to communities in need.

Zespri employees were given the opportunity to choose Zespri's first environmentally-focused community investment initiative for 2022. They chose to support Sustainable Coastlines in the work they do restoring waterways and cleaning up beaches.

On a national scale, but still close to home, we were delighted to come on board as the new naming rights partner of flagship sporting tournament the AIMS Games which is set to return to Tauranga this year. The AIMS Games will see over 11,000 intermediate school students from across the country participate in 23 different sporting events.



We're always inspired by our partners who work so hard in their communities. In 2021/22 we marked the second year of the Zespri Young and Healthy Virtual Adventure, Zespri's first nationwide community investment programme. The five-week adventure supported another 20,000 children as they learned healthy behaviours like drinking more water, eating nutritious food and fewer treats, and getting better sleep in order to help them lead healthier lives. As part of the adventure, over 250 pairs of ASICS running shoes were delivered to participating classes to support their efforts.

We are proud to support KidsCan on their mission to help as many Kiwi kids as possible access the essentials. This year, our partnership has delivered fruit to schools as well help delivering new, warm rain jackets to those at KidsCan's partner schools. Zespri also supported two recent 24-hour KidsCan dollar match campaigns which raised over \$30,000 while another 25 people also signed up to become regular monthly supporters for the first time – a significant outcome as it means an additional 35 children will now have access to KidsCan's programmes.



Cultivating success

Despite the challenges of COVID-19, the kiwifruit industry has continued to build on its global reputation for innovation.





The objective of our Innovation Programme is to bring value by being bigger (enabling productivity gains), faster (bringing new products to market) and stronger (building industry resilience).

A renewed interest in the benefits of safe, healthy food by consumers worldwide during COVID-19 reinforced the need for continued investment in research of new Kiwifruit varieties to satisfy that demand and generate more value for our growers and communities.

BIGGER

Hydrogen Cyanamide Reassessment

The Environmental Protection Authority's recommended ban of the orchard application hydrogen cyanamide, commonly known by the brand name HiCane, has caused real concern in the industry. Its ban would have a significant financial impact on growers and the industry.

Zespri and the kiwifruit industry are committed to putting our people, our environment and our communities first. Safe spraying is a huge focus and we're constantly reviewing our procedures on the orchard and investing in new research.

As part of the EPA consultation process, Zespri has sought independent expert advice on the continued use of HiCane, including from leading toxicologists.

We will also run two studies to collect real-world data looking at the use of HiCane during the 2022 application season, including assessing spray application. We believe these studies in conjunction with the safety protocols already in place will strengthen our case for the industry's continued use of HiCane.

And based on all the information we have received so far, our view is that the EPA has significantly overstated the risks associated with HiCane and understated the benefits of its use. We have also raised concerns around the process the EPA has followed which has led it to recommend the ban.

While we are going through the regulatory process our focus also remains on creating the future.

Our breeding programme at the Kiwifruit Breeding Centre is aimed at developing new world-leading cultivars faster. This includes a new green cultivar which could be grown without the use of HiCane though this remains in the trial phase.

New cultivars

We are also speeding up our new cultivar development programme to try and find alternative Green varieties which don't require the use of HiCane. The Kiwifruit Breeding Centre, our new partnership with Plant & Food Research, was established last year to develop new varieties faster and we are doing everything we can to find a new Green which will provide growers a viable alternative should the EPA's recommendation stand. Grower trials are now underway.

FASTER

Kiwifruit Breeding Centre

In October 2021 the 30-year relationship between Zespri and Plant & Food Research (PFR) took a significant step forward with the opening of a dedicated Kiwifruit Breeding Centre.

The Centre is 50/50 jointly funded by Zespri and PFR – a Government-owned Crown Research Institute – and builds on a relationship between the organisations that has delivered varieties such as Hort16A, Zespri SunGold and Zespri RubyRed™ Kiwifruit.

The Centre will have around 45 staff and will be based at Te Puke, with staff in Kerikeri, Motueka, Mt Albert and offshore in selected kiwifruit regions. Zespri and PFR will share royalties from any commercialised new varieties.

The Centre will harness industry-leading technologies and breeding techniques to develop new varieties of kiwifruit that will delight consumers around the world and underline Zespri's position as the world's most successful and innovative kiwifruit producer.

Zespri RubyRed Kiwifruit launches

After more than 20 years of development by Zespri and our research partners, consumers in selected Asia-Pacific export markets in 2022 received the first shipments of commercial volumes of the stunning Zespri RubyRed Kiwifruit variety.

This was the first new variety to be commercialised and exported since our SunGold Kiwifruit hit markets in 2010. Commercialised in December 2019 and initially marketed as Zespri Red during the sales trials, Zespri RubyRed has been enthusiastically greeted by consumers who have been attracted to the fruit's unique colour and berry-like taste.

We expect a total RubyRed crop (including Non-Standard Supply) of just under 140,000 trays for the 2022 season – double last year's harvest which was used for market trials.





As we move forward, our Innovation Programme is at the centre of our efforts to create ongoing value into the future for our growers, customers and consumers worldwide.

STRONGER

Knowledge-based climate change strategy

In 2019 the Zespri Innovation and Sustainability Teams started a research programme on climate change and carbon management.

The programme aims to generate the scientific knowledge foundation to mitigate and adapt to industry risks (environmental and regulatory) as well as to add value to the Zespri brand by supporting the achievement of our sustainability targets.

The programme focuses on four main priorities:

1. Carbon Footprinting (how the kiwifruit industry affects the environment);
2. Carbon Management (how the kiwifruit industry minimizes its effect);
3. Climate Change Impact (how the environment might affect us in the future); and
4. Climate Change Adaptation (what we can do about it).

Three years down the track, and after an investment of nearly \$650,000, the programme has set the foundation of Zespri's climate change strategy.

This has included defining carbon footprint baselines for the New Zealand and Italian supply chains. We identified that 40-50% of our emissions come from shipping and that orchard emissions accounted for less than 10%.

In addition, the first assessment of climate change risks to our industry has identified vulnerable locations, as well as those in New Zealand and North America that are suitable for kiwifruit expansion.

In 2022 the programme will focus on supporting the carbon-neutral trials, assessing carbon offsetting opportunities and informing the industry's climate change adaptation plans.

The Horizon Programme

The Horizon Programme is an essential investment in modernising the foundations of our processes and systems. It aims to reduce operational risk, create consistency, ensure our systems can be scaled up as we grow and are more integrated, resilient and efficient.





The investment in our Horizon Programme will strengthen our ability to deliver the highest quality fruit to market and deliver increasing returns to growers.

We have initially prioritised our core supply chain and finance systems and tranche one is expected to go live in the second half of 2022.

The solutions to be introduced this year stretch across the value chain. They include creating a consistent approach to purchasing across Zespri and better visibility of spend and costs.

It will streamline and strengthen our ability to plan, budget and forecast which are critical to helping deliver on our financial, sales and operational goals. Having one place to access all financial and planning data will enable a consistent, global way of working and more collaborative planning and proactive decision-making.

This will improve our ability to get more accurate and timely reports, improve planned versus actual costs visibility, and create better cash balance management globally. We're also minimising risk by reducing manual processes.

We're introducing improvements in our order to cash process. Benefits here allow us to more efficiently deliver

kiwifruit to our customers with robust, transparent and reliable process, from the receipt of a sales order through to payments for product.

This will be globally consistent, supported by streamlined master data, improved inventory control, centralised transportation data and reduced manual work.

Another element is investment in quality management to deliver a more consistent standard of product to our customers and consumers. This includes proof that the product has been grown and handled in accordance with regulations, customer specifications and consumer expectations.

Our new quality management processes will enable us to meet and respond to our consumer's expectations, provide a consistent quality experience and deliver our brand promises, with more automation to be added to the process to make it more efficient.

And finally, we're building a solid foundation of trusted data by shifting from our current reporting platform to SAP Analytics Cloud (SAC). This will enable us to turn data into intelligence that will help us gain a business advantage, make better decisions, improve business performance and mitigate risk.



The SAC platform combines business intelligence, analytics, and planning, using best-of-breed data visualisations and dashboarding for analytics and insights. New applications will generate real-time operational reporting right at the point of transaction capture.

Reliable data and globally consistent master data processes means less time preparing data. Improved reporting will support informed, strategic and timely decision making.

Horizon doesn't stop at tranche one. Earlier in 2022 we began work in the Grower Enablement space. This included grower research into the current state of Zespri's grower experiences and opportunities for improvement. Other elements of tranche two include solutions for extended supply chain and quality management, integrated business planning and sales. These components will require broad engagement with the kiwifruit industry to ensure solutions and processes are well designed and meet our collective needs for decades to come.

In conjunction with Zespri's operating model redesign, the Board has also approved ZOMA (Zespri Operating Model Alignment) which will be implemented with tranche two. ZOMA seeks to clearly delineate demand versus supply

functions within Zespri's legal entities, to support Zespri's expansion and continuous growth of the Group's 12-month supply by:

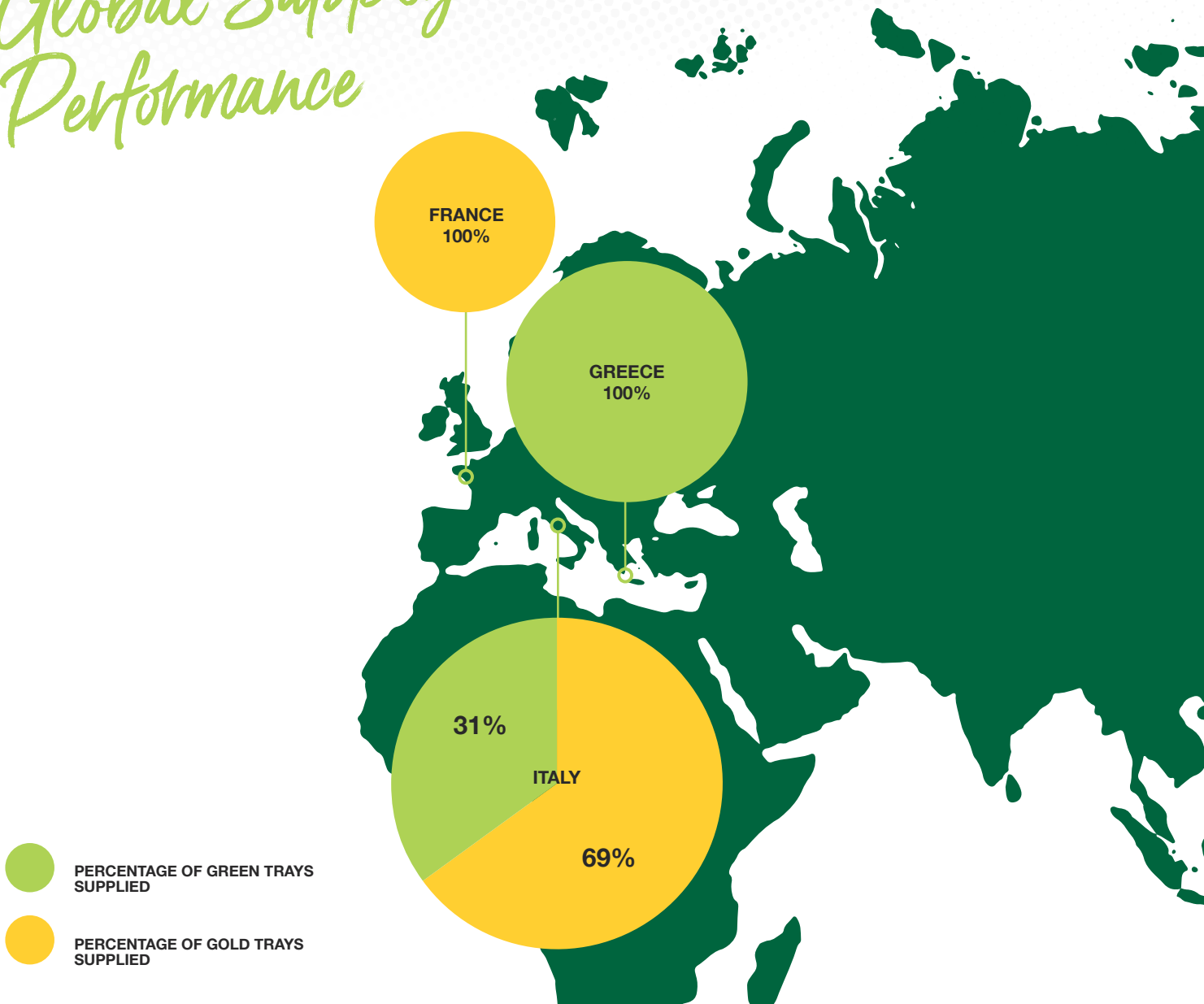
- Establishing clear roles and responsibilities for each entity within the supply chain; and
- Establishing clear processes and building blocks to drive functional expertise and excellence.

Key components of the ZOMA model have been implemented in Japan and Korea where the demand and supply functions have been split into separate entities. The next step is to refine the model in these markets to allow for improvements in supply chain effectiveness. Given the complexity of the European business, the introduction of a new SAP system under Project Horizon allows Zespri to align the European transactional flows with ZOMA principles.

The total investment in the Horizon Programme to 31 March 2022 has been \$72.6 million. This investment will deliver real value to Zespri and to growers over the coming years, ensuring world-class operating systems to support our exports to the world and the returns we deliver to growers.

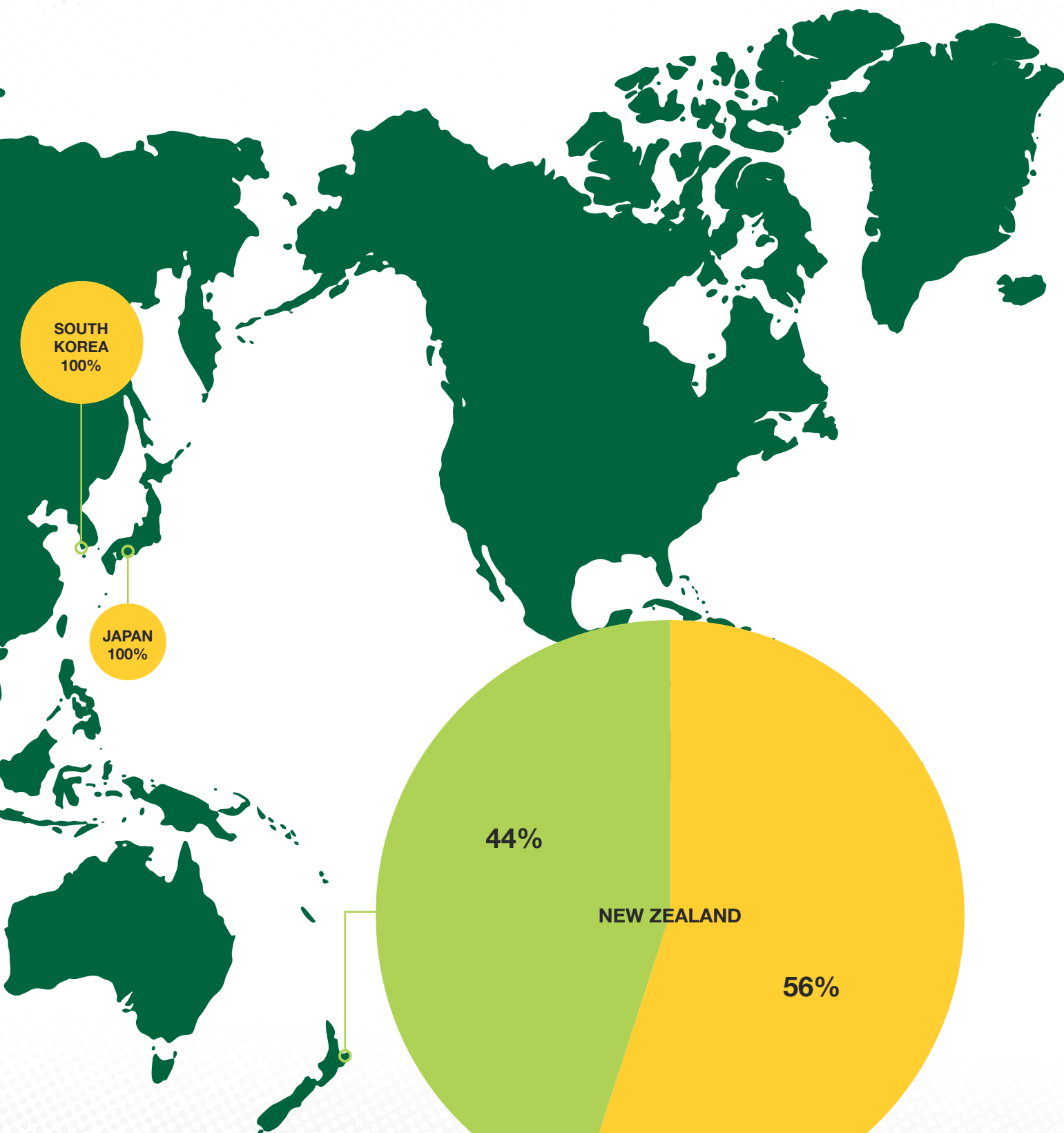
ZESPRI

Global Supply Performance



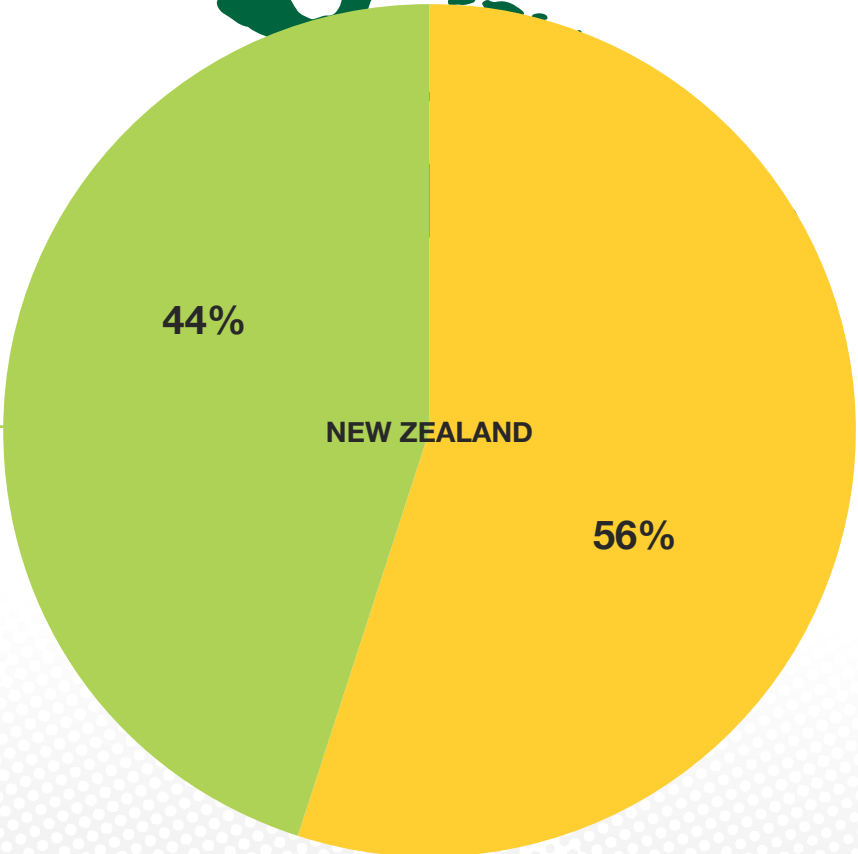
Region	Trays supplied ('000)	Percentage of supply	Producing hectares ¹	Number of orchards ¹
France	1,244	0.6%	333	94
Greece	3,029	1.5%	–	–
Italy	21,628	10.5%	2,713	1,113
Japan	382	0.2%	83	191
South Korea	507	0.2%	115	227
New Zealand	179,669	87.0%	13,610	3,077

¹ ZGS producing hectares and orchards figures for regions other than New Zealand represent supply of Zespri licenced varieties only. Zespri also has a number of pre-commercial trial sites in the US and Greece.



SOUTH KOREA
100%

JAPAN
100%



GRAPHIC IS NOT TO SCALE

ZGS EXPANDS DELIVERY OF 12-MONTH SUPPLY

Zespri's strategy is to market the world's leading portfolio of kiwifruit for all 12 months of the year. The Zespri Global Supply (ZGS) team is focused on supplying Zespri quality branded fruit to key markets in the months when New Zealand fruit is not available, ensuring customers can buy Zespri fruit all year. This supports New Zealand growers by enabling Zespri to hold shelf space, to build customer loyalty and maximise efficiencies in marketing spend.

This financial year ZGS achieved record sales of \$536.9 million. ZGS procured just under 10m trays of Hayward fruit from Italy and Greece which allowed Zespri to achieve 12-month supply of Hayward in five markets in Europe and Singapore.

Zespri SunGold Kiwifruit production in Italy, France, Korea and Japan continued to grow as new orchards came into production and we saw increased productivity of orchards in all locations. Zespri SunGold Kiwifruit volumes were up 22% on last year, with 17m trays supplied into 18 European countries and 16 other markets. Supply of Zespri SunGold Kiwifruit was extended from 18 weeks to 21 weeks in some markets in 2021/22, getting closer to providing 12-month supply of Zespri SunGold Kiwifruit and bridging the gap until New Zealand fruit arrives.

Record volumes of Zespri SunGold Kiwifruit contributed to payments of \$410 million to our ZGS growers from sales of 26.5m trays of fruit, up 13% on last year. This resulted in a contribution to corporate profit of \$26.9 million which accounts for almost 37% of Zespri Group's total EBIT excluding licence release revenue.

This year ZGS consulted with New Zealand growers on a strategy to expand production of Zespri SunGold Kiwifruit outside of New Zealand so that there is sufficient fruit to achieve 12-month supply in key markets.

In 2019, New Zealand growers approved the planting of 5,000 hectares of Zespri SunGold Kiwifruit in non-New Zealand locations (except China and Chile) and while we are nearing this limit, it will not generate enough fruit to match growing demand in the New Zealand off-season.

Demand for ZGS Zespri SunGold Kiwifruit is expected to be 114m trays in 2031, and our current approval will provide around 40m trays, meeting only 35% of this demand. Additional plantings of another 10,000 ha of Zespri SunGold Kiwifruit would enable ZGS to provide up to 106m trays and achieve up to 93% of demand.

Based on positive feedback received from growers, Zespri is undertaking a Producer Vote to seek grower support to extend the current planting approval with the aim of achieving 12-month supply of Zespri SunGold Kiwifruit.

The purpose of 12-month supply is to hold shelf space, consumers and premium pricing when New Zealand fruit is not available, ensuring we have high-quality Zespri branded kiwifruit available to customers all year round.

While we have a loyal following during the New Zealand fruit supply season, if Zespri leaves a gap in the market when the New Zealand season ends it will be filled by competitors – another brand of kiwifruit which is available or another type of fruit.

When the New Zealand fruit season comes around again, we have to convince our retailers to stock Zespri Kiwifruit and convince our consumers to buy Zespri Kiwifruit again. The direct annual financial benefit to New Zealand growers from achieving 12-month supply has been calculated at up to \$56 million in 2030 from promotional cost savings (12-16 cents per tray) and overhead reduction (6 cents per tray).

Zespri has been successfully operating the ZGS business for 20 years. There are well-established standards and systems in place to ensure that fruit produced by ZGS meets the Zespri brand promise including crop protection programmes, maturity and residue testing and quality standards.

Our aim is to always have Zespri fruit on the shelf in key markets and prioritising New Zealand fruit sales is the key principle in achieving the transition between seasons, ensuring that New Zealand fruit sales are not disadvantaged by the presence of ZGS fruit.

To achieve the benefits of 12-month supply, we are asking New Zealand growers to support the Producer Vote and approve the expansion of ZGS Zespri SunGold Kiwifruit (in countries other than China and Chile) to ensure we have Zespri fruit on the shelves all year round, helping deliver strong returns to NZ growers and communities.

As part of this strategy, and following successful trials, we have decided to expand our current production regions to include Zespri SunGold Kiwifruit production in Greece. Greece is the largest producer of kiwifruit in Europe and we already procure Hayward so the market is well known to us. Growing in Greece provides Zespri with an opportunity to more quickly expand production while also providing geographic diversification and can be supported by experienced staff in Italy.



Our **BOARD**



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PAUL JONES
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NATHAN FLOWERDAY
Director



PETER SPRINGFORD
Director



CRAIG THOMPSON
Director



JONATHAN MASON
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DAN MATHIESON
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ICHIRO ANZAI
Executive Officer Asia Pacific



TIM CLARKSON
Executive Officer Strategy



GIORGIO COMINO
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RACHEL DEPREE
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ALASTAIR HULBERT
Chief Global Supply Officer



NICK KIRTON

Executive Officer Northern Hemisphere



MICHAEL JIANG

Executive Officer Greater China



LINDA MILLS

Chief Market Performance Officer



DAVID SCULLIN

Chief Digital Officer



TRACY SHERLOCK

Chief Executive Assistant



JIUNN SHIH

Chief Growth Officer



EDITH SYKES

Chief People Officer

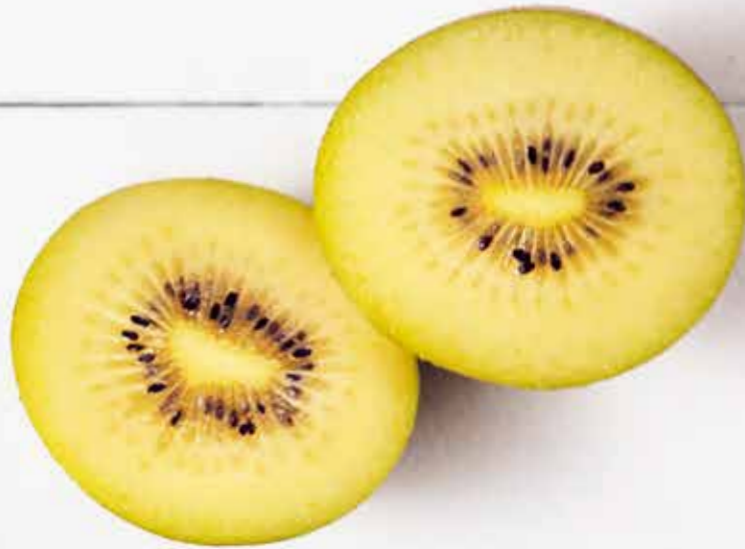


CAROL WARD

Chief Grower, Industry and Sustainability Officer

2030 Strategy

While we celebrate another successful year and as we deal with the challenges of the current one, we're maintaining a focus on the future.









*We believe being led
by our values will allow
us to continue to grow.*

At Zespri, our purpose goes hand-in-hand with adding value. That's because we are clear about our strategy and how we will create value for all our stakeholders.

We are a high-value, socially and environmentally conscious industry delivering a healthy product people want in a way we can be proud of. Zespri Kiwifruit has become one of the most-loved food brands in the world – a brand with purpose and a wider cause.

Our refreshed 2030 strategy sets an ambitious path that will create more value for Zespri, our growers, our partners and our customers. It will also enable us to overcome big challenges and seize some great opportunities.

Our strategy has six pillars that serve to create enduring value for growers:

- Empowering people and culture;
- Brand-led demand creation excellence;
- Year-round global supply excellence;
- A future-led sustainable industry;
- A future-led innovation portfolio;
- A future-led digital-first operating model.

The first three pillars are about growing our core and the second three pillars are about creating the future. Together, they will deliver more wealth back to New Zealand kiwifruit growers.

The opportunities are immense. We believe we can double, or triple, industry returns if we capture the value from our growing markets, harness the amazing talent of our people, accelerate innovation and be true to our values.

By 2030 we expect to be delivering around 8.5 billion healthy eating occasions a year. We will have more

than 15 markets where we sell over 10 million trays, with more than 90% of sales coming from products we have created.

We will continue to foster an environment that supports faster innovation, stronger partnership and better collaboration that will ultimately translate to selling more trays, in more markets, at higher value.

Our talented people, supported by strong market and supply chain insights, will continue to commercialise a strong portfolio of products that consumers love.

On orchards, growers will have the best digital tools and knowledge for greater productivity, lower environmental impact, and providing more resilience for their businesses.

Underpinning this will be our wider purpose of creating a positive impact across our entire ecosystem and beyond, with a commitment to healthy communities and an enduring respect for our natural environment.

Caring for the environment has always been a part of our culture and a key competitive advantage.

We will be carbon neutral to our retailers by 2030 and carbon positive by 2035. Our water quality and nutrient losses on orchard will be measured and managed. Packaging will be 100% reusable, recyclable or compostable by 2025. Innovation will help get us there.

The financial benefits of the strategy are already being seen – with increasing volumes, revenue and returns year-on-year.

Our purpose, our culture of innovation and collaboration and our commitment to doing the best for our communities and our environment will continue to grow our position as one of the world's most iconic, valuable and respected food brands.

FINANCIAL *Results*

Our results reflect the continued strong demand for Zespri Kiwifruit around the world, boosted by the industry's hard work and investment to increase demand and supply.

Contents

Independent Auditor's Report	67
Income Statement and Statement of Comprehensive Income	71
Balance Sheet	72
Statement of Changes in Equity	73
Statement of Cash Flows	74
Notes to the financial statements	75
1 Summary of significant accounting policies	75
2 Revenue	77
3 Operating expenses	78
4 Other net gains/(losses)	78
5 Finance revenue and expense	79
6 Taxation	79
7 Equity	80
8 Reconciliation of movements in reserves and retained earnings	81
9 Accounts receivable	81
10 Prepayments	81
11 Financial assets and liabilities	82
12 Inventories	86
13 Property, plant and equipment	86
14 Intangibles	87
15 Leases	88
16 Group entities	89
17 Accounts payable and accruals	90
18 Provisions and insurance liabilities	91
19 Reconciliation of net profit after taxation with net cash from operating activities	92
20 Contingent assets and liabilities	92
21 Related party transactions	93
22 Events occurring after balance date	94
23 Group segment results	94
Statutory information	96
Industry Performance	102
Alternative Revenue Statement	106
Cause of Change	108

Financial Statements AND STATUTORY INFORMATION

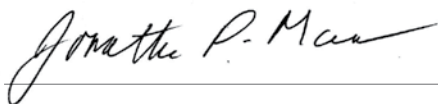
FOR THE YEAR ENDED
31 MARCH 2022

Your Directors take pleasure in presenting the Financial Statements of the Company and its subsidiaries (collectively Zespri Group) and Statutory Information for the year ended 31 March 2022.

For and on behalf of the Directors.



B L Cameron
Chairman



J P Mason
Director



Independent Auditor's Report

To the shareholders of Zespri Group Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements of Zespri Group Limited (the 'Company') and its subsidiaries (together the 'Group') on pages 71 to 95:

- i. Present fairly in all material respects the Group's financial position as at 31 March 2022 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- The consolidated balance sheet as at 31 March 2022;
- The consolidated income statement and statement of comprehensive income, statements of changes in equity and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has also provided other assurance services relating to overhead allocations between segments, limited assurance over non-financial disclosures, agreed upon procedures, taxation consulting and compliance services. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.



Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$12 million determined with reference to a benchmark of Total Fruit and Service Payments. We chose the benchmark because, in our view, this is a key measure of the Group's performance.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter

How the matter was addressed in our audit

Computer Software expenditure (\$16.8 million capital additions, \$39.8 million operating expenditure)

Refer to Note 1(b), 3 and 14 to the Financial Report.

During the year ended 31 March 2022, the Group recorded total expenditure of \$56.6 million on computer software projects, most notably investment into The Horizon Programme. The Horizon Programme is a phased approach to modernise the Group's systems and processes to support future growth using SAP S/4HANA cloud-based solutions.

New accounting guidance was provided by the International Accounting Standards Board (IASB) in April 2021 relating to Cloud Computing expenditure. The new guidance clarifies which expenses can be capitalised and also requires retrospective application. This has resulted in the restatement of \$42.3 million of expenditure previously recognised as an intangible asset, to operating expenditure.

There is a risk that expenditure on computer software is incorrectly recorded as an asset due to the technical complexity of determining whether an asset is created which is controlled by the Group. There is also complexity in allocating costs incurred between activities determined to create an asset and activities which do not.

Our audit procedures included:

- Assessing the status of various projects with key management personnel, project owners and those charged with governance.
- Obtaining and challenging managements technical interpretation of the new accounting guidance, including the assessment of amounts capitalised in previous and current accounting periods.
- Considering the contractual terms between the Group and its software and software development service providers, to assess whether the Group controls the software.
- Agreeing a sample of expenditure on key projects to supplier invoice.
- Obtaining and challenging managements cost allocation model for The Horizon Program. Assessing the logic and mathematical accuracy of the model and obtaining evidence from suppliers over the key inputs to the model.
- Consulting with our technical specialists to form a view of the appropriateness of accounting treatment adopted.
- Assessing the accuracy of the disclosure of the restatement of the previous accounting period.

We did not identify any material misstatements in relation to computer software expenditure.



Operating Revenue (\$4.3 billion)

Refer to Note 2(a) to the Financial Statements.

Key operating revenue streams include sales of kiwifruit (\$3.9 billion) and sales of Zespri Plant Variety Right licences (\$436 million).

The Group recognises revenue from sales of kiwifruit when control has transferred, which has been determined to be when the kiwifruit is delivered to the customer. Sales revenue is generated from customers in many markets. There is a risk that revenue may be recognised or measured incorrectly due to the complexities of selling under a range of different commercial terms, currencies and shipping arrangements.

Plant Variety Licences are awarded to growers who submit the highest bid in a tender process. A number of related parties participate in the tender process which gives rise to the risk that they might benefit unfairly from knowledge of the tender process.

Our audit procedures included:

- Reviewing key financial controls over revenue systems.
- In respect of sales of kiwifruit revenue, we performed a range of procedures tailored to the respective markets including:
 - Testing a sample of revenue transactions, vouching cash receipt to bank.
 - Obtaining confirmation of revenue from large customers.
 - Reconciling cash receipts to revenue recorded.
 - Obtaining evidence of delivery for a sample of revenue transactions which occurred close to balance date.
- In respect of Plant Variety Licence revenue, we have performed procedures including comparing the bid prices of License sales to related parties, to the bid price of other participants.

We did not identify any material misstatements in relation to operating revenue.

Other information

The Directors, on behalf of the Group, are responsible for the other information included in the Annual Report. Other information comprises the information included in the Group's Annual Report, but does not include the consolidated financial statements and our Independent Auditor's Report thereon. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- The preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- Implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- To obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- To issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Laura Youdan.

For and on behalf of

KPMG
Auckland

22 June 2022

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Income Statement	Notes	2022 \$'000	2021 \$'000 Restated
Operating revenue	2(a)	4,335,434	3,966,100
Other revenue	2(b)	58,710	53,184
Operating expenses	3	(4,003,329)	(3,577,393)
Other net gains/(losses)	4	112,865	(54,554)
Operating profit before taxation		503,680	387,337
Finance revenue	5(a)	4,242	2,633
Finance expense	5(b)	(2,797)	(3,183)
Net profit before taxation		505,125	386,787
Taxation expense	6(a)	(143,624)	(109,654)
Net profit after taxation	8(b)	361,501	277,133
Other comprehensive income:			
Items that may be subsequently reclassified to the income statement:			
Foreign currency translation differences for foreign operations	8(a)	3,250	-
Total comprehensive income for the year		364,751	277,133

Cloud Computing adjustments have resulted in a restatement to 2021 which is detailed in Note 1(b).

The above Income Statement and Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BALANCE SHEET

Balance Sheet at 31 March	Notes	2022 \$'000	2021 \$'000 Restated
Current assets			
Cash and cash equivalents	11(a)	443,965	414,643
Accounts receivable	9	114,013	110,882
Income tax receivable		7,698	133
Other financial assets	11(a)	199,473	140,326
Prepayments	10	99,269	63,830
Inventories	12	169,592	195,378
		1,034,010	925,192
Non-current assets			
Other financial assets	11(a)	187,854	231,360
Property, plant and equipment	13	69,175	70,037
Intangibles	14	31,124	16,644
Deferred tax assets	6(b)	12,347	16,170
Prepayments	10	1,731	2,068
Right of use assets	15(a)	14,468	15,860
		316,699	352,139
Total assets		1,350,709	1,277,331
Current liabilities			
Accounts payable and accruals	17	580,201	552,938
Income tax payable		10,207	11,434
Provisions and insurance liabilities	18	974	10,126
Other financial liabilities	11(b)	199,473	140,326
Lease liabilities		4,860	4,431
		795,715	719,255
Non-current liabilities			
Accounts payable and accruals	17	2,810	2,541
Interest bearing liabilities	11(c)	30,000	30,000
Provisions and insurance liabilities	18	22	-
Deferred tax liabilities	6(b)	2,078	2,688
Other financial liabilities	11(b)	187,854	231,360
Lease liabilities		10,142	11,655
		232,906	278,244
Equity			
Share capital		26,539	26,539
Reserves	8(a)	3,250	-
Retained earnings	8(b)	292,299	253,293
		322,088	279,832
Total liabilities and equity		1,350,709	1,277,331

Cloud Computing adjustments have resulted in a restatement to 2021 which is detailed in Note 1(b).

The above Balance Sheet should be read in conjunction with the accompanying notes.

The Financial Statements were authorised for issue by the Directors of Zespri Group Limited on 22 June 2022.

Authorised for, and on behalf of, the Board:



B L Cameron

Chairman



J P Mason

Director

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity	Notes	Share capital \$'000	Foreign Currency Translation reserve \$'000	Retained earnings \$'000	Total \$'000
Restated balance as at 1 April 2021		26,539	-	253,293	279,832
Total comprehensive income for the year:					
Net profit after taxation	8(b)	-	-	361,501	361,501
Other comprehensive income (net of tax)					
Foreign currency translation differences for foreign operations	8(a)	-	3,250	-	3,250
Total comprehensive income for the year		-	3,250	361,501	364,751
Dividends paid during the year	7(c)	-	-	(322,495)	(322,495)
Balance as at 31 March 2022		26,539	3,250	292,299	322,088
Restated balance as at 1 April 2020		26,539	-	205,406	231,945
Net profit after taxation	8(b)	-	-	277,133	277,133
Total comprehensive income for the year		-	-	277,133	277,133
Dividends paid during the year	7(c)	-	-	(229,246)	(229,246)
Restated balance as at 31 March 2021		26,539	-	253,293	279,832

Cloud Computing adjustments have resulted in a restatement to 2020 and 2021 which are detailed in Note 1(b).

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

Statement of Cash Flows	Notes	2022 \$'000	2021 \$'000 Restated
Cash flows from operating activities			
Cash was provided from:			
Receipts from sales		3,864,550	3,660,048
Receipts from sales of Zespri licences		435,236	321,686
Receipts from research co-funding		3,174	5,625
Other sundry items		50,652	–
Insurance receipts – reinsurance assets		3,506	–
Proceeds from derivatives	4	108,366	–
Taxation refunded		1,918	2,998
		4,467,402	3,990,357
Cash was applied to:			
Payments to contracted suppliers – New Zealand-grown fruit		2,455,510	2,233,208
Payments to contracted suppliers – non-New Zealand-grown fruit		397,453	339,016
Payments to other suppliers and employees		1,073,984	924,879
Payments for derivatives	4	–	12,510
Insurance claims – reinsurance liabilities		11,330	2,927
Other sundry items		–	229
Taxation paid		151,134	110,395
		4,089,411	3,623,164
Net cash provided from operating activities	19	377,991	367,193
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment, and intangibles		32	191
		32	191
Cash was applied to:			
Purchase of property, plant and equipment		5,394	8,217
Purchase of intangible assets		19,544	6,727
		24,938	14,944
Net cash used in investing activities		(24,906)	(14,753)
Cash flows from financing activities			
Cash was provided from:			
Interest received		4,242	2,349
		4,242	2,349
Cash was applied to:			
Interest paid		909	967
Lease liabilities payments		5,533	6,151
Dividend payments	7(c)	322,495	229,246
		328,937	236,364
Net cash used in financing activities		(324,695)	(234,015)
Net increase in cash held		28,390	118,425
Effects of exchange rate changes on foreign currency cash balances		932	(26,603)
Add opening cash brought forward		414,643	322,821
Cash and cash equivalents at the end of the period	11(a)	443,965	414,643

Cloud Computing adjustments have resulted in a restatement to 2021 which is detailed in Note 1(b).

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance and basis of preparation

The Financial Statements are a consolidation of Zespri Group Limited ('the Company'), its subsidiaries and investments in joint operations (collectively 'Zespri Group'). The Company is domiciled in New Zealand and is a profit-oriented entity incorporated under the Companies Act 1993 of New Zealand. Zespri Group's primary activity is the purchase, export and marketing of fresh kiwifruit.

The Company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013. The Financial Statements of the Group comply with the Financial Markets Conduct Act 2013 and Financial Reporting Act 2013.

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS) and other applicable Financial Reporting Standards.

The consolidated financial statements are presented in New Zealand dollars (\$) (the 'presentation currency').

The consolidated Financial Statements have been prepared according to historical cost basis, modified by the revaluation of certain items as identified in the specific accounting policies below.

Use of estimates and judgements

The preparation of the financial statements requires the use of judgements, estimates and applying assumptions that affect amounts reported in the financial statements.

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because judgement is applied, actual results could differ from estimates made. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected immediately in the Income Statement.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the assumptions applied, methods used and uncertainties pertaining to these are discussed in the related accounting policies below and in the relevant notes:

- Accounts receivable estimation of expected credit losses (Note 9)
- Valuation of derivatives (Note 11)
- Capitalisation of intangible assets (Note 14)
- Leases incremental borrowing rate and lease terms (Note 15)
- Timing and amount of provisions and insurance liabilities (Note 18)
- Realisation of contingent assets and liabilities (Note 20)

Specific accounting policies

The principal accounting policies adopted in the preparation of the Financial Statements are set out below and in the relevant notes to the financial statements.

(a) Foreign currency translation

Foreign currency transactions are translated into the functional currency of each entity using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions during the year and from the translation of monetary assets and liabilities at balance date are recognised in the Income Statement.

Non-monetary items held at historical cost are translated using the historical exchange rate at the date of the transaction.

Foreign currency translation – foreign operations

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The assets and liabilities of these entities are translated at exchange rates existing at balance date. The exchange gains or losses arising on translation are recorded in other comprehensive income (OCI) and accumulated in the foreign currency translation reserve (FCTR) in equity.

Functional Currency

During the 2021/22 financial year the Group performed a review of the functional currency of its offshore subsidiaries. This was part of a larger review completed by the Group on Zespri's business processes and systems. As a result local currency is being used as the functional currency from February 2022 (previously assessed as New Zealand dollars) and has been reflected in these financial statements. There is no change to the presentational currency of the Group, which continues to be New Zealand dollars.

(b) Changes in accounting policies

Cloud Computing Arrangements

In March 2021 the International Financial Reporting Interpretations Committee (IFRIC) finalised its interpretation of the application of IAS 38 Intangible Assets to configuration and customisation costs incurred in Software-as-a-Service (SaaS) arrangements. The decision was ratified by the International Accounting Standards Board (IASB) in April 2021.

SaaS arrangements are cloud computing applications where the underlying software and associated infrastructure are hosted by a service provider, independent of the Group.

The costs to configure and customise a SaaS arrangement may be recognised as an intangible asset when the application is controlled by the Group. Control requires the Group to have the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits. Configuration and customisation costs of SaaS arrangements meeting this criteria are to be capitalised and amortised over the useful life of the software.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

(b) Changes in accounting policies (continued)

SaaS arrangements which are not controlled by the Group do not constitute intangible software assets. All distinct configuration and customisation costs are to be expensed as incurred.

Management assessed the impact of this decision and revised the Group accounting policy for configuration and customisation costs incurred under SaaS arrangements. The revised accounting policy has been applied retrospectively and the Group impact is outlined in the following table.

	Notes	Balance as at 1 April 2020 \$'000	Adjustments \$'000	Restated balance as at 31 March 2020 \$'000	Audited year ended 30 March 2021 \$'000	Adjustments \$'000	Restated audited year ended 31 March 2021 \$'000
Income Statement and Statement of Comprehensive Income							
Operating revenue	2(a)				3,966,100	–	3,966,100
Other revenue	2(b)				53,184	–	53,184
Operating expenses	3				(3,558,863)	(18,530)	(3,577,393)
Other net (losses)/gains	4				(54,554)	–	(54,554)
Operating profit before taxation					405,867	(18,530)	387,337
Finance revenue	5(a)				2,633	–	2,633
Finance expense	5(b)				(3,183)	–	(3,183)
Profit before tax					405,317	(18,530)	386,787
Taxation expense	6(a)				(114,827)	5,173	(109,654)
Profit for the year					290,490	(13,357)	277,133

	Notes	Balance as at 1 April 2020 \$'000	Adjustments \$'000	Restated balance as at 31 March 2020 \$'000	Audited year ended 30 March 2021 \$'000	Adjustments \$'000	Restated audited year ended 31 March 2021 \$'000
Balance Sheet							
Intangible assets	14	34,963	(19,482)	15,481	58,916	(42,272)	16,644
Prepayments	10	58,204	–	58,204	61,638	4,260	65,898
Income tax payable		14,001	–	14,001	16,126	(4,692)	11,434
Deferred tax assets	6(b)	13,700	5,439	19,139	10,250	5,920	16,170
Retained earnings	8(b)	219,449	(14,043)	205,406	280,693	(27,400)	253,293

The restatement has resulted in a 2021 cashflow restatement of \$27,235,523 from 'Cash Flows from Investing Activities' to 'Cash Flows from Operating Activities'.

	Adjustments at 31 March 2020 \$'000	Adjustments at 31 March 2021 \$'000
Split of Intangibles Restatement		
Business as usual	(17,948)	(17,484)
Horizon Programme ¹	(1,534)	(24,788)
Total	(19,482)	(42,272)

¹ The Horizon Programme is a phased approach to modernise our systems and processes to support future growth.

2 REVENUE

(a) Operating revenue	2022 \$'000	2021 \$'000
Sale of kiwifruit (at spot foreign exchange rates):		
New Zealand-grown kiwifruit	3,317,899	3,150,561
Non-New Zealand-grown kiwifruit	538,553	474,118
Collaborative marketing	38,512	34,299
Total revenue from kiwifruit product sales	3,894,964	3,658,978
Sale of Zespri Plant Variety Right licences	436,714	306,627
Revenue from branding royalties	250	271
Insurance revenue ¹	3,506	224
	4,335,434	3,966,100

¹ Insurance revenue includes revenue received or receivable on policies taken out for pre-'Free on board stowed' (FOBS) and post-FOBS kiwifruit losses.

(b) Other revenue	2022 \$'000	2021 \$'000
Zespri Plant Variety Right royalty income	45,338	39,329
Co-funding from Callaghan Innovation for research and development ¹	1,700	5,000
Research and Development Tax Credit	2,200	–
Co-funding for other projects	1,235	1,256
Gain on sale of assets	53	76
Other income	8,184	7,523
	58,710	53,184

¹ The Callaghan Innovation Growth Grant has been replaced by the Research and Development Tax Incentive (RDTI). Zespri Group Limited transitioned to the scheme in 2021/22 and as part of the transition were eligible for both the RDTI and a transitional support payment from Callaghan Innovation in 2021/22.

Revenue is recognised as follows:

(i) Sale of kiwifruit

The Group generates revenues primarily from the sale of kiwifruit to its customers (distributors and retailers). Sales of kiwifruit are recognised when control of the goods has transferred, being when the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the destination port and (if relevant) have received the relevant food safety approvals in the country of destination, the risks of loss have been transferred to the customer, and the customer has accepted the goods. Kiwifruit is often sold with volume incentives based on aggregate sales over a 12 month period. Revenue from these sales is recognised net of estimated volume discounts. Historical experience is used to estimate and provide for these incentives, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

(ii) Collaborative marketing

Revenue from the sale of kiwifruit under collaborative marketing agreements is recognised when the goods are delivered to the agreed destination and the risks of loss have been transferred to the collaborative marketer.

(iii) Licence

Revenue from sales of licences is recognised when control of the licence has transferred, being when the licence application has been accepted.

(iv) Co-funding and RDTI income

Research co-funding and RDTI income is recognised over the period necessary to match it with the costs that it is intended to compensate. Where research and development expenditure is expensed in the Income Statement, co-funding and RDTI income to which it relates is shown separately as income. Co-funding and RDTI income is recognised only when there is reasonable assurance that any conditions attached to the funding have been complied with, and that the funding will be received.

(v) Royalty

Royalty income is recognised on a net basis when sale of licensed Plant Variety Right (PVR) kiwifruit occurs.

3 OPERATING EXPENSES

Operating expenses include the following (at spot foreign exchange rates):	2022 \$'000	2021 \$'000 Restated
Cloud computing research and/or development costs ¹	39,750	22,976
Commissions	23,113	25,081
Directors' fees	957	910
Donations and sponsorships ²	1,417	960
Employee remuneration and benefits	140,623	119,333
Employee remuneration and benefits – defined contribution plan	3,135	2,315
Fruit and service payments – New Zealand-grown kiwifruit ³	2,420,285	2,190,089
Fruit purchases – non-New Zealand-grown kiwifruit	409,630	354,110
Innovation	31,975	29,453
Kiwifruit New Zealand ⁴	512	664
Kiwifruit Vine Health Incorporated ⁵	2,820	2,510
Loss on sale of assets	21	30
Loyalty premium – New Zealand-grown kiwifruit	53,072	62,619
New Zealand Kiwifruit Growers Incorporated ⁶	1,763	1,569
Promotion	183,388	176,230

¹ Cloud computing research and development costs relate to software as a service arrangements where the underlying software and associated infrastructure are hosted by a service provider, independent of Zespri.

² Donations and sponsorship expenditure includes: donations to various charities such as KidsCan, Women's Refuge, Coastguard and foodbanks; community partnerships with Surf Life Saving Eastern Region, Youth Search and Rescue and Ōtanewainuku Kiwi Trust; horticultural scholarships; sponsorship of the Women of Influence – Rural Award and the New Zealand Rural Leadership Trust & Kellogg's Rural Leaders skills programme.

³ Contracted-supplier fruit returns by means of fruit and service payments reflect the value of sales from New Zealand-grown kiwifruit after deducting those expenses defined under the annual New Zealand Supply Agreement, including foreign exchange gains and losses.

Zespri Group is required to fund certain Statutory Board and Grower Representation industry initiatives. These are stated below:

⁴ The Company is required, under Regulation 39 of the Kiwifruit Export Regulations 1999, to fund the statutory board Kiwifruit New Zealand.

⁵ Zespri Group Limited pays two different levies to Kiwifruit Vine Health Incorporated on behalf of growers: (1) a Psa levy of \$0.002 per tray of Class 1 Green and Class 1 Gold exported to markets other than Australia; and (2) a biosecurity levy of \$0.014 per tray for all varieties exported to markets other than Australia.

⁶ Zespri Group Limited is required by The Commodity Levies (Kiwifruit) Order 2017 to pay a levy to New Zealand Kiwifruit Growers Incorporated on behalf of growers. The rate for 2021/22 was \$0.01 per tray of kiwifruit grown in New Zealand and exported to markets other than Australia (2021: \$0.01 per tray).

Fees paid to auditors

Fees were paid to KPMG as follows:

- Audit of financial statements: \$480,500 (2021: \$496,000)
- Other audit and assurance related fees: \$122,000 (2021: \$72,000)¹
- Non-audit fees: \$102,017 (2021: \$152,000)²

¹ Other audit-related fees include fees for assurance engagements in relation to the special purpose financial statements, overhead allocation between segments and greenhouse gas reporting. Agreed-upon procedures related to the Unlisted submission, 2021 Annual General Meeting, and the 2022 margin reset calculation.

² Non-audit fees include tax and climate change consulting.

Other audit fees of \$83,716 (2021: \$82,068) have been paid to other auditors to meet local requirements.

4 OTHER NET GAINS/[LOSSES]

	2022 \$'000	2021 \$'000
Net gains/(losses) from derivatives	108,366	(12,510)
Net foreign exchange gains/(losses) from non-derivatives ¹	4,499	(42,044)
	112,865	(54,554)

¹ Net foreign exchange gains/(losses) from non-derivatives relate to the revaluation of foreign denominated monetary assets and liabilities (refer to Note 1(a)).

5 FINANCE REVENUE AND EXPENSE

(a) Finance revenue	2022	2021
	\$'000	\$'000
Interest revenue	4,242	2,633
(b) Finance expense		
Interest expense	786	942
Interest on leases	436	397
Fee expense	1,575	1,844
Total finance expense	2,797	3,183

6 TAXATION

(a) Taxation expense	2022	2021
	\$'000	\$'000
		Restated
Net profit before taxation	505,125	386,787
Income tax using the New Zealand corporate tax rate – 28%	141,435	108,300
Tax effect of:		
Non-deductible or non-assessable items	(111)	317
Translation gain differences on foreign tax	1,664	918
Tax over provided in prior year	(186)	(383)
Foreign income at different tax rates	(56)	(616)
Movement in distribution of accumulated retained earnings of subsidiaries	878	1,118
Taxation expense	143,624	109,654
Effective tax rate	28.43%	28.35%
Taxation expense is represented by:		
Current tax expense	140,710	105,641
Deferred tax expense	2,914	4,013
Taxation expense	143,624	109,654

(b) Deferred tax asset/(liability)	Provisions and accruals	Property, plant, equipment and intangibles	Retained earnings in subsidiaries	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Restated balance at 1 April 2021	12,099	3,294	(2,688)	777	13,482
Charged to income statement	2,847	(5,346)	802	(1,217)	(2,914)
Exchange differences and other	(260)	(1)	–	(38)	(299)
Balance at 31 March 2022	14,686	(2,053)	(1,886)	(478)	10,269
Restated balance at 1 April 2020	12,419	3,687	(1,570)	3,129	17,665
Charged to income statement	(118)	(441)	(1,118)	(2,336)	(4,013)
Exchange differences and other	(202)	48	–	(16)	(170)
Restated balance at 31 March 2021	12,099	3,294	(2,688)	777	13,482

(c) New Zealand imputation credit account	2022	2021
	\$'000	\$'000
Imputation credits available for use at 31 March	691	1,867

Income tax expense comprises current and deferred tax and is calculated using rates enacted or substantively enacted at balance date. Current and deferred tax is recognised in the Income Statement unless the tax relates to items in other comprehensive income, in which case the tax is recognised as an adjustment in other comprehensive income against the item to which it relates.

7 EQUITY

(a) Basic earnings per share	2022	2021 Restated
Net profit after taxation attributable to shareholders (\$'000)	361,501	277,133
Weighted average shares ('000)	183,252	183,252
Basic average per share (\$)	1.97	1.51

Basic earnings per share are calculated by dividing net profit after taxation by the weighted average number of shares outstanding during the year.

(b) Share capital

The total number of authorised and issued shares is 183,252,240 (2021: 183,252,240).

All ordinary shares are fully paid, rank equally subject to the voting cap and are classified as equity. Each shareholder is entitled to one vote per ordinary share up to a maximum that is calculated by reference to the lesser of the number of shares held or that shareholder's New Zealand production supplied to Zespri Group.

Capital management

The Company's activities are restricted under the Kiwifruit Export Regulations 1999 in order to protect shareholders and contracted suppliers.

Because Zespri Group is primarily a short-term borrower, capital management is restricted to the management of authorised and issued share capital and retained earnings.

Under its Constitution, the Company may issue, buy-back, consolidate or subdivide shares.

(i) Share capital

The Regulations do not restrict the levels of share capital able to be authorised for issue by the Company. The Company's Constitution provides some restriction over the scale of individual offers for shares. To date, in line with the Kiwifruit Export Regulations 1999, shares have been issued by the Company to producing New Zealand kiwifruit growers.

The voting rights of shareholders are capped by reference to the individual shareholder's share of total New Zealand production supplied to the Company during the year. Divergence between shareholdings and production can occur through the production impact of new plantings and as growers enter or exit the industry in New Zealand. This divergence is monitored by the Company at least annually, through the process of determining the voting caps of shareholders prior to the Annual Meeting of the Company.

(ii) Payment of dividends

Capital levels are monitored as part of the solvency tests required under the Companies Act 1993 to approve the payment of dividends to shareholders. Capital retained in the Company is measured for solvency purposes, and to determine whether the minimum level of equity retained in Zespri Group, as agreed by the Board of Directors, is maintained.

Following the approval of an updated constitution in March 2018, shares held by a person that becomes a non-producer subsequent to this date will not receive dividends from three years following becoming a non-producer. This does not apply to shareholders who were non-producers as of 14 March 2018 who will cease to receive dividends in 2025 if they remain non-producers.

At 31 March 2022 there were 13 shareholders who were not eligible for at least one of the 2022 dividends.

(c) Dividends paid	2022 \$'000	2021 \$'000
Ordinary dividends:		
On ordinary shares – final (prior year)	49,436	34,818
On ordinary shares – interim (current year)	272,804	194,247
Supplementary dividends (to non-residents)	255	181
Total dividends paid	322,495	229,246

During the year, the 2021 final dividend of 27 cents per share and the 2022 interim dividend of 144 cents per share were paid in August 2021. An additional 2022 interim dividend of 5 cents per share was paid in December 2021. All of these dividends are recognised in the Financial Statements and were fully imputed. Supplementary dividends of \$255,125 were paid to shareholders not tax resident in New Zealand, for which Zespri Group received a foreign investor tax credit entitlement. An intention by the Board of Directors to pay an unimputed final dividend is detailed in Note 22.

8 RECONCILIATION OF MOVEMENTS IN RESERVES AND RETAINED EARNINGS

	2022 \$'000	2021 \$'000
(a) Reserves		
Foreign currency translation reserve	3,250	–
(b) Retained earnings		
Movements in retained earnings were as follows:		
	2022 \$'000	2021 \$'000 Restated
Restated balance as at 1 April	253,293	205,406
Dividend paid during the year	(322,495)	(229,246)
Net profit after taxation attributable to shareholders	361,501	277,133
Balance as at 31 March	292,299	253,293

9 ACCOUNTS RECEIVABLE

	2022 \$'000	2021 \$'000
Current:		
Trade receivables	49,772	32,451
Other receivables ¹	29,110	35,764
Indirect taxation	35,131	42,667
Total current accounts receivable	114,013	110,882

¹ Other receivables include an amount of \$3,185,684 (2021: \$9,352,916) of insurance receivable. 2022 insurance is fully receivable from Zespri insurers. 2021 insurance had an amount of \$3,000,000 receivable from Zespri insurers and the remainder was to be recovered from the New Zealand pool in accordance with the New Zealand Supply Agreement. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method and adjusted for credit impairment losses. Included in trade receivables are debtors which are past due at balance date for which no allowance for impairment has been made.

	2022 \$'000	2021 \$'000
Accounts receivable past due but not impaired		
Less than 3 months overdue	6,584	5,250
Between 3 and 6 months overdue	100	–
Between 6 and 12 months overdue	8	21
More than 12 months overdue	–	–
	6,692	5,271

10 PREPAYMENTS

	2022 \$'000	2021 \$'000 Restated
Current:		
Prepaid submit payments for next season's fruit not recorded in inventory	70,696	42,634
Insurance	5,302	6,283
Option premiums	1,820	3,520
Other	21,451	11,393
Total current prepayments	99,269	63,830
Non-current:		
Option premiums	510	1,947
Other	1,221	121
Total non-current prepayments	1,731	2,068
Total prepayments	101,000	65,898

11 FINANCIAL ASSETS AND LIABILITIES

(a) Financial assets per Balance Sheet	Notes	Loans and receivables		Assets designated at fair value through the Income Statement		Total	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Derivatives – held for trading		–	–	387,327	371,686	387,327	371,686
Accounts receivable	9	114,013	110,882	–	–	114,013	110,882
Cash and cash equivalents ¹		443,965	414,643	–	–	443,965	414,643
Total other financial assets		557,978	525,525	387,327	371,686	945,305	897,211
Represented by:							
Current		557,978	525,525	199,473	140,326	757,451	665,851
Non-current		–	–	187,854	231,360	187,854	231,360
Total other financial assets		557,978	525,525	387,327	371,686	945,305	897,211

(b) Financial liabilities per Balance Sheet	Notes	Liabilities at amortised cost		Liabilities designated at fair value through the Income Statement		Total	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Derivatives – held for trading		–	–	63,963	62,185	63,963	62,185
Contracted future suppliers		–	–	323,364	309,501	323,364	309,501
Accounts payable and accruals	17	583,011	555,479	–	–	583,011	555,479
Lease liabilities		15,002	16,086	–	–	15,002	16,086
Interest bearing liabilities		30,000	30,000	–	–	30,000	30,000
Total other financial liabilities		628,013	601,565	387,327	371,686	1,015,340	973,251
Represented by:							
Current		585,061	557,369	199,473	140,326	784,534	697,695
Non-current		42,952	44,196	187,854	231,360	230,806	275,556
Total other financial liabilities		628,013	601,565	387,327	371,686	1,015,340	973,251

¹ Of the cash and cash equivalents, \$196,798,197 is held in short term money market deposits with the balance being held in transactional bank accounts. 73 percent is held in NZD, 13 percent in CNY and the balance in other currencies that the Group trades with customers in.

Financial assets and financial liabilities, except for derivatives, are measured initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost and subject to regular review for impairment.

Derivatives

Zespri Group may reduce its exposure to fluctuations in foreign currency exchange rates and commodity prices affecting operating costs, through the use of derivatives. Derivatives are not entered into for speculative purposes.

Derivatives able to be utilised under the Treasury Management Policy include interest rate swaps, oil swaps, foreign exchange options and forward contracts.

Zespri Group's policy is to manage risk from an economic perspective. As a result, Zespri Group manages the risks of net positions subject to market risks. Hedge accounting has not been applied. As a result, all derivatives are required to be classified as 'held for trading'.

(i) Recognition and derecognition:

Derivatives are recognised initially and subsequently at fair value, with changes in fair value of derivatives recognised in the Income Statement. The fair value of all financial instruments is recorded in the Balance Sheet. Derivatives are derecognised when the contractual rights or obligations relating to the cash flow expire.

Fair value of financial assets and liabilities

The derivative financial instruments have been valued using a discounted cash flow valuation methodology. Assets and liabilities are measured at fair value by the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) = or indirectly (i.e. derived from prices).

All financial instruments held by the Group and measured at fair value are classified as level 2 under the fair value measurement hierarchy.

11 FINANCIAL ASSETS AND LIABILITIES [CONTINUED]

Zespri Group is subject to a number of financial risks that arise as a result of its operational activities. To manage and limit the effect of these financial risks, the Board of Directors has approved policy guidelines and authorised the use of various financial instruments. The policies and financial instruments permitted are documented in the Treasury Management Policy which is reviewed and approved annually. The policies and financial instruments being utilised at balance date are discussed under the sections Liquidity risk, Credit risk and Market risk below.

(c) Liquidity risk

Zespri Group is exposed to liquidity risk where there is a risk that the Group may encounter difficulty in meeting its day to day obligations due to timing of cash receipts and payments. The objective is to ensure that cash is available to pay obligations as they fall due.

(ii) Contractual maturities as at 31 March

2022	Notes	< 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000	> 5 years \$'000	Total \$'000
Non-derivatives:						
Trade creditors	17	72,352	–	–	–	72,352
Accruals and other payables	17	507,849	–	2,810	–	510,659
Lease liabilities		4,918	4,413	5,162	1,697	16,190
Interest bearing liabilities		–	–	30,000	–	30,000
		585,119	4,413	37,972	1,697	629,201
Derivatives:						
Derivatives – held for trading		38,938	19,004	6,021	–	63,963
Contracted future suppliers		160,535	110,751	52,078	–	323,364
		199,473	129,755	58,099	–	387,327
Total contractual maturities		784,592	134,168	96,071	1,697	1,016,528
2021						
Non-derivatives:						
Trade creditors	17	62,673	–	–	–	62,673
Accruals and other payables	17	490,265	–	2,541	–	492,806
Lease liabilities		4,507	3,389	6,534	2,502	16,932
Interest bearing liabilities		–	–	–	30,000	30,000
		557,445	3,389	9,075	32,502	602,411
Derivatives:						
Derivatives – held for trading		34,217	18,839	9,129	–	62,185
Contracted future suppliers		106,109	101,636	101,756	–	309,501
		140,326	120,475	110,885	–	371,686
Total contractual maturities		697,771	123,864	119,960	32,502	974,097

(d) Credit risk

Zespri Group is exposed to credit risk from transactions with trade debtors and financial institutions in the normal course of business.

Zespri Group has a credit approval policy which restricts the exposure to individual debtors and the Board of Directors reviews exposures to trade debtors. In certain regions a portion of amounts owed by trade debtors is secured by way of trade credit insurance, bank guarantees or other collateral, with all others being unsecured. Zespri Group does not require any collateral or security from financial institutions to support its transactions with those institutions. The counter-parties used for banking and finance activities are financial institutions with credit ratings ranging from A to AA-.

In assessing credit losses for trade receivables, the Group applies the simplified approach and records lifetime expected credit losses ("ECLs") on trade receivables. Lifetime ECLs result from all possible default events over the expected life of a trade receivable. The Group considers the probability of default upon initial recognition of the trade receivable, based on reasonable and available information on the customers. In assessing ECLs on trade receivables the Group considers both quantitative and qualitative inputs. Quantitative data includes past collection rates, industry statistics, ageing of receivables, and trading outlook. Qualitative inputs include past trading history with the Group.

11 FINANCIAL ASSETS AND LIABILITIES [CONTINUED]

(e) Market risk

Zespri Group is subject to market risks that arise as a result of its operational activities. The types of market risk to which Zespri Group is exposed include interest rate risk, currency risk and commodity price risk.

(i) Interest rate risk:

Zespri Group's policy relating to interest rate risk management aims to achieve the lowest cost of funds.

Zespri Group may put in place seasonal funding facilities if required. Zespri Group is primarily a short-term borrower and investor and generally carries any interest rate risk itself. Investments consist of on-call funds and short-term deposits.

Zespri Group has put in place long term floating interest rate building funding, however has a \$30,000,000 interest rate derivative contract in place to effectively convert the interest rate to fixed. No other contracts have been entered into during the year.

(ii) Currency risk:

During the course of business, Zespri Group procures and exports fruit, incurs selling, marketing and administrative costs, and carries cash denominated in foreign currencies. As a result of these transactions, exposures to fluctuations in foreign currency exchange rates occur. The foreign currencies in which Zespri Group primarily deals are Euro (EUR), Japanese Yen (JPY), United States Dollars (USD), Chinese Yuan (CNY) and Korean Won (KRW).

Zespri Group's primary objective in managing foreign exchange risk is to mitigate excess volatility in the New Zealand Dollar return to shareholders and the New Zealand kiwifruit industry arising from foreign currency movements.

Net exposures of expected foreign currency income and expenditure are estimated. The Treasury Management Policy provides guidelines within which Zespri Group enters into contracts to manage the expected net exposures. Based on these guidelines, contracts are taken out up to 36 months in advance. With express Board approval, the Company can take out contracts that are in excess of 36 months in advance.

Foreign exchange contracts

As part of the foreign currency hedging strategy, Zespri Group has entered into forward exchange contracts and options. The value of these contracts held at balance date were:

	Notional value		Fair value gain/(loss)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At fair value through the Income Statement – held for trading				
Sell forward exchange contracts	5,185,252	4,990,005	289,545	257,724
Currency option contracts	267,695	1,415,650	33,818	46,053
	5,452,947	6,405,655	323,363	303,777
Represented by:				
Other financial assets			387,326	365,962
Other financial liabilities			(63,963)	(62,185)
			323,363	303,777
By currency:				
AUD/NZD	36,632	–	(599)	–
EUR/NZD	1,463,157	1,684,858	99,658	82,122
JPY/NZD	930,843	1,694,355	173,745	145,101
USD/NZD ¹	1,744,358	1,764,512	99,716	124,770
USD/CNY ¹	1,007,885	980,273	(61,174)	(49,511)
USD/KRW ¹	270,072	281,657	12,017	1,295
	5,452,947	6,405,655	323,363	303,777

¹ A portion of the USD/NZD transactions are utilised in conjunction with the USD/KRW and USD/CNY transactions to translate these currencies back to NZD.

	Notional value		Fair value gain/(loss)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Maturity of foreign exchange contracts				
Less than one year	2,538,490	3,720,877	160,534	100,385
One to two years	1,793,395	1,673,183	110,751	101,636
More than two years	1,121,062	1,011,595	52,078	101,756
	5,452,947	6,405,655	323,363	303,777

11 FINANCIAL ASSETS AND LIABILITIES [CONTINUED]

(iii) Commodity Price Risk

During the course of business, Zespri Group exports fruit, incurring significant freight expenses which are impacted by fluctuations in the price of oil.

As part of the Group's commodity hedging strategy, oil price forward contracts may be transacted to reduce the exposure to oil price risk. The value of these contracts held at balance date were:

	Notional value		Fair value gain/(loss)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At fair value through the Income Statement – held for trading				
Oil price forward contracts	–	16,487	–	5,724
	–	16,487	–	5,724
Represented by:				
Other financial assets			–	5,724
			–	5,724

	Notional value		Fair value gain/(loss)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Maturity of oil price forward contracts				
Less than one year	–	16,487	–	5,724

(f) Market risk sensitivity as at 31 March

Zespri Group is exposed to various market risks in relation to balances held as at 31 March.

As a result of the seasonal nature of the business, the impact on the Income Statement and equity resulting from movements in foreign exchange rates that could have occurred at 31 March is unrepresentative of the exposure during the year and is immaterial to the results for the year ended 31 March 2022.

Management has considered the seasonal risk to the business and the sensitivity using average balances held during the year.

Under the terms of the New Zealand Supply Agreement, the supplier assumes the risk of foreign exchange, and any change in foreign currency rates on average balances would not be material to the pre-tax profit of the Group. The effect of exchange rate movements is managed by the use of forward contracts and options to mitigate excess volatility.

Under the terms of the New Zealand Supply Agreement, interest costs incurred on the seasonal funding facility and interest income earned on short-term deposits are largely assumed by the Registered Supplier. A change in interest rates using average funding facility and short-term deposit balances for the year would not be material to the pre-tax profit of the Group.

(g) Embedded derivatives

Embedded derivatives are derivatives that are included within the terms of a non-derivative host contract. They affect the cash flows of the combined instrument in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified index, price, rate or other variable.

Companies within Zespri Group enter into contracts in the normal course of their operations. Within some of these contracts are embedded derivatives. Where the embedded derivatives are deemed to be closely related to the host contract, they are not valued or recognised separately from the accounting required for the host contract in the Financial Statements. Embedded derivatives deemed not to be closely related to the host contract are accounted for as if they were stand-alone derivatives.

Zespri International Limited acts as treasury agent for Zespri Group and is responsible for paying New Zealand-contracted suppliers (supply entities which have signed the New Zealand Supply Agreement) based on the net results earned by Zespri Group.

The Company has entered into back-to-back arrangements with New Zealand-contracted suppliers and Zespri International Limited, primarily reflecting the results of any derivatives taken out for the purposes of managing risk to the New Zealand fruit return.

	Notional value		Fair value (loss)/gain	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Contracted future suppliers	5,452,947	6,422,142	(323,363)	(309,501)

12 INVENTORIES

	2022 \$'000	2021 \$'000
New Zealand-grown kiwifruit inventory (next season)	150,283	176,735
Non-New Zealand-grown kiwifruit inventory	5,185	5,778
Packaging materials	14,095	12,818
Other	29	47
Total inventories	169,592	195,378

Inventories are valued at the lower of cost or net realisable value. Costs incurred in bringing inventory to its present location and condition are accounted for at purchased cost on a first-in first-out basis. Borrowing costs are excluded.

13 PROPERTY, PLANT AND EQUIPMENT

2022	Land and improvements \$'000	Leasehold improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Work in progress \$'000	Total \$'000
Net book value as at 1 April 2021	11,453	2,147	45,372	9,779	102	1,184	70,037
Depreciation expense	-	(814)	(1,487)	(3,823)	(52)	-	(6,176)
Additions	696	276	9	3,814	90	2,026	6,911
Disposals (net)	-	(1)	(322)	(88)	(2)	(1,184)	(1,597)
Net book value as at 31 March 2022	12,149	1,608	43,572	9,682	138	2,026	69,175
Cost	12,149	5,115	47,868	22,507	348	2,026	90,013
Accumulated depreciation	-	(3,507)	(4,296)	(12,825)	(210)	-	(20,838)
Net book value as at 31 March 2022	12,149	1,608	43,572	9,682	138	2,026	69,175
2021							
Net book value as at 1 April 2020	9,463	1,603	46,049	9,477	193	377	67,162
Depreciation expense	-	(635)	(1,476)	(3,062)	(67)	-	(5,240)
Additions	1,990	1,192	799	3,384	-	807	8,172
Disposals (net)	-	(13)	-	(20)	(24)	-	(57)
Net book value as at 31 March 2021	11,453	2,147	45,372	9,779	102	1,184	70,037
Cost	11,453	5,063	48,181	19,676	327	1,184	85,884
Accumulated depreciation	-	(2,916)	(2,809)	(9,897)	(225)	-	(15,847)
Net book value as at 31 March 2021	11,453	2,147	45,372	9,779	102	1,184	70,037

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Costs cease to be capitalised as soon as the asset is ready for productive use.

Depreciation is provided on a straight-line basis at rates calculated to allocate the cost of assets over their estimated useful lives.

The estimated useful lives used for depreciation purposes are as follows:

Buildings	Lower of 50 years or useful life of the building
Leasehold improvements	Lower of 10 years or unexpired portion of lease
Plant and equipment	2–25 years
Motor vehicles	5 years
Building fit-out	5–25 years
Land	Not depreciated

The useful life and residual value of property, plant and equipment is reviewed annually. Any change required as a result in the change of these estimates is recognised in the Income Statement during the period.

Property, plant and equipment commitments

As at 31 March 2022 there are outstanding capital commitments totaling \$274,418 for property, plant and equipment (2021: \$792,733).

14 INTANGIBLES

	Development costs \$'000	Computer software \$'000	Work in progress \$'000	Total \$'000
2022				
Restated net book value as at 1 April 2021	4,658	9,007	2,979	16,644
Amortisation expense	(1,478)	(3,584)	–	(5,062)
Additions	2,813	4,912	12,006	19,731
Disposals (net)	(1)	–	(188)	(189)
Transfers	–	713	(713)	–
Net book value as at 31 March 2022	5,992	11,048	14,084	31,124
Cost	9,493	57,082	14,084	80,659
Accumulated amortisation	(3,501)	(46,034)	–	(49,535)
Net book value as at 31 March 2022	5,992	11,048	14,084	31,124
2021				
Restated net book value as at 1 April 2020	3,946	6,650	4,885	15,481
Restated amortisation expense	(1,284)	(4,279)	–	(5,563)
Restated additions	1,996	6,763	2,354	11,113
Restated disposals (net)	–	(127)	(4,260)	(4,387)
Restated net book value as at 31 March 2021	4,658	9,007	2,979	16,644
Restated cost	17,147	51,460	2,979	71,586
Restated accumulated amortisation	(12,489)	(42,453)	–	(54,942)
Restated net book value as at 31 March 2021	4,658	9,007	2,979	16,644

(i) Research and development costs:

Research expenditure is expensed in the period incurred. Development costs are capitalised as internally generated intangible assets upon commercialisation where future benefits are expected to exceed those costs; otherwise, development costs are expensed in the period incurred.

Development costs include costs relating to the development and production for Zespri-developed cultivars. Costs capitalised include those of budwood, legal fees and costs of obtaining PVRs less any research co-funding received in respect of this expenditure. Development costs capitalised as an internally generated intangible asset have finite useful lives and are carried at cost less accumulated amortisation.

Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of five years.

(ii) Computer software:

Zespri Group purchases and develops software for use in its own business only. This includes Software-as-a-Service (SaaS) arrangements which are cloud computing applications where the underlying software and associated infrastructure are hosted by a service provider, independent of the Group. SaaS arrangements generally do not meet the intangible assets recognition criteria.

The cost of computer software acquired is the value of the purchase price to acquire the assets, and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use.

The cost of computer software developed by, and for the use of, Zespri Group includes the cost of all materials used to develop the software, direct labour on the project and financing costs that are directly attributable to the project.

Computer software that meets the definition of an intangible asset and is controlled by the Group is initially recognised as an intangible asset as the sum of the expenditure incurred from the date the recognition criteria is met. Computer software intangibles assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of three to five years.

Computer software that does not meet the definition of an intangible asset is expensed as cloud computing research and development expenditure in the period that it is incurred and disclosed in note 3.

When capital projects have components of both capital and operating expenditure that cannot be clearly characterised the Group has adopted a methodology to apportion this expenditure between operating (research and/or development) and capital (work in progress), based on the estimated effort incurred on each element.

Refer Note 1 (b) for computer software restatement adjustments recognised in 2020 and 2021.

(iii) Impairment

The useful life and residual value of intangibles are reviewed annually. Any change required as a result in the change of these estimates is recognised in the Income Statement during the period. No impairment was required in 2022 (2021: Nil).

14 INTANGIBLES [CONTINUED]

Intangibles work in progress

As at 31 March 2022, 99 percent (2021: 100 percent) of the Group intangibles work in progress relates to ongoing computer software projects. Of this, \$11,785,439 (2021 restated: \$100,311) relates to the Horizon Programme.

Intangible commitments

As at 31 March 2022 there are outstanding capital commitments totalling \$3,048,777 for intangible assets (2021 restated: \$768,701). Of this, \$2,663,977 relates to the Horizon Programme (2021 restated: Nil). The Horizon Programme is a phased approach to modernise our systems and processes to support future growth. Deloitte are our implementation partner leading a New Zealand-based consortium. SAP S/4HANA, private cloud edition, is the technology platform.

15 LEASES

(a) Right of use assets	Buildings \$'000	Land \$'000	Motor Vehicles \$'000	Office Equipment \$'000	Total \$'000
2022					
Net book value as at 1 April 2021	12,149	2,751	873	87	15,860
Depreciation expense	(4,112)	(312)	(961)	(73)	(5,458)
Additions	3,068	–	1,782	22	4,872
Derecognition	(407)	(51)	(1)	(4)	(463)
Reassessment of lease term	(256)	(101)	17	(3)	(343)
Net book value as at 31 March 2022	10,442	2,287	1,710	29	14,468
Cost	16,327	3,135	3,082	55	22,599
Accumulated depreciation	(5,885)	(848)	(1,372)	(26)	(8,131)
Net book value as at 31 March 2022	10,442	2,287	1,710	29	14,468
2021					
Net book value as at 1 April 2020	9,533	2,507	1,076	130	13,246
Depreciation expense	(4,226)	(318)	(596)	(77)	(5,217)
Additions	8,174	774	393	57	9,398
Derecognition	(1,332)	(212)	–	(23)	(1,567)
Net book value as at 31 March 2021	12,149	2,751	873	87	15,860
Cost	16,073	3,326	1,955	216	21,570
Accumulated depreciation	(3,924)	(575)	(1,082)	(129)	(5,710)
Net book value as at 31 March 2021	12,149	2,751	873	87	15,860
				2022	2021
(b) Lease expenses included in the Income Statement				\$'000	\$'000
Short term leases				350	986
Variable lease payments				11	15
Interest on leases				436	397
Gain on leases				(50)	(86)
Total lease expenses				747	1,312

Lease liabilities are measured at the present value of future lease payments discounted using the Group's incremental borrowing rate which ranges between 1-3%. Right of use (ROU) assets are initially recognised at cost, comprising the initial amount of the lease liability less any unamortised lease incentives. ROU assets are subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In considering the lease term, the Group applies judgement in determining whether it is reasonably certain that an extension or termination option will be exercised.

15 LEASES [CONTINUED]

(c) Lessor income

Lease income from lease contracts in which the Group acts as a lessor:

	2022 \$'000	2021 \$'000
Operating lease income ¹	81	81

¹ The Group leases out part of the head office building to New Zealand Kiwifruit Growers Incorporated and Kiwifruit Vine Health.

(d) Sub-lessor income

Sub-lease income from lease contracts in which the Group acts as a lessor:

	2022 \$'000	2021 \$'000
Operating sub-lease income ¹	77	–

¹ The Group sub-leases out an orchard to Kiwifruit Breeding Centre.

(e) Maturity analysis – contractual undiscounted lessor income

	2022 \$'000	2021 \$'000
Less than one year	81	81
One to five years	406	406
More than five years	486	568
Total contractual undiscounted lessor income	973	1,055

16 GROUP ENTITIES

Basis of Consolidation

Zespri Group Limited is the ultimate holding company for the Zespri Group of companies. The consolidated Financial Statements include the results and balances of all entities over which the Company and its subsidiary companies have control.

All inter-company transactions are eliminated on consolidation.

Subsidiaries

All subsidiaries are wholly owned companies and have been incorporated and consolidated at inception by Zespri Group companies. No subsidiaries have been obtained by acquisition. The results and balances of subsidiaries are included in the consolidated Financial Statements of Zespri Group from the date of inception.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The Group's subsidiaries are involved in exporting, importing, selling, marketing, investing, researching, and management of New Zealand-grown and Non-New Zealand-grown kiwifruit.

The Group holds investments in certain countries that have some limited restrictions on the repatriation of funds back to New Zealand. This does not result in any significant restrictions on the flow of funds for the Group.

Joint operations

A joint operation is a joint arrangement where two or more parties have joint control and a right to the assets, and obligation for liabilities of the joint arrangement. The Group recognises its share of assets, liabilities, revenues and expenses of the joint operation.

The Kiwifruit Breeding Centre is a joint operation between Plant & Food Research and Zespri. It was established on 1 October 2021 to drive greater innovation within kiwifruit breeding. Zespri has a 50% participating interest in this jointly controlled operation and the proportionate interests in the assets, liabilities and expenses have been incorporated in the financial statements under the appropriate headings.

16 GROUP ENTITIES [CONTINUED]

The Group comprises of the Company and the following trading entities.

Subsidiary	Incorporated	Subsidiary	Incorporated
Zespri Global Supply Holding Company Limited	New Zealand	Zespri International (India) Pvt Ltd	India
Zespri Innovation Company Limited	New Zealand	Zespri Fresh Produce Italy S.r.l.	Italy
Zespri International (Asia) Limited	New Zealand	Zespri International Italy S.r.l.	Italy
Zespri International Limited	New Zealand	Zespri Fresh Produce (Japan) K.K.	Japan
Zespri New Zealand Limited	New Zealand	Zespri International (Japan) K.K.	Japan
Zespri International (Australia) Pty Limited	Australia	Zespri International (Malaysia) Sdn. Bhd	Malaysia
Zespri International (Europe) N.V.	Belgium	Zespri Fresh Produce (Korea) Co. Limited	South Korea
Zespri Service Centre N.V.	Belgium	Zespri International (Korea) Co. Limited	South Korea
Zespri Fruit Consultoria (Brasil) Ltda	Brazil	Zespri International (Singapore) Pte Limited	Singapore
Shaanxi Zespri Fresh Produce Company Limited	China	Zespri International Iberica SL	Spain
Zespri Fruit Industry (Shanghai) Co. Ltd	China	Zespri International Nordic AB	Sweden
Zespri Fruit (Shanghai) Co Limited	China	Zespri International (United Kingdom) Limited	United Kingdom
Zespri Fresh Produce France S.A.R.L.	France	New Zealand Kiwi Holdings Inc.	United States of America
Zespri International France E.U.R.L.	France	Zespri International (Vietnam) Company Limited	Vietnam
Zespri International Germany GmbH	Germany	Zespri International (Switzerland) AG (incorporated October 2021)	Switzerland

Joint Operation	Incorporated	Interest	Activity
Kiwifruit Breeding Centre Limited	New Zealand	50%	New cultivar research

Zespri Group is relying on the Financial Markets Conduct (Overseas Subsidiary Balance Date Alignment) Exemption Notice 2016 in respect of the accounting period to which these financial statements relate.

All Group subsidiaries have a 31 March balance date with the exception of Shaanxi Zespri Fresh Produce Company Limited, Zespri Fruit (Shanghai) Co. Limited, Zespri Fruit Industry (Shanghai) Co. Ltd and Zespri Fruit Consultoria (Brasil) Ltda which all have a 31 December balance date due to local requirements.

The Kiwifruit Breeding Centre Limited has a 30 June balance date to align with the balance date of joint owner Plant & Food Research.

17 ACCOUNTS PAYABLE AND ACCRUALS

	2022 \$'000	2021 \$'000
Current:		
Trade creditors	72,352	62,673
Loyalty accrual ¹	38,235	46,899
Accrued expenses	162,243	145,625
New Zealand fruit and service payments – current season	85,096	45,115
New Zealand fruit and service payments – next season	185,146	197,057
Income in advance	4,989	27,108
Payroll tax deductions payable	2,119	2,521
Employee entitlements	30,021	25,940
Total current accounts payable and accruals	580,201	552,938
Non-current:		
Employee entitlements	2,810	2,541
Total non-current accounts payable and accruals	2,810	2,541
Total accounts payable and accruals	583,011	555,479

¹ The loyalty premium is paid to the New Zealand growers who have signed a three-year rolling grower contract and met the conditions of that contract. The loyalty premium is 30 cents (2021: 40 cents) per tray equivalent of New Zealand Class 1 kiwifruit supplied to the Company. The premium is paid in two instalments. The first instalment of 10.0 cents per Class 1 tray equivalent was paid 20 January 2022 (2021: 20 January 2021). The remaining 20 cents (2021: 30 cents) of loyalty premium per Class 1 tray equivalent will be paid on 15 June 2022 (2021: 15 June 2021).

18 PROVISIONS AND INSURANCE LIABILITIES

	Insurance liabilities \$'000	Other provisions \$'000	Total \$'000
2022			
Value as at 1 April 2021	9,353	773	10,126
Amounts charged	(9,353)	(705)	(10,058)
Additional provision	-	929	929
Exchange differences	-	(1)	(1)
Value as at 31 March 2022	-	996	996
Represented by:			
Current	-	974	974
Non-current	-	22	22
Value as at 31 March 2022	-	996	996

Insurance liabilities

Hail insurance

The Company insures New Zealand contractors to the New Zealand Supply Agreement annually for kiwifruit lost as a result of hail during the New Zealand growing period. The terms of cover are contained in the annual New Zealand Supply Agreement.

An insurance liability is recognised to the extent of the estimated future cash flows that may be required to settle claims and related costs. An expense is recognised for known liabilities under the terms of insurance, and estimated for claims made but not yet settled. Claims are settled at the end of the insurance period.

During 2021 a number of orchards were affected by hail events around New Zealand and \$9,352,916 was recognised as an insurance liability in the Zespri Group accounts as at 31 March 2021. This was released during 2022 and there have been no further hail events.

Other provisions

Other provisions include legal costs relating to the ongoing New Zealand Court of Appeal proceedings (refer note 20) and an ongoing proceeding in Europe.

In the normal course of business, the Zespri Group is party to various lawsuits and claims (refer note 20).

Zespri Group records provisions when it has a legal or constructive obligation to satisfy a claim as the result of a past event, it is more likely than not that an outflow of resources will be required to satisfy the obligation and a reliable estimate of the amount can be made.

19 RECONCILIATION OF NET PROFIT AFTER TAXATION WITH NET CASH FROM OPERATING ACTIVITIES

	2022 \$'000	2021 \$'000 Restated
Net profit after taxation	361,501	277,133
Non-cash items:		
Net (gain) on sale of property, plant and equipment, and intangibles	(19)	(91)
Net (gain)/loss on foreign currency cash balances	(931)	26,603
Depreciation of property, plant and equipment	6,176	5,240
Depreciation of, and interest on leases	5,894	5,614
Amortisation of intangibles	5,062	5,563
Movement in deferred taxation	3,213	4,183
	19,395	47,112
Movement in working capital:		
(Increase) in receivables and prepayments	(41,146)	(4,793)
(Decrease) in net current income tax	(8,803)	(1,923)
(Increase) in other financial assets	(15,641)	(95,724)
Decrease/(increase) in inventories	25,787	(16,751)
Increase in payables to contracted suppliers	28,765	58,958
Increase in other financial liabilities	15,645	95,724
(Decrease)/increase in accounts payable, accruals, provisions and employee entitlements	(4,179)	8,839
	428	44,330
Items classified as financing activities	(3,333)	(1,382)
Net cash available from operating activities	377,991	367,193

20 CONTINGENT ASSETS AND LIABILITIES**Assets**

In 2020, Zespri received a judgment of \$14,849,000 from the New Zealand High Court against a New Zealand grower who infringed Zespri's PVRs. The judgment was upheld at the Court of Appeal but the damages award reduced to \$12,081,150 to reflect a reduction in the notional licenced area used to calculate the damages in the High Court judgment. The defendants sought leave to appeal the judgment to the Supreme Court of New Zealand, which declined leave to hear the appeal. Zespri is progressing enforcement of this judgment against assets of the defendants held in New Zealand, which include their home of approximately \$1,000,000 to \$1,500,000, and considering options for enforcement against assets located in China.

Liabilities

In the normal course of business, Zespri Group is party to various lawsuits and claims, both as a plaintiff and as a defendant. It is not possible to predict with certainty whether Zespri Group will ultimately be successful and what the impact might be. Provisions are made in accordance with accounting policy and disclosed in Note 18.

Zespri has recently commercialised the Red19 variety. Should the company decide to withdraw the variety for any reason, and the licence holder has not accepted a new licence under the terms of the Licence Agreement, the Company is required to reimburse the licence holder a calculated rate of \$5,000 (including GST) per hectare of licenced area, provided that no more than four whole years have elapsed between the date of the original allocation of the licence by the Company and the date of notice of decommercialisation given by the Company. In addition, the Company is required to refund a percentage of the original licence price paid. As at 31 March 2022, the maximum exposure under the decommercialisation scenario is \$38,553,775 (2021: \$11,279,653).

Contingent liabilities with respect to guarantees extended total \$11,106,680 (2021: \$9,317,122).

21 RELATED PARTY TRANSACTIONS

(a) Key management personnel and directors compensation

Zespri Group's key management personnel include Directors and members of the senior executive.

	2022 \$'000	2021 \$'000
Short-term employee benefits	14,189	11,963
Directors' fees	957	910
	15,146	12,873

(b) Transactions with external related parties through common directorship, control or significant influence

Transactions with related parties are entered into the same contracted commercial terms as for all other growers and contracted suppliers in New Zealand.

All of the transactions below, including any disputes, were entered into under the same contracted and commercial terms as for all other growers and contracted suppliers in New Zealand.

	2022 \$'000	2021 \$'000
Transactions with external related parties		
Revenue/(expenses):		
Sale of Zespri PVR licences	18,610	21,205
Sundry income	809	307
Fruit and service payments	(62,133)	(31,195)
Loyalty premium ¹	(806)	(958)
Other expenses	(2,701)	(6,961)
Balances receivable/(payable):		
Sundry income	297	110
Fruit and service payments	(3,712)	(849)
Loyalty premium	(1,715)	(715)

¹ In 2021/22, total payments made to related party supply entities (not included above) are \$177,426,609 (2021: \$178,557,052), and a payables balance of \$8,477,618 (2021: \$4,122,469) remains at 31 March 2022.

In 2021/22, external related parties conducted no new variety block trials on orchards (2021: nil ha). Payments are made to trialists when crops are producing. Upon completion or termination of a trial, trialists can generally obtain, at no cost, a licence to cultivate a Zespri commercial kiwifruit variety for an agreed area. For pre-commercial blocks, this is for a new or existing variety upon commercialisation or an existing variety on trial completion or early termination by Zespri. For demonstration blocks, this is for an existing variety on completion of each year of the trial or early termination by Zespri. In 2021/22, external related parties obtained 2.36ha of new variety licence from trialist entitlement (2021: 2.73ha).

	Expense		Payable	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
(c) Transactions with Kiwifruit Breeding Centre Limited (joint operation)				
Revenue/(expenses):				
Research expenses	(8,159)	-	-	-
Lease income	901	-	-	-
At 31 March	(7,258)	-	-	-
Balances receivable/(payable):				
Trade payables	-	-	(4,653)	-
At 31 March	-	-	(4,653)	-

22 EVENTS OCCURRING AFTER BALANCE DATE

On 25 May 2022, the Board of Directors of Zespri Group Limited announced its intention to pay a final unimputed dividend of 29.0 cents per fully paid ordinary share (2021: 27.0 cents) to be paid in August 2022. As the intention was announced after balance date, the financial effect has not been recognised in the Financial Statements.

In April 2022, 324 hectares of Gold3 and 280 hectares of Red19 licences were allocated to Growers (from a licence release of 350 hectares of Gold3 and 350 hectares of Red19). The total revenue (excluding GST) was \$302,011,853. Full settlement of the related licence receivables is due by 20 July 2022.

Subsequent to 31 March 2022, no other events have occurred which require adjustment or disclosure in the Financial Statements.

23 GROUP SEGMENT RESULTS

Reportable segments have been determined to follow the strategic business lines of the Group, which also reflect groups of similar products and services. Zespri Group has four reportable segments:

- i) New Zealand kiwifruit: all activities related to the production and sale of New Zealand-grown kiwifruit varieties, other than activities included in the new cultivar segment.
- (ii) Non-New Zealand supply: all activities related to the production and sale of non-New Zealand-grown kiwifruit varieties, other than activities included in the new cultivar segment.
- (iii) New cultivars: all pre-commercialised activities related to any Zespri PVR kiwifruit including activities related to the selling and administration of PVR licences, and the associated ongoing royalty income.
- (iv) All other segments: all other segments not covered above including ownership of land and buildings.

The internal management information on which segment results are based uses a different method for allocating realised gains and losses on treasury activities. For internal management reporting, realised gains and losses from the management of foreign exchange risk are allocated to the business unit's individual revenue and expense lines based on the underlying currencies of the transactions to effect what would be a 'hedged' rate on the cumulative transactions. For financial reporting purposes, these net realised foreign exchange gains/(losses) on derivatives are disclosed separately from the operating revenue and operating expense within other net gains/(losses) (refer Note 4).

2022	New Zealand kiwifruit \$'000	Non-New Zealand kiwifruit \$'000	New cultivars \$'000	All other segments \$'000	Eliminations \$'000	Total \$'000
Total sales revenue – external customers	3,491,846	536,864	–	–	–	4,028,710
Inter-segment revenue	–	–	45,589	3,891	(49,480)	–
Other external revenue	10,214	1,291	440,714	2,880	–	455,099
Segment revenue	3,502,060	538,155	486,303	6,771	(49,480)	4,483,809
Fruit and service payments	2,420,284	409,775	–	–	–	2,830,059
Loyalty premium	53,072	–	–	–	–	53,072
Depreciation and amortisation	13,190	988	2,088	620	–	16,886
Inter-segment expense	44,109	5,371	–	–	(49,480)	–
Inter-segment interest (income)/expense	(1,356)	–	–	1,356	–	–
Other external expenses	947,846	95,160	35,661	–	–	1,078,667
Total expense	3,477,145	511,294	37,749	1,976	(49,480)	3,978,684
Segment profit before taxation	24,915	26,861	448,554	4,795	–	505,125

2021	New Zealand kiwifruit \$'000 Restated	Non-New Zealand kiwifruit \$'000	New cultivars \$'000	All other segments \$'000	Eliminations \$'000	Total \$'000 Restated
Total sales revenue – external customers	3,109,881	472,827	–	–	–	3,582,708
Inter-segment revenue	–	–	39,329	2,862	(42,191)	–
Other external revenue	5,692	93	312,871	983	–	319,639
Total revenue	3,115,573	472,920	352,200	3,845	(42,191)	3,902,347
Fruit and service payments	2,190,089	354,005	–	–	–	2,544,094
Loyalty premium	62,619	–	–	–	–	62,619
Depreciation and amortisation	12,805	1,098	1,543	629	–	16,075
Inter-segment expense	36,758	5,371	62	–	(42,191)	–
Inter-segment interest	(630)	–	–	630	–	–
Other external expenses	778,122	83,625	30,820	205	–	892,772
Total expense	3,079,763	444,099	32,425	1,464	(42,191)	3,515,560
Restated segment profit before taxation	35,810	28,821	319,775	2,381	–	386,787

23 GROUP SEGMENT RESULTS [CONTINUED]

Group sales revenue – by location of external customers	2022 \$'000	2021 \$'000 Restated
<i>Total Europe and North America</i>	1,655,460	1,430,495
<i>Total Europe</i>	1,399,384	1,223,090
Spain	380,905	355,534
Germany	314,202	252,385
France	212,011	184,877
Italy	185,662	163,368
Netherlands	155,329	134,844
Belgium	128,326	117,124
Switzerland	22,949	14,958
<i>Total North America</i>	256,076	207,405
USA	217,182	174,522
Canada	38,894	32,883
<i>Total Asia Pacific</i>	1,142,026	1,078,202
Japan	767,261	739,313
South Korea	235,290	206,032
Australia	56,684	62,326
Singapore	33,301	31,071
Vietnam	26,475	22,972
India	23,015	16,488
<i>Total Greater China</i>	1,047,295	913,846
China	837,704	731,689
Taiwan	166,862	137,179
Hong Kong	42,729	44,978
<i>Total Other</i>	183,929	160,165
New Zealand	1,381	957
Other	182,548	159,208
Total revenue from product sales to external customers	4,028,710	3,582,708

In 2021/22 there are no customers which account for at least 10 percent of sales across the group (2021: Nil).

Non-current assets – by location of asset	2022 \$'000	2021 \$'000 Restated
New Zealand	89,313	83,439
Other	27,185	21,170
	116,498	104,609
Other non-current assets (no assigned location):		
Deferred tax assets	12,347	16,170
Other financial assets	187,854	231,360
Total non-current assets	316,699	352,139

STATUTORY *Information*

SHAREHOLDER INFORMATION

Top 20 shareholders as at 31 March 2022	Number of shares	%
Trinity Lands Limited	4,428,838	2.42
Whitehall Fruitpackers Holdings Limited	3,244,043	1.77
Liberty Foundation 1977 Limited	2,136,628	1.17
Jace Orchards Limited	2,093,524	1.14
Mangatarata Farms Limited	2,036,976	1.11
Progeny Kiwifruit Limited	1,780,893	0.97
Mangatarata Orchards Limited	1,627,965	0.89
Fruit Force Partnership	1,600,476	0.87
Ngai Tukairangi No.2 Trust	1,545,855	0.84
Cooper Coolpac Limited	1,536,482	0.84
Birdhurst Limited	1,266,898	0.69
High Fives Orchard Limited	1,228,773	0.67
Frontier Orchards Limited Partnership	1,221,277	0.67
Golf Course Orchard Limited Partnership	1,165,000	0.64
T & R Hughes Family Trust	1,103,157	0.60
The Wotton Trust	1,095,135	0.60
Ohiwa Hort Limited	1,007,925	0.55
Golden Meadows Limited	1,000,000	0.55
Strathboss Kiwifruit Limited	994,695	0.54
Cameron Orchards Limited	976,029	0.53
	33,090,569	18.06

Distribution of ordinary shares and registered shareholders as at 31 March 2022

Size of holding	Number of shareholders	%	Number of shares	Size of holding %
1 – 10,000	246	13.49	1,169,135	0.64
10,001 – 75,000	948	51.97	34,522,530	18.84
75,001 – 200,000	435	23.85	51,815,023	28.28
200,001 – 300,000	83	4.55	20,074,211	10.95
Over 300,000	112	6.14	75,671,341	41.29
Total	1,824	100.00	183,252,240	100.00

Shareholder statistics	2022	2021 Restated
Number of shares ('000)	183,252	183,252
Interim and final dividend (per share) – partially imputed	\$1.78	\$1.33
Share price at year-end	\$8.85	\$9.70
Earnings per share	\$1.97	\$1.51
Net dividend yield	20.11%	13.71%
Gross dividend yield at 28% tax rate	27.93%	19.04%
Share trading		
Number of shares sold and/or transferred: on-market trades	4,389,915	3,450,422
Number of shares sold and/or transferred: off-market trades	9,140,061	10,314,992
Equity ratio	23.85%	21.91%
Net tangible assets value (per share)	\$1.59	\$1.44

DIRECTORS' DISCLOSURES

Directors' meeting attendances and business travel overseas

Name	B L Cameron - Chair	J P Mason	N W Flowerday	P R Jones	C M Thompson	P M Springford	A J Barrass ²	A J Hawken
Zespri Group Limited Board ¹	11	11	10	9	11	11	8	11
Board Innovation Subcommittee	5	2	4	5	5	1	2	3
Audit and Risk Management Committee	5	6	6	6	4	6	-	6
People and Culture Committee	4	5	-	6	6	-	3	4
China Advisory Board ³	2	-	-	2	2	2	-	2
Sustainability Advisory Board	-	-	-	-	-	-	1	-
Zespri Global Supply (ZGS) Advisory Board	3	-	-	3	4	-	-	3
Industry Advisory Council	4	-	4	6	6	-	-	6

¹ All Directors have a standing invitation to attend meetings of all committees, irrespective of whether they are a member of that Committee. Subcommittee membership is reviewed periodically and changed during the course of the year. During the financial year, the China Advisory Board was disestablished and the Sustainability Advisory Board was created.

² A J Barrass was appointed as a Director in June 2021.

³ The China Advisory Board was disestablished during 2021/22.

Directors did not undertake any overseas travel during 2021/2022 financial year.

Committee members – Directors

Audit and Risk Management Committee

J P Mason (Chair)	P M Springford
N W Flowerday	A J Hawken

People and Culture Committee

P R Jones (Chair)	J P Mason
A J Barrass	A J Hawken

Board Innovation Subcommittee

N W Flowerday (Chair)	P R Jones
A J Barrass	C M Thompson

Kiwifruit Breeding Centre

N W Flowerday

Zespri Global Supply Advisory Board (ZGS)

C M Thompson (Chair)

Zespri Global Sustainability Advisory Board

A J Barrass (Chair)

Industry Advisory Council

A J Hawken (Chair)	N W Flowerday
P R Jones	B L Cameron (observer)

Kiwifruit Vine Health Board

C M Thompson

Remuneration of Directors

	2022 \$
A J Barrass ¹	85,417
B L Cameron	216,751
T Ciprian ²	15,314
N W Flowerday	99,031
A J Hawken	99,031
P R Jones	119,531
J P Mason	113,974
P M Springford	107,364
C M Thompson	99,031
Total	955,444

¹ A J Barrass was appointed as a Director in June 2021.

² T Ciprian ceased as Director in May 2021.

The Chair of each committee receives \$5,000 of remuneration per annum, except for the Chair of the Audit and Risk Management

DIRECTORS' DISCLOSURES [CONTINUED]

Committee who receives \$15,500 remuneration per annum.

Directors' interests – shareholdings

The following table sets out the shareholdings in Zespri Group Limited held by each Director or related entity as at 31 March 2022.

	Shareholding as at 31 March 2021	Date of transaction	Share price \$	Number purchased and transferred	Number sold	Interest commenced/ (ceased)	Shareholding as at 31 March 2022
A J Barrass			-	-	-	-	-
B L Cameron	1,277,429		-	-	-	-	1,277,429
N W Flowerday	1,123,984	20/05/2021	10.60	4,000	-	-	-
		20/05/2021	10.70	103,000	-	-	-
		30/07/2021	10.78	7,000	-	-	-
		30/07/2021	10.78	-	7,000	-	-
		22/12/2021	9.45	15,000	-	-	-
		11/03/2022	8.75	90,000	-	-	1,335,984
A J Hawken	477,601	14/05/2021	10.50	300,000	-	-	-
		20/05/2021	10.70	-	146,000	-	-
		20/05/2021	10.50	-	4,000	-	-
		21/06/2021	10.76	-	100,000	-	527,601
P R Jones	7,372,102	02/07/2021	10.95	135,440	-	-	-
		13/07/2021	10.95	44,560	-	-	-
		14/07/2021	11.00	27,551	-	-	-
		30/07/2021	11.00	35,000	-	-	-
		06/08/2021	10.95	4,000	-	-	-
		06/08/2021	11.00	103,500	-	-	-
		02/11/2021	10.20	200,000	-	-	-
		08/11/2021	10.00	50,000	-	-	-
		24/11/2021	9.95	360,000	-	-	-
		10/01/2022	9.00	45,500	-	-	-
		11/01/2022	9.00	15,500	-	-	-
		14/01/2022	8.85	50,000	-	-	-
		04/03/2022	8.70	75,000	-	-	-
		14/03/2022	8.80	80,000	-	-	-
		17/03/2022	-	-	-	1,780,893 ¹	-
		23/03/2022	8.80	80,000	-	-	-
		23/03/2022	8.75	220,000	-	-	10,679,046
J P Mason			-	-	-	-	-
P M Springford			-	-	-	-	-
C M Thompson	1,750,195		-	-	-	-	1,750,195

¹ Shares held by Progeny Kiwifruit Limited which was previously not a relevant interest of P R Jones but became a relevant interest due to ownership changes in that entity. The above table includes shareholdings and share trades by 'relevant interests' of Directors as defined in the Financial Markets Conduct Act 2013.

A full list of Directors' interests is included on the following pages.

DIRECTORS' DISCLOSURES [CONTINUED]**Directors' interests – Directors in office as at 31 March 2022****B L Cameron**

Director and Chairman of, and shareholder in, Zespri Group Limited
 Director of Zespri International Limited
 Chairman and Trustee of Waipuna Hospice Foundation Board (Interest ceased November 2021)
 Director of Eves Realty Group Ltd
 Director and Chairman of Realty Service Holdings Limited
 Director of, and shareholder in, Cameron Dairy Farms Limited
 Director of, and shareholder in, Cameron Farms Limited
 Director of, and shareholder in, Cameron Orchards Limited (Shareholder in EastPack Limited and DMS Progrowers Limited)
 Director of, and shareholder in, Gilston Mains Limited
 Director of, and shareholder in, Strathlea Holdings Limited
 Trustee of B L and G M Cameron Family Trust
 Trustee of Rawenga Trust

N W Flowerday

Director of, and shareholder in, Zespri Group Limited
 Director of Zespri International Limited
 Director of, and shareholder in, High Fives Orchard Limited (Shareholder in Apata Group Limited)
 Director of, and shareholder in, NWF Holdings Limited (Shareholder in Apata Group Limited)
 Director of, and shareholder in, Pro Kiwi Limited
 Director of Kiwifruit Breeding Centre Limited
 Director Representative on the Official Supply Estimate Committee

A J Hawken

Director of, and shareholder in, Zespri Group Limited
 Director of Zespri International Limited
 Chairman of Tapawera Hops Limited Partnership
 Chairman of Heretaunga Orchard Limited Partnership
 Chairman of Te Aari Apple Limited Partnership (Interest commenced July 2021)
 Director and Chairman of Korokipo Apple GP Limited
 Director and Chairman of Rakete Orchards GP Limited
 Director and Chairman of Wairau Hops Limited
 Director of, and shareholder in, Eastern Gold Limited (Shareholder in EastPack Limited and DMS Progrowers Limited)
 Director of, and shareholder in, Hawken Farm Limited
 Director of, and shareholder in, Pipt Limited
 Director of, and shareholder in, Rochford Farms Limited
 Director of, and shareholder in, Willows Rd Gold Limited
 Director of AS Wilcox (Interest commenced July 2021)
 Director of Tirohanga Fruit Company
 Shareholder in EastPack Limited
 Shareholder in Ryan Hawken Enterprises Limited
 Trustee of Kenmore Trust (Shareholder in EastPack Limited)
 Advisor to Origin Capital Fund
 Advisor to Productivity People Limited
 Business Development Manager at Trinity Lands Limited

P R Jones

Director of, and substantial shareholder in, Zespri Group Limited (Substantial shareholding commenced March 2022)
 Director of Zespri International Limited
 Director of Anamata 100 Ltd (Interest commenced May 2021)
 Director of DMS Group Limited and subsidiaries
 Director of DMS Progrowers Supply Entity Limited
 Director of Gold Income JV Ltd (Interest commenced October 2021)
 Director of Mangatarata Orchards Limited and Mangatarata Orchard Partnership
 Director of Tane-Mahuta Orchard Developments Limited
 Director of, and shareholder in, Direct Management Services Limited
 Director of, and shareholder in, DMS Progrowers Limited
 Director of, and shareholder in, Eastern Gold Limited
 Director of, and shareholder in, Elizabeth Heights Limited
 Director of, and shareholder in, Fraser Rd Orchard GP Limited and Limited Partnership
 Director of, and shareholder in, Fruit Force Partnership
 Director of, and shareholder in, Golf Course Orchard GP Limited and Limited Partnership
 Director of, and shareholder in, Mangatarata Farms Limited
 Director of, and shareholder in, Origin Capital Partners Management Limited and related entities
 Director of, and shareholder in, OTK Orchards Limited
 Director of, and shareholder in, TKG Agent Limited and TKG Partnership
 Director of, and shareholder in, Willow Rd Gold Limited
 Shareholder in Progeny Kiwifruit Limited
 Trustee of, and beneficiary of, the Patricia Jones Trust
 Trustee of, and beneficiary of, the P R Jones Family Trust

DIRECTORS' DISCLOSURES [CONTINUED]

Directors' interests – Directors in office as at 31 March 2022 (continued)

<p>J P Mason</p> <p>Director of Zespri Group Limited</p> <p>Director of Zespri International Limited</p> <p>Director and Chairman of Vector Limited and some subsidiaries</p> <p>Director of Air New Zealand Limited</p> <p>Director of Allagash Limited</p> <p>Director of Westpac New Zealand Limited</p> <p>President and Member of the Board of Directors of the American Chamber of Commerce (appointed July 2021)</p> <p>Member of the Institute of Directors NZ National Council</p> <p>Member of the University of Auckland Council (Interest commenced March 2022)</p> <p>Trustee of University of Auckland Endowment Fund</p> <p>Trustee of Beloit College (USA)</p> <p>Trustee of Dilworth School</p> <p>Trustee of World Wildlife Fund for Nature (NZ)</p> <p>Honorary Adjunct Professor of Accounting and Finance at the University of Auckland</p>	<p>A J Barrass</p> <p>Director of Zespri Group Limited (Interest commenced June 2021)</p> <p>Director of Zespri International Limited (Interest commenced June 2021)</p> <p>Director, and shareholder of, Heilala Vanilla Limited (Interest ceased September 2021)</p> <p>Chairwoman and Director of Babich Wines Limited</p> <p>Chairwoman and shareholder of Tom & Luke Holdings Limited</p> <p>Director of GWA Limited (Australia)</p> <p>Director of Spark New Zealand Limited</p> <p>Director, and shareholder of, Rockit Global Limited</p> <p>Advisory Board Chair of Southern Pastures Limited Partnership (Interest ceased October 2021)</p> <p>Member of the Institute of Directors Nominations Committee</p> <p>Chartered Member of the Institute of Directors</p>
<p>P M Springford</p> <p>Director of Zespri Group Limited</p> <p>Director of Zespri International Limited</p> <p>Director of Infratil Limited</p> <p>Director of Omaha Ventures Limited</p> <p>Director of Springford and Newick Limited</p> <p>Director of, and shareholder in, Cerbere Investments Limited</p> <p>Director of, and shareholder in, Charlie Farley Forestry Limited</p> <p>Director of, and shareholder in, Medicann Investments Limited</p> <p>Shareholder of New Zealand Wood Products Limited</p> <p>Trustee of The Dunstan Trust</p> <p>Trustee of The Springford Family Trust</p>	<p>C M Thompson</p> <p>Director of, and shareholder in, Zespri Group Limited</p> <p>Director of Zespri International Limited</p> <p>Director of DCD Orchards Limited</p> <p>Director of Kaiaponi Farms Limited</p> <p>Director of Kiwifruit Vine Health Incorporated</p> <p>Director of Ohiwa Hort Limited</p> <p>Director of Ohiwa Investments Limited</p> <p>Director of OPAC Properties Limited (interest ceased May 2021)</p> <p>Director of Paradise Kiwis Limited</p> <p>Director of Alandale Farms Limited (Shareholder in Seeka Limited)</p> <p>Director, and shareholder of, B&T Ranch Limited (Interest commenced December 2021)</p> <p>Director, and shareholder of, Double M Orchards Limited</p> <p>Director, and shareholder of, Opotiki Packing & Coolstorage Limited (interest ceased May 2021)</p> <p>Shareholder of CVC Orchards Limited</p> <p>Shareholder of G.I.K. ss</p> <p>Shareholder of Seeka Kiwifruit Limited (Interest commenced May 2021)</p> <p>Trustee of CM Thompson Family Trust</p> <p>Trustee of ID & N Greaves Family Trust</p> <p>Trustee and beneficiary of L&C Trust</p>

EMPLOYEE REMUNERATION

For the year ended 31 March 2022, the number of employees whose total remuneration and value of any benefits received or receivable exceeded \$100,000 between the following bands was:

Number of non-New Zealand-based employees	Number of New Zealand-based employees	Total remuneration and benefits (\$)
24	31	\$100,000 to \$109,999
26	20	\$110,000 to \$119,999
17	27	\$120,000 to \$129,999
19	17	\$130,000 to \$139,999
10	6	\$140,000 to \$149,999
17	13	\$150,000 to \$159,999
10	10	\$160,000 to \$169,999
10	9	\$170,000 to \$179,999
5	7	\$180,000 to \$189,999
7	6	\$190,000 to \$199,999
3	5	\$200,000 to \$209,999
4	5	\$210,000 to \$219,999
9	1	\$220,000 to \$229,999
6	7	\$230,000 to \$239,999
7	3	\$240,000 to \$249,999
1	5	\$250,000 to \$259,999
–	3	\$260,000 to \$269,999
3	1	\$270,000 to \$279,999
4	–	\$280,000 to \$289,999
2	1	\$290,000 to \$299,999
4	1	\$300,000 to \$309,999
1	1	\$310,000 to \$319,999
1	2	\$320,000 to \$329,999
3	1	\$330,000 to \$339,999
3	–	\$340,000 to \$349,999
2	1	\$360,000 to \$369,999
1	–	\$370,000 to \$379,999
1	–	\$390,000 to \$399,999
–	1	\$400,000 to \$409,999
1	–	\$410,000 to \$419,999
1	–	\$440,000 to \$449,999
–	1	\$480,000 to \$489,999
1	–	\$490,000 to \$499,999
3	–	\$540,000 to \$549,999
1	–	\$560,000 to \$569,999
–	1	\$580,000 to \$589,999
–	1	\$610,000 to \$619,999
–	1	\$620,000 to \$629,999
–	1	\$740,000 to \$749,999
1	1	\$780,000 to \$789,999
1	–	\$840,000 to \$849,999
–	1	\$850,000 to \$859,999
1	–	\$910,000 to \$919,999
1	–	\$980,000 to \$989,999
1	–	\$1,880,000 to \$1,889,999

Note: These bands are in New Zealand Dollar equivalents and reflect foreign exchange fluctuations.

INDUSTRY *Performance*

REGIONAL PRODUCTION ANALYSIS – NEW ZEALAND-GROWN KIWIFRUIT

Tray Equivalents (TEs) supplied to Zespri	2021/22		2020/21		2019/20		2018/19	
	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha
ZESPRI GREEN KIWIFRUIT								
Northland	79	7,410	81	8,829	100	6,835	106	8,498
Auckland	237	9,332	243	8,030	256	7,175	262	9,974
Bay of Plenty								
– Katikati	824	11,343	859	8,011	830	8,960	859	9,882
– Ōpōtiki	433	11,363	436	10,735	444	10,834	455	11,315
– Tauranga	987	11,711	996	10,625	1,066	9,773	1,087	12,014
– Te Puke	2,969	12,672	3,079	11,551	3,190	11,058	3,292	12,380
– Waihi	101	10,822	106	7,608	132	7,771	138	9,858
– Whakatāne	279	9,153	309	7,434	331	8,369	366	10,541
Waikato	210	9,327	202	8,297	204	9,113	203	9,076
Poverty Bay	31	7,035	40	6,054	44	6,801	52	7,745
Hawke's Bay	39	6,332	41	6,005	41	6,916	45	7,358
Lower North Island	69	6,482	69	8,623	69	9,062	70	9,291
South Island	133	6,903	197	6,226	208	6,519	223	7,258
Total producing hectares	6,390		6,659		6,915		7,158	
Average TE supplied per hectare		11,529		10,133		9,932		11,320
ZESPRI ORGANIC GREEN KIWIFRUIT								
Northland	–	–	–	–	–	–	–	–
Auckland	1	4,569	1	5,118	1	2,626	1	5,364
Bay of Plenty								
– Katikati	29	8,862	29	6,427	30	6,095	30	9,061
– Ōpōtiki	22	7,337	22	7,400	21	7,092	21	7,493
– Tauranga	177	7,331	177	7,333	174	6,599	182	8,604
– Te Puke	38	8,926	35	8,276	37	7,924	38	8,775
– Waihi	20	6,207	22	3,961	22	5,077	22	6,589
– Whakatāne	4	2,463	4	2,742	4	3,178	4	4,594
Waikato	142	5,226	147	4,875	147	6,047	148	6,885
Poverty Bay	–	–	–	–	0	2,728	1	4,042
Hawke's Bay	–	–	–	–	–	–	–	–
Lower North Island	6	8,097	2	3,330	2	3,763	2	4,439
South Island	–	–	–	–	–	–	–	–
Total producing hectares	438		439		437		448	
Average TE supplied per hectare		6,805		6,296		6,386		7,863
ZESPRI SUNGOLD KIWIFRUIT [GOLD3]¹								
Northland	430	12,461	386	13,251	368	11,738	356	12,327
Auckland	286	13,447	234	14,312	227	12,865	214	12,143
Bay of Plenty								
– Katikati	707	16,072	597	13,285	537	13,421	497	13,531
– Ōpōtiki	603	15,771	571	13,901	543	14,132	520	13,871
– Tauranga	519	15,443	517	14,580	500	13,133	476	14,100
– Te Puke	2,643	15,621	2,402	15,252	2,085	14,228	1,811	13,744
– Waihi	82	15,412	97	12,256	105	11,887	92	12,811
– Whakatāne	425	14,283	341	13,405	274	12,074	240	11,931
Waikato	194	14,204	185	12,773	197	11,239	192	10,712
Poverty Bay	346	13,532	311	10,727	267	12,321	244	11,937
Hawke's Bay	167	12,522	165	11,034	156	12,559	152	10,840
Lower North Island	1	10,010	1	10,096	1	11,093	2	5,955
South Island	119	11,335	241	15,189	224	14,897	200	14,135
Total producing hectares	6,522		6,047		5,483		4,996	
Average TE supplied per hectare		14,964		14,130		13,443		13,216

	2021/22		2020/21		2019/20		2018/19	
	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha	Producing ha	TE supplied per ha
Tray Equivalents (TEs) supplied to Zespri								
ZESPRI ORGANIC SUNGOLD KIWIFRUIT [GOLD3]¹								
Northland	24	9,745	9	7,579	–	–	–	–
Auckland	4	4,877	4	8,687	–	–	–	–
Bay of Plenty								
– Katikati	10	12,156	2	7,868	–	–	–	–
– Ōpōtiki	11	12,335	11	7,939	–	–	–	–
– Tauranga	41	12,613	30	10,618	–	–	–	–
– Te Puke	102	11,643	52	12,350	–	–	–	–
– Waihi	6	9,545	13	9,307	–	–	–	–
– Whakatāne	–	–	–	–	–	–	–	–
Waikato	19	9,256	18	8,263	–	–	–	–
Poverty Bay	4	11,702	3	4,871	–	–	–	–
Hawke's Bay	–	–	–	–	–	–	–	–
Lower North Island	–	–	–	–	–	–	–	–
South Island	–	–	–	–	–	–	–	–
Total producing hectares	222		142					
Average TE supplied per hectare		11,299		10,253				
ZESPRI SWEET GREEN KIWIFRUIT [GREEN14]								
Northland	–	–	–	–	–	–	1	5,809
Auckland	9	4,957	12	3,088	14	2,894	18	4,916
Bay of Plenty								
– Katikati	6	5,153	8	4,307	9	4,718	8	5,871
– Ōpōtiki	5	8,653	5	5,687	5	7,353	8	8,003
– Tauranga	1	9,330	1	5,771	1	7,380	4	7,254
– Te Puke	8	10,775	9	8,719	17	7,778	59	6,944
– Waihi	–	–	–	–	–	–	–	–
– Whakatāne	2	6,670	5	5,844	7	5,674	17	6,863
Waikato	–	–	–	–	8	6,248	11	5,032
Poverty Bay	–	–	–	–	–	–	3	5,298
Hawke's Bay	7	5,605	7	7,831	7	5,920	8	3,682
Lower North Island	–	–	1	2,471	2	3,181	4	2,602
South Island	–	–	–	–	–	–	2	4,013
Total producing hectares	37		48		70		145	
Average TE supplied per hectare		6,969		5,608		5,668		6,150
ALL ZESPRI KIWIFRUIT								
Northland	533	11,588	476	12,391	467	10,694	463	11,440
Auckland	537	11,413	494	10,886	497	9,642	494	10,716
Bay of Plenty	11,053	13,480	10,736	12,111	10,363	11,537	10,227	12,264
– Katikati	1,575	13,403	1,493	10,068	1,407	10,575	1,395	11,140
– Ōpōtiki	1,074	13,753	1,046	12,341	1,012	12,510	1,004	12,533
– Tauranga	1,725	12,405	1,722	11,470	1,741	10,420	1,750	12,215
– Te Puke	5,760	13,980	5,577	13,127	5,328	12,266	5,200	12,767
– Waihi	209	12,142	238	9,250	259	9,218	253	10,656
– Whakatāne	710	12,184	659	10,484	614	9,962	626	10,940
Waikato	564	9,969	551	8,883	555	9,016	554	8,978
Poverty Bay	381	12,988	353	10,155	312	11,526	300	11,123
Hawke's Bay	212	11,166	212	9,966	204	11,197	205	9,802
Lower North Island	77	6,684	73	8,392	75	8,749	78	8,720
South Island	252	8,994	438	11,157	433	10,861	426	10,473
Total producing hectares	13,610		13,334		12,905		12,747	
Average TE supplied per hectare		13,007		11,804		11,281		11,883

¹ The 2018/19 to 2019/20 comparatives presented here for Zespri Sungold kiwifruit (Gold3) reflect the combined pool of Zespri SunGold and Organic SunGold kiwifruit (Gold3). These varieties have been split into separate pools for the 2020/21 year.

TE/ha = tray equivalents of supplied Class 1 standard supply sizes per hectare.

Producing hectares includes all hectares producing fruit in the relevant season.

Producing hectare amounts are not rounded to whole numbers; therefore, rounding differences may apply to totals.

INDUSTRY *Performance* CONTINUED

NEW ZEALAND KIWIFRUIT INDUSTRY STATISTICS










	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Distribution to growers/suppliers								
Fruit and service payments (excluding loyalty premium)	13.47	13.72	12.94	11.52	11.53	9.21	9.27	9.57
Loyalty premium	0.30	0.39	0.31	0.30	0.27	0.25	0.24	0.24
Total payments per tray all classes¹	13.77	14.11	13.25	11.83	11.80	9.46	9.51	9.81
Crop volumes ('000)								
Trays submitted (gross)	183,973	160,977	150,341	157,715	125,822	148,902	123,763	97,304
Trays supplied ³	179,662	159,649	148,134	154,058	124,433	145,871	120,145	95,683
Trays sold ³	175,033	158,077	145,223	148,843	123,246	137,748	117,094	95,187
Trays sold as a percentage of trays supplied	97.4%	99.0%	98.0%	96.6%	99.0%	94.4%	97.5%	99.5%
General statistics								
Production per hectare (trays submitted)	13,518	12,072	11,650	12,373	9,913	11,838	10,157	8,662
Producing hectares	13,610	13,334	12,905	12,747	12,692	12,578	12,185	11,233
Orchard Gate Return per hectare (average)	124,479	123,041	107,142	96,033	79,361	68,868	60,758	57,369
Number of producers ²	2,843	2,813	2,792	2,756	2,405	2,435	2,516	2,540
Average number of trays supplied per producer	63,194	56,754	53,057	55,899	51,739	59,906	47,752	37,670
Number of orchards registered								
0 – 2 hectares	713	734	738	717	774	791	807	834
2 – 5 hectares	1,527	1,554	1,540	1,575	1,509	1,508	1,499	1,428
5 – 10 hectares	743	720	693	702	607	589	568	515
Over 10 hectares	254	214	211	207	165	161	147	128
Total (KPINs)	3,237	3,222	3,182	3,201	3,055	3,049	3,021	2,905
Average orchard size (hectares)								
Green	3.3	3.3	3.3	3.4	3.5	3.5	3.5	3.6
Gold*	3.8	3.5	3.3	2.8	2.7	2.6	2.3	1.9
* includes Gold3, Hort16A and Gold9 (decommercialised 2015/16)								
Number of packhouses used								
0 – 500,000 trays	5	6	10	7	15	16	17	15
500,001 – 1,000,000 trays	2	3	3	6	6	7	5	8
1,000,001 – 2,000,000 trays	4	8	9	8	4	5	9	8
Over 2,000,000 trays	27	24	22	23	22	22	20	19
Total	38	41	44	44	47	50	51	50
Average trays stored per packhouse ('000)	4,841	3,926	3,417	3,584	2,677	2,978	2,427	1,956
Number of coolstores used								
0 – 500,000 trays	27	17	22	25	31	35	29	26
500,001 – 1,000,000 trays	5	10	8	6	8	10	5	9
1,000,001 – 2,000,000 trays	6	7	9	8	6	7	9	8
Over 2,000,000 trays	27	25	24	25	22	21	21	19
Total	65	59	63	64	67	73	64	62
Average trays stored per coolstore ('000)	2,830	2,728	2,386	2,464	1,878	2,040	1,934	1,577
Number of employees (full time equivalent)								
New Zealand based (includes seasonal employees)	381	343	294	251	239	233	194	184
Non-New Zealand based	395	345	284	279	239	203	159	133
Total	776	688	578	530	478	436	353	317
Global revenue per full time equivalent employee (\$'000), including seasonal employees	5,774	5,675	5,830	5,952	5,244	5,379	5,457	5,062
Global revenue (adjusted to 31 March 2022 7-year average foreign exchange rates) per employee (\$'000) – including seasonal employees	5,624	5,461	5,635	5,786	5,248	5,399	5,482	5,544

1 Per tray amounts are not rounded to two decimal places; therefore, rounding differences may apply to totals.

2 In accordance with the revised Constitution definition of Producer, from 2018/19 the number of producers includes lessees. The historical numbers exclude lessees.

3 Volumes relate to the supply season.

NEW ZEALAND TOTAL FRUIT AND SERVICE PAYMENTS INCLUDING LOYALTY PREMIUM

	Return \$m 2021/22	\$ PER TE ¹ 2021/22	\$ PER TE 2020/21	\$ PER TE 2019/20	\$ PER TE 2018/19
CLASS 1 KIWIFRUIT					
 Total tray equivalents supplied (millions)		73.9	67.5	68.7	81.0
Fruit payments	346.5	4.69	8.65	4.10	4.10
Fruit incentives	278.5	3.77	0.36	4.15	3.01
Service payments	110.7	1.50	1.39	1.59	1.67
Loyalty premium	22.2	0.30	0.40	0.31	0.31
Total fruit and service payments (including loyalty premium)	757.9	10.25	10.80	10.16	9.09
 Total tray equivalents supplied (millions)		3.0	2.8	2.8	3.5
Fruit payments	18.7	6.25	11.54	5.64	6.74
Fruit incentives	16.4	5.50	0.46	5.71	4.10
Service payments	2.9	0.96	0.81	0.90	1.00
Loyalty premium	0.9	0.30	0.40	0.31	0.31
Total fruit and service payments (including loyalty premium)	38.9	13.02	13.21	12.56	12.14
 Total tray equivalents supplied (millions)		97.7	85.5	73.7	66.0
Fruit payments	763.8	7.82	14.18	6.32	7.17
Fruit incentives	661.3	6.77	0.83	8.14	6.31
Service payments	157.5	1.61	1.42	1.57	1.58
Loyalty premium	29.3	0.30	0.40	0.31	0.31
Notes 2 Total fruit and service payments (including loyalty premium)	1,611.9	16.50	16.82	16.35	15.37
 Total tray equivalents supplied (millions)		2.5	1.5		
Fruit payments	18.1	7.21	16.95		
Fruit incentives	20.5	8.20	0.55		
Service payments	3.2	1.30	0.96		
Loyalty premium	0.7	0.30	0.40		
Note 2 Total fruit and service payments (including loyalty premium)	42.5	17.02	18.85		
 Total tray equivalents supplied (millions)		0.3	0.3	0.4	0.9
Fruit payments	1.9	7.16	12.70	6.59	6.53
Fruit incentives	1.0	3.98	0.50	3.92	3.37
Service payments	–	–	–	–	0.12
Loyalty premium	0.1	0.30	0.40	0.31	0.31
Total fruit and service payments (including loyalty premium)	3.0	11.44	13.61	10.82	10.34
CLASS 2 KIWIFRUIT					
 Total tray equivalents supplied (millions)		1.3	1.1	1.1	1.4
Fruit payments	9.6	7.18	7.32	7.01	5.97
Service payments	0.2	0.16	0.13	–	0.04
Total fruit and service payments	9.8	7.34	7.45	7.01	6.01
 Total tray equivalents supplied (millions)		0.1	0.1	0.1	0.1
Fruit payments	0.9	9.87	10.02	10.02	9.86
Service payments	–	0.20	0.15	0.13	0.19
Total fruit and service payments	0.9	10.07	10.17	10.15	10.05
 Total tray equivalents supplied (millions)		0.9	0.8	0.5	0.7
Fruit payments	8.0	9.36	9.02	8.44	7.68
Service payments	0.2	0.19	0.16	0.03	0.08
Note 3 Total fruit and service payments	8.2	9.55	9.18	8.47	7.76
 Total tray equivalents supplied (m)		0.0	0.0		
Fruit payments	0.4	14.10	13.42		
Service payments	–	0.03	0.04		
Note 3 Total fruit and service payments	0.4	14.14	13.47		
NON-STANDARD SUPPLY					
Total tray equivalents supplied (millions)		0.0	0.1	0.8	0.5
Fruit payments	0.1	8.47	9.71	4.20	5.60
Fruit incentives	–	5.17	–	3.49	2.79
Service payments	–	0.43	0.77	0.96	0.54
Total fruit and service payments	0.1	14.07	10.48	8.65	8.93
TOTAL ALL POOLS					
Total tray equivalents supplied (millions)		179.7	159.6	148.1	154.1
Fruit payments	1,167.8	6.50	11.74	5.28	5.53
Fruit incentives	977.8	5.44	0.61	6.12	4.41
Service payments	274.7	1.53	1.37	1.54	1.59
Loyalty premium	53.2	0.30	0.39	0.31	0.30
Total fruit and service payments (including loyalty premium)	2,473.5	13.77	14.11	13.25	11.83
Total fruit and service payments 2020/21	2,253.2				
Total fruit and service payments 2019/20	1,962.5				
Total fruit and service payments 2018/19	1,821.8				

1 \$ Per TE Amounts are not rounded to two decimal places; therefore, rounding differences may apply to totals.

2 The 2018/19 to 2019/20 comparatives presented here for Zespri SunGold kiwifruit reflects the combined pool of Zespri SunGold and Organic SunGold kiwifruit (Gold3). These varieties have been split into separate pools from 2020/21 onwards.

3 The 2018/19 to 2019/20 comparatives presented here for Zespri Class 2 SunGold kiwifruit reflects the combined results of Zespri Class 2 SunGold and Class 2 Organic SunGold kiwifruit (Gold3). These varieties have been presented separately from 2020/21 onwards.

ALTERNATIVE Revenue Statement

	2021/22	2020/21	2019/20
Zespri global operating revenue (\$'000)**	4,465,440	3,889,634	3,355,220
Zespri global kiwifruit sales – net (\$'000)	4,028,710	3,582,708	3,139,707
New Zealand grown kiwifruit tray equivalents supplied (millions)	179.7	159.6	148.2
Non-New Zealand grown kiwifruit tray equivalents supplied (millions)	26.8	23.7	19.3
NEW ZEALAND KIWIFRUIT SEGMENT	\$'000	\$'000	\$'000
Gross sales of New Zealand kiwifruit	3,773,671	3,334,563	2,966,543
Promotional rebates, claims and discounts	(320,491)	(258,894)	(223,988)
Net sales of New Zealand kiwifruit	3,453,180	3,075,669	2,742,555
Net fruit return through collaborative marketers	38,666	34,212	27,768
Other pool income	3,463	877	990
Revenue attributable to New Zealand pools¹	3,495,309	3,110,758	2,771,313
Less New Zealand pool costs:			
Freight	246,967	166,211	169,102
Insurance (onshore and offshore excluding hail)	5,635	4,718	3,939
Hail self-insurance	6,328	445	2,665
Duty and customs	46,789	48,361	45,414
Other direct pool costs – onshore ^{2,3,4,6}	114,161	103,835	86,384
Other direct pool costs – offshore	145,644	124,779	110,155
Promotion	179,285	167,437	170,546
Interest income ⁵	(1,356)	(630)	(1,444)
Total pool costs	743,453	615,156	586,761
Return from fruit sales	2,751,856	2,495,602	2,184,552
New Zealand fruit and service payments	2,420,284	2,190,089	1,917,709
Zespri margin⁷	331,572	305,513	266,843
Other non-pool revenue	3,564	2,478	2,303
Innovation funding ⁹	3,187	2,678	2,446
New Zealand kiwifruit corporate revenue	338,323	310,669	271,592
Less corporate overhead expenses:			
Innovation	16,398	13,326	15,073
Overhead costs – onshore	135,326	93,989	91,540
Overhead costs – offshore	107,657	86,395	83,093
Allocated excess taxation	955	–	(382)
New Zealand kiwifruit corporate overhead expense	260,336	193,710	189,324
Zespri EBIT and loyalty premium from New Zealand kiwifruit segment	77,987	116,959	82,268
Loyalty premium	53,072	62,619	45,475
Zespri EBIT from New Zealand kiwifruit	24,915	54,340	36,793
NON-NEW ZEALAND SUPPLY SEGMENT⁸	\$'000	\$'000	\$'000
Net sales of non-New Zealand supply kiwifruit	536,864	472,827	369,384
Less non-New Zealand supply costs:			
Direct costs including fruit purchases	479,110	413,556	330,074
Overhead costs	32,184	28,816	26,743
Other expense/(income)	(1,291)	1,634	1,449
	510,003	444,006	358,266
Zespri EBIT from non-New Zealand supply segment	26,861	28,821	11,118

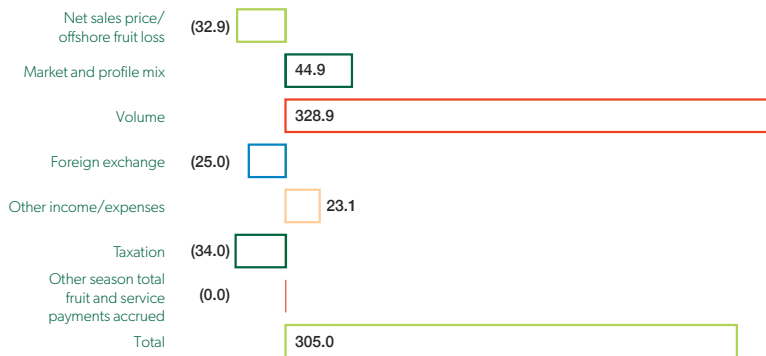
	2021/22	2020/21	2019/20
NEW CULTIVARS SEGMENT	\$'000	\$'000	\$'000
New cultivars licence revenue	436,731	306,926	215,513
New cultivars royalty income ²	45,589	39,600	32,901
New cultivars Innovation funding ⁹	3,983	5,674	5,549
Revenue attributable to new cultivars	486,303	352,200	253,963
Less new cultivars costs:			
Amortisation of new cultivars	1,479	1,284	1,320
New cultivars costs ¹⁰	36,270	31,141	27,237
	37,749	32,425	28,557
Zespri EBIT from new cultivars segment	448,554	319,775	225,406
LAND AND BUILDINGS SEGMENTS	\$'000	\$'000	\$'000
Income	2,935	2,862	2,590
Overhead costs	619	834	796
	619	834	796
Zespri EBIT from land and buildings segment	2,316	2,028	1,794
ZESPRI GROUP PROFIT SEGMENT	\$'000	\$'000	\$'000
Zespri Group EBIT	502,646	404,964	275,111
Net interest income	1,524	353	2,191
Add back allocated excess taxation	955	–	(382)
Zespri Group profit before taxation	505,125	405,317	276,920
Taxation	143,624	114,827	76,099
Zespri Group profit after tax	361,501	290,490	200,821
Restatement adjustment after tax*	–	(13,357)	(14,043)
Restated Zespri Group profit after tax*	361,501	277,133	186,778
Total fruit and service payments	2,420,284	2,190,089	1,917,709
Loyalty premium	53,072	62,619	46,475
Total fruit and service payments (including loyalty premium)¹¹	2,473,356	2,252,708	1,963,184

The Alternative Revenue Statement is used for management information and is the basis for the calculation of the fruit and service payments. Foreign exchange gains and losses are allocated differently from the way that they are allocated in the Financial Statements in that they are apportioned to the relevant line items above. For more detail on segment EBIT's, refer to Note 23 of the Financial Statements.

* The restated Zespri profit after tax relates to accounting policy changes for Cloud Computing. For more detail on the nature of the restatements refer to note 1 (b) of the Financial Statements.

** Global operating revenue equals global kiwifruit sales plus new cultivars licence revenue.

CAUSE OF CHANGE 2021/22 VS 2020/21 \$MILLIONS



The 'Cause of Change' chart outlines the increase in the return to the industry this financial year to \$2,835 million from \$2,530 million (restated) in 2020/21.

	\$'000
Total fruit and service payments 2020/21 (including loyalty premium)	2,253,160
Add other season total fruit and service payments accrued	(452)
Add Zespri net profit after tax 2020/21***	277,134
Return to industry 2020/21 financial year	2,529,842
Movements due to change in:	
Net sales price/offshore fruit loss	(32,916)
Market and profile mix	44,874
Volume	328,906
Foreign exchange	(24,981)
Other income/costs	23,126
Taxation	(33,972)
Return to industry 2021/22 season	2,834,879
Other season accruals	(22)
Return to industry 2021/22 financial year	2,834,857
Total fruit and service payments 2021/22 season	2,420,295
Add other season total fruit and service payments accrued	(144)
Add Zespri loyalty premium 2021/22 season	53,205
Total including loyalty premium 2021/22 (including loyalty premium)	2,473,356
Add Zespri net profit after tax 2021/22	361,501
Return to industry 2021/22 financial year	2,834,857

NEW ZEALAND POOL COSTS AS A PERCENTAGE OF POOL REVENUE

	2021/22	2020/21	2019/20
Zespri margin (net of loyalty premium)*	8.0%	7.8%	8.0%
Freight**	7.1%	5.3%	6.1%
Insurance	0.3%	0.2%	0.2%
Duty and customs	1.3%	1.6%	1.6%
Other direct pool costs – onshore	3.3%	3.3%	3.1%
Other direct pool costs – offshore	4.2%	4.0%	4.0%
Promotion	5.1%	5.4%	6.2%
Interest (Income)/Charge	(0.0%)	(0.0%)	(0.1%)
Total fruit and service payments (including loyalty premium)	70.8%	72.4%	70.8%
	100.0%	100.0%	100.0%
Revenue attributable to New Zealand pools (\$'000)¹	3,495,309	3,110,758	2,771,313

* Zespri margin (net of loyalty premium) as a percentage of pool revenue is higher in 2021/22 due to lower loyalty premium paid resulting from the Cloud Computing accounting policy change, despite Zespri fruit return margin percentage reducing in 2021/22 to 7.00% from 7.25% in 2020/21.

** Freight costs have increased as a percentage of pool revenue in 2021/22 due to global freight rates and fuel cost increases.

***2020/21 Net profit after tax retrospectively restated for changes in the Cloud Computing accounting policy (see note 1(b) of the financial statements).

- 1 Net revenue attributable to the pools includes sales of New Zealand-grown kiwifruit, income from New Zealand collaborative marketing programmes and other pool income as noted in the Alternative Revenue Statement.
- 2 Within 'Other direct pool costs – onshore' is the 3.0 percent royalty from new cultivars on net sales for Gold3 and Green14. This royalty is made up of two components: 1.35 percent of this royalty is paid to The New Zealand Institute for Plant & Food Research Limited and 1.65 percent royalty income from new cultivars in Zespri Group Limited.
- 3 Other direct pool costs – onshore include: KVH funding, KNZ fees and NZKGI funding.
- 4 Zespri Group Limited pays two different levies to Kiwifruit Vine Health Incorporated (KVH) on behalf of growers, for kiwifruit grown in New Zealand and exported to markets other than Australia: (1) a Psa levy of \$0.001 per tray and (2) a biosecurity level of \$0.015 per tray.
- 5 Interest income is made up of the following: interest income of \$1.52 million and interest paid of \$0.16 million. This results in an overall interest income to the pools of \$1.36 million.
- 6 Zespri Group Limited is required, under Regulation 39 of the Kiwifruit Export Regulations 1999, to fund the statutory board Kiwifruit New Zealand. New Zealand Kiwifruit Growers Incorporated (NZKGI) is the kiwifruit grower representation body and Zespri Group Limited is required by The Commodity Levies (Kiwifruit) Order 2017 to pay a levy to NZKGI on behalf of growers. The rate for the 2020/21 year was \$0.01 per tray of kiwifruit grown in New Zealand and exported to markets other than Australia.
- 7 Zespri margin is calculated in accordance with the New Zealand Supply Agreement, being 5.0 percent of net sales (excluding collaborative marketing programmes) and 7.00 percent of fruit payments to suppliers.
- 8 Further analysis of non-New Zealand-grown supply is available within the segment reporting in Note 23 of the Financial Statements.
- 9 Innovation funding has been split between the New Zealand kiwifruit segment and the new cultivars segment based on the segment activity.
- 10 New Cultivars Costs include overhead costs and innovation costs.
- 11 Fruit and service payments (including loyalty premium) include an accrual of \$144k relating to early seasons sales and costs across the financial years.



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