

Key Performance Indicators



A Key Performance Indicator (KPI) is a type of performance measurement that evaluates the success of Zespri or of a particular activity in which Zespri engages.

Zespri's financial year runs from 1 April to 31 March.



Industry Trends

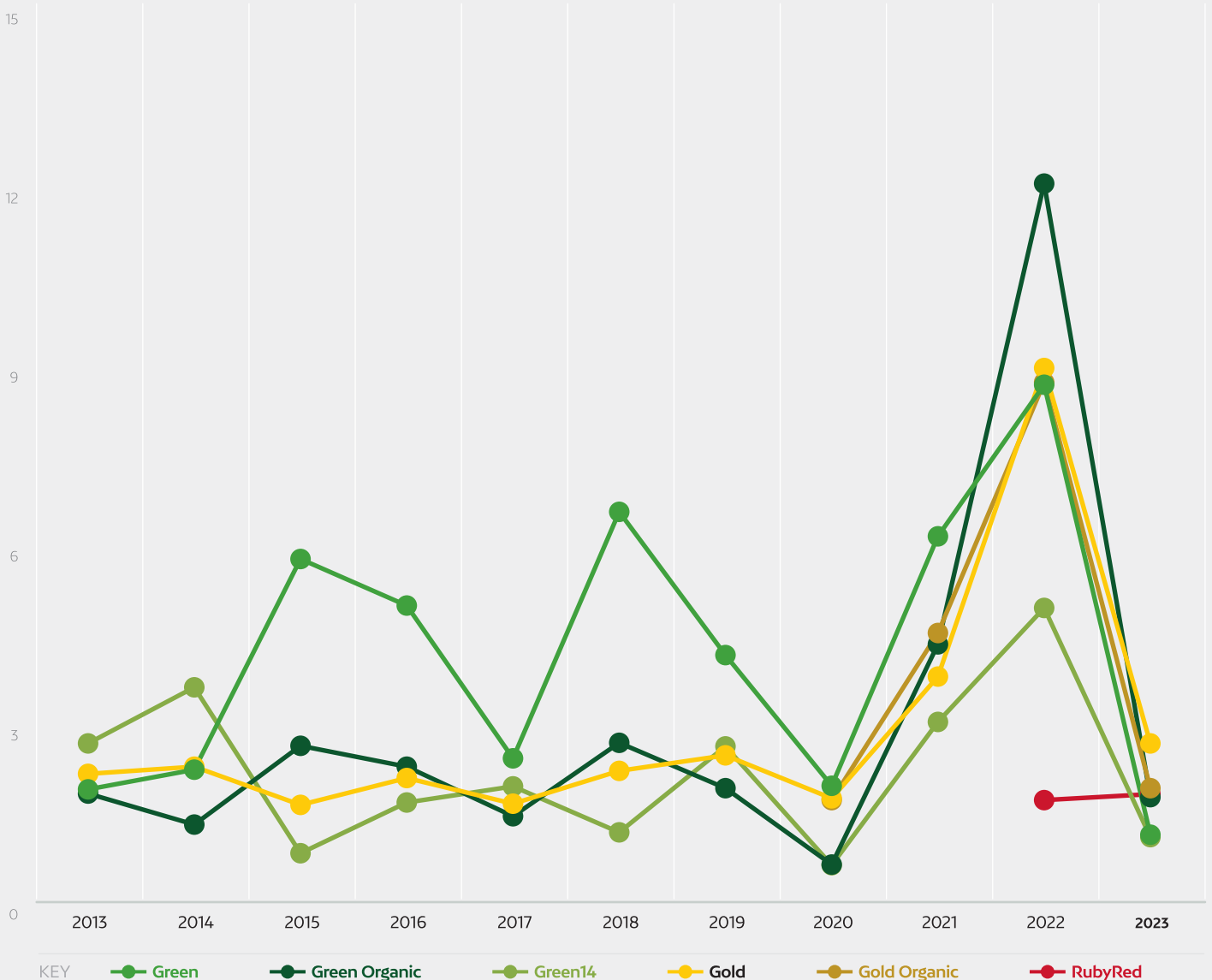
Combined (on/offshore) Fruit Loss

In response to the quality issues encountered in 2022, the industry developed then implemented a seven-point action plan aimed at improving not only grower returns but market confidence and brand reputation. As a result, the 2023 season marked a significant turnaround in fruit loss from the previous year, reducing from 8.89% to 2.18%, thanks to a combination of factors including reduced crop volumes, better environmental conditions, removal of labour restrictions, and improvement initiatives throughout the supply chain. A shorter selling season also played a role.

Five of the Six fruit groups experienced fruit loss reductions, with only RubyRed having a marginal increase (1.66% to 1.88%). The largest impact was felt by Green Organic from 12.04% to 1.72%, whilst Conventional reported 1.12%, Gold Organic 1.94% and Conventional 2.66% from 8.95% with Green 14 falling to 1.08%.



Total Combined Fruit Loss (% of submit)



KPI 2023 SEASON Commentary

Onshore Fruit Loss

Complementing the industry wide Quality Action plan through the latter part of 2022, the re-opening of New Zealand's borders allowed labour to return to the industry. This supported an improved supply chain improving fruit loss results across all fruit groups, none more notable than the Green category with Organic improving from 5.93% to 1.15% and Conventional 0.6% an improvement from 4.97%. Gold varieties were close behind with Conventional at 1.55% from 5.74% and Organic to 0.7% from 3.25% in 2022.

Offshore Fruit Loss

Following on from strong Onshore performance, the overall Offshore fruit loss declined from 3.48% in 2022 to 0.93% in 2023, which was comparable to 2020. Apart from the slight increase of fruit loss of RubyRed (1.28% to 1.54%) all other varieties across the main reporting regions improved. While onshore quality was a leading factor, the continuous improvement throughout the supply chain is essential to maintain fruit quality in future seasons.

NZ Supply Overhead, Margin and Sales

NZ Supply Overheads (excluding innovation) was 8.06% of net revenue in 2023. This is a small increase of 0.17% from 2022 which was 7.89%. This was off the back of a reduced crop.

Zespri introduced several cost-saving initiatives, including a 'sinking lid' employment policy and reductions in non-employment costs. Despite these efforts, the company's largest expense, employment costs, increased slightly due to increased investment in supply chain staff as well as the impact of wage inflation.

Research & Development (R&D)

Total NZ R&D expenditure declined 2.18%. At a segment level, NZ supply innovation dropped 5.8% where investment in New Cultivars has returned slight growth to \$19.6m. Total NZ Supply R&D dropped from 6.5% of NZ supply margin to 6.0%.



Onshore Fruit Loss (% of submit)

The percentage of gross submit volume that is subsequently not shipped because of fruit loss.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Green	1.38%	1.71%	3.74%	2.76%	1.30%	2.98%	1.60%	0.69%	2.69%	4.97%	0.60%
Green Organic	1.31%	1.09%	1.81%	1.16%	1.03%	1.21%	1.00%	0.32%	2.01%	5.93%	1.15%
Gold*	1.94%	1.46%	1.12%	0.87%	0.74%	1.39%	1.35%	0.93%	2.07%	5.74%	1.55%
Green14	2.25%	3.39%	0.41%	1.36%	0.23%	0.16%	0.30%	0.01%	0.21%	0.92%	0.48%
Gold Organic*							0.99%	1.27%	3.25%		0.70%
Red19										0.38%	0.34%

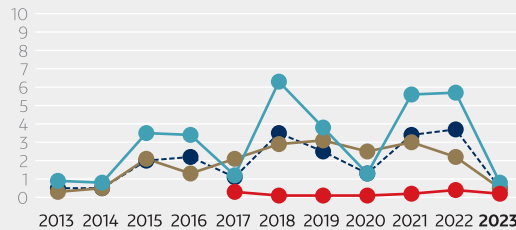
*The 2013 to 2019 comparatives presented here for Gold reflect the combined pool of SunGold and Organic SunGold kiwifruit. These varieties have been split into separate pools for the 2020 season onwards.



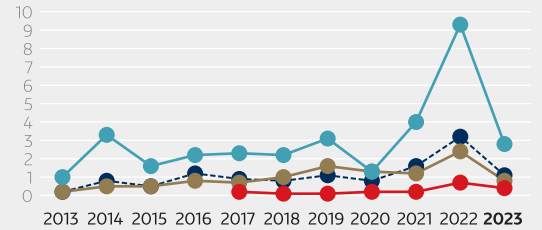
Offshore Fruit Loss (% of submit)

The percentage of fruit in market (offshore) that is not sold due to quality reasons.

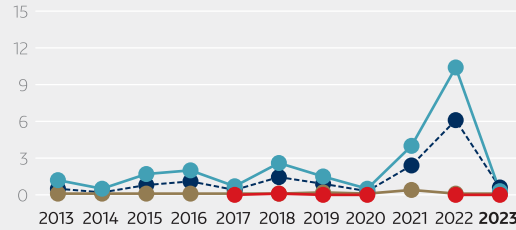
Green



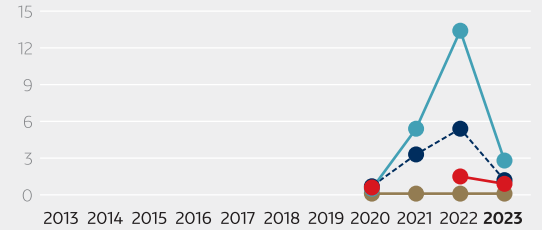
Gold



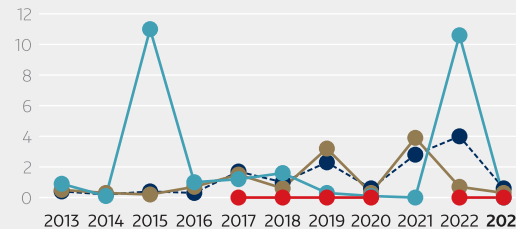
Green Organic



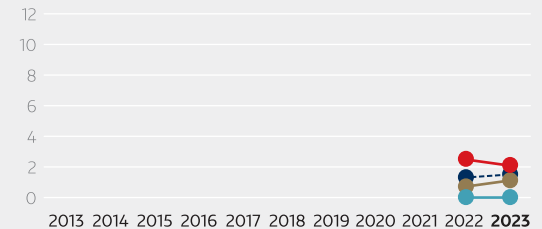
Gold Organic*



Green14



Red19



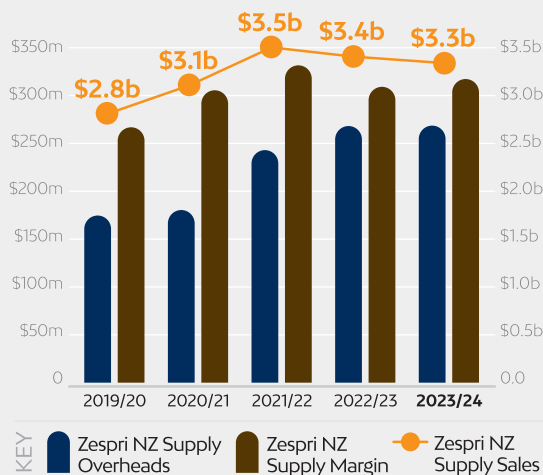
KEY ● China ● Europe ● Japan ● Overall

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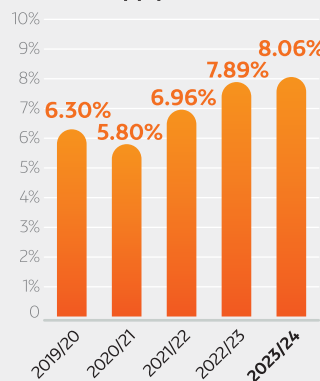


NZ Supply Overheads, Margin and Sales

Expenses associated with running the NZ Supply business (excluding innovation).

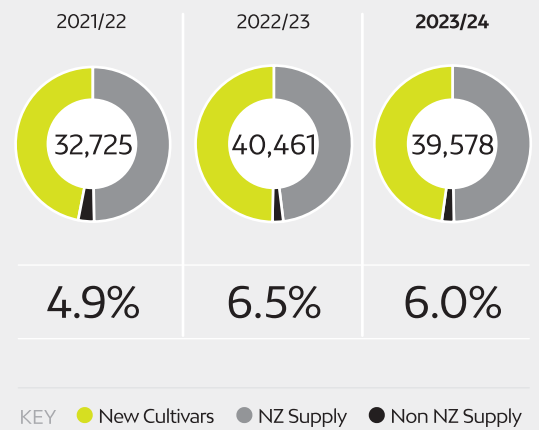


NZ Supply Overheads over NZ Supply Sales



Research & Development

The amount of NZ Supply Margin utilised for R&D expenditure (stated in \$1,000).



KPI 2023 SEASON Commentary

Global Revenue per FTE (Full Time Equivalent)

Full-time equivalent employees or FTEs (includes Fixed Term and Fixed Term Seasonal but excludes casual employees) increased as of March 2024. Zespri's actual FTE total was 912, increasing 41 positions from 2023. 75% of these 41 roles were in quality, supply chain, sales functions and prioritising hiring choices in non-NZ based production. These investments sought to improve fruit quality and sales functions.

Premium Pricing

Zespri branded Green was able to command an average of +28% premium compared to other Green kiwifruit, a reduction from 2022 which was 37%. While China was able to increase its premium from 51% to 76%, all other markets experienced levels of premium erosion, with Europe declining from 83% to 47%, Japan a 20% drop to 22% and North America to 15% from 26%. With reduced volumes, Zespri and its competitors took the opportunity to increase their prices with competitors closing the pricing differential, leveraging on the shorter season and Zespri's strong pricing to increase their own.

* While Korea continues to be volatile, the values provided relate to domestic fruit in which the local Korean Green sales window differs to the NZ Supply volume with very little supply to compare with, falling again by 4%.

Brand Power

Brand power ultimately translates to the value consumers see in a brand and how willing they are to buy. The key factors affecting results in 2023 were lower volumes and recovery from the issues experienced in 2022 and as such, across 15 key markets, Zespri (weighted average) dropped from 15.2% to 14.7%, with unaided awareness largely in line with last year at 31.6%.

Brand Power Rankings remained strong with Zespri continuing to be no. 1 in China and Taiwan. Zespri held it's ranking in most of the core 15 markets, with Belgium (3rd to 2nd) and Australia (8th to 6th) improving, while both Italy and The Netherlands dropped places.

Zespri household penetration, or the percent of households that purchased at least one Zespri kiwifruit in a year, experienced a slight decline to 26% in 2023. All but one of the Enhance markets (Hong Kong) dropped, as did most of the Establish markets where The Netherlands were the worst performer falling from 37.2% last year to 30.1%, followed by France from 38.4% to 33.9%.

Quality and reduced supply translated to reduced media and promotional spend, along with consumer touchpoints. Zespri advise that it takes longer than a season to restore trust to consumers, so improvement is expected next year.



Global Revenue per Employee

The productivity and effective use of Zespri's resources.

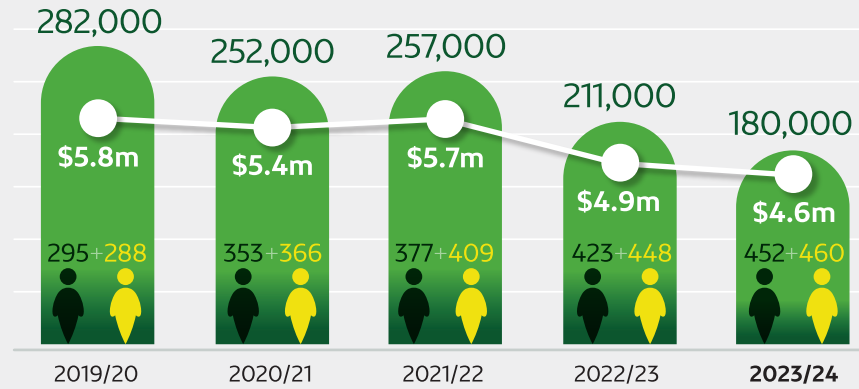
KEY

Trays sold per full time employee equivalent (includes Non-NZ supply trays)

Revenue (\$m) per full time employee equivalent

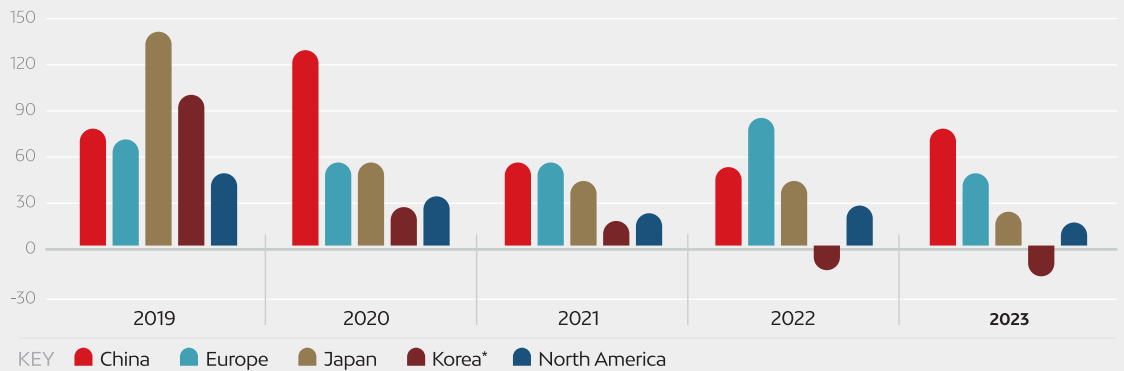
Number of Employees

NZ based full time employees (incl. seasonal)
Non-NZ based



Average Premium Pricing – Green (% by market)

The price at which Green fruit is sold which is higher than that of competing brands.

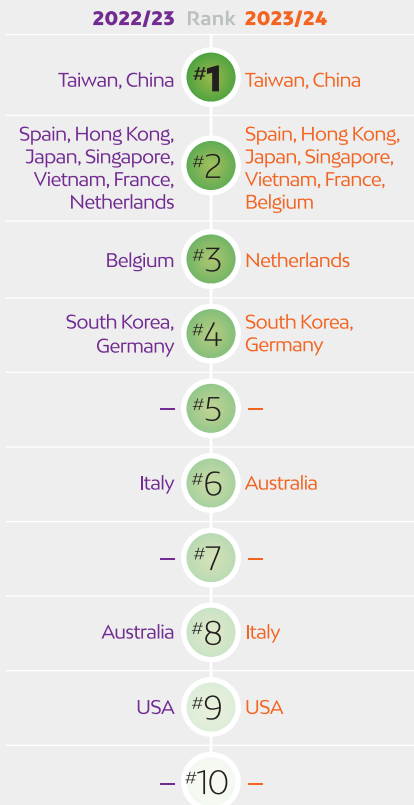


Brand Awareness – Top Markets in Brand Performance (%)

The engagement of consumers and their loyalty to the Zespri brand.

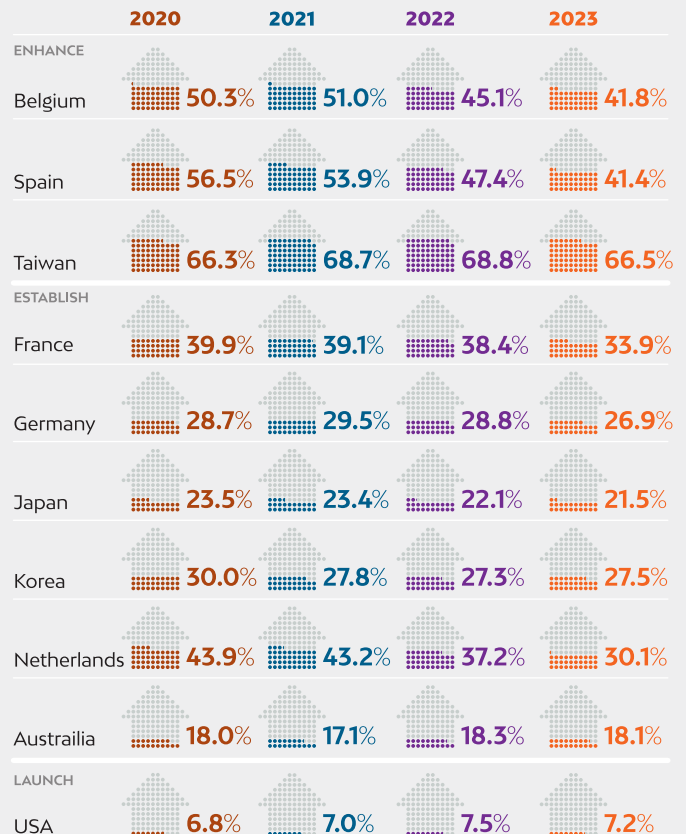
Zespri Brand Power

Ranking of Zespri's brand power among fruitbrands.



Zespri Penetration

Percentage of households that bought Zespri kiwifruit at least once a year.



Source: shopper panel where available on Zespri brand level (consolidation of Kantar WP, GfK, Numerator, TrueData, Nielsen)

KPI 2023 SEASON Commentary

Dividend

In the past few years, the earnings growth was mostly driven by the SunGold License Revenue. However, from FY2022 to FY2024, Zespri reduced the number of licenses and modified the license release mechanism, both of which contributed to the reduction of the earnings before interest and taxes (EBIT) from the non-core (NC) segment. This resulted in a lower total net profit after tax (NPAT) which then reflected in the lower dividends and lower share price of \$4.35 from \$6.25.

Zespri board declared a 2023/24 net final dividend of \$0.19 per share (with a gross dividend of \$0.24). This brings the total net dividend to \$0.85 (with a gross dividend of \$1.08) per share, down from \$1.17 (the gross dividend as \$1.53) in 2022/23. The 2023/24 final dividend will be partially imputed.

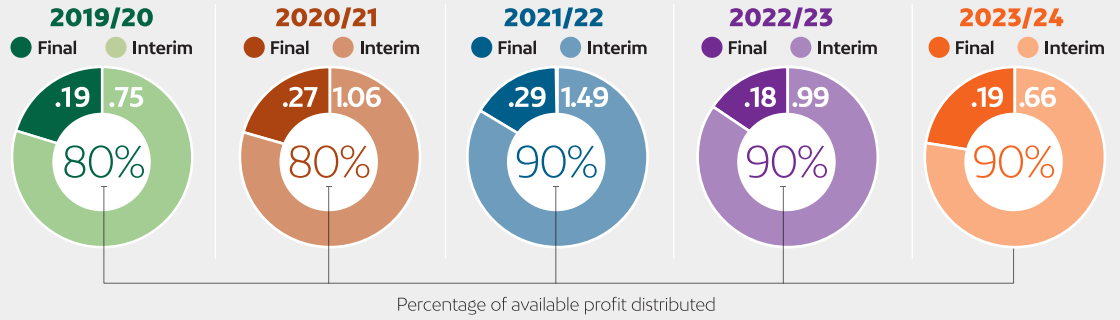
For the 2023/24 financial year, imputation credits will have been attached to 70% of the total expected dividend.



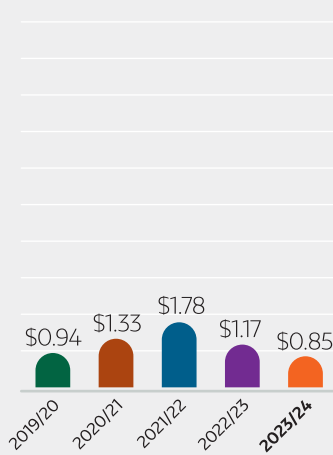
Zespri Group Limited (ZGL) Dividend (NZD)

How the ZGL dividend return has changed (re-stated for the 3 for 2 share split).

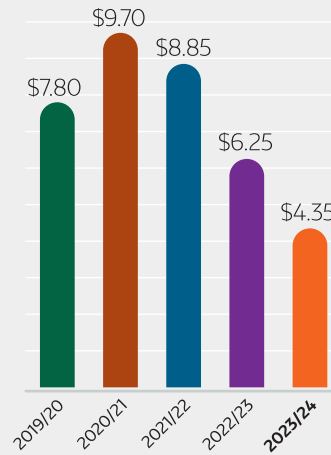
Dividend per share



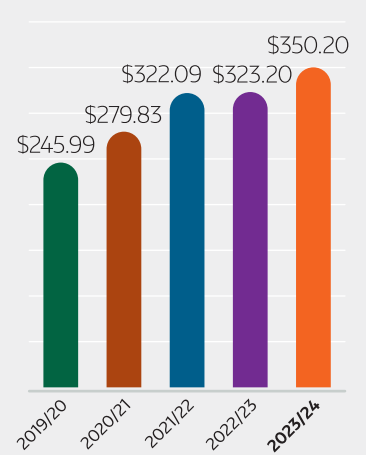
Dividend Return



Share Price



Equity (millions)



Collaborative Marketing

All Collaborative Marketing programmes received in 2023 were approved by Kiwifruit New Zealand.

2023 recorded a slight increase of 300k trays from 2022 sold through Collaborative Marketing to 3.1m. The OGR for both Zespri and Collaborative Marketing also increased in the 2023/24 season compared to the previous year and remain comparable at \$9.58 (Zespri) and \$9.70 respectively.

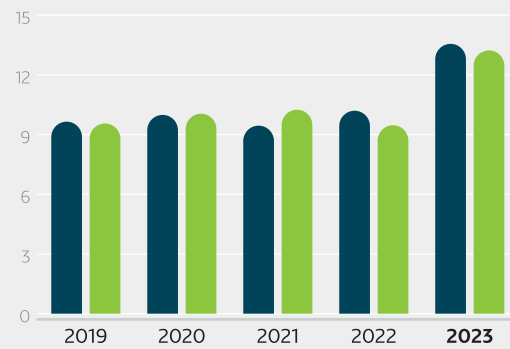
Collaborative Marketing market returns increased \$14.8m to \$42.6m and an increase of \$12.2m in Total Fruit and Service Payments (TSFP) to \$41m.



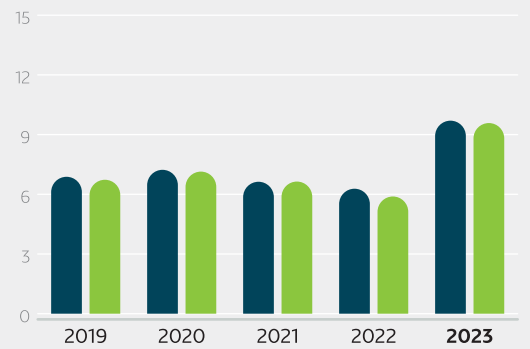
Collaborative Marketing

The effectiveness of collaborative marketing benchmarked against the closest comparable market returns.

Total Fruit and Service Payments per Tray Equivalent (TFSP/TE)



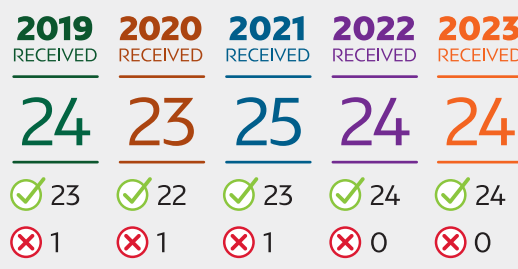
Orchard Gate Return per Tray Equivalent (OGR/TE)



KEY Collaborative Marketing Zespri

Approvals & Declines — Net Applications Received

(less withdrawals)



KEY Approved Declined

Volumes & Returns



KEY Market Return (NZD m) Volume (TE m) TFSP (NZD m)



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