



**VALUES
AND** *Value*

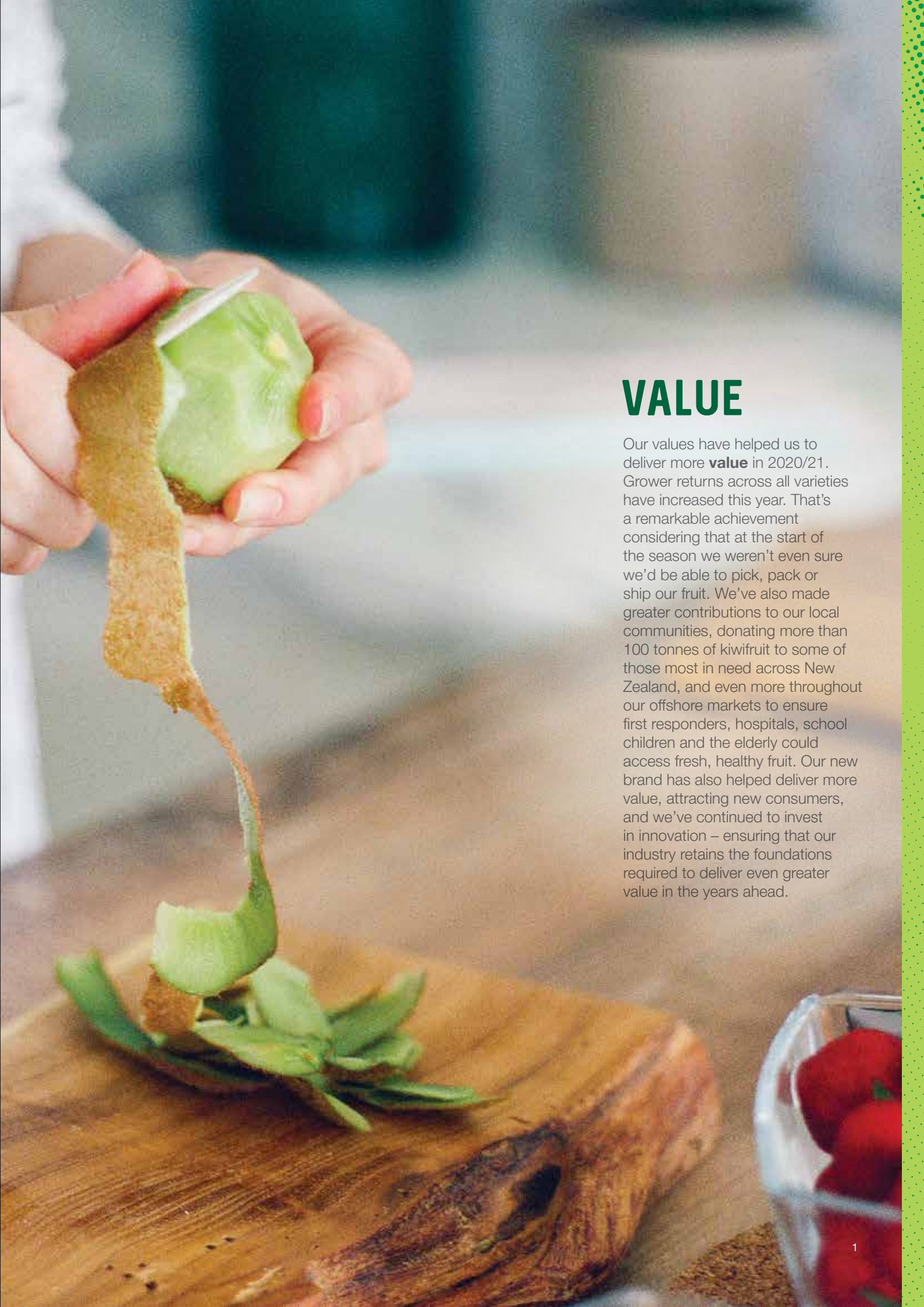
ANNUAL REPORT 2020/21



VALUES

It's during challenging times that our values often shine brightest. That's again been the case in 2020/21 as we've managed the considerable risks posed by COVID-19. More than ever, we've focused on our **personal connections** — listening to each other with compassion and acting with empathy and humility. We've embraced **kaitiakitanga** (guardianship) — nourishing record levels of consumers around the world and growing kiwifruit in a way which is good for our people, our communities and our environment. We've remained **results driven** — focusing on delivering the season despite the immense challenges we've faced, ultimately producing outstanding results.





VALUE

Our values have helped us to deliver more **value** in 2020/21. Grower returns across all varieties have increased this year. That's a remarkable achievement considering that at the start of the season we weren't even sure we'd be able to pick, pack or ship our fruit. We've also made greater contributions to our local communities, donating more than 100 tonnes of kiwifruit to some of those most in need across New Zealand, and even more throughout our offshore markets to ensure first responders, hospitals, school children and the elderly could access fresh, healthy fruit. Our new brand has also helped deliver more value, attracting new consumers, and we've continued to invest in innovation – ensuring that our industry retains the foundations required to deliver even greater value in the years ahead.

Highlights 2020/21

Total sales volumes reached

181.5M 

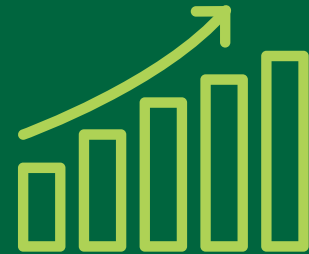
trays of New Zealand and non-New Zealand kiwifruit



Zespri global sales volume up from previous year

Global net Kiwifruit sales increased to

\$3.58BN 



up 14% from previous year

**As per the Alternative Revenue Statement on page 106.*



PEOPLE

A global team of almost 700 based in Mount Maunganui and throughout Asia, Europe and the Americas

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



to \$2.25bn in 2020/21

Vitamin C |



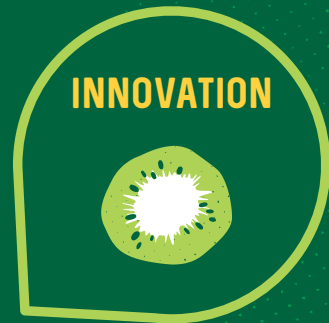
One of the most popular searches on Google in 2020 was for foods high in Vitamin C

SUSTAINABILITY



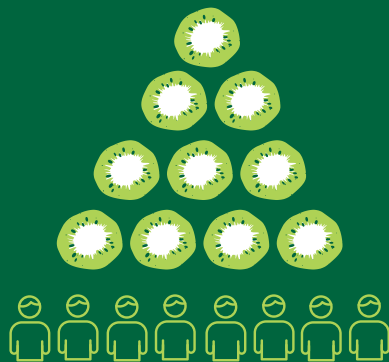
We have delivered the first of our sustainability commitments – to report on our climate-related risks and opportunities by August 2021

INNOVATION



After the success of Zespri Red in China, Singapore, Japan and New Zealand the new variety is set to be fully commercial in 2022

COMMUNITY



Donated more than

100 TONNES

of fresh and healthy kiwifruit to those most in need in New Zealand

BRAND



12 AWARDS

for the much-loved Kiwi Brothers advertising campaign

CONTENTS

06	SEASON OVERVIEW AND ANNUAL MEETING
07	FINANCIAL HIGHLIGHTS
08	ORCHARD GATE RETURNS
10	GUIDED BY OUR CONNECTIONS
22	GUIDED BY OUR COMMUNITIES
26	GUIDED BY OUR PEOPLE
30	GUIDED BY GUARDIANSHIP
34	GUIDED BY OUR ENVIRONMENT
38	GUIDED BY GOODNESS
42	ZESPRI GLOBAL SUPPLY
46	WE VALUE INNOVATION
50	VALUE INTO THE FUTURE
52	ZESPRI IN CHINA
54	ZESPRI BOARD
56	ZESPRI EXECUTIVE TEAM
60	CORPORATE GOVERNANCE
64	GUIDED BY RESULTS – OUR FINANCIAL REPORT
67	INDEPENDENT AUDITOR'S REPORT
71	INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
72	BALANCE SHEET

73 STATEMENT OF CHANGES IN EQUITY

74 STATEMENT OF CASH FLOWS

75 NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting policies	75
2. Revenue	76
3. Operating expenses	77
4. Other net (losses)/gains	77
5. Finance revenue and expense	77
6. Taxation	78
7. Equity	79
8. Accounts receivable	80
9. Prepayments	80
10. Financial assets and liabilities	81
11. Inventories	84
12. Property, plant and equipment	85
13. Intangibles	86
14. Leases	87
15. Investments in subsidiary companies	88
16. Accounts payable and accruals	89
17. Provisions and insurance liabilities	89
18. Reconciliation of net profit after taxation with net cash from operating activities	90
19. Contingent assets and liabilities	90
20. Loans and borrowings	91
21. Related party transactions	92
22. Events occurring after balance date	93
23. Group segment results	93

96 STATUTORY INFORMATION

102 INDUSTRY PERFORMANCE

106 ALTERNATIVE REVENUE STATEMENT

108 CAUSE OF CHANGE

SEASON *Overview*

This was clearly a challenging year as we faced an unprecedented range of issues driven by the pandemic.

COVID-19 affected every part of our business and it took a huge effort right across the industry and throughout the supply chain to ensure we could safely pick, pack, ship and market what was a record-breaking crop.

What is most remarkable is the fact that in spite of the challenges we saw an increase in both per hectare and per tray returns across all categories compared to last year.

Total sales volumes reached 181.5 million trays of New Zealand and non-New Zealand kiwifruit, a 10 percent increase on the previous financial year. Global revenue generated by fruit sales increased by 14 percent to \$3.58 billion, and Zespri's total fruit and service payments (including the loyalty premium) to New Zealand growers increased by 15 percent to \$2.25 billion in 2020/21.

The strong Orchard Gate Returns (OGR) across all categories reflect the global demand we continue to see for Zespri Kiwifruit, with consumers increasingly seeking fresh, healthy products rich in Vitamin C like kiwifruit. This trend was further accelerated by COVID-19 in 2020/21 with the health crisis driving greater awareness of health and wellbeing and a desire to eat and live better.

Zespri's net profit after tax in 2020/21 was a record \$290.5 million, up from the \$200.8 million recorded last year. This reflects strong consumer demand, higher volumes of New Zealand-grown fruit and increased revenue generated from ongoing licence release.

In New Zealand the 2020 licence round generated gross licence revenues (excluding GST) of \$303.2 million, with other licence income for the year accounting for a further \$3.7 million. Zespri issued 700 hectares of conventional SunGold licence, 50 hectares of Organic SunGold licence, and 150 hectares of Zespri Red licence.

The Board has declared a final dividend of \$0.27, taking the total dividend per share in 2020/21 to \$1.33, up from \$0.94 recorded in 2019/20.

The ongoing investment Zespri is making in our brand and our Zespri Global Supply (ZGS) strategy, is critical to attracting new customers to our product, and helping to achieve our ambition of supply for all 12-months of the year. ZGS sales reached 23.5 million trays, up from the 19.1 million trays in 2019/20, with revenue increasing from \$369.4 million in 2019/20 to \$472.8 million in 2020/21.

While risks and challenges remain, which we will have to continue to address together, we're heartened by the continued strong demand we're seeing for our fruit around the world. Our focus remains on making sure we're getting closer to our customers and consumers to meet their changing needs and finding new ways to add value to the industry and our communities.

ANNUAL MEETING



31 MARCH 2021
Financial year-end



9 JULY 2021
Annual Report circulated



16 AUGUST 2021
Deadline for proxies for Annual Meeting



18 AUGUST 2021
ANNUAL MEETING

The Annual Meeting of the Shareholders of Zespri Group Limited will be held at 1pm on Wednesday 18 August at Trustpower 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*

	2020/21	2019/20	Variance
Seasonal results			
New Zealand-grown fruit and service payments (including loyalty premium)	2,253.2 million	1,962.5 million	15%
– Per tray supplied	\$14.11	\$13.25	6%
New Zealand-grown Orchard Gate Return (OGR) per hectare	\$123,041 (average)	\$107,142 (average)	15%
– Green	\$76,722	\$67,295	14%
– Organic Green	\$66,453	\$63,734	4%
– SunGold ¹	\$177,846	\$161,660	10%
– Organic SunGold ¹	\$158,599	N/A	N/A
– Sweet Green	\$56,853	\$43,550	31%
Financial Year results			
Net profit after tax	\$290.5 million	\$200.8 million	45%
Dividend per share (cents)			
– Interim	106.0	75.0	41%
– Final	27.0	19.0	42%
– Total	133.0	94.0	41%
Percentage of available profit	80%	80%	
Zespri global operating revenue²	\$3.890 billion	\$3.355 billion	16%
Zespri global kiwifruit sales (net)	\$3.583 billion	\$3.140 billion	14%
Export earnings (New Zealand-grown)	\$2.599 billion	\$2.272 billion	14%
Equity	\$307.2 million	\$246.0 million	25%
Zespri global volume (trays sold)	181.5 million	164.4 million	10%
New Zealand-grown	158.0 million	145.3 million	9%
– Green	66.7 million	66.8 million	(0%)
– Organic Green	2.8 million	2.8 million	0%
– SunGold ¹	84.8 million	72.8 million	16%
– Organic SunGold ¹	1.4 million	N/A	N/A
– Sweet Green	0.3 million	0.4 million	(31%)
– Other	2.1 million	2.5 million	(16%)
Non-New Zealand-grown	23.5 million	19.1 million	23%
– Green	9.7 million	8.1 million	20%
– Gold	13.8 million	11.0 million	25%

¹ 2019/20 comparative for SunGold reflects the combined pool of Zespri SunGold and Organic SunGold kiwifruit. These varieties have been split into separate pools for the 2020/21 year, as reflected above.

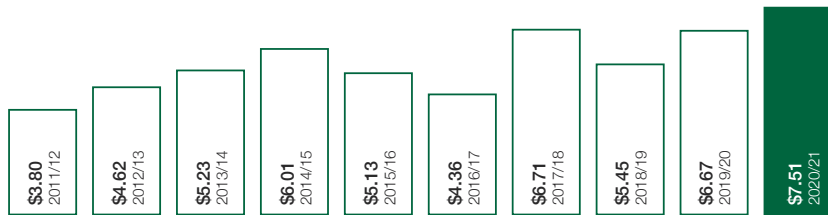
² Global operating revenue equals global kiwifruit sales plus new cultivars licence revenue as presented in the Alternative Revenue Statement, see page 106.

ORCHARD GATE *Returns*

ZESPRI GREEN KIWIFRUIT New Zealand-grown kiwifruit

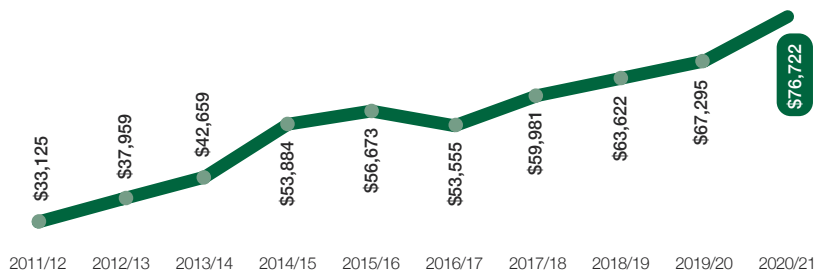
Average orchard gate return per tray

\$7.51



Average orchard gate return per hectare

\$76,722



ZESPRI GOLD KIWIFRUIT New Zealand-grown kiwifruit

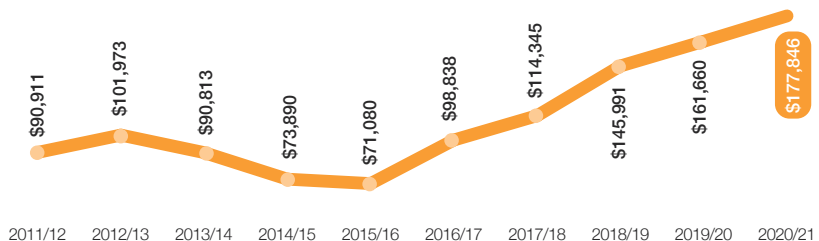
Average orchard gate return per tray

\$12.46



Average orchard gate return per hectare

\$177,846

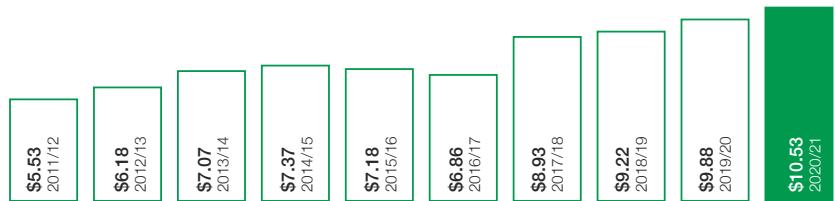


ZESPRI ORGANIC GREEN KIWIFRUIT

New Zealand-grown kiwifruit

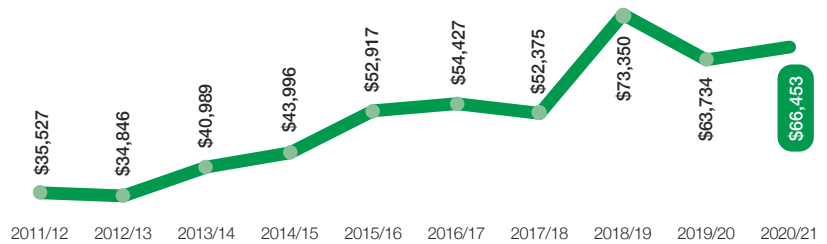
Average orchard gate return per tray

\$10.53



Average orchard gate return per hectare

\$66,453

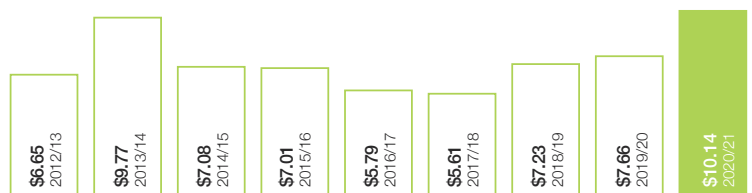


ZESPRI SWEET GREEN KIWIFRUIT

New Zealand-grown kiwifruit

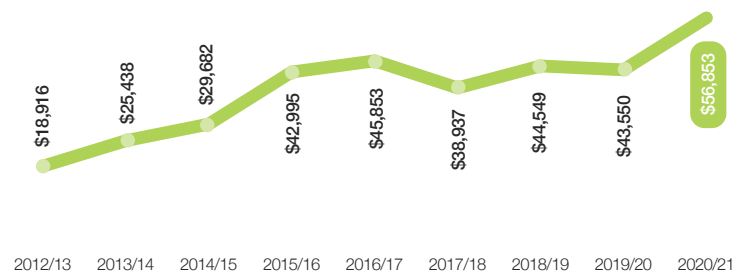
Average orchard gate return per tray

\$10.14



Average orchard gate return per hectare

\$56,853



The Zespri Sweet Green Kiwifruit pool was introduced in 2012/13

ZESPRI ORGANIC SUNGOLD KIWIFRUIT

New Zealand-grown kiwifruit

Separate pool introduced in 2021

Average orchard gate return per tray

\$15.36

Average orchard gate return per hectare

\$158,599



GUIDED BY *Our Connections*

This has been a milestone year for our industry, and we're proud not only of what we have achieved together, but the way we have done it.

The foundations of our success lie in the many years of hard work and effort across the whole industry – from orchard to market. It stems from our continued focus on adding value.

We have an outstanding product, a commitment to quality, to each other and to our communities and environment, and a clear set of values that unites our global team. Of course, like the rest of the world, our year was turned on its head with the arrival of the pandemic.

COVID-19 affected every part of our industry and global supply chain, forcing people to work remotely, changing the way we operated on-orchard and in packhouses, severely disrupting shipping channels and altering not only the way we connected with our consumers but consumption in general.

While it was a challenge, we all responded quickly, and effectively.

At Zespri we focused on three basic priorities:

1. Putting people and their wellbeing first;
2. Delivering the season; and
3. Continuing to invest for the medium-term.

We made a commitment that as an industry we would support our communities and uphold the responsibilities of our role as an essential service for New Zealand, including implementing all procedures to remain COVID-19 free.

And we did this successfully, once again showing why our industry is renowned for its ability to respond to a crisis, to innovate, and to work collaboratively. All of these things stand us in good stead in the challenging and uncertain times the world faces.

Our unity meant we've worked together to embrace additional safety protocols and find ways to deliver our fruit safely to our customers and communities.

We've highlighted the health benefits of our fruit so that we could support even more consumers with the goodness of kiwifruit during a global health pandemic.

And we've continued our investment in the Zespri brand, with more consumers connecting with our refreshed brand identity and purpose – an investment which proved even more impactful in such uncertain and volatile times when we know consumers turn to brands they trust.

← Dan Mathieson
(Chief Executive)
with Bruce Cameron
(Chairman).

“OUR UNITY MEANT WE WERE ABLE TO WORK TOGETHER TO EMBRACE ADDITIONAL SAFETY PROTOCOLS AND FIND WAYS TO DELIVER TO OUR CUSTOMERS AND COMMUNITIES.”

The investment the industry has made in our supply chain and the partnerships that have been formed over many years with our valued shipping partners have also helped provide a viable pathway through the worst of the crunch on global shipping lines which were significantly disrupted.

We have proven before that as an industry we can pivot and respond to incredibly challenging circumstances. This past year was a testament to the way we continue to build our industry and to work together in times of both success and challenge.

And we've been able to deliver some truly strong results in 2020/21.

CORPORATE RESULTS

Supported by an outstanding tasting crop, in 2020/21 total global sales reached 181.5 million trays, up from 164.4 million trays in 2019/20. Global revenue from kiwifruit sales also increased to \$3.58 billion, up from \$3.14 billion in 2019/20. The total fruit and service payments to New Zealand growers increased to \$2.25 billion, up from the previous season result of \$1.96 billion.

Grower returns were up across all varieties on a per tray and per hectare basis as a result of higher global revenue and higher volumes, surpassing the top end of the forecast ranges Zespri provided at the start of the season. Together, we achieved a net profit after tax of \$290.5 million, versus \$200.8 million in the previous year. This hard-earned result reflects the record crop volumes and increased demand for our kiwifruit.

This year's outstanding results have also triggered a margin reset. Agreed to under the industry Enduring Funding Agreement, the fruit return portion of the margin Zespri earns on the sale of New Zealand fruit is reset down by 0.25% when the three-year rolling average of the New Zealand Supply EBIT % is more than 1.2%. As a result of this year's performance, Zespri's fruit return margin percentage will reduce from 7.25% to 7.00% in the financial year ending March 2022, resulting in increased value to growers.

Profit
after tax

↑ **45%**
to \$290.5m

Zespri global kiwifruit
sales (net)

↑ **14%**
to \$3.583b

Export earnings
(New Zealand-grown)

↑ **14%**
to \$2.599b

Dividend per share

↑ **41%**
to 133c

Zespri global volume
(trays sold)

↑ **10%**
to 181.5m

New Zealand-grown
(trays sold)

↑ **9%**
to 158.0m

In 2020/21, revenue per full-time employee equivalent was \$5.7 million, versus \$5.8 million in 2019/20, with 264,000 trays sold per full-time employee equivalent versus 284,000 trays in 2019/2020. 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 replace many of the legacy systems and processes to enable us to support our continued healthy growth.



Consumers around the world are expressing a strong interest in healthy products, like our kiwifruit.

Across 2020/21, 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.

The strong results in Europe were driven by consistent demand for Zespri Green Kiwifruit from many of our key customers for all 12 months of the year. Zespri SunGold Kiwifruit was also available for a longer period than ever before.

With increasing competition in the fruit bowl, the importance of having our fruit available to customers and consumers for as long as possible throughout the year has never been more essential to ensuring we continue to drive strong returns for growers. This was illustrated in the increasing value of Zespri SunGold Kiwifruit in North America and a strong lift in sales.

In 2020/21, we were also forced to adjust our sales and marketing approach at late notice as a result of COVID-19 and across the business teams worked closely with our customers to keep our kiwifruit available for all our consumers.

With many consumers locked down around the world, Zespri's ability to re-prioritise much of our marketing spend to in-home media, as well as digital and social media advertising, has been crucial, and will help enable greater use of these channels in the years ahead.

We also adjusted some of our in-market messaging, placing a greater emphasis on the health and nutrition of kiwifruit in light of the fact that one of the most popular searches on Google in 2020 was for foods high in Vitamin C.

We expect many of these trends to continue, with the lessons we have learned and the processes we have adjusted throughout 2020/21, providing a strong foundation for continued growth in the years ahead.

Overall, we continue to see growing interest in the kiwifruit category, with consumers around the world expressing a strong interest in healthy, delicious and safe foods that are grown in the right way.

CATEGORY PERFORMANCE

The lift in global demand for Zespri Kiwifruit has been driven by consistent investment in sales and marketing to help build demand, and accelerated by the increasing desire for fresh, healthy fruit in a world where health concerns are so prominent.

There were strong results across each fruit category. The average Zespri Green per tray return increased to \$7.51, with the average per hectare return for Green reaching \$76,722.

Zespri Organic Green reached an average return per tray of \$10.53, with the average per hectare return reaching \$66,453.

The Zespri SunGold Kiwifruit average return per tray increased to \$12.46, and the average return per hectare was also a record \$177,846. Demand for SunGold Kiwifruit continues to increase strongly, with the Zespri Board confirming the release of an additional 700 hectares of Zespri SunGold Kiwifruit licence and 50 hectares of Zespri Organic SunGold Kiwifruit licence in 2020/21. In 2021, we will be seeking feedback from growers and post-harvest on the industry's ability to manage any ongoing increase in supply associated with the further licence release, noting the challenges we have faced in 2021, including attracting enough labour.

Zespri Organic SunGold Kiwifruit saw a per tray return of \$15.36, with the average per hectare return reaching \$158,599.

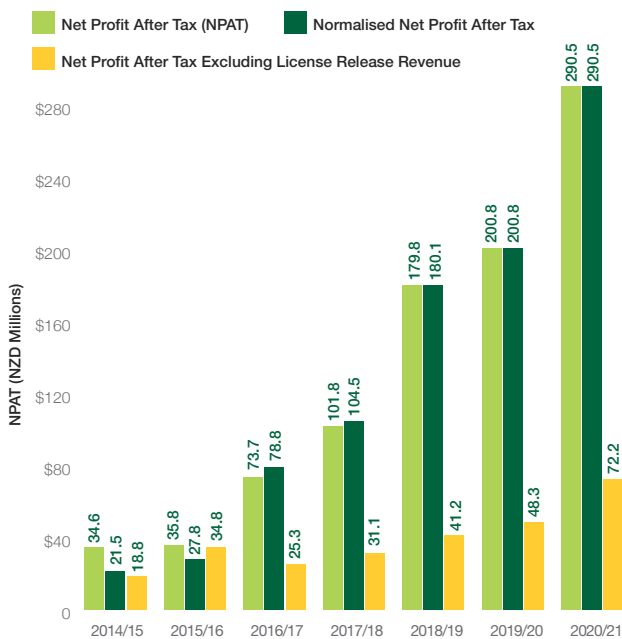
Zespri Sweet Green achieved an average return per tray of \$10.14 and an average return per hectare of \$56,853.

Interest in the new Zespri Red variety is incredibly high and we believe it will bring new consumers to the category. In 2020/21 we sold 73,000 trays generating \$2.1 million of sales in New Zealand, Singapore, as well as Japan for the first time. We're also seeing strengthening interest from growers in this variety, with 150 hectares released in 2020 and 350 in 2021.

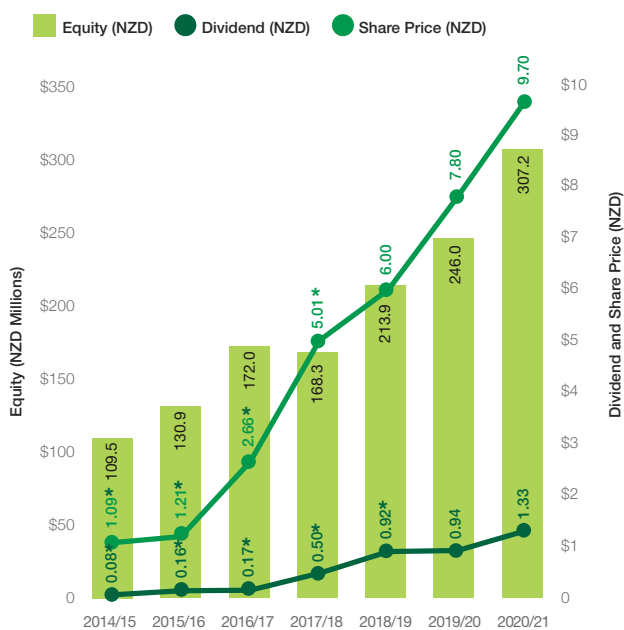
SUPPLY CHAIN

From a supply chain perspective, the challenges we faced with the breakdown of the maturity clearance system in 2020 created a huge impact on the industry, forcing us to forego taste testing for the year.

ZESPRI GROUP LIMITED PROFITABILITY – 7 YEARS



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.

Over a five-year period from 1 April 2016 to 31 March 2021 Zespri has achieved a compound annual total shareholder return of 66 percent. This measure reflects a combination of the increase in share price and gross dividend over the period.



Fortunately, growers and post-harvest delivered an outstanding tasting crop which has helped us deliver such strong returns. Finding a way forward for the current season has also tested us, with the industry working together to develop and implement a new taste and maturity clearance system at short notice so that fruit could successfully be harvested. Work on understanding the relationship between taste and consumer willingness to pay, and how to make sure the Taste Zespri Programme delivers great tasting fruit efficiently into the market is ongoing and will lead to another industry discussion early next year.

Notably, the temporary foreign workers who are a critical part of our seasonal workforce were unable to travel to New Zealand as a result of the nationwide lockdown last year, and with inbound travel restricted it did put pressure on labour attraction. Our industry adapted quickly, working with businesses in the hospitality and tourism industries that had been negatively affected by the lockdown restrictions, to place their staff in jobs within our industry.

Having enough workers for the upcoming season remains one of our most significant concerns for the year ahead, as we know it is in many industries, given the ongoing travel restrictions. We are continuing to work with New Zealand Kiwifruit Growers Incorporated (NZKGI) and the New Zealand Government on this in order to address the issue and allow our industry to grow. However some uncertainty remains as the Government considers options.

The industry welcomed three new charter reefer vessels courtesy of our long-term partners at Fresh Carriers. The three new vessels – Kowhai, Kakariki and Whero – were named by the kiwifruit industry, in recognition of the fact that Gold, Green and Red kiwifruit will be the main cargo these ships will transport.

COVID-19 has had an impact on international trade and on shipping routes and we are continuing to closely monitor the export shipping environment and its current challenges. Our shipping programme was completed successfully through both container and charter reefer vessels which provided flexibility and mitigated risk by avoiding the serious congestion at major overseas container terminals. Zespri will continue to use a mixture of shipping modes in the current 2021 season, while also working with our long-term port and shipping partners to ensure we are well placed to ship our fruit to markets and to manage any negative impacts should they arise.

We've also made some positive steps forward in the last year in ensuring kiwifruit is an industry that people wish to work in. We've strengthened our compliance programme so that any contractors who fail to meet the standards we expect in the kiwifruit industry are removed. We commit to an industry where workers feel valued, safe and supported and where they are treated fairly, including with respect to wages, working hours and benefits. This is behaviour that we know our consumers and customers expect and which we expect of ourselves.



We're committed to ensuring kiwifruit is an industry that people wish to work in.

ZESPRI GLOBAL SUPPLY

Zespri Global Supply (ZGS) has had a record year and is now beginning to realise its substantial potential as we work towards 12 month supply to ensure Zespri Kiwifruit is on shelves all year, supporting sales of New Zealand fruit.

From a base of around 4,000 hectares of planted SunGold Kiwifruit, much of which is yet to reach full production, global supply sales reached 23.5 million trays in 2020/21, up from 19.1 million trays in 2019/20.

Revenue has increased from \$369 million to \$473 million in 2020/21, driven by stronger sales, increased prices, favourable foreign exchange position and lower costs, due to reallocation of fruit to Europe. As a result, ZGS has contributed a record \$28.8 million towards Zespri profit in 2020/21. As we bridge the gap between demand and supply, we expect ZGS to continue to grow the contribution it makes to our corporate profit in the mid- to long-term horizon, acknowledging short term headwinds are expected related to Italian frost impacted volumes and foreign exchange rates.

GLOBAL KIWIFRUIT SALES – 7 YEARS



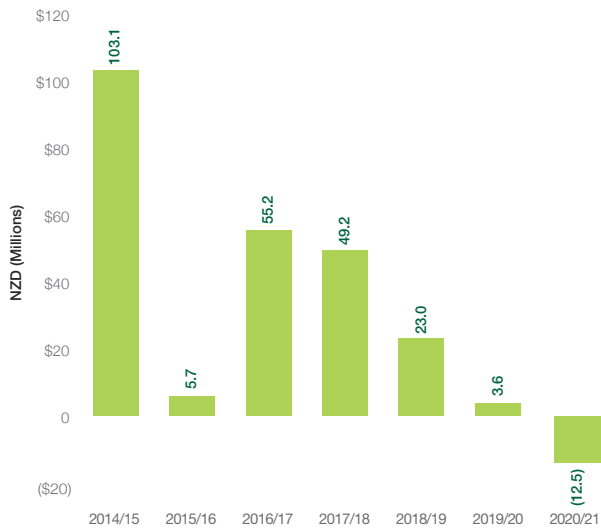
In Europe, we have recently reached three significant milestones: supplying in excess of 10 million trays of SunGold Kiwifruit from Italy, providing a €10.00 return per tray to suppliers for the first time, and supplying in excess of 10 million trays of Green Kiwifruit.

In Asia, we've seen significant quality improvements in Korea, and in Japan production has increased for the first time, since 2014 and the challenges associated with Psa.

It is pleasing to see that we are overcoming many of our past challenges, and seeing the supply of Northern Hemisphere Zespri SunGold Kiwifruit, especially from within Italy, increasing. Favourable weather during the critical pollination period has also meant that in 2020/21 there has been high dry matter and a larger fruit profile.

In addition to Italy, we are now also sourcing Hayward fruit from Greece where in 2020/21 we procured 3 million trays. This helps us to achieve our 12-month supply strategy and mitigate production risks including those posed by climate events such as the frosts experienced in Italy and France in 2021.

FOREIGN EXCHANGE AND OIL HEDGING GAIN/[LOSS]



* Zespri hedges grower returns in advance, with an overall objective of reducing volatility across seasonal grower returns, in accordance with its Treasury Management Policy. 2020/21 saw small foreign exchange derivative losses due to the average New Zealand Dollar spot being slightly lower than the average of all realised foreign exchange hedges for the season. The lower New Zealand Dollar spot also allowed us to hedge a portion of future season returns at favourable rates, leading to an unrealised foreign exchange gain of \$309.5m on the balance sheet at 31 March 2021.

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-2015/16 licence revenue.

	2020/21 \$m	2019/20 \$m	2018/19 \$m	2017/18 \$m	2016/17 \$m	2015/16 \$m	2014/15 \$m
Net profit after taxation	290.5	200.8	179.8	101.8	73.7	35.8	34.6
China provision	-	-	-	-	-	(13.0)	-
Licence revenue*	-	-	0.3	2.7	5.1	5.0	(13.1)
Normalised profit after taxation	290.5	200.8	180.1	104.5	78.8	27.8	21.5

* 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 is brought back over time as the revenue is received. The final adjustment has been made in 2018/19. Licence releases from 2015/16 do not have these clauses and are not adjusted in normalised profit.



← ZGS has had a record year, and we've seen significant improvements in production in Korea.



There is significant potential to expand growth in ZGS over the next five years to meet the demand opportunity and continue to support New Zealand fruit.

Pressure from Brown Marmorated Stink Bug (BMSB) continues to grow and has observably increased in 2020/21 as the pest spreads more widely across our production regions. We are learning how to mitigate the impacts of this, although it has led to increased market access restrictions. While challenging for our ZGS growers, this also gives us the opportunity to test management options which will help mitigate the impacts of BMSB if it was to enter New Zealand.

Another area of focus for the Zespri team and our partners in Europe is Kiwifruit Vine Decline Syndrome (KVDS) which has caused significant Hayward losses to date and which is beginning to affect Zespri SunGold Kiwifruit orchards in Italy. We now know that KVDS canopy symptoms — wilting and collapsing — are a consequence of compromised root function, developing from unfavourable soil conditions. An exciting development is the establishment of a cross-functional taskforce based in Europe, which aims to build data and share expertise enabling development of successful mitigation strategies.

There is significant potential to expand growth in our ZGS business over the next five years to meet the demand opportunity and continue to support New Zealand fruit. We are assessing potential new production opportunities in Greece and North America for SunGold Kiwifruit, while continuing to expand production in Italy, France, Japan and South Korea. We are confident that we can further expand ZGS, realising benefits for New Zealand growers through the advantages of 12-month supply, including more efficient sales and marketing spend and enabling our efforts to increase brand awareness all year round.

ONGOING CHALLENGES

While we are seeing good returns and are growing, we are facing a number of ongoing challenges which we must continue to respond to. This includes rapidly changing regulations in New Zealand and in our markets globally, particularly around packaging and water. Biosecurity issues also remain an ongoing challenge and as noted we're seeing a real impact in some of our ZGS locations.

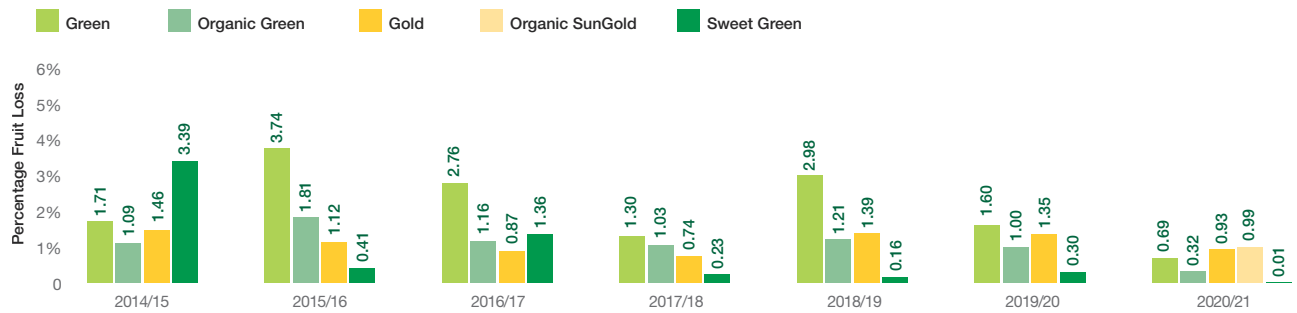
The geopolitical environment is also increasingly uncertain as opposition to free trade grows, as trade concerns are increasingly tied up with foreign policy ones and as competition for geostrategic influence increases. Exporters are having to be increasingly cognisant of the possible impact of this uncertainty on their businesses and to adapt accordingly.

These are issues which are taking up an increasing amount of time and resource, adding pressure on growers and the wider industry, but they must be addressed.

2020/21 saw the ongoing focus on the unauthorised Gold3 plantings in China, with the plantings spreading to an estimated 5,400 hectares by March.

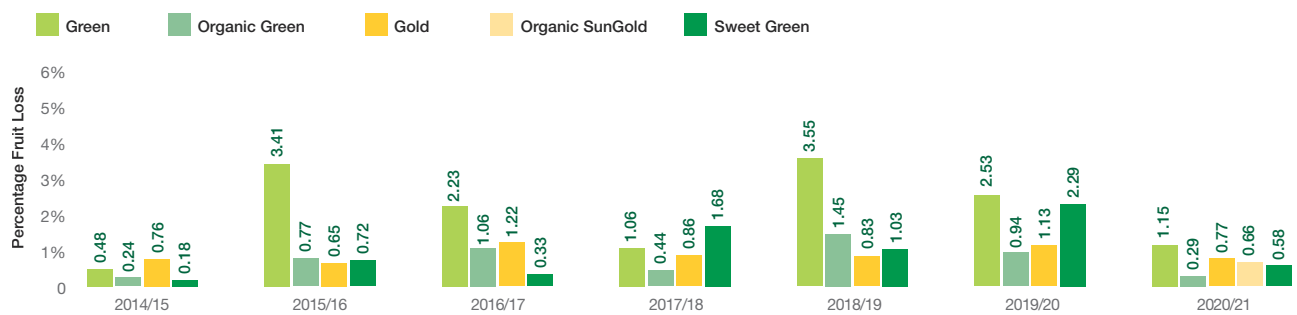
The industry voted on a proposed trial put forward to enable us to understand the problem better and explore a commercial solution. While 70.5 percent of growers supported the proposal to carry out an orchard monitoring trial and 64.5 percent supported the limited sales and marketing trial, the 75 percent threshold was not reached. Instead our core business activities will progress in China, including further R&D as well as engaging in China as we consider our next steps.

ONSHORE FRUIT LOSS – 7 YEARS



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

OFFSHORE FRUIT LOSS – 7 YEARS



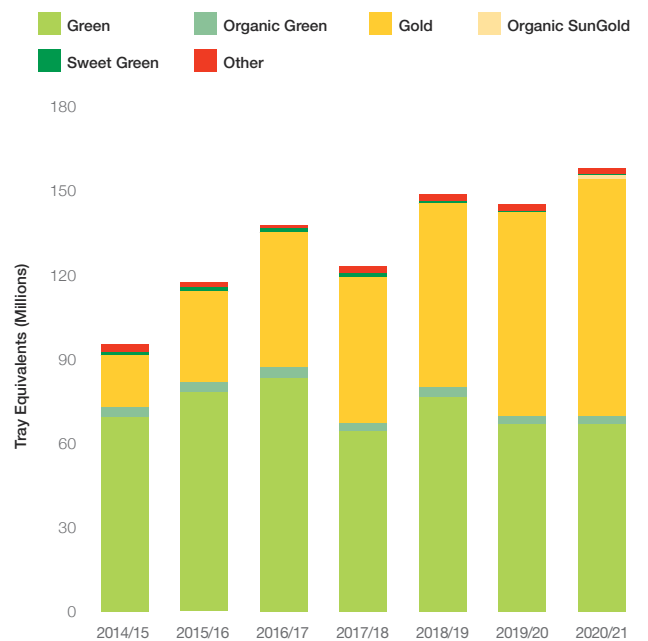
TOTAL FRUIT AND SERVICE PAYMENTS – 7 YEARS

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 for the 2020/21 year.

“IN NEW ZEALAND, OUR COMMUNITY INVESTMENT HAS FOCUSED ON SUPPORTING LOCAL FOOD BANKS AND CHILDRENS’ CHARITIES, AMONG OTHERS, TO ENSURE THE COMMUNITY BENEFITS ALONGSIDE THE INDUSTRY.”

A BETTER TOMORROW

We’re making progress on our industry sustainability commitments, with areas of improvement identified right through the supply chain.

These included our pledge that by 2025 we will use 100 percent reusable, recyclable or compostable packaging, do more to help the environment, and to become carbon positive by 2035.

We’re focused on growing in a way which is good for our communities and the environment – as well as for growers. Our sustainability focus is on our offshore growing locations, as well as New Zealand.

One thing we have also made sure to do is focus on living our purpose of helping people, communities and the environment to thrive through the goodness of kiwifruit.

This year that was even more important because our communities trusted us to continue operating as an essential service during the lockdowns, believing in our ability to do things the right way and with our communities at the forefront of our minds. We also recognise that we had a very successful year, while many struggled with the impacts of COVID-19. It was more important than ever that our communities benefited from our growth and we offered an increased level of support in 2020/21.

In New Zealand, our community investment has focused on supporting local food banks and childrens’ charities, among others, to ensure the community benefits alongside the industry. We launched our first ever national initiative, the Zespri Young and Healthy Virtual Adventure Challenge, which focuses on teaching our young people about the importance of eating well, exercising and looking after our environment.

Our communities are critical to our success and we will remain focused on supporting them as we grow.

STRATEGIC LEADERSHIP

Within Zespri, we’ve also continued to recruit strongly, making several key appointments to both Zespri’s Executive and the Zespri Board.

On behalf of the Board and Executive, we would like to extend our thanks to Teresa Ciprian who is standing down as an Independent Director in 2021. Teresa made a significant contribution to Zespri and the broader kiwifruit industry, and was a driving force in the creation of the Women in Kiwifruit industry group. The Board and Executive also wish to thank John Griffin who retired from the Director Remuneration Committee after ten years of service.

We are delighted that Alison Barrass joins the Zespri Board as an Independent Director in 2021, bringing with her more than 30 years’ experience in major international FMCG companies, including PepsiCo, Kimberley-Clark, Goodman Fielder and Griffins Foods. The reappointment of Peter Springford and Nathan Flowerday as Board Directors, and Andre Hickson’s election to the Director Remuneration Committee will also ensure we retain significant experience within our ranks.

In 2020/21, Zespri also formally welcomed new executives to its team, including Alastair Hulbert starting as the company’s Chief Global Supply Officer, and Giorgio Comino as Executive Officer Europe and North America.

As part of a wider realignment of the Executive team, Dave Scullin was appointed Chief Digital Officer and Jiunn Shih’s role of Chief Growth Officer was expanded to include both the Innovation and Growth functions. By moving the innovation portfolio to the Growth function, we can more closely align our innovation with the key challenges we face, the signals our consumers are sending and balance our strategic development to generate more value for the industry.



Prime Minister Jacinda Ardern and Chairman Bruce Cameron took the opportunity to highlight the amazing work of our community partners at an event hosted at Parliament.

Carol Ward was appointed Chief Grower Industry and Sustainability Officer, and in a move designed to reflect our commitment to sustainability we have also created the role of Executive Officer for Sustainability, to which Rachel Depree has been appointed. Nick Kirton has taken on the role of Executive Officer for Northern Hemisphere Supply, supporting the future growth of ZGS.

We farewellled Dave Courtney, previously Chief Grower and Alliances Officer; Blair Hamill, previously Chief Global Supply Officer; Sheila McCann-Morrison, previously Executive Officer Northern Hemisphere Supply; and Les Greeff, previously Chief Transformation Officer. We thank them all for the significant contributions they've made to Zespri, and to the wider kiwifruit industry.

CONCLUSION

In 2020/21 we faced immense challenges which tested us.

The strong results of the year are a reminder that through hard work and collaboration, not only can our industry respond to change, but succeed. We must continue to challenge ourselves to do better and to do more.

This past year has helped us build a stronger base for real opportunities ahead, so that we can provide even more consumers around the world our premium quality kiwifruit.

We'll be continuing to get closer to our consumers so we can meet their changing needs, investing in our brand to build demand for our product, and ensuring that we're helping people, communities and the environment around the world thrive through the goodness of kiwifruit.

Although there will be challenges ahead, we're confident in the future.





GUIDED BY
Our Communities

Zespri is committed to supporting our communities and helping them to thrive.

**“IN 2020/21,
WE DONATED MORE
THAN 100 TONNES OF
FRESH AND HEALTHY
KIWIFRUIT TO THOSE
MOST IN NEED IN
NEW ZEALAND.”**

The 2020/21 season demonstrated the collaboration our industry is known for. Growers, contractors and packhouses actively supported communities and families, providing jobs to locals who had lost their roles in the hospitality and tourism sectors, as a result of COVID-19, ensuring we were able to complete our harvest.

We were grateful for the support we've received, including from the Government and our growing communities, as well as the confidence in our product from our global customers and consumers, which has been crucial in enabling us to continue to make positive contributions to our local communities.

In 2020/21 we donated more than 100 tonnes of fresh and healthy kiwifruit to those most in need in New Zealand and partnered with several new organisations across the country. In addition to supporting our existing community partners, we've also formed new partnerships with KidsCan and Ronald McDonald House — charities which share our values and commitments.

Our global offices also worked hard to assist their local communities through donations of fresh fruit and financial contributions so that hospital workers, senior citizens, young children, and those in need around the world can access kiwifruit and its high Vitamin C content.





Our community partnerships enable us to have a real impact on the lives of young people.

- Our Zespri Japan team launched a ‘Thank You Supermarket’ campaign, to support and acknowledge supermarket staff working during the COVID-19 pandemic, and donated kiwifruit to more than 1,100 stores nationwide on behalf of their local kiwifruit consumers. They also donated to the Children’s Cafeteria, an organisation which provides healthy and nutritious meals to children, and to medical staff working tirelessly in Japanese hospitals, and the #giveakiwi campaign saw 90,000 pieces of kiwifruit distributed to critical workers.
- Our Zespri Korea team shared 40,000 pieces of fruit with vulnerable senior citizens, as part of their COVID-19 response.
- Zespri North America donated more than 300,000 pieces of fruit to families in need through Feeding America.
- Zespri Shanghai partnered with the Shanghai Government on a childhood nutrition programme which focused on improving the health and wellbeing of 30,000 children.

Beyond COVID-19 initiatives, we were proud to launch Zespri’s first nationwide community investment programme, the Zespri Young and Healthy Virtual Adventure.

Encouraging healthy lifestyles and habits among 20,000 young New Zealanders from more than 760 classrooms, including Te Puke Primary School. The programme is supported by ambassadors Ameliaranne Ekenasio, Ardie Savea, Kane Williamson, and Samantha Charlton, with students gaining points through healthy behaviours to move around a global course, virtually visiting countries like Japan, Italy, Peru and Croatia.

As part of the six-week adventure, Zespri also organised a community day for more than 600 children and their families at Papatoetoe South Primary School, as well as five events across the North Island to surprise 130 children with brand new ASICS shoes, which the Te Puke Primary School students can be seen wearing on page 23. This programme is having a real impact on the lives of young people around New Zealand, teaching them habits which will help them lead healthier, more active lives.



GUIDED BY *Our People*

In 2017 Zespri developed a set of priorities to transform our business for exceptional growth. Culture is one of those priorities.





Our focus on inspiring and enabling Zespri people to be their best ultimately supports our ability to deliver great results.

A winning culture, role-modelled by excellent leadership, is essential in lifting the performance of a diverse, connected and highly engaged global workforce. Our focus on inspiring and enabling Zespri people to be their best ultimately supports our ability to deliver great results for growers and shareholders.

During the last year we've made progress across our people and culture strategy to support a thriving culture. This includes in areas such as leadership, performance management, communication, learning and development, and safety and wellbeing.

During 2020 we launched our framework for leadership across Zespri and engaged 175 people leaders in 16 groups across all regions. Each 'Lead Zespri' programme is supported by an executive sponsor from Zespri's senior team and delivered in-house. It focuses on three core elements of leadership – character, capability and capacity – and centres on how leaders create the conditions for people to be at their best. The programme continues during 2021.

We have introduced a refreshed performance framework that gives people clarity on how their individual objectives align to our organisational goals. It also promotes continuous feedback to support performance and development.

A priority has been to support our people through the global pandemic. We delivered an intense phase of crisis communication as teams around the world adapted to lock-down conditions and to working from home. We put people first, communicated frequently, and benefited from an effective digital platform for collaboration and productivity. Learning from the disruption of COVID-19, we have now implemented a policy on flexible working. This empowers people to take advantage of flexibility of place and schedule, driven by what works for themselves and their teams. Trust and accountability underpin the approach.

“LEARNING FROM THE DISRUPTION OF COVID-19, WE HAVE NOW IMPLEMENTED A POLICY ON FLEXIBLE WORKING.”

On safety and wellbeing, we have focused on targeted controls to reduce fatal risks. This includes rolling out driver training with practical courses for field-based staff and online training for all staff. Another important element has been wellbeing and mental health, involving company-wide communication on ‘Boost’ – an awareness campaign to engage people on the five ways to wellbeing.

Zespri seeks feedback from our people on engagement, through a twice-yearly Pulse survey. Our most recent engagement survey had a participation rate of 95 percent and an engagement score of 79 points – putting Zespri in the top 15 percent of participating companies. We have heard positive feedback in the areas of productivity, support through the pandemic and our safety climate, with more opportunities around career paths and feedback.

Looking at the year ahead, we continue to work on several building blocks for a high performing, thriving culture. This includes building on the launch of a new company-wide platform for online learning and development, embedding a refreshed reward framework, developing our approach to talent management and delivering a strategy on wellbeing for our people.

In short, we are working to address all the ‘moments that matter’ for our people, from joining the company to performing and thriving. There are many components and each one is directed to supporting the culture we aspire to, making Zespri a truly great place to work and ensuring all our staff are committed to delivering stronger returns to growers.



We continue to work on several building blocks for high performing thriving culture.





GUIDED BY *Guardianship*

Zespri's investment in sustainability is about our values as an industry as well as about creating value for our consumers and growers.



“WE HAVE STEPPED UP OUR INVESTMENT IN THE SCIENCE NEEDED TO SUPPORT OUR GROWERS, SUPPLY CHAIN AND CUSTOMERS TO ADDRESS WATER, CLIMATE CHANGE AND PACKAGING IMPACTS.”

The focus on sustainability from our customers and consumers continues to grow. COVID-19 has highlighted the importance of healthy food and helped people understand how nature sustains us and how supportive communities play a major part in success in times of crisis.

Zespri’s investment in sustainability is about our values as an industry as well as about creating value for our consumers and growers.

It’s about how we prepare for and respond to the expectations from our markets and help growers navigate regulatory changes, particularly as governments around the world accelerate action. Together we can protect people from climate change and act on issues such as water quality and environmental and social concerns, and ensure we respond to changing regulatory, customer and consumer environment.

FOUNDATIONAL WORK

Launching our sustainability goals and targets in early 2020 was our response to the challenge from our industry to show leadership and to help interpret and respond to the changes we were seeing.

Over the year, we’ve progressed our foundational work, establishing our risk framework, agreeing our governance for climate change and sustainability, integrating sustainability into business decisions and agreeing our approach to sustainability reporting.

In addition, we have stepped up our investment in the science needed to support our growers, supply chain and customers to address water, climate change and packaging impacts.

SHOWING LEADERSHIP AS AN INDUSTRY

We’ve also seen significant leadership emerging from the industry with resources being committed by a number of our post-harvest operators, accompanied by dedicated sustainability performance reporting from some and significant investments in energy saving from others.

This reflects the increasing recognition across the industry that we’re accountable to our communities and customers for this performance, as well as our regulators around the world.

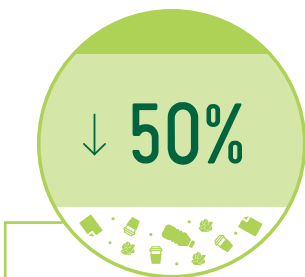
We take pride in our role as a New Zealand exporter, in providing trusted, healthy, premium products to the world.

We’re starting to work more closely with our primary sector colleagues to lift the story of the value we bring to our consumers globally, and we know this will become increasingly important as ‘buy local’ sentiments strengthen and concern over distance from markets intensifies.

TAKING ACTION

We’re taking action in all areas of Zespri’s sustainability framework.

Over the last year, we’ve strengthened our investment in the community, and continued our focus on safety and wellbeing and labour practices. Given the rising consumer concern and shifting regulatory environment, over the year we invested in the set-up of our environment pillar and its three priorities of packaging, water and climate change.



We reduced our office waste to landfill in New Zealand by more than 50%.



In 2020/21, we hosted a range of industry events to spark discussion on both climate action and soil health.

LOOKING AHEAD

We're proud of the progress we're making.

Sustainability will succeed when we can work alongside the industry, balancing the demands of the season and bringing growers, suppliers and customers with us.

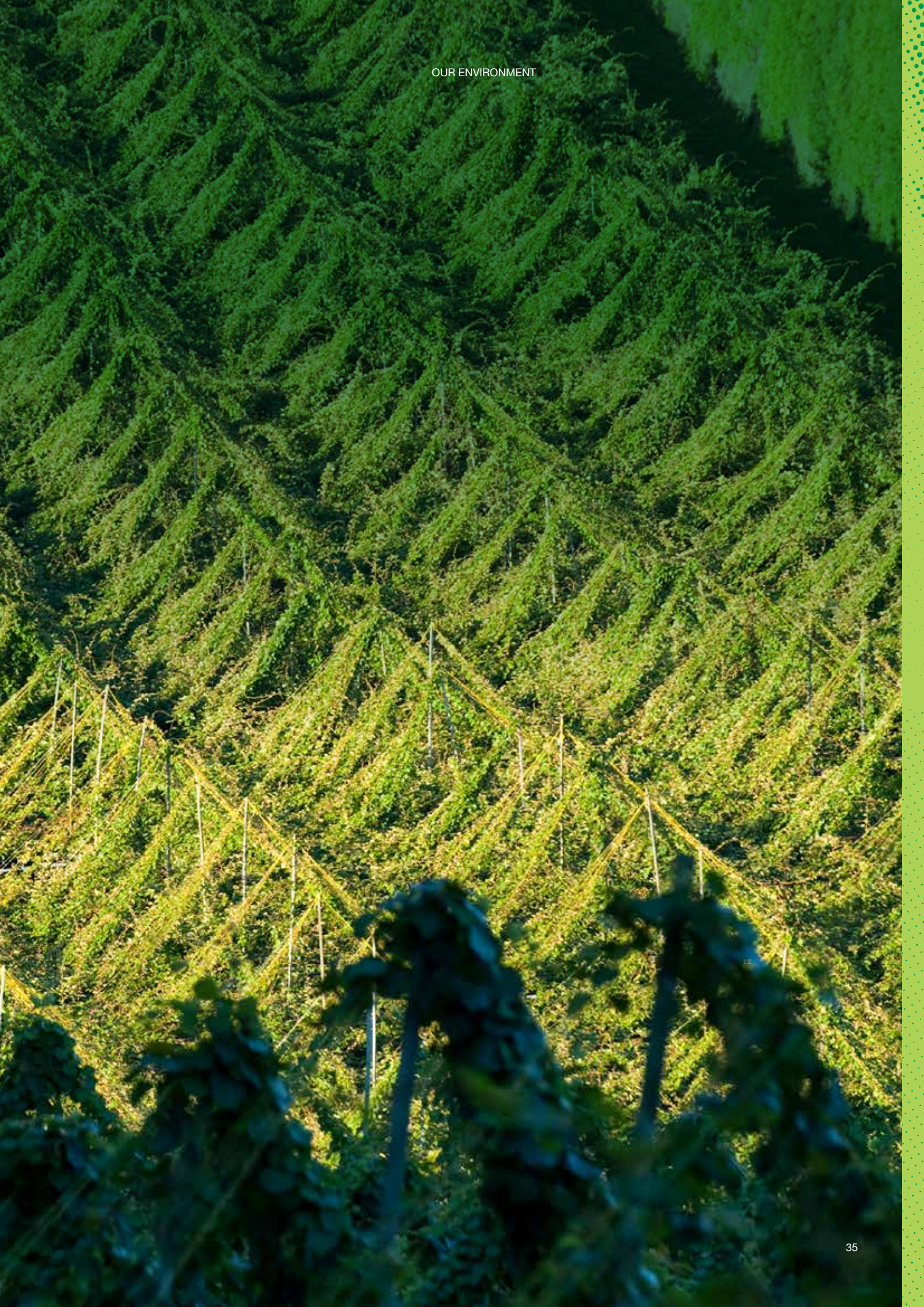
COVID-19 has brought many challenges, but also a greater understanding amongst consumers about the importance of sustainability.

We have a healthy, nutritious product grown from the land in communities around the world and are well positioned to respond.

Our work this year on getting the foundations in place will ensure our long-term ability to bring about the change required to achieve our goals, keep our people safe and well-cared for, and to play our part in restoring the health of our planet.

GUIDED BY *Our Environment*

We're striving to address how production, supply and sales impact on and enhance the environment with a focus on packaging, water quality and climate change.



“SIGNIFICANT EFFORT HAS GONE INTO THE DEVELOPMENT OF OUR CLIMATE CHANGE STRATEGY, DEFINING ITS PURPOSE AS GUIDING THE KIWIFRUIT INDUSTRY TO A LOW-CARBON, CLIMATE-RESILIENT FUTURE.”

ACCELERATING OUR PACKAGING TRIALS

Over the year, we've made significant strides in understanding our consumer packaging footprint through our investment in life-cycle analysis. From transport packs to consumer packs, we now better understand our environmental impact and have established baselines for our first two targets.

ZESPRI'S PROGRESS ON ITS PACKAGING TARGETS*

Progress on our packaging targets	2020/21
1. Our packaging will be 100% recyclable, reusable or compostable by 2025	86%
2. Any plastic packaging we use will be made from at least 30% recycled plastic by 2025	11%

*Prepared in accordance with Zespri Packaging Targets Basis of Preparation available at zespri.com/sustainability. The figures have been subject to Limited Assurance. The Independent Limited Assurance Report is available at zespri.com/en-NZ/zespri-sustainability.

We've started our first commercial trial of a fibre alternative to our plastic trays, delivering over 200,000 trays to Lidl, one of our key customers in Europe. We are also working with our suppliers to trial better alternatives to fruit labels so we can meet regulatory and consumer expectations, noting the technological challenges involved in this.

We've also worked on a number of trials of consumer pack solutions with our customers, identifying value and understanding how to scale them effectively.

We know reducing the impact of packaging is challenging and we can't do it alone, so we're excited by the willingness of key customers to work with us and over the coming year we will create a platform to work with innovative companies and collaborate on solutions.

We haven't always got it right and a negative reaction to single use plastic packaging in North America reminded us of the importance of meeting expectations of our consumers.

MANAGING OUR WATER RESOURCES

A Water Strategy for the Kiwifruit Industry was developed in 2019, led by New Zealand Kiwifruit Growers Incorporated (NZKGI) and in partnership with Zespri, Māori Kiwifruit Growers Incorporated (MKGI), Horticulture New Zealand (HortNZ) and growers. This set out a number of objectives on how we can best manage water on orchards.

We've continued our multi-year science research and innovation projects to answer key questions on water and nutrients on kiwifruit orchards. We've also worked with central and local government to inform policy to try to ensure the best outcome for growers and our water resources. Over 400 growers have taken part in irrigation and low-nutrient workshops during the year.

Visit www.nzkgi.org.nz/what-we-do/water/ to find out more about our progress.

PREPARING FOR A CHANGING CLIMATE

Significant effort has gone into the development of our climate change strategy, defining its purpose as guiding the kiwifruit industry to a low-carbon, climate-resilient future.

This strategy focuses on playing our part to reduce emissions, adapting to the impacts of climate change and supporting our industry to respond, including by delivering carbon positive kiwifruit to the world.

REDUCING EMISSIONS

Over the year, Zespri's corporate greenhouse gas emissions have reduced by 90 percent, however we recognise this is largely due to the reduction in global travel as a result of COVID-19.

While we expect some rise in travel emissions once the world starts to return to normal, the increased adoption of remote and virtual working across our global teams provides an opportunity for the business to rethink its approach and make even more progress towards Zespri's target to be carbon-neutral by 2025.



We are committed to taking action to reduce our impact as an industry.

ZESPRI'S CORPORATE EMISSIONS*

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

*Prepared in accordance with ISO 14064-1:2018 organisational reporting standard. The figures have been subject to Limited Assurance. The Independent Limited Assurance Report is available at zespri.com/en-NZ/zespri-sustainability.

As an industry, we're working towards being carbon-positive to our retailers by 2030. This year we've expanded the scope of our annual carbon reporting to include the emissions related to shipping. Our shipping emissions make up approximately 43 percent of our industry emissions.

Between FY20 and FY21 our shipping emissions increased by 7%. This is in line with the increase in volume of fruit shipped over the same reporting periods. Our shipping efficiency (measured in kg of CO₂-e per kg and tray equivalents of fruit shipped) was the same for both years. Over the coming year, we will work with our shipping partners to develop a pathway for emissions reduction.

ZESPRI'S INDUSTRY SHIPPING EMISSIONS FROM NEW ZEALAND-SOURCED FRUIT*

Industry emissions source	Unit	2020/21	2019/20
Shipping	t CO ₂ -e	339,800	319,000
	kg CO ₂ -e per kg of fruit shipped	0.5	0.5
	kg CO ₂ -e per Tray Equivalent (TE)	2.2	2.2

*Scope 3 emissions, prepared in accordance with ISO 14064-1:2018 organisational reporting standard. The figures have been subject to Limited Assurance. The Independent Limited Assurance Report is available at zespri.com/en-NZ/zespri-sustainability. Assumes an additional 70% of the total fuel used for Zespri's outbound container voyages to account for the greenhouse gas emissions associated with empty containers being repositioned to NZ for the purposes of exporting kiwifruit.

ADAPTING TO CLIMATE CHANGE

The first step in developing our plan for how we adapt to the impacts of climate change is understanding our risks.

We delivered the first of our sustainability commitments – to report on our climate-related risks and opportunities by August 2021. In accordance with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, we've undertaken a climate scenario analysis¹ to identify the priority climate-related risks for the kiwifruit industry:

1. Rising average temperatures and more weather variability and extremes;
2. Tightening environmental regulation; and
3. Consumer concerns about unsustainable products.

These occur over the medium to long-term and we need to consider their impact on growing systems, costs, and brand. A full report on our climate risks and opportunities, as well as our strategy to address them is available on our website at zespri.com/en-NZ/zespri-sustainability.

GETTING OUR HOUSE IN ORDER

We've also set targets to reduce our office waste around the world.

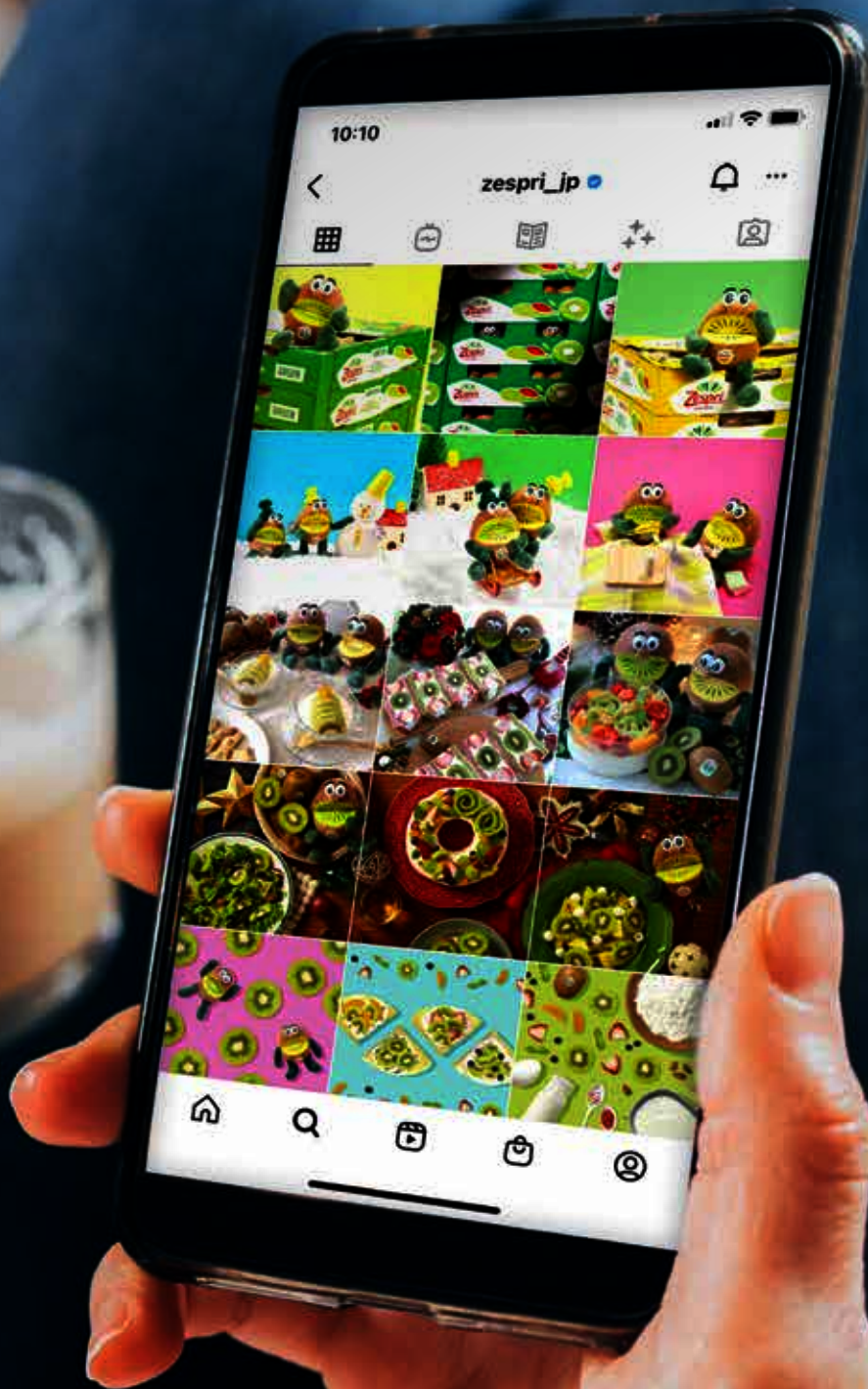
In New Zealand, we've introduced a new waste system as part of our efforts to meet our target of reducing waste to landfill by 50 percent and in less than a year, we've achieved Platinum status under the Tauranga City Council Business Resource Wise Programme.

This new system will be extended across our global offices over the coming year, and we'll also be further developing our plan for eliminating single-use plastics from our offices.

¹ Scenario-based climate analysis explores the risks associated with low and high emissions futures.

GUIDED BY *Goodness*

Our new brand better represents Zespri today, reflecting our purpose of helping people, communities and the environment thrive through the goodness of Kiwifruit.





“OUR CAMPAIGNS HAVE HELPED DELIVER OUR BEST-EVER BRAND EQUITY MEASURES, WITH OUR BRAND AWARENESS, BRAND POWER AND BRAND PREMIUM SCORES ALL IMPROVING.”

From a brand perspective, 2020 was a landmark year, with the business undertaking its first ever brand refresh. The new brand, first launched at Berlin Fruit Logistica in 2020, is more than just a new logo.

Our new brand better represents Zespri today, reflecting our purpose of helping people, communities and the environment thrive through the goodness of kiwifruit. It captures the burst of flavour consumers get when biting into a Zespri Kiwifruit and it’s been developed to deliver improved brand recognisability. It’s also been created with a view towards building stronger emotional connections with our consumers, particularly those looking for healthier options.

Our ambition is to unlock greater demand for Zespri and continue our path of becoming a leading global, healthy food brand.

In launching our new brand identity, we were clear that we were fruit on a mission, in a bid to help our consumers *make their healthy irresistible*; and our brand communications would focus on achieving this globally. The investment in the brand was \$15 million.



Our much-loved Kiwibrothers campaigns have helped grow our brand awareness.



In August 2020, our Japanese campaign, Aggelicious won an award for outstanding works of digital content. Zespri Head of Marketing APAC Kanako Inomata received the prestigious award on behalf of Zespri.



Despite the significant challenges that COVID-19 posed to everyday business across all our markets, our teams globally continued to drive efficiency and effectiveness with fewer campaigns, bigger impact and better results, with 12 awards achieved in 2020 – including the Grand Prix at ACC Branded Communication for Japan’s much-loved Kiwibrothers campaign and an Effies effectiveness award for the US team.

Crucially, all our campaigns have showcased the Zespri brand in a consistent manner, underpinned by our global visual identity and tagline that with Zespri you can *Make your Healthy Irresistible*. Our campaigns have helped deliver our best-ever brand equity measures, with our brand awareness, brand power and brand premium scores all improving.

With added focus on efficiency and effectiveness, our communications and the total number of global campaigns was reduced from 10 in 2019 to six in 2020. 86 percent of our global sales value was covered by just two campaigns – the expansion of Kiwibrothers to cover Japan, Korea, Vietnam and Europe and Vitamin C Goldmine campaign across Greater China.

While the total promotional spend was \$167m in 2020/21, a decrease from \$171m in 2019/20. The small decline was a result of marketing efficiency coupled with the impacts of COVID-19, which reduced activities like fruit sampling.

Despite international restrictions, our teams proactively and rapidly responded to the new environment with agility. With more time spent online for entertainment and grocery shopping, much of our traditional media focus was diverted to online platforms, engaging with consumers where they were looking for information and inspiration.

We saw a significant shift in consumer’s needs, interests and requirements towards nutrition, and specifically boosting their immunity. We also responded through key messages which highlighted the superior Vitamin C content in our kiwifruit.

While COVID-19 and its ongoing impacts continue to be a major focus for us, we are proud of what we have achieved with our new brand.

We have delivered exceptional results against our objectives which include both a long-term focus on building our brand and shorter-term initiatives focused on selling trays, which together will set us up to succeed in the years to come.

In 2020/21 we saw a continued increase in the number of markets where Zespri is the number one fruit brand, based on Kantar Brand Power rankings, up from 2 to 3 in the last year, and similarly in 2020/21 we are in the top 3 fruit brands in 10 of our markets, up from 9 last year.

Similarly, we’ve seen an increase in the percentage of our key markets in which our brand is strong enough that consumers are willing to pay a premium for our great-tasting fruit. In 2020/21, 80 percent of our key markets had a brand premium over the market average, up from 71 percent last year.

While the fruit category returned to growth across our core markets, Zespri growth also significantly outpaced the total category, up 14 percent in global sales compared to 3 percent for the broader fruit category. The category’s growth can certainly be attributed to the global rise in health concerns caused by the global pandemic. While our growth can also be explained by the strong association with health and fitness, our brand has gained standing from significant improvements in a number of health-related image attributes versus last year as a result of our brand campaign.

With a bold new brand, a team unified by our purpose and our values, we’re excited that the path ahead will be one with more milestones to celebrate.

ZESPRI

Global Supply

Our Global Supply Strategy is largely two-fold.

We want to keep Zespri branded fruit on retail shelves for 12 months a year, so that we can hold shelf space and reduce our marketing spend to ‘open’ markets for New Zealand fruit.

The strategy also brings associated benefits through our ability to leverage our promotional spend and the improved learnings we get from shared research and development activities. This year for example, when COVID-19 hit, our European suppliers were able to share experiences on operating during the pandemic to help the New Zealand industry implement innovative solutions to operating during lockdown.

Zespri currently procures SunGold Kiwifruit through contracted growers and Green fruit through procurement of fruit that meets Zespri standards. Zespri remains focused on ensuring that our ZGS growers and supply partners are meeting the Zespri brand promise.

We’ve now got over 4,000 hectares of planted SunGold Kiwifruit in the Northern Hemisphere and the partnerships we have with growers and suppliers in Europe are creating sustainable value.

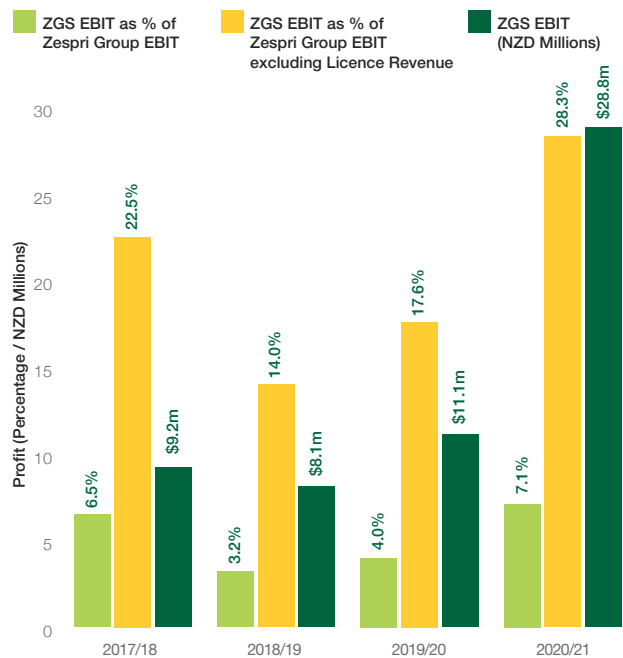
Greece has provided a significant uplift in our Green supply volumes, providing greater certainty in achieving 12-month supply and spreading our supply risk.

In 2020/21, total ZGS revenue reached NZ \$473 million, with around 23.5 million trays sold. ZGS accounted for almost 30% of Zespri Group’s total EBIT excluding licence revenue.

As we continue to work towards a 12-month supply strategy across all our markets to maximise benefits to New Zealand growers, there is a significant opportunity for ZGS to continue to grow.

As we bridge the gap between demand and supply, we expect ZGS to continue to grow the contribution it makes to our corporate profit in the mid- to long-term horizon, acknowledging short term headwinds are expected related to Italian frost impacted volumes and foreign exchange rates.

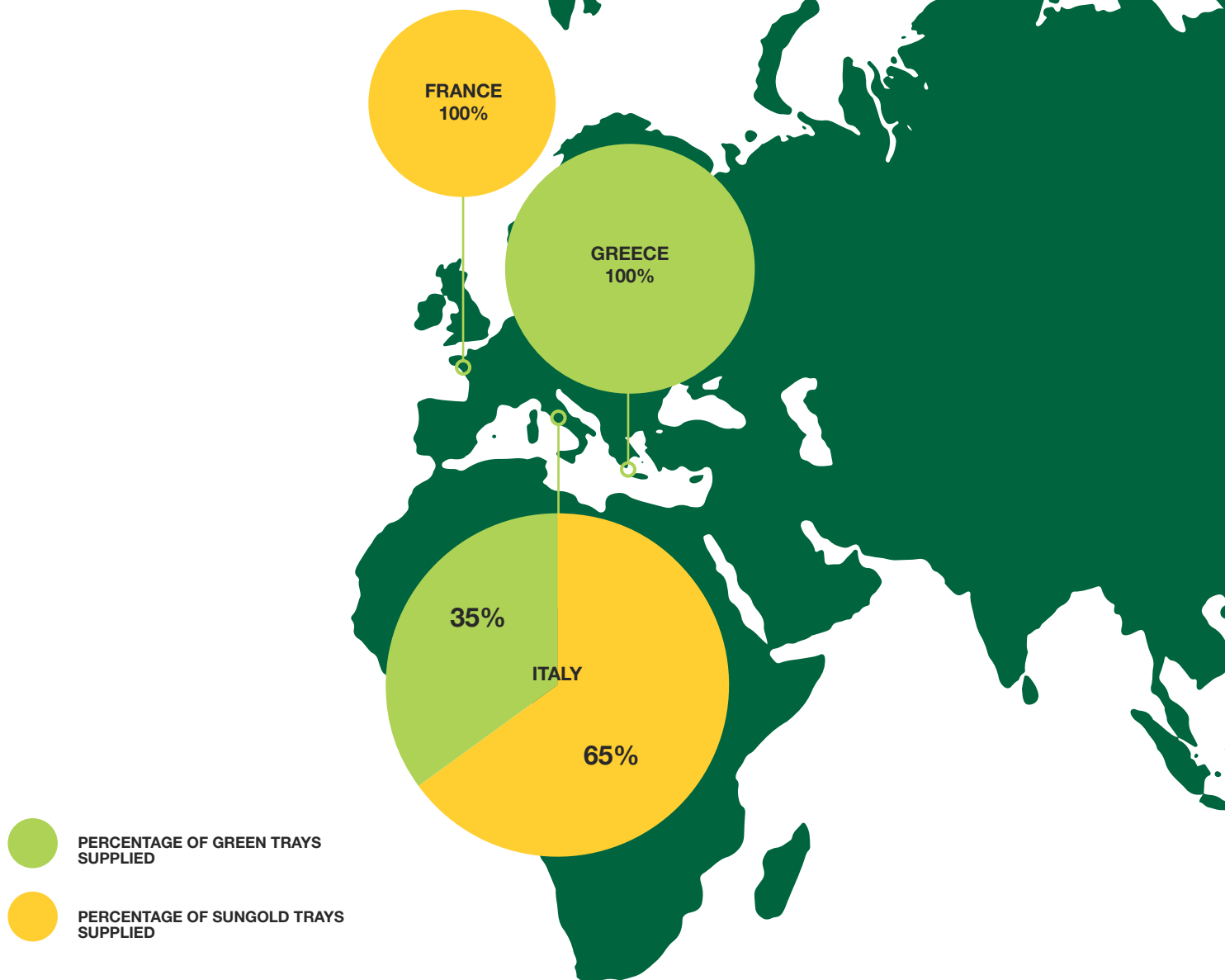
ZGS CONTRIBUTION TO CORPORATE PROFIT





ZESPRI

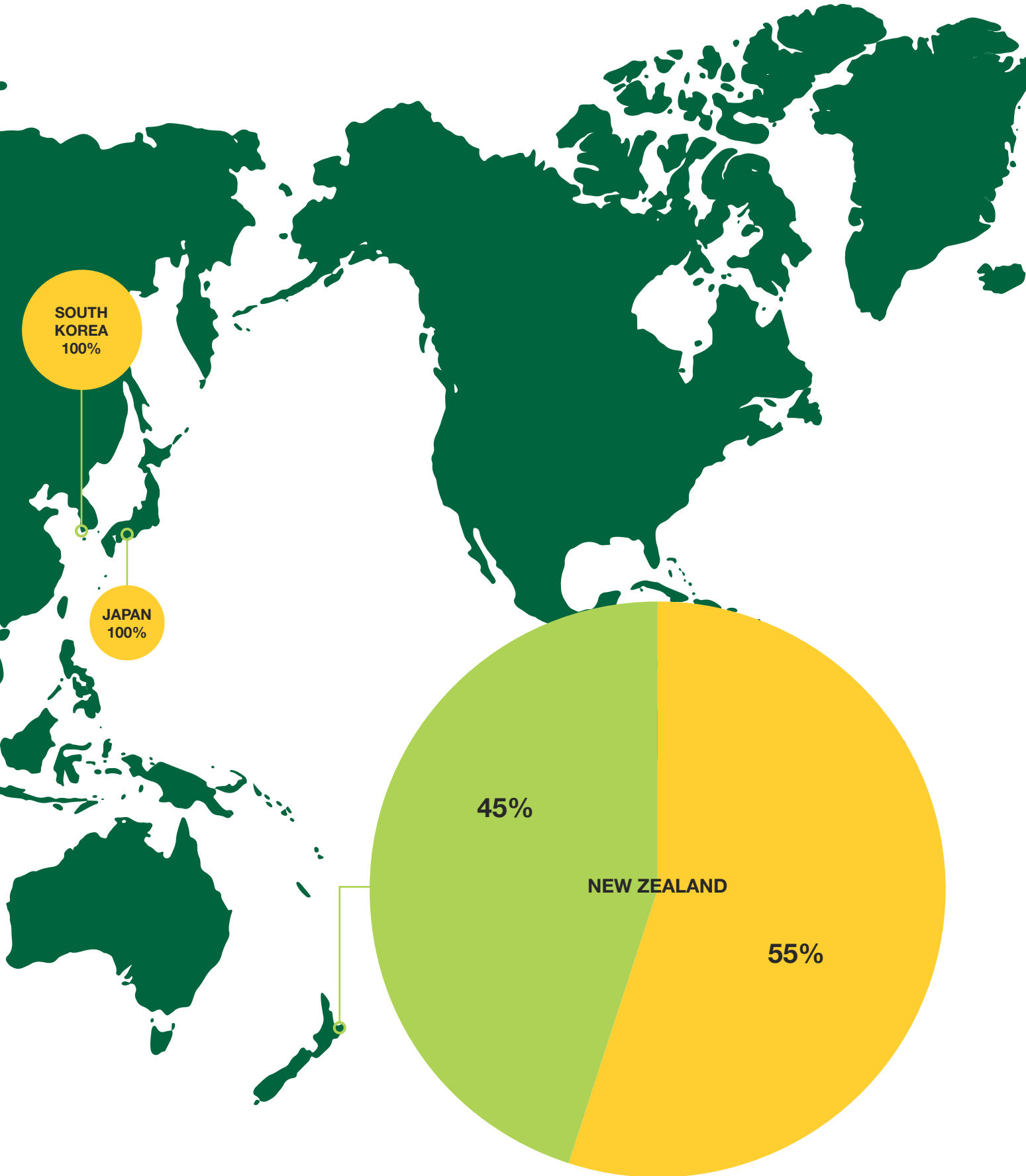
Global Supply continued



Region	Trays supplied ('000)	Percentage of supply	Producing hectares ¹	Number of orchards ¹
France	901	0.5%	267	81
Greece	3,027	1.7%	–	–
Italy	18,973	10.4%	2,230	735
Japan	211	0.1%	78	91
South Korea	559	0.3%	100	194
New Zealand	159,615	87.1%	13,334	3,101

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.



GRAPHIC IS NOT TO SCALE



WE VALUE *Innovation*

We're committed to creating healthier, better tasting and more sustainable varieties, and extending Zespri's position as the world's most innovative and successful kiwifruit marketer.





Our industry continues to forge a strong reputation for innovation.

We're committed to creating healthier, better tasting and more sustainable varieties, and extending Zespri's position as the world's most innovative and successful kiwifruit exporter.

In 2020/21, our innovation programme accelerated, with a greater focus put on further exploring some of the promising new varieties in our research pipeline and looking at the benefits of our fruit.

Continued investment in this space remains crucial if we are to stay ahead of increasing competition, and to protect our environment which remains critical in generating even more value for our growers and communities.

Interest in the Zespri Red variety among growers, customers and consumers was strong in 2020/21, and we're continuing to invest in research to improve fruit quality and firmness, bringing even more customers to the category. Indications from sales trials in China, Singapore and Japan are that Zespri Red is bringing new and younger consumers into the category. Zespri Red has also been selling at a premium over Zespri SunGold Kiwifruit in all trial markets.

Following years of extensive research by Zespri and our research partners, along with rigorous trials through orchard, supply chain, and market phases, in 2022 Zespri Red will move from a trial environment to the onset of commercial orchard production from the first of the 150 hectares licence that were released back in 2020. The Zespri Red concept has been in development for more than 20 years, with the original Red19 seedling first planted at the Kerikeri Research Centre in 2007.

Last year we explored research on harvesting Zespri SunGold Kiwifruit earlier and we're considering new possibilities for the Taste Zespri Programme. Our knowledge on how to utilise Controlled Atmosphere (CA) storage to extend the packing window of SunGold Kiwifruit as volumes increase, without compromising fruit quality outcomes, has been expanded. This is through research trials and Post-harvest Innovation Fund trials (Zespri partnering with packhouses), which has built confidence in this approach. In 2020/21, 2.4 million trays of Zespri Green went through CA across the industry (up from 0.5 million trays in 2019, and 0.02 million trays in 2018).



Zespri was pleased to host the launch of the Agritech Industry Transformation Plan in Tauranga, alongside the agritech community.



“INTEREST IN THE NEW VARIETY IS INCREDIBLY HIGH AND WE’RE ENCOURAGED BY THE NEW CONSUMERS IT IS BRINGING TO THE CATEGORY.”

The joint Zespri and Plant & Food Research (PFR) kiwifruit new cultivar development programme is the world’s largest kiwifruit breeding programme, with Zespri investing more than \$19 million into new cultivar development and commercialisation for the 2020/21 financial year.

We’ve increased our efforts in immunity research benefits of Zespri SunGold Kiwifruit with two projects underway assessing the beneficial impacts Zespri SunGold Kiwifruit have on immune endpoints. They are both human clinical studies that will measure how inclusion of two Vitamin C-rich SunGold Kiwifruit to our diet per day impacts our immune system.

We also announced our proposal to create a new dedicated Kiwifruit Breeding Centre in partnership with PFR. This is an exciting step forward for our industry and a natural evolution of the successful 30-year relationship between Zespri and PFR which has delivered great new varieties such as Hort16A, Zespri SunGold Kiwifruit and Zespri Red.

In the past year, the Innovation function of our business has been aligned under the leadership and expertise of Chief Growth Officer Jiunn Shih, whose role now covers both the marketing and innovation portfolios. This was a significant move, helping us get closer to the needs of our consumers.

We have made significant investment in a pan-industry, government funded Primary Growth Partnership programme called ‘A Lighter Touch’. The objective of this programme is to support agroecological crop protection for the New Zealand horticultural sector which will be a step change in pest management, balancing improved productivity with a lighter touch on the environment. This is well aligned with our sustainability goals for climate resilience and guardianship of the land for future generations.

Further progress has also been made in the Digital Crop Estimation (DCE) programme with Innovation support to add a fruit sizing component to the crop counting model.

As we move forward into the future, our innovation programme continues to remain at the centre of our efforts to create ongoing value into the future for our growers, customers and consumers worldwide.

VALUE *Into the Future*



The Horizon Programme will simplify and standardise our systems, increase automation and enable better decisions.

The industry's outlook for growth underpins the importance of investment in Zespri's business processes and systems. Many of our existing processes and systems were designed 20 years ago, supporting the needs of a much smaller industry.

During 2020/21 we commenced an ambitious programme of work called Horizon, which will transform how we operate in Zespri. Its scope is to modernise, standardise and digitalise our systems and processes in finance, grower enablement, supply chain, sales and operations planning. As well as mitigating the risk inherent in legacy systems, the programme will enable us to be more agile and efficient in delivering kiwifruit to our customers and sustaining strong returns to growers.

We've made good progress, having selected Deloitte as our design and implementation partner, leading a New Zealand-based consortium that combines expertise from Zag and Sysdoc. We have completed high-level design and detailed design for our finance and core supply chain processes and systems.

Over the next two to three years, the Horizon Programme will take a phased approach to a significant scope, ensuring that we manage programme delivery well and mitigate potential impacts on the business. Each phase of the programme requires a detailed business case and will be funded within the limits of our current funding model.

This work is critical to setting the business up for future growth. The first phase of the programme, focused on finance and core supply chain, will start to deliver increased visibility and synchronisation across the value chain, with completion targeted in 2022.

Running parallel to this work is the scoping stage for the second phase of the programme which looks at grower enablement, quality management and integrated business planning. In grower enablement, this means upgrading how we collect and provide information through platforms such as Canopy and Spray Diary.

The benefits of the investment are multiple. In finance, for example, it will deliver integrated systems that provide the foundation for value-adding insight from our financial data. Another example is in the supply chain, where Horizon will increase visibility into our data and improve global management of performance. Overall, it is about greater integration versus siloed information, more automation versus transactional tasks, scalability and flexibility in our systems versus aging legacy systems.

Ultimately, the Horizon Programme will help define the future of Zespri. It will have a considerable impact on the industry as we set ourselves up for sustainable growth for decades to come.



This work is critical to setting up the business for future growth.



ZESPRI IN *China*



"WE HAVE FORGED STRONG RELATIONSHIPS OVER MANY YEARS IN CHINA WITH OUR COMMERCIAL PARTNERS AND CONSUMERS, AND WE REMAIN ABSOLUTELY COMMITTED TO THIS IMPORTANT MARKET."



We must continue to adapt as China changes. This includes taking into account our history, our investment and our relationships as we consider our approach to resolving the ongoing challenge we face in addressing unauthorised Gold3 plantings.

Growers have been deeply engaged on this issue, joining roadshows, grower meetings and online events and Zespri has appreciated the opportunity to discuss the issue, the risks involved and possible solutions such as the commercial trial which growers considered as part of the Producer Vote.

While more than 70 percent of growers and 68 percent by weight supported Resolution 1 to carry out a one-season orchard monitoring, procurement and sales and marketing trial in China, this fell short of the 75 percent required under the Kiwifruit Export Regulations meaning the commercial sales trial will not proceed. A total of 64.5 percent supported the second resolution to use the Zespri brand label as part of the sales trial to understand consumer response.

The strength of our industry is that it is built on consensus, on debate, and on coming together to find solutions and innovate and grow. This ethos has served us well for the past few decades and will enable the industry to continue to thrive in the years ahead.

Our focus now is on continuing with our core business and gathering information to discuss possible next steps with growers. This will include continuing with our R&D, progressing our efforts to understand the local kiwifruit production environment and engaging further in China to better understand the unauthorised plantings, their potential impact and possible ways forward.

We have forged strong relationships over many years in China with our commercial partners and consumers, and we remain absolutely committed to this important market. Zespri will continue to keep working to position our New Zealand-sourced fruit as a premium offering to our Chinese consumers and building our brand in China, as well pushing for greater IP protection across a range of channels.

ZESPRI *Board*





Zespri's eight Board Members bring a wide range of experience, from international marketing and corporate governance to industry knowledge and financial expertise.

FROM RIGHT TO LEFT

BRUCE CAMERON | CHAIRMAN

- ZGL/ZIL Grower Director since August 2010
- Zespri Chairman since February 2019

JONATHAN MASON | DIRECTOR

- ZGL/ZIL Independent Director since May 2013
- Chair of the Audit and Risk Management Committee
- Member of the People and Culture Committee

TERESA CIPRIAN | DIRECTOR

- ZGL/ZIL Independent Director since November 2014
- Member of the People and Culture Committee
- Member of the Board Innovation Subcommittee

PETER SPRINGFORD | DIRECTOR

- ZGL/ZIL Independent Director since May 2017
- Chair of the China Advisory Board

TONY HAWKEN | DIRECTOR

- ZGL/ZIL Grower Director since July 2018
- Chair of the Industry Advisory Council
- Member of the Audit and Risk Management Committee
- Member of the Board Innovation Subcommittee

CRAIG THOMPSON | DIRECTOR

- ZGL/ZIL Grower Director since July 2019
- Chair of the Zespri Global Supply Advisory Board
- Member of People and Culture Committee
- Zespri Board appointed Director of Kiwifruit Vine Health (KVH)

NATHAN FLOWERDAY | DIRECTOR

- ZGL/ZIL Grower Director since July 2012
- Chair of the Board Innovation Subcommittee
- Member of the Audit and Risk Management Committee
- Member of the Industry Advisory Council

PAUL JONES | DEPUTY CHAIR

- ZGL/ZIL Grower Director since July 2014
- Zespri Deputy Chair since February 2019
- Chair of the People and Culture Committee
- Member of the Industry Advisory Council
- Member of the Board Innovation Subcommittee
- Member of Audit and Risk Management Committee

ZESPRI Executive Team



TRACY SHERLOCK

CHIEF EXECUTIVE ASSISTANT

Tracy joined Zespri in April 2010 as the Chief Executive Assistant to the CEO and Board of Directors, and is responsible for managing the CEO's Office.

CAROL WARD

CHIEF GROWER, INDUSTRY AND SUSTAINABILITY OFFICER

Carol has impressive knowledge and experience in marketing, innovation, sustainability, global supply chain, stakeholder and grower engagement. She applies her broad experience into building Zespri's success for the future through grower engagement, and driving the sustainability strategy. Carol is very motivated about the opportunity we have in New Zealand to provide the world with healthy food and sustainable products and support our thriving primary sector with its deep respect for our Tangata Whenua and Te Taiao.

ALASTAIR HULBERT

CHIEF GLOBAL SUPPLY OFFICER

Alastair brings a huge amount of experience and knowledge into Zespri, with over 20 years of leadership in the fresh produce sector. His most recent position has been Chief Operating Officer in the US for Total Produce, which is one of the world's largest fresh produce companies.

DAN MATHIESON

CHIEF EXECUTIVE OFFICER

Dan has been with Zespri for 19 seasons, holding sales and marketing leadership roles across the company's major markets. His focus continues to be on developing outstanding teams that are committed to delivering sustainable value for growers, consumers and all stakeholders that support healthy growth of Zespri's ecosystem. Dan is a Board Member of the Produce Marketing Association (PMA).



RACHEL DEPREE

EXECUTIVE OFFICER
SUSTAINABILITY

Rachel leads the global sustainability function. She is tasked with pan-industry leadership, and is focused on creating long-term positive change in areas of nutrition, packaging, water, climate change and labour.

RICHARD HOPKINS

CHIEF FINANCIAL OFFICER

Richard is responsible for Finance, Corporate Performance, Compliance and Legal Services. Prior to Zespri, he was CFO at Ballance Agri-Nutrients. Richard has a Degree in Chemistry from Warwick University and a MBA from Leeds University.

EDITH SYKES

CHIEF PEOPLE OFFICER

Edith brings a passion for organisations being more successful through a people-centric approach, leading best practice, cultural excellence and capability development – attributes that relate strongly to our values around people and performance.

LINDA MILLS

CHIEF MARKET
PERFORMANCE OFFICER

Linda is responsible for the market allocation and optimisation function, as well as sales and operations planning. Linda has worked in the industry for over 15 years. She has a Master of Science Degree from the University of Auckland and a MBA from Southern Cross University.

DAVID SCULLIN

CHIEF DIGITAL OFFICER

David leads our Digital Services team which is at the heart of our goal of creating a digital business – delivering a personalised service for our growers and customers, real-time data to drive decision-making, and more simplified business processes.

ZESPRI *Executive Team continued*



JIUNN SHIH

CHIEF GROWTH OFFICER

Jiunn is responsible for leading Zespri's Growth function, which includes corporate strategy, innovation, global sales and our marketing centres of excellence. Prior to joining Zespri, Jiunn built a solid sales and marketing track record in senior roles at Unilever and L'Oreal.



ICHIRO ANZAI

EXECUTIVE OFFICER ASIA PACIFIC

Ichiro is responsible for driving business across Asia Pacific, including Japan, Korea and Australia. He first joined Zespri Japan in 2014 as a Country Manager. Ichiro has also held senior sales and marketing roles across a number of top FMCG organisations including Unilever and McDonald's.



MICHAEL JIANG

EXECUTIVE OFFICER GREATER CHINA

Michael is responsible for driving business in mainland China, Hong Kong and Taiwan. He has more than 20 years of marketing and sales experience, and enjoys an outstanding reputation in the FMCG industry. Michael is passionate about new channel development and integrated management.



GIORGIO COMINO

EXECUTIVE OFFICER EUROPE AND NORTH AMERICA

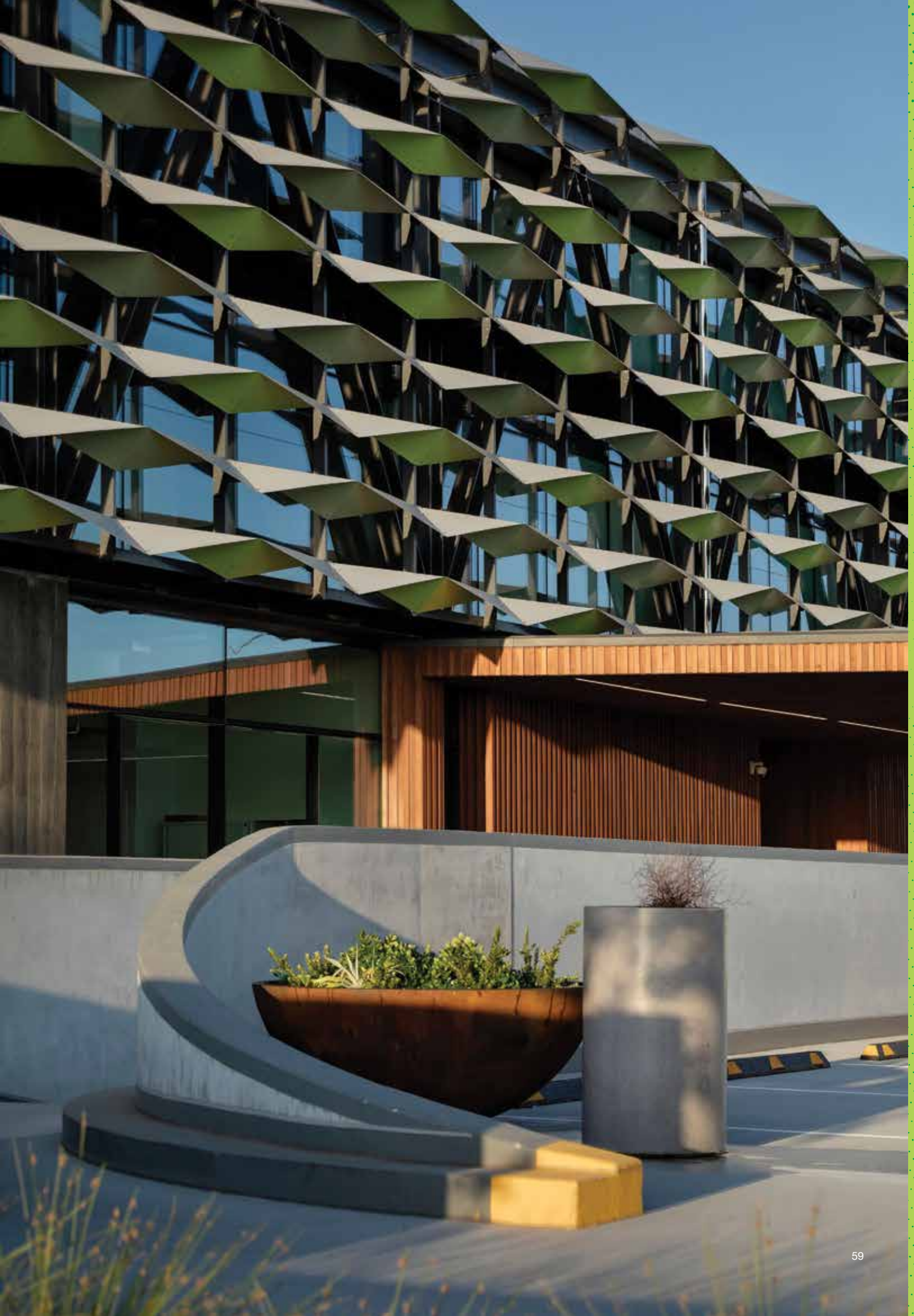
Giorgio's excellent leadership and communication skills are helping define the future growth strategy in Europe and North America. He brings 20 years of commercial experience and is passionate about sales and marketing. Prior to joining Zespri, Giorgio was Europe Sales and Trade Marketing Vice President in the Fabric Care Business Unit based in Switzerland.



NICK KIRTON

EXECUTIVE OFFICER NORTHERN HEMISPHERE SUPPLY

Nick was appointed Executive Officer Northern Hemisphere Supply in March 2021. He first joined Zespri in 2014, and has held a number of roles including Asia Regional Manager, Programme Director – China Supply and External Relations Manager.



CORPORATE *Governance*

Zespri is committed to providing a sustainable and safe business environment and adhering to the regulatory and legislative 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.

ETHICAL STANDARDS

At Zespri, we are committed to demonstrating integrity and maintaining a high standard of business ethics. The development and maintenance of corporate governance policies and processes are integral to ensuring we are always achieving these high ethical standards. There are clear expectations on all Directors, executives and employees who represent and act for Zespri, 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, together with training and presentations on a range of ethical and compliance issues throughout the Company.

Conflicts of interest: With five industry Directors on the Board, careful management of conflicts of interest is required. Zespri has comprehensive policies and practices in place to address existing and potential Board conflicts, which meet, and in some cases exceed, the requirements of the Companies Act 1993. 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 has policies and procedures in place that 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. 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 and anonymous Speak Up line for anyone to report unethical or illegal behaviour, which enables

the identification and proactive investigation of alleged misconduct. 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 such as duty and customs declarations.

Confidentiality and privacy: 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. 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.

BOARD COMPOSITION AND PERFORMANCE

The Zespri Board comprises eight members. As required by the Zespri Constitution, five Directors are elected from the kiwifruit industry, with three Independent Directors. This combination of members 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 desired for Zespri's future strategic direction, through a formal independent recruitment and assessment process. The Board has adopted processes to consider the skill sets required for the appropriate governance of Zespri, the contribution of Independent Directors, and the desirability of rotation. 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 stakeholder engagement with, and facility visits to, industry and other stakeholders. In normal circumstances, the Board undertakes a series of market visits each year to better understand markets, assess execution against strategy, and engage with offshore-based staff to understand local capability, challenges and Zespri culture. These visits did not occur this year due to COVID-19 travel restrictions, and thus the Board increased 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 are convened in certain key areas to increase effectiveness, and include the Audit and Risk Management Committee, People and Culture Committee, and Board Innovation Sub-committee. Two Advisory Boards were formed to support the Board in relation to the China market and ZGS. The China Advisory Board is chaired by Peter Springford, and consists of independent members including Sir John Key, Dr. Anning Wei, David Mahon, Peter McBride and Cindy Lau. The ZGS Advisory Board is chaired by Craig Thompson, with independent members Kevin Murphy and Peter McBride providing additional insight.

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 committee.

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.

The Board also convenes smaller informal committees and steering groups from time to time to address particular issues as the need arises. 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 the Institute of Directors. The details of remuneration paid to Directors during the financial year are available on page 98. The committee also considers governance succession within the New Zealand kiwifruit industry as a whole, and works with the Board in respect of industry initiatives such as the Industry Governance Development Programme. The committee comprises three elected shareholder members (presently John Cook, Andre Hickson and Michelle Dyer) and one independent member appointed by the Board (Graeme Milne). The committee's 2020/21 report is published within the Annual 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's 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 looks to fulfil its obligations by ensuring appropriate policies and procedures are adopted and implemented by fostering a strong culture of care for people, reviewing and monitoring the identification, reporting and management of critical risks. 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.

During the financial year, the commitments made by Zespri pursuant to the enforceable undertaking entered into following a 2016 orchard fatality were confirmed by WorkSafe to have been fully satisfied and discharged. Initiatives associated with the enforceable undertaking continue to provide a critical platform to promote industry education, research and communication around health and safety.

As with all global businesses, over the past year many Zespri people have been subject to extended periods of lockdowns, difficult working conditions and potential direct health impacts through infection of Zespri people or their family members. The Board is exceptionally proud of Zespri's global workforce and its ability to deliver the outcomes contained in the Financial Statements in the face of these challenges.

Throughout the year, the Board and Zespri's management team maintained strong focus on the wellbeing of our people and those of our wider stakeholders, particularly in the area of mental health, resilience, and creating a network of support to ensure that all Zespri people were able to maintain their wellbeing through the personal, team and business environment challenges. Among other things, this included the introduction of Zespri's BOOST programme, bringing together our Five Ways of Wellbeing — Give, Be Active, Take Notice, Connect and Learn.

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, cyber security and information systems stability. Sustainability has also been added to the Audit and Risk Management Committee Terms of Reference. This enables strong governance and oversight of key sustainability risks, including climate change, water, and packaging.

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.

From time-to-time, Zespri is involved in commercial disputes relating to our business. We typically seek to resolve such disputes through commercial discussions or alternative dispute resolution processes such as mediation or arbitration. 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.

Zespri's crisis management team continue to work closely with the Audit and Risk Management Committee and the Board to ensure that appropriate and timely action is taken to manage risk associated with disruption and business impacts from COVID-19.

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 means that Zespri's audit partner will change in 2022 to Laura Youdan. The Board extends its thanks and appreciation to Ian Proudfoot, whose extensive knowledge of global agribusiness has been immensely valuable over his tenure as Zespri's audit partner.

Controls are in place to restrict what non-audit work may be provided by the auditor. In the 2020/21 financial year, non-audit work and fees paid to KPMG are shown on page 77. Representatives of the auditors attend meetings of the Audit and Risk Management Committee periodically to discuss the audit plans and outcomes, 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.

Zespri has extensive approval and disclosure policies for trading in Zespri shares by its Directors and employees. These policies 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 via 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 its sustainability framework in February 2020, work has continued to embed our sustainability into Zespri's operations. At a Board level, this included formally agreeing Board level responsibility for sustainability. A Kiwifruit Industry Sustainability Position statement¹ 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 (see pages 36–37).

KIWIFRUIT INDUSTRY REGULATOR

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.

OTHER STAKEHOLDER INTERESTS

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.

Labour compliance: Zespri seeks to ensure that all employees and workers within its supply chain are treated fairly and in accordance with applicable labour laws. The Board has committed to working with industry to protect workers' rights within the industry, including through adoption of the GRASP module of the Global GAP standard, focused on social responsibility. During the financial year, Zespri continued to work closely with industry and government stakeholders to support enforcement of labour laws.

Supply chain integrity: 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. In addition, Zespri has published on its website, specific supplier policies covering anti-bribery and anti-corruption, conflicts of interest, gifts, benefits and hospitality, information system devices and security and privacy.

¹ https://www.zespri.com/content/dam/zespri/nz/corporate-information/Zespri_Sustainability_Positioning_Statement_FINAL.pdf



GUIDED BY *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.

FINANCIAL STATEMENTS & Statutory Information

FOR THE YEAR ENDED 31 MARCH 2021

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 2021.

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 accompanying consolidated financial statements of Zespri Group Limited (the 'Company') and its subsidiaries (the 'Group') on pages 71 to 95

- i. Present fairly in all material respects the Group's financial position as at 31 March 2021 and its financial performance and cash flows for the year ended on that date; and
- ii. Comply 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 2021;
- The consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.



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 services to the Group in relation to taxation consulting and compliance services, reasonable assurance engagements in relation to Kiwifruit pools and overhead allocations between segments, limited assurance over non-financial disclosures and agreed upon procedures related to the Unlisted submission, margin statement and the Annual Meeting. 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 \$10 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

Operating Revenue (\$3.97 billion)

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

Key operating revenue streams include sales of kiwifruit (\$3.66 billion) and sales of Zespri Plant Variety Right licences (\$307 million).

The Group recognises revenue from sales of kiwifruit and licences when control has transferred, being when the goods are delivered to the customer. Sales revenue is recorded at the invoiced price of the kiwifruit less volume discounts provided to a 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 allocated to growers who submit the highest bids in a tender process run by the Group. There is risk that licence revenue is incorrectly recognised as judgement is required to determine the point at which control of the license transfer to the successful growers.

Our audit procedures included:

- Reviewing key financial controls over revenue systems.
- Reviewing key terms of G3 and Red licence sales and timing of key milestones in the tender process to align with revenue recognition policy.
- Reviewing licence sales to related parties to ensure these are at arm's length.
- Testing a sample of sales revenue at a customer level and vouching receipt to bank.
- Engaging with component auditors in market to understand and assess their audit of revenue in market.

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



The key audit matter

How the matter was addressed in our audit

Intangibles (\$58.9 million)

Refer to Note 17 to the Financial Statements.

During the year ended 31 March 2021, the Group had intangible additions of \$34 million, the majority of which relate to computer software and process development.

The Group is in the early stages of the Horizon Programme, a phased approach to modernise the Groups systems and processes to support future growth. This includes updating the technology platform to SAP S/4HANA and private cloud solutions. The Horizon Programme is the most significant component of intangible work in progress, the current amount being \$24.9 million.

Judgement must be applied to account for costs incurred in the development of computer systems and processes as either an asset or an expense.

There is a risk that costs incurred on computer software development are incorrectly recorded as an asset, resulting in an overstatement of the Group's intangible assets.

Our audit procedures included:

- Reviewing processes and approvals of key projects, including approval by those charged with governance.
- Reviewing key project business cases to understand project objectives and timelines.
- Reviewing relevant internal audit reports to understand controls over key project costs.
- Enquire of and verify the status of various projects with key management personnel, project owners and those charged with governance.
- Analysing key projects against applicable accounting standards to form a view of the appropriateness of accounting treatment adopted.
- On a sample basis test the accuracy of project costs by obtaining 3rd party evidence.

We did not identify any material misstatements in relation to intangibles.

Other information

The Directors, on behalf of the Group, are responsible for the other information included in the Annual Report. Other information includes the Season Overview and Annual Meeting, Financial Highlights, Orchard Gate Returns, Guided by our Connections, Guided by our Communities, Guided by our People, Guided by Guardianship, Guided by our Environment, Guided by Goodness, Zespri Global Supply, We Value Innovation, Value into the Future, Zespri in China, Zespri Board, Zespri Executive Team, Corporative Governance, Statutory Information, Industry Performance, Alternative Revenue Statement and Cause of Change. 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 Ian Proudfoot.

For and on behalf of

KPMG
Tauranga

2 July 2021

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Income Statement	Notes	2021 \$'000	2020 \$'000
Operating revenue	2(a)	3,966,100	3,340,542
Other revenue	2(b)	53,184	45,717
Operating expenses	3	(3,558,863)	(3,131,083)
Other net (losses)/gains	4	(54,554)	18,529
Operating profit before taxation		405,867	273,705
Finance revenue	5(a)	2,633	5,359
Finance expense	5(b)	(3,183)	(2,144)
Net profit before taxation		405,317	276,920
Taxation expense	6(a)	(114,827)	(76,099)
Net profit after taxation		290,490	200,821
Total comprehensive income for the year		290,490	200,821

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	2021 \$'000	2020 \$'000
Current assets			
Cash and cash equivalents	10(a)	414,643	322,821
Accounts receivable	8	110,882	104,260
Income tax receivable		133	777
Other financial assets	10(a)	140,326	127,102
Prepayments	9	59,616	52,519
Inventories	11	195,378	178,627
		920,978	786,106
Non-current assets			
Other financial assets	10(a)	231,360	148,860
Property, plant and equipment	12	70,037	67,162
Intangibles	13	58,916	34,963
Deferred tax assets	6(b)	10,250	13,700
Prepayments	9	2,022	5,685
Right of use assets	14(a)	15,860	13,246
		388,445	283,616
Total assets		1,309,423	1,069,722
Current liabilities			
Accounts payable and accruals	16	552,938	484,109
Income tax payable		16,126	14,001
Provisions and insurance liabilities	17	10,126	1,433
Other financial liabilities	10(b)	140,326	127,102
Lease liabilities	14(c)	4,431	4,486
		723,947	631,131
Non-current liabilities			
Accounts payable and accruals	16	2,541	2,866
Interest bearing liabilities	20	30,000	30,000
Deferred tax liabilities	6(b)	2,688	1,474
Other financial liabilities	10(b)	231,360	148,860
Lease liabilities	14(c)	11,655	9,403
		278,244	192,603
Equity			
Share capital		26,539	26,539
Retained earnings		280,693	219,449
		307,232	245,988
Total liabilities and equity		1,309,423	1,069,722

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 2 July 2021.
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	Retained earnings \$'000	Total \$'000
Balance as at 1 April 2020		26,539	219,449	245,988
Comprehensive income:				
Net profit after taxation		–	290,490	290,490
Total comprehensive income for the year		–	290,490	290,490
Transactions with owners:				
Dividends paid during the year	7(c)	–	(229,246)	(229,246)
Balance as at 31 March 2021		26,539	280,693	307,232
Balance as at 1 April 2019		26,539	187,353	213,892
Comprehensive income:				
Net profit after taxation		–	200,821	200,821
Total comprehensive income for the year		–	200,821	200,821
Transactions with owners:				
Dividends paid during the year	7(c)	–	(168,725)	(168,725)
Balance as at 31 March 2020		26,539	219,449	245,988

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	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash was provided from:			
Receipts from sales		3,660,048	3,156,584
Receipts from sales of Zespri licences		321,686	231,938
Receipts from research co-funding		5,625	7,096
Proceeds from derivatives	4	–	3,553
Taxation refunded		2,998	3,953
		3,990,357	3,403,124
Cash was applied to:			
Payments to contracted suppliers – New Zealand-grown fruit		2,233,208	1,958,023
Payments to contracted suppliers – non-New Zealand-grown fruit		339,016	269,160
Payments to other suppliers and employees		897,643	794,059
Payments for derivatives	4	12,510	–
Insurance claims – reinsurance liabilities		2,927	4,731
Other sundry items		229	5,902
Taxation paid		110,395	86,990
		3,595,928	3,118,865
Net cash provided from operating activities	18	394,429	284,259
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment, and intangibles		191	12
		191	12
Cash was applied to:			
Purchase of property, plant and equipment		8,217	14,713
Purchase of intangible assets		33,963	9,717
		42,180	24,430
Net cash used in investing activities		(41,989)	(24,418)
Cash flows from financing activities			
Cash was provided from:			
Proceeds from borrowings		–	30,000
Interest received		2,349	4,401
		2,349	34,401
Cash was applied to:			
Interest paid		967	329
Lease liabilities payments		6,151	3,700
Dividend payments	7(c)	229,246	168,725
		236,364	172,754
Net cash used in financing activities		(234,015)	(138,353)
Net increase in cash held		118,425	121,488
Effects of exchange rate changes on foreign currency cash balances		(26,603)	8,721
Add opening cash brought forward		322,821	192,612
Ending cash carried forward		414,643	322,821
Represented by:			
Cash and cash equivalents	10(a)	414,643	322,821
		414,643	322,821

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') and its subsidiaries (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 Financial Statements and Notes to the Financial Statements are presented in New Zealand Dollars, the functional and presentational currency of the Company and each subsidiary.

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 8)
- Valuation of derivatives (Note 10)
- Capitalisation of intangible assets (Note 13)
- Leases incremental borrowing rate and lease terms (Note 14)
- Timing and amount of provisions and insurance liabilities (Note 17)
- Realisation of contingent assets and liabilities (Note 19)

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) Basis of consolidation

The consolidated Financial Statements include the results and balances of all entities over which the Company and its subsidiary companies have control (refer Note 15). All companies in Zespri Group are wholly owned by companies within the Group and, therefore, are ultimately fully controlled by the Company.

All subsidiaries 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.

All inter-company transactions are eliminated on consolidation.

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

(b) 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.

(c) Changes in accounting policies

The accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated financial statements for the year ended 31 March 2020. In April 2021 the International Financial Reporting Interpretations Committee (IFRIC), finalised its interpretation of the application of IAS 38 Intangible Assets to configuration or customisation costs in a cloud computing arrangement. Entities are required to apply accounting policy changes that result from an IFRIC agenda decision on a timely basis. Management is in the process of assessing the impact of this decision on its accounting for cloud computing arrangements. Any changes in accounting policy will be implemented retrospectively in the financial year ending 31 March 2022.

2 REVENUE

(a) Operating revenue	2021 \$'000	2020 \$'000
Sale of kiwifruit (at spot foreign exchange rates):		
New Zealand-grown kiwifruit	3,150,561	2,727,232
Non-New Zealand-grown kiwifruit	474,118	369,417
Collaborative marketing	34,299	27,513
Total revenue from kiwifruit product sales	3,658,978	3,124,162
Sale of Zespri Plant Variety Right licences	306,627	214,521
Revenue from branding royalties	271	189
Insurance revenue ¹	224	1,670
Total operating revenue	3,966,100	3,340,542

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	2021 \$'000	2020 \$'000
Gain on sale of assets	76	17
Zespri Plant Variety Right royalty income	39,329	32,713
Co-funding from Callaghan Innovation for research and development	5,000	5,000
Co-funding for other projects	1,256	1,028
Other income	7,523	6,959
Total other revenue	53,184	45,717

(c) Revenue recognition

Revenue is recognised as follows:

(i) Sale of goods and licences:

Sale of kiwifruit

The Group generates revenues primarily from the sale of kiwifruit to its customers. Sales of kiwifruit are recognised when control of the goods has transferred, being when the goods are delivered to the distributor or retailer. 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 distributor, and the distributor 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.

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.

Licence and royalty sales

Revenue from sales of licences is recognised when control of the licence has transferred, being when the licence application has been accepted. Royalty income is recognised when the sales of licenced Plant Variety Right (PVR) kiwifruit occurs.

(ii) Interest:

Interest income is recognised on a time-proportion basis using the effective interest method.

(d) Co-funding

Co-funding is recognised as follows:

(i) **Research co-funding**, including research co-funding from government grants, relating to research and development costs 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 income to which it relates is shown separately as income.

(ii) **Co-funding income** is recognised only when there is reasonable assurance that any conditions attached to the co-funding have been complied with, and that the co-funding will be received.

3 OPERATING EXPENSES

Operating expenses include the following (at spot foreign exchange rates):	2021 \$'000	2020 \$'000
Commissions	25,081	23,124
Directors' fees	910	883
Donations	960	617
Employee remuneration and benefits	119,333	102,569
Employee remuneration and benefits – defined contribution plan	2,315	2,788
Fruit and service payments – New Zealand-grown kiwifruit ¹	2,190,089	1,917,453
Fruit purchases – non-New Zealand-grown kiwifruit	354,110	273,647
Innovation	29,453	31,137
Kiwifruit New Zealand ²	664	640
Kiwifruit Vine Health Incorporated ³	2,510	2,332
Loss on sale of assets	30	111
Loyalty premium – New Zealand-grown kiwifruit	62,619	45,475
New Zealand Kiwifruit Growers Incorporated ⁴	1,569	1,457
Promotion	176,230	179,085

¹ 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:

² The Company is required, under Regulation 39 of the Kiwifruit Export Regulations 1999, to fund the statutory board Kiwifruit New Zealand.

³ 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.

⁴ 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 2020/21 was \$0.01 per tray of kiwifruit grown in New Zealand and exported to markets other than Australia (2020: \$0.01 per tray).

Fees paid to auditors

Fees were paid to KPMG as follows:

- Audit of financial statements: \$496,000 (2020: \$432,500)
- Other audit-related and assurance fees: \$72,000 (2020: \$44,000)¹
- Non-audit fees: \$152,000 (2020: \$208,227)²

¹ Other audit-related fees include fees for a reasonable assurance engagement in relation to the special purpose financial statements, greenhouse gas assurance and overhead allocation between segments, these also included agreed-upon engagements related to the Unlisted submission, 2020 Annual General Meeting, and the 2021 margin reset calculation.

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

Other audit fees of \$82,068 (2020: \$61,373) have been paid to other auditors to meet local requirements.

4 OTHER NET [LOSSES]/GAINS

	2021 \$'000	2020 \$'000
Net (losses)/gains from derivatives	(12,510)	3,553
Net foreign exchange (losses)/gains from non-derivatives ¹	(42,044)	14,976
Total other net (losses)/gains	(54,554)	18,529

¹ Net foreign exchange (losses)/gains from non-derivatives relate to realised and unrealised translation of foreign currency balance sheet positions to New Zealand dollars.

5 FINANCE REVENUE AND EXPENSE

(a) Finance revenue	2021 \$'000	2020 \$'000
Interest revenue	2,633	5,359
Total finance revenue	2,633	5,359
(b) Finance expense	2021 \$'000	2020 \$'000
Interest expense	942	298
Interest on leases	397	389
Fee expense	1,844	1,457
Total finance expense	3,183	2,144

6 TAXATION

(a) Taxation expense	2021 \$'000	2020 \$'000
Net profit before taxation	405,317	276,920
Income tax using the New Zealand corporate tax rate – 28%	113,489	77,538
Tax effect of:		
Non-deductible or non-assessable items	317	930
Translation gain/(loss) differences on foreign tax	918	(881)
Tax over provided in prior year	(383)	(3,186)
Foreign income at different tax rates	(633)	836
Movement in distribution of accumulated retained earnings of subsidiaries	1,119	862
Taxation expense	114,827	76,099
 Effective tax rate	 28.33%	 27.48%
Taxation expense is represented by:		
Current tax expense	110,332	86,429
Deferred tax expense/(income)	4,495	(10,330)
Taxation expense	114,827	76,099
 (b) Components of deferred taxation	 2021 \$'000	 2020 \$'000
Property, plant and equipment, and intangibles	(2,626)	(1,752)
Inventories and receivables	1,242	4,701
Retained earnings in subsidiaries	(2,688)	(1,570)
Provisions and accruals	6,533	8,016
Other financial assets and liabilities	(529)	(1,663)
Employee entitlements	5,567	4,403
Tax losses carried forward	63	91
Net deferred tax assets	7,562	12,226
 Deferred tax assets	 10,250	 13,700
Deferred tax liabilities	(2,688)	(1,474)
Net deferred tax assets	7,562	12,226
 (c) Net change in deferred tax balances	 2021 \$'000	 2020 \$'000
Net deferred tax assets at 1 April	12,226	2,032
Charged to Income Statement	(4,495)	10,330
Exchange differences and other	(169)	(136)
Net deferred tax assets at 31 March	7,562	12,226
All movements have been charged to the Income Statement. No movements have been recorded directly within equity.		
 (d) Tax credits available to shareholders	 2021 \$'000	 2020 \$'000
 New Zealand imputation credit account		
Imputation credits available for use at 31 March	1,867	1,880

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	2021	2020
Net profit after taxation attributable to shareholders (\$'000)	290,490	200,821
Weighted average shares ('000)	183,252	183,252
Basic average per share (\$)	1.59	1.10

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 (2020: 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 14 March 2015 will not receive dividends for 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.

(c) Dividends paid	2021 \$'000	2020 \$'000
Ordinary dividends:		
On ordinary shares – final (prior year)	34,818	31,153
On ordinary shares – interim (current year)	194,247	137,439
Supplementary dividends (to non-residents)	181	133
Total dividends paid	229,246	168,725

During the year, the 2020 final dividend of 19 cents per share and the 2021 interim dividend of 95 cents per share were paid in August 2020. An additional 2021 interim dividend of 11 cents per share was paid in December 2020. All of these dividends are recognised in the Financial Statements and were fully imputed. Supplementary dividends of \$181,196 were paid to shareholders that are 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 a fully imputed final dividend is detailed in Note 22.

8 ACCOUNTS RECEIVABLE

	2021 \$'000	2020 \$'000
Current:		
Trade receivables	32,451	46,437
Other receivables ¹	35,764	23,347
	68,215	69,784
Indirect taxation	42,667	34,476
Total current account receivables	110,882	104,260

¹ Other receivables include an amount of \$9,352,916 (2020: Nil) of hail insurance receivable. An amount of \$3,000,000 is receivable from Zespri insurers and the remainder is to be recovered from the New Zealand pool in accordance with the New Zealand Supply Agreement (refer note 17).

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.

Accounts receivable past due but not impaired	2021 \$'000	2020 \$'000
Less than 3 months overdue	5,250	3,414
Between 3 and 6 months overdue	–	64
Between 6 and 12 months overdue	21	32
More than 12 months overdue	–	52
Accounts receivable past due but not impaired as at 31 March	5,271	3,562

The past due between 6 and 12 months has been fully paid in May 2021.

In certain regions a portion of accounts receivable amounts are secured by bank guarantees, trade credit insurance or other collateral, with all others being unsecured.

9 PREPAYMENTS

	2021 \$'000	2020 \$'000
Current:		
Prepaid submit payments for next season's fruit not recorded in inventory	42,634	34,866
Insurance	6,283	5,599
Option premiums	3,520	5,954
Other	7,179	6,100
Total current prepayments	59,616	52,519
Non-current:		
Option premiums	1,947	5,367
Other	75	318
Total non-current prepayments	2,022	5,685
Total prepayments	61,638	58,204

10 FINANCIAL ASSETS AND LIABILITIES

(a) Financial assets per Balance Sheet	Notes	Loans and receivables		Assets designated at fair value through the Income Statement		Total	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Derivatives – held for trading		–	–	371,686	92,199	371,686	92,199
Contracted future suppliers		–	–	–	183,763	–	183,763
Accounts receivable	8	110,882	104,260	–	–	110,882	104,260
Cash and cash equivalents ¹		414,643	322,821	–	–	414,643	322,821
Total other financial assets		525,525	427,081	371,686	275,962	897,211	703,043
Represented by:							
Current		525,525	427,081	140,326	127,102	665,851	554,183
Non-current		–	–	231,360	148,860	231,360	148,860
Total other financial assets		525,525	427,081	371,686	275,962	897,211	703,043

(b) Financial liabilities per Balance Sheet	Notes	Liabilities at amortised cost		Liabilities designated at fair value through the Income Statement		Total	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Derivatives – held for trading		–	–	62,185	275,962	62,185	275,962
Contracted future suppliers		–	–	309,501	–	309,501	–
Accounts payable and accruals	16	555,479	486,975	–	–	555,479	486,975
Lease liabilities	14(c)	16,086	13,889	–	–	16,086	13,889
Interest bearing liabilities	20	30,000	30,000	–	–	30,000	30,000
Total other financial liabilities		601,565	530,864	371,686	275,962	973,251	806,826
Represented by:							
Current		557,369	488,595	140,326	127,102	697,695	615,697
Non-current		44,196	42,269	231,360	148,860	275,556	191,129
Total other financial liabilities		601,565	530,864	371,686	275,962	973,251	806,826

¹ Of the cash and cash equivalents, \$172,046,520 is held in short term money market deposits with the balance being held in transactional bank accounts. 73 percent is held in NZD, 19 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.

10 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.

Contractual maturities as at 31 March

2021	Notes	< 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000	> 5 years \$'000	Total \$'000
Non-derivatives:						
Trade creditors	16	62,673	–	–	–	62,673
Accruals and other payables	16	490,265	–	2,541	–	492,806
Lease liabilities	14(b)	4,507	3,389	6,534	2,502	16,932
Interest bearing liabilities	20	–	–	–	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
2020						
Non-derivatives:						
Trade creditors	16	71,153	–	–	–	71,153
Accruals and other payables	16	412,956	–	2,866	–	415,822
Lease liabilities	14(b)	4,660	3,134	4,635	3,155	15,584
Interest bearing liabilities	20	–	–	–	30,000	30,000
		488,769	3,134	7,501	33,155	532,559
Derivatives:						
Derivatives – held for trading		127,102	88,616	60,244	–	275,962
Total contractual maturities		615,871	91,750	67,745	33,155	808,521

(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 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.

(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 (refer Note 20). 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 (2020: Nil contracts).

10 FINANCIAL ASSETS AND LIABILITIES [CONTINUED]

Maturity of oil price forward contracts	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Less than one year	16,487	–	5,724	–
	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 2021.

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 the Company 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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Contracted future suppliers	6,422,142	6,305,054	(309,501)	183,763

11 INVENTORIES

	2021 \$'000	2020 \$'000
New Zealand-grown kiwifruit inventory (next season)	176,735	161,064
Non-New Zealand-grown kiwifruit inventory	5,778	4,876
Packaging materials	12,818	12,602
Other	47	85
Total inventories	195,378	178,627

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.

12 PROPERTY, PLANT AND EQUIPMENT

	Land and improvements \$'000	Leasehold improvements \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Work in progress \$'000	Total \$'000
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
2020							
Net book value as at 1 April 2019	9,548	1,475	–	5,154	193	40,697	57,067
Depreciation expense	–	(648)	(1,333)	(2,414)	(78)	–	(4,473)
Additions	–	891	9,733	4,364	93	378	15,459
Disposals (net)	(423)	(180)	–	(273)	(15)	–	(891)
Transfers	338	65	37,649	2,646	–	(40,698)	–
Net book value as at 31 March 2020	9,463	1,603	46,049	9,477	193	377	67,162
Cost	9,463	4,612	47,382	16,791	444	377	79,069
Accumulated depreciation	–	(3,009)	(1,333)	(7,314)	(251)	–	(11,907)
Net book value as at 31 March 2020	9,463	1,603	46,049	9,477	193	377	67,162

Policies

The cost of purchased property, plant and equipment is the value of the consideration given 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 assets constructed by Zespri Group includes the cost of all materials used in construction and direct labour on the project, and financing costs that are directly attributable to the project. 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. Capital work in progress is not depreciated until the work is complete and the asset is fit for productive use.

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 are 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 2021 there are outstanding capital commitments totalling \$792,733 for property, plant and equipment (2020: \$45,308).

13 INTANGIBLES

	Development costs \$'000	Computer software \$'000	Work in progress \$'000	Total \$'000
2021				
Net book value as at 1 April 2020	3,946	21,734	9,283	34,963
Amortisation expense	(1,284)	(8,725)	–	(10,009)
Additions	1,996	8,272	23,821	34,089
Disposals (net)	–	(127)	–	(127)
Net book value as at 31 March 2021	4,658	21,154	33,104	58,916
Cost	17,147	73,060	33,104	123,311
Accumulated amortisation	(12,489)	(51,906)	–	(64,395)
Net book value as at 31 March 2021	4,658	21,154	33,104	58,916
2020				
Net book value as at 1 April 2019	3,305	15,303	18,534	37,142
Amortisation expense	(1,320)	(10,571)	–	(11,891)
Additions	1,961	4,411	3,345	9,717
Disposals (net)	–	(5)	–	(5)
Transfers	–	12,596	(12,596)	–
Net book value as at 31 March 2020	3,946	21,734	9,283	34,963
Cost	21,429	66,332	9,283	97,044
Accumulated amortisation	(17,483)	(44,598)	–	(62,081)
Net book value as at 31 March 2020	3,946	21,734	9,283	34,963

Policies

(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. Because the software is without physical substance, it is classified as an intangible asset.

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 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. The amount initially recognised as an intangible asset is the sum of this expenditure incurred from the date the above recognition criteria is met. Computer software has a finite useful life and is 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.

(iii) Intangibles work in progress:

Intangibles work in progress is not amortised until work is complete and the asset is fit for its intended use.

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.

Intangibles work in progress

As at 31 March 2021, 100 percent (2020: 100 percent) of the Group intangibles work in progress relates to ongoing computer software projects. Of this, \$24,888,140 relates to the Horizon Programme.

Intangible commitments

As at 31 March 2021 there are outstanding capital commitments totalling \$37,446,052 for intangible assets (2020: \$697,602). Of this, \$36,777,662 relates to the Horizon Programme. 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.

14 LEASES

	Buildings \$'000	Land \$'000	Motor Vehicles \$'000	Office Equipment \$'000	Total \$'000
(a) Right of use assets					
2021					
Net book value as at 1 April 2020	9,533	2,507	1,076	130	13,246
Additions	8,174	774	393	57	9,398
Depreciation expense	(4,226)	(318)	(596)	(77)	(5,217)
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
2020					
Net book value as at 1 April 2019	–	–	–	–	–
Movements on transition	11,338	2,778	1,414	201	15,731
Additions	1,507	–	237	14	1,758
Depreciation expense	(3,312)	(271)	(575)	(85)	(4,243)
Net book value as at 31 March 2020	9,533	2,507	1,076	130	13,246
Cost	12,845	2,778	1,651	215	17,489
Accumulated depreciation	(3,312)	(271)	(575)	(85)	(4,243)
Net book value as at 31 March 2020	9,533	2,507	1,076	130	13,246
(b) Maturity analysis – contractual undiscounted cash flows from minimum lease payments					
				2021 \$'000	2020 \$'000
Less than one year				4,507	4,660
One to five years				9,923	7,769
More than five years				2,502	3,155
Total contractual undiscounted cash flows from minimum lease payments				16,932	15,584
(c) Lease liabilities					
				2021 \$'000	2020 \$'000
Current				4,431	4,486
Non-current				11,655	9,403
Total lease liabilities				16,086	13,889
(d) Lease expenses included in the Income Statement					
				2021 \$'000	2020 \$'000
Short term leases				986	1,131
Variable lease payments				15	11
Interest on leases				397	389
Gain on leases				(86)	(7)
Total lease expenses				1,312	1,524
(e) Lease cash flows included in the Statement of Cash Flows					
				2021 \$'000	2020 \$'000
Total cash outflow in relation to leases				7,152	5,131

Policies

Lease liabilities are initially measured at the present value of future lease payments discounted using the Group's incremental borrowing rate. As at 1 April 2021, the weighted average rate applied was 2%. The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable if the Group changes its assessment of whether it will exercise purchase, extension or termination options.

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.

14 LEASES [CONTINUED]

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

(f) Lessor income	2021 \$'000	2020 \$'000
Operating lease income ¹	81	61
Total lessor income	81	61

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

(g) Maturity analysis – contractual undiscounted lessor income	2021 \$'000	2020 \$'000
Less than one year	81	81
One to five years	406	406
More than five years	568	649
Total contractual undiscounted lessor income	1,055	1,136

15 INVESTMENTS IN SUBSIDIARY COMPANIES

Zespri Group Limited is the ultimate holding company for the Zespri Group of companies.

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.

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 Jia Pei Fruit (Shanghai) Co. 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 significant subsidiaries of the Group are listed below:

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 (incorporated July 2020)	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 (incorporated March 2021)	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		

16 ACCOUNTS PAYABLE AND ACCRUALS

	2021 \$'000	2020 \$'000
Current:		
Trade creditors	62,673	71,153
Loyalty accrual ¹	46,899	30,907
Accrued expenses	145,625	113,162
New Zealand fruit and service payments – current season	45,115	49,551 ²
New Zealand fruit and service payments – next season	197,057	165,673 ²
Income in advance	27,108	30,744
Payroll tax deductions payable	2,521	1,318
Employee entitlements	25,940	21,601
Total current accounts payable and accruals	552,938	484,109
Non-current:		
Employee entitlements	2,541	2,866
Total non-current accounts payable and accruals	2,541	2,866
Total accounts payable and accruals	555,479	486,975

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 40.0 cents (2020: 31.0 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 2021 (2020: 20 January 2020). The remaining 30.0 cents (2020: 21.0 cents) of loyalty premium per Class 1 tray equivalent will be paid on 15 June 2021 (2020: 15 June 2020).

² The comparatives have been updated to present the split between current season and next season New Zealand fruit and service payments on a consistent basis to the current year presentation.

17 PROVISIONS AND INSURANCE LIABILITIES

	Insurance liabilities \$'000	Other provisions \$'000	Total \$'000
Value as at 1 April 2020	–	1,433	1,433
Amounts charged	–	(848)	(848)
Reversal of provision	–	(348)	(348)
Additional provision	9,353	549	9,902
Exchange differences	–	(13)	(13)
Value as at 31 March 2021	9,353	773	10,126
Represented by:			
Current	9,353	773	10,126
Value as at 31 March 2021	9,353	773	10,126

Insurance liabilities

Hail insurance

The Company insures New Zealand Registered Suppliers 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 the year, a number of orchards were affected by hail events around New Zealand. An amount of \$9,352,916 (2020: Nil) has been recognised as an insurance liability in the Zespri Group accounts as at 31 March 2021.

Other provisions

Kiwifruit Breeding Centre

The Boards of Zespri and Plant & Food Research (PFR) in March 2021 approved the establishment of a new entity called the Kiwifruit Breeding Centre (KBC). The KBC will be an equally owned entity with the aim of building on the current strong plant breeding partnership, to bring the best kiwifruit cultivars to the market faster. The KBC is proposed to open in the latter half of 2021, but the entity establishment is subject to Ministerial approval as PFR is a government owned Crown Research Institute. A provision of \$429,611 relates to Zespri's estimated half share of the committed KBC establishment and employment transition costs.

17 PROVISIONS AND INSURANCE LIABILITIES [CONTINUED]

Other provisions (continued)

Other provisions include legal costs relating to the ongoing New Zealand Court of Appeal proceedings (refer note 19) and an ongoing proceeding in Europe. In the normal course of business, the Zespri Group is party to various lawsuits and claims (refer Note 19).

Policies

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.

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

	2021 \$'000	2020 \$'000
Net profit after taxation	290,490	200,821
Non-cash items:		
Net (gain)/loss on sale of property, plant and equipment, and intangibles	(91)	139
Net loss/(gain) on foreign currency cash balances	26,603	(8,721)
Depreciation of property, plant and equipment	5,240	4,473
Depreciation of, and interest on leases	5,614	4,632
Amortisation of intangibles	10,009	11,891
Movement in deferred taxation	4,664	(10,194)
	52,039	2,220
Movement in working capital:		
(Increase)/decrease in receivables and prepayments	(533)	8,872
Increase in net current income tax	2,769	3,256
Increase in other financial assets	(95,724)	(157,715)
Increase in inventories	(16,751)	(88,524)
Increase in payables to contracted suppliers	58,958	97,468
Increase in other financial liabilities	95,724	157,715
Increase in accounts payable, accruals, provisions and employee entitlements	8,839	64,218
	53,282	85,290
Items classified as financing activities	(1,382)	(4,072)
Net cash available from operating activities	394,429	284,259

19 CONTINGENT ASSETS AND LIABILITIES

The Group has assessed its previous contingent liabilities and has determined that the possibility of an outflow of resources embodying economic benefits is remote and therefore no material contingent liabilities have been identified.

Zespri received a judgement of \$14,849,000 from the New Zealand High Court against the New Zealand grower who infringed Zespri's PVRs. The grower has appealed this judgement to the Court of Appeal, and has been granted a partial stay of execution against their home, which is a large portion of their assets in New Zealand of approximately \$1,000,000 to \$1,500,000. In the meantime, Zespri is progressing the enforcement of this judgement against those assets which are not subject to the stay and considering potential options for enforcement of the judgement against assets located in China.

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 17.

Contingent liabilities with respect to guarantees extended total \$9,317,122 (2020: \$10,091,690).

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 2021, the maximum exposure under the decommercialisation scenario is \$11,279,653.

20 LOANS AND BORROWINGS

		Committed Facilities \$'000	Undrawn Facilities \$'000	Carrying Value \$'000
2021	Maturity Date			
Current:				
Seasonal funding facilities – variable rate	September 2021	200,000	200,000	–
Total current		200,000	200,000	–
Non-current:				
Bank loan – variable rate	March 2027	30,000	–	30,000
Total non-current		30,000	–	30,000
Total loans and borrowings		230,000	200,000	30,000
2020				
Current:				
Seasonal funding facilities – variable rate	October 2020	350,000	350,000	–
Total current		350,000	350,000	–
Non-current:				
Bank loan – variable rate	March 2027	30,000	–	30,000
Total non-current		30,000	–	30,000
Total loans and borrowings		380,000	350,000	30,000

Policies

Borrowings are initially recognised at fair value net of attributable transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. Loans and borrowings are derecognised if the Group's obligations as specified in the contract expire or are discharged or cancelled.

Seasonal funding facilities

Seasonal funding arrangements for Zespri Group Limited are made when required following the assessment of cash requirements for the season.

Bank loan

In March 2020 Zespri received a loan of \$30,000,000 to finance the head office land and buildings at 400-410 Maunganui Road, Mount Maunganui, New Zealand.

Security

The security for the day-to-day operational treasury activities and the funding facilities is a first-ranking general security deed in favour of Rabobank, China Construction Bank, HSBC and BNZ entered into by the Zespri Group of companies that form a Guaranteeing Group. Pursuant to the general security deed the collateral at risk is all property for those entities within the Guaranteeing Group, other than the Head Office Assets (described below) and other assets over which another creditor has a higher ranking claim.

In March 2020, Zespri granted security over its head office land and buildings at 400-410 Maunganui Road, Mt Maunganui, New Zealand together with its rights under its lease (to Zespri International Limited) and all related insurances, contracts and its designated head office account with Cooperatieve Rabobank U.A., New Zealand Branch (together the 'Head Office Assets'). Rabobank has a first ranking security interest over those assets, which is provided on a limited recourse basis in relation to the specific loan provided by it.

Covenants

Borrowings are subject to various lending covenants. Zespri has complied with all covenants during the reporting period.

21 RELATED PARTY TRANSACTIONS

(a) Key management personnel

Zespri Group's key management personnel include:

- Directors of the Company; and
- Members of the senior executive of the Company

During the year, key management personnel received the following:

	2021 \$'000	2020 \$'000
Short-term employee benefits paid and/or payable for key management personnel	11,963	10,052
Directors' fees paid	910	883
Short-term employee benefits payable as at 31 March for key management personnel	4,004	3,726

(b) External related parties through common directorship, control or significant influence by key management personnel

Directors are required to record all interests in the Company's Interests Register and key management personnel must disclose any conflict of interests.

These entities are, or were, related to the Company by virtue of shareholding, control, significant influence or common directorship.

(i) Types of transactions with external related parties include the following:

- The Company pays fruit and service payments and loyalty premium under the terms of the New Zealand Supply Agreement;
- The entities are charged penalties and other charges under the terms of the New Zealand Supply Agreement and the Quality Manual. There are standard dispute procedures which may be enacted if the entities receiving the charges do not agree with these charges;
- Under the terms of the New Zealand Supply Agreement, growers and contracted suppliers are able to make insurance claims to the Company for specific risks. In certain cases, the Company pays out insurance for losses under these claims; and
- The Company may, at its discretion, sell licences for kiwifruit varieties for which it controls the PVRs.

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

(ii) Transactions during the year and balances outstanding as at 31 March with external related parties. All related party disclosures are GST exclusive.

	Notes	2021 \$'000	2020 \$'000
Revenue/(expenses):			
Sale of Zespri Plant Variety Right licences ¹		21,205	12,657
Sundry income		307	965
Fruit and service payments	21(c)	(304,451)	(314,992)
Loyalty premium	21(d)	(7,941)	(6,691)
Expenses paid to KVH		(2,586)	(2,365)
Dividends paid		(16,314)	(17,880)
Other expenses		(4,375)	(7,120)
Balances receivable/(payable):			
Sundry income		110	3
Fruit and service payments		(11,520)	(11,859)
Loyalty premium		(5,924)	(4,545)
Other expenses		-	(198)

¹ In 2020/21, external related parties purchased 56.72 ha of new variety licences (2020: 44.13 ha). Licence fee revenue of \$21,204,771 (2020: \$12,657,420) has been recognised. As at 31 March 2021 there was no licence fee revenue due in future years (2020: \$360,797).

In 2020/21, external related parties conducted no new variety block trials (2020: 0.75 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 2020/21, external related parties obtained 2.73ha of new variety licence from trialist entitlement (2020: 2.07ha).

21 RELATED PARTY TRANSACTIONS [CONTINUED]

	Expense		Payable	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
(c) Fruit and service payments				
Paid to related party supply entities on behalf of related party grower entities	70,692	66,548	2,296	1,767
Paid to related party supply entities on behalf of non-related party grower entities	202,564	187,918	8,375	6,967
Total fruit and service payments to related party supply entities	273,256	254,466	10,671	8,734
Paid to non-related party supply entities on behalf of related party grower entities	31,195	60,526	849	3,125
Total related party fruit and service payments	304,451	314,992	11,520	11,859
(d) Loyalty premium				
Paid to related party supply entities on behalf of related party grower entities	2,063	1,598	1,539	1,086
Paid to related party supply entities on behalf of non-related party grower entities	4,920	3,838	3,670	2,603
Total loyalty payments to related party supply entities	6,983	5,436	5,209	3,689
Paid to non-related party supply entities on behalf of related party grower entities	853	1,153	636	787
Related party grower entities paid directly	105	102	79	69
Total related party loyalty premium payments	7,941	6,691	5,924	4,545

22 EVENTS OCCURRING AFTER BALANCE DATE

On 27 May 2021 the Board of Directors of Zespri Group Limited announced its intention to pay a final dividend of 27.0 cents per fully paid ordinary share (2020: 19.0 cents) to be paid in August 2021. As the intention was announced after balance date, the financial effect has not been recognised in the Financial Statements.

In April 2021, 700 hectares of Gold3, 50 hectares of Gold3 Organic and 350 hectares of Red19 licences were released. The total revenue (excluding GST) was \$430,036,540. Full settlement of the related licence receivables is due by 20 July 2021.

The New Zealand kiwifruit industry continues to monitor and work through the effects COVID-19 has on its business and operations. As an essential service the kiwifruit industry operated through the differing COVID-19 alert levels. Through its efforts, the industry ensured packout rates and timings were not materially impacted. Beyond the packhouse, fruit has flowed well through the supply chain and into our markets. Early season sales have started well and we will continue to monitor the situation throughout the season and regularly update shareholders and growers on progress.

Subsequent to 31 March 2021, no other events have occurred which require adjustment or disclosure in the Financial Statements.

23 GROUP SEGMENT RESULTS

Zespri Group determines its reportable segments by reference to the internal reporting of the activities of the Group to the Board of Directors, the chief operating decision-maker, as defined in NZ IFRS 8 (Operating Segments). 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. Activities include but are not limited to innovation, procurement, transport, marketing, selling and administration overheads.
- (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. Activities include but are not limited to innovation, production, procurement, transport, marketing, selling and administration overheads.
- (iii) New cultivars: all pre-commercialised activities related to any Zespri PVR kiwifruit. Activities include but are not limited to innovation, production, procurement, transport, marketing, selling and administration overheads. This segment also covers 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 (losses)/gains (refer Note 4).

23 GROUP SEGMENT RESULTS [CONTINUED]

2021	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	3,109,881	472,827	–	–	–	3,582,708
Inter-segment revenue	–	–	39,329	2,862	(42,191)	–
Interest revenue	–	–	–	983	–	983
Licence income	–	–	306,926	–	–	306,926
Other revenue	5,692	93	5,945	–	–	11,730
Total revenue	3,115,573	472,920	352,200	3,845	(42,191)	3,902,347
Freight	166,211	13,757	–	–	–	179,968
Insurance (onshore and offshore)	5,163	–	–	–	–	5,163
Duty and customs	48,361	6,280	–	–	–	54,641
Promotion	167,437	11,702	–	–	–	179,139
Other direct costs – onshore	69,877	–	–	–	–	69,877
Other direct costs – offshore	124,779	22,441	–	–	–	147,220
Fruit and service payments	2,190,089	354,005	–	–	–	2,544,094
Loyalty premium	62,619	–	–	–	–	62,619
Innovation	12,907	1,064	14,014	–	–	27,985
Depreciation and amortisation	17,251	1,098	1,543	629	–	20,521
Inter-segment expense	36,758	5,371	62	–	(42,191)	–
Inter-segment interest (income)/expense	(630)	–	–	630	–	–
Other onshore overhead costs	80,090	13,586	15,611	205	–	109,492
Other offshore overhead costs	80,321	13,069	1,195	–	–	94,585
Other expenses	–	1,726	–	–	–	1,726
Total expense	3,061,233	444,099	32,425	1,464	(42,191)	3,497,030
Segment profit before taxation	54,340	28,821	319,775	2,381	–	405,317
2020						
Total sales revenue – external customers	2,770,323	369,384	–	–	–	3,139,707
Inter-segment revenue	–	–	32,901	2,208	(35,109)	–
Interest revenue	–	–	–	3,635	–	3,635
Licence income	–	–	215,513	–	–	215,513
Other revenue	5,348	467	5,549	–	–	11,364
Total revenue	2,775,671	369,851	253,963	5,843	(35,109)	3,370,219
Freight	169,102	11,740	–	–	–	180,842
Insurance (onshore and offshore)	6,604	–	–	–	–	6,604
Duty and customs	45,414	10,973	–	–	–	56,387
Promotion	170,546	10,819	–	–	–	181,365
Other direct costs – onshore	57,564	–	–	–	–	57,564
Other direct costs – offshore	110,155	18,816	–	–	–	128,971
Fruit and service payments	1,917,709	273,647	–	–	–	2,191,356
Loyalty premium	45,475	–	–	–	–	45,475
Innovation	14,601	855	17,857	–	–	33,313
Depreciation and amortisation	17,511	934	1,613	549	–	20,607
Inter-segment expense	31,028	4,081	–	–	(35,109)	–
Inter-segment interest (income)/expense	(1,444)	–	–	1,444	–	–
Other onshore overhead costs	76,461	7,583	9,087	247	–	93,378
Other offshore overhead costs	78,152	17,370	–	–	–	95,522
Other expenses	–	1,915	–	–	–	1,915
Total expense	2,738,878	358,733	28,557	2,240	(35,109)	3,093,299
Segment profit before taxation	36,793	11,118	225,406	3,603	–	276,920

23 GROUP SEGMENT RESULTS [CONTINUED]

Group sales revenue – by location of external customers	2021 \$'000	2020 \$'000
Total Europe and North America	1,415,537	1,105,782
Total Europe	1,208,132	950,581
Spain	355,534	288,435
Germany	252,385	203,730
France	184,877	142,587
Italy	163,368	120,863
Netherlands	134,844	105,591
Belgium	117,124	89,375
Total North America	207,405	155,201
USA	174,522	132,514
Canada	32,883	22,687
Total Asia Pacific	1,061,714	935,023
Japan	739,313	667,283
South Korea	206,032	175,195
Australia	62,326	42,745
Singapore	31,071	28,467
Vietnam	22,972	21,333
Total Greater China	913,846	926,483
China	731,689	735,635
Taiwan	137,179	149,248
Hong Kong	44,978	41,600
Total Other	191,611	172,419
New Zealand	957	1,012
Other ¹	190,654	171,407
Total revenue from product sales to external customers	3,582,708	3,139,707

¹ Other markets include sales in markets where sales revenue is less than \$20.0m in each market.

In 2020/21, there are no customers which account for at least 10 percent of sales across the group. In 2019/20, Joy Wing Mau, accounted for 11 percent of group sales (\$344,071,951).

Non-current assets – by location of asset	2021 \$'000	2020 \$'000
New Zealand	125,665	103,116
Other	21,170	17,940
	146,835	121,056
Other non-current assets (no assigned location):		
Deferred tax assets	10,250	13,700
Other financial assets	231,360	148,860
Total non-current assets	388,445	283,616

STATUTORY *Information*

SHAREHOLDER INFORMATION

Top 20 shareholders as at 31 March 2021	Number of shares	%
Trinity Lands Limited	4,428,838	2.42
Whitehall Fruitpackers Holdings Limited	3,064,738	1.67
Liberty Foundation 1977 Limited	2,451,968	1.34
Jace Orchards Limited	2,093,524	1.14
Mangatarata Farms Limited	2,036,976	1.11
Progeny Kiwifruit Limited	1,680,893	0.92
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
Birdhurst Limited	1,262,598	0.69
Frontier Orchards Limited Partnership	1,221,277	0.67
Cooper Coolpac Limited	1,186,482	0.65
The Wotton Trust	1,095,135	0.60
Golf Course Orchard Limited Partnership	1,065,000	0.58
High Fives Orchard Limited	1,018,773	0.56
Strathboss Kiwifruit Limited	994,695	0.54
Cameron Orchards Limited	976,029	0.53
Aerocool Developments Limited	908,205	0.50
D M & B A Reid Family Trust	894,675	0.49
Cherrymount Trust	852,773	0.47
	32,006,875	17.48

Distribution of ordinary shares and registered shareholders as at 31 March 2021

Size of holding	Number of shareholders	%	Number of shares	Size of holding %
1 – 10,000	244	13.16	1,155,729	0.63
10,001 – 75,000	973	52.51	35,656,618	19.46
75,001 – 200,000	445	24.02	53,021,850	28.93
200,001 – 300,000	77	4.16	18,514,304	10.10
Over 300,000	114	6.15	74,903,739	40.88
Total	1,853	100.00	183,252,240	100.00

Shareholder statistics

	2021	2020
Number of shares ('000)	183,252	183,252
Interim and final dividend (per share) – fully imputed	\$1.33	\$0.94
Share price at year-end	\$9.70	\$7.80
Earnings per share	\$1.59	\$1.10
Net dividend yield	13.71%	12.05%
Gross dividend yield at 28% tax rate	19.04%	16.74%
Share trading		
Number of shares sold and/or transferred: on-market trades	3,450,422	1,747,965
Number of shares sold and/or transferred: off-market trades	10,314,992	12,741,562
Equity ratio	23.46%	23.00%
Net tangible assets value (per share)	\$1.36	\$1.15

DIRECTORS' DISCLOSURES

Directors' meeting attendances and business travel overseas

Name	B L Cameron – Chairman	J P Mason	N W Flowerday	P R Jones	C M Thompson	P M Springford	T Ciprian	A J Hawken
Zespri Group Limited Board ¹	17	17	17	17	17	17	17	16
Audit and Risk Management Committee	5	5	5	5	5	1	–	5
People and Culture Committee ²	7	7	–	7	7	–	7	7
Industry Advisory Council	4	–	4	5	2	–	–	5
Board Innovation Subcommittee	5	1	5	5	4	3	4	5
China Advisory Board	4	–	–	1	3	4	1	3
Zespri Global Supply (ZGS) Advisory Board	4	–	–	1	4	–	–	–
Number of business travel overseas ³	–	–	–	–	–	–	–	–

¹ In addition to the scheduled Board meetings, there were postal resolutions circulated at short notice, and six special meetings held as a consequence of industry wide events that required immediate consideration by the Board (14 April 2020, 23 April 2020, 30 April 2020, 22 May 2020, 10 June 2020 and 3 August 2020). There are no official Board meetings in April and July as part of a new cadence for Board meetings.

All Directors have a standing invitation to attend meetings of all committees, irrespective of whether or not they are a member of that committee. In addition to the meetings detailed above, Directors' attendances included planning meetings, Directors' conferences, grower meetings and Special and Annual Meetings.

² In addition to the scheduled People and Culture Committee, there were two special meetings convened at short notice (17 June 2020 and 20 October 2020) that required immediate consideration by the People and Culture Committee.

³ Due to COVID-19.

Committee members – Directors

Audit and Risk Management Committee

J P Mason (Chair)	N W Flowerday
P R Jones	A J Hawken

People and Culture Committee

P R Jones (Chair)	T Ciprian
J P Mason	C M Thompson

Industry Advisory Council

A J Hawken (Chair)	P R Jones
N W Flowerday	

Board Innovation Subcommittee

N W Flowerday (Chair)	T Ciprian
P R Jones	A J Hawken

China Advisory Board

P M Springford (Chair)

Zespri Global Supply (ZGS) Advisory Board

C M Thompson (Chair)

KVH Board

C M Thompson

DIRECTORS' DISCLOSURES [CONTINUED]

Remuneration of Directors	2021 \$	2020 \$
B L Cameron	213,492	210,787
T Ciprian	90,772	87,781
N W Flowerday	95,772	93,067
A J Hawken	95,772	95,275
P R Jones	116,272	113,689
J P Mason	106,272	103,567
P J McBride	-	31,266
P M Springford	95,772	87,781
C M Thompson	95,772	59,474
Total	909,896	882,687

The Chair of each committee receives \$5,000 of remuneration per annum, except for the Chair of the Audit and Risk Management 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 2021.

	Shareholding as at 31 March 2020	Date of transaction	Share price \$	Number purchased and transferred	Number sold	Interest commenced/ (ceased)	Shareholding as at 31 March 2021
B L Cameron	1,277,429		-	-	-	-	1,277,429
T Ciprian	-		-	-	-	-	-
N W Flowerday	1,080,984	24/12/2020	9.25	23,000	-	-	-
		26/03/2021	9.65	20,000	-	-	1,123,984
A J Hawken	75,000	10/07/2020	9.10	25,000	-	-	-
		07/07/2020	8.75	17,000	-	-	-
		13/10/2020	-	-	-	360,601	477,601
P R Jones	7,330,102 ¹	10/07/2020	9.10	25,000	-	-	-
		07/10/2020	8.75	17,000	-	-	7,372,102
J P Mason	-		-	-	-	-	-
P M Springford	-		-	-	-	-	-
C M Thompson	1,750,195		-	-	-	-	1,750,195

¹ The opening shareholding of P R Jones has been adjusted to remove shareholdings of Progeny Kiwifruit Limited in which P R Jones has a relevant interest.

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 2021****B L Cameron**

Director and Chairman of, and shareholder in, Zespri Group Limited
 Director of Zespri International Limited and other Zespri subsidiaries
 Chairman and Trustee of Waipuna Hospice Foundation Board
 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 Pro growers Limited)
 Director of, and shareholder in, Gilston Mains Limited and subsidiary
 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

T Ciprian

Director of Zespri Group Limited
 Director of Zespri International Limited
 Director of Aspeq Limited and subsidiaries
 Director of Bluerock Limited (interest commenced April 2020)
 Director of Firstlight Foods Limited
 Director of Food Standards Australia New Zealand
 Director of Prolife Foods Limited
 Director of, and shareholder in, Superthriller Jet Sprint Limited
 Director of, and shareholder in, Zenoch Management Limited

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
 (interest commenced December 2020)
 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 Pro growers Limited)
 Director of, and shareholder in, Hawken Farm Limited
 Director of, and shareholder in, Pipit Limited
 Director of, and shareholder in, Rochford Farms Limited
 Director of, and shareholder in, Willows Rd Gold Limited
 Director of Tirohanga Fruit Company (interest commenced
 August 2020)
 Shareholder in EastPack Limited
 Shareholder in Ryan Hawken Enterprises Limited
 Trustee of Kenmore Trust (Shareholder in EastPack Limited)
 Advisor to Origin Capital Fund
 Business Development Manager at Trinity Lands Limited

DIRECTORS' DISCLOSURES [CONTINUED]

Directors' interests – Directors in office as at 31 March 2021 (continued)

P R Jones

Director of, and shareholder in, Zespri Group Limited
 Director of Zespri International Limited
 Director of DMS Group Limited and subsidiaries
 Director of DMS Pro growers Supply Entity Limited
 Director of Mangatarata Orchards Limited and Mangatarata Orchard Partnership
 Director of New Zealand Avocado Marketing Limited
 Director of Tane-Mahuta Orchard Developments Limited
 Director of Willow Rd Gold Limited
 Director and shareholder of Anamata 100 Limited
 Director of, and shareholder in, Direct Management Services Limited
 Director of, and shareholder in, DMS Pro growers 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, Origin Capital Partners Management Limited (interest commenced May 2020)
 Director of, and shareholder in, OTK Orchards Limited
 Director of, and shareholder in, TKG Agent Limited and TKG Partnership
 Shareholder in Hopai Holdings Limited
 Shareholder in Mangatarata Farms 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

J P Mason

Director of Zespri Group Limited
 Director of Zespri International Limited
 Director and Chairman of Vector Limited and certain subsidiaries
 Director of Air New Zealand Limited
 Director of Allagash Limited
 Director of Alvarium Wealth NZ Limited (Interest ceased November 2020)
 Director of Westpac New Zealand Limited
 Member of the Board of Directors of the American Chamber of Commerce
 Member of Institute of Directors of NZ National Council
 Trustee of University of Auckland Endowment Fund
 Trustee of Beloit College (USA)
 Trustee of Dilworth School
 Trustee of World Wildlife Fund for Nature (NZ)

P M Springford

Director of Zespri Group Limited
 Director of Zespri International Limited
 Director of Aussie Frost Fans 2012 Limited (interest ceased March 2021)
 Director of Infracil Limited
 Director of Loncel Technologies 2014 Limited (interest ceased March 2021)
 Director of New Zealand Frost Fans Limited (interest ceased March 2021)
 Director of Omahu Ventures Limited
 Director of Springford and Newick Limited
 Director, and shareholder, of Cerbere Investments Limited
 Director of, and shareholder in, Charlie Farley Forestry Limited
 Director of, and shareholder in, Medicann Investments Limited
 Shareholder of New Zealand Wood Products Limited
 Trustee of The Dunstan Trust
 Trustee of The Springford Family Trust

C M Thompson

Director of, and shareholder in, Zespri Group Limited
 Director of Zespri International Limited
 Director of DCD Orchards Limited
 Director of Kaiaponi Farms
 Director of Kiwifruit Vine Health Incorporated
 Director of Ohiwa Hort Limited
 Director of Ohiwa Investments Limited
 Director of OPAC Properties Limited
 Director of Paradise Kiwis Limited
 Director, and shareholder of, Alandale Farms Limited (Shareholder in Seeka Limited)
 Director, and shareholder, of Double M Orchards Limited
 Director, and shareholder of, Opotiki Packing & Coolstorage Limited
 Shareholder of CVC Orchards Limited (interest commenced October 2020)
 Shareholder of G.I.K. ss
 Trustee of CM Thompson Family Trust
 Trustee of Gibbons Family Trust
 Trustee of ID & N Greaves Family Trust

EMPLOYEE REMUNERATION

For the year ended 31 March 2021, 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 (\$)
23	17	\$100,000 to \$109,999
14	21	\$110,000 to \$119,999
14	20	\$120,000 to \$129,999
14	14	\$130,000 to \$139,999
12	7	\$140,000 to \$149,999
18	7	\$150,000 to \$159,999
3	10	\$160,000 to \$169,999
11	5	\$170,000 to \$179,999
6	8	\$180,000 to \$189,999
4	5	\$190,000 to \$199,999
6	3	\$200,000 to \$209,999
4	2	\$210,000 to \$219,999
6	7	\$220,000 to \$229,999
2	5	\$230,000 to \$239,999
4	3	\$240,000 to \$249,999
–	1	\$250,000 to \$259,999
1	3	\$260,000 to \$269,999
4	–	\$270,000 to \$279,999
2	3	\$290,000 to \$299,999
1	–	\$300,000 to \$309,999
4	–	\$310,000 to \$319,999
2	–	\$320,000 to \$329,999
1	1	\$330,000 to \$339,999
1	–	\$340,000 to \$349,999
1	–	\$350,000 to \$359,999
–	1	\$360,000 to \$369,999
1	–	\$370,000 to \$379,999
1	–	\$380,000 to \$389,999
2	–	\$390,000 to \$399,999
4	1	\$400,000 to \$409,999
–	1	\$430,000 to \$439,999
–	1	\$460,000 to \$469,999
–	1	\$490,000 to \$499,999
2	–	\$500,000 to \$509,999
1	1	\$510,000 to \$519,999
–	1	\$540,000 to \$549,999
1	–	\$550,000 to \$559,999
1	1	\$560,000 to \$569,999
–	1	\$580,000 to \$589,999
1	–	\$590,000 to \$599,999
–	1	\$610,000 to \$619,999
–	1	\$670,000 to \$679,999
–	1	\$790,000 to \$799,999
1	–	\$800,000 to \$809,999
1	–	\$850,000 to \$859,999
–	1	\$880,000 to \$889,999
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	2020/21		2019/20		2018/19		2017/18	
	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	81	8,829	100	6,835	106	8,498	109	5,779
Auckland	243	8,030	256	7,175	262	9,974	273	7,719
Bay of Plenty								
– Katikati	859	8,011	830	8,960	859	9,882	940	7,678
– Ōpōtiki	436	10,735	444	10,834	455	11,315	457	8,917
– Tauranga	996	10,625	1,066	9,773	1,087	12,014	1,086	9,193
– Te Puke	3,079	11,551	3,190	11,058	3,292	12,380	3,419	9,641
– Waihi	106	7,608	132	7,771	138	9,858	100	6,569
– Whakatāne	309	7,434	331	8,369	366	10,541	402	7,728
Waikato	202	8,297	204	9,113	203	9,076	200	8,339
Poverty Bay	40	6,054	44	6,801	52	7,745	54	8,366
Hawke's Bay	41	6,005	41	6,916	45	7,358	43	6,620
Lower North Island	69	8,623	69	9,062	70	9,291	70	8,696
South Island	197	6,226	208	6,519	223	7,258	229	5,663
Total producing hectares	6,659		6,915		7,158		7,382	
Average TE supplied per hectare		10,133		9,932		11,320		8,812
ZESPRI ORGANIC GREEN KIWIFRUIT								
Northland	–	–	–	–	–	–	–	–
Auckland	1	5,118	1	2,626	1	5,364	1	2,614
Bay of Plenty								
– Katikati	29	6,427	30	6,095	30	9,061	30	6,593
– Ōpōtiki	22	7,400	21	7,092	21	7,493	22	5,786
– Tauranga	177	7,333	174	6,599	182	8,604	203	6,033
– Te Puke	35	8,276	37	7,924	38	8,775	42	6,979
– Waihi	22	3,961	22	5,077	22	6,589	19	3,964
– Whakatāne	4	2,742	4	3,178	4	4,594	4	4,197
Waikato	147	4,875	147	6,047	148	6,885	151	5,310
Poverty Bay	–	–	0	2,728	1	4,042	1	3,676
Hawke's Bay	–	–	–	–	–	–	–	–
Lower North Island	2	3,330	2	3,763	2	4,439	2	5,552
South Island	–	–	–	–	–	–	–	–
Total producing hectares	439		437		448		475	
Average TE supplied per hectare		6,296		6,386		7,863		5,802
ZESPRI SUNGOLD KIWIFRUIT [GOLD3]¹								
Northland	386	13,251	368	11,738	356	12,327	319	8,044
Auckland	234	14,312	227	12,865	214	12,143	206	10,701
Bay of Plenty								
– Katikati	597	13,285	537	13,421	497	13,531	525	11,299
– Ōpōtiki	571	13,901	543	14,132	520	13,871	506	12,172
– Tauranga	517	14,580	500	13,133	476	14,100	437	12,320
– Te Puke	2,402	15,252	2,085	14,228	1,811	13,744	1,655	12,390
– Waihi	97	12,256	105	11,887	92	12,811	53	9,168
– Whakatāne	341	13,405	274	12,074	240	11,931	211	13,211
Waikato	185	12,773	197	11,239	192	10,712	183	7,937
Poverty Bay	311	10,727	267	12,321	244	11,937	208	9,740
Hawke's Bay	165	11,034	156	12,559	152	10,840	149	8,263
Lower North Island	1	10,096	1	11,093	2	5,955	2	7,799
South Island	241	15,189	224	14,897	200	14,135	176	8,693
Total producing hectares	6,047		5,483		4,996		4,630	
Average TE supplied per hectare		14,130		13,443		13,216		11,292

	2020/21		2019/20		2018/19		2017/18	
Tray Equivalents (TEs) supplied to Zespri	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 ORGANIC SUNGOLD KIWIFRUIT [GOLD3]¹								
Northland	9	7,579	–	–	–	–	–	–
Auckland	4	8,687	–	–	–	–	–	–
Bay of Plenty								
– Katikati	2	7,868	–	–	–	–	–	–
– Ōpōtiki	11	7,939	–	–	–	–	–	–
– Tauranga	30	10,618	–	–	–	–	–	–
– Te Puke	52	12,350	–	–	–	–	–	–
– Waihi	13	9,307	–	–	–	–	–	–
– Whakatāne	–	–	–	–	–	–	–	–
Waikato	18	8,263	–	–	–	–	–	–
Poverty Bay	3	4,871	–	–	–	–	–	–
Hawke's Bay	–	–	–	–	–	–	–	–
Lower North Island	–	–	–	–	–	–	–	–
South Island	–	–	–	–	–	–	–	–
Total producing hectares	142		–	–	–	–	–	–
Average TE supplied per hectare		10,253	–	–	–	–	–	–
ZESPRI SWEET GREEN KIWIFRUIT [GREEN14]								
Northland	–	–	–	–	1	5,809	1	3,041
Auckland	12	3,088	14	2,894	18	4,916	14	5,238
Bay of Plenty								
– Katikati	8	4,307	9	4,718	8	5,871	11	7,377
– Ōpōtiki	5	5,687	5	7,353	8	8,003	12	7,790
– Tauranga	1	5,771	1	7,380	4	7,254	6	5,845
– Te Puke	9	8,719	17	7,778	59	6,944	80	7,711
– Waihi	–	–	–	–	–	–	–	–
– Whakatāne	5	5,844	7	5,674	17	6,863	18	7,550
Waikato	–	–	8	6,248	11	5,032	15	5,428
Poverty Bay	–	–	–	–	3	5,298	4	6,985
Hawke's Bay	7	7,831	7	5,920	8	3,682	8	4,415
Lower North Island	1	2,471	2	3,181	4	2,602	4	6,486
South Island	–	–	–	–	2	4,013	2	2,789
Total producing hectares	48		70		145		175	
Average TE supplied per hectare		5,608		5,668		6,150		6,925
ALL ZESPRI KIWIFRUIT²								
Northland	476	12,391	467	10,694	463	11,440	440	7,481
Auckland	494	10,886	497	9,642	494	10,716	494	8,887
Bay of Plenty	10,736	12,111	10,363	11,537	10,227	12,264	10,237	9,978
– Katikati	1,493	10,068	1,407	10,575	1,395	11,140	1,505	8,916
– Ōpōtiki	1,046	12,341	1,012	12,510	1,004	12,533	996	10,486
– Tauranga	1,722	11,470	1,741	10,420	1,750	12,215	1,733	9,599
– Te Puke	5,577	13,127	5,328	12,266	5,200	12,767	5,197	10,465
– Waihi	238	9,250	259	9,218	253	10,656	172	7,071
– Whakatāne	659	10,484	614	9,962	626	10,940	634	9,528
Waikato	551	8,883	555	9,016	554	8,978	549	7,291
Poverty Bay	353	10,155	312	11,526	300	11,123	267	9,399
Hawke's Bay	212	9,966	204	11,197	205	9,802	203	7,757
Lower North Island	73	8,392	75	8,749	78	8,720	78	8,463
South Island	438	11,157	433	10,861	426	10,473	425	7,101
Total producing hectares	13,334		12,905		12,747		12,693	
Average TE supplied per hectare		11,804		11,281		11,883		9,579

¹ The 2017/18 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.

² The 2017/18 comparative includes 30 producing hectares of Hort16A, with an average TE supplied per hectare of 9,689 not separately presented in the table above.

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










	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Distribution to growers/suppliers								
Fruit and service payments (excluding loyalty premium)	13.72	12.94	11.52	11.53	9.21	9.27	9.57	9.02
Loyalty premium	0.39	0.31	0.30	0.27	0.25	0.24	0.24	0.24
Total payments per tray all classes¹	14.11	13.25	11.83	11.80	9.46	9.51	9.81	9.26
Crop volumes ('000)								
Trays submitted (gross)	160,977	150,341	157,715	125,822	148,902	123,763	97,304	87,725
Trays supplied ³	159,649	148,134	154,058	124,433	145,871	120,145	95,683	86,510
Trays sold ³	158,077	145,223	148,843	123,246	137,748	117,094	95,187	86,094
Trays sold as a percentage of trays supplied	99.0%	98.0%	96.6%	99.0%	94.4%	97.5%	99.5%	99.5%
General statistics								
Production per hectare (trays submitted)	12,072	11,650	12,373	9,913	11,838	10,157	8,662	8,016
Producing hectares	13,334	12,905	12,747	12,692	12,578	12,185	11,233	10,944
Orchard Gate Return per hectare (average)	123,041	107,142	96,033	79,361	68,868	60,758	57,369	49,385
Number of producers ²	2,813	2,792	2,756	2,405	2,435	2,516	2,540	2,350
Average number of trays supplied per producer	56,754	53,057	55,899	51,739	59,906	47,752	37,670	36,813
Number of orchards registered								
0 – 2 hectares	734	738	717	774	791	807	834	802
2 – 5 hectares	1,554	1,540	1,575	1,509	1,508	1,499	1,428	1,458
5 – 10 hectares	720	693	702	607	589	568	515	487
Over 10 hectares	214	211	207	165	161	147	128	126
Total (KPINs)	3,222	3,182	3,201	3,055	3,049	3,021	2,905	2,873
Average orchard size (hectares)								
Green	3.3	3.3	3.4	3.5	3.5	3.5	3.6	3.6
Gold*	3.5	3.3	2.8	2.7	2.6	2.3	1.9	2.0
* Includes Gold3, Hort16A and Gold9 (decommercialised 2015/16)								
Number of packhouses used								
0 – 500,000 trays	6	10	7	15	16	17	15	20
500,001 – 1,000,000 trays	3	3	6	6	7	5	8	9
1,000,001 – 2,000,000 trays	8	9	8	4	5	9	8	7
Over 2,000,000 trays	24	22	23	22	22	20	19	18
Total	41	44	44	47	50	51	50	54
Average trays stored per packhouse ('000)	3,926	3,417	3,584	2,677	2,978	2,427	1,956	1,626
Number of coolstores used								
0 – 500,000 trays	17	22	25	31	35	29	26	33
500,001 – 1,000,000 trays	10	8	6	8	10	5	9	8
1,000,001 – 2,000,000 trays	7	9	8	6	7	9	8	11
Over 2,000,000 trays	25	24	25	22	21	21	19	16
Total	59	63	64	67	73	64	62	68
Average trays stored per coolstore ('000)	2,728	2,386	2,464	1,878	2,040	1,934	1,577	1,291
Number of employees								
New Zealand based (includes seasonal employees)	343	294	251	239	233	194	184	163
Non-New Zealand based	345	284	279	239	203	159	133	123
Total	688	578	530	478	436	353	317	286
Global revenue per employee (\$'000), including seasonal employees	5,675	5,830	5,952	5,244	5,379	5,457	5,062	4,764
Global revenue (adjusted to 31 March 2021 7-year average foreign exchange rates) per employee (\$'000) – including seasonal employees	5,386	5,554	5,703	5,171	5,318	5,392	5,452	4,682

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 2020/21	\$ PER TE ¹ 2020/21	\$ PER TE 2019/20	\$ PER TE 2018/19	\$ PER TE 2017/18
CLASS 1 KIWIFRUIT					
 Total tray equivalents supplied (millions)		67.5	68.7	81.0	65.1
Fruit payments	584.2	8.65	4.10	4.10	5.35
Fruit incentives	24.4	0.36	4.15	3.01	2.96
Service payments	94.2	1.39	1.59	1.67	1.55
Loyalty premium	26.8	0.40	0.31	0.31	0.28
Total fruit and service payments (including loyalty premium)	729.7	10.80	10.16	9.09	10.14
 Total tray equivalents supplied (millions)		2.8	2.8	3.5	2.8
Fruit payments	31.9	11.54	5.64	6.74	7.72
Fruit incentives	1.3	0.46	5.71	4.10	2.84
Service payments	2.2	0.81	0.90	1.00	0.87
Loyalty premium	1.1	0.40	0.31	0.31	0.28
Total fruit and service payments (including loyalty premium)	36.5	13.21	12.56	12.14	11.71
 Total tray equivalents supplied (millions)		85.5	73.7	66.0	52.6
Fruit payments	1,212.4	14.18	6.32	7.17	6.86
Fruit incentives	70.7	0.83	8.14	6.31	5.76
Service payments	121.1	1.42	1.57	1.58	1.28
Loyalty premium	34.0	0.40	0.31	0.31	0.28
Total fruit and service payments (including loyalty premium)	1,438.2	16.82	16.35	15.37	14.18
Notes 2, 3					
 Total tray equivalents supplied (millions)		1.5			
Fruit payments	24.6	16.95			
Fruit incentives	0.8	0.55			
Service payments	1.4	0.96			
Loyalty premium	0.6	0.40			
Total fruit and service payments (including loyalty premium)	27.4	18.85			
Notes 2, 3					
 Total tray equivalents supplied (millions)		0.3	0.4	0.9	1.2
Fruit payments	3.5	12.70	6.59	6.53	5.68
Fruit incentives	0.1	0.50	3.92	3.37	2.70
Service payments	–	–	–	0.12	0.22
Loyalty premium	0.1	0.40	0.31	0.31	0.28
Total fruit and service payments (including loyalty premium)	3.7	13.61	10.82	10.34	8.88
CLASS 2 KIWIFRUIT					
 Total tray equivalents supplied (millions)		1.1	1.1	1.4	0.7
Fruit payments	8.1	7.32	7.01	5.97	6.18
Service payments	0.1	0.13	–	0.04	–
Total fruit and service payments	8.2	7.45	7.01	6.01	6.18
 Total tray equivalents supplied (millions)		0.1	0.1	0.1	0.1
Fruit payments	0.5	10.02	10.02	9.86	9.67
Service payments	–	0.15	0.13	0.19	0.22
Total fruit and service payments	0.5	10.17	10.15	10.05	9.89
 Total tray equivalents supplied (millions)		0.8	0.5	0.7	1.1
Fruit payments	7.0	9.02	8.44	7.68	6.20
Service payments	0.1	0.16	0.03	0.08	0.13
Total fruit and service payments	7.1	9.18	8.47	7.76	6.33
Note 4					
 Total tray equivalents supplied (m)		0.0			
Fruit payments	0.4	13.42			
Service payments	–	0.04			
Total fruit and service payments	0.4	13.47			
Note 4					
NON-STANDARD SUPPLY					
Total tray equivalents supplied (millions)		0.1	0.8	0.5	1.0
Fruit payments	1.4	9.71	4.20	5.60	7.66
Fruit incentives	–	–	3.49	2.79	–
Service payments	0.1	0.77	0.96	0.54	0.05
Total fruit and service payments	1.5	10.48	8.65	8.93	7.71
TOTAL ALL POOLS					
Total tray equivalents supplied (millions)		159.6	148.1	154.1	124.4
Fruit payments	1,873.9	11.74	5.28	5.53	6.08
Fruit incentives	97.4	0.61	6.12	4.41	4.07
Service payments	219.3	1.37	1.54	1.59	1.38
Loyalty premium	62.6	0.39	0.31	0.30	0.27
Total fruit and service payments (including loyalty premium)	2,253.2	14.11	13.25	11.83	11.80
Total fruit and service payments 2019/20 (NZ IFRS)	1,962.5				
Total fruit and service payments 2018/19 (NZ IFRS)	1,821.8				
Total fruit and service payments 2017/18 (NZ IFRS)	1,468.1				

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

2 The 2017/18 comparatives include Hort16A within the Class 1 SunGold numbers presented above.

3 The 2017/18 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 for the 2020/21 year.

4 The 2017/18 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 for the 2020/21 year.

ALTERNATIVE *Revenue Statement*

	2020/21	2019/20	2018/19
Zespri global kiwifruit sales – net (\$'000)	3,582,708	3,139,707	2,943,870
New Zealand grown kiwifruit tray equivalents supplied (millions)	159.6	148.2	154.1
Non-New Zealand grown kiwifruit tray equivalents supplied (millions)	23.7	19.3	18.5
NEW ZEALAND KIWIFRUIT SEGMENT	\$'000	\$'000	\$'000
Gross sales of New Zealand kiwifruit	3,334,563	2,966,543	2,839,871
Promotional rebates, claims and discounts	(258,894)	(223,988)	(230,270)
Net sales of New Zealand kiwifruit	3,075,669	2,742,555	2,609,601
Net fruit return through collaborative marketers	34,212	27,768	22,595
Other pool income	877	990	1,662
Revenue attributable to New Zealand pools¹	3,110,758	2,771,313	2,633,858
Less New Zealand pool costs:			
Freight	166,211	169,102	172,701
Insurance (onshore and offshore excluding hail)	4,718	3,939	3,591
Hail self-insurance	445	2,665	326
Duty and customs	48,361	45,414	94,776
Other direct pool costs – onshore ^{2,3,4,6}	103,835	86,384	78,613
Other direct pool costs – offshore	124,779	110,155	95,659
Promotion	167,437	170,546	161,180
Interest income ⁵	(630)	(1,444)	(1,022)
Total pool costs	615,156	586,761	605,824
Return from fruit sales	2,495,602	2,184,552	2,028,034
New Zealand fruit and service payments ¹¹	2,190,089	1,917,709	1,775,408
Zespri margin⁷	305,513	266,843	252,626
Other non-pool revenue	2,478	2,303	2,579
Innovation funding ⁹	2,678	2,446	2,509
New Zealand kiwifruit corporate revenue	310,669	271,592	257,714
Less corporate overhead expenses:			
Innovation	13,326	15,073	15,762
Overhead costs – onshore	93,989	91,540	81,201
Overhead costs – offshore	86,395	83,093	76,950
Allocated excess taxation	–	(382)	2,636
New Zealand kiwifruit corporate overhead expense	193,710	189,324	176,549
Zespri EBIT and loyalty premium from New Zealand kiwifruit segment	116,959	82,268	81,165
Loyalty premium	62,619	45,475	46,347
Zespri EBIT from New Zealand kiwifruit segment	54,340	36,793	34,818
NON-NEW ZEALAND SUPPLY SEGMENT⁸			
Net sales of non-New Zealand supply kiwifruit	472,827	369,384	311,674
Less non-New Zealand supply costs:			
Direct costs including fruit purchases	413,556	330,074	277,307
Overhead costs	28,816	26,743	25,823
Other expense/(income)	1,634	1,449	463
	444,006	358,266	303,593
EBIT from non-New Zealand supply segment	28,821	11,118	8,081

	2020/21	2019/20	2018/19
NEW CULTIVARS SEGMENT	\$'000	\$'000	\$'000
New cultivars licence revenue	306,926	215,513	194,420
New cultivars royalty income ²	39,600	32,901	28,400
New cultivars Innovation Income ⁹	5,674	5,549	4,911
Revenue attributable to new cultivars	352,200	253,963	227,731
Less new cultivars costs:			
Amortisation of new cultivars	1,284	1,320	1,323
New cultivars costs ¹⁰	31,141	27,237	19,005
Zespri EBIT from new cultivars segment	32,425	28,557	20,328
	319,775	225,406	207,403
LAND AND BUILDINGS SEGMENTS			
Income	2,862	2,590	525
Overhead costs	834	796	593
Zespri EBIT from land and buildings segment	834	796	593
Zespri Group EBIT	2,028	1,794	(68)
Zespri Group EBIT	404,964	275,111	250,234
Net interest income	353	2,191	2,764
Add back allocated excess taxation	-	(382)	2,636
Zespri Group profit before taxation	405,317	276,920	255,634
Taxation	114,827	76,099	75,828
Zespri Group profit after tax	290,490	200,821	179,806
Total fruit and service payments	2,190,089	1,917,709	1,775,408
Loyalty premium	62,619	45,475	46,347
Total fruit and service payments (including loyalty premium)	2,252,708	1,963,184	1,821,755

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 treated in the Financial Statements in that they are apportioned to the relevant line items above. For more detail on segment EBITs, refer to Note 23 of the Financial Statements.

CAUSE OF CHANGE 2020/21 VS 2019/20 \$MILLIONS

Net sales price/offshore fruit loss	81.1
Market & profile mix	(58.1)
Volume	229.9
Foreign exchange	14.4
Other income/expenses	151.1
Taxation	(38.7)
Other season total fruit and service payments accrued	(0.5)
Total	379.2

The 'Cause of Change' chart outlines the increase in the return to the industry this financial year to \$2,543 million from \$2,164 million in 2019/20.

	\$'000
Total fruit and service payments 2019/20 (including loyalty premium)	1,962,508
Add other seasons total fruit and service payments accrued	676
Add Zespri net profit after tax 2019/20	200,821
Return to industry 2019/20 financial year	2,164,005
Movements due to change in:	
Net sales price/offshore fruit loss	81,071
Market and profile mix	(58,065)
Volume	229,922
Foreign exchange	14,363
Other income/expenses	151,082
Taxation	(38,728)
Return to industry 2020/21 season	2,543,650
Other seasons total fruit & service payments accrued	(452)
Return to industry 2020/21 financial year	2,543,198
Total fruit and service payments 2020/21 season	2,190,541
Add other season total fruit and service payments accrued	(452)
Add Zespri loyalty premium 2020/21	62,619
Total fruit and service payments 2020/21 (including loyalty premium)	2,252,708
Add Zespri net profit after tax 2020/21	290,490
Return to industry 2020/21 financial year	2,543,198

NEW ZEALAND POOL COSTS AS A PERCENTAGE OF POOL REVENUE

	2020/21	2019/20	2018/19
Zespri margin (net of loyalty premium)*	7.8%	8.0%	7.8%
Freight	5.3%	6.1%	6.6%
Insurance	0.2%	0.2%	0.1%
Duty and customs**	1.6%	1.6%	3.6%
Other direct pool costs – onshore	3.3%	3.1%	3.0%
Other direct pool costs – offshore	4.0%	4.0%	3.6%
Promotion	5.4%	6.2%	6.1%
Interest (Income)/Charge	0.0%	(0.1%)	0.0%
Total fruit and service payments (including loyalty premium)	72.4%	70.9%	69.2%
	100.0%	100.0%	100.0%
Revenue attributable to New Zealand pools (\$'000)¹	3,110,758	2,771,313	2,633,858

* Zespri margin (net of loyalty premium) as a percentage of pool revenue is lower in 2020/21 due to higher loyalty premium paid resulting from a combination of higher per tray loyalty rate and higher tray volumes. Zespri margin in 2020/21 and 2019/20 was 7.25% (2018/19: 7.50%).

** Duties and customs as a percentage of pool revenue reduced in 2019/20 with removal of tariffs in Japan and reduction in tariffs in South Korea.

- 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 cost charged by the new cultivars segment 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 \$0.002 per tray and (2) a biosecurity levy of \$0.014 per tray.
- 5 Interest income is made up of interest income of \$0.92 million and an interest charge from Zespri corporate of \$0.29 million. This results in an overall interest income to the pools of \$0.63 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 7.25 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 (refer Note 2(b) and Note 23 of the Financial Statements).
- 10 New cultivars costs include – overhead costs and innovation costs (refer to Note 23 of the Financial Statements).
- 11 Fruit and service payments include a net movement of \$452k relating to early seasons sales across financial years.

VALUES AND *Value*

ANNUAL REPORT 2020/21



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