

17 June 2025

Dear Growers and Shareholders

Strike Price and Independent Valuation Update Letter for LaS and DaS

The Zespri Board has confirmed the **ex-dividend strike price of \$5.75 per Zespri share for Loyalty as Shares (LaS) and Dividends as Shares (DaS) in July.**

This is within the \$5.55 to \$6.05 indicative strike price range per share (ex-dividend) announced by the Zespri Board last month. Northington Partners in their attached letter have updated their valuation to consider the higher than estimated Zespri June forecast and the resulting higher interim dividend to be paid in July 2025. This has seen their midpoint decrease 1 cent per share from their initial valuation range. The Board has maintained our more conservative view on the future licence income predictions outlined in May, and to reflect this have selected a strike price below Northington Partners' mid-point estimate.

Those who have opted in to the LaS and DaS schemes have from 8am 19 June to 5pm 26 June to opt-out should they wish to do so.

Share Buy-back guidance

The Board has indicated its intention to undertake a 2025 Share Buy-Back in September 2025, purchasing up to approximately 50% of the amount of shares issued under the LaS and DaS schemes. The maximum number of shares being repurchased during the Buy-back will be dependent on the number of LaS / DaS participants selecting to opt-out during the opt-out window (19 to 26 June), and those being ineligible at the record date (4 July). A tentative estimate of the maximum number of shares likely to be repurchased under the Share Buy-back is between 3 - 4.5 million shares.

The Board has set the Buy-Back price at \$5.90 per share. In their updated valuation letter, Northington Partners provided guidance on the setting of the Buy-back price, and have assessed that the cumulative value of holding Zespri shares for three months from July to September is approximately \$0.15 per share assuming no unanticipated material events occur. This assessment of the accumulation of value was added to the LaS / DaS strike price to determine the Buy-back price.

All New Zealand resident shareholders are eligible to participate in the Buy-Back. Eligible shareholders must sell at least 25% of their holdings, and those not selling all their shares must retain at least 1,000 shares. The requirement for shareholders to sell at least 25% of their holdings is a safety margin Zespri has put in place to allow the Buy-Back to be tax-free to participating eligible shareholders, however, Zespri has not considered your individual circumstances. We recommend you seek independent tax advice before making a decision on whether to participate in the Buy-Back.

If there are more acceptances for shares to be repurchased than being offered in the Buy-back, the Zespri Board at its discretion may increase the number of shares being repurchased, subject to IRD conditions, or the acceptances will be scaled down as described in a Share Buy-Back Disclosure Document and Disclosure Letter to be sent to all shareholders on 1 August. Shareholders considering the Share Buy-Back are encouraged to read the

Disclosure Document once available, and to seek independent financial advice before finalising their decision.

The Board remains committed to lifting grower shareholding in Zespri which is fundamental to our industry's ability to succeed in the future. I look forward to updating you on the final results of Loyalty as Shares and Dividends as Shares initiatives in July.

Nathan Flowerday

Chairman

Key Dates

17 June	Final LaS/DaS Strike Price confirmed.
19 June-26 June	LaS/DaS opt-out period.
4 July	Dividend record date.
11 July	LaS shares issued.
18 July	DaS shares issued.
1 August	Share Buy-Back Disclosure Document and Disclosure Letter sent to all shareholders
25 August	Buy-Back Offer Opens. Entitlement Letters and Acceptance Forms sent to eligible shareholders.
19 September	Buy- Back application closes.
30 September	Buy-Back settles and repurchased shares cancelled.

The above dates are current at the time of publication

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9 June 2025

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Introduction

Further to our valuation of Zespri Group Limited ("**Zespri**") dated 21 May 2025 (and available at [USX Release: LaS/DaS Independent Valuation Range](#)), this letter summarises our opinion in relation to the fair value range for Zespri shares. Our assessment is provided to support the Board's determination of an appropriate issue price for the proposed share offers by Zespri under the Loyalty as Shares ("**LaS**") and Dividends as Shares ("**DaS**") schemes.

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The updated valuation is intended to incorporate any company specific or market factors which may have impacted on our assessment of Zespri's fair value between 21 May 2025 and the expected strike price date of 17 June 2025 for shares under the LaS and DaS schemes.

Valuation Updates

Our 21 May 2025 valuation report concluded on an appropriate market value range of \$5.67 to \$6.26 per share (equivalent to \$6.82 to \$7.41 per share prior to assumed dividends as at the valuation date). In finalising our fair value for a minority parcel of Zespri shares, we have considered the following:

- 1. Zespri's final dividend for FY2025 and interim dividend for FY2026:** the 21 May 2025 valuation assumed a final FY2025 dividend and interim FY2026 dividend of \$0.21 and \$0.98 per ordinary share respectively. This equated to a total adjustment of \$1.15 per share when allowing for Class B shares which are not entitled to dividends (\$211m of assumed dividends spread across both ordinary and Class B shares). Zespri has since confirmed a final FY2025 dividend and interim FY2026 dividend of \$0.21 and \$1.02 per ordinary Zespri share respectively, equivalent to total dividends of ~\$220m. When spread across all Zespri shares, this is equivalent to \$1.20 per share.

The actual dividends are \$9m higher than we had assumed which, all else equal, results in a \$0.05 per share reduction in our value assessment.

- 2. Changes to Zespri's FY2026 earnings estimates:** Zespri has achieved a better 2025 harvest season than we had assumed in our initial valuation. Estimated volumes for New Zealand fruit are approximately 8 million trays higher and the greater volume will have a flow-on impact to FY2026 profitability.

Consistent with higher volumes of trays supplied and a current positive industry outlook generally, Zespri's corporate profit outlook for FY2026 provided on 17 June 2025 also implies earnings which are modestly higher than our assumed levels. Zespri's forecast after tax profit guidance of \$248 - \$258m is approximately \$17m higher than assumed in our May valuation (at the mid-point of guidance).

We estimate that the slight improvement in FY2026 expected earnings relative to our prior forecast assumptions would have a modest (~\$0.04 per share) impact on our discounted cash flow valuation (inclusive of our assessed minority and marketability discounts).

- 3. Changes to Zespri's longer-term outlook:** while FY2026 earnings are expected to be modestly higher than what we had originally assumed in our initial valuation, we do not believe there have been any fundamental changes which would warrant updates to our FY2027 and longer-term forecast assumptions. Fruit volumes can vary considerably season to season and

there is no reason to believe that future production yields or the pricing outlook has changed. While the hectares released from the recent licence sales was slightly higher than we had incorporated into future fruit volume assumptions (417ha vs 400ha), we believe the future earnings impact will be negligible and within the standard error incorporated into our cash flow forecasts. We have therefore not made any changes to our long-term cash flow forecasts beyond FY2026.

4. **Market factors:** we have also considered changes to broader equity markets (e.g. NZX50 and global market indices) and comparable company share prices and earnings multiples between 21 May and 17 June 2025 to determine whether changing market conditions may have impacted on Zespri's value. We note that markets, prices and comparable company multiples have broadly been flat since 21 May and do not consider any value adjustment is necessary as a result.
5. **Zespri USX Price:** while we believe that the liquidity for Zespri shares on USX is insufficient to draw any meaningful conclusions on Zespri's underlying fair value, we have also considered the market price reaction to recent price-sensitive news released by the Company. This largely comprises our 21 May 2025 valuation and report content, Zespri's FY2025 results (also released on 21 May 2025), Company updates on grower participation in the LaS/DaS schemes and Zespri's FY2026 earnings and dividend outlook (included in our 21 May 2025 report), all of which we would categorise as generally positive news for growers and shareholders.

Since 21 May 2025 when Zespri announced the indicative price range for the LaS/DaS schemes (\$5.55 to \$6.05 per Zespri share) and released our valuation report, Zespri's USX traded price has increased from \$6.50 to \$6.80, an increase of \$0.30 per share (4.6%). However, given the LaS and DaS schemes offer the opportunity for Zespri growers and existing shareholders to obtain a meaningful number of shares without paying brokerage costs, we expect that many natural buyers of Zespri shares who might ordinarily have purchased on USX may have deferred any purchases until after the outcome of the LaS/DaS share issues is confirmed (including Zespri setting the final issue price and participation levels).

As a result, we believe that the implementation of the LaS/DaS schemes is likely to have temporarily exacerbated Zespri's lack of liquidity and price discovery on USX. Therefore, while the general market reaction to recent price sensitive news has been positive as we would expect, we have not placed any significant emphasis on the USX price movements as a guide to the underlying fair market value.

Las / DaS Valuation Conclusion

Taking all of the above factors into account, we estimate an updated market value range of \$5.65 to \$6.25 per Zespri share. This is consistent with our 21 May 2025 valuation adjusted for the modestly higher FY2026 earnings outlook (positive adjustment of ~\$0.04 per share) and higher dividend (negative adjustment of \$0.05 per share)¹. Table 1 summarises our updated assessed fair market value range for the LaS and DaS issue price.

Table 1: Updated Zespri Valuation Summary (value as of 30 June 2025)¹

	Low	High	Mid
Enterprise Value (\$m)	\$1,692	\$1,887	\$1,789
<i>Implied FY2025 EBIT Multiple</i>	<i>8.1x</i>	<i>9.1x</i>	<i>8.6x</i>
<i>less Combined Minority and Marketability Discount (\$m)</i>	<i>(\$744)</i>	<i>(\$830)</i>	<i>(\$787)</i>
<i>plus Net Cash for Valuation Purposes (\$m)²</i>	<i>\$89</i>	<i>\$89</i>	<i>\$89</i>
Minority Equity Value (\$m)	\$1,036	\$1,146	\$1,091
Value Per Zespri Share (ex-Div)	\$5.65	\$6.25	\$5.95
<i>Equivalent Value Prior to Dividends</i>	<i>\$6.85</i>	<i>\$7.45</i>	<i>\$7.15</i>

¹ some totals are affected by rounding.

² net cash for valuation purposes includes our assessment of Zespri's 31 March 2025 cash position (\$150m) plus the post-tax proceeds from the May 2025 SunGold licence auction proceeds (\$159m) less cash dividends (~\$220m).

Share Buyback

We understand that the Zespri Board is also considering a share buyback which will partially utilise the proceeds from the capital raised through the LaS and DaS schemes. If the buyback proceeds, it will likely occur around the end of September 2025.

Based on our discounted cash flow valuation methodology, a 30 September 2025 value date and our estimate of Zespri's cost of equity (10.75% - 11.25%), we would expect our fair market value range to increase by ~\$0.15 per share, all else equal. This largely reflects retained profits over the period and the "time value of money" impact. Therefore, our corresponding assessed estimate for the fair value of the share buyback would be a range of approximately \$5.80 to \$6.40 per share at an assumed buyback date of 30 September (absent any other material changes to Zespri's outlook).

Conclusion

Allowing for Zespri's slightly improved FY2026 earnings outlook relative to our 21 May 2025 valuation report and the Company's increased dividends, we estimate a fair value issue price range for the LaS and DaS share issues between \$5.65 - \$6.25 per Zespri share. This is equivalent to a pre-dividend value range of \$6.85 - \$7.45 per share. Assuming no material change in Zespri's medium term outlook, the kiwifruit industry and markets more generally, this translates to an assessed fair value buyback price range of \$5.80 - \$6.40 as of 30 September 2025.

This letter should be read in conjunction with our full 21 May 2025 valuation report, particularly as it relates to the key valuation assumptions and investment risks. We consent to this letter being made available to growers and shareholders as part of Zespri's communications on the final LaS/DaS scheme issue price. We have also consented to the release of this letter and its disclosure on the Offer Register for offer number OFR13848.

Yours faithfully
Northington Partners Limited



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