

MARKET UPDATE

4 August 2023

T&G Global reports its 2023 Interim Results

At a glance

- Revenue: \$765.3 million, up from \$645.5 million
- Operating (loss) / profit: (\$11.6 million), down from \$15.0 million
- Net (loss) / profit before tax: (\$21.4 million), down from \$7.8 million
- Net (loss) / profit after tax: (\$15.7 million), down from \$5.7 million
- Net assets: \$553.8 million, down from \$563.6 million

Announced today, T&G Global's Interim Results for the six months to 30 June 2023 reflect the difficult conditions the Group has faced in the first half of the year as a result of Cyclone Gabrielle.

Total revenue for the Group increased 19% to \$765.3 million, compared to \$645.5 million in the prior year. A loss in operating profit was recorded of \$11.6 million, down from a profit of \$15.0 million, and a before-tax loss of \$21.4 million, compared to a profit of \$7.8 million in 2022.

The Apples business saw revenue increase 27% to \$508 million, versus \$401 million in the prior year, and T&G Fresh recorded a 12% increase in revenue to \$208 million, up from \$185 million in 2022.

T&G Global Chief Executive, Gareth Edgecombe, says the weather and devastating cyclone in Aotearoa New Zealand, together with subdued consumer demand in some global markets, has contributed to a challenging first half of the year.

"It was a difficult growing season for apples in Aotearoa New Zealand, followed by Cyclone Gabrielle in February causing significant damage to parts of Hawke's Bay and Tairāwhiti Gisborne," says Mr Edgecombe.

"Thankfully, our people and growers were safe, but the cyclone's physical and mental impact on them, their families and the wider community has been sizeable.

"For T&G, we experienced minor flooding in some facilities, and four orchards were severely impacted, representing about 13% of our planted Hawke's Bay hectares. This resulted in a reduction in our 2023 apple volumes. In addition, a further 22% of planted hectares are expected to have reduced productive capacity over the next few years.

"At the same time, inflationary pressures have led to reduced consumer demand in some global markets, including the United Kingdom and China. Our team are working hard to redirect this fruit to better performing markets across Asia.

"Looking at our T&G Fresh business, it has been great to see it continue to strengthen, with on-plan performance in tomatoes and continued growth in our Fijian and Pacific Islands export business."

T&G Global Chair, Benedikt Mangold, says while the half year results are disappointing, the business' response demonstrates its resilience, determination and drive.

"We continue to see the team rise to the challenge, support each other, and adapt and deliver. While in the short term there remain uncertainties on the horizon as we continue to navigate the

economic climate and impact of the cyclone, the long-term outlook for fresh produce remains positive,” says Mr Mangold.

“T&G’s growth strategy is centred on growing great brands, winning in key global markets and leading Aotearoa New Zealand’s fresh produce future. In this half year, excellent progress has been made in putting in place pivotal strategic building blocks which will deliver increased value.

“Through strong leadership and collaboration, the team commercially launched two innovative new apple varieties and commissioned a state-of-the-art automated packhouse. This world-class Hawke’s Bay post-harvest facility was commissioned on time and on budget, and will lift productivity, further improve fruit quality and underpin our future apple export growth from the region.”

The company has continued to make progress in sustainability, with ambitious emission reduction targets submitted for validation to the Science Based Targets initiative, climate related risks and opportunities refreshed, and detailed work underway to analyse climate change scenarios.

To provide additional funding flexibility while it continues to work through the consequences arising from Cyclone Gabrielle, T&G has entered into a loan facility on 3 August 2023 with parent company BayWa AG. This is an unsecured facility for an initial term of three years, subordinated to T&G’s lenders under its syndicated multi option facility, at an interest rate of New Zealand’s OCR (adjusted quarterly) plus 4.5%, with repayments to be made only from net profit after tax. The facility is for a maximum amount of the lesser of (a) \$24 million and (b) an aggregate sum not exceeding 10% of T&G's average market capitalisation (as determined at the relevant time in accordance with the NZX Listing Rules).

Mr Edgecombe says the company has reprioritised capital expenditure, reduced costs and is maintaining very strict financial disciplines as it adapts to the changed environment and recovers from the cyclone.

“It’s imperative we have a resilient future-focused strategy, supported by the fiscal strength to realise it and pass this business on to the next generation. We are actively doing this, and we look forward to seeing the team’s efforts realised in improved financial performance in the coming years,” says Mr Edgecombe.

ENDS

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About T&G Global

T&G Global’s story began 125 years ago as Turners and Growers. Today, the business helps grow healthier futures for people around the world. As a part of the BayWa Global Produce family, T&G is located in 13 countries and its team of 1,600 people both grow and partner with over 1,200 growers to market, sell and distribute nutritious fresh produce to customers and consumers in over 60 countries. It does this guided by kaitiakitanga - treating the land, people, produce, resources, and community with the greatest of respect and care, as guardians of their future. www.tandg.global