

## MARKET UPDATE

28 February 2023

### Difficult year impacts T&G Global 2022 annual results

#### At a glance:

- Revenue: \$1.30 billion, down from \$1.37 billion
- Operating profit: \$20.4 million, up from \$16.9 million
- Net (loss) / profit before tax: (\$3.3 million), down from \$9.8 million
- Net (loss) / profit after tax: (\$0.9 million), down from \$13.6 million
- Total equity: \$580.2 million, up from \$573.6 million

A third season of COVID-19 harvest and supply chain disruptions, rising labour and input costs, and the impact of quality issues in some of the New Zealand Envy™ crop have resulted in T&G Global recording an after-tax loss of \$0.9 million for the year ending 31 December 2022, compared to the prior year's \$13.6 million profit.

While total revenue for the year at \$1.30 billion was \$70 million down on the previous year, operating profit increased \$3.50 million due primarily to improved performance of the high margin VentureFruit™ business and reduced operating losses in the International Trading business.

At a Group level, a strong start in the first half of the year was partly eroded by product disposals and softer prices linked to the Envy™ quality issue. Rapidly worsening economic conditions in the Northern Hemisphere, which affected consumer demand in the UK and Europe, also influenced the year-end result.

T&G Global Chief Executive Officer, Gareth Edgecombe, says the Company's 125<sup>th</sup> year in business would be marked as one of its most challenging.

"The significant progress we are making in strengthening our underlying business through growing, packing, marketing and selling premium, high quality fresh produce to Kiwis and consumers around the world is unfortunately not reflected in our financial results, given the challenges faced in 2022 with unfavourable growing conditions, rising costs and supply chain constraints," says Mr Edgecombe.

The Envy™ quality issue arose mainly from heavy rains before and during the 2022 harvest. Supply chain disruptions then delayed the arrival of fruit into markets, especially Asia. While the business moved quickly to withdraw fruit which was below consumers expectations, the price of remaining inventories softened and some disposals were required.

"We are confident that our response protected the value of the brand and customer and consumer confidence in it. We undertook a full analysis to understand the contributing factors and implement learnings should similar conditions occur in the future."

Apples operating profit decreased from \$40.6 million in 2021 to \$27.8 million in 2022, and revenue decreased by \$76.8 million to \$774.6 million this year.

Total equity grew 1% to \$580.2 million from the prior year's \$573.6 million. This reflects capital investments to expand the Company's orchards in Hawke's Bay, along with the construction of the first phase of a state-of-the-art, highly automated packhouse at Whakatu, due to be completed in early 2023.

T&G Global Chair and BayWa Global Produce Chief Executive Officer, Benedikt Mangold, says although the financial results reflected a difficult year, the Company's transformation programme,

while constrained by COVID, is building the strong foundations needed to accelerate the growth strategy.

“Despite the difficulties of the year, there is clear evidence that our strategy and priorities are sound and that we have the leadership and team to see them achieved. In an uncertain world, consumers want companies, brands and food they can trust. We have a clear strategy to meet their expectations,” says Mr Mangold.

Across the North Island of New Zealand, communities are assessing the damage caused by Cyclone Gabrielle. For T&G, while some operations were impacted, others were not. At this stage, it is too soon to know the financial impacts.

Chief Executive, Gareth Edgecombe said the safety and welfare of all employees and especially those in the worst affected regions of the North Island had been the immediate priority along with the welfare of its seasonal RSE workers, all of whom are accounted for and rehoused.

“Our hearts go out to all of those affected by the cyclone, and especially our team members, seasonal RSE workers and our partner growers, who are grappling with their own losses and damages,” says Mr Edgecombe.

Harvesting in the Hawke’s Bay had commenced ahead of the cyclone and has resumed in some of the Company’s and partners’ orchards, following robust health and safety assessments. Harvesting will also soon be underway in Nelson and Otago, which were unaffected by the cyclone.

“Our Hawke’s Bay post-harvest facility at Whakatu resumed operations last week, receiving high quality apples from our own orchards and our growers. Both its capacity and efficiency will help the region’s recovery in the weeks and months ahead.”

**ENDS**

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#### **About T&G Global**

Our story began 125 years ago as Turners and Growers, and today T&G Global helps grow healthier futures for people around the world. Located in 13 countries, our team of 2,000 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. As kaitiaki, we do this guided by kaitiakitanga. For us, this means we treat the land, people, produce, resources, and community with the greatest of respect and care, as guardians of their future. [www.tandg.global](http://www.tandg.global)