



Frankly Speaking - Week 19

Week ended Sunday 16 May 2021

Welcome to this week's Frankly Speaking, Seeka's stakeholder and grower update. The end of the SunGold harvest is in sight. Both Seeka and the newly acquired OPAC are in the tail end of harvest and close to completion. At Seeka, there are an estimated 260k trays still to harvest and at OPAC there is an estimated 100k trays still to go. In total the combined operation will have submitted some 23m trays of SunGold in the next few days.

Seeka's machines are progressively switching to Hayward and we are keeping a close eye on brix's and brix conversion levels to ensure that we achieve the best storage criteria. The industry's Hayward inventory is low, and the initial fruit will turn over quickly but it won't be long before the inventory starts to build. Seeka OPAC has two rooms of Controlled Atmosphere SunGold down and this will be packed immediately at the end of the Hayward harvest.

Our labour situation has tightened up with the opening of the borders with Australia. A lot of the backpackers who were "captured" in New Zealand have left and really we have struggled to find replacements. The other issue is the work patterns of the New Zealanders have changed. The increased wage rates has resulted in people working less hours, and we tend to be short of people on payday and the weekends. So workers don't seem to be working to save money while the work is there. We are running short and now thankful for the expensive decision that we made to recruit 300 of the 2000 additional RSE's that were allowed to come to New Zealand. This decision along with working the public holidays has kept us over the top of the harvest.

Inventory management will be everything in 2021 for the SunGold crop. It is a lower dry matter year, and while marginally so, the fruit is softer. Our inventory managers across the company will be conscious of the need to closely monitor and manage the fruit to maximise its performance and earnings.

While Seeka including OPAC, is close to completion in the SunGold harvest, others in the Industry are not and are struggling to get their fruit into a tray while it is still firm. Across the Industry there is still 8.7M trays to be packed; it's a remarkably large number. Some suppliers applied to Zespri to invoke the "quality withdrawal" process for fruit with an average on orchard pressure of 3.5kgs or under. Under this mechanism, fruit is dumped in the orchard rather than being harvested and paid for by the national pool. This mechanism has been used in the past for packed inventory when there has been quality issues and growers would receive more money if they didn't supply the market with this fruit (reducing the cost of quality). Seeka was not in favour of the proposal. In our opinion, dumping fruit through quality management should only be used for packed inventory that is likely to cause a market quality issue.

To the numbers, to midnight Saturday 15 May:

SunGold Conventional

Industry Submit: 92,085,484 trays	Industry average size: 27.67
Seeka Submit: 17,395,173 trays	Seeka average size: 27.33

SunGold Organic

Industry Submit: 2,483,040 trays	Industry average size: 28.07
Seeka Submit: 424,216 trays	Seeka average size: 29.11

Hayward Conventional

Industry Submit: 21,094,295 trays	Industry average size: 32.66
Seeka Submit: 5,509,218 trays	Seeka average size: 32.59

Hayward Organic

Industry Submit: 897,167 trays	Industry average size: 34.50
Seeka Submit: 263,714 trays	Seeka average size: 34.55

Sweet Green

Industry Submit: 261,467 trays	Industry average size: 37.07
Seeka Submit: 58,278 trays	Seeka average size: 37.59

Happy and safe harvesting.

Kind regards

Michael

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