

10 August 2021

John Somerville
Chairman
NZDFA Executive Committee
Email: johnandmelsomerville@gmail.com

Dear John

Thank you for writing to myself and the other processing company CEO's expressing the concerns the DFA have with regards to the current performance of the Venison sector. Venison is an important part of Alliance's portfolio, and we take the current performance of the market very seriously and share your concerns with respect to hind trends.

It is difficult to compare farm gate trends across species as there are so many variables unique to each. It is fair to say that the traditional bias of venison to food service certainly magnified the impact of Covid upon its performance when compared with lamb and beef. The historically more diverse international market enjoyed by lamb and beef also served them well. As Covid impacted markets it has certainly been easier to manage these products between different channels and markets than it has been for venison.

As part of Alliance's ongoing commitment to Venison, not only have we in recent years invested in a new venison plant, we have also been investing to diversify our markets and channels. Although this work started prior to the challenges of Covid, given the timeline for benefits from such initiatives to be realised they unfortunately didn't shield demand from the downturn experienced in traditional markets.

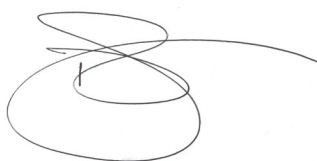
On a positive note, we are confident we are starting to see the rewards of our efforts. We are now seeing demand from both an increasingly diverse market and channel base. As inventory across extended supply chains gradually return to more traditional (and desirable) levels, it is hoped, combined with the improved market diversity this will manifest itself in improved market prices and in turn farm-gate returns.

From a pricing perspective we currently have a Minimum Price Contract in the field, the aim of which is to give suppliers surety of pricing. You can be assured the prices tabled are truly reflective of where we believe the market is / will be. Being a Minimum Price, the contract guarantees the minimum price suppliers will receive, but still allows them to realise further upside if the schedule was to improve beyond the price we are currently forecasting.

In the long-term Alliance remains confident in venison, the investments made in plants and developing market diversity in our view will create a stronger more resilient industry.

The Alliance team is very willing to meet and talk further on the issues our industry collectively faces.

Regards



David Surveyor
CHIEF EXECUTIVE