

We are a cooperative of
Master Growers, built on
family values, whose legend
and cultivars have been
crafted for over 150 years
with creativity and passion,
aiming to be the most revered
supplier of hops to the world.



Here at NZ Hops,
we stand proudly with our

Culture of collaboration

Through our entire lifecycle of hops there is one constant – us. We're a conduit between many specialists. We facilitate a community that doesn't compete with one another. We are only as strong as our weakest link.

Operational excellence

We are a cooperative as we see strength in our shared resources. Our operation is efficient, our advantage is using this operation to create deep moments of customer experience and engagement.

Incomparable family history

Our story is one of resilience, passion and dedication. It's enduring, we're the authors of the New Zealand Hops story. It's a story we take enormous pride and inspiration from.

Tāwara o te whenua

Ours is a place where perfect natural conditions and our culture of guardianship allows us the ability to produce distinctive blends of hops that are sought after all around the world.

Masters of craft

We have been honing our skills for well over a century. Enough said.

Our Story

Hops have been grown in New Zealand for more than 150 years – the first commercial plantings were recorded at Wai-iti in 1843 not long after the early settlers arrived from England. Plants were brought in from England, Germany and California to produce the particular style of hops sought by export markets. Hop plantings became a significant regional industry for Nelson from the late 1880’s with sales and marketing largely conducted by local merchants. Hops were shipped to England with such variable results they became known as “the Gambler’s crop”.

Nevertheless, hop acreage grew to around 800 hectares by the early 1920’s before submitting to a long period of attrition to a low point of 155ha in 1979. Hop picking was mechanised with the importation of picking machines from the late 1950’s.

The industry was regulated in 1939 with the formation of the NZ Hops Marketing Board (NZHMB), which undertook all sales in both the domestic and export markets. It provided the hop growers unity, leadership and the ability to levy sales for both marketing and hop research (the plant breeding programme started in 1951).

The NZHMB was de-regulated in 1993 but had been successful in establishing some promising new seedless hop cultivars as well

as contracts to supply hops to major brewers and merchants worldwide. Hop growers chose to merge the processing assets with the marketing arm to form a grower owned cooperative company New Zealand Hops Limited in 1993.

The company has grown at the current site purchased in 1982 with modern facilities to cool-store all dry hops from farms immediately during harvest and progressively process the hops into hop pellets to reduce volume and preserve quality for shipment to our customers world-wide.

Now, in 2020, our focus remains the same – to supply premium hops to the world, but our offering has extended.

In 2020 we will take to market:



We also sell a range of dried yeast solutions from Fermentis.

From our humble beginnings, we have grown into a strong and prominent primary industry in New Zealand with annual turnover of just under \$40 million.

In 2020 NZ Hops are exporting to over 20 countries around the world with key markets being the USA, UK, Australia and Asia.

Of our annual harvest:
15 % local New Zealand market
85 % exported

In 2019 our turnover headed toward \$40 million

From our Chairman

2020 presents significant challenges, coupled with genuine opportunities for NZ Hops. Our biggest challenge will be to realise as much of the opportunity as we can through transitioning our business to one that operates competitively and is positioned for sustainable growth.

In hops we enjoy a global market where demand continues to outweigh supply for certain aroma varieties. However, this market is facing unprecedented change as the world reacts to and manages a global pandemic. The impact for our customers of reduced hospitality is hugely significant and places a lot of pressure on us to secure and deliver sales. This is within the same year we have seen a record crop.

A record crop remains a cause for celebration. It is a testament to our breeding programme and our on-farm focus where the results of a number of initiatives are helping to deliver higher yields, coupled with a favourable summer when we enjoyed long hot dry periods. In time the world will recover from Covid-19 and we need to keep our focus on the long term, increasing yields, and continuing our investment in our hop breeding programme. Our New Zealand grown hops are unique to the world. With only 1% of market share we have a genuine opportunity to grow our share as more and more brewers around the world understand our offering. Integral to this is a focus on our identity and building our brands.

In 2020 we appointed CEO Craig Orr. Craig brings a wealth of experience in brands and building a market for New Zealand food and drinks offshore. Craig is tasked with shaping NZ Hops into a company that is well placed to act competitively, that demonstrates its leadership in the NZ industry and can achieve sustainable growth for its shareholders.

As the market leader in the NZ Hops industry, we are not alone in dealing with the challenging times ahead but we have confidence in our ability to stay focussed and to drive a strategy that will deliver the best result for our shareholders.

Paul Dalzell
Chairman



1840

1840's
EARLY HOP CULTIVATION

1867

FIRST EXPORTS, TO AUSTRALIA

1883

EXPORTS BEGAN TO UK

1939

FORMATION OF THE 'NZ HOP MARKETING BOARD'

1948

ESTABLISHMENT OF HOP RESEARCH PROGRAMME

1956

HOP PICKING BY MACHINE

1982

BLACKBYRE ROAD SITE OPENED 'NZ HOPS PRODUCTS LTD'

1993

FORMATION OF THE GROWER COOPERATIVE 'NEW ZEALAND HOPS LTD'

2018

SITE DEVELOPMENT AT BLACKBYRE ROAD

2020



Our place & our product

Nelson, Tasman is renowned as New Zealand's sunniest region. Clear blue skies, regular rain fall and soils rich in natural minerals provide the perfect place to cultivate a wide variety of hop. Our hop farms take pride of place amongst the region's horticulture which also includes apples, berries and vineyards.

The amount of land dedicated to hop farming in this region has increased significantly in recent years, particularly as some dairy farms have been purchased by keen hop farmers and converted to hops. This land is generally well suited to hop farming as it lies relatively flat, and usually has good access to water resources.

Our farms now cover 723 hectares in the region, growing 18 different varieties of hops.

THE FAVOURITES

Our New Zealand grown hops are in high demand, providing a unique chemical composition that can't be replicated anywhere else in the world. We are renowned for our range of both bittering and aroma hops, some are considered new world, and others traditional northern cultivars. We produce hops that are particularly well suited to IPAs, Pale Ales, Pilsners and Lager styles of beer.

Our most popular hop is the Nelson Sauvignon™. We have been growing this variety since 2000 and it is sought after all around the world for its fresh gooseberry and white wine profile. The Motueka™ and Riwaka™ are also proven to be strong performers.

ORGANICS

In New Zealand we are blessed with a hop growing environment that is relatively pest free and is without mildew issues. As interest in craft beer grew along with increasing focus on high quality ingredients, some brewers, particularly in the USA, Canada and Europe sought out organically grown hops. It became evident New Zealand was well placed to deliver on some of this demand.

In 1991 the first organic crops were planted by Colin Oldham on his New Hoplands property. It became the only place in the world where one could find a substantial farm of organically grown hops.

In 2020 we now have six different varieties over 14 hectares of land dedicated to organic farming. Our Organic varieties are:

- Motueka™
- Nelson Sauvignon™
- Pacific Gem
- Rakau™
- Wakatu™
- Wai-iti™

Organic farming of hops is not without its challenges, particularly in weed control and the higher cost of fertiliser. However there are opportunities to grow our offering with some of the newer varieties, and to support this with increased marketing.

Our people

Our cooperative is made up of 28 individual growers and their teams. Many are families who are intergenerational hop farmers. Through the year farmers employ additional staff to help with planting and training. The busiest time of year is the annual harvest, which begins in February and runs through to March, or early April. Each year a considerable number of additional workers are brought in to manage the harvest where time is critical. In recent years low unemployment rates in New Zealand have meant labour resource has been sourced from overseas.

The New Zealand Hops industry supports farmers and employees, their teams and their families, from scientific research, to farms, and within NZ Hops the cooperative. NZ Hops employs 12 permanent staff and an additional 12 - 15 casual staff. Through harvest the number of people employed in the industry increases giving temporary employment opportunities to additional workers.

In 2020 we celebrated with Terry Palmer his 30 years of service to our industry. Terry joined the cooperative in March 1990, back when the crop was 503mt and there were only two other full time permanent employees. With his experience in the mechanical servicing of vehicles and forestry equipment Terry began with the co-op to operate the press and associated equipment. He has done so with his ongoing high standards every year since, and now has overall responsibility for plant maintenance and supervises the bale receival activity through each harvest. Our warmest congratulations and huge thanks to Terry!



TERRY PALMER 2020 -
NZ HOPS LONGEST SERVING
CURRENT EMPLOYEE

CEO Craig Orr with the plan ahead

2020 has been a year with significant challenges for everyone. I began as CEO with NZ Hops in February this year, eager to get stuck into the challenges ahead. The global pandemic aside, there have been a number of changes identified to ensure we are well placed to fully understand the market in which we operate and make sure we have our business structured to maximise our potential and support sustainable growth.

In April we saw a record-breaking harvest, the result of hard work at the farms and a very favourable summer with warm dry conditions. The heat stays on, as we focus on processing and selling into the Northern Hemisphere markets, ideally before their crop harvest starts in summer. However, we face a lot of uncertainty in the brewing and hospitality scene as the impact of Covid-19 effects these businesses and the way people socialise and interact, all over the world. We'll manage this as a long-term issue and set in place a strategy designed to minimise the risk of surplus hops.

On a positive note we are only 1% of global hop supply so there is real opportunity for growth. We know there is work to be done on our connections with end customers, both here in New Zealand and around the world. We have the opportunity to build our brand, build awareness of the unique characteristics of our New Zealand grown hops and seek out untapped markets. An increased focus on marketing investment against the backdrop of uncertainty will pay future dividend.

We are developing a brand led culture and platform to increase our direct connection with brewers. We have a refreshed master brand, designed to

reflect our pedigree and our industry leadership. We are a cooperative of Master Growers, with 150 years of growing experience behind us, yet we now acknowledge we operate in a competitive environment. We will reshape our portfolio and position our lead brands, showcasing their quality, personality and pedigree.

We see real potential from our continued focus on innovation. NZ Hops has worked in partnership with Plant and Food Research on the identification of new varieties of hops for some time. New varieties must not only thrive in our unique growing conditions but also deliver aroma and flavour characteristics that offer the brewer new and exciting opportunities for their craft. Our future PVR varieties and longer-term prosperity are integrally linked with this research and our partnership with Plant and Food is an important part of our growth strategy ahead.

The launch of Nectaron® this year, a highly anticipated new PVR hop, will be followed by more in the next few years. This commitment to a pipeline of innovation will be accompanied by a focus on optimisation of our current portfolio of hops. It is important we continuously look for ways to do the same thing, with more sustainable results.



This means we are working with all our growers to identify ways for better utilisation of their land and increasing yields.

Within the co-op we are developing capability, in both our people and also our infrastructure. One such initiative is putting in place a future-proof ERP system designed to drive efficiencies and enable clear business management fit for a co-op of our size and complexity. This will benefit our NZ Hops team and all our co-op stakeholders. We are also placing increased focus on our customer service and our sales with a new e-commerce platform. Put simply, we are making it easier to do business, every day.

In an industry such as ours, and like many others, our health and safety culture is paramount. We have a renewed process and emphasis on this to ensure this culture continues to build and mature.

The year ahead will be busy, and it will be challenging. We are operating in unprecedented times. But it is an exciting time to be in hops. We grow varieties unique to us, and we will take these brands to the world. A world that offers an enviable scale of opportunity.

It's an exciting time to be in hops. We grow varieties unique to us and we will take these brands to the world.

Innovation

NZ Hops has a partnership with Plant and Food Research (and its legacy organisation DSIR) dating back to the late 1940's. Dr Ron Beatson, Principal Scientist is a plant geneticist and has been leading the hop variety programme for over three decades. He has painstakingly worked with many thousands of seedlings, bred for NZ's temperate oceanic growing conditions. He's cared for them from the nursery and seedling selection process through to the development of advanced selections. Starting from a cross, this process takes around 10 years to complete before a selection is deemed to be ready for commercialisation.

Annually, the nursery sees about 5000 seedlings, from which around 2000 are planted in the field. Of those, careful attention is paid to their agronomic performance (yield). About 500 individual seedlings are chosen for harvesting each season, from which the elite are selected for their brewing properties, which are assessed in the pilot brewery. The brewery was commissioned in 2014, co-funded by a grant to Plant and Food (through Ministry of Business Innovation and Enterprise) and NZ Hops. Here in the brewery, Ron and Scientist Kerry Templeton, who joined the programme in 2017, brew each promising selection using a standard base beer by dry hopping procedures which allows for the unique aroma and flavour of the hop selection to shine through. Combination of the ability to thrive in our Tasman climate and soil, deliver a high yield, with standout sensory characteristics, sees a single cultivar selected as a new breed for commercialisation.

Over all his years at the helm, it is the Nelson Sauvvin™ that Ron declares his favourite child. It stood out over 20 years ago and it continues to shine on the world stage. However, he is quietly confident about the new rising star, Nectaron®, launching into market this year. "It's a very, very good performer. Its yields are impressive and it has strong tropical fruit flavours." On being honoured in the name of the new cultivar, Ron is unusually subdued, "I was a little embarrassed at first, but I am getting used to it."

Which is just as well he does, as Nectaron® is anticipated to be the new rock star. Its name is a fitting tribute to the man who bred it, then found it, amongst all those little seedlings in the nursery, 16 years ago.



Below: Kerry Templeton (l) and Ron Beatson (r) outside the pilot brewery at Plant and Food Research in Riwaka, Tasman.



A brewer's view

Tracy Banner, Master Brewer and Owner of Sprig & Fern Brewery can still recall her first experience with Nelson Sauvvin™ 20 years ago. As a new hop variety to the market it was in a league of its own and it continues to be a sought-after hop by brewers worldwide. But the newest variety, Nectaron®, has Tracy really excited. "I feel this one is going to take the brewing world by storm" she says. "The aroma is like nothing we've experienced before. Brewers and Beer drinkers alike will be wowed with the aromatic and flavour properties of this hop in their beer."

Building this house of brands, on such a solid foundation of scientific research in their partnership with Plant & Food, is one of the great strengths of NZ Hops, Tracy believes. "It is marvellous, the work being done in new hop development and it's wonderful to be a part of it." Tracy has enjoyed a long relationship with Ron Beatson "I've received countless samples and performed blind tastings on new hop varieties over many years. Feedback has been sought from brewers all around the country and we have been able to feed into the process from researcher, to grower to glass. It's powerful and a real strength of the NZ Hops cooperative."

Very supportive of the NZ Hops strategic plan to build the identity of individual hop varieties, Tracy is launching the new Sprig & Fern Pale Ale under the hop's own brand, Nectaron®. "The name is perfect – it boasts of its flavour and aromatic characteristics and pays tribute to Ron. The label looks stunning on the bottle too". Tracy is keen to be involved with NZ Hops as they do more to promote each of their different hop brands. "Each one has its own story, and we can take those stories to the world."

Left: Tracy Banner gets her hands on the 2020 harvest straight off the bine.

Introducing NECTARONTM

**NECTARON
IS A BREW
OF SCIENCE
AND ART**

In 2020 NZ Hops are excited to launch a new hop variety; NECTARON[®].

This is the result of 17 years hard graft by Ron Beatson and his team who have worked tirelessly through thousands of potential new strains of hop to select and nurture just the one. It was chosen for its ability to thrive in our New Zealand growing environment and deliver unique flavour characteristics.

**It is a win for both
Growers & Brewers.**

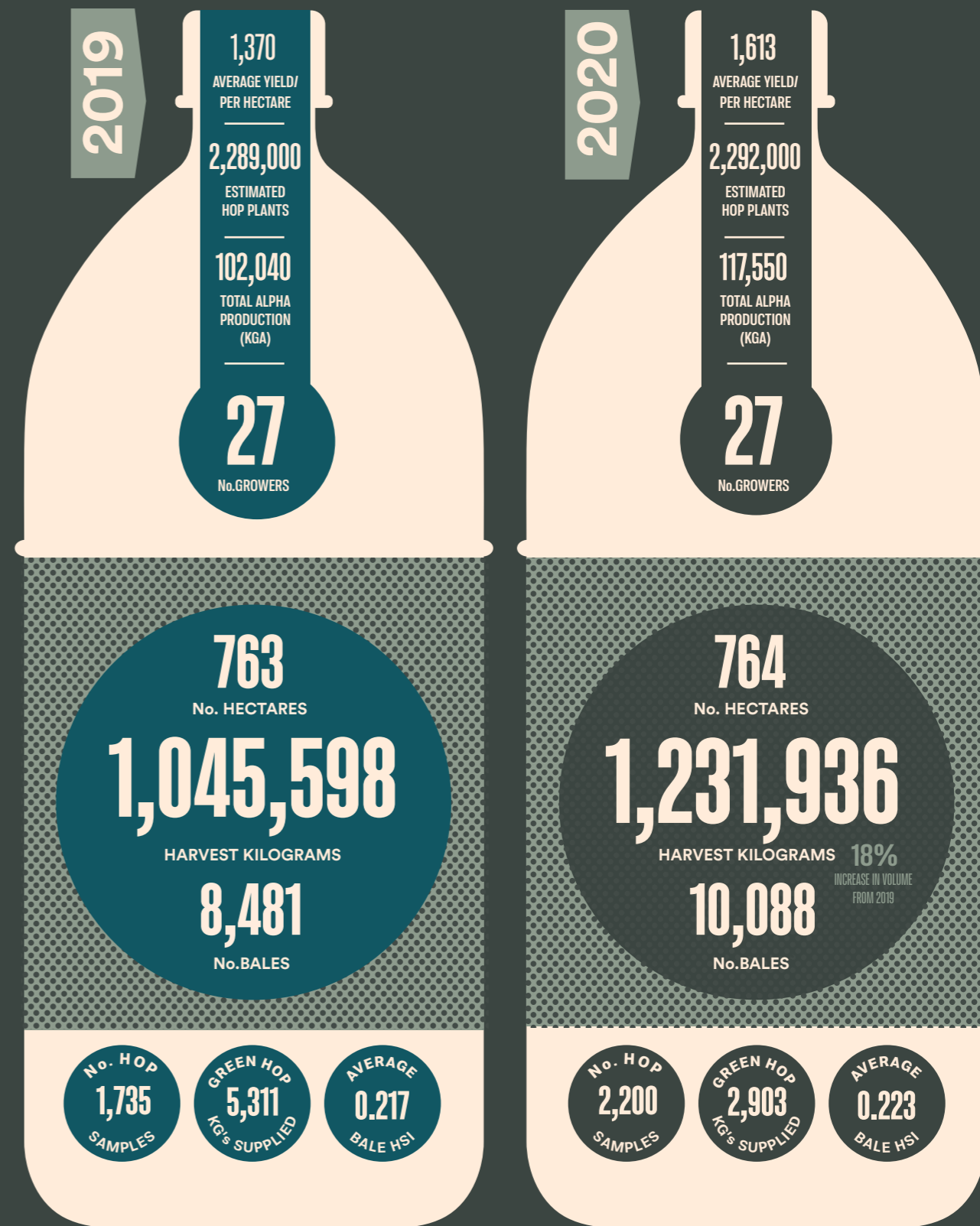
Eight of our growers planted the new variety (previously known as Hort 4337) ready for the 2020 market.




Nelson SauvinTM has featured in many prominent global beer such as Punk IPA from trend setters BrewDog (UK) and Yebisu beer made by Japan's legendary Sapporo Brewery. Many beers drinkers the world over have likely enjoyed our Nelson SauvinTM.

2020 Hop Harvest

Our record harvest






nzhops Ltd

Aiming to be the most revered supplier of hops in the world