



**2024 CROP
REPORT**

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HYPERFOCUSED ON AUSSIE HOP QUALITY AMID RESPONSIBLE ACREAGE REDUCTIONS

Hop Products Australia (HPA) have completed this year's harvest. We picked 670 hectares across Victoria and Tasmania, which resulted in 1,340 tonnes of hops. This was a 177 hectare (21%) decrease and a 480 tonne (26%) decrease year-on-year across six proprietary varieties - Eclipse[®], Ella[™], Enigma[®], Galaxy[®], Topaz[™] and Vic Secret[™] - as well as Cascade. This year's oil content came in equal or above the 5-year average for all proprietary hops, with a particularly strong showing from Galaxy[®] that should lead to a great year of performance in beer.

Crop 2024 looks a little different to previous years because of some changes to global demand. This led HPA to idle around 20% of our gardens, resulting in a year-on-year decrease across all proprietary hops. In the current state of global oversupply, this was a necessary step toward rebalancing supply and demand.

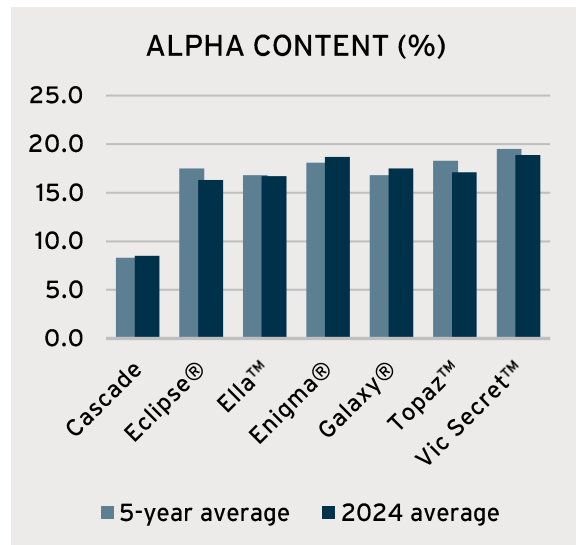
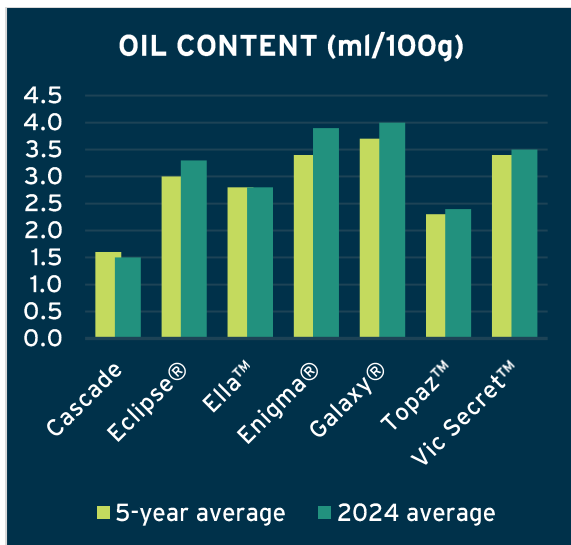
	Production Volume (Tonnes)	Year-on-Year Variation
Galaxy [®]	879	- 19.8%
Vic Secret [™]	251	- 21.8%
Eclipse [®]	69	- 56.9%
Ella [™]	55	- 37.3%
Enigma [®]	41	- 47.8%
Topaz [™]	28	- 54.0%
Cascade	18	+ 0.6%
Total	1,341	- 26.4%

Note: measurements calculated on raw hop quantities.

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We have used this production decrease as an opportunity to focus on quality, with greater flexibility to refine our standard operating procedures and harvest each variety at optimal maturity. A return to El Niño was expected to herald more favourable weather patterns. While our Tasmanian farm experienced above average temperatures and below average rainfall early in the growing season, our Victorian farms experienced above average rainfall that initially slowed plant growth and caused localised flooding for the second consecutive year. We were able to modify our calendar of inputs accordingly, with average temperatures in summer aiding cone maturation.

Impact in beer is expected to remain strong, with this year's average oil content coming in equal or above the 5-year average for all proprietary hops. The two star performers were Galaxy® and Enigma® with both oils and alphas above the 5-year average, ensuring good quality pellets that should deliver a great year of true-to-type flavours and aromas in beer.



Note: measurements calculated on raw hop quantities. Processed hop pellets will show reduced values.

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HPA continue to invest in quality improvements. As is the case with most building projects, our new Victorian pellet plant took longer than expected to get up and running. It was not commissioned in time to process crop 2024 as planned, but we were prepared for this possibility. Instead, crop 2024 was processed at our existing Victorian pellet plant which was maintained in a state of readiness for this eventuality.

We have also been tightening our minimum quality standards over the past few years, conducting a sensory review of any material flagged as non-conforming at any stage of the production process. If subsequent data analysis reports a significantly lower alpha and oil content, or a significantly higher HSI this material is subject to assessment for potential faults and true-to-type aromas. This ensures only great material goes into our blends, and consistently high-quality pellets are presented to our brewing customers.

These improvements in equipment capacity and sensory review will mean brewers can expect a systematic quality increase that will translate to more consistent performance in beer from crop 2024 and beyond. The Galaxy® violin plots previously presented will be updated with crop 2024 results later this year, with the trend of increasing average oil content and reducing spread of oil content over time expected to hold true.

Food safety is another critical aspect of our quality management system. It protects the reputation of our brewing customers and the wellbeing of their beer drinkers. At HPA, we stay informed of regulatory changes and revise our farm practices accordingly to ensure we present hops that are certified food safe. Most recently, this included the exclusion of certain plant protection products in response to changing maximum residue levels (MRL) around the world.

Food production and supply are major drivers of human environmental impacts. This means a successful harvest is about more than production volume and oil content. HPA are focussed on a sustainable future of quality beer, and remain a committed signatory to the UN Global Compact. We have completed our initial Life Cycle Assessment (LCA) to

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drive effective decision making around minimising farm inputs and maximising efficiencies throughout our business. This will also improve our brewing customers indirect emissions.

HPA is currently producing ~4.2kg of CO₂ per kilogram of pellets from garden to final packaging. We believe this positions us among the best in class hop producers around the world, but are continually researching ways to improve. Our sustainability strategy consists of four key pillars including sustainable economic growth for our business and the beer industry; supplying sustainable products with an emphasis on premium food safety, waste reduction and product performance; fostering a secure and fulfilling work environment by upholding ethical and equitable employment practices; and minimising our environmental footprint to help address climate change and resource scarcity. We have invested in technology upgrades that will provide the baseline information necessary to track our progress in each of these focus areas.

Risk mitigation is a common theme across these focus areas. We are constructing a second 300 megalitre dam in Victoria to irrigate crop 2025 as needed, as well as a transitioning to smart agriculture to integrate and automate a number of our processes. We have invested in Fieldin technology so that all farm operations are visible and traceable, and installed CropX soil sensors to help us better understand variances in soil type and weather impact, predict water use, and recommend optimal irrigation cycles from garden to garden. Our Near Infrared (NIR) model of hop analysis continues to be applied across the production process, and we have now started work on a new model that will use AI to moderate the subjectivity of non-conformance reporting based on hop colour. The resulting increase in data capture will enable HPA to increase the quality and quantity of the crop while optimising our employees time and effort.

Seasonal recruitment returned to pre-COVID levels, including a large percentage of returning employees with hop harvest experience, so crop 2024 was in very good hands. To protect our people as well as our hops, we are continually improving our safety management system with regular reporting on key indicators to measure our progress, performance, and benchmark against best practice and industry standards. Our employees

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are encouraged to engage with this system through lead indicators like real-time hazard and non-conformance reporting. The framework also respects lag indicators like lost time injury frequency (LTIFR), in which we have continued our downward trajectory, making this one of our safest harvests in recent history.

More than 300 local and international brewing customers joined us for farm tours this harvest. Together, we followed our Aussie hops from the gardens through each stage of the production process, including freedom to roam our world class breeding gardens. HPA is proud to be part of such a close-knit community, that has positively impacted city suburbs and regional towns around the world.

HPA is in awe of the resilience our industry has shown over the past few years. We are focused on managing our production costs to minimise any effect on hop pricing, while continuing to invest in technology, infrastructure and process improvements so we can supply consistently high-quality hops to our brewing customers. In the current state of global oversupply, availability of Aussie hops is better than ever. As supply and demand returns to balance, we encourage our brewing customers to consider their Aussie hop requirements, and communicate them early and often. This way HPA can make sure we have their needs covered, including a new commercial variety in the next few years for even greater choice and diversity.



Tim Lord
Managing Director
May 2024

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