



years
together

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01.

Introduction

A century of being here for all New Zealanders

As Foodstuffs North Island Limited gets ready to celebrate its 100th birthday, we look back with pride at ten decades of making sure New Zealanders get more out of life, being there for our communities, and our continued journey to become one of the most customer driven retailers in the world.

FY22 was no exception as the co-operative stepped up once again to keep people safe through the COVID-19 pandemic and take on all the challenges to keep stock on shelves for New Zealanders.

With the rising costs of living and food price inflation impacting the lives of every New Zealander we made a commitment to keep doing better, deliver stronger value, and embrace the challenges laid down by the Commerce Commission's market study into the retail grocery sector.



Celebrating 100 years together:
Our home at Emily Place, circa 1945

02.

Results and Highlights



Despite the challenges of year two of the COVID-19 pandemic we continued to deliver for our customers and communities.

Our results

Customer Promise Scores

New World 76.9%

PAK'nSAVE 78.9%

Four Square 79.6%*

Retail and Wholesale Store Sales

\$9.3b

Lost Time Injury Frequency Rate (LTIFR)

2.9 down from 4.8

*Note: the Four Square customer promise score reflects the result for the period between September 2021 to March 2022.

Our highlights

1. We were here for New Zealand in many ways

FY22 was a year of challenge for many New Zealanders and we focused on how we could best provide direct support to many individuals and families who faced difficulties throughout this time. As a co-operative, we were able to give more than \$6.4 million in donations, foodbank support, emergency funding and sponsorships of local communities. With these contributions, we're aiming to support our communities in a meaningful way and reduce food poverty, so that every New Zealander can access healthy and affordable food with dignity.

\$758k
Here for NZ
funding

\$1.7m
Donations

\$3.2 mill
Sponsorship

\$438k
Foodbank
support

\$366k
Other
donations

Some of the contributions we made include:

- Grocery donations equivalent to **486,142 meals** given to the New Zealand Food Network
- **\$62,000** towards the Tongan Relief efforts for those affected by the volcano eruption and tsunami
- **\$250,000** national contribution to City Missions via New World's Family2Family foodbank appeal
- **\$50,000** to Buttabeen Motivation and Mangere Budgeting Services to support those in need in the South Auckland community
- **\$50,000** to the Student Volunteer Army to provide a safe way for vulnerable customers to get their groceries.



2. Made Rapid Antigen Tests accessible throughout NZ



We had two key jobs to do through the pandemic: keeping our people safe and available for critical work, and keeping products on the shelf for New Zealanders. As the country battled the impact of Omicron, Foodstuffs moved fast with our supplier partners, our sister co-operative in the South Island, and the Government to use our robust end-to-end supply chain to sell Rapid Antigen Tests (RAT) at cost in stores nationwide. We also distributed RATs through wholesale to more than 250 New Zealand businesses to give them the confidence to know they were doing their best to keep their teams safe at work.

“We felt it was the right thing to do to use our end-to-end supply chain to help other businesses and the Government. We’ve had great support from our supplier partners throughout the pandemic and wanted to do our part to enable our industry to play its part in supporting New Zealand through peak Omicron,” says Chris Quin.

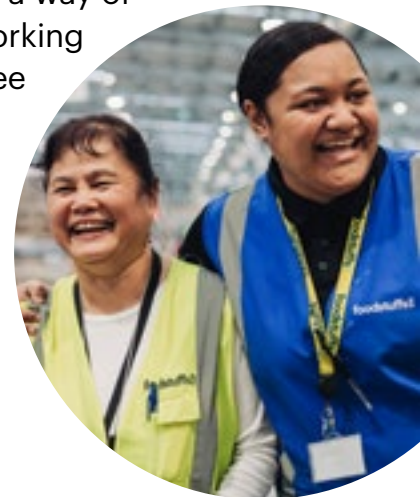
3. We worked closer than ever with our supplier partners to keep New Zealanders fed through COVID

Through all the pressures of COVID-19 lockdowns, global supply chain upheaval and anxious communities, our supplier partners moved mountains to keep the food chain moving, our shelves stocked and our people safe. Their efforts meant

all our stores were able to stay open for customers and offer them certainty and stability at a time when the world was in crisis.

4. 37,521 free meals provided to our supply chain team members during lockdowns.

We’re incredibly proud of the way our supply chain teams stepped up during the most trying times of lockdown to keep stock on shelf for all New Zealanders. As a way of supporting our hardworking teams, we provided free hot meals and fresh fruit throughout the lockdown period.



5. Made Foodies a more diverse and inclusive place to work

We’re passionate about making sure that Foodies is a place where each person in our team of 24,000 feels celebrated for who they are and the value they bring to our co-operative. This year we’ve made strides towards building a more diverse and inclusive workplace for our people, with the introduction of new policies such as Free Period Products and enhanced Paid Parental Leave, and an updated Diversity and Inclusion Policy that outlines our commitment to honouring our people as our taonga and making sure that Foodies is a safe place for them to contribute as their full authentic selves.

6. We welcomed our first cohort of SAP apprentices

We're providing more opportunities for meaningful work and career development through our new 18-month SAP Apprentice Programme. The apprenticeship gives participants hands-on experience in SAP and builds their technical and practical knowledge in a globally sought-after skillset, as well as a fully-funded formal qualification in SAP when they finish.



7. Our home at Landing Drive achieved a 6 Green Star Rating and received accolades in the Property Industry Awards

We're committed to being leaders of sustainability in our community and achieving the 6 Green Star rating for our new Auckland home is one of the ways we're driving improvements in this space. Our rooftop panelled with 3000 solar panels and rainwater harvesting systems enables us to operate at minimal impact to the environment.

The building was also awarded the Excellence Award and the Green Building Award at the 2021 Property Industry Awards, in recognition of a design that has seamlessly combined sustainability with operational efficiency.



8. We supported Super Saturday Vaxathon to keep New Zealanders safe from COVID

Working closely with the Government, District Health Boards and local community groups, we pulled out all the stops to support vaccine take-up across key areas that had been harder to reach. Many of our stores became vaccination sites to support the initiative, as well as giving away vouchers, free lunches and other incentives to encourage everyone who was able to get vaccinated, for the good of all our communities.

"Throughout this pandemic our goal has been to keep people safe and keep products on the shelves. Supporting Super Saturday, and beyond, was a measure of our care and concern for our people, their families, our customers and the community in general. Making it quicker and easier for our team members and shoppers to get a vaccine is the right thing to do – it's how we awahi each other," says Chris Quin.

9. Connecting our suppliers and Leadership Team to strengthen relationships

We're committed to doing what we can to make the retail industry a positive place for everyone. That's why we've created more channels to engage with our suppliers, so we can foster relationships based on trust and transparency. This year we've started hosting regular Q&A sessions with our suppliers where they can engage our senior leadership team with any questions or concerns they may have.



10. Pams partnered with RSA to give a taste of Kiwi Christmas to New Zealanders serving overseas

We gave 120 boxes of Christmas goodies to New Zealand Defence Force (NZDF) personnel who are currently deployed, so they can have a taste of Kiwi Christmas while serving away from their home and loved ones. We worked closely with partners at RSA to make sure that from the Sinai Desert to Antarctica, overseas NZDF personnel were able to enjoy scorched almonds, chocolate chunk cookies and fudge from our Pams Finest range during the festive season.

11. In its first year, the Social Supermarket helped 3,268 Wellingtonians who are doing it tough

With so many families going through tough times, we're privileged to have supported so many Wellingtonians who needed extra help through the Social Supermarket, a supermarket where people who need support with food can shop for what they need in a supermarket environment. Whether it's ongoing support, or a week's worth of groceries to keep a family out of debt, we're both humbled and proud of the impact our partnership with the Wellington City Mission has had on the community of Te Whanganui-a-Tara. Our local New Worlds and supplier partners continue to support the Social Supermarket with regular food donations so that families in need can continue to have the dignity of choice.



12. We celebrated our supplier partners through our inaugural Supplier Partnership Awards

We want to recognise our supplier partners for the part they play in helping us deliver a great offer for our customers. Through our Foodstuffs Partnership Awards, we're celebrating the suppliers who are driving product innovation, sustainability leadership and overall excellence in the grocery retail industry.



13. Supported Eat My Lunch provide healthy lunches to kids in school.

Eat My Lunch provides tasty lunches for up to 18,000 kids each day at school. As part of our continued partnership with Eat My Lunch, we've supported them in building their supply chain capability so their programme can reach more Kiwi kids.



14. Four Square wins Best Employer Award for the fourth year running.

Four Square was once again named a top employer in Australasia. With an engagement score of 81% we're proud of the hard work our teams have continued to do over trying times, and of the privilege we have of supporting them in their careers.





15. Our long-term partnership with Food for Thought helped us reach another 16,000 children

Through our partnership with the Food for Thought programme, we continued to help educate thousands of Year 5 and Year 6 children on how to make healthy choices when it comes to food. The school-based programme gives these students in-class access to a nutritionist so they can learn about healthy nutrition and how to read food labels.

16. We're working smarter with our produce suppliers

For the first time our commercial operating model for produce is now aligned across the North Island and all our produce suppliers. The change has been a long time in the making and delivers great benefits for our suppliers, giving them better transparency, and reducing the complexity involved in dealing with our owner operator model, making it easier for them to work with us efficiently every day.





03.

Our customer driven year

Delivering on our aspiration to become one of the most customer driven retailers in the world has never been so important and we are proud of the progress we made in FY22.

Gilmours launched an International Wine Competition

170 wines were entered in an inaugural competition for Gilmours to recognise quality, international wines in New Zealand. Each wine was independently judged in a blind process and shortlisted to the Top 20 Wines to make it easy for our Gilmours' customers to pick the top drops to serve at parties, weddings, and to their own customers.

We developed a Market Study Dashboard

We're privileged to play our part in providing New Zealanders with their grocery needs, and we're committed to making it easier for customers to find value when they shop with us. We want to be transparent with everyone about the progress we're making on our commitments to implement the Government Market Study recommendations, so our customers have confidence that we're accountable and operate with integrity. We developed the Market Study Dashboard to give everyone a clear picture of what we're doing to deliver on our Market Study action plan.



We've made great progress on our customer driven range reviews and commercial model changes.

Two years into our customer driven transformation, we've made some great progress on getting the right products on the right shelf at the right time for customers. This has meant using our data and insights to develop 37 customer driven ranges, including changing our frozen range in the freezer to give customers a range that more accurately meets the needs of our customers and makes it easier for them to shop in our stores and allows more space for innovation and new products.

We used data to change the game for customers.

Through our partnership with global retail experts dunnhumby, we've started using more tools and insights in everything we do so we're buying, ranging and displaying what customers love more often. This includes our new SymphonyRetail space management tool, which helps our New World and PAK'nSAVE teams make better decisions about what goes on the shelf and how it shows up for our customers.



We're supporting emerging suppliers to innovate for our customers

For the first time this year, Foodstuffs North Island have gotten behind the FoodStarter competition.

In partnership with the Ministry of Awesome, we're accelerating the country's most innovative start-ups with a prize package that puts their products on our New World shelves. Kaitahi As One were our inaugural winners in 2021 with their frozen superfood smoothie drops using traditional Māori ingredients such as puha and kawakawa, and Lilo Desserts, who plan to make plant-based cheesecakes using rescued fruit from New Zealand orchards.

Christmas got easier with the addition of the Festive Meal Kit to our Simply Dinner range.

We partnered with Annabel Langbein to create meal kits that give our customers a choice between two classic Christmas mains and all the trimmings plus dessert, so that they can spend more time on festive celebrations with loved ones and less time on food prep.



We launched a Customer Promises Insights Tracker across all our brands.

This handy tool makes it easier for us to stay in tune with what our customers love about shopping in our stores and what we can do better, so that we can keep giving them more of what matters to them. It's also given us a new way of measuring customer satisfaction in every store, every month, based on our promises to our customers of delivering great value, experiences and solutions for their shopping.





Our Supply Chain is getting safer and more efficient.

Our Distribution Centre (DC) Teams, Replenishment team and Transport teams are hard at work to keep gaining efficiencies in our supply chain processes. This year we've delivered significant efficiency improvements, while dealing with multiple lockdowns, record volume, high inflation, and international supply chain disruptions. We've made great progress on Imports Buying, Warehouse Management System Optimisation, driving DC labour standards, transport planning optimisation and pallet supply programme to our suppliers for better on-shelf availability so that products are available in store when our customers want them.

It's easier to use our Gilmours digital experiences.

We've launched a new and improved search function on our Gilmours website so customers can always find what they need. Our new digital signup process also makes it easier than ever to become a Gilmours customer.

Our technology helps us to keep working smarter.

The pressures of the COVID environment haven't stopped us from optimising our core functions and improving our digital capability.

This year we:

- Saved more than 15,000 hours of manual work by using Robotic Process Automation to process over 1.8 million invoices and statements
- Reduced disruptions to our supply chain caused by technological faults by 15%
- Provided our frontline store team members with new communication tools for better collaboration so they can spend less time on admin and more time on customer service
- Continued to support remote flexible work for team members across the co-op to keep our people safe in uncertain times.

04.

Our Numbers

Following are our Consolidated FY22 Financial Statements of Foodstuffs North Island Limited, for the year ended 3 April 2022.

These Consolidated FY22 Financial Statements have been independently audited by PricewaterhouseCoopers.



Report of the independent auditor on the summary financial statements

To the shareholders of Foodstuffs North Island Limited

The consolidated financial statements – condensed version (summary financial statements) comprise:

- the consolidated statement of financial position as at 3 April 2022
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated statement of cash flows for the period then ended; and
- the notes to the consolidated financial statements – condensed version, which include a summary of policies.

Our opinion

The summary financial statements are derived from the audited consolidated financial statements of Foodstuffs North Island Limited, including its subsidiaries (the Group) for the 53 weeks ended 3 April 2022.

In our opinion, the accompanying consolidated summary financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Consolidated Summary financial statements

The summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon. The summary financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited consolidated financial statements.

The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 29 June 2022.

Information other than the summary financial statements and auditor's report

The Directors are responsible for the Annual report. Our opinion on the summary financial statements does not cover the other information included in the Annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the summary financial statements

The Directors are responsible, on behalf of the Company, for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements*.



Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

We are independent of the Group. Our firm carries out other services for the Group in the areas of whistleblower hotline services, direct tax compliance services and advisory services in the areas of tax, property, treasury and corporate finance. The provision of these other services has not impaired our independence as auditor of the Group.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers', is written over a faint, light-colored signature line.

Chartered Accountants
29 June 2022

Auckland

Foodstuffs North Island Limited

Consolidated Statement of Comprehensive Income

For the 53 weeks ended 3 April 2022

	Notes	2022 \$ '000	2021 \$ '000
Revenue	2	4,020,844	3,719,142
Cost of sales		(3,156,617)	(2,917,308)
Gross profit		864,227	801,834
Other income		5,333	3,740
Operating expenses		(599,497)	(600,306)
Operating profit		270,063	205,268
Finance income		4,477	4,006
Finance costs		(61,767)	(56,478)
Net finance costs		(57,290)	(52,472)
Share of profit/(loss) from Associates and Joint Ventures		3,537	3,175
Profit before distribution to Members		216,310	155,971
Distribution to Members	3	(149,934)	(129,060)
Profit before income tax		66,376	26,911
Income tax expense		(20,986)	(9,894)
Profit for the period attributable to Members		45,390	17,017
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Increase in fair value of hedging net of tax		16,424	8,548
Items that may not be reclassified subsequently to profit or loss:			
Increase/(decrease) in fair value of other financial assets		(7,820)	35,269
Total other comprehensive gain		8,604	43,817
Total comprehensive income for the period attributable to Members		53,994	60,834

Items in Other Comprehensive Income are disclosed net of tax.

The attached notes form part of and are to be read in conjunction with these audited consolidated financial statements.

Foodstuffs North Island Limited

Consolidated Statement of Financial Position

As at 3 April 2022

	Notes	2022 \$ '000	2021 \$ '000
ASSETS			
Non-current assets			
Property, plant and equipment		1,911,575	1,947,955
Right of use assets	4	381,665	388,554
Sublease receivables	4	153	470
Intangible assets		242,183	270,597
Investments in associates		4,260	4,509
Investments in joint venture		9,734	10,667
Other financial assets		-	75,519
Total non-current assets		2,549,570	2,698,271
Current assets			
Cash and cash equivalents		26,895	40,246
Trade and other receivables		519,610	428,429
Sublease receivables	4	294	286
Inventories		189,433	178,284
Related party receivables	6	80,390	37,838
Assets held for sale		39,701	4,575
Derivative financial instruments		-	51
Income tax receivable		-	1,803
Total current assets		856,323	691,512
Total assets		3,405,893	3,389,783
EQUITY			
Capital and reserves attributable to equity holders			
Share capital		132,573	132,573
Other financial asset revaluation reserve		-	(15,725)
Hedging reserve		(5,335)	(21,759)
Retained earnings		896,019	874,174
Total equity		1,023,257	969,263
LIABILITIES			
Non-current liabilities			
Liabilities to Members		558,643	531,687
Borrowings		250,000	295,000
Lease liabilities	4	394,796	391,308
Deferred tax liability		56,382	63,719
Derivative financial instruments		6,662	28,575
Other liabilities		4,468	2,135
Total non-current liabilities		1,270,951	1,312,424
Current liabilities			
Liabilities to Members		110,886	107,344
Lease liabilities	4	17,811	10,958
Borrowings		154,000	-
Trade and other payables		805,618	980,790
Payable of Cash distribution to Members		6,741	6,998
Income taxation payable		10,849	-
Derivative financial instruments		1,405	1,646
Related party payables	6	4,375	360
Total current liabilities		1,111,685	1,108,096
Total liabilities		2,382,636	2,420,520
Total equity and liabilities		3,405,893	3,389,783

The attached notes form part of and are to be read in conjunction with these audited consolidated financial statements.

Chairman

Director

29 June 2022

Foodstuffs North Island Limited

Consolidated Statement of Changes in Equity

For the 53 weeks ended 3 April 2022

	Share capital \$ '000	Other financial assets revaluation reserves \$ '000	Hedging reserve \$ '000	Retained earnings \$ '000	Total equity \$ '000
Balance at At 29 March 2020	132,573	(50,994)	(30,307)	857,157	908,429
Profit for the period	-	-	-	17,017	17,017
Other comprehensive income					
Changes fair value of other financial assets	-	35,269	-	-	35,269
Changes in fair value of hedging net of tax	-	-	8,548	-	8,548
Total other comprehensive income	-	35,269	8,548	-	43,817
Balance at At 28 March 2021	132,573	(15,725)	(21,759)	874,174	969,263
Profit for the period	-	-	-	45,390	45,390
Transfer from reserves to retained earning	-	23,545	-	(23,545)	-
Other comprehensive income					
Changes in fair value of other financial assets	-	(7,820)	-	-	(7,820)
Changes in fair value of hedging reserves net of tax	-	-	16,424	-	16,424
Total other comprehensive income	-	15,725	16,424	(23,545)	8,604
Balance at As at 3 April 2022	132,573	-	(5,335)	896,019	1,023,257

The attached notes form part of and are to be read in conjunction with these audited consolidated financial statements.

Foodstuffs North Island Limited

Consolidated Statement of Cash Flows

For the 53 weeks ended 3 April 2022

	Notes	2022 \$ '000	2021 \$ '000
Cash flows from operating activities			
Cash generated from operations	5	223,128	393,085
Interest received		4,396	4,088
Interest paid		(35,096)	(21,025)
Lease interest paid		(10,488)	(3,752)
Net GST paid		(67,482)	(51,958)
Net income tax paid		(21,872)	(27,455)
Net cash generated from operating activities		92,586	292,983
Cash flows from investing activities			
Purchase of property, plant and equipment		(85,245)	(127,046)
Proceeds from sale of property, plant and equipment		6,675	833
Purchase of intangible assets		(26,046)	(39,391)
Disposal/(acquisition) of Associates and Joint Ventures		-	559
Dividends received from Joint Ventures		5,029	1,690
Dividends received from other investments		4,903	3,740
Sale of other financial assets		67,699	-
Advances to Members		(246,552)	(133,206)
Repayment of advances to Members		201,820	156,474
Repayment from Associates		1,328	774
Repayment from/(advances to) other related companies		5,078	(5,260)
Net cash used in investing activities		(65,311)	(140,833)
Cash flows from financing activities			
Proceeds from borrowings		174,000	65,000
Repayment of borrowings		(65,000)	(85,000)
Principal elements of lease payments		(4,901)	(9,246)
Deferred rebate vouchers paid		(91,941)	(72,744)
Interest paid on deferred rebate vouchers		(24,667)	(24,177)
Cash rebates paid		(28,117)	(30,363)
Net cash used in financing activities		(40,626)	(156,530)
Net decrease in cash and cash equivalents		(13,351)	(4,380)
Cash and cash equivalents at beginning of period		40,246	44,626
Cash and cash equivalents at end of period		26,895	40,246

The attached notes form part of and are to be read in conjunction with these audited consolidated financial statements.

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

1 Policies

a) Basis of preparation

The summary financial statements are those of Foodstuffs North Island Limited (the 'Company' or the 'Parent Company'), its subsidiaries and associates (the 'Group' or 'Foodstuffs'). Foodstuffs North Island Limited has designated itself and the Group as profit oriented entities for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). They have been prepared in accordance with Financial Reporting Standards No. 43 "Summary Financial Statements" and have been extracted from full financial statements that comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

The full financial statements for the 53 weeks ended 3 April 2022 were issued with an unqualified opinion and were authorised by the Board of Directors on 29 June 2022.

For a complete understanding of the financial affairs of the Group, including additional note disclosures not presented here, the full financial statements are available for shareholders on request.

b) Accounting periods

The Group has a weekly operating cycle ending on Sunday night. The annual accounting period follows this cycle. The 2022 accounting period presented consists of 53 weeks to 3 April 2022 (2021: 52 weeks to 28 March 2021).

2 Revenues

	2022 \$'000	2021 \$'000
Sale of goods	3,490,692	3,250,585
Service income	46,988	26,873
Rental income	164,380	153,618
Freight Income	56,667	51,925
Services to Members	235,289	212,141
Co-operative income	9,610	8,903
Miscellaneous Income	17,218	15,097
Total revenues	4,020,844	3,719,142

3 Distributions to Members

The total distribution for the period is made up as follows:

	2022 \$'000	2021 \$'000
Cash rebates payable	6,741	6,998
Cash rebates paid	21,119	22,335
Deferred rebate vouchers (DRVs)	122,074	99,727
Distributions to Members before interest	149,934	129,060
Interest on deferred rebate vouchers	26,639	28,129
Total distributions to Members	176,573	157,189

These balances and transactions are with related parties (refer note 6).

4 Leases

The Group is involved in the leasing of property, land, offices and equipment.

Right of use assets (ROU)

	Property \$'000	Others \$'000	Total \$'000
At 3 April 2022			
Opening net book amount	388,514	40	388,554
Acquisitions	7,045	-	7,045
Disposals & transfers		(27)	(27)
Depreciation & Impairments	(13,894)	(13)	(13,907)
Closing net book amount	381,665	-	381,665

Lease Receivable

	2022 \$'000	2021 \$'000
Current	294	286
Non-current	153	470
Total lease Receivable	447	756

Lease liabilities

	2022 \$'000	2021 \$'000
Current	17,811	10,958
Non-current	394,796	391,308
Total lease liabilities	412,607	402,266

5 Reconciliation of profit before tax to net cash generated from operations

	2022 \$'000	2021 \$'000
Net profit before tax for the period	66,376	1,26,911
Adjustments to reconcile net profit to net cash generated from operations:		

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

Depreciation and amortisation	125,076	125,981
Impairment of assets	-	867
Distribution to Members	149,934	129,060
Share of loss/(profit) from Associates & Joint Ventures	(3,537)	(3,175)
Net finance costs	57,290	52,472
Unrealised loss/(gain) on derivative transaction	684	1,435
Dividends received from other financial assets	(5,333)	(3,740)
Net loss/(gain) on disposal of assets	1,727	3,603
Working capital movements:		
Increase in inventories	(11,149)	(4,600)
(Increase)/decrease in trade and other receivables	(102,175)	97,727
Decrease in trade and other payables	(73,304)	(43,386)
Increase in lease liabilities	17,230	10,272
Decrease/(increase) in sublease receivables	309	(340)
Cash generated from operations	223,128	393,085

6 Related party transactions

(a) Transactions with related parties

Foodstuffs North Island Limited, the ultimate parent company, operates as a co-operative and predominantly trades with Members. On a Group level, approximately \$4,009,740,000 (2021: \$3,713,536,000) of revenue represents sales to and rental from Members.

In the ordinary course of business the Group bears charges for the shared activities undertaken by its associated companies and related parties and incurs direct costs which are recovered from them. The net charges from associated companies were \$19,840,968 (2021: \$15,977,787). Net charges to related parties were \$142,267 (2021: \$48,285). Key management personnel compensation in the Group is \$10,838,225 (2021: \$10,249,272). These charges are recognised as part of related party receivables and payables in the Consolidated Statement of Financial Position and cost of sales, other income, operating expenses and finance income and expenses in the Consolidated Statement of Comprehensive Income. The outstanding related party balances will be settled by cash.

Advances, repayment of advances, and distributions to Members are presented in the Consolidated Statement of Cash Flows and note 3.

There have been no transactions with directors outside trading in the normal course of business in their capacity as Members, other than directors fees. Total directors fees paid and payable for the current year end amount to \$1,304,442 (2021: \$1,202,638).

(b) Outstanding balances at balance date with related parties

The Parent company advances funds to subsidiaries, Members and associate companies in the normal course of business. All loans are secured and repayable on demand. At 28 March 2021 a reserve against future recoverability of Member loans of \$nil (2020: \$nil) was held.

	2022 \$'000	2021 \$'000
Loans to Members	72,531	27,799
Loans to Associates	1,711	2,708
Receivable from other related companies	6,148	7,331
Related party receivables	80,390	37,838

Included in trade debtors for the Group is \$352,748,000 (2021: \$334,753,000) arising from Member purchases.

Other related parties, due to their relationship with the Group, represent balances owing from Foodstuffs Auckland Provident Fund Limited and Modern Merchants Limited.

	2022 \$'000	2021 \$'000
Payable to Associates	145	25
Payable to other related companies	4,230	335
Related party payables	4,375	360

The rate of interest is determined over the period at the floating rate existing at that time except where alternative arrangements have been made. The average floating rate at balance date was 3.21% (2021: 2.9%).

The majority of the other related parties balance is owing to Modern Merchants Limited.

Modern Merchants Limited is in an agency relationship with the related party landlords who are part of the Foodstuffs North Island Limited Group.

Foodstuffs (Auckland) Provident Fund Limited and Foodstuffs North Island Limited share a common director.

Eight Directors of the Company are also store owners and as such may receive loans under the same terms and conditions as other loans to Members. At balance date, these amounted to \$7,700,000 (2021: \$ nil).

(c) Guarantees

	2022 \$'000	2021 \$'000
Guarantees for Members' bank loans	411,218	440,334

The Group acts as a guarantor for a number of Members' bank loans. The Group is obligated under the guarantee to make the loan payments in the event the Member defaults on a loan agreement. The Group generally holds first debenture security over the assets and prudently manages exposures. Based on the application of the expected credit loss model under NZ IFRS 9, no amount has been included in the financial statements in relation to these guarantees as no guarantees are expected to be called.

(d) Fair values

The carrying values of balances receivable or payable are approximately their fair value.

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

(e) Investment in subsidiaries

The Group's principal subsidiaries are:

	Business activity	Share of issued capital and voting rights	
		2022	2021
Equity Funding Limited	Investment	100%	100%
Foodstuffs (Auckland) Nominees Limited	Investment	100%	100%
Foodstuffs (Auckland) Systems & Technology Leasing Limited	Leasing	100%	100%
Foodstuffs Finance (Auckland) Limited	Funding	100%	100%
Foodstuffs Fresh (Auckland) Limited	Distribution	100%	100%
Merchant Property Management Limited	Property management	100%	100%
Foodstuffs North Island Transport Limited	Transport	100%	100%
The National Trading Company of New Zealand Limited	Retail property	100%	100%
Foodstuffs Properties (Wellington) Limited	Retail property	100%	100%
Wai Iti Developments Limited	Investment	100%	100%
Wardell Bros. & Coy Limited	Investment	100%	100%
Lee Fish Limited	Investment	100%	100%
Gilmour's Wholesale Limited	Wholesaling	100%	100%

(f) Investment in Associates and Joint Ventures

The Group's principal Associates and Joint Ventures are:

	Reporting date	Type	Business activity	Share of issued capital	
				2022	2021
Foodstuffs (N.Z.) Limited	3 April	Joint Ventures	Brand management	50%	50%
Foodstuffs Liquor New Zealand Limited*	31 March	Joint Ventures	Retail	67%	67%
Foodstuffs Own Brands Limited	3 April	Joint Ventures	Procurement	50%	50%
Foodstuffs Inbound Limited	3 April	Joint Ventures	Transport	50%	50%
Eat My Lunch Limited	31 August	Associates	Catering Service	25.23%	26.05%
Fresh Connection Limited	30 June	Associates	Produce Distribution	25%	25%

* Foodstuffs North Island share the voting rights in Foodstuffs Liquor New Zealand Limited with Foodstuffs South Island equally.

All Associate and Joint Venture companies are incorporated and domiciled in New Zealand which is their principal place of business.

Associates are entities over which the Group has significant influence to participate in the financial and operating policy decisions of the associate, but does not have control or joint control over these policies.

Joint Ventures are entities over which the Group has significant influence to participate in the financial and operating policy decisions of the joint venture and has joint control over these policies.

	2022 \$'000	2021 \$'000
Interests in Associates		
Carrying value at beginning of period	4,509	5,976
(Disposal/Sale)/Acquisition of shares in Associates	-	(1,774)
Advances to Associates	(210)	-
Group's share of Associate's profit	21	307
Dividends received (declared)	(60)	-
Carrying value at end of period	4,260	4,509
	2022 \$'000	2021 \$'000
Interests in Joint Ventures		
Carrying value at beginning of period	10,667	9,490
Acquisition/(Disposal/Sale) of shares in Joint Venture	-	-
Advances to JV	-	-
Group's share of Joint Venture's profit	3,517	2,868
Dividends declared	(4,450)	(1,691)
Carrying value at end of period	9,734	10,667
	2022 \$'000	2021 \$'000
Results of Associates and Joint Ventures		
Share of profit before income tax	4,963	4,400
Income tax	(1,426)	(1,225)
Share of profit from Associates and Joint Ventures	3,537	3,175

7 Subsequent events

There have been no material events subsequent to 3 April 2022.

05.

From our Chair



My family's journey in Foodstuffs North Island's 100 year story began back in 1950s New Zealand.

A lot has changed since then with everything from the introduction of seven-day trading, operational innovations like barcodes and scanning, new brands in the Foodstuffs family, right through to where we are today on a digital transformation to become one of the most customer driven retailers in the world.

It's been an incredible ride and one I'm honoured to be part of.

While there is a lot about our business that has changed through the decades, the core of our business is the same as it has always been. At our heart we are a people business, and we would never have reached 100 years without the passion that exists everywhere in our business to do a great job for our customers and communities.

When I look back on our most recent year (FY22), there is certainly much for our Members and teams to be proud of.

Once again, our whole co-operative rose to the challenges of the COVID-19 pandemic to continue to keep our customers and people safe and stock on shelves.

Our business embraced the findings laid down to us in the Commerce Commission's final Market Study report. We have worked constructively with the Commission and MBIE, and are transparently reporting our progress via our [Market Study Reporting Dashboard](#)

We are up for the challenge of delivering value for all New Zealanders and our Market Study Action Plan includes a commitment to simplifying our pricing and promotional practices, working with suppliers and the Government to develop a compulsory code of conduct, and ending the use of restrictive land covenants and exclusivity provisions in leases.

We have an opportunity to deliver better value for customers by removing barriers to market entry where we can, and our FSNI Board and Executive Leadership Team is committed to being accountable to New Zealanders every day as we work to do that.

As an employer of 24,000 + people with stores in hundreds of New Zealand communities we are determined to make sure we continue to earn our social licence and live our four social promises to provide affordable and healthy food for all New Zealanders, provide meaningful work for our people, be leaders in sustainability and support our local communities to thrive.

In FY22 we were proud to make significant progress on all four of our social promises and step up to do our part to help address food poverty through things like New Zealand's first Social Supermarket in partnership with Wellington City Mission, food bank drives, and the donation of the equivalent of 486,142 meals via the NZ Food Network.



Financial Highlights

As your Board, we are pleased to report a year of strong financial performance, while continuing to navigate the COVID-19 pandemic, keeping our people safe and keeping the shelves stocked for all New Zealanders.

The results for FY22 represent trading for 53 weeks, compared to 52 weeks in the prior year.

For FY22 our Member store revenue of \$9.3b was \$481m up compared to the 52 weeks in the prior year. The Foodstuffs North Island Group's (Group's) statutory revenue (which reflects gross Member purchases directly from FSNI Distribution Centres and net Member charge through purchases) for the 53-week period of \$4,021 million, was \$302 million or 8% up compared to 52 weeks in the prior year.

The Group's EBIT for FY22 of \$273.6 million was up \$65.1m, and is made up of the following components:

- Deferred Rebate Voucher (DRV) Member funding of \$122.1m (up \$22.3m)
- Supplier Repatriate Rebates for FY22 of \$27.9m (down \$1.5m)
- Group Project Levy Member funding of \$43.5m (up \$18.9m)
- Property & Investment portfolio EBIT of \$80.2m (up \$25.4m)

Your Board is pleased to announce the distribution to Members of the DRV and Supplier Repatriate Rebates totalling \$149.9m. The Group Project Levy Member funding and Property & Investment profit are retained by FSNI to enable the Co-operative to continue to invest in IT, Digital and Property assets.

As your Board, we keep a close eye on our current performance and future outlook, to ensure the co-operative remains relevant and financial sustainable for the next 100 years.

During the year, total capital spend was \$111.2 million, \$55.1m lower than last year primarily due to the large capital investment in Foodstuffs North Island Landing Drive in the prior year. Investment in new stores and refurbishments remained stable at \$54.9m. In addition, \$21.4 million was invested in technology, including customer facing technology as well as core SAP system enhancement. An additional \$4.6 million was invested in oyster quota as we continue to invest in surety of supply of seafood in our stores, for our customers.

As a Board we are proud of the strong financial position of the co-op which puts us in a good position to continue what we do best for New Zealanders for the next 100 years and beyond.

A strong co-op culture

A business does not survive and thrive for 100 years without a strong and enduring culture that puts people first.

As we look ahead to the next 100 years, we are focused on what is important to our core and where we want to evolve our culture so that we continue to provide our people with a safe environment where they can be their best selves and move faster on the things that matter most to our customers. I look forward to embarking on the next part of this culture journey with our Members, and our Support Centre and Distribution Centre teams.

Thank you

I would like to thank Chris Quin and the Foodstuffs North Island Executive team for navigating our business through a challenging, but successful year and for the way you have led us through the Market Study process to ensure we are accountable, transparent and deliver on our commitments as part of our customer driven strategy.

Behind the success of our brands, is our Banner Representation Groups (BRGs) working in close partnership with the Support Centre. It's been a personal highlight seeing these groups continue to grow and work collaboratively to make customer driven decisions for their brands. On behalf of our FSNI Directors I would like to thank each of our BRG representatives for their passion and selfless commitment to making our brands and co-operative stronger.

To all our Members and families, thank you for everything you do. Not just for the role you played in our FY22 results or for the relentless focus you had on doing the right thing to keep people safe through COVID-19, but for the many years of service (often decades) that you have given to our co-operative. You and the Members that have gone before you have made Foodstuffs what it is today – a co-op that is proud to serve its people, local customers, and communities.

I look forward to celebrating our 100-year anniversary with our Members past and present, Support Centre Teams, Suppliers and the many people who have played such a critical role in our Foodstuffs North Island story.

On behalf of the Board,

Dean Waddell

Chair



06.

From our CEO

In FY22 our team of 24,000 proved once again that we're committed to making sure New Zealanders get more out of life. Whether it was keeping people safe and food on shelves through the thick of lockdowns, or innovating to better deliver on our customer promises, it was a year that together we can all be proud of.

It's challenging to pick out a few key events in a year that, at times, felt like several jammed into one. However, when I reflect on the past twelve months, the thing that stands out most was that in the midst of high intensity, there was an incredible level of focus, collaboration and commitment from Foodies people right across our stores, support centre and supply chain teams. I believe this was the magic which enabled us to be agile, deliver strongly and continue to build as a customer driven retailer for New Zealanders.

FY22 was a strong financial year for Foodstuffs North Island. We demonstrated powerful execution in a crisis. Ending the year at 58.1% (up 29bp). We also set a record low Lost Time Injury Frequency Rate (LTIFR) at 2.9 and this is credit to the ongoing prioritisation of and commitment to safety and wellbeing that our people and leaders put in every day across the co-op.

The introduction of the Customer Promises Tracker means we have an effective way to keep our finger on the pulse for how customers believe we're delivering on each of our customer promises. It was good to see PAK'nSAVE, New World and Four Square come out with scores in the high 70s and we are now able to build store by store action plans so we can continue to focus on and invest in the things that matter most to customers. Embedding the Customer Promises in everything we do will continue to be a key focus and the goal is to see these scores climb again in FY23.

All our brands performed well in FY22, with PAK'nSAVE being the fastest growing retail banner for the year with 5.6% same store revenue growth. New World saw same store revenue growth at 3.9% and it was great to see their KitchenAid promotion perform so well with 1.1million products taken home by customers. It was another strong year for Four Square with revenue at \$675m and they were also announced as a Kincentric Best Employer in Australasia for the fourth year in a row. Gilmours continued to achieve revenue growth despite the ongoing challenges COVID-19 brought to Gilmours customers in the hospitality industry, with revenue up \$51m on an all-store basis. Private Label had another incredible year with growth of +6.5% vs last year.

We opened three brand new stores in FY22 - Four Square Onetangi, Four Square Marsden Cove and New World Te Kauwhata. These new generation stores were designed and now operate to meet the unique needs of their communities and it's fantastic to bring a modern, fresh and authentically local offering to these areas. It was also great to have PAK'nSAVE Henderson re-open for their community too after its COVID-affected re-build.

Through every COVID wave we delivered on the fundamentals of keeping our teams and customers safe and reassured New Zealanders that we could keep food on shelf. We applied the early learnings and saw many individual examples of great leadership and agility with the new challenges Delta and Omicron brought. We ensured new Zealanders who shopped at our stores were able to get what their families needed in a worrying time. We also set up the Covid Relief Fund providing support to Food Bank and Food Poverty organisations.

Our involvement and response to the Commerce Commission's Market Study into the retail grocery sector was a significant piece for us. We committed to actively engage in the process by being up for challenge, creating a meaningful action plan that we could get on with immediately and staying transparent and accountable throughout. From the initial stages, through the draft and final reports, we worked hard to focus on the facts and on the role we play to create the best possible outcome for New Zealanders. The Market Study showed that there is more we can do to remove genuine barriers to market entry that are within our control and deliver better value for customers, and we have a clear roadmap and are underway with delivering change. We'll continue to hold ourselves publicly accountable as we work every day to do that, including working constructively with the Government and supplier partners.





Looking ahead

It's a different kind of crisis that we're heading into next year. Inflation and the cost of living has quickly become top of mind and conversation for New Zealanders and the part we play as a grocery retailer will always be a key part of that. We have an important role and responsibility and our focus for the year ahead will be to buy and range really well, be as efficient as we possibly can so we add the least amount of cost, and present our retail offers physically and digitally to make sure customers can find value easily. I know our team will rise to this challenge and be able to stand proudly again in a year from now and clearly show how we took responsibility to make sure New Zealanders got more out of life in a whole new way.

I am looking forward to our co-op marking 100 years together in FY23 and the opportunity that will bring for us to remember the story that's brought us this far, celebrate with the people who bring the heart to everything we do and look forward to our next 100 years.

I am personally incredibly proud of the way our co-op faced into another rollercoaster year and the level of grit and determination our leaders and their teams showed through it all. We have an awesome team who show up every day to deliver on our purpose and it's a privilege to be part of it.

Chris Quin

CEO

07.

Four Square



Celebrating 100 years together:
Four Square Elliott's, circa 1930s



FY22 has been a year of highs and lows for the Four Square brand. In the same year that we achieved a strong financial result, two of our stores were devastated by fires. This year has truly highlighted the resilience of Four Square, and our ability to keep evolving along with the needs of our customers.

As Four Square gets closer to its own 100th birthday, it's clear our continued focus on using customer insights in everything we do is supporting us to win the hearts of our customers – a sentiment which is echoed in Four Square's score of 79.6%* on our Customer Promises Tracker.

The results show that the customers who discovered a love for their local Four Square during the early days of COVID have continued to come back to our stores, even after the lifting of lockdown restrictions, to enjoy the Everyday Essentials, Fresh Faves and the Local Service that we're famous for.

We're proud of the role we play in supporting our communities, and through our national partnership with TV One News Goodsorts we've found a great way to honour the people who do so much to make a difference for others and to support them in their own outreach efforts.

*Note: the Four Square customer satisfaction score reflects the result for the period between September 2021 to March 2022.

Five ways we were here for customers in FY22

1.

Customer insights

We've started using Four Square customer data in our buying model evolution to make sure we get the right stock on shelf for our customers every time.

2.

Uber Eats

Thirteen Four Squares started trialling Uber Eats to give customers a quick and easy way to do a last-minute contactless shop.

3.

New stores

Our new stores in Onetangi and Marsden opened in time for summer with exciting offers for our customers – including a Lewis Road milk dispenser, where you can fill a glass bottle with creamy milk, ice cream by the scoop, and a walk-in liquor chiller.

4.

Brand refresh

We've breathed new life into our brand look to make sure we stay relevant to our customers and their changing needs.

5.

Serving our communities

After the devastating fire that destroyed Four Square Waipawa, our teams pulled out all stops to open a temporary 'pop-up' store so we can keep serving the Waipawa community, ensuring they had access to all their everyday essentials.



08.

PAK'nSAVE



Celebrating 100 years together:
PAK'nSAVE Gisborne, circa 1993



As food price inflation puts immense pressure on household budgets, it's become more important than ever that we deliver on our policy of New Zealand's lowest food prices. Our Customer Promises tracker score for the year sits at 78.9%, and we're excited to keep building on this as we continue to deliver Cheap As, Fresh as and Sweet as shopping experiences to our customers.

This year we've also put more focus into making sure that our leadership teams in store have the skills and knowledge they need so that all our teams can do their part in bringing these promises to life in store.

And it's been another winning year for Stickman, whose @instickman account on Instagram got a Silver in the IAM Advertising Awards for Best use of Social, as well as a Bronze AXIS award for Digital Copywriting.

Five ways we were here for customers in FY22

1.

Passing on the savings

We've changed the way we buy Frozen Foods to a centralised buying model so we can offer a customer driven Frozen Food range and pass on the savings to our customers.

2.

Store re-opening

After two years of rebuilding, PAK'nSAVE Henderson re-opened under level 4 lockdown to serve their community.

3.

Most trusted supermarket brand

PAK'nSAVE was voted the most trusted Supermarket brand in the annual survey of Reader's Digest Most Trusted Brands

4.

Local Area Marketing

Our Local Area Marketing tool lets us engage directly with our local communities, so we can communicate with them on the things they want to know about.

5.

Our policy: New Zealand's lowest food prices

We ran three successful Price Gap campaigns, reinforcing PAK'nSAVE's policy of having New Zealand's lowest food prices. The campaigns allowed us to live out our promise of being Cheap As, demonstrating real life examples of real savings, made by real shoppers in comparison to competitors.



PAK'nSAVE

09.

New World



Celebrating 100 years together:
New World Dannevirke, circa 1980



It's been another year of delivering on Fair Value, Inspiring Solutions and Awesome Experiences for our customers while responding to rapid changes in the retail environment.

With our trademark can-do spirit we were proud to deliver exciting campaigns and continue meaningful partnerships with City Missions, the Student Volunteer Army and other organisations that helped us make a difference in people's lives throughout these trying times.

Last year's Summer of SMEG was a tough act to follow but it's safe to say that our KitchenAid stoneware campaign satisfied our customers' cravings for beautiful and functional kitchenware. It's clear that our initiatives have been resonating with our customers, as reflected by our strong revenue results and a score of 76.9% on our Customer Promises Tracker – a new baseline for us to improve upon!

Our New World achievements were made all the more impressive by an unprecedented, fourteen ownership changes in the store network with several new operators welcomed into their first New World store, numerous internal-brand store movements and several New World operators moving into PAK'nSAVE ownership.

Five ways we were here for customers in FY22

1.

Focus on value

Our focus on value for customers really ramped up throughout FY22, highlighting Everyday Value products in most categories, and completing many category reviews through our central buying revolution, ultimately leading to improving fulfilment of our customer promises. We put through over 40% of our barcoded lines including the entire frozen department!

2.

Great giveaways

Once again, New World has wowed our customers with a great giveaway featuring KitchenAid stoneware. The hugely successful summer campaign saw 1.1million cookware items collected, just in time to be proudly displayed at the Christmas lunch table and for many years to follow. How 'bout that baked brie in the KitchenAid Cocotte!?

3.

New stores

Amid the external changes, we saw new stores open in the townships of Te Kauwhata and Taumaranui, which is a pop-up store in a local sports club while we build the new site, opening later in FY23.

4.

Uber Eats

Eight New Worlds started trialling Uber Eats to give customers a quick and easy way to do a last-minute contactless shop.

5.

Easy inspiring solutions

We headed into a new level of Inspiring Solutions through the launch of Recipe of the Week, and Shoppable Recipes – a new feature which lets customers add ingredients to cart from the recipe in one click as well as showing its nutritional information and estimated cost. These offer customers curated meal inspiration to help answer the age-old question, “What’s for dinner?”



10.

Gilmours



Celebrating 100 years together:
Gilmours Delivery Truck, circa 1962



“

From the help desk who assisted us with our first online order, to the phone call from the driver to say she was 1 hour away and then being bang on time, the whole process has been a pleasure. All of your staff have been very helpful, have done what they said they would and provided a level of service that some businesses fail at.

”

**Steve Barton,
Kahu Store**

In a year when the Foodservice industry continued to face challenges, Gilmore's focused strongly on supporting our hospitality customers in every way we can.

To help out businesses operating under level 4 lockdown, we launched a campaign to provide support so that our customers can keep their businesses humming while operating safely to serve their customers. We're proud of the way we were able to rise to the occasion and do what we can for a struggling Foodservice industry.

Our year ended with strong revenue results, a sign that we succeeded in delivering on our promises of The Foodservice Partner I can Trust, Excellent Service and Have What I Need.

Five ways we were here for customers in FY22

1.

Supporting businesses and charities

We supported businesses and charities to operate safely by providing them with Rapid Antigen Testing (RAT) kits.

2.

Customer loyalty & satisfaction

We ended the year with a Net Promoter Score (NPS) of 52, which is well above the industry average of 30.

3.

Helping communities

We worked with Salvation Army, and City Missions along with various Iwi to provide over \$7m of much needed grocery essentials for emergency food parcels.

4.

House Brand

We launched conscious products through our rebranded Gilmours House Brand, including free range eggs, rainforest alliance hot chocolate, a new plant-based range providing great meat alternatives, and offering customers quality and value to help their bottom line without costing the earth.

5.

Leading the way with B2B Campaigns

Our Gilmours International Wine Competition is the first business to business (B2B) international wine competition in New Zealand and gives our Foodservice customers an easy way to pick quality drops for their wine lists.

CASH'n
CARRY



Gilmeours
WHOLESALE FOOD & BEVERAGE

11.

Liquorland



Celebrating 100 years together:
Liquorland Long Bay, circa 2019



Liquorland continues to go from strength to strength. Our network is now up to 143 stores nationwide and for the first time in 50 years we have a presence in the West Auckland area through a partnership agreement with the Trusts.

It's a move that's been a long time in the planning, where we have converted three of their existing stores to a Liquorland and opened a brand-new store – all of which are already proving to be a hit with local customers.

We're pleased with our strong financial performance, but the number we are most proud of this year is our customer satisfaction score of 90% for FY22, showing that our customers have been happy with the way we've adapted to serve them through these trying times.

Five ways we were here for customers in FY22

1.

Safe shopping

We continued to adapt to COVID-19 restrictions and offered multiple ways for customers to shop safely with us, including online, click and collect, walk up to the door only, or physically distanced in-store.

2.

Going digital

We made good progress on moving towards paperless mailers and improving our digital communications.

3.

Growing our product range

Our growing range of “better for me” products helps customers keep making healthy and responsible choices without compromising on taste.

4.

Online growth

We continued to invest in our webstore for a better customer shopping experience.

5.

Customer engagement

Our marketing campaigns are getting strong engagement and resonating well with customers, such as our 40th Birthday Campaign which connected us with thousands of new customers.



LiquorLand



Foodstuffs Own Brands closed out FY22 with another year of record sales, finishing on an impressive \$1.58b - up 6.4% on last year (note FY22 was a 53-week year vs FY22 which was a 52-week year). The year-on-year growth of Own Brands clearly shows that our customers are looking for products in our range to make their dollar go further.

We continue to focus on ensuring our products are relevant and accessible for every New Zealander, and through our campaigns, we show Kiwi households how they can get the best out of their budget by shopping our Pams and Value ranges.

Five ways we were here for customers in FY22

1.

Plant-based choices

Our new Pams Plant Based range was voted the most trusted brand in the plant-based category of the Readers Digest Most Trusted Brands.

2.

A better digital experience

We redeveloped and relaunched our website, providing the full Pams product catalogue, inspiring meal solutions and handy home hacks. Since the relaunch, we've seen a 37% increase in website visitors compared to the previous year.

3.

Product development

We've continued to develop new products, including a broad breakfast range and a refurbished ice cream range so that New Zealanders can have more of what they love for less.

4.

Social Responsibility

Our Corporate Social Responsibility (CSR) initiatives continued to be a key focus for our Own Brands, and this year saw us add policy statements around Sustainable Seafood and Responsible Timber, Bamboo, Pulp and Paper.

5.

Healthy options

We're tracking well on providing New Zealanders with healthy food options, finishing FY22 at 63% of our products meeting the nutritional criteria for the Heart Foundation vs our minimum target of 70% by 2025.



**PURE
PLAIN
FLOUR**

Foodstuffs
Own Brands



13.

People and Culture





Safety and wellbeing

As we navigated our second year of the COVID-19 pandemic, we continued to focus strongly on the safety and wellbeing of our people and our customers.

The Safety and Wellbeing team became a single point of contact for all COVID-19 communications, acting as liaison between the Ministry of Health, Public Health Units, District Health Boards (DHB) and our store network, providing consistent guidance and support required to keep our stores open and our communities safe. We set up onsite COVID-19 vaccination clinics for our people, making sure to accommodate shift patterns for our Distribution Centre team members. We also extended support to stores by facilitating priority bookings via their local DHB, and organising onsite vaccinations or access to community-based sites.

Getting our people home safe every day has always been our top priority. Through periods of lockdown and self-isolation, our Safety and Wellbeing team looked after our remote working individuals by providing ergonomic equipment to ensure safe work conditions. We introduced Clearhead, an online one-stop mental wellbeing tool and implemented Pandemic Leave for all employees who were required to isolate so they could take the necessary time off to recover with the assurance of full pay.

In the midst of operating through high-volume trading environments and high-pressure situations to serve our communities, we ended the year with a Lost Time Injury Frequency Rate (LTIFR) of 2.9, thanks to our robust injury management processes and risk management controls. This score is a record low for our co-operative, and a great step forward on our journey to zero harm.

A Tribute to our Supply Chain Team

Throughout the lockdowns and restrictions of FY22, the hard work of our incredible Supply Chain teams made a massive difference in enabling us to deliver for our customers. At the peak of the Omicron outbreak, isolation requirements resulted in smaller teams dealing with record volumes. Despite the immense pressure, our teams came together in a true display of our 'In it Together' value, to keep New Zealanders fed in uncertain times. Here's a snapshot of the awesome work they did in FY22.

- Overall, our Landing Drive Distribution Centre (LDDC) outbounded 779,094k pallets and picked 31,570,758 cartons this year.
- Our Controlled Temperature Distribution Centre (CTD) picked 1 million units more than the previous year and had zero Lost Time Injuries for FY22.
- Our Fresh Distribution centre saw volumes increase by 11% over the Christmas period compared to last year.
- At 70 cartons per hour, our Roberts Line Distribution Centre picked 10% more per hour vs last year.
- Our Mihaere Drive Distribution Centre picked 10.2 million cases – the highest number picked in its history.
- FSNI fleet travelled more than 17 million kilometres for the year – that's roughly 23 roundtrips to the moon!



Looking out for each other through 100 years and beyond

Even through a challenging year, our Foodies family have raised over \$440,000 for the Foodies Foundation. Out of the Foundation's funds \$254,300 went towards supporting 69 Foodies who were experiencing serious difficulties. We're incredibly humbled by the collective impact we can have on the lives of those who need our support, and as always, we are grateful to everyone whose generosity has helped us to make a difference for our team members in times of need.



“

To be informed this morning that my family has been given a substantial amount of money from the Foodies Foundation, has absolutely blown my mind. The situation that we are in with my son in critical care is the most heart breaking and traumatic thing. To be given this money to help with accommodation, gas, food etc is just unreal, I don't believe anybody understands how much my family appreciates this gift and what it's going to do for us.

”

– Foodies Foundation recipient

The many Tribes of Foodies

At Foodstuffs North Island, we have diversity and inclusion networks that we like to call 'tribes'. These are employee networks that have been formed to create a sense of community among Foodies. Here are some of the tribes that have formed over the years:

Foodies Indian Networking Group (FING) is a platform that gives anyone interested in Indian food, dancing and culture the chance to connect. FING aims to celebrate Indian culture and share it with all Foodies.

Future Leaders Advocacy Group (FLAG) is a group of rangatahi or young people in the Co-op whose purpose is to bring diverse thinking to senior leadership decision making and ensure Foodstuffs thrives for future generations.

Women in Leadership at Foodies (WILAF) helps women to thrive and lead at Foodstuffs. They aim to foster an environment that encourages and recognises women's participation from entry-level to leadership roles.

This year we formed a **Rainbow Tribe** whose mission is to make sure Foodies is a safe and inclusive organisation for everyone. The newly formed tribe have already made a considerable difference in bringing out the colour in our culture, leading the way for the Rainbow community and their allies to celebrate the pride in identifying as LGBTTQIA+. Among all the work that the Rainbow Tribe have started, we're working on the first draft of our new transition policy to support any of our people who are going through the transitioning process, and we made great progress towards the Rainbow Tick Accreditation, which we officially gained in April 2022.

We also welcomed our second cohort of **Ruia Te Kākano**, our Māori and Pasifika leadership programme for Supply Chain. As part of the 5 -month programme, participants are empowered at grassroots levels to enhance their mana and focus on creating a holistic sense of wellbeing for whanau, hapu and iwi using indigenous values whilst growing their leadership capabilities. One of their projects called for the creation of a Māori and Pasifika network to enhance outcomes for Māori and Pasifika people at Foodies, celebrate key events, and help instil cultural pride into the fabric of Foodies.

Another tribe that's new to Foodstuffs this year is **Ablement** - a network committed to embracing and valuing every team member living with any personal impairments, activity limitations, and participation restrictions. This provides our people with an inclusive workplace that's aware of what adjustments or support people need to help manage the impact of their impairment.

It's been a wonderful year of celebrating the uniqueness of our Foodies communities. We look forward with excitement to supporting more of the new tribes forming, so that everyone feels welcome in the Foodies whanau.



Building up the future of Foodies

Our year of learning experienced constant interruptions due to COVID lockdowns, but we continued to make progress where we can and used technology solutions for a hybrid learning approach in many of our courses. Among some of our exciting developments is a virtual reality training course, which we're piloting in a few of our stores to teach frontline team members how to deal with aggressive and confrontational customers. The course gives stores the ability to conduct the training fully remotely instore, which gives us more flexibility in our learning approach.



Equipping our leaders for success

Our newly launched Store Mastery Programme was designed to build operational excellence amongst our Store Managers and upskill them in critical business areas such as store leadership, finance, customer driven, coaching and team engagement. This programme is an excellent pathway for those who have ownership aspirations, giving participants a great foundation for preparing for the Trainee Operator Programme.

“ The parts of Store Mastery that I thrived on are the ones I’m passionate about too - performance and engagement, how to apply it and really utilise all of those skills back into store - it’s all about team and getting things done together and driving things forward.”

Brenda Adams, Store Manager –
New World Te Rapa.

Equipping diverse leaders

We are committed to being a co-op that authentically reflects the communities we serve across every inch of our co-operative. This year we’ve developed a plan for supporting greater gender diversity in our ownership pathways. We’re rethinking the way we approach how we communicate our opportunities, how we design our learning programmes, and how we partner with other organisations so we can provide equitable development access to people of all genders.

We have a long road ahead in achieving our aspirations of building a truly diverse membership, and over time we plan to approach other areas of diversity to make leadership opportunities accessible to all aspiring Foodies.

Making the most of remote learning opportunities

In the year since we've launched Learning Central, which houses a range of digital learning resources, we've had more than 1400 eBooks downloaded, 1700 digital courses accessed, and 3400 eLearning modules completed. We've also had 110 leaders from our Support Centre teams attend live events in our Growth Faculty Membership.



Advocacy

As the Delta and Omicron variants of COVID-19 crossed our borders, Foodstuffs continued to work closely with key Government departments to offer our support and to ensure we kept our teams safe and kept delivering food for New Zealanders. Particularly in collaboration with the Ministry of Business Innovation and Employment (MBIE), we gave considerable input to ensure that the grocery industry can operate safely so that Kiwi families could continue to access their everyday grocery essentials.

We advocated strongly for the wide use of Rapid Antigen Testing (RAT) so that more businesses and organisations could continue to trade safely in the COVID-19 environment and look after their people, and we imported them into the country and made them widely available to all NZ businesses at cost price as it was the right thing to do.

Outside of COVID-19, the Government has a major programme to both reduce the risk of climate change and prepare for it. We filed submissions on Waka Kotahi consultations on opportunities to decarbonise the transport sector and extend the use of road-user charges, as well as MBIE consultations on a Sustainable Biofuels Mandate

and standards for building insulation. We also supported the Land Transport (Clean Vehicles) Amendment Bill and, in response to the Government's Emissions Reduction Plan. New Zealand's poor waste record is another area of government focus. We filed submissions in response to Ministry for the Environment consultations on a National Waste Strategy and the phase-out of problematic plastics.

The Ministry of Housing and Urban Development consulted on a Policy Statement for Urban Development and our submission emphasised the role that supermarkets play in providing local amenity, essential services, and employment. The Policy was amended to give recognition to the role of essential services. We also supported a National Policy Statement to protect highly productive land from urban development.



We submitted on the ACC's review of levy settings, while input on the annual review of the minimum wage occurred via the peak employer bodies. Plans were confirmed to introduce fair pay legislation, however this has been delayed due to COVID-19.

The Government introduced a series of temporary immigration measures to alleviate employment pressures due closed borders including changes to visa conditions for supermarket workers and multiple extensions to visa expiry dates. Looking to the mid-term, it announced a policy reset to reduce the country's reliance on migrant labour, raising challenges for employers in the context of low unemployment and labour availability. The Productivity Commission was tasked with looking into longer-term policy and we recommended settings which assist employers to fill skill/ labour shortages, with complementary investment in infrastructure to ensure the country has capacity to accommodate population growth.

From a food regulation standpoint, the MBIE finalised the regulations for Country of Origin Labelling with just six months for implementation. Following advocacy, we were granted a 3-month extension. Our submissions on the draft guidance sought considerable changes to improve its clarity and most of these requests were enacted. We were also supportive of regulations for organic products.

With a goal of being smoke-free by 2025, the Ministry of Health consulted on a draft Strategy. We supported more investment in smoking cessation programmes and measures to make tobacco less addictive and less appealing, but opposed the licensing of



tobacco retailers, restricting sales to specialist stores, and minimum pricing. Plans to introduce licensing, along with very dramatic reductions in the number of stores permitted to sell tobacco were confirmed, with the legislation to be introduced in 2022.

Following initial consultation in 2020, MBIE engaged us and other stakeholders on a proposal to introduce a 20-day statutory limit for payments and we submitted on the practical issues this would raise. The Government also introduced and passed legislation to regulate payment systems to reduce merchant service fees, which we supported via a Retail NZ submission. The Reserve Bank undertook consultation on the future of cash and we raised issues around the withdrawal of bank retail services which adversely impacts retailers, particularly those in smaller town and rural locations.



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Serving our co-op

Thank you to all those who served our co-op in FY22.

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John Street

Stuart Irons

Martin Wiseman

Board of Directors

Dean Waddell (Chair)

Karl Marryatt

Rob McGregor

Sarah Aston

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Nagaja Sanatkumar (appointed October 2021)

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Lindsay Rowles (GM Membership & Property)

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Ewan Atherton (Chair, retired September 2021)

Chris Grace (appointed August 2021)

Craig McKeown (Board Rep, stepped down August 2021)

Lance Gerlach (Chair, appointed September 2021)

Jon Morrison

Nigel Ollett

Rayner Bonnington

Rob McGregor- (Board Rep, appointed August 2021)

Stephen Lockie (appointed August 2021)

Vinod Bhaga (stepped down August 2021)

New World Banner Representation Group

Brendon Good (Chair, retired September 2021)

John Gray

Kym Samuels

Tony Ford (Chair, appointed September 2021)

Brendon Jones (Board Rep)

Eric Rush (stepped down August 2021)

Chris Lamont (stepped down August 2021)

Richard Taggart (appointed September 2021)

Peter Lynch (appointed September 2021)

Clive Webber (appointed September 2021)

Four Square Banner Representation Group

New Chair to be voted June 2022

Peter Jones (Chair, stepped down April 2022)

Aaron Broadbent (stepped down April 2022)

Sarah Aston (Board Rep)

Glenn Wells (Chair, appointed June 2022)

Tim Jackson

Ben Moss

Clare Gallagher (stepped down April 2022)

Jassie Parmar (stepped down April 2022)

Sharlene Foote

Vimal Patel

Molly Steiner

David Abetz

Hamish Townshend

Gilmours Banner Representation Group

Aaron Kedzlie (Chair)

Jason Morrissey

Matt Humphrey

Rob McGregor (Board Rep, stepped down August 2021)

Jason Witehira (Board Rep, appointed August 2021)

Foodies Foundation Trustees

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Tim Wilson

Ricky Bowen

Julian Benefield (stepped down 31 March 2022)

Maaike Gribben

Amanda Hayes

Kate Sholley (appointed 1 April 2022)

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