

# 2021

TOGETHER  
WE, INSPIRE  
CONFIDENCE,  
DRIVE SUCCESS  
& SUSTAIN OUR  
COMMUNITIES.





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## Our Mission

# Feed the South Island. It's a simple purpose, but a powerful one.

### Feed the South Island.

It's a simple purpose, but a powerful one. More than half the food consumed in the South Island comes into homes through us. Every day, to every part of the mainland, our Co-operative is delivering fresh and affordable food.

Through sunshine and storms, earthquakes and adversity – our network and our people excel. We do everything in our power, and then a bit more, to make sure life is better every day by giving people what they want – the products, the value, the experience and the service.

**“We do everything in our power, and then a bit more, to make sure life is better every day by giving people what they want – the products, the value, the experience and the service.”**

We feed families. We feed communities.  
We Feed the South Island ... and we're proud of it.



We feed families.  
We feed communities.  
**We feed the South Island,**  
and we're proud of it.



## Our Values

The Four Pillars  
of Our Core Values

01

**Together we**

Are one team who work collaboratively towards a common purpose and shared goals.

02

**Inspire confidence**

We work hard and commit to doing the best job we can. People trust us to deliver. We trust each other and we're always learning and adapting along the way.

03

**Drive success**

Acting with courage, we drive success and challenge the status quo to find innovative ways to grow our co-operative and each other.

04

**Sustain our communities**

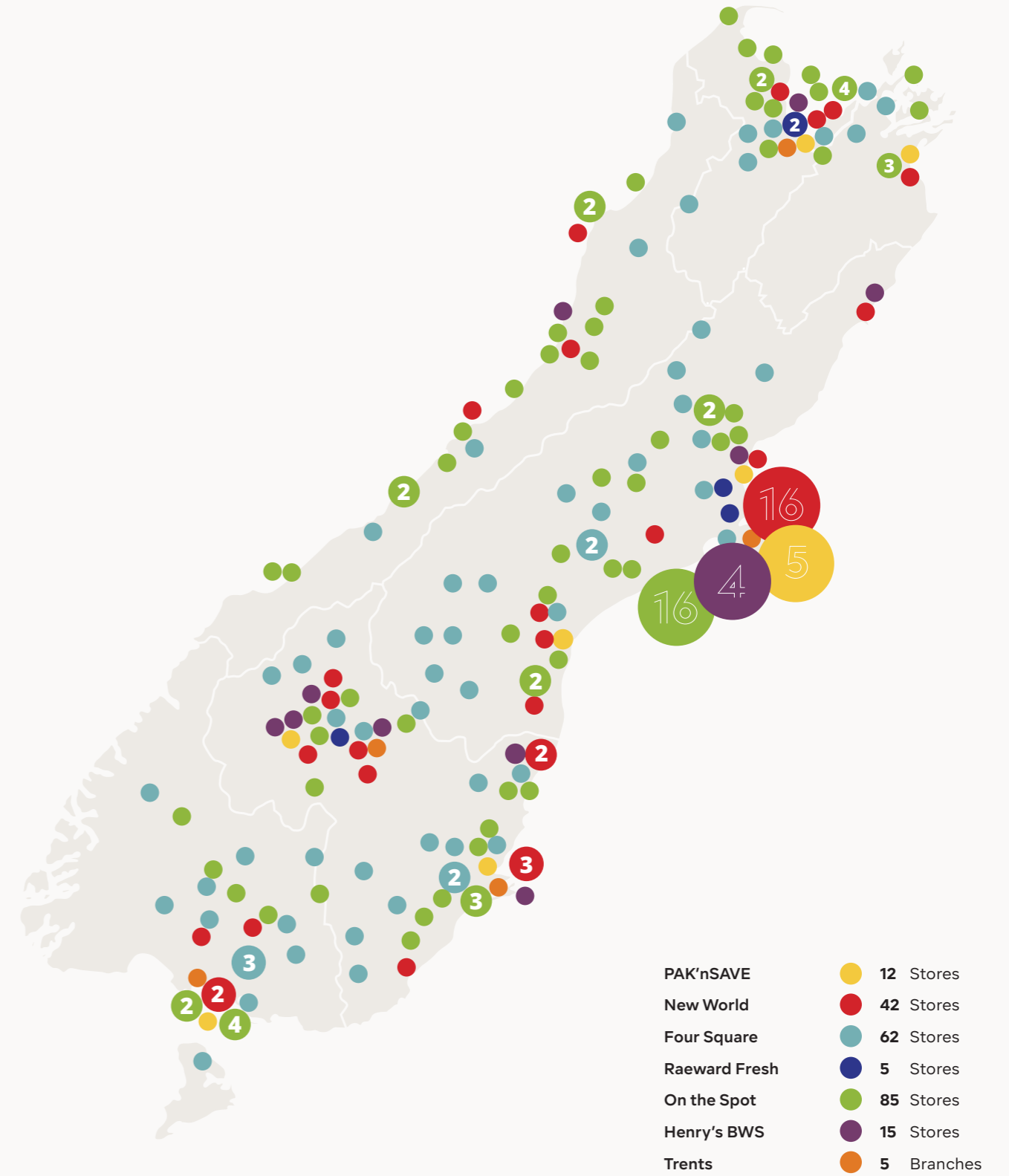
We work together with other teams, suppliers, contractors and all stakeholders. We take care of one another. We share our success with them.





“Together we, inspire confidence, drive success and sustain our communities.”

## Our Network





## Chairman's Review

### Foodstuffs continues to deliver to Feed the South Island.

Russell McKenzie  
Chairman, Foodstuffs South Island



**It's been an extraordinary year. It's posed challenges and complexity we could never have anticipated. It has tested our ability to comprehend change, harness and deploy resources, and execute successfully in a dynamic and volatile environment.**

I'd like to pay tribute to the exemplary leadership demonstrated by our Chief Executive Steve Anderson, his executive team, all members and our teams who continued to ensure we served our customers and fed the South Island. I'd also like to acknowledge that this is Steve Anderson's final year as Chief Executive, who after 21 years, will be retiring in February 2022.

Steve has played a pivotal role in the success of the Co-operative and has been committed to its success every day throughout his tenure. Under his leadership, the Co-operative has grown from \$1.2 billion to nearly \$3.3 billion. Steve has guided us on significant technological advancements such as the rollout of SAP, voice picking in the Distribution Centres, Foodstuffs eXchange, and the launch of New World Clubcard and SHOP'nGO for PAK'nSAVE - all of which have revolutionised the business.

We've opened stores in new catchments to expand the retail footprint of the Co-operative including several PAK'nSAVEs and New Worlds, acquired two brands (Raeward Fresh in the South Island, and Liquorland which was in conjunction with Foodstuffs North Island), created a new brand Henry's Beer Wine & Spirits, strengthened Four Square's brand as a rural supermarket in smaller provincial towns, all while continually investing into existing stores with extensions and rebuilds.

Steve has provided a long notice period to assist the Board in our recruitment process for the new Chief Executive over the next nine months. During this time, Steve will remain committed to driving the success of the Co-operative.

Steve has had a remarkable time at Foodstuffs, and I would like to thank him for his professionalism and leadership over the past two decades.

**“We are consistently reviewing ways of doing business and pushing forward with transforming the way we operate.”**

The Co-operative's FY21 results provide evidence of the gains to be achieved by putting our customers at the centre of everything we do. We have not deviated from our strategy. Despite unprecedented disruption, we have been able to build value for our customers, remain flexible in an unpredictable trading environment and overcome the immediate effects of COVID-19 in a way that would not have been possible several years ago.

We are consistently reviewing ways of doing business and pushing forward with transforming the way we operate. We continue to enhance our retail operations and are embracing opportunities to build a digital future – and we are intensifying these efforts.

#### Board activity

Two of our Directors, Kathy Frampton (New World Northwood) and Chris McDonald (PAK'nSAVE Dunedin), retired from the Board in July 2020. They served as Directors from 2016 and 2008 respectively. I would like to acknowledge their service and contribution to the Board in what has been a period of ongoing change, increased competition and major infrastructure and technological developments.

The Board welcomed Michelle King (PAK'nSAVE Queenstown) and Jason Williams (PAK'nSAVE Timaru) at their first meeting in September 2020. Both Michelle and Jason are valuable additions to the Board bringing with them their extensive industry knowledge and leadership.

#### Financial Review

With the first pandemic lockdown occurring in March 2020, and a financial year then dominated by the repercussions of COVID-19, it has been another challenging year. While aggregate sales have been solid, the pressure on supply chain and service levels to achieve this has been severely tested. Once again, our staff, culture and resilience have been proven to be our greatest assets.

Sales rose 3.2% to \$3.3 billion, with Four Square performing particularly well as many customers shopped locally during lockdown, and to some extent continue to do so. One of the highlights was our market share growth despite our competitor having an online delivery offering during lockdown. This endorses the strength of, and loyalty to, our brands.

As we continue to learn and adapt to what the new “normal” will be like with COVID-19, we expect service levels to supermarkets will continue to be tested and supply chain costs to come under greater pressure. Optimising IT solutions for logistics and distribution centre operations, as well as staffing efficiencies across our business will remain a key focus.

With the global impact of the pandemic continuing, the economic and financial uncertainty remains for many New Zealanders. We expect the trend to continue of customers looking to economise and get best value from their grocery spend.

**Gross Profit** after monthly member rebates grew by \$11.0 million or +5.8% with the gross margin percentage stable (up from 6.0% to 6.1%). The key driver for the rise remains the expansion in goods supplied to members via the Foodstuffs South Island Distribution Centres, especially increased chilled and frozen products as we strive to optimise our capital investment.

**Operating Income and Operating Expenses** increased during the year by \$10.9 million and \$31.1 million respectively, largely due to COVID-19 related items. Operating income includes the COVID-19 levy contribution from members of \$10.1 million, which will be distributed back to members as part of the loyalty rebate. Operating expenses include the special staff bonus paid to both Foodstuffs South Island Distribution Centre staff and frontline store staff during lockdown totalling \$2.8 million. Also abnormal costs of \$16.9 million include an impairment of property and investments in two supermarkets. Excluding these abnormal expenses (which do not affect member rebates) underlying operating expenses rose by 7.2%.



## Chairman's Review Continued

**Operating Profit (before monthly rebates)** was \$10.8 million higher at \$308.8 million, a 3.6% increase.

**Distributions to Members** (consisting of Rebates, Dividends and Imputation Credits) total \$315.7 million, an increase of \$24.4 million or 8.4%. The significant rise comes from monthly rebates, up \$20.0 million due to higher sales volumes and a continued increase in the proportion supplied from our distribution centres.

Despite a **net trading loss of \$2.3 million**, our total recognised income and expenses, taken to balance sheet reserves were a positive \$4.3 million. Abnormal expenses noted from property and investment provisions, and a tax credit due to changes in building depreciation, were offset by investment revaluation gains from The Warehouse Group shares.

### The 2020/21 Member Distributions

In addition to the year-end rebates, there are \$7.8 million of dividends on Retained Patronage Shares which will be paid out with \$3.0 million imputation credits attached.

The Board has again approved payment of a 3% dividend on Members' Trading Deposit Shares worth \$1.0 million with \$0.4 million in imputation credits. Members now have the opportunity to convert their existing non-interest-bearing Trading Deposits to Trading Deposit Shares, and top-up to their third week requirement, effective from July 2021.

The Co-operative continues to maintain its very strong financial position with total assets of \$1.4 billion and all key financial ratios and associated measures remain within the requirements set by our funding partners.

### Acknowledgements

As I said in my introduction, the contribution of Steve Anderson and his executive leadership team has been outstanding. My thanks on behalf of the Board to all of our staff who have worked so tirelessly during a year of unprecedented challenges by the global pandemic.

My sincere thanks, too, to the Board, who have gone above and beyond, especially during the height of COVID-19 alert levels and providing unfailing support for the Co-operative throughout the financial year.

To our members, I want to offer our thanks for your continued support during an extremely difficult year which also impacted you on a personal and professional basis. Finally, to our staff, thank you for your unyielding commitment and resilience. As Henry Ford said, "Coming together is a beginning. Keeping together is progress. Working together is success" and that's exactly what we have achieved.



Russell McKenzie  
Chairman  
Foodstuffs South Island





## CEO's Review

### Responding to an uncertain trading environment

Steve Anderson  
CEO, Foodstuffs South Island



As I began my third decade of working at Foodstuffs, I was expecting business as usual with some exciting projects coming to fruition, new store developments and quite frankly, another solid year for the Co-operative. What I didn't expect was to be faced with a global pandemic.

Our sales increased, our distribution centres experienced unprecedented volumes and our supermarkets transformed overnight. We erected perspex screens and provided PPE and hand sanitiser to our staff and customers. We were also involved in several working groups including the COVID-19 FMCG Group, led by the Ministry of Primary Industries and the National Emergency Management Agency. We took great care working with these groups throughout the lockdown period.

Despite the challenges that the pandemic brought the Co-operative, we continued to work towards delivering major projects including online shopping, which is set to pilot in the second quarter of 2021, and launched our actionable customer insights journey to understand and better meet our customer needs. Construction commenced on our newest store, New World Ravenswood, as well as several store renovations and extensions.

We also saw our communities turn into avid gardeners with our New World Little Garden promotion and sharpen their knife skills with one of the country's most successful continuity programmes, our New World SMEG campaign. Customers shopped local and rediscovered our brands, and became home bakers and chefs.

What I am most proud of is how exceptionally well our staff performed throughout the year. Without their commitment and loyalty, our success would not have been possible. Whilst we were privileged to be able to continue operating, our people worked tirelessly to ensure we fed the South Island. Our response to the pandemic is something we should all be proud of. I'd also like to acknowledge and thank the families of our staff who supported their loved ones during this stressful period.

#### Values reviewed

Prior to COVID-19, we reviewed our values and what it means to work at Foodstuffs South Island. Following an extensive collaboration with staff across all aspects of our business, our new company values were created and launched in November last year.

- Together we
- Inspire confidence
- Drive success
- Sustain our communities

These are our values, created by our people, for us to strive towards and hold ourselves accountable to.

#### We wish John Mullins a happy retirement

After 43 years of service, John Mullins, General Manager Supply Chain retired in May 2021. John has been a cornerstone and an integral member of Foodstuffs South Island. He has been instrumental in establishing operating systems including the launch of our Warehouse Management System, opening key infrastructure developments such as our Hornby Ambient Distribution Centre and Temperature Controlled Distribution Centre, and managing over 1,200 team members across the South Island.

It has been a privilege to have worked with John for the past 20 years and I'd also like to acknowledge John's support of me, in particular during the Christchurch earthquakes when he led the Crisis Management Team. He has been a fantastic lieutenant for me and he is well-respected by his team, colleagues and the industry.

On behalf of Foodstuffs South Island, I would like to thank John for his service. I wish him all the best and an enjoyable retirement.

We welcomed Nick Barnes as the General Manager Supply Chain in March 2021 to carry on the outstanding operation of our supply chain.

#### Closing remarks

Lastly, I am retiring as Chief Executive of Foodstuffs South Island in February 2022. There is never a perfect time for this type of transition, but now is the right time for me and Foodstuffs South Island.

Foodstuffs South Island is a fantastic company. I love this Co-operative and the way we feed the South Island. I love the magnitude and boldness of our bets. I love our people and their talent and our willingness to accept and embrace their range of capabilities. I love the way we work with other companies to change the retail industry and succeed together. I love the breadth and diversity of our customers and members, from consumer to enterprise, across industries, and people of all backgrounds and age groups.

Thank you for your support over the past 21 years; I have cherished my time here and look forward to seeing the Co-operative grow. I will remain energised and committed to driving the Co-operative forward. Foodstuffs South Island has all its best days ahead.

**“What I am most proud of is how exceptionally well our staff performed throughout the year. Without their commitment and loyalty, our success would not have been possible.”**

I would like to end by thanking you all at Foodstuffs South Island for the outstanding effort you have made to bring us through this last challenging year. It's down to each of you that we have not only survived but continue to thrive. Our members, suppliers, partner networks and communities have worked as one team to ensure that we continue to 'Feed the South Island'. The Co-operative is in a strong position; we have the right people working hard to deliver on our mission in this changing environment.

Steve Anderson  
Chief Executive Officer  
Foodstuffs South Island



# 02

## SECTION 2

# Foodstuffs New Zealand Report

National Marketing Report

Awards



## National Marketing Report

### The implications of COVID-19 saw businesses around the globe radically change their operations and Foodstuffs New Zealand was no exception.

Foodstuffs stores were some of the few retailers with the privileged ability to trade throughout the year's lockdowns. New World, PAK'nSAVE and Four Square brand communications became sources of truth for customers as our stores were some of the only essential services New Zealanders could visit. We were able to retain our customers' trust through our COVID-19 brand communications with New World leading and PAK'nSAVE ranking in the Top 5 of Colmar Brunton's 'High Advocacy for COVID-19 response' list.

This year was Year 1 of our 3-year Marketing and Customer Experience strategy to grow and retain our key audiences. We now have five generations of shoppers engaging with our brands, and to meet their needs and retain their loyalty, we re-baselined our marketing processes and partners this year with the goal of better unlocking value and accelerating change. We also welcomed PHD Media and DDB Aotearoa into our Foodstuffs family of agencies to help us achieve these goals.

The rising cost of living and the continued impact of COVID-19 on household expenditure has New Zealanders thinking about how they can better leverage their grocery spend. The launch of New World's Fair Value Everyday price platform saw an uplift in customer trust in New World pricing, and is a milestone on our journey to continue building and creating value equity for the brand and enhancing the brand's position as one of the most reputable companies in New Zealand (Colmar Brunton's Corporate Reputation Index 2020). The brand's summer customer loyalty promotion featuring premium SMEG products drove record sales, nationwide coverage and introduced new customers to the brand for the first time with strong acquisition and retention rates. New World's push into social media saw the brand recognised for the best use of Facebook across Australia & New Zealand (2020 Australasian Social Media Marketing Awards).

**“The rising cost of living and the continued impact of COVID-19 on household expenditure has New Zealanders thinking about how they can better leverage their grocery spend.”**

PAK'nSAVE continues to deliver on its policy of New Zealand's lowest grocery prices and resonating in the hearts and minds of New Zealanders as one of the most reputable companies and as a leader in the 'Fairness' reputation dimension across the top 50 corporates in New Zealand (Colmar Brunton Corporate Reputation Index 2020). This year also saw the arrival of @instickman, PAK'nSAVE's Gold Axis Award-winning Instagram influencer, and the long-term successful relationship between the brand and its creative agency FCB Aotearoa was recognised as a partnership that's built to last at this year's TVNZ-Marketing Association Marketing Awards.

Four Square celebrated its 96th birthday and is still experiencing rapid growth thanks in part to New Zealanders' 'Shop Local' attitude we saw during the year's lockdowns. The brand's continued success is a result of acting on customer insights, delivering superior customer experiences and driving loyalty with our engaged local customers.

Our Corporate Social Responsibility (CSR) Team introduced our #HereforNZ communications platform for Foodstuffs brands this year, and we demonstrated this commitment with the Co-operatives COVID-19 Relief Fund which saw more than \$1 million donated to 54 social organisations who continue to help New Zealanders who are experiencing immense hardship as a result of COVID-19's impact. We've made significant strides embedding our CSR strategy throughout the business and next year we'll see the introduction of our data collection and reporting processes for our national Measures & Targets to ensure we are fulfilling our CSR promises.



We have another challenging year ahead of us as we continue to deliver and adapt to meet the needs and expectations of five generations of shoppers who we would prefer to shop with us. We will use customer insights in everything we do to improve our decision making across the business. We will accelerate the progress we have made in digitally-led marketing and communications as we focus on winning the 'moments that matter' with key target audiences, and will continue to demonstrate our #HereforNZ commitment across our brands.

### Advocacy

The first months of the year were dominated by COVID-19 and the need to coordinate our response with government. The remainder of the year had a strong focus on the government's objectives of workers protection. These included the minimum wage increase, the Equal Pay Amendment Act 2020, and a Bill to extend statutory sick leave to 10 days per annum.

Looking ahead to the next financial year, upcoming work includes: a Fair Pay regime, changes to immigration settings, and a new Holidays Act, the Government's signalled Tobacco Action Plan to achieve New Zealand's 2025 target to be "Smoke-free", a full review of the Trans-Tasman Food Regulatory System, and a new legislative framework for resource management planning, consenting, and environmental protection.

### Foodstuffs Own Brands Limited

Foodstuffs Own Brands have finished up the year with record sales of \$1.47 billion, which is 10.8% up on last year. That's more than 446 million Own Brand boxes, bags, bottles or packets of product sold in Foodstuffs stores, from our range of more than 4,500 which spans almost every category of the supermarket.

We are also proud of the consistent and relevant brand communications we maintained throughout the year during multiple lockdowns. Pams distinct content, including aspirational recipes perfectly curated for the Kiwi home using only six ingredients, has resonated exceptionally well with more households looking to economise their grocery spend. Foodstuffs Own Brands also grew at 1.5 times the rate of branded goods during the first COVID-19 lockdown with New Zealanders hunting out value in brands they could trust.



## National Marketing Report Continued

As with any world class organisation, this year we focused on getting the basics right while maintaining a flow of new product developments, launching 45 new lines in the last 12 months.

We've made strides in the Quality and CSR space with new robust processes including formalised product requirements, supplier selection and guidelines development. All Pams tea is now Rainforest Alliance-certified and we've also rolled out rigorous evaluation processes and two ethical sourcing policy statements for seafood and modern slavery.



### Liquorland

Despite one of, if not the most challenging years of Liquorland's history, the reflection at the end of this trading period is largely very positive. Although we were completely shut down or suffering from limited levels of trading for over 10% of our year, we have ended this financial year delivering on our total revenue, basket size, transaction count and margin targets.

The most pleasing aspect of our financial results is that even though revenue grew at just over 14% from last year, total margin grew at over 16.5%. All this adding up to a record trading year for Liquorland selling more than \$400 million for the first time in our history.

We went into lockdown with 129 stores and today we are now a network of 130 stores across the country with our newest store being in Ashburton. The most pleasing measures of our success this year are our customer satisfaction rating for the last 12 months at 88%, and our market growth as measured by AC Nielsen is 3.5 times greater than the rest of the traditional liquor sector.

Consumer trends continue to be the same as last year driven by:

- Betterment: low/no alcohol, lower carbs, lower calories, less sugar and sustainability
- Authenticity: provenance, craft and artisan
- Sensory: colour, flavour and texture.

We were able to communicate differently and directly to our market and the feedback we received through the click and collect process was invaluable.



The effectiveness of our physical mailer also continues to grow. We were the first printed mailer of any sort in 970,000 households around New Zealand after lockdown. This gave us an incredibly fast start out of lockdown and much of that momentum has continued through to year end.

## Awards



### New World

#### Best Customer Service

2020 Australasian Social Media Marketing Awards (SMMA)

#### Best Use of Facebook

2020 Australasian Social Media Marketing Awards (SMMA)

#### Ad Impact Award for 'We're Your Neighbours'

May 2020 Colmar Brunton

#### #9 Most Reputable Brand in New Zealand

2020 Colmar Brunton Corporate Reputation Index

#### #7 'Trust Leader' in New Zealand

2020 Colmar Brunton Corporate Reputation Index

#### #5 'Success Leader' in New Zealand

2020 Colmar Brunton Corporate Reputation Index

#### #4 'Responsibility Leader' in New Zealand

2020 Colmar Brunton Corporate Reputation Index

#### #1 'High Advocacy for Covid-19 Response'

2020 Colmar Brunton Corporate Reputation Index

### PAK'nSAVE

#### #3 Most Reputable Brand in New Zealand

2020 Colmar Brunton Corporate Reputation Index

#### #1 'Fairness Leader' in New Zealand

2020 Colmar Brunton Corporate Reputation Index

#### #8 'Success Leader' in New Zealand

2020 Colmar Brunton Corporate Reputation Index

#### #10 'Trust Leader' in New Zealand

2020 Colmar Brunton Corporate Reputation Index

#### #5 'High Advocacy for Covid-19 Response'

2020 Colmar Brunton Corporate Reputation Index

#### Long-Term Agency Partnership Award with FCB Aotearoa, 'A Brand and Partnership that's Built to Last'

2020 TVNZ-NZ Marketing Awards

#### Bronze in Digital Copywriting for @instickman

2021 Commercial Communications Council Axis Awards

#### Silver in Digital Copywriting for @instickman

2021 Commercial Communications Council Axis Awards

#### Gold in Influencer Category for @instickman

2021 Commercial Communications Council Axis Awards

### Pams

#### Most Trusted Brand in the Supermarket/ Home Brand category

2020 Reader's Digest

#### Bronze Award for Pams Chilled Pasta

2020 Vertex Awards

#### Silver Award for Pams redesigned Pams brand

2020 Vertex Awards

#### Gold Award for Pams confectionary

2020 Vertex Awards

#### Gold Award for Pams Lamb Madras Sausages

2020 Great New Zealand Sausage Competition

### Sustainability

#### Sustainable Business Network Change Maker Award

Francesca Goodman-Smith, Foodstuffs' Waste Minimisation Manager

#### Sustainable Business Network Climate Action Leader Award

Runner-up for Foodstuffs New Zealand







## Here for NZ

## Corporate Social Responsibility and Sustainability



COVID-19 and its impact on New Zealanders was a strong reminder of just how important it is for us to deliver on our four Corporate Social Responsibility (CSR) pillars:

- healthy and affordable food
- meaningful work
- supporting our local communities
- sustainability leadership.

Pressure on personal and financial security saw our customers ask us to focus on healthy and affordable food.

Following multiple rounds of customer research, we introduced 'Here for NZ' as our national social brand, reinforcing the fact we are a New Zealand company working hard to support those who live here.

This was a key step forward in our journey to embed our CSR Strategy internally and align external communications, harnessing the collective power of all our brands. We published our first comprehensive CSR Report, aligned to our CSR Strategy, reflecting our growing focus on, and increasing activity in, this space.

**“Following multiple rounds of customer research, we introduced ‘Here for NZ’ as our national social brand, reinforcing the fact we are a New Zealand company working hard to support those who live here.”**

We have developed measures and targets aligned to each of our CSR goals and are in the process of establishing data collection and reporting processes. These will give us baselines where they don't yet exist and enable us to set annual targets to 2025. This is a critical step in making our CSR goals real for the business and enabling transparent reporting to ensure we stay on track to delivering our goals.



### Healthy and Affordable Food

- New World's first national Family2Family Appeal was the most successful food drive the City Missions' have ever had, with generous customers donating thousands of bags of product to their food banks across New Zealand.
- We have established relationships with the three City Missions and will continue to support them throughout the year, including sponsoring the Christchurch City Mission's Christmas tree. We will also continue with the New World and Flybuys Points for Good campaign, which raised \$34,000 in New World vouchers for the City Missions.



### Meaningful Work

- Our online learning portfolio of courses continues to expand, and now includes Cyber Security and Liquor Controller Qualification and Sale of Alcohol certification. We also had specific COVID-19 online learning during 2020, including COVID-19 What You Need to Know, Managing and Enhancing Your Psychological Wellbeing, Working from Home and Managing Stress and Anxiety.
- We employ butchery and bakery teams across many of our supermarkets, and are committed to training butchery and bakery apprentices and providing them with a career path. Our supermarkets are now supporting the government's fees free scheme and boost wage subsidy, available to all Year One and Year Two butchery and bakery apprentices.
- We are strongly committed to the wellbeing of our employees and have an active wellbeing programme that is driven by our employees. Using the PERMA-V model, we design an annual wellbeing programme that supports each of the six elements: Positive Emotion, Engagement, Relationships, Meaning, Accomplishments and Vitality.
- We ensure going to work is a safe and positive experience for our people. We support risk management strategies to enable us to continue to operate should COVID-19 become a reality in our workplace. We initiated centralised recruitment to support our distribution centres and supermarkets to recruit while they were whole occupied doing business.



## Here for NZ



### Supporting Local Communities

- When COVID-19 arrived on our shores in early 2020, the Foodstuffs (South Island) Community Trust proactively reached out to its members and staff and raised \$600,000 to be distributed to local charities and community organisations who help feed South Islanders in need.
- New World's 'A Well-Deserved Christmas' activation with TVNZ saw four families surprised with \$1,000 vouchers, and one family given \$5,000 towards a well-deserved Christmas.
- Four Square's inaugural Community Hero Awards in December saw more than 700 nominations for local heroes who have been supporting New Zealand's communities during what was a very challenging year. Five community heroes received a \$500 Four Square gift card and a \$1,500 donation to a registered charity of their choosing.



### Sustainability Leadership

We are sustainability leaders in our operations and how we source our products. Our key areas of focus are waste minimisation, carbon reduction and sustainable packaging.

We now have more than 165 New World and PAK'nSAVE stores, distribution centres and corporate sites on the programme, collectively fighting the war on waste. We have a target to send zero food waste to landfill by 2025. In the last year, over nine million equivalent meals have been provided to local communities via our partnerships with food rescue organisations and food banks.

Foodstuffs have also trialed and rolled out many initiatives aligned with our 2025 packaging commitments:

- Delivered a plastic-free Little Garden promotion
- Roll out of best practice packaging guidance for all fresh food departments
- 36 of 42 New World stores in the South Island now offer 'nude' produce, saving at least 3.4 tonnes of single-use plastic annually
- Ecostore refilleries are now in 19 New World and Four Square stores
- 15 New World stores joined the RefillNZ free water refill network
- Rolling out 70% recycled and Forest Stewardship Council certified paper bag option in 'Alison's Pantry', at both New World and PAK'nSAVE stores

Further innovation has been demonstrated with the introduction (with EECA's help) of three electric trucks over the last two years. The performance of these vehicles will be closely monitored to identify further opportunities in this area.

Our electric vehicle charger rollout at stores continued at pace in 2020 with 95 chargers now operational across the country, giving customers the opportunity to reduce their own carbon footprint.



“Our key areas of focus are waste minimisation, carbon reduction and sustainable packaging.”



“We’re committed to supporting communities and people by helping them to thrive.”

Foodstuffs (South Island)  
Community Trust

## DONATED OVER

 \$118,000

IN EDUCATIONAL GRANTS

 \$78,862

FOR A COMMUNITY TRUST RELIEF FUND

 \$322,000

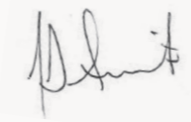
IN RESTART GRANTS DISTRIBUTED

## Foodstuffs (South Island) Community Trust

The Foodstuffs (South Island) Community Trust is committed to supporting communities and people by helping them to thrive.

### Acknowledgements

We are very appreciative to our sponsors and supporters for their ongoing support and generosity to our Trust. The recipients of the funds are always very grateful and humbled.



Justin D Smith  
Chairman, Foodstuffs (South Island)  
Community Trust

**FOODSTUFFS**  
COMMUNITY TRUST  
SOUTH ISLAND

### Major Sponsorship

The Trust has entered the second year of their three-year partnership with the Gut Foundation. We are currently working with the Foundation on several educational campaigns, health hubs and research projects. It's our hope this will be a significant step in the reduction of gut disease in the South Island and beyond.

### Education Grants

Education is a significant focus for the Trust and this year \$118,000 was distributed in educational grants to 64 students to assist them with their tertiary education. The Trust also continued its support of other endeavours to provide young people with the opportunity to achieve their dreams, awarding four Outward Bound scholarships and supporting two First Foundation recipients.

### Community Grants

Community Grants are the largest number of applications Trustees consider and approve. It is a pleasure to assist organisations, community groups and individuals with their various requests. Some of our substantial purchases were assisting the Nelson Marlborough Rescue Helicopter Trust with two immersion suits for air rescues along with a cough assist machine for Dunstan Hospital in Cromwell and some digital talking books for Blind Low Vision NZ. The Trust continues its commitment as a foundation donor to the Christchurch Cathedral Restoration Trust, which will hopefully see the re-establishment of the Visitors Centre at the Cathedral.

### Community Trust Relief Fund

Following the tragic events that unfolded on 15 March 2019, the Trust swung into action raising \$78,862 in funds to support those affected. This was distributed to the families who were adversely effected from our support centre, distribution centre and supermarket staff.

The Trust has now partnered with the Datacom Foundation, who provide continuing support to the children and families of the victims by donating the remaining funds to them. Ongoing assistance to Foodstuffs South Island staff will be a priority.

### reSTART Fund

The South Island has faced significant challenges with COVID-19. The Trust raised a total of \$582,460 and provided emergency support and on-going assistance to South Island foodbanks and community groups. Support has been a combination of cash for a specific project or gift cards for food. To date grants totaling \$322,000 have been distributed with the remainder still to be allocated throughout 2021.



## Food for Thought

**“We’re passionate about teaching children to make healthier food and drink choices.”**



Since 2007 the Food for Thought Education Trust nutritionists have been working with schools educating year 5 and 6 students about the food they eat and drink, how to read food labels and basic budgeting skills. The nutritionists teach an inquiry-based learning programme, followed by an in-store session at a local PAK’nSAVE, New World or Four Square supermarket. The Food for Thought programme is delivered into schools throughout New Zealand in partnership with the Heart Foundation with resources available in English, Te Reo and Samoan to reach a wider demographic.

This has been an unusual year for schools with students learning from home and supermarkets unable to host the Food for Thought programme. Our nutritionists adapted their curriculum to be able to deliver the lessons online. This was a transformative step for the programme. This will give nutritionists and schools the flexibility to be agile and continue teaching their healthy food messages both in-class or online. The nutritionists were able to reschedule most of their classes during the year to ensure they could continue to deliver to as many schools and classes as possible.

During the year, the Food for Thought team partnered with New World to support the promotion of New World Little Garden, and to promote Returning to School healthy lunch options.

Over the last financial year, across New Zealand we have worked with:

13,690



STUDENTS

168

SCHOOLS

504

CLASSES

728

PARENTS



“During the year the nutritionists adapted their curriculum to be delivered online. The full programme is now able to be completed online or delivered in schools.”





SECTION 4

# Best In Retail

Banner Updates



“Our frontline teams worked tirelessly to serve our loyal customers, managing many challenges along the way.”

## Banner Updates

“Stores have done a great job of supporting their communities and inspiring confidence.”



The year certainly started with great momentum after a very successful Christmas in 2019, and like so many, the year fast became one we certainly won't forget.

The financial year started with the COVID-19 outbreak calling for immediate action from the group to quickly adapt to the new operating guidelines as well as managing the 'panic buying' from customers. Our frontline teams worked tirelessly to serve our loyal customers, managing many challenges along the way. The message of 'Shop Safe – Keep Calm' was implemented as an important reminder to our customers that our stores are well equipped and stocked. We also wanted to support our communities by offering local products and supporting local suppliers.

Our support didn't stop there. We worked closely with the Student Volunteer Army, delivering groceries to those who needed them most, stepped up with the COVID-19 relief fund and stood in support with New Zealand through our 'We're your neighbours' and 'Buy NZ' campaigns to encourage our customers to support local suppliers. Following on from this, we joined forces with three City Missions across New Zealand as well as smaller local foodbanks to support the amazing 'Family2Family' campaign where we facilitated food donations to those most at need.

In September, New World brought back an old favourite with 'Little Garden'. This campaign brought a lot of fun and delight to our customers and communities as we worked closely with schools to plant gardens for children to see the fruits of their labour grow in front of their eyes. We also collaborated with Foodstuffs Food for Thought programme, offering healthy recipes using the produce grown from Little Garden.

Undoubtedly our most successful campaign of the year was our 'SMEG Knives' promotion. After a tough year for many, we were able to bring excitement to the category with a range of six knives and two blocks to collect. The promotion was the talk of New Zealand and indeed dubbed the "Summer of SMEG".

All through the year, stores have done a great job of supporting their communities and inspiring confidence. We very much look forward to continuing to do this again in 2021 and beyond.





**PAK'nSAVE has an important role in helping sustain our communities by delivering on our policy of New Zealand's lowest food prices; this was a key area of focus in 2020.**

During the year, we ran three successful Price Gap campaigns, with the purpose of reinforcing PAK'nSAVE's position as having New Zealand's lowest food prices. Price Gap enables the brand to demonstrate real savings, made by real shoppers in comparison to competitors.

SHOP'nGO engagement grew during the year, with customers understanding the benefits of the technology, which saves both time and effort as you scan and pack your groceries as you shop. Significant work in 2020 was also undertaken in readiness for the launch of PAK'nSAVE online in 2021.

Stickman had a successful, and award-winning debut year on Instagram. With a focus on explaining PAK'nSAVE and Stickman to a generation of shoppers on social media who likely weren't around when he was first invented, @instickman has seen great results with 80.7% of his 18,000 followers being younger than 35. He also took home the Gold Axis Award for Creative Excellence in the Influencer category which is no mean feat when you're up against the All Blacks

2020 was a year that will not be forgotten. COVID-19 resulted in bulk buying, queues at store and new challenges that had never been experienced. As a brand, we are proud of how we served our communities, including setting up testing stations in carparks and ensuring we kept both our customers and staff safe during this challenging time.

We are looking forward to the coming year with a strong focus on reinforcing our lowest price positioning, incorporating Here for NZ in-store, and preparing for online shopping rolling out across the South Island.



**The Raeward Fresh brand came through 2020's turbulence by staying true to the brand's core values: a great fresh offer with focus on local sourcing and a differentiated shopping experience.**

Raeward Fresh loyalists have long understood the appeal of a visit to their local stores. In 2020 'shop local' took on an entirely new meaning and the Raeward Fresh brand was rediscovered by many customers as they enjoyed our exceptional value and fresh food offering.

Our 2021 marketing strategy is to grow awareness of what Raeward Fresh offers and represents amongst those consumers who may not have had exposure to the brand. In 2020 the brand made a significant shift with its marketing by moving from more traditional media to digital channels.

Retailing from the store continues to be the focus, but the Raeward Fresh wholesale channel continues to perform well and drive strong sales, delivering the great value proposition we are known for in retail to our wholesale customers.

Our focus for 2021 is to continue to build on current momentum, increasing brand awareness and providing an offer that is unique to other traditional retailers.



**With no knowledge of a global pandemic coming, Trents had a busy year of transformation planned for 2020 which we still managed to accomplish.**

We refined Trents purpose and position as a business and completed a full refresh of our corporate website. We launched our new online ordering platform, Trents Online and have received positive feedback regarding the ease of placing orders. At the same time we also implemented Salesforce, a leading global CRM system to help us deliver excellent customer experiences.

The breadth of our customer base meant we continued to be extremely busy throughout lockdown servicing the needs of businesses and organisations providing essential services; the likes of hospitals, defence force bases, aged care sites and convenience retail businesses. Post lockdown, we worked with our hospitality customers to help restart their businesses, providing much needed support in such disruptive times.

Our support didn't stop there. In December we were delighted to start contributing towards reducing food insecurity for children in the South Island. We are now supplying the product needed to provide nutritious lunches to children at school through our partnership with two of our national customers and the Ka Ora, Ka Ako programme.

It was the collaboration and dedication of our amazing team that enabled us to continue to supply the thousands of businesses we partner with and still progress the projects we had identified to better connect with our customers.

There is more to come as we work hard to be the complete foodservice partner to thousands of customers. Trents – we bring more to the table!



**The On the Spot group has delivered strong growth across its 85 stores in the South Island.**

We welcomed two new stores, Caltex Alexandra and Redwood Christchurch and a number of stores have completed refurbishments.

The On the Spot group has worked hard over the course of 2020 to have 47 stores scanning on our point of sale system. There are 13 more stores that will transition over to the new system during 2021. The data provided via this point of sale system has assisted the On the Spot team to make more informed decisions that have been a contributor to the brand's positive performance.

On the Spot is well positioned for 2021 and we are looking forward to working with our Owner Operators to deliver on their customer's local needs.





### It was another memorable 12 months for the iconic kiwi brand.

Highlights for the year included our 96th Birthday celebrations, a new website and a reinvigorated focus on the brand due to the country's 'Shop Local' attitude which was adopted during the year's lockdowns.

Overnight, COVID-19 forced the brand to change how it traded and members and their wonderful teams were a key contributor to the brand's success. The communities our 62 stores serve were at the very heart of this response and it was a powerful reminder to Four Square of the relationship our communities have with us and us with them.

Despite the challenges faced, Four Square continued to work hard to deliver great local value, ensuring the convenient style of shopping our customers wanted was being maintained. We also made sure to offer excellent food-to-go and upgraded all stores with a consistent brand standard in exterior paint and signage. We had our inaugural national 'Local Community Hero' awards which celebrated individuals who have had a positive impact in their local community in 2020.

Mr. Four Square has been introduced to the 21st century with the brand's new website that launched in December. It was a speedy eight week build at one of the busiest times of the year, but went live in time for peak summer trading.

We continue to look ahead and grow the group with new stores on the horizon whilst ensuring we have the best possible Owner/Operators. Above all else, providing locals far and wide a memorable experience with our iconic brand.

### 2020 was a very challenging but hugely rewarding year for Henry's BWS.

The group continued to achieve strong sales growth and with a number of significant initiatives being introduced, such as a new website and an online web shop. We are now in a very good position to enjoy further success in the future with this additional offering. This was launched with a very fast turnaround due to COVID-19 and it means that we continue to be considered "best in class".

New product launches, particularly in RTDs has seen a lot of interest generated in "better for you products", which contain less alcohol, sugar and carbohydrates.

We added a new store in Burnside in Christchurch and we have further new store developments confirmed for Wigram and Prebbleton in Christchurch, and Three Parks and Albert Town in Wanaka.

We continue to encourage our store owners to work with their staff to inspire and to drive success through innovation and teamwork. The outstanding work done at store level during the lockdown meant that all of our stores survived this very challenging period, with most of our stores performing stronger post lockdown.

**henry's**  
beer, wine & spirits



**“We continue to encourage our store owners to work with their staff to inspire and to drive success through innovation and teamwork.”**







## Board of Directors

## Introducing Our Leaders



**Russell McKenzie**  
Chairman, New World St Martins



**Marcel Gray**  
Deputy Chairman, PAK'nSAVE Wainoni



**Phill Blackburn**  
New World Ilam



**Michelle King**  
PAK'nSAVE Queenstown



**Steve Wakefield**  
Independent Director



**Jason Williams**  
PAK'nSAVE Timaru



**Michelle Grundy**  
Four Square Maniototo



**Glenn Anderson**  
New World Rolleston



**Mary Devine**  
Independent Director



**Justin Vaudrey**  
New World Durham Street

## Corporate Executive Team

## Introducing Our Leaders



**Steve Anderson**  
Chief Executive Officer



**Roger Davidson**  
General Manager Property and Retail Development



**Damian Lynch**  
General Manager Strategy & People



**Tim Donaldson**  
General Manager Retail



**John Mullins**  
General Manager Supply Chain



**Phil Lemon**  
General Manager Merchandise



**Nathan Marsh**  
Chief Financial Officer



**Phil Wright**  
General Manager Information Technology



## Leadership Teams

1 March 2020 to 28 Feb 2021

### Four Square Executive Committee

<b>Callum Bruce [Chairman]</b>	Four Square Te Anau
<b>Graeme Neilson [Deputy Chairman]</b>	Four Square Ascot <i>[appointed February 2021]</i>
<b>Amy Bartlett</b>	Four Square Matura
<b>Cushla Jones</b>	Four Square Franz Josef <i>[resigned December 2020]</i>
<b>Damon Kroupa</b>	Four Square Mapua <i>[resigned September 2020]</i>
<b>Glenn Pierson</b>	Four Square Stafford Street <i>[appointed February 2021]</i>
<b>Kerry Tull</b>	Four Square Cheviot <i>[resigned July 2020]</i>
<b>Louise Paton</b>	Four Square Atawhai <i>[appointed February 2021]</i>
<b>Michelle Grundy</b>	Four Square Maniototo
<b>Shaun McFadden</b>	Four Square Mapua
<b>Thomas Glubb</b>	Four Square Spring Creek <i>[appointed December 2020]</i>

### Henry's Beer Wine & Spirits Executive Committee

<b>Paddy Breen [Chairman]</b>	Henry's BWS Queenstown
<b>Adrian Hills</b>	Henry's BWS Centre City
<b>Anne Kroupa</b>	Henry's BWS Richmond
<b>Brad Spence</b>	Henry's BWS Moorhouse
<b>Craig Smith</b>	Henry's BWS Kaikoura
<b>Damian Reid</b>	Henry's BWS Hornby
<b>Gerry Breen</b>	Henry's BWS Wakatipu
<b>Jamie White</b>	Henry's BWS Cromwell
<b>Jason Hall</b>	Henry's BWS Timaru
<b>Jason Williams</b>	Henry's BWS Northtown
<b>Louis Viecei</b>	Henry's BWS Avonhead & Parklands
<b>Mohit Gahlot</b>	Henry's BWS Alexandra
<b>Neil Smith</b>	Henry's BWS Greymouth
<b>Pavneet Nagra</b>	Henry's BWS Wairakei

### New World Executive Committee

<b>Rodney Flannery [Chairman]</b>	New World Centre City <i>[appointed February 2021]</i>
<b>Ashley Shore [Deputy Chairman]</b>	New World Blenheim
<b>Bradley Patton</b>	New World Elles Road
<b>Jack Stafford</b>	New World Mosgiel
<b>Kyle Burnett</b>	New World Lincoln
<b>Lisa Scott</b>	New World Kaiapoi <i>[off by rotation December 2020]</i>
<b>Marc Brokenshire</b>	New World Hokitika
<b>Nicola Hollyer</b>	New World Gore <i>[appointed February 2021]</i>
<b>Phillip Blackburn</b>	New World Ilam <i>[resigned December 2020]</i>



### PAK'nSAVE Executive Committee

<b>Brad Spence [Chairman]</b>	PAK'nSAVE Moorhouse
<b>Mark Elkington [Deputy Chairman]</b>	PAK'nSAVE Blenheim
<b>Andrew Howard</b>	PAK'nSAVE Richmond
<b>Bryan Dobson</b>	PAK'nSAVE Invercargill
<b>Bryan Walker</b>	PAK'nSAVE Northlands
<b>Chris McDonald</b>	PAK'nSAVE Dunedin
<b>William McDonald</b>	PAK'nSAVE Dunedin
<b>James Flanagan</b>	PAK'nSAVE Rangiora
<b>Jason Williams</b>	PAK'nSAVE Timaru
<b>John Lee</b>	PAK'nSAVE Hornby <i>[resigned December 2020]</i>
<b>Kerri Lee-Lissington</b>	PAK'nSAVE Hornby <i>[from January 2021]</i>
<b>Marcel Gray</b>	PAK'nSAVE Wainoni
<b>Michelle King</b>	PAK'nSAVE Queenstown
<b>Steven McDonald</b>	PAK'nSAVE Riccarton

### Raeward Fresh Executive Committee

<b>Gareth &amp; Laura Caldwell</b>	Raeward Fresh Richmond & Tasman
<b>Nathan &amp; Angela Imlach</b>	Raeward Fresh Queenstown
<b>Paul &amp; Christiena Joyce</b>	Raeward Fresh Tower Junction
<b>Justin &amp; Melissa Blackler</b>	Raeward Fresh Harewood



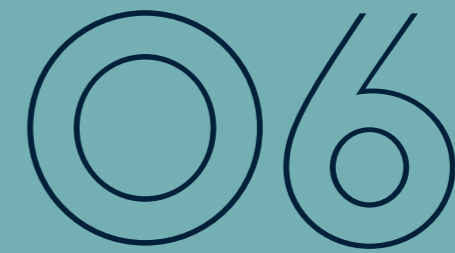
## Senior Executives

Adrienne Sykes	Human Resources Manager
Ana Connor	Master Data Operations Manager
Chris Dorward	Member Services Manager
Clayton Young	Property Manager
Danny Halligan	Henry's BWS Group Manager
Darron Stackhouse	Transport South Island Manager
David MacKenzie	Merchandise Operations Manager
Debbie Walker	Executive Assistant
Eugene Ruane	Loyalty and Digital CX Manager
Gareth Weatherston	Dunedin Regional Distribution Centre Manager
Gary Cowens	Operation Services Manager
Glen Forrester	Loss Prevention Manager
Glen Stevenson	Retail Support Manager – Operations
Gordon McCoy	Business Systems Manager
Grant Mayne	Commercial Manager
Haden Piggott	Raeward Fresh & Emerging Brands Group Manager
Jason Trewern	Merchandise Manager – Meat & Seafood
Justin Dykhoff	Merchandise Manager - Produce
Justin Waddell	Retail Programmes Manager
Kent Mahon	Retail Operations Manager
Kris Lancaster	Supply Chain Development Manager
Lynne McBeath	Employee Systems Development Manager
Mark Sullivan	Legal Counsel & Company Secretary
Matthew Harrison	SAP Operations Manager
Melinda Baillie	Head of Trends Wholesale
Mike Arlidge	On The Spot Group Manager
Mike Scofield	Trents Distribution Operations Manager
Murray Trim	Decision Support Manager
Nathan Hay	PAK'nSAVE Group Manager
Nathan Hide	General Manager Murdoch Manufacturing
Nigel Murphy	IT Support Manager
Philip Smith	Project Delivery Manager
Rebecca Parish	Property Development Manager
Ross Martin	New World Group Manager
Scott Fairweather	Hornby Distribution Centre Manager
Simon Hughes	Group Finance Manager
Steve Alexander	Four Square Group Manager
Steve Medland	Internal Audit Manager
Tony Ziolo	Health & Safety Manager

**“It’s down to each of you that we have not only survived but continue to thrive. Our members, suppliers, partner networks and communities have worked as one team to ensure that we continue to Feed the South Island.”**

**Steve Anderson** CEO,  
Foodstuffs South Island





SECTION 6

Independent  
Auditor's Report  
KPMG

## Independent Auditor's Report

## To the members of Foodstuffs South Island Limited. Report on the summary consolidated financial statements.



### Opinion

In our opinion, the accompanying summary consolidated financial statements of Foodstuffs South Island Limited (the 'company') and its subsidiaries (the 'group') on pages 57 to 61:

- i. Has been correctly derived from the audited Group financial statements for the year ended on that date; and
- ii. Is a fair summary of the Group financial statements, in accordance with FRS 43 Summary Financial Statements.

The accompanying summary consolidated financial statements comprises:

- the summary consolidated balance sheet as at 28 February 2021; and
- the summary consolidated income statement, statements of other comprehensive income, changes in equity and cash flows for the year then ended.

### Basis for opinion

We conducted our audit in accordance with International Standard on Auditing (New Zealand) (ISA (NZ)) 810 (Revised), Engagements to Report on Summary Financial Statements.

We are independent of the group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our firm has also provided other services to the group in relation to tax advisory and compliance services, anti money laundering audit, review of compliance with the Holidays Act 2003 and trustee reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

### Use of this Independent Auditor's Report

This report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in the Independent 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 members as a body for our audit work, this report, or any of the opinions we have formed.

### Responsibilities of the Directors for the summary Financial Statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the summary consolidated financial statements in accordance with FRS 43 Summary Financial Statements; and
- implementing necessary internal control to enable the preparation of a summary consolidated set of financial statements that is correctly derived from the audited consolidated financial statements.

### Auditor's Responsibilities for the audit of the summary Financial Statements

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

We expressed an unmodified audit opinion on the consolidated financial statements in our audit report dated 4 May 2021.

The summary consolidated statements do not contain all the disclosures required for a full set of consolidated financial statements under generally accepted accounting practice in New Zealand. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the group.

KPMG  
Christchurch  
9 June 2021





SECTION 7

Financial  
Statements

2021

## Financial Statements

These summary financial statements on pages 58 to 61, comprising the Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders Equity, Balance Sheet, and Statement of Cash Flows are those of Foodstuffs South Island Limited and its subsidiaries. They have been prepared in accordance with Financial Reporting Standard No. 43 "Summary Financial Statements" and have been extracted from full financial statements that have been prepared in accordance with New Zealand Standards that comply with International Financial Reporting Standards. The full financial statements for the year ended 28 February 2021, authorised for issue and signed on 4 May 2021 have been audited by KPMG and given an unqualified opinion. The Group is a profit-oriented entity. For a complete understanding of the financial affairs of the Group, the full financial statements are available to qualifying members on request.

## Income Statement

For the year ended 28 February 2021

	2021	2020
	\$000	\$000
Revenue from sale of goods	3,284,884	3,183,208
Less monthly member rebates	229,922	209,996
Net Revenue	3,054,962	2,973,212
Cost of sales	2,853,188	2,782,471
<b>Gross profit</b>	<b>201,774</b>	<b>190,741</b>
Other income	183,141	172,254
Operating expenses	306,049	274,947
<b>Operating profit</b>	<b>78,866</b>	<b>88,048</b>
Net finance costs	11,513	12,651
Rebates to members	73,511	68,735
Share of profit from associates	1,747	1,899
<b>(Loss)/Profit before tax</b>	<b>(4,411)</b>	<b>8,561</b>
Income tax credit (expense)	(2,094)	514
<b>Net (loss)/profit for the year after tax</b>	<b>(2,317)</b>	<b>8,047</b>
<b>Attributable to:</b>		
Shareholders of the parent company	<b>(2,317)</b>	<b>8,047</b>

Statement of  
Comprehensive Income

For the year ended 28 February 2021

	2021	2020
	\$000	\$000
Net (loss)/profit for the year	(2,317)	8,047
Other comprehensive income:		
Transfer of deferred tax to reserves (revaluation of interest swap)	(753)	742
Movement in investments reserve	12,345	622
Movement in cash flow hedge reserve	2,689	(3,103)
Opening Adjustment to Retained Earnings: adjustment on adoption of NZ IFRS 16 (Leases)	–	(8,119)
Movement in other reserves	101	(336)
Total comprehensive income/(loss) for the year	12,065	(2,147)
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>	<b>12,065</b>	<b>(2,147)</b>
Shareholders of the parent company		

Statement of Changes  
in Shareholders' Equity

For the year ended 28 February 2021

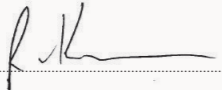
	2021	2020
	\$000	\$000
At 1 March 2020	392,990	395,699
Total comprehensive income	12,065	(2,147)
Dividends paid/payable	(7,811)	(8,037)
Total recognised income and expenses	4,254	(10,183)
Net share issue	(7,367)	7,475
<b>AT 28 FEBRUARY 2021</b>	<b>389,877</b>	<b>392,990</b>




**Balance Sheet**

As at February 2021

	2021	2020
	\$000	\$000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	911,507	920,673
Intangible assets	54,819	42,017
Investments in associates	10,798	9,852
Investments held at fair value:		
Investments in listed and related companies	35,311	22,966
<b>Total non-current assets</b>	<b>1,012,435</b>	<b>995,508</b>
<b>Current assets</b>		
Cash and cash equivalents	271	9,930
Trade and other receivables	247,224	242,680
Inventories	135,028	131,114
Property, plant and equipment held for sale	11,465	23,254
<b>Total current assets</b>	<b>393,988</b>	<b>406,978</b>
<b>TOTAL ASSETS</b>	<b>1,406,423</b>	<b>1,402,486</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders</b>		
Share capital	260,979	268,346
Other reserves	79,963	64,679
Retained earnings	48,935	59,965
<b>TOTAL EQUITY</b>	<b>389,877</b>	<b>392,990</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	315,367	233,038
Right of Use lease liability	70,824	69,071
Employee entitlement liabilities	1,636	1,449
Deferred income tax liability	17,452	21,978
<b>Total non-current liabilities</b>	<b>405,279</b>	<b>325,536</b>
<b>Current liabilities</b>		
Trade and other payables	279,950	285,884
Borrowings	221,323	291,154
Employee entitlement liabilities	14,543	13,296
Derivative financial instruments	3,571	6,260
Rebates payable	90,815	87,133
Income tax payable	1,065	233
<b>Total current liabilities</b>	<b>611,267</b>	<b>683,960</b>
<b>TOTAL LIABILITIES</b>	<b>1,016,546</b>	<b>1,009,496</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,406,423</b>	<b>1,402,486</b>

On Behalf of the Board  
4th May 2021

 Director


 Director
**Statement of  
Cash Flows**

For the year ended 28 February 2021

	2021	2020
	\$000	\$000
<b>Cash flows from operating activities</b>		
<b>Cash was provided from:</b>		
Customers	3,458,534	3,352,245
Interest received	260	618
Member trading accounts	30,169	(1,021)
	<b>3,488,963</b>	<b>3,351,842</b>
<b>Cash was applied to:</b>		
Purchases, wages and expenses	3,108,010	3,014,346
Members rebates	257,877	229,675
Interest paid	10,266	11,915
Income tax paid	2,353	3,749
	<b>3,378,506</b>	<b>3,259,685</b>
<b>Net cash flow from operating activities</b>	<b>110,457</b>	<b>92,157</b>
<b>Cash flows from investing activities</b>		
<b>Cash was provided from:</b>		
Advances from other related parties	1,180	12,002
Dividends	519	1,763
Sale of property plant and equipment	19,231	4,040
	<b>20,930</b>	<b>17,805</b>
<b>Cash was applied to:</b>		
Purchase of intangibles	20,685	15,251
Purchase of property plant and equipment	43,449	70,944
Advances to related parties and associates	947	-
	<b>65,081</b>	<b>86,195</b>
<b>Net cash flow from investing activities</b>	<b>(44,151)</b>	<b>(68,390)</b>
<b>Cash flows from financing activities</b>		
<b>Cash was provided from:</b>		
Increase in Trading Deposits/Shares	1,928	1,816
Increase in bank borrowings	-	38,400
	<b>1,928</b>	<b>40,216</b>
<b>Cash was applied to:</b>		
Decrease in bank borrowings	19,600	-
Retained Patronage Shares redeemed	49,241	48,345
Dividends paid on Retained Patronage Shares	8,050	7,816
Dividends paid on Trading Deposit Shares	1,002	997
	<b>77,893</b>	<b>57,158</b>
<b>Net cash flow from financing activities</b>	<b>(75,965)</b>	<b>(16,942)</b>
Net increase/(decrease) in cash held	(9,659)	6,825
Opening cash brought forward	9,930	3,105
<b>Ending Cash carried forward</b>	<b>271</b>	<b>9,930</b>
<b>Represented by:</b>		
Bank and cash balances	168	9,675
Overseas currency accounts	103	255
	<b>271</b>	<b>9,930</b>



“Together we, inspire confidence, drive success & sustain our communities.”



