

Our Numbers

Following are our Consolidated FY24 Financial Statements of Foodstuffs North Island Limited, for the 52 weeks in the year ended 31 March 2024.

These Consolidated FY24 Financial Statements have been independently audited by KPMG.

It should also be noted that these Consolidated FY24 Financial Statements cover the perimeter of the Foodstuffs North Island Group only, and do not cover the financial results of our Member stores.





Independent Auditor's Report

To the shareholders of Foodstuffs North Island Limited

Report on the summary consolidated financial statements

Opinion

In our opinion, the accompanying summary consolidated financial statements of Foodstuffs North Island Limited on pages 1 to 9:

- i. have been correctly derived from the audited consolidated financial statements for the 52 week period ended 31 March 2024; and
- ii. Are a fair summary of the consolidated financial statements in accordance with Financial Reporting Standard No. 43 ('FRS-43') Summary Financial Statements (**FRS-43 Summary Financial Statements**).

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

- the consolidated statement of financial position as at 31 March 2024;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the 52 week period then ended and
- notes which include summary accounting policies information.

Basis for opinion

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

We are independent of Foodstuffs North Island Limited 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 accounting and tax services and short-term employee secondment. 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.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the group's Annual Report. Other information may include the Leadership Reports, Brand Reports, People and Culture and Environmental Social Governance reports. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

The Annual Report is expected to be made available to us after the date of this Independent Auditor's Report. Our responsibility is to read the Annual Report when it becomes available and consider whether the other information it



contains is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appear misstated. If so, we are required to report such matters to the Directors.

Summary consolidated financial statements

The summary consolidated financial statements do not contain all the disclosures required for a full set of consolidated financial statements under FRS-43 Summary Financial Statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of Foodstuffs North Island Limited and the auditor's report thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our audit report on the consolidated financial statements.



Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the directors for the summary consolidated financial statements

The directors, on behalf of Foodstuffs North Island Limited, are responsible for:

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



Auditor's responsibilities for the summary consolidated financial statements

Our responsibility is to express an opinion on whether the summary consolidated financial statements are a fair summary of the audited consolidated financial statements based on our procedures, which were conducted in accordance with ISA (NZ) 810 (Revised).

We expressed an unmodified audit opinion on the consolidated financial statements in our audit report dated 21 June 2024 with Other matter paragraph on prior period restatement of Charge Through Sales presentation and Other matter on the change of auditor.

For and on behalf of:

KPMG

Auckland

21 June 2024

Foodstuffs North Island Limited

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 31 March 2024

		2024	2023
	Notes	\$ '000	Restated \$ '000
Revenue	2	9,234,836	8,462,275
Cost of sales		(8,255,786)	(7,548,867)
Gross profit		979,050	913,408
Other income		3	3
Operating expenses		(692,114)	(648,950)
Operating profit		286,939	264,461
Finance income		15,878	9,317
Finance costs		(61,715)	(60,122)
Net finance costs		(45,837)	(50,805)
Share of profit/(loss) from Associates and Joint Ventures		4,634	4,433
Profit before distribution to Members and Tax		245,736	218,089
Distribution to Members	3	(163,233)	(150,972)
Profit before income tax		82,503	67,117
Income tax expense		(85,785)	(22,173)
Profit for the period		(3,282)	44,944
of which attributable to non-controlling interests		266	(46)
of which attributable to shareholders of the parent		(3,548)	44,990
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Increase in fair value of hedging net of tax		903	6,088
Total other comprehensive gain		903	6,088
Total comprehensive income for the period		(2,379)	51,032

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.
See Note 2 for details on prior period restatement.

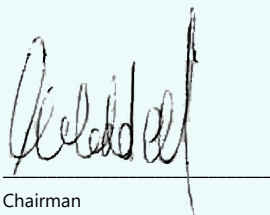
Foodstuffs North Island Limited

Consolidated Statement of Financial Position

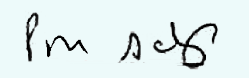
As at 31 March 2024

		2024	2023
		31 March 2024	2 April 2023
	Notes	\$ '000	\$ '000
ASSETS			
Non-current assets			
Property, plant and equipment		2,103,474	1,959,400
Right of use assets	4	358,566	370,876
Sublease receivables	4	9,859	8,822
Intangible assets		234,626	231,697
Investments in associates		3,149	3,004
Investments in joint ventures		11,063	9,773
Derivative financial instruments		1,505	2,459
Total non-current assets		2,722,242	2,586,031
Current assets			
Cash and cash equivalents		41,025	17,529
Trade and other receivables		594,318	595,913
Sublease receivables	4	2,071	1,243
Inventories		242,797	227,878
Related party loans	6	84,239	76,320
Assets held for sale		32,885	37,575
Derivative financial instruments		1,369	58
Total current assets		998,704	956,516
Total assets		3,720,946	3,542,547
EQUITY			
Capital and reserves attributable to equity holders			
Share capital		132,573	132,573
Hedging reserve		1,656	753
Retained earnings		937,461	941,009
Non-controlling interest		220	(46)
Total equity		1,071,910	1,074,289
LIABILITIES			
Non-current liabilities			
Liabilities to Members		617,316	583,366
Borrowings		250,000	250,000
Lease liabilities	4	404,221	405,519
Deferred tax liability		93,987	47,398
Other liabilities		4,486	4,118
Total non-current liabilities		1,370,010	1,290,401
Current liabilities			
Liabilities to Members		119,632	116,432
Lease liabilities	4	18,522	16,542
Borrowings		337,639	132,127
Trade and other payables		766,417	889,649
Payable of Cash distribution to Members		6,203	6,221
Income taxation payable		7,119	7,771
Derivative financial instruments		-	1,413
Related party payables	6	23,494	7,702
Total current liabilities		1,279,026	1,177,857
Total liabilities		2,649,036	2,468,258
Total equity and liabilities		3,720,946	3,542,547

The above statement should be read in conjunction with the accompanying notes.



Chairman



Director

21 June 2024

Foodstuffs North Island Limited

Consolidated Statement of Changes in Equity

For the 52 weeks ended 31 March 2024

	Share capital \$ '000	Hedging reserve \$ '000	Retained earnings \$ '000	Non- Controlling Interest \$ '000	Total equity \$ '000
At 3 April 2022	132,573	(5,335)	896,019	-	1,023,257
Profit for the period	-	-	44,990	(46)	44,944
Other comprehensive income					
Changes in fair value of hedging reserves net of tax	-	6,088	-	-	6,088
Total other comprehensive income	-	6,088	-	-	6,088
At 2 April 2023	132,573	753	941,009	(46)	1,074,289
Profit for the period	-	-	(3,548)	266	(3,282)
Other comprehensive income					
Changes in fair value of other financial assets	-	-	-	-	-
Changes in fair value of hedging reserves net of tax	-	903	-	-	903
Total other comprehensive income	-	903	-	-	903
At 31 March 2024	132,573	1,656	937,461	220	1,071,910

The above statement should be read in conjunction with the accompanying notes.

Foodstuffs North Island Limited

Consolidated Statement of Cash Flows

For the 52 weeks ended 31 March 2024

	Notes	2024 \$ '000	2023 \$ '000
Cash flows from operating activities			
Cash generated from operations	5	345,255	462,664
Interest received		14,921	9,170
Interest paid		(39,901)	(37,482)
Lease interest paid		(19,510)	(19,112)
Net GST paid		(63,910)	(64,402)
Net income tax paid		(38,571)	(36,628)
Net cash generated from operating activities		198,284	314,210
Cash flows from investing activities			
Purchase of property, plant and equipment		(218,912)	(140,598)
Proceeds from sale of property, plant and equipment		5,590	281
Purchase of intangible assets		(34,884)	(31,645)
Dividends received from Joint Ventures		3,200	4,000
Dividends received from other investments		-	3
Advances to Members		(308,805)	(309,427)
Repayment of advances to Members		292,271	316,649
Repayment from Subsidiaries		(59)	-
Repayment from Associates		19,221	974
Repayment from other related companies		9,879	3,633
Net cash used in investing activities		(232,499)	(156,130)
Cash flows from financing activities			
Proceeds from borrowings		265,512	7,127
Repayment of borrowings		(60,000)	(29,000)
Principal elements of lease payments		(1,595)	(3,350)
Deferred rebate vouchers paid		(98,059)	(93,365)
Interest paid on deferred rebate vouchers		(23,116)	(23,551)
Cash rebates paid		(25,031)	(25,307)
Net cash generated / (used) in financing activities		57,711	(167,446)
Net increase / (decrease) in cash and cash equivalents		23,496	(9,366)
Cash and cash equivalents at beginning of period		17,529	26,895
Cash and cash equivalents at end of period		41,025	17,529

The above statement should be read in conjunction with the accompanying notes.

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 52 weeks ended 31 March 2024 were issued with an unqualified opinion and were authorised by the Board of Directors on 21 June 2024.

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 2024 accounting period presented consists of 52 weeks to 31 March 2024 (2023: 52 weeks to 2 April 2023).

2 Revenues

	2024	2023
	\$'000	\$'000
Sale of goods	8,643,421	7,906,822
Services to Members	310,549	299,099
Rental income	184,995	169,695
Freight Income	62,083	61,040
Co-operative income	5,762	9,074
Miscellaneous Income	28,026	16,545
Total revenues	9,234,836	8,462,275

Prior period restatement

On the adoption of NZ IFRS 15 *Revenue from contracts with customers*, Management performed an assessment on this revenue stream and concluded that the Group did not take control of goods at any stage during a charge through transaction and therefore could not recognise charge through income on a gross basis as principal in the transaction. Therefore, in previous years the expenses associated with charge through transactions have been offset against the income in the Consolidated Statement of Comprehensive Income.

The Group has implemented a range of strategic changes during the past years, which aimed to centralise inventory management process. This prompted management to perform a re-assessment of NZ IFRS 15 Revenue from contracts with customers on the Charge Through Sales in order to determine if Group is acting as an agent or a principal. Based on this re-assessment, it was concluded that the Group is considered to be a principal.

As a result of this change in the accounting treatment, Revenue and Cost of sales for FY23 have been restated.

	FY23	FY23
	reported	restated
	\$'000	\$'000
Revenue	4,299,346	8,462,275
Cost of sales	(3,385,938)	(7,548,867)
Gross profit	913,408	913,408

3 Distributions to Members

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

	2024	2023
	\$'000	\$'000
Cash rebates payable	6,203	6,221
Cash rebates paid	18,811	18,567
Deferred rebate vouchers (DRVs)	138,219	126,184
Distributions to Members before interest	163,233	150,972
Interest on deferred rebate vouchers	27,992	25,818
Total distributions to Members	191,225	176,790

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

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

4 Leases

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

Right of use assets (ROU)	Property \$'000	Total \$'000
At 31 March 2024		
Opening net book amount	370,876	370,876
Acquisitions	2,901	2,901
Depreciation & Impairments	(12,820)	(12,820)
Closing net book amount	360,957	360,957

Sublease Receivable	2024 \$'000	2023 \$'000
Current	2,071	1,243
Non-current	9,859	8,822
Total lease Receivable	11,930	10,065

Prior year numbers include a reclassification of \$9.9m from Right of use assets balance to Sublease receivables balance.

Lease liabilities	2024 \$'000	2023 \$'000
Current	18,522	16,542
Non-current	404,221	405,519
Total lease liabilities	422,743	422,061

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

	2024 \$'000	2023 \$'000
Net profit before tax for the period	82,503	67,117
Adjustments to reconcile net profit to net cash generated from operations:		
Depreciation and amortisation	117,734	120,896
Impairment of assets	-	7,166
Distribution to Members	163,233	150,972
Share of profit from Associates & Joint Ventures	(4,634)	(4,433)
Net finance costs	45,837	50,805
Unrealised loss/(gain) on derivative transactions	(509)	(743)
Dividends received from other financial assets	(3)	(3)
Net (gain) / loss on disposal of assets	(1,518)	2,148
Working capital movements:		
Increase in inventories	(14,919)	(38,445)
Increase in trade and other receivables	(7,513)	(90,207)
(Decrease) / increase in trade and other payables	(46,317)	186,767
Increase in lease liabilities	23,119	10,350
(Increase) / decrease in sublease receivables	(11,758)	274
Cash generated from operations	345,255	462,664

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

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 Member Shareholders. On a Group level, approximately \$9,242.2m (2023: \$8,451.3m) 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 \$21.3m (2023: \$21.5m). Net charges to related parties were \$0.2m (2023: \$0.3m). Key management personnel compensation in the Group is \$15.2m (2023: \$11.5m). 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 \$1.5m (2023: \$1.5m).

(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 31 March 2024 a reserve against future recoverability of Member loans of \$4.3m (2023: \$nil) was held.

	2024	2023
	\$'000	\$'000
Loans to Members	81,902	65,309
Loans to Joint Ventures	2,016	5,062
Receivable from other related companies	321	5,949
Related party receivables	84,239	76,320

The Group recognised a \$4.3m provision in relation to the loans to members balance.

Included in trade debtors for the Group is \$443.8m (2023: \$407.5m) 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.

	2024	2023
	\$'000	\$'000
Payable to Joint Ventures	11,578	38
Payable to other related companies	11,916	7,664
Related party payables	23,494	7,702

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 8.46% (2023: 6.00%)

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 \$7.6m (2023: \$9.1m).

The Group also has transactions and balances with the stores controlled by Directors to the Group as detailed below:

	2024	2023
	\$'000	\$'000
Revenue from Director controlled stores	809,582	731,656
Receivables due from Director controlled stores	30,268	27,705
Deferred rebate vouchers paid, including interest	6,937	5,295
Cash rebates paid	1,609	1,521

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

(c) Guarantees

	2024	2023
	\$'000	\$'000
Guarantees for Members' bank loans	542,989	495,204

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. The Directors do not expect any cash outflows based on a review of the current financial situation of Members.

(d) Fair values

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

(e) Investment in subsidiaries

The Group's principal subsidiaries are:

	Business activity	Share of issued capital and voting rights	
		2024	2023
Equity Funding Limited	Investment	100%	100%
Foodstuffs Christmas Club Limited	Loyalty programme	100%	100%
Foodstuffs Finance (Auckland) Limited	Funding	100%	100%
Foodstuffs Fresh (Auckland) Limited	Distribution	100%	100%
FSNI 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%
Gilmour's Wholesale Limited	Wholesaling	100%	100%
Foodstuffs Precision Media Limited	National advertising	70%	70%

(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	
					2024	2023
Foodstuffs (N.Z.) Limited	2 April	Joint Ventures		Brand management	50%	50%
Foodstuffs Liquor New Zealand Limited*	31 March	Joint Ventures		Retail	67%	67%
Foodstuffs Own Brands Limited	2 April	Joint Ventures		Procurement	50%	50%
Foodstuffs Inbound Limited	2 April	Joint Ventures		Transport	50%	50%
Eat My Lunch Limited	31 August	Associates		Catering Service	23%	23%
Fresh Connection Limited	30 June	Associates		Produce Distribution	25%	25%

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

Foodstuffs North Island Limited

Notes to the Consolidated Financial Statements

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.

	2024	2023
	\$'000	\$'000
Interests in Associates		
Carrying value at beginning of period	3,004	4,260
Disposal of shares in Associates	-	(1,650)
Group's share of Associate's profit	145	394
Carrying value at end of period	3,149	3,004
	2024	2023
	\$'000	\$'000
Interests in Joint Ventures		
Carrying value at beginning of period	9,773	9,734
Group's share of Joint Venture's profit	4,490	4,039
Dividends declared	(3,200)	(4,000)
Carrying value at end of period	11,063	9,773
	2024	2023
	\$'000	\$'000
Results of Associates and Joint Ventures		
Share of profit before income tax	6,436	6,173
Income tax	(1,802)	(1,740)
Share of profit from Associates and Joint Ventures	4,634	4,433

7 Subsequent events

There have been no material events subsequent to 31 March 2024, except as described below.

In December 2023 Foodstuffs North Island Limited and Foodstuffs South Island Limited filed a merger application with Commerce Commission. On 4th June 2024, the Members from both the North Island and South Island co-ops voted in support of the merger. The merger is still subject to Commerce Commission and High Court approval. Further communications are expected from the Commerce Commission on 21 June 2024.