Bidfood Australasia

Bidfood Australia and Bidfood New Zealand make up the Bidfood Australasia division, acquired into the group over 20 years ago, in 1995 and 2000 respectively, offering a full end-to-end national foodservice.

Australia's corporate offices are located in Sydney, Brisbane and Adelaide and we operate 40 foodservice distribution facilities and four processing facilities, as well as an imports division that sources product from around the world. Bidfood offers the most comprehensive range of products and services to the Australian foodservice market. Australia employs more than 2 203 people, providing a wealth of experience which, when combined with their passion and commitment, truly set Bidfood apart from its competitors.

New Zealand's national reach stretches from Whangarei to Invercargill, with over 2 010 staff operating from distribution centres and processing facilities in 17 regional locations. Once you know who NZ is, it can be hard to avoid seeing us wherever you are around the country, with our trucks on the road every day delivering some of our range of different products to customers across both islands.

Our vision is to provide everything our customers need to produce culinary magic and realise their vision on the plate.

Bidfood's strategy remains to create value by focusing on supplying the right product to the customer, at the right price and on time. The management and staff are all passionate about service and entrenching Bidfood's position as the leading foodservice distributor across Australasia.

Our chief executives

Rachel Ruggiero
Bidfood Australia

Phil Struckmann
Bidfood New Zealand

> *While it is a difficult time to run a business and focus on much else but COVID and its effect on the economy we should all take comfort in the fact that we have a great business that seems to be able to bounce back quickly when restrictions ease. It is frustrating as many projects and opportunities are being put on hold while we sit out more lockdowns. However, the vaccination rollout is ramping up and there is a road map to recovery, and we need to focus on that.*
>
> **Rachel Ruggiero**
> *CEO, Bidfood Australia*

Bidfood aims to:

- Empower our employees with the training, the authority and the responsibility to enable them to achieve their targets
- Enable employees to realise their potential through training and development of their skills
- Create a culture on non-discriminatory employment practices and the promotion of employees
- To create a safe and productive work environment

Employee conduct and ethics

We have strict HR policies and standards in place to ensure compliance with legislation and fundamental rights at work including: freedom of association; dignity at work; and prevention of discrimination throughout employment.

We have in place a comprehensive code of conduct which includes fairness; non-discriminatory reporting; respect for human dignity and human rights; social justice; health and safety; and ethics.

Howie Clare
– EROAD Driver Winner

New Zealand are proud to announce that our driver, Howie Clare, has won EROAD's Driver Award for 2021. Howie, who is based in the Hawke's Bay region, maintained a constant score throughout the 1st Quarter of the year, as well as driving the furthest distance.

HC Human capital

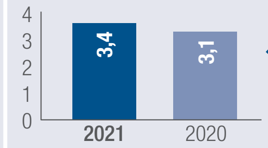
Total employees
4 213 ↑ 3%
2020: 4 095

Fatalities
Zero
for the past five years

Male employees
3 031 ↑ 1%
2020: 2 991

Female employees
1 182 ↑ 7%
2020: 1 104

PAYROLL SPEND (Rbn)



↑ 10%

Employee training spend
R3,7m
2020: R2,1m

> *We believe in empowering people, building relationships and improving lives. Entrepreneurship, incentivisation, decentralised management and communication are the keys.*

New Zealand is very proud to be a significant employer of Kiwi's not only in the urban centres but also our regional towns and cities including Hastings, Nelson, Greymouth & Timaru. Our team are very proud Bidfooders; we get excited about food, inspiration from our customers and passionate about the service we provide them.

The results the **Australian** team have been able to deliver in such challenging times is really amazing and is testament to the fantastic people working all across the business and the strong culture the business has developed over many years. The feeling amongst the staff is positive and everyone is happy to be back, working together and looking forward to the future.

It has been a particularly difficult time for the regional teams because the border closures have prevented them from coming together. In spite of this they have done a great job keeping in touch with the branches in their regions, through Zoom meetings and assisting remotely where they can. Fortunately, the Australian branches share the same ERP system so we are able to work on any branch remotely. It has also been a huge benefit that our senior team is located all over the country so most of the time we have been able to have a senior team member remain in contact with the different branches throughout.

There is no doubt that the government job keeper programme helped us save many jobs, which has enabled us to respond relatively quickly when restrictions have been eased. We were fortunate enough to not have to put many staff off and didn't put off any staff in key areas like sales. Many of our competitors cut numbers quickly and deeply; making a swift recovery a lot more difficult; helping us pick up market share over this time.

Australia has a comprehensive code of conduct in place addressing fairness, non-discriminatory reporting, respect for human dignity and human rights, social justice, health and safety, and ethics.

New Zealand vaccine rollout

Efforts to support the COVID vaccination rollout nationally are a priority, and an internal rewards programme has been established, incentivising our teams to get vaccinated in Australia.

> *It certainly has been another unusual year, with every good result tempered by the lingering risk of another lockdown. But as was the case last year, the staff of Bidfood have been outstanding in their response – quick to adapt to challenges, and even quicker to respond to the opportunities that presented themselves. I would like to thank each and every one of the 2,200 people who made this year's result possible who provided the good humour and clarity of vision required to not only steer the business through some difficult times, but also to recognise and grab the opportunities that emerged along the way.*
>
> **Phil Struckmann**
> *CEO, Bidfood New Zealand*

Australasia

In addition to this capitals-related overview, please link to individual country websites for more detail, using the buttons below.

Australia

New Zealand

FC Financial capital

Revenue
R33,0bn ↑ 14%
2020: R29,0bn

Trading profit
R2,5bn ↑ 29%
2020: R1,9bn

Revenue growth of 13,9% to R33,0 billion (2020: R29,0 billion) and trading profit increase of 29,4% to R2,5 billion (2020: R1,9 billion) were extremely pleasing. Both businesses were able to trade through most of 2021, with COVID restrictions mostly impacting international travel and intermittent regional shutdowns. Management's commitment to supporting customers and ensuring ongoing high service levels were rewarded with market share gains.

Australia has performed well despite the numerous regional lockdowns. Revenue for 2021 is approximately 102% of prior year levels and 90% of 2019 levels, with trading margins much in line with the prior year. Focused management of gross margin and overhead expenses, contributed to a great 2021 finish. July has seen Australia plunged into strict lockdowns in many regions and a bumpy time is expected into the start of 2022.

New Zealand recorded excellent results with full year sales near 2019 levels, despite regional lockdowns impacting activity levels. Trading margins surpassed those of 2019, which resulted in a great result.

Expense management has been challenging with utility cost and food inflation increases and global supply chain disruptions restricting key commodity imports. Difficulties in staff resourcing, especially in warehouse and driver roles, have significantly driven up our wage bill. Customers are placing increased pressure on product pricing with food input cost containment a focus area across all areas of the business.

Many sales categories did not return to pre-COVID days, like shipping, major sporting events and festivals. There has also been no international tourism and domestic travel has been limited due to border closures.

It must be stated that in those parts of the country that were free of COVID, those branches performed extremely well. It is hard to quantify but the general feel is that we are gaining market share. We continue to see various lockdowns and border closures as the authorities respond to COVID outbreaks. This will be the 'new normal' until the vaccine programme has been rolled out.

MC Manufactured capital

Depots (m²)
297 961 ↓ 6%
2020: 317 066

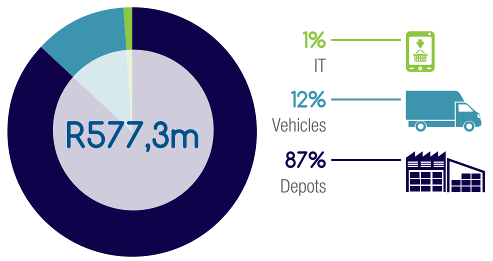
Vehicles (#)
1 106 ↓ 8%
2020: 1 200

Capex investment
R577,3m ↓ 42%
2020: R990,9m

Investment in IT
R19,0m ↓ 63%
2020: R51,0m

HARDWARE*	SOFTWARE
R8,0m	R11,0m
2020: R15,6m	2020: R35,4m

* Hardware includes IT and office equipment



Bidfood Australia has invested in significant future capex projects to position the business well once markets are fully reopened. With circa 12 properties under substantial development in the next few years, management have ensured that the business is adequately equipped to meet its current growth forecast.

The Australian property portfolio recorded profit for the full year, booking abnormal gains of more than A$58 million from the strategic exit of the end-of-useful life properties through sale and leaseback disposals.

New Zealand's entry into processing and light manufacturing operations started with the 2011 acquisition of Raeward Fresh in Christchurch, since expanded through acquisition and greenfields investment to four specialist processing operations in Auckland and Christchurch.

The growth of the **New Zealand** business over the past few years has seen a number of our branches move out of older, leased sites, into new purpose-built distribution centres (DC), which are owned by Bidfood. Rents on owned properties are set at market rates, with a full market valuation done every 5 years, and CPI increases applied in every other year.

Investment in fixed assets was just more than NZ$30 million for the year, with more than half of this relating to land purchases – in Wellington for the new Foodservice DC (purchased June 2018), and a new Imports DC in Auckland. The Christchurch Foodservice business has moved into the new site, allowing us to clean and renovate the existing site, before moving Logistics into that building. This has freed up the Logistics building to be used by Imports, creating extra capacity and reducing our reliance on 3PL providers.

An initial assessment of the Imports site has been completed. This focused on the varying types of warehouse automation technology available and assessed the value of these relative to the cost for our planned operation. As attractive as these projects look in theory, the assessment showed quite clearly that even our more optimistic volume forecasts simply do not warrant the investment required, although we will be looking to design the warehouse layout in a manner which will allow us to retrofit some of this automation at a later stage, should the metrics change sufficiently.

In May **Australia** acquired the Craven in Bunbury WA foodservice giving us additional regional capability.

As part of the Auckland-based inner-city initiative project to create a zero emissions area, **New Zealand** have invested in a new EV truck for the fleet at Auckland South.

IC Intellectual capital

CUSTOMERS (#)
46 609 ↑ 14%
2020: 40 820

Customer mix 2021

65%	Independent
15%	Chain
12%	Logistics
8%	Retail and other

Product SKUs (#)
82 119 ↓ 5%
2020: 86 141

Ecommerce platform sales
65% of 2021 divisional revenue
2020: 64%

Product mix 2021

39%	Frozen
26%	Chilled
29%	Ambient
6%	Non-food

Own Brand
18%
2020: 17%

Suppliers (#)
4 293 ↓ 9%
2020: 4 692*

Foreign suppliers make up
11% of purchases
2020: 11%

* Comparatives restated – NZ.

Innovative solutions launched in Australia such as:
Gulp – liquor range magazine, New Choice Cut meat range, Annual festive campaign, New look and format Loyalty Rewards programme, New company brand style, Gluten Free Foodservice guide

Bidfood exhibits at **New Zealand's** largest industry food event – Fine Foods, held every two years, with over 6000 attendees across three days.

Australia is the preferred supply partner for over 30 000 customers operating across sectors such as education, healthcare, hotels, pubs, restaurants, contract catering, and leisure sites. The comprehensive product range includes the best of Own Brand and leading foodservice brands, everything from store-cupboard ingredients to ready-to-serve solutions, frozen and chilled food. Also on offer is a comprehensive range of carefully selected wines, beers, ciders and spirits, as well as quality catering equipment and supplies, including cutlery, cookware, cleaning and disposables.

New Zealand embraced the brief opening of the trans-Tasman bubble and experienced the speed and significance of the potential activity levels to come once markets reopen. Core market growth is evident in all areas including our centre-of-plate-protein offering, where consistent supply and product quality at minimal price variability, has been very well received by our customers. Light manufacturing of value-add product is being actively pursued across the region.

Foodservice finished the year ahead of 2019 results, a fantastic achievement benefiting from converting customers to our imported Own Brand range. Significant service and labour efficiencies were implemented to offset the increased employment costs. Inter-branch management of sales was a key cost management technique that delivered good results across the business. Navigating the staff shortages remain top of mind.

We're committed to working with our suppliers to operate ethically and to build greater transparency within our supply chains.

Launch of the Customer Portal – self service options for customer to drill down into the details of their purchase history.

BidfoodHome is here to support all those who need to #stayhome and #staysafe. We can get all your essential food, beverages & kitchen supplies delivered directly to you.

Australasia

NC Natural capital

DIVISIONS TOTAL CARBON EMISSIONS (tCO_2e)

69 543 ↓ 17%

2020: 84 090

Fuel and gas

SCOPE 1 EMISSIONS (tCO_2e)
(excl refrigerants and aircon gases)

25 229 ↓ 5%

2020: 26 543

SCOPE 1+ EMISSIONS (tCO_2e)
(only refrigerants and aircon gases)

2 543 ↓ 53%

2020: 5 423

Fuel: The impact of the COVID shutdowns is still reflected in the decreased vehicle use, moreover the price of fuel has decreased. The resulting negative impact on sales activity lead to a reduction in fuel usage as delivery volumes fell. Since then, branches have reviewed their service levels (including removal of Sunday deliveries) in an ongoing effort to reduce costs as a result of reduced sales levels.

Gas: Closure of several branches has also contributed to lower usage. LPG usage is much lower due to the disposal of the fresh division that used primarily LPG forklifts.

Aircon gas: New sites are built with more efficient refrigeration systems and with low-charge ammonia replacing older refrigeration systems. Coupled with the closure of several branches, this has reduced our overall gas usage.

Overall use of refrigerant gases in current year was consistent but to note the current year includes ~100kg of Ammonia used in the new Christchurch Foodservice site, while prior year includes a similar volume of R404a at the Christchurch Butchery site due to an unplanned leak.

Power

SCOPE 2 EMISSIONS (tCO_2e)

32 948 ↓ 22%

2020: 42 480

Newcastle warehouse planned for use by December 2021.

Australia solar production has increased in megawatt hours by nearly 50% year-on-year to June 2021, with Darwin, Colmslie, Cairns, and Bendigo solar systems operational from Q1 2021 compared to last year. New, more efficient, warehouses have been opened at Cairns and Dandenong during the year, with the closure of several previously inefficient branches has reduced overall non-renewable energy consumption. This growth rate is expected to continue in 2022 with the installation of the solar array at John Lewis Foodservice in Adelaide and the

Energy availability continues to be a key risk that has management's full attention. To address this we have invested in four mobile generators, placed strategically to ensure rapid deployment in Queensland, Victoria, New South Wales, and South Australia. New sites are being constructed with permanent on-site backup generators and nearly all new sites have solar power generation installations. Where possible excess energy production is fed back to the grid to help alleviate costs. We have even commenced the retrofitting of existing sites with solar panels.

For all new sites, Australia has committed to solar panel installations, and efficient refrigeration and lighting solutions.

New Zealand did see an increase in electricity consumption due to the additional sites opened during the year. Onsite electricity is being generated at the Hobsonville site, opened in the prior year, reporting energy generation since January 2020. We are now able to monitor the benefits over full annual cycle with generation significantly higher in the summer months.

Waste

SCOPE 3 EMISSIONS (tCO_2e)

8 823 ↓ 9%

2020: 9 644

The closure of several sites across Australia, and the subsequent clean-up over the past year lead to positive decreases in wastage recorded. Waste produced by the Australian distribution centres is mostly packaging waste and food waste.

Since 2018, Bidfood has produced 3% less waste due to the encouragement of operations to reduce and reuse.

Water

MUNICIPAL WATER
(kilolitres)

207 602 ↓ 32%

2020: 303 753

Australia has reduced their water consumption following the closure of several branches.

New Zealand installed microwave thawing solutions in Christchurch reducing the water used for thawing previously.

SC Social and relationship capital

Bidfood fully accepts the responsibility that comes with being a leading business within your operating territory. With a focus on both the foodservice industry and the wider community, we aim to make a meaningful contribution.

Daniel Morcombe Foundation

Australia participated in the **'Day for Daniel' fundraiser,** as has now become an annual highlight for the team, and together we raised another A$50 000 for the Morcombe Foundation.

This is our 10th year involved with this foundation and so far we have raised over A$600 000 for this charity.

Bidfood has gone the extra mile to ensure essential service customers have everything they need during the challenging COVID pandemic lockdowns.

Bidfood recognises that it is an integral part of the communities and environment in which it operates. We aim to:

- Fulfil our obligations to the environment and communities within which we operate
- Be a respected member of those communities
- Be an employer of choice

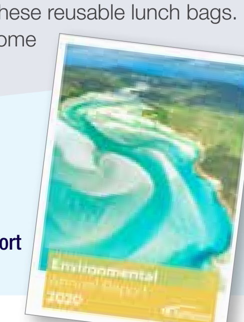
New Zealand is very proud to have contributed over NZ$1 million to date, which helps support 127 schools in 8 regions across New Zealand (Marlborough, Bay of Plenty, Far North, Wellington, Canterbury, Southland, Auckland, Hawkes Bay), impacting over 23,641 students.

Wellington branch sent trucks of food in March 2021 to feed more than 300 school children seeking safety on a Whangarei hilltop, easing the hunger pains of Morningside Primary School and Renew School Whangarei pupils who evacuated to Anzac Park in Raumanga after the tsunami alert sounded.

Great to see the Auckland South team coming together to support Auckland University of Technology (AUT) during these challenging times. We've been working closely with the team at AUT's student accommodation this lockdown, as they were faced with the challenge of providing contactless catering to over 300 of their residents.

Our Own Brand team in Christchurch are proud to support Bishop Julius in their effort to reduce waste and promote sustainability by supplying these reusable lunch bags. Each student will receive a bag in their Bishop Julius welcome package – keeping their lunches fresh and tasty throughout the year

Click here for the **Bidfood Australia Environmental Report**



Graeme Dingle Foundation

For over 12 years, **New Zealand** has partnered with the Graeme Dingle Foundation – an organisation dedicated to helping kiwi kids build resilience, self-belief and life skills that empower them to succeed and overcome life's obstacles. The Graeme Dingle Foundation has a vision for 'New Zealand to be the best place in the world for children to grow up', an aspirational goal which we are committed to supporting as a long-term partner.

Kaivolution

Kaivolution rescues edible food from being needlessly thrown away and redistributes to charities, community centres and through the Kaivolution Freestore. New Zealand Hamilton has been involved with Kaivolution right from the start. In their first five years, more than 700 tonnes of food, destined for landfill yet still edible was rescued. Food that's good enough to eat, but not good enough to sell is picked up, sorted and redistributed to communities. The environmental impact is significant yet it's the social benefit that cannot be underestimated. Every month Kaivolution distributes to 80 charities and community organisations to provide access to free food for over 2 500 individuals.

"The food we divert from landfill each month reduces greenhouse gas emissions by 32 000 kg per month – the equivalent of 126 000 km travelled by car". – Kaivolution