MARKET GARDENERS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2024

Table of contents

Financial highlights

• **Group gross sales under management**	$1.224 billion
• **Group profit before income tax**	$21.395 million
• **Group profit for the year (after income tax)**	$13.991 million
• **Group total equity**	$220.412 million
• **Group total assets**	$402.471 million

Shareholder distributions	**2024** $'000	**2023** $'000
• Special Bonus Issue (November 2024)		
• 1 for 12 on "A" shares (2023: 1 for 12)	5,046	4,463
• 1 for 2 on "B" shares (2023: 1 for 3)	8,084	5,644
• 1 for 1 on "C" shares (2023: 1 for 1)	992	1,047
• Supplier shareholder rebate (issued as 2024 "C" shares) (2023: issued as 2023 "C" shares)	250	250
• Bonus issue on supplier shareholder rebate of 3 for 1 (2023: 3 for 1)	750	750
• Final gross dividend on "A" shares: 3 cents per share (2023: 3 cents per share)	1,817	1,530
• Imputation credits attaching to the above distributions	7,215	5,224
Total shareholder distributions in relation to the year ended 30 June	24,154	18,908

Chair's and Chief Executive Officer's review

On behalf of the MG Group Board and Management, we are pleased to present this annual review for 2023–2024. Earlier this financial year, on 23 November 2023, we celebrated our 100th anniversary. We'd like to start this year's annual review by reflecting on the milestone, acknowledging the foresight of the resolute group of growers who established our co-operative at Te Aro in Wellington all those years ago.

For any business, it's a wonderful achievement, particularly for the MG Group when you consider how far we've come. In many ways, it has been a century of success against the odds, and that's down to the enduring spirit laid down by our founding grower-shareholders and their willingness to continue progressing the company forward. Our history tells us that the first grower-shareholders were not individuals endeavouring to enrich themselves but people who truly wanted to build a fresh produce market business that took a long-term view, thereby ensuring sustainable success for themselves, their families, and, importantly, for future generations. It is therefore with great satisfaction that, 100 years on, through our ability to adapt and diversify, the MG Group continues to grow and is well positioned for long-term success.

Throughout the centenary year, our teams across the country acknowledged the contribution of shareholders, employees, customers, business partners, and the community by hosting ten events, which were very well attended, attracting over 1,200 guests. A highlight was the gala dinner, hosted at Te Papa in Wellington, near the original Market Gardeners Limited site, and included the launch of a book about the co-operative called 100 Stories for 100 Years.

Now, looking at this past year, which presented us with a number of challenges, it is pleasing to produce another good financial result, demonstrating a strong team effort and our ongoing progress against our strategy.

Inflation, an increase in costs, a period of low values and oversupply, along with the prevailing financial downturn, have had an impact on growers, customers, and, by association, our MG Group business. Despite these challenges, it is commendable that we have been able to maintain momentum in our sales. However, these external forces have squeezed our overall result.

After a strong first seven months of trading, economic signals suggested it was going to be a challenging latter part of the year. However, it was surprising how rapidly change occurred. The MG Group market business in New Zealand achieved record sales from July through to January, with a sharp decline in February, which has continued into this financial year.

We have enjoyed year-on-year growth for over a decade, but now, as a result of current market conditions and the outlook over the near term, we are responding by moving from a growth phase to one of consolidation. This includes closely examining all business costs and looking for productivity and efficiency gains where possible.

This approach also aligns with our decision to exit our Australian business, Premier Fresh Australia, with the sale finalised in June 2024. This is a deliberate strategy to actively refocus the co-operative on our New Zealand operations.

While this results in a reduction in the size of our co-operative, it leaves us with a group of strong businesses, each with good growth potential and, importantly, a very strong balance sheet due to the sale allowing us to pay down debt. This stronger financial position does not mean that we feel any urgency to make new acquisitions. Apart from having a lot of opportunities for growth in our existing businesses, where the MG Group is well positioned as the market leader, new investments will only occur if they are evaluated to complement our current operations, align with our strategy, and have the potential to deliver shareholder value over the long term.

Our ability to secure a fair and reasonable deal, which included the repayment of all loans Premier Fresh Australia owed to the MG Group, as well as a return on the equity, was largely linked to the successful completion of the business improvement plan which was implemented over the previous two years. This included consolidating a number of sites and restructuring Premier Fresh Australia to create a leaner organisation.

In addition to our core produce marketing operations, this review covers our diverse range of subsidiary and associate businesses which include Te Mata Exports, United Flower Growers, Southern Paprika Limited, JS Ewers, Kaipaki Berries, New Zealand Fruit Tree Company, and First Fresh. Operationally, we are generally pleased with each of the businesses in our MG Group. Like our market operation, the have also been trading through a challenging period, with tough market conditions, increased operational costs, and, in some cases, weather disruptions.

This year's gross sales under management were $1.224 billion. Group profit after tax was $14.0 million, a 265% increase on last year's $3.8 million. Group Equity at the end of the 2024 financial year was $220.4 million compared to last year's $210.7 million, and the MG Group assets now sit at $402.5 million.

Competition is strong across the entire produce industry, with traditional competitors wanting to gain market share and alternative channels to market looking to attract our grower-suppliers—but that has always been the case. The challenge we face every day is to create new opportunities, to innovate, and to take the right risks in order to meet competitive threats. We think this has been a strength of our MG Group, particularly over the past 25 years, as has our focus on rewarding grower-shareholders who transact business through our markets.

In that context, it is helpful to consider the growth of the co-operative over that time, where group gross sales under management through the MG's New Zealand markets have grown from $77 million in 1999 to $728 million today. During that period, equity has grown significantly from $8.7 million to $ 220.4 million, with over $150 million of distributions to shareholders. In fact, over the past ten years alone, our co-operative has made over $129 million in distributions to shareholders.

Our decisions will continue to be shaped by the changing landscape of the horticulture industry and to position the MG Group for long-term success. As a Board and Management, our aim is to ensure the MG Group is resilient, strong, forward-thinking, and sustainable. The fact that we have adhered to such principles explains why we continue to prosper after more than a century of operation.

Again, this year, we have invested in infrastructure, systems, processes, and our people to drive our performance. We are also continuing to leverage technology within our operations, particularly now that we've finalised the roll-out of the new operational platform, M3. Outside of financial performance, we also continue to focus on how we operate, with sustainability integrated into all parts of our decision-making.

We'd like to acknowledge our dedicated teams who continue to meet the needs of our grower-suppliers and customers and build on what we have achieved over our history. I extend my thanks to our shareholders for their ongoing support and hope you enjoy reading more about our people and our progress in the subsequent pages of this year in review.

Financial overview | Distributions | AGM

As mentioned earlier, the sale of the MG Group's 70% stake in Premier Fresh Australia took place during the last financial year; therefore, their information no longer forms part of the MG Group financial reporting. Information related to the sale can be found in the notes to the financial statements (note D1.1).

For the year to 30 June 2024, group gross sales under management amounted to $1.224 billion (2023: $1.17 billion). For the same period, group net profit before tax was $21.4 million compared to $12.6 million in 2023 (including an impairment of $16.9 million). As noted earlier, the strong performance was driven by a record result from the New Zealand operations and reasonable contributions from the subsidiary and associate companies.

Also of note, total group equity now sits at $220.4 million (2023: $210.6 million), with total assets at $402.5 million (2023: $551.6 million), reflecting the recent good financial performance and the sale of Premier Fresh Australia. This good financial performance will allow your co-operative to continue making strategic investments and creating further shareholder wealth, whilst also aiming to continue distributing significant wealth to shareholders—the 2024 distributions are detailed on the following page.

In addition to this annual report, the MG Group presents an annual review which includes summarised financial statements. If you would like a copy of the annual review, visit the website, www.mggroup.co.nz, or contact the Company Secretary, Duncan Pryor, on (03) 343 1794 or email dpryor@mggroup.co.nz.

Distributions

Given the strength of the Company and the strong results from the New Zealand operations, the MG Board of Directors has resolved to return to its shareholde7rs significant distributions totalling $24.2 million (2023: $18.9m) by way of rebate shares, special/bonus issues, dividends, and imputation credits. This is the seventh consecutive year that shareholders have received a special bonus issue.

On 1 August 2024, the Board declared the following distributions in relation to the year ended 30 June 2024:

- Special bonus issue – a fully imputed taxable special bonus issue of:

- 1 new "A" share for every 12 existing "A" shares; and
- 1 new "B" shares for every 2 existing "B" shares; and
- 1 new "C" share for every 1 existing "C" share.

• Supplier shareholder rebate – a taxable rebate of $ 250,000 to be applied by the Company in paying up in full "C" shares of the Company to be issued at $1.00 each and made in such manner as the Directors determine those shareholders that are Current Producers that have supplied on a consignment basis during the financial year ended 30 June 2024.

• Bonus issue – a three for one fully imputed taxable bonus issue on the "C" shares issued out of the above rebate. This amounts to $750,000 worth of "C" shares being issued (Shareholders that are Current Producers receive three further "C" shares for every one "C" share they receive from the above rebate). As imputation credits have been attached to the bonus issue shares they are mostly tax paid in the hands of the shareholder.

• Final dividend – a fully imputed taxable gross dividend of three cents on every "A" share. Once again imputation credits are attached to this dividend.

The above distributions will be made only to those shareholders entered on the share register at 30 June 2024 who continue to hold, at the date of the 2024 Annual Meeting, the shares held at 30 June 2024.

The special bonus issue, rebate, bonus issue, and dividends represent $24.2 million being distributed back to the MG Group's loyal and supportive shareholders. Not only is this a significant distribution of wealth to the shareholders, but it also represents the strength of the co-operative as a whole.

In addition, and as has occurred for many years now, we are pleased to note the support of the shareholders through their high level of reinvestment of their dividends back into more MG "A" shares through the dividend election plan (which any shareholder can elect to participate in).

Annual Meeting of Shareholders

Market Gardeners Limited's Annual Meeting of Shareholders will again be a hybrid event with shareholders able to attend in person or online using the Zoom platform.

Date: Thursday 21 November 2024
Time: Commencing at 5.00pm

Attending the AGM in-person

The in-person AGM will be held at the Rydges Latimer, 30 Latimer Square, Christchurch.
Shareholders are welcome to join MG Group directors, management, and staff to formally or informally discuss topics of interest. There will be drinks and canapés following the meeting at approximately 6.30 pm. All shareholders and their partners are warmly welcome to attend. Details are included in the Notice of Meeting.

RSVP registration is required for catering purposes. If you wish to attend, please complete the online form at www.mggroup.co.nz/agmrsvp or contact our Company Secretary, Duncan Pryor, on (03) 343 1794 or email dpryor@mggroup.co.nz.

Attending the AGM online

Shareholders can attend this year's meeting online using the Zoom platform. Shareholders must register in advance. The full presentation will be available, and shareholders will have the opportunity to ask questions through an online portal.

Information about how to register and log in to the event will be distributed to all shareholders in advance of the meeting. A link to the registration form will also be available on the AGM page of the MG Group website.

100 Year Book

100 Stories for 100 years

Last year, we had the pleasure of marking 100 years of operating in New Zealand. As part of the centenary celebrations, we produced a book called *"100 Stories for 100 Years"*. It is an interesting collection of short stories that capture the history, the ups and downs, the risks taken over the years, and the many personalities that have shaped the MG Group. Market Gardeners Limited shareholders who attended the 100-year celebration received a copy on the night.

Shareholders who did not attend the event, and would like a copy, can order one by emailing the following address: mg100year@mggroup.co.nz.

Board and Executive Management

We would like to thank the Board and Executive Management Team for the tremendous work they have done over the past 12 months to ensure that this co-operative's future remains bright. Their range of skills, experience, and perspectives is complemented by a collegial and collaborative approach. We are pleased to report that the governance and leadership are serving the shareholders well.

The end of the 2024 financial year saw a major change in the executive management team. Jamie Russ was promoted to General Manager of Domestic Procurement, taking over from Roger Georgieff. Sadly, Roger has been dealing with a serious health condition, which meant he had to step down from the executive role. He continued in an advisory and mentoring capacity as Jamie transitioned into the new leadership position, for which we have been extremely grateful. However, his health condition has meant that he subsequently has had to step away from the business.

We would like to take the time to acknowledge the significant contribution Roger has made to the MG Group. He has been an outstanding executive over the past 27 years. His knowledge and leadership have played a significant role in driving our domestic business forward, including building our procurement team from the ground up. He has been a valued and well-liked member of our team, and the wider industry, and will be sorely missed.

Domestic procurement is a very important part of the business and requires people who understand the complexities of the industry. Therefore, we are pleased that this important appointment has been made internally, with Jamie bringing a great deal of experience gained during his time as a senior sales representative, branch manager, and, more recently, as a member of the domestic procurement team.

Key executive positions of CFO (David Bennett) and GM of Human Resources (Jayne Cook) were also filled, and they made a seamless transition into the leadership group during the year.

We have built an experienced and focused executive team, who are engaged and work positively with the Board. It's a large group, with 14 executives, but it provides us with significant depth and positions us well for future succession. Direct communication between the Board and executive has been enhanced. In addition to continuing with written and verbal updates, this past year we introduced regular Board presentations from executives responsible for areas of our strategy. This has proven useful, providing an extra level of detail, generating valuable discussion, and helping to ensure that news about challenges travels upwards as quickly as good news. It also allows the Board to better fulfil its role in monitoring the management of the MG Group in achieving the strategic direction it sets.

A significant Board initiative this past year was the issuing of treasury stock shares. This was in response to shareholder feedback and a general desire to enhance the liquidity of shares in the co-operative. From time to time, such as when a shareholder retires, shares are surrendered. Rather than cancelling those shares, the Board resolves to hold a portion as treasury stock and offer them to shareholders who are current producers. This enables the MG

Group to preserve its working capital and equity, while also providing an opportunity for shareholders to add to their shareholding if they choose.

The treasury stock initiative has been well received, with the first issue of treasury stock in December 2023 being oversubscribed. The MG Group has performed well and has produced strong returns in recent years, and it is believed this contributed to the strong response. The Board has subsequently agreed to complete another treasury stock issue this present financial year.

In accordance with the constitution, directors Lynn Crozier and Joanna Lim retired by rotation and, being eligible, offered themselves for re-election. As no valid nominations were received, their re-election will be announced at the 2024 Annual General Meeting.

Bruce Irvine, Chair, Appointed Special Director

Bruce joined the MG Board in 1994. He has an extensive business background and previously held the position of Managing Partner of the Christchurch office of Chartered Accountants, Deloitte, between 1995 and 2007. He is also past Chair of Christchurch City Holdings Limited. Bruce is currently Chair of Heartland Bank, and Skope Industries, and is director of a number of other public and private companies including House of Travel Holdings and Scenic Circles. He is also a member of the University of Canterbury Council. Bruce is MG's Chair, and up to 27 June 2024 was Chair of Premier Fresh Australia's Audit Committee, and a Director of Premier Fresh Australia.

Member of MG's Remuneration & Nomination Committee and Audit Committee.
Chartered Fellow of the IOD* and Accredited Fellow of the Chartered Accountants Australia and New Zealand.

Trevor Burt, Appointed Special Director

Trevor has high-level experience in the strategic leadership of large and complex corporate organisations, and a proven record of implementing change and achieving results. As an experienced professional director, Trevor has held a number of previous roles including Chair of Ngāi Tahu Holdings Corporation Ltd, Lyttelton Port of Christchurch Ltd, Deputy Chair of PGG Wrightson Ltd and Director of Silver Fern Farms Ltd. Trevor is currently Chair of the New Zealand Lamb Company Ltd, and is also a Director of Landpower NZ Ltd, NZ Drinks Ltd and Hossack Station Ltd.

Chair of the MG Remuneration & Nomination Committee and member of the Audit Committee.
Chartered fellow of the IOD*.

Lynn Crozier, Deputy Chair, Elected Director

Lynn joined the MG Board in 2012. Today, Lynn, through a family-owned and operated business since the 1960's, is a major grower of potatoes, onions and carrots in Central Canterbury.

Member of the IOD*.

Mark O'Connor, Elected Director

Mark is serving his third term as an MG Director, having originally joined the MG Board in November 2014. He is a Director and shareholder of Appleby Fresh Ltd, a family-owned market gardening business in Nelson on the Waimea Plains.

Member of the MG Remuneration & Nomination Committee.
Member of the IOD*.

Joanna Lim, Elected Director

Joanna (Jo) was elected to the MG Board in 2018. Jo's family own a market garden business (Jade Garden Produce) and a share in a cucumber glasshouse operation (Island Horticulture Limited), both in the Christchurch area. Jo is also a Special Counsel at national law firm Simpson Grierson and specialises in financial markets/services and corporate advice. She also has expertise in climate change issues and the New Zealand emissions trading scheme.

Chair of the MG Audit Committee.
Member of the IOD* and certified member of INFINZ (Institute of Finance Professionals New Zealand).

Trudi Webb, Elected Director

Trudi is part of a fourth-generation family growing enterprise, Webb's Fruit, near Cromwell in Central Otago. Trudi holds a first-class honours Bachelor of Applied Science (Horticulture) degree, and is Chairperson of Summerfruit NZ. Trudi completed the MG Director Internship programme (now Associate Director programme) in 2019 and become an elected director in the same year.

Member of the MG Remuneration & Nomination Committee.
Trustee of the MG Charitable Trust.
Member of the IOD*.

Robin Oakley, Elected Director

Robin was elected to the MG Board in 2020. He is a fifth-generation vegetable grower and currently the Managing Director for Oakley's Premium Fresh Vegetables Ltd. Robin is Chair of the Canterbury District Growers Association and has previously served as a director on the United Fresh and Potatoes New Zealand boards.

Trustee of the MG Charitable Trust.
Member of the IOD*.

Jay Clarke, Elected Director

Jay was appointed to the MG Board in November 2022.
Jay is a qualified accountant and director of large family-owned growing operation, Woodhaven Gardens. Jay also serves as a Board member for Vegetables New Zealand.

Member of MG's Audit Committee.
Member of the IOD*, and
Member of the Chartered Accountants Australia and New Zealand.

* Institute of Directors

People

Our performance over the past year, and our plans for the future, would not be possible without our strong teams in our market operations, on farms, in our support office, and in our subsidiary and associate businesses. We are proud of our achievements and grateful to our people who have maintained focus and dedication in an unstable and challenging market environment.

Like many companies which have been around for a long time, we have had to adapt at pace to a changing environment, and it is a testament to the capability of teams across the MG Group that we've done so while continuing to grow.

We have continued to invest significantly in the development of talent, with eight new young people joining our MG graduate programme, which has now been in place for nine years. Over that time, it has helped develop depth, with many of the graduates now holding key management and sales positions in the co-operative.

Further investment has been made in the leadership of the business, including a number of new senior appointments across branches, the support office, and subsidiary businesses.

Over the past year, we have updated our health and safety management system to better manage risks. It also provides more consistency for policies and procedures across the wider group.

Maintaining a safe workplace is an ongoing job - we continue to engage our people to assist us in growing our culture to one of personal accountability and leadership by embedding the new framework. This year, we also moved to a new centralised online platform for health and safety management called Donesafe, which also supports our goal to have consistency and group-wide standardisation, along with a better level of accountability within each of our sites.

Market Gardeners Limited (graphic + map, including NZ and USA)

Market Operations - 100%

MG is New Zealand's leading wholesaler and distributor of fresh produce. The New Zealand operation is made up of a network of 11 branches strategically located throughout the country and has a presence in the USA. This includes nine large temperature controlled warehouses along with two MG Direct branches. It is also a leading distributor of recognised international brands, including Dole and Sunkist.

SPL - 100%

In 2023, MG purchased leading hothouse capsicum growing operation, Southern Paprika Limited (SPL). Located in Warkworth, the property consists of 26ha of glasshouses, housing approximately one million capsicum plants and producing approximately seven million tonnes of capsicums per year. An additional one-hectare glasshouse in Port Wells is leased.

JS Ewers - 100%

JS Ewers is a large hothouse and outdoor vegetable farming operation, located in Nelson. It has been growing and selling premium fresh produce throughout New Zealand for 50 years and has been under management by MG since 2012. In recent years, JS Ewers has expanded to grow strawberries under cover.

Kaipaki Berries - 100%

Kaipaki Berryfruits is a fully covered berry farm, currently growing strawberries and raspberries, with blackberries to be added in the future. Based in Cambridge, the property has six hectares under cover, growing premium varieties.

Te Mata Exports - 84%

Te Mata Exports is an export business that was established in 2012. With a presence in New Zealand, Australia, Japan and Vietnam, along with a strategic partner in South America, it specialises in the export of apples, cherries, citrus, grapes, vegetables and other products to international markets.

UFG - 50%

UFG is a joint-venture company formed by the combination of grower-owned companies United Flower Auction Limited and MG. It is New Zealand's largest flower auction and wholesale flower business. It has auction and wholesale facilities in Auckland, Wellington and Christchurch, as well as wholesale facilities in Invercargill.

First Fresh - 50%

First Fresh was formed in 1989 to pack and market an expanding volume of locally grown product, both domestically and offshore. Based in Gisborne, First Fresh is the largest citrus and persimmon supplier to the domestic market, as well as a leading exporter for these products.

NZFTC - 33%

New Zealand Fruit Tree Company (NZFTC) was established in 1996 and manages intellectual property rights, representing a wide range of global plant breeders in the New Zealand market for summerfruit and pipfruit in particular.

New Zealand market operations

It was a year of two distinct parts for our New Zealand market operations. After our strongest seven months on record, with summerfruit and soft berry categories performing particularly well, the market turned rapidly.

Consumer demand softened in response to increasing interest rates and other inflationary pressures. In contrast to the previous year, where the weather worked against a large number of suppliers, growing conditions across the country were generally very good. This contributed to an oversupplied market, lowering values across several of our larger categories, including green vegetables, tomatoes, and root crops.

Against this backdrop, it is pleasing that MG's position as a market leader, together with the efforts of our branch managers and marketing representatives, has resulted in continued resilience in our sales. While growth moderated in the last five months of the year, the branch network performed well, achieving record sales and volumes. This reflects our strong focus on providing our growers and customers with a partner they trust, delivering a high level of attention, whatever the market conditions.

This has been coupled with sensible cost management and a proactive approach to securing supply and driving sales. It hasn't been easy, and we are also grateful to our sales representatives, procurement specialists, key accounts, and hard-working operational teams across the country, who have maintained their focus and dedication in an unstable and challenging market environment, along with our administration and Support Office personnel, who deliver excellent assistance to our branch operations throughout the country.

In these difficult times for our grower-suppliers, we continue to be a lean and efficient operation that provides a cost-effective channel to market for New Zealand's growers, offering transparent, fair commission rates, without compromising on quality or service.

While the financial result is pleasing, more importantly, this year, we have made progress in positioning our New Zealand operations for better times ahead. This includes the full roll-out of the new technology platform, M3. The project, which was disrupted by the COVID-19 pandemic, took five years to complete, but we are pleased it is now successfully operating across all of our MG branch operations and Support Office. The next challenge is to unlock the system's full potential, and a technology roadmap has been developed to drive M3 forward, as well as to ensure we keep pace with other digital innovations.

With regard to our securing supply strategy, we've invested time in a new model which builds on what we have achieved in recent years to ensure we continue on our competitive edge. In essence, this approach aims to advance our position in each category and deliver a greater level of sales success. It includes developing a better understanding of how to meet the needs of our growers and helping them move more of their product. It's a win-win situation. The more our growers choose to transact business with us, the better our ability to create an advantage for them.

Operationally, we remain focused on investing in our infrastructure to ensure it is fit-for-purpose, with safety, efficiency, and sustainability in mind. We've undertaken extensive work in our Auckland branch, expanding the inwards goods drive-through and upgrading the old banana ripening area, which now serve as an extension of the main market floor. A large project to fit out the sales area and offices is currently underway in Auckland. Offices and shared spaces in the Nelson branch have also been renovated. We have progressed our lighting upgrade in our Auckland, Palmerston North, and Dunedin branches, and have also modified our refrigeration systems in Hamilton and Dunedin, with work starting to replace the old system in Invercargill.

Every two years we engage with growers through an independent research company to measure the quality of our service, strength of our relationships and assessment of our overall performance. It also helps us to better understand grower sentiment which is hugely important when making decisions about the future. We recently completed our third edition, which has been benchmarked against our 2020 and 2022 results. Again, growers told us we outperform others in the market across all key service standards.

A really pleasing aspect was seeing our Net Promoter Score (NPS) increase again this year. A NPS assesses the strength of the relationship, based on their likelihood a grower-supplier is to recommend the MG Group to others. Our initial score in 2020 was 23, lifting to 36 in 2022 and increasing further to 44 in 2024. The research highlighted that 87% of growers were "more than confident" in MG, with other feedback indicating a high level of satisfaction with each of our key service standards.

While it's always pleasing to hear where we're doing well, the most useful information we gain from this research centres on where we can further improve and add value. To this end growers have emphasised the need to remain focused on our New Zealand operations and to put our energy into delivering positive sales and returns. Based on feedback, we will also continue to leverage our channels to communicate our business strategy.

Growing operations

This year has been one of continued focus on ensuring we have cornerstone supply in certain categories, a key strategy that underpins the MG Group's long-term resilience and growth. Our growing operations are a key part of this strategy, providing us with a significant platform which enables us to present customers with a compelling offer, including continuity of supply. Having cornerstone supply also allows the MG Group to go to market with more influence and grow categories for the benefit of all growers who partner with our co-operative.

In April 2024, the MG Group acquired the other 50% stake in Kaipaki Berryfruits Limited (Kaipaki Berries), gaining full ownership of the business. The MG Group had always owned the property company, but the operating business was a joint-venture. The Cambridge-based operation has faced two difficult years and had to overcome numerous obstacles. As a result, it required further investment and focus, which contributed to the decision to acquire the remaining stake in the business. As part of our commitment to the berryfruit category, which we see as a growth opportunity, we have recruited new growing expertise, worked to enhance business standards and introduce several on-farm operational improvements.

A great deal of work has been done at Kaipaki Berries to trial the new BerryWorld strawberry, raspberry, and blackberry varieties, which are globally renowned and which the MG Group holds exclusive rights to in New Zealand. This coming season, we have begun transitioning raspberries to BerryWorld varieties, with plans to transition the strawberry crop over time. Our experience allows for the varieties to be trialled in a controlled environment and for us to share technical knowledge with other growers who partner with us to grow BerryWorld varieties.

At JS Ewers in Nelson, we successfully completed the first year of growing strawberries under cover, and this coming season, the majority of the crop will be the BerryWorld varieties. We have also made a further investment in the category, with a small expansion of the undercover structure, adding one more hectare to allow for further precision growing of alternate varieties and plant types.

Like other greens growers in New Zealand, low market values have impacted outdoor operations at JS Ewers, while the market for hothouse categories was variable throughout the year. The team has worked hard to stabilise the glasshouse operations following last years impact of the Potato Spindle Tuber Viroid, with crop rotations now back in sync. A highlight at JS Ewers was officially cutting the ribbon of the new JS Ewers Biomass Energy Centre, which is covered in more detail in the sustainability section of this review.

In Warkworth, we marked the first year of owning and operating Southern Paprika Limited (SPL). It was a year characterised by challenging growing conditions, largely due to pest and disease issues. However, these are being actively addressed, including a water sterilisation project aimed at improving crop production performance. Additionally, the rising cost of gas, the primary energy source for heating the glasshouses, remains a focus as we explore long-term energy solutions.

SPL has delivered against strategy, strengthening our position as a major capsicum supplier to key customers and providing a platform for the sale of other lines. Along with all growing operations, we continue to focus on improved production and efficiency as we move forward to leverage further gains.

New Zealand Fruit Tree Company

A key long-term focus of the MG Group is developing and/or obtaining rights to IP varieties and then partnering with growers to bring them to market. This strategy is supported by our 33% shareholding in the New Zealand Fruit Tree Company Ltd, a specialist IP business representing a wide range of global plant breeders. This partnership continues to strengthen MG’s leading market position in the domestic supply of summerfruit while also providing the co-operative with opportunities to advance in the pip-fruit category.

International

The MG Group’s imports division continues to focus on maximising sales of products that are either not grown in New Zealand, complement the domestic supply, or are out of season. A key focus this year has been building relationships with new international suppliers, strengthening ties with long-standing partners, ensuring the delivery of good value, quality produce, and fulfilling customer expectations for diverse, year-round availability.

In the highly competitive banana market, the MG Group, through its longstanding partnership with Dole, remains the largest player. Volumes have remained steady, and we're pleased to have achieved a slight increase in market share. With one of the highest per capita banana consumption rates in the world, ensuring a consistent supply of bananas is critical for New Zealand consumers. Dole continues to be a leading proprietary banana brand, and along with its tropical fruit range, including pineapples and pawpaw, delivers exceptional quality and market innovation. This partnership, which has now spanned over 30 years, remains key to our success across these categories.

While bananas performed well, other imported lines faced significant volatility. The first half of the year experienced strong demand, but the latter part of the year saw an oversupply across a number of products. This flooded market resulted in increased competitiveness and supply challenges across several key product lines.

The Ministry for Primary Industries (MPI) has opened new supply markets for pineapples, and we recently completed a trial of product from other geographies. The advantage of our current programme from the Philippines lies in its short lead time to market and superior product quality on the shelf. We will continue to consider all options and assess the impact on our operations.

Although the shipping and logistics landscape has stabilised somewhat following the disruption caused by COVID, it remains a difficult task. Our specialised team continues to manage these complexities, ensuring a steady supply of imported goods. We've seen some softening in freight rates as post-pandemic shipping services improve, but closely managing the costs and logistical difficulties remains an ongoing focus for our international division.

We're proud of our close relationships with our international supply partners, whose expertise and commitment play a critical role in our success. Their trust and support, combined with our understanding of the New Zealand market, allow us to maintain a competitive edge and offer an unmatched range of imported products to New Zealand customers. We extend our gratitude to our valued partners, including Dole, Sunkist, Mildura Fruit Co, Jasmine Vineyards, Mulgowie, GV Independent Packers, Hannay Douglas, Sunshine Exports, and the many smaller family-owned businesses that contribute to our continued success as New Zealand's leading produce importer.

Te Mata Exports

Te Mata Exports continues to respond well to the challenges and opportunities presented by difficult market conditions, delivering a reasonable financial result for their financial year which concluded at the end of December 2023.

The overall outcome was impacted by a challenging season for apples, Te Mata's main export crop, with lingering effects of Cyclone Gabrielle affecting quality, fruit size, and reducing volumes by approximately 30%. Global economic conditions made trading difficult, particularly in the Asian market, where high inflation has led to consumers tightening their budgets. In addition, the sale of a large supply partner further reduced tradable volume, however, the team successfully replaced a significant portion of the lost volume by working hard to source alternative supply.

The grape-growing season in Australia faced similar challenges, with supply impacted by lower volumes and generally weak market conditions influenced by both quality and economic factors. Similarly, grape exports out of Peru faced difficulties, with early crops not meeting expectations. On a positive note, Japan has removed varietal restrictions for Australian table grapes, opening up exciting new opportunities for Te Mata Exports, which has a strong supply base and staff based in Japan.

Other crops, including New Zealand cherry exports and Australian citrus, performed well.
Considering the barriers, Te Mata Exports managed to trade effectively, securing strong returns for its grower suppliers despite the tough conditions. This coming season, the apple crop indications are more positive, with smaller sizing but improved volumes, and better demand is expected.

The Te Mata Exports team is focused on markets with the greatest growth potential, and which will deliver the best returns for grower-suppliers. To this end, they have made positive progress in expanding their in-market presence in Asia, adding a new employee in Vietnam, which complements their teams in New Zealand, Australia, Japan, and their strategic partners, Inversiones Vecs SpA, who are based in Chile and Peru.

Te Mata Exports also stabilised its workforce in the Australian citrus sector, particularly in Queensland and South Australia, where Te Mata Exports has a strong grower base. This positions it well to capitalise on relationships at both ends of the supply chain and explore opportunities for future expansion.

This year, Te Mata Exports launched a1 apple, which replaced the Bay Queen brand. This early-season apple, developed in New Zealand, has been fully allocated, with supply split between the Gisborne and Hawke's Bay regions. Additionally, they have expanded their licence for Cosmic Crisp and are now progressively planting 150 hectares, with completion expected by 2029. There is also a lot of confidence in this variety, which is a sweet apple, renowned for its post-harvest storage capability, where it maintains its quality over a longer period than other varieties.

Finally, on behalf of everyone across the MG Group we acknowledge the retirement of Murray Tait. Murray established the Te Mata business in 2000 and grew it from a small Hawke's Bay business to a significant player in the global fresh produce market. His efforts in apple exports in particular, have left an indelible mark on the industry.

United Flower Growers (UFG)

It is pleasing to report that in a year marked by significant uncertainty, UFG performed better than the previous year, making a healthy profit and contributing positively to the MG Group result.

The management team has maintained a sharp focus on operational efficiencies, bolstering people capability, leveraging existing experience, and continuous improvement. Flower prices were negatively impacted by conservative consumer purchasing behaviour driven by cost-of-living pressures. The UFG team also had to navigate significant fluctuations in stem volumes at different times throughout the year as seasons changed. However, in contrast, the creation of a more user-friendly online auction attracted 7% more buyers to their floor. This enabled products to be cleared consistently and has supported the industry to be resilient.

UFG continues to engage in innovation and new business processes to improve efficiency and create new platforms for growth. This year, it has made significant progress in digital and data projects, and while these require investment which impacts the bottom line, they are investments that are essential to the business's long-term success. Initiatives include further upgrades to the virtual auction portal and new features that enhance user experience, supporting the delivery of a highly efficient, real-time operation. While buyers are still welcomed on-site at the auction houses, the technology has advanced to the point where the online portal is the primary sales platform, and UFG no longer conducts traditional live auctions.

Looking ahead, UFG is exploring a wide range of options to expand its channels to market and will continue focusing on a strategy to grow its wholesale business with large retailers, including the development of a new online marketplace. Work is also underway to explore options to move to new premises in Auckland. While the existing site is well-located, there are challenges related to space and access.

The economic outlook remains a concern. However, there’s a great deal of confidence in the current UFG business model, management team, and forward-looking strategy.

First Fresh

For Gisborne-based citrus and persimmon supplier, First Fresh, the financial year, which finished at the end of March 2024, continued to test the resilience of its grower-suppliers and the business.

As predicted in last year’s annual review, the weather was again the biggest challenge. The East Coast region has been dealing with year-on-year wet conditions, including a wet spring in the latter half of 2023. As a result, both yield and fruit quality for persimmons and citrus were affected, and it was largely a continuation of the difficulties faced in the previous year. The consequences were a reduction in export pack-outs, particularly of persimmons. It compromised shelf life and resulted in lower volumes for domestically sold products, which reflected broader trends across New Zealand's produce market. Pleasingly, the second six months, from September 2023 to March 2024, were more positive, with stronger citrus values through the summer months helping offset the first six months of trading. As part of its strategy to secure supply and support the business's growth, First Fresh has taken steps to lease an additional orchard this year. This not only secures product but also offers a solution for orchardists who wish to retain ownership of their land while stepping back from day-to-day management.

There’s also a continued focus on managing costs and expanding the portfolio of IP varieties, including positive progress in the planting of the new seedless Eureka lemon variety.

The underlying result was a modest profit, although below budget expectations. This underscores the harsh realities of dealing with ongoing weather-related disruptions. However, it also highlights the adaptability of the First Fresh

team, who have been proactive in their efforts to manage costs, expand supply, maintain a focus on profitability, and maximise returns for their growers.
This year, MG Group also increased its ownership stake in First Fresh from 40% to 50%, reflecting its ongoing commitment to the partnership.

The company continues to invest in its brand through its social media strategy and this year engaged with rugby star Renee Holmes to represent First Fresh as a brand ambassador.

Looking ahead, early indications are that First Fresh will see improvements in returns for the 2024 export season, particularly for lemons and persimmons. The team is also exploring new growth opportunities, including offshore sourcing and trading persimmons into Asian markets under the First Fresh brand.

Outlook

We are monitoring the headwinds as we enter our next financial year, with challenging trading conditions expected to continue through into 2025. While the current market environment is difficult, we continue to take a long-term view and look beyond economic cycles. Successful operations have the right vision supported by good strategy, which is executed by the right people. Under the governance, leadership, and effective teams, the MG Group is well-placed to meet the inevitable challenges that will confront us in the year ahead.

We are highly focused on our forward-looking strategy, which is underpinned by the following six pillars.

- Secure supply
- Operational excellence across the MG Group
- Engaged and committed workforce
- Effective communication
- Optimal systems and technology
- Sustainable business

Like us, our growers and customers will be impacted by high interest rates and ongoing cost increases, which is forcing a focus on efficiency and productivity. The opportunity for the MG Group is to harness the power of working together to cost-effectively provide a suite of services that support our growers and customers to succeed.

While we're very mindful of operational costs, we know this must also be balanced against investing in the right areas of our existing businesses. As highlighted by the sale of Premier Fresh Australia, we are prepared to make appropriate changes to our group, either through acquisition or divestment when the time is right.

We also recognise that the best way the MG Group can become stronger is if the communities in which we operate also grow and prosper. As a large New Zealand employer, supplier, and stakeholder in the horticulture sector, we know we have to operate sustainably, contributing in many positive ways to these communities. You can read more about our achievements and strategy in this space in the section of the annual review dedicated to sustainability.

The industry keeps evolving and we are seeing more consolidation with larger businesses acquiring growing operations. However, there are still a healthy number of family-owned operations - small, medium and large - that remain committed to quality produce and are driven by a passion for the industry. Protecting the ability of all grower shareholders to sell and market produce competitively is a vital component of our mutual success.
Of course, the goal moving forward is to continue driving the business forward, continuing to add value and continuing to reward loyal grower-shareholders. We believe we have the strategy and the right people in the business to do that.

Thanks again to our grower-shareholders for their ongoing support as we work together to grow our co-operative for a stronger future.

Annual Review 2024

Sustainability

Sustainability update

2023-2024

Focusing on what matters

The MG Group has a long-term focus on ensuring it is a sustainable business that delivers positive outcomes for grower-shareholders, customers, staff, business partners, and the community.

This is the fourth account of the MG Group's sustainability activities. We are pleased that we are making progress across a range of Environmental, Social, and Governance (ESG) areas.

The development of a comprehensive sustainability programme that includes data across the MG Group is another step forward in our journey. Our original Sustainability Roadmap focused on strategies and recorded emissions for our New Zealand market operations. We have now expanded the scope to include all of our subsidiary operations.

Building on this approach, we have initiated an MG Group Sustainability Committee to ensure there is connectedness and accountability within the business. The committee includes Ellery Tappin (GM Communications & Sustainability), Kerry Wells (Subsidiaries and Associates), Duncan Pryor (Company Secretary), Kimberly Chavez (Business Assurance), Jade Reeves (GM Operations), and Kate Parker (Te Mata Exports CFO).

We openly share our sustainability journey and action plan at grower meetings, our AGM, customer business reviews, and with banks, insurers, auditors, and other stakeholders.

Over the past 12 months, we have continued to take steps forward in improving our environmental performance by investing in areas that make us more efficient and reduce our carbon footprint. This includes the commissioning of the JS Ewers Biomass Energy Centre, which stands as the project that has had the greatest impact in our greenhouse gas emissions reduction pathway. It is also the single largest investment in sustainability in the MG Group's history. We provide and overview of this project later in this section of the annual review.

While the MG Group doesn't meet the threshold of a Climate Reporting Entity, which is required to publish climate statements, we have made the decision to align our new sustainability strategy with the commonly used reporting framework. The table below includes an outline of our activity across the four key areas of focus.

Governance	• Mandate the development of a risk assessment process, including development of a map for climate-related risks. • Formally discuss climate-related risks as a Board and Audit & Risk Committee. • Include sustainability as an agenda item for MG Group subsidiary businesses. • Mandate the creation of a decision-making group at management level (MG Group Sustainability Committee) representative of the wider business. • Communicate formally through all levels of the MG Group.
Strategy	• Launch a new sustainability plan (post-inaugural sustainability roadmap) for the MG Group, including strategies for Stronger Business, Stronger Planet, Stronger People, and Stronger Partnerships, including key actions. • Leverage the knowledge of the wider group to clearly document challenges and opportunities. • Engage with grower-shareholders, through formal research, to determine stakeholder priorities. • Integrate sustainability into the decision-making framework.
Risk	• Expand the existing risk maps, recording current and anticipated risks related to market operations, farming operations, and export business. • At a high level, begin documenting scenarios for the produce industry and the potential impacts. • Integrate climate-related risks into the decision-making framework for capital expenditure.
Metrics and targets	• Complete carbon footprint reporting to the ISO 14064-1:2018 standards for the MG Group, including subsidiary businesses. • Categorise emissions, including significant known Scope 3 emissions. • Use the carbon footprint report to inform decisions for emissions reduction, including expected impact. • Use formal grower research to assess alignment with shareholder views and expectations.

Carbon footprint

Our strategy has always been one of continuous improvement, and that will never change. Now, with a clearer understanding of our emissions across MG Group's operations, including the market business, farming operations, and Te Mata Exports, we are better positioned to make informed decisions about how to best direct our resources to reduce emissions.

This is the second year our carbon footprint report was delivered independently by Lumen Consulting, adhering to the ISO 14064-1:2018 standard. It again includes measurements of Category 1 (scope 1), Category 2 (scope 2) and a substantial set of indirect Category 3 and 4 (scope 3) emissions. Note that our emissions report does not include Category 5 or Category 6 emissions and are not reflected in the overall emissions reduction mentioned in this section.

Stationary combustion for glasshouse heating remains the most significant contributor to our total emissions across the group, while refrigeration is where most direct emissions occur in the market business. It is pleasing to report that we have made significant progress in both areas, which helped us achieve a 17.4% reduction in total measured Scope 1,2 and 3 emissions and a 27.26% reduction in direct Scope 1 and 2 emissions over the past year.

NOTE: For the purposes of producing a carbon footprint report, which provides a comprehensive emissions profile of the co-operative, data from Southern Paprika Limited has been included for the full 2022–2023 year, despite the MG Group taking ownership of the growing operations in March 2023.

MG Group sustainability plan

At the heart of our overarching plan are our four pillars – Stronger Business, Stronger Planet, Stronger People, and Stronger Partnerships.

Stronger Business

Sustainability is a key part of our overarching MG Group business strategy. We see a sustainable operating model as an essential element of our long-term success. To that end, one of the most important objectives in our programme is to be economically resilient, with the understanding that in order to invest and innovate, we need to first be profitable. We are well placed to achieve long-term sustainable growth, with a stable of leading, resilient businesses and a strong balance sheet.

Stronger Planet

Our operations depend on resilient infrastructure as well as natural assets. We are retrofitting energy-efficient technologies, primarily lighting and refrigeration, into our branch network and have ingrained long-term environmental outcomes into our decision-making process for new investments, alongside other key considerations such as financial benefits. A number of forward looking projects, including a assessing options to decarbonise stationary combustion at SPL, are underway to further improve our environmental performance.

Stronger People

Respect for employees, growers, customers, and business partners, along with a relentless focus on providing safe workplaces, are fundamental to the way the MG Group operates. Our social responsibility extends to maintaining high standards of ethical conduct and actively contributing to the communities in which we operate, which is outlined in a separate section of this review.

Stronger Partnerships

We continue to drive the importance of sustainability through our network of growers and customers. Our programme also focuses on engaging fairly with our suppliers and sourcing supply ethically, which is underpinned by our Responsible Sourcing Policies. Additionally, all of our growers supplying major customers through the MG branch network are required to have a social practice certification.

Community

For over 100 years, the MG Group has been a significant contributor to community organisations, with early records showing a commitment to local mayoral funds, donating to war funds, and supporting other causes such as the Chinese Famine Fund in the 1920s.

Being an organisation in the fresh produce industry, we're intrinsically linked to healthiness, and our modern-day commitment to local communities aligns with this concept. In addition, we have also been proactive in supporting the wider horticulture industry through the work undertaken by the MG Charitable Trust.

Our community strategy is underpinned by four main programmes which we support financially:

Good Bunch Programme: In partnership with Dole NZ, the MG Group connects directly to nine Salvation Army food banks throughout the country on a weekly basis, providing fresh bananas. The programme also supports our drive to remove food waste from our operations, with fresh produce that is fit for human consumption but not for sale directed to food banks through this programme.

Maia Foundation: The MG Group is a founding business partner of the Maia Foundation, which connects the business community with the health sector in an effort to fund significant projects that are not covered by central government.

5+ A Day: Through funding support, the MG Group aligns with the highly recognised and respected 5+ A Day programme which encourages all Kiwis to eat five or more servings of colourful, fresh fruit and vegetables every day to support a healthy lifestyle.

MG Charitable Trust: Established in 2021, the MG Charitable Trust focuses on providing funding to projects and initiatives that have a positive impact on the horticulture industry. The Trust has already funded over 30 projects or individuals, distributing over $300,000. While independently governed, the MG Group provides management support and funds all administration, including travel costs and Trustee payments. Further information about the MG Charitable Trust can be found later in separate annual review, toward the back of this publication.

Decarbonising JS Ewers

A highlight in the MG Group's environmental sustainability journey this year has been the commissioning of the JS Ewers Biomass Energy Centre, a technology with significantly lower direct and indirect greenhouse gas emissions that the coal boilers previously relied on.

The installation of two 4.5MW (9MW total) biomass boilers is the marquee project in the Nelson farm's overarching decarbonisation strategy, completing the full transition away from coal for heat generation at the site.
A long-term plan was required to reduce on-farm emissions by such a significant amount, with the mission to decarbonise JS Ewers starting back in 2016. The switch to green energy has resulted in a 98% reduction in on-farm emissions, equivalent to a drop of 27,000 tonnes of carbon annually.

Our decarbonisation journey included:

- 2016 – Full site assessment
- 2017 – Full site design
- 2018 – Thermal screens

- 2019 – Ring main installed & first buffer tank added
- 2020 – Remote site converted to wood pellets
- 2021 – Second buffer tank added
- 2022 – Construction of fuel storage shed
- 2023 - JS Ewers Biomass Energy Centre (2 x 4.5MW biomass boilers) commissioned
- 2024 – JS Ewers Biomass Energy Centre officially opened

The JS Ewers Biomass Energy Centre also required a 1,400m² shed to house the boilers and store the wood chip, which is an impressive engineering feat in itself. It stands 12.5 metres high to allow trucks to easily enter and offload fuel inside the facility, where it is fed through augers into the boiler room, a complex array of burners, pipes, and heat transfer stations.

The Energy Efficiency and Conservation Authority (EECA) provided co-funding of approximately one-third of the cost for the biomass boilers. This funding support allowed the delivery of the project to be brought forward. The fact that JS Ewers had a well-developed, long-term strategy, which included a number of meaningful initiatives it had already undertaken, was highlighted when the co-funding support was announced. It was noted that the project was part of a journey and not designed around the funding.

The team at JS Ewers has shared its journey and insights with other growers and industry groups such as Tomatoes NZ, promoting a collaborative approach to environmental sustainability.

NOTE: Data, including emissions reductions referenced in this review, were calculated and supplied as part of the Energy Transition Accelerator opportunities assessment by external specialists, DETA Consulting.

Celebrating success

Everyone across the MG Group was really pleased to have been recognised by Foodstuffs New Zealand, winning the "Here For NZ" partnership award at their annual supplier event held at Te Pae in Christchurch on Thursday, 4 April 2024.

The national award is presented to the supply partner that most closely aligns with their Here For NZ social priorities, which include making healthy food accessible, supporting communities, looking after people, and operating in an environmentally sustainable way.

When presenting the 2024 trophy, Foodstuffs outlined the initiatives that contributed to the MG Group being selected, including the work of the MG Charitable Trust, the Good Bunch programme driven in partnership with Dole NZ and the Salvation Army, and the meaningful sustainability projects delivered by the teams across the MG Group. It was very humbling to receive the national partnership award, which acknowledges the work we're doing above and beyond simply providing good service to growers and customers. What makes this award extra special is that we didn't put ourselves forward—Foodstuffs took the time to seek out the MG Group as a winner and learn about the initiatives and projects our teams have delivered in this space.

As a co-operative, being community-minded, looking after people, and focusing on long-term sustainability is ingrained in what we do, with one of our key strategies being to ensure the business is well positioned for the benefit of future generations.

Looking ahead

Across the MG Group, sustainability is about understanding and managing the ways we impact the communities and environments in which we operate, to ensure we continue to create value in the future.

We continue to take steps to maintain a sustainable business that is agile, resilient, and well positioned for the future.

We made significant progress in reducing emissions in recent years and this is something we are proud of, We remain focused on further emissions reduction opportunities, with a focus on continuous improvement - our progress to date is something we are proud of. We believe that by remaining flexible and continually reflecting on our approach, we are responding to the challenges and opportunities of sustainability.

This year, as part of our independent research, we asked our growers for their views on the MG Group. It was heartening to hear that the vast majority of growers are pleased with our efforts. Feedback also highlighted that supply chain management, ethical business practices, and employee development and well-being are areas grower-suppliers see as most important. These continue to form part of our plans moving forward.

Growers also told us they would benefit from the MG Group providing information and advice. While we acknowledge that we are continually expanding our knowledge and expertise, we will also look to share insights with our growers and others on their sustainability journey where we can.

We look forward to making further progress with our sustainability initiatives, which support our wider business objective to create long-term value for all our shareholders.

Bruce Irvine
Chair

Peter Hendry
CEO

MARKET GARDENERS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2024

The Directors are pleased to present the financial statements of Market Gardeners Limited for the year ended 30 June 2024.

For and on behalf of the Board of Directors:

B.R. Irvine
Chair

27 September 2024

J. Lim
Director

27 September 2024

Consolidated Statement of comprehensive income

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000 (Restated)*
Continuing operations			
Revenue – sale of goods	A1.1	256,726	215,914
Cost of sales		(187,728)	(155,451)
Gross profit		68,998	60,463
Other operating income	A1.2	5,977	10,185
Administrative expenses		(19,853)	(14,672)
Other operating expenses		(32,563)	(24,332)
Results from operating activities before other income and other expenses		22,559	31,644
Other income		3,104	1,859
Other expenses		-	(1,793)
Results from operating activities		25,663	31,710
Finance income		1,690	228
Finance expense		(6,899)	(2,105)
Net finance costs		(5,209)	(1,877)
Share of profit / (loss) of equity accounted investees	D2	941	(35)
Profit before income tax		**21,395**	**29,798**
Income tax expense	A3.1	8,660	8,732
Profit from continuing operations		**12,735**	**21,066**
Discontinued operations			
Profit/(Loss) from discontinued operations, net of tax	D1.1	1,256	(17,242)
Profit for the year		**13,991**	**3,824**
Other comprehensive income			
Items to be reclassified to profit or loss in subsequent periods (net of tax):			
Foreign currency translation differences for foreign operations		(333)	(647)
Net gain on hedge of a net investment		161	348
Effective portion of changes in the fair value of cash flow hedges		(555)	352
Items that will not be reclassified to profit or loss (net of tax):			
Change in fair value of land and buildings		-	(4,214)
Other comprehensive income/(loss) net of tax		(727)	(4,161)
Recycling of reserves through profit and loss on disposal		3,035	-
Total comprehensive income/(loss) for the year		**16,299**	**(337)**
Profit attributable to:			
Owners of the Company		12,702	9,095
Non-controlling interest		1,289	(5,271)
Profit for the year		**13,991**	**3,824**
Total comprehensive income/(loss) attributable to:			
Owners of the Company		14,903	5,158
Non-controlling interest		1,396	(5,495)
Total comprehensive income/(loss) for the year		**16,299**	**(337)**

The accounting policies and notes to the financial statements form an integral part of financial statements.
* The restatements to comparative period are explained in note D1.1

Consolidated Statement of changes in equity

For the year ended 30 June 2024

	Share capital	Reserves				Retained earnings	Non-controlling interest (NCI)	Total equity
		Revaluation	Hedging	Foreign currency translation	Total			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	**53,328**	**85,363**	**898**	**(2,520)**	**83,741**	**70,524**	**7,728**	**215,321**
Profit for the year	-	-	-	-	-	9,095	(5,271)	3,824
Other comprehensive income / (loss)	-	(4,214)	352	(75)	(3,937)	-	(224)	(4,161)
Total comprehensive income / (loss) for the year	-	(4,214)	352	(75)	(3,937)	9,095	(5,495)	(337)
Transactions with owners, recorded directly in equity								
Dividends *	565	-	-	-	-	(2,670)	-	(2,105)
Shares issued *	14,417	-	-	-	-	(14,398)	-	19
Shares surrendered	(1,008)	-	-	-	-	-	-	(1,008)
Acquisition of NCI without change in control (Note D1)	-	-	-	-	-	(716)	(515)	(1,231)
Balance at 30 June 2023	**67,302**	**81,149**	**1,250**	**(2,595)**	**79,804**	**61,835**	**1,718**	**210,659**
Balance at 1 July 2023	**67,302**	**81,149**	**1,250**	**(2,595)**	**79,804**	**61,835**	**1,718**	**210,659**
Profit for the year	-	-	-	-	-	12,702	1,289	13,991
Other comprehensive income / (loss)	-	-	(555)	(279)	(834)	-	107	(727)
Total comprehensive income/(loss) for the year	-	-	(555)	(279)	(834)	12,702	1,396	13,264
Recycling of reserves on disposal	-	-	(138)	3,173	3,035	-	-	3,035
Transactions with owners, recorded directly in equity								
Dividends *	698	-	-	-	-	(2,710)	(145)	(2,157)
Shares issued *	12,070	-	-	-	-	(11,554)	-	516
Shares surrendered	(1,845)	-	-	-	-	-	-	(1,845)
Disposal of NCI of subsidiary	-	-	-	-	-	-	(2,540)	(2,540)
Acquisition of NCI without change in control (Note D1)	-	-	-	-	-	(615)	95	(520)
Balance at 30 June 2024	**78,225**	**81,149**	**557**	**299**	**82,005**	**59,658**	**524**	**220,412**

* The increase in share capital from the issue of new shares and bonus issue shares as further detailed in note C1. The increase from dividends is the result of shareholders electing to participate in the dividend election plan whereby they receive one further $1.00 share in exchange for every $1.00 of dividend.

Explanation of Reserves

Revaluation reserve - relates to the revaluation of land and buildings in accordance with the policies stated in note B1.

Hedging reserve - comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Foreign currency translation reserve ("FCTR") - comprises the cumulative foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Parent Company's net investment in the Australian operations.

The accounting policies and notes to the financial statements form an integral part of financial statements.

Consolidated Statement of financial position

As at 30 June 2024

	Note	2024 $'000	2023 $'000
EQUITY			
Share capital	C1	78,225	67,302
Reserves		82,005	79,804
Retained earnings		59,658	61,835
Total equity attributable to equity holders of the Parent Company		219,888	208,941
Non-controlling interests		524	1,718
Total equity		**220,412**	**210,659**
NON-CURRENT ASSETS			
Property, plant and equipment	B1	292,057	308,152
Lease assets (right to use)	B1	5,919	55,476
Goodwill and other intangible assets	B3	13,603	27,511
Investments in equity accounted investees	D2	6,116	6,825
Investments other	D3	4,360	5,564
Deferred tax assets	A3.2	-	6,532
Total non-current assets		322,055	410,060
CURRENT ASSETS			
Cash and cash equivalents	C2	5,985	13,105
Inventories and biological assets	B2	11,729	19,178
Trade and other receivables	C3	61,125	107,677
Non-current assets held for sale	B4	1,577	1,590
Total current assets		80,416	141,550
Total assets		402,471	551,610
NON-CURRENT LIABILITIES			
Borrowings	C5	70,225	102,374
Trade and other payables	C4	936	16,782
Deferred tax liabilities	A3.2	26,781	24,838
Lease liabilities	C6.1	2,835	48,354
Total non-current liabilities		100,777	192,348
CURRENT LIABILITIES			
Borrowings	C5	-	16,040
Trade and other payables	C4	78,042	119,165
Taxation payable		7	4,828
Lease liabilities	C6.1	3,233	8,570
Total current liabilities		81,282	148,603
Total liabilities		182,059	340,951
Net Assets		**220,412**	**210,659**

The accounting policies and notes to the financial statements form an integral part of financial statements.

Consolidated Statement of cash flows

For the year ended 30 June 2024

	2024 $'000	2023 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	283,152	695,443
Dividends received from equity accounted investees	257	1,965
Interest received	526	706
Cash paid to suppliers and employees	(217,820)	(648,613)
Interest paid	(6,380)	(6,811)
Income tax paid	(10,759)	(7,097)
Net cash from operating activities	48,976	35,593
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	485	552
Proceeds from sale of intangible assets	-	4,380
Proceeds from sale of shares	968	-
Insurance proceeds	422	283
Acquisition of subsidiary, net of cash acquired	-	(39,278)
Acquisition of property, plant and equipment	(13,782)	(18,907)
Acquisition of investment / intangible assets	(321)	(1,617)
Net cash (used in) investing activities	(12,228)	(54,587)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	642	19
Proceeds from bank and other borrowings	-	56,127
Proceeds from other receivables	356	857
Payments for shares surrendered	(1,845)	(1,008)
Repayment of borrowings / loans	(32,662)	(20,051)
Dividends paid to Shareholders	(2,012)	(2,105)
Dividends paid to non-controlling interests	(145)	-
Principal portion of lease payments	(1,600)	(7,062)
Loans and advances to other receivables	(1,515)	(1,500)
Net cash (used in) / from financing activities	(38,781)	25,277
Net (decrease) / increase in cash and cash equivalents	(2,033)	6,283
Cash and cash equivalents at 1 July	13,105	7,080
Effect of exchange rate fluctuations on cash held	532	(258)
Cash acquired on acquisition of subsidiary	43	-
Cash at 1 July from discontinued operations	(5,662)	-
Cash and cash equivalents at 30 June	**5,985**	**13,105**

Reconciliation of the profit for the period with the net cash from operating activities

	2024 $'000	2023 $'000
Profit for the year	13,991	3,824
Adjustments for non-cash items:		
Depreciation of property, plant, equipment and right of use assets	10,858	19,022
Amortisation of intangible assets	213	51
Insurance proceeds classified as cashflow from investing activities	-	(283)
Equity accounted earnings less cash dividends received	(684)	1,010
Loss on sale of discontinued operations, net of tax	1,779	-
Impairment (2023 – Goodwill)	-	15,235
(Gain) on disposals of property, plant and equipment / market licenses	(117)	(4,302)
Decrease in deferred tax	8,475	154
Loss on write-down of assets	1,358	1,670
Other non-cash adjustments	239	437
	36,112	36,818
Impact of changes in working capital items:	12,864	(1,225)
Net cash from operating activities	48,976	35,593

The accounting policies and notes to the financial statements form an integral part of financial statements.

Notes to the financial statements

A. Financial Performance

In this section

This section explains the financial performance of Market Gardeners, providing additional information about individual items in the income statement, including:

- accounting policies, judgements and estimates that are relevant for understanding items recognised in the income statement.
- analysis of Market Gardener's performance for the year by reference to key areas including: revenue, expenses and taxation.

A1.1 Revenue

Measurement and Recognition

Revenue is measured based upon the amount the Group expects to receive, following completion of a customer's order or requested service.

In determining the price / value of a good or service the Group considers the risk of any events that could significantly reduce the value to be received (such as customer rights of return or rebates based upon actual or expected customer purchases).

Principal and agency arrangements –Judgements

The Group makes sales under both principal and agency (on behalf of another party) arrangements.

The key considerations by the Group in determining if a sale is as principal or agent are who has:

- Primary responsibility for fulfilling and providing the produce to the customer.
- The risk that produce is unable to be sold or a deterioration of value occurs such as a drop in price or quality issues (inventory risk before goods are transferred to the end customer).
- The discretion to establish the price of produce being sold.

For export sales of fresh produce, in addition to the above key judgements, the following indicators are considered in assessing whether the sale is as principal or as agent:

- the ability to direct the use of the goods, including who has primary responsibility for the goods and delivery to the final customer;
- the transfer of inventory and demand risk including who has primary responsibility for damage or deterioration of the produce;
- the level of support provided by the Group to achieve the sale of the goods including any financial / pricing support, reduced margins or commissions.

Export sales contractual terms vary across markets and sales channels including who bears the inventory risk and responsibility for delivery of the goods to the end customer.

In order to conclude on the transfer of control of exported fresh produce the sale transactions must be assessed in their entirety, including the implied contractual terms, customary practice and the circumstances of each transaction.

The Group recognises revenue from the following sources:

Trade Sales - Principal

Revenue from trade sales is recognised at the point of time at which control passes to the customer. This is dependent on individual contracts, however for non-export usually occurs on dispatch or pick up of the produce by the customer. For export sales, control passes to the customer once the products are loaded onto the ship.

Commission / Agency Sales:

When the Group acts as an agent rather than principal, revenue is recognised at the net commission made by the Group. As with trade sales recognition of the commission usually occurs for non-export sales on dispatch or pick up of the produce by the customer and for export sales, once the products are loaded onto the ship.

Freight and insurance

For export sales of fresh produce, the Group sells a significant proportion on terms that include freight and insurance to the destination port. The Group recognises the revenue at the time the underlying performance obligation has been met as this is not considered to be a separate performance obligation.

Export sales are grouped with the equivalent non-export revenues.

Gross sales under management (Non-GAAP)	2024 $'000	2023 $'000 (Restated)
Trade Sales – New Zealand	187,582	151,907
Trade Sales – Australia	15,500	11,786
Sales as Agent – New Zealand	520,543	490,909
Sales as Agent – Australia	3,887	7,971
Sales – Premier Fresh (discontinued operation)	496,932	516,769
Total Gross sales under management	**1,224,444**	**1,179,342**
Revenue		
Total Gross Sales under management	1,224,444	1,179,342
Add Commission earned – New Zealand	53,314	51,544
Add Commission earned – Australia	330	677
Less purchase of produce on-sold as agent (offsets the sales as agent incl. above)	(524,430)	(498,880)
Less sales – Premier Fresh (discontinued operation)	(496,932)	(516,769)
Total Revenue	**256,726**	**215,914**

Gross sales under management represent the gross value of traded product and the gross value of sales made as agent. This is a non-GAAP measure representing the total gross value of product transacted by the Group.

A1.2 Other Operating Income

Other Operating Income:	2024 $'000	2023 $'000 (Restated)
Rental income	4,626	2,641
Sundry income	1,351	7,544
Total Other Operating Income	**5,977**	**10,185**

Sundry income includes the gain on bargain purchase price of $444,000 for Southern Paprika Limited ("SPL"), $454,000 for Kaipaki Berryfruit Limited ("KBL") and fair value gain on previously held interest of $454k (2023: includes MPI compensation of $5,436,000 relating to crops at JS Ewers Ltd that were destroyed and $591,000 relating to the gain on bargain purchase of SPL).

A2. Employee benefits

Measurement and recognition

Provision is made for benefits owing to employees in respect of wages and salaries, annual leave, long service leave and employee incentives for services rendered. Provisions are recognised when it is probable that they will be settled and can be measured reliably.

Short-term employee benefits:

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related benefit is provided. These benefits are likely to be utilised by employees within the next 12 months.

Long-term employee benefits:

Long-term employee benefits relate to the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present value at year end.

Employee benefits are recognised both within cost of sales and administrative expenses based on the area / department the employee works within (refer to the table below for the classification).

	2024 $'000	2023 $'000 (Restated)
Wages and salaries	58,282	44,440
Contributions to defined contribution superannuation plans	1,573	1,461
Increase in liability for long-service leave	(20)	10
Total personnel expenses	**59,835**	**45,911**
Classification within the statement of comprehensive income		
Cost of sales	40,137	31,665
Administrative expenses	19,218	13,843
Other operating expenses	480	403
Total personnel expenses	**59,835**	**45,911**

A3. Taxation

Measurement and recognition

Income tax is determined based upon profit before tax and broadly classified as follows:

- Current tax expense: Current year profit the Group is required to pay tax on to the relevant authority.
- Deferred tax expense: Profit that is not taxable (based on tax laws) until a future income tax period.
- Profit that will never be taxable: Relates to non-deductible expenses and tax-exempt income.

A3.1 Income Tax

Tax recognised in the consolidated statement of comprehensive income	2024 $'000	2023 $'000
Current tax expense		
Current period tax charge	7,405	8,737
Adjustment for prior periods	(1,455)	(27)
	5,950	**8,710**
Deferred tax expense		
Deferred tax – origination and reversal of temporary differences	324	34
Deferred tax – impact of law change to commercial building depreciation	2,915	-
Adjustment for prior periods	(529)	(12)
	2,710	22
Total income tax expense on continuing operations **	**8,660**	**8,733**
Reconciliation of income tax expense		
Profit/(Loss) before tax	21,395	12,557
Income tax using the Parent Company's domestic tax rate (28%)	5,990	3,516
Add/(deduct) taxation effect of:		
Effect of tax rates in foreign jurisdictions	-	(345)
Tax impact of equity accounted investees	522	(458)
Tax impact of acquisition accounting	(189)	209
Non-deductible expenses	1,203	6,533
Tax exempt income	(18)	(13)
Deferred tax on building depreciation law change *	2,915	-
Deferred tax not previously recognised	(429)	-
(Over)/under provided in prior periods	(958)	(1)
Imputation and franking credits	(376)	(709)
Total income tax expense on continuing operations	**8,660**	**8,732**

* From 1 April 2024 commercial building depreciation deductions can no longer be claimed.

** The tax expense excludes the tax expense from the discontinued operation of $0 (2023: $0) and the tax income on the loss on sale of the discontinued operation of $6.6m. Both of these have been included in "loss on disposal of discontinued operations" (see note D1.1).

Imputation credits

As at balance date imputation credits available to the shareholders for use in subsequent periods totalled $28.7 million (2023: $22.91 million).

Income tax recognised directly in other comprehensive income

Income tax recognised in other comprehensive income relates to the change in fair value of land and buildings of $nil (2023: $(786,000)) and cash flow hedges of $135,000 (2023: $137,000).

A3.2 Deferred tax

Measurement and recognition

Tax laws set out how the Group calculates the tax payable to the relevant taxation authority. These rules however are different to the financial reporting rules which are the basis for preparing these financial statements. Where the two sets of rules result in a different pre-tax profit, a deferred tax asset or liability is recorded for the difference.

- Deferred tax asset: This represents tax deductions that have been recorded for accounting purposes, however not recognisable for income tax purposes until a future period. Effectively this is tax recorded in advance.
- Deferred tax liability: This is the opposite to deferred tax assets, effectively being tax paid in the current year that is not recordable for accounting purposes until future periods. The most common source for the Group is where assets are depreciated at a higher rate for tax purposes than for accounting purposes.

Deferred tax is recognised on all temporary differences, other than those arising from goodwill and the initial recognition of assets and liabilities in a transaction (other than in a business combination).

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Key Judgement

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilised. This is reviewed each balance date and adjusted where required.

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
New Zealand	**2024 $'000**	**2023 $'000**	**2024 $'000**	**2023 $'000**	**2024 $'000**	**2023 $'000**
Property, plant and equipment	404	589	(14,061)	(24,880)	(13,657)	(24,291)
Derivatives	48	32	(134)	(464)	(86)	(432)
Employee benefits	3,832	3,761	-	-	3,832	3,761
Provisions	9	8	(2,917)	(2,221)	(2,908)	(2,213)
Other	1,203	-	(15,108)	(1,663)	(13,905)	(1,663)
Tax assets/(liabilities)	**5,496**	**4,390**	**(32,220)**	**(29,228)**	**(26,725)**	**(24,838)**

	Assets		Liabilities		Net	
Australia	**2024 $'000**	**2023 $'000**	**2024 $'000**	**2023 $'000**	**2024 $'000**	**2023 $'000**
Property, plant and equipment	-	-	(56)	(978)	(56)	(978)
Derivatives	-	-	-	-	-	-
Employee benefits	-	2,774	-	-	-	2,774
Provisions	-	983	-	-	-	983
Other	-	857	-	-	-	857
Tax losses	-	2,896	-	-	-	2,896
Tax assets/(liabilities)	**-**	**7,510**	**(56)**	**(978)**	**(56)**	**6,532**

Movement in temporary differences during the year:

	Balance 1 July 2022 $'000	**Recognised in income $'000**	**Recognised in equity $'000**	**Arising on acquisition $'000**	**Balance 30 June 2023 $'000**
Property, plant and equipment	(12,222)	(234)	786	(13,597)	(25,267)
Derivatives	(294)	(3)	(137)	-	(434)
Employee benefits	3,749	2,786	-	-	6,535
Provisions	254	(1,484)	-	-	(1,230)
Other	246	(908)	(144)	-	(806)
Tax Losses	3,072	(176)	-	-	2,896
Net Movement	**(5,195)**	**(19)**	**505**	**(13,597)**	**(18,306)**

	Balance 1 July 2023 $'000	Recognised in income $'000	Recognised in equity $'000	Disposal of Australian subsidiary $'000	Balance 30 June 2024 $'000
Property, plant and equipment	(25,267)	10,634	-	922	(13,711)
Derivatives	(434)	16	330	-	(88)
Employee benefits	6,535	71	-	(2,774)	3,832
Provisions	(1,230)	(695)	-	(983)	(2,908)
Other	(806)	(12,244)	-	(856)	(13,906)
Tax Losses	2,896	-	-	(2,896)	-
Net Movement	**(18,306)**	**(2,218)**	**330**	**(6,588)**	**(26,781)**

B. Operating Assets

In this section

This section shows the assets Market Gardeners uses in delivering produce to the market in order to generate operating revenue. Key operating assets are:

- Property, plant and equipment.
- Inventories.
- Intangible assets.

B1. Property, Plant and Equipment

Property, plant and equipment are physical assets or the right to use leased assets, which are utilised by the Group to carry out business activities and generate revenue and profits.

Measurement and recognition

Property, plant and equipment (except for land and buildings) is measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Land and buildings are independently revalued every 3 years with changes in value recognised directly in equity, except if a decrease does not offset an existing valuation surplus for an individual asset in which case this is taken to the income statement.

Depreciation

Depreciation is recognised to allocate the cost or revalued amount of an asset, less any residual value over the estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Impairment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If an indication exists, then the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less costs to sell and the present value of future cash flows.

An impairment loss relating to finite-life intangible assets is recognised if the carrying amount of an asset exceeds its recoverable amount. A prior impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of the asset's carrying value had no impairment loss been recognised.

For information regarding leased (right-of-use) assets, see note C6.

Key Judgements

Depreciation rates:

The estimated useful lives for the current and comparative periods are as follows:

- buildings, leasehold improvements and entitlements — 1 – 30% Diminishing value and Straight Line
- motor vehicles — 16 – 30% Diminishing value and Straight Line
- plant and equipment — 7 – 40% Diminishing value and Straight Line
- fixtures and fittings — 8 – 67% Diminishing value and Straight Line

Valuation of Land and buildings:

Fair value is the estimated price the asset could be sold for in an orderly transaction, at arm's length between market participants at the valuation date.

Due to the level of judgement and adjustments required to the observable inputs, a level three classification (derived from privately negotiated sales information) is deemed appropriate for all property valuation for the Group. Land and buildings were independently revalued as at 30 June 2022 by registered valuers, Duke and Cooke Ltd, CBRE / Telfer Young, and Herron Todd White.

Continued…

Duke and Cooke Ltd, Logan Stone and CBRE / Telfer Young provided market assessments which were used to review and estimate the carrying amounts of land and buildings as at 30 June 2024 for the purposes of assessing whether there had been a material change in the fair value since the last formal valuation. No material change in value has occurred in 2024.

The following table shows the valuation technique used and the significant unobservable inputs for the 30 June 2022 independent valuations:

Valuation technique	Significant unobservable inputs and relationship with fair value measurement
Investment / Income approach This approach capitalises the contracted and / or potential income at an appropriate market derived rate of return	- Capitalisation rates (5.25% to 8.50%). - An increase in the capitalisation rate would reduce the valuation and a decrease would increase the valuation. - An increase in the rental rate would increase the valuation and a decrease would reduce the valuation. - An increase of one percentage point in the capitalisation rate would decrease the valuation by $15.5 million. - A decrease of one percentage point in the capitalisation rate would increase the valuation by $22.2 million. - Land and buildings with a fair value totalling $110.6 million have been valued using this approach.
Sales / Market comparison approach This approach determines a per square metre / hectare rate based on comparable sales, adjusted for differences in location, size and quality of the asset, together with an adjustment for market movements since the sales occurred.	- The independent valuers consider comparable sales transactions in determining the fair value for land and buildings based on their judgement and expertise. For this reason it is not possible to present a specific sensitivity analysis for land and buildings valued using this approach. - Land and buildings with a fair value totalling $64.2 million have been valued using this approach.

If land and buildings were measured using historical cost the carrying value would be $172 million (2023: $168 million).

	Fair value Land and buildings $'000	*Cost* Motor Vehicles $'000	*Cost* Fixtures & fittings $'000	*Cost* Bearer Plants $'000	*Cost* Plant and equipment $'000	*Cost* Work in progress $'000	Total PP&E $'000	Right of use assets $'000
Cost or valuation								
Balance at 30 June 2022 / 1 July 2022	184,600	8,107	5,129	1,534	46,500	27,278	273,148	82,268
Additions	4,803	1,888	1,056	1,369	2,120	7,764	19,000	14,576
Additions through acquisition	71,927	23	44	-	6,634	828	79,456	627
Disposals	(550)	(1,242)	(304)	-	(283)	(161)	(2,540)	(12,330)
Impairment	(1,670)	-	-	-	-	-	(1,670)	-
Transfer from work in progress and to expenses	23,091	43	42	-	391	(23,581)	(14)	-
Revaluations	(4,999)	-	-	-	-	-	(4,999)	-
Transfer from Non-Current Assets to held for sale	-	-	-	-	(267)	-	(267)	-
Effect of movements in exchange rates	(173)	(26)	(21)	(29)	(390)	(2)	(641)	(816)
Balance at 30 June 2023	277,029	8,793	5,946	2,874	54,705	12,126	361,473	84,325
Additions	5,017	1,883	387	-	6,039	456	13,782	6,707
Additions through acquisition	52	151	123	-	418	4	748	-
Transfers	9,169	-	88	382	168	(9,807)	-	-
Disposals	(11,110)	(2,769)	(2,634)	(2,874)	(26,818)	(238)	(46,443)	(54,389)
Revaluation	(4,512)	-	-	-	4,955	-	443	-
Transfer to Non-Current Assets to held for sale	(1,836)	-	-	-	-	-	(1,836)	-
Effect of movements in exchange rates	15	-	-	-	-	-	15	(173)
Other	-	-	-	-	-	(12)	(12)	-
Balance at 30 June 2024	273,824	8,058	3,910	382	39,467	2,529	328,170	36,470
Accumulated depreciation								
Balance at 30 June 2022 / 1 July 2022	10,990	3,962	4,236	4	25,621	-	44,813	20,788
Depreciation for the year	4,095	1,277	462	1,258	3,632	-	10,724	8,298
Disposals	(386)	(935)	(293)	-	(203)	-	(1,817)	-
Effect of movements in exchange rates	(82)	(19)	(19)	(10)	(269)	-	(399)	(237)
Balance at 30 June 2023	14,617	4,285	4,386	1,252	28,781	-	53,321	28,849
Depreciation for the year	4,523	1,244	451	13	2,855	-	9,086	1,702
Disposals	(4,490)	(1,935)	(2,382)	(1,252)	(16,357)	-	(26,416)	-
Revaluation	48	-	-	-	-	-	48	-
Transfer to Non-Current Assets to held for sale	(259)	-	-	-	-	-	(259)	-
Additions through acquisition	9	72	65	-	187	-	333	-
Balance at 30 June 2024	14,448	3,666	2,520	13	15,466	-	36,113	30,551
Carrying amounts								
At 30 June 2022	173,610	4,145	893	1,530	20,879	27,278	228,335	61,480
At 30 June 2023	262,412	4,508	1,560	1,622	25,924	12,126	308,152	55,476
At 30 June 2024	**259,376**	**4,392**	**1,390**	**369**	**24,001**	**2,529**	**292,057**	**5,919**

Co-funding from EECA (refer note F.3) is netted against work in progress upon meeting relevant milestones and an invoice is raised. As at 30 June 2024 this amounted to Nil (2023: $3.193 million).

B2. Inventories and biological assets

Measurement and recognition

Inventories are measured at the lower of cost and net realisable value. Cost is determined based on the first-in first-out principle and includes costs incurred in acquiring the inventories and in bringing them to their current location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell. Gains or losses arising on initial recognition of biological assets at fair value less costs to sell, and from a change in fair value less costs to sell of biological assets, are included in profit or loss for the period in which they arise.

Agricultural produce harvested from biological assets are initially measured at fair value less costs to sell at the point of harvest. For accounting purposes, such measurement is treated as the cost of the agricultural produce at that date. Gains or losses arising on initial recognition of agricultural produce at fair value less costs to sell are included in profit or loss for the period in which they arise.

Inventories recognised as cost of sales amounted to $129.084 million (2023: $98.744 million) for the Group.

	2024 $'000	2023 $'000
Inventories	6,205	13,061
Biological assets	5,524	6,117
Total inventories and biological assets	**11,729**	**19,178**

B3. Goodwill and other intangible assets

Measurement and recognition

Goodwill

Goodwill is determined at the date of acquisition and represents the excess of the cost of a business acquisition over the fair value of the Group's share of the assets, liabilities and contingent liabilities acquired. Where the fair value of net assets acquired is greater than the consideration paid, the excess is recognised immediately in profit or loss.

Goodwill is subsequently measured at cost less accumulated impairment losses. Impairment reviews are performed annually, at the level of the relevant cash generating unit ('CGU'). The smallest identifiable group of assets that generate independent cash inflows and the level at which strategic decisions occur is considered in identifying a CGU.

Any impairment loss in respect of goodwill is not reversed.

In respect of equity accounted investees, goodwill is included in the carrying amount of the investment.

Market licences

Market licences related to stands in the Perth, Sydney and Melbourne markets. As these are perpetual arrangements, they are considered to be indefinite life intangible assets which are initially recognised at cost and are not amortised. These were sold as part of the Premier Fresh sale.

Other intangible assets (Marketing Contracts, Plant Variety Rights (PVR), and other)

Intangible assets, other than goodwill, are subsequently measured at cost less accumulated amortisation and impairment.

Costs relating to the development of intangible assets, including computer software, are capitalised once all the development phase recognition criteria are met.

Plant Variety Rights (PVR) are amortised over the expected useful life of 15 to 21 years.

Software is amortised over the expected useful life of 7 to 10 years.

Continued….

Annual impairment assessment

Where an intangible asset is considered to have an indefinite life, no amortisation is recognised. The asset is subject to an annual impairment test, and any impairment loss is recognised within the income statement. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated impairment losses.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used. A loss is reversed only to the extent of the asset's carrying value had no impairment loss been recognised.

The recoverable amount for marketing agreements (included within other) is determined as the fair value less costs of disposal.

Reclassification as non-current assets held for sale – non-current assets and intangible assets are classified as held for sale if it highly probably that their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The reclassified assets are measured at the lower of their carrying value and fair value less costs of disposal.

Key Judgement

In arriving at the recoverable value for goodwill, key assumptions have been made regarding future projected cash flows, discount rates and terminal growth rates. These assumptions are considered further within note B3.1.

Goodwill and other intangible assets	**Goodwill $'000**	**Market licences $'000**	**Other $'000**	**Software and WIP $'000**	**Total $'000**
Cost					
Balance at 1 July 2022	49,047	11,244	5,013	2,000	67,304
Additions	-	213	45	128	386
Additions through acquisition (Note D4)	-	-	21	-	21
Reclassification from property, plant and equipment	-	(1,323)	-	-	(1,323)
Disposals	-	-	-	-	-
Effect of movements in exchange rates	-	(120)	-	-	(120)
Balance at 30 June 2023	49,047	10,014	5,079	2,128	66,268
Balance at 1 July 2023	49,047	10,014	5,079	2,128	66,268
Additions	-	-	-	65	65
Disposal through sale (Note D1.1)	(42,409)	(10,014)	-	-	(52,423)
Reclassification to non-current assets held for sale	-	-	-	-	-
Effect of movements in exchange rates	-	-	-	-	-
Balance at 30 June 2024	6,638	-	5,079	2,193	13,910
Accumulated amortisation and impairment losses					
Balance at 1 July 2022	(23,341)	-	(43)	-	(23,384)
Impairment	(15,235)	-	-	-	(15,235)
Amortisation for the year	-	-	(51)	-	(51)
Effect of exchange rates	(87)	-	-	-	(87)
Balance at 30 June 2023	(38,663)	-	(94)	-	(38,757)
Impairment	-	-	-	-	-
Amortisation for the year	-	-	(50)	(163)	(213)
Disposal through sale (Note D1.1)	38,663	-	-	-	38,663
Effect of exchange rates	-	-	-	-	-
Balance at 30 June 2024	-	-	(144)	(163)	(307)
Carrying amounts					
At 30 June 2022	25,706	11,244	4,970	2,000	43,920
At 30 June 2023	10,384	10,014	4,985	2,128	27,511
At 30 June 2024	**6,638**	**-**	**4,935**	**2,030**	**13,603**

B3.1 Impairment testing of goodwill

Goodwill relates to the Group's subsidiary and former subsidiary:

- Te Mata Exports 2012 Ltd ("Te Mata"); and
- Premier Fresh Australia Pty Ltd Group ("PFA") – (disposed of on 27 June 2024).

The Group has assessed the smallest group of assets that independently generate cashflows that relate to each goodwill amount (cash generating units ("CGU's")). For impairment testing the CGU's have been determined to be Te Mata and PFA.

The recoverable amount was determined on a value in use basis with the key assumptions being future cash flows, discount rates and terminal growth rates.

Future cash flows have been estimated over the next 5 years, with the key input being the growth rate in revenue. Estimated cash flows are discounted using a weighted average cost of capital ("WACC"), representing the minimum return a business must earn on its asset base to satisfy providers of capital. This rate considers both internal and external risks associated with the CGU along with an assessment of the time value of money.

Estimated revenue growth has been determined on the basis of expectations of future outcomes taking into account past experience, adjusting for anticipated revenue growth based on the Board approved strategy applied to the CGU in its current condition.

Te Mata Exports 2012 Ltd

The key inputs and assumptions used in estimating the recoverable amount of the Te Mata CGU were:

	2024	2023
Annual revenue growth rate (New Zealand / Australia)	2.0% / 2.0%	2.0% / 2.0%
Pre-tax discount rate	11.32%	12.39%
Terminal growth rate	2.0%	2.0%

Sensitivity to changes in key assumptions: the following sensitivity analysis has been performed in respect of the Te Mata goodwill balance:

Headroom / (impairment)	Pre-tax discount rate	Post-tax discount rate	Revenue Growth		
			1.5%	2.0%	2.5%
WACC	11.32%	7.6%	9,397	9,649	9,904
		8.6%	6,437	6,647	6,858
		9.5%	4,257	4,432	4,614

The net carrying value for the Te Mata CGU is $6.145 million (2023: $6.145 million). There is no accumulated impairment (2023: nil).

Premier Fresh Australia Pty Ltd Group

During 2024 Premier Fresh Australia Pty Ltd was sold and accordingly the net carrying value for the PFA CGU after accumulated impairment is nil (2023: $4.391 million). Refer to note D1.1.

The recoverable amount of the PFA CGU in 2023 was determined to be less than the carrying amount and an impairment loss of $15.235 million was recognised in that year.

B4. Non-current assets held for sale

The land and buildings at Upper Daradgee Rd in Queensland were subject to an active sale programme at 30 June 2024. As a result, they were reclassified as assets held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

In 2023 Market licences relating to two leaseholds at Sydney Markets and associated plant and equipment were reclassified as assets held for sale. The assets were sold during 2023.

C. Managing Funding

In this section
This section explains how Market Gardeners manages its capital structure and working capital along with the various funding sources.

Capital management

Capital includes share capital, reserves and retained earnings. The Board's policy is to maintain a strong capital base to allow for both future growth and to maximise the return to shareholders in the form of rebates or distributions. These requirements are balanced to protect from volatility and changes in capital and market conditions.

The process of allocating capital across the Group is undertaken and regularly considered and reviewed by the Parent Company Board. There have been no material changes to the Group's management of capital during the period.

C1. Share capital

Judgement

"A", "B" and "C" shares are defined as puttable equity instruments under NZ IAS 32, and are classified as equity. The key area of judgement in reaching this conclusion was that cash flows arising from rebates do not substantially restrict the returns to shareholders and that A, B and C Shares are materially the same financial instrument.

Movements in the Group's issued and paid-up share capital are as follows:

	Rebate Shares (Number '000 / $'000)				
	A Shares	**B Shares**	**C Shares**	**Treasury**	**Total**
Balance at 1 July 2022	**40,331**	**12,093**	**997**	**(93)**	**53,328**
Shares issued	3,928	10,054	1,000	-	14,982
Shares transferred	6,838	(5,841)	(997)	-	-
Shares surrendered	(825)	(180)	(3)	-	(1,008)
Treasury stock	731	-	-	(731)	-
Balance at 30 June 2023	**51,003**	**16,126**	**997**	**(824)**	**67,302**
Shares issued	5,395	6,373	1,000	-	12,768
Shares transferred	6,573	(5,576)	(997)	-	-
Shares surrendered	(1,595)	(241)	(9)	-	(1,845)
Treasury stock	1,090	-	-	(1,090)	-
Balance at 30 June 2024	**62,466**	**16,682**	**991**	**(1,914)**	**78,225**

Shares are issued, redeemed and surrendered at $1.00 per share and in accordance with the requirements of the Co-operative Companies Act 1996 and the Company constitution. Applications are considered at least quarterly.

Key features / rights of each class of share – refer to the constitution for full terms.

Voting Rights	Shareholders are entitled to one vote for each "A" share held up to a maximum of 1,000 votes. Voting rights are suspended if the shareholder has not transacted a minimum level of business being $10,000 of produce sales in any one year or on average over a rolling three-year period.
	"B" and "C" shares do not carry any voting rights.
Dividend Rights	All shares are rebate shares, carrying a right to dividends and rebates as determined by the Board.
Wind-up	All classes of share rank equally on wind-up with regard to the Parent Company's residual assets.
Conversion	"C" and "B" shares are able be converted to "B" and/or "A" shares at the Board's discretion.
Surrender of shares	All shares are surrendered at the lesser of $1.00 or the amount paid up on those shares.
	Holders of over 100,000 and up to 1,000,000 shares are required to surrender these in instalments of 100,000 shares, payable on each anniversary of approval until fully paid.
	Holders of over 1,000,000 shares are required to surrender these in 10 equal instalments payable on each anniversary of approval until fully paid.
	The Parent Company has a first lien on all shares and the proceeds from the sale or surrender of such shares for unpaid amounts in relation to those shares or amounts due to Group companies.
Treasury Stock	"A" shares that have been surrendered by a shareholder but held for reissue instead of being cancelled upon surrender.

There have been no changes to the above key features during the year.

Post balance date issuance of shares, dividends and rebates to shareholders

	2024	2023
All matters below were declared and accounted for on	1 August 2024	18 August 2023
Special bonus issue of A Shares	1 for every 12 existing	1 for every 12 existing
Special bonus issue of B Shares	1 for every 2 existing	1 for every 3 existing
Special bonus issue of C Shares	1 for every 1 existing	1 for every 1 existing
Taxable supplier shareholder rebate – paid by issuing C Shares	$250,000	$250,000
Bonus issue on supplier shareholder rebate	3 for every 1 share issued above	3 for every 1 share issued above
Taxable and fully imputed Dividend to be issued from retained earnings at completion of the Annual Meeting.	Final – 3 cents per "A" share. No interim dividend declared	Final – 3 cents per "A" share. No interim dividend declared

C2. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Amounts held in a foreign currency are converted to NZD using the applicable exchange rate as at year end. Refer to the table below for the different currencies held by the Group.

	2024		2023	
	Foreign $'000	NZD $'000	Foreign $'000	NZD $'000
NZD	-	5,433	-	5,420
AUD	88	96	6,217	6,751
Other (USD, EUR, JPY)	265	456	1,065	934
Total cash and cash equivalents		**5,985**		**13,105**

AUD, USD, EUR and JPY have been translated at the closing exchange rate of 0.9133, 0.6080, 0.5687 and 97.576 respectively (2023: 0.9209 AUD, 0.6125 USD, 0.5625 EUR and 87.966 JPY).

C3. Trade and other receivables

Measurement and recognition

Trade receivables without a significant financing component are initially measured at the transaction price. All other trade and other receivables are initially measured at fair value plus transaction costs. Trade and other receivables are subsequently measured at amortised cost.

A provision for the impairment of receivables is established using the expected credit losses ("ECL") general model, which is both forward-looking and takes into account historical provision rates and the economic environment. The provision recorded is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method. Debts that are known to be uncollectible are written off immediately.

Trade and other receivables	2024 $'000	2023 $'000
Not past due	28,104	69,120
Past due 1-30 days	16,640	9,761
Past due greater than 30 days	338	8,606
Less: allowance for ECL	(251)	(1,339)
Total trade receivables	**44,831**	**86,148**
Prepayments and accrued revenue	4,551	7,923
Advances to equity accounted investees	4,048	2,850
Receivables from MG Charitable Trust (Note F5)	1,854	1,971
Derivative assets	644	1,669
Finance receivables	787	861
Other receivables	4,410	6,255
Total trade and other receivables	**61,125**	**107,677**

C4. Trade and other payables

Measurement and recognition

Trade and other payables

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Due to their short-term nature they are not discounted.

Trade payables are initially measured at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

Refer to note A2 for the measurement and recognition of employee benefits, included within trade and other payables.

Trade and other payables	**2024 $'000**	**2023 $'000**
Non-current		
Other payables	676	16,325
Employee benefits	260	457
Total non-current trade and other payables	936	16,782
Current		
Trade and other payables	68,794	101,005
Employee benefits	9,248	18,160
Total current trade and other payables	78,042	119,165
Total trade and other payables	**78,978**	**135,947**

Included above are $473,000 (2023: $40,783,000) of trade payables denominated in Australian dollars and $1,130,000 (2023: $954,000) of trade payables denominated in US dollars.

Other payables include $15,625,000 (2023: $16,076,000 fair value of the deferred consideration, as at acquisition date, for the business combination (refer note D4)). This is payable in March 2025.

C5. Interest-bearing borrowings

Measurement and recognition

Interest-bearing borrowings are recognised initially at fair value, net of transaction costs paid. Subsequent to this, borrowings are stated at amortised cost using the effective interest rate method. In 2024 the effective interest rate on borrowings for the Group was 6.99% (2023: 6.68%). All borrowings are subject to floating interest rates.

The bank loans are secured over land and buildings with a carrying amount of $259.38 million (2023: $262.41 million).

Interest-bearing borrowings	**2024 $'000**	**2023 $'000**
Non-current secured bank loans	70,225	102,374
Current secured bank loans	-	16,040
Total interest-bearing borrowings	**70,225**	**118,414**

C6. Lease liability

Measurement and recognition

Leases are contracts that convey the right to use an asset for a period of time, in exchange for consideration. The majority of the Group's leases relate to properties. Property leases will often include extension and termination options, open market rent reviews, indexation uplifts or fixed uplifts.

Lease liability

The lease liability is initially measured at the present value of the lease payments still to be made, discounted using the Group's incremental borrowing rate, taking into account the duration of the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to profit or loss on over the lease period.

The lease liability is remeasured where a lease is modified, such as a change in lease term or payments. A revised discount rate is applied to any modifications. This adjustment is also taken to the right-of-use asset refer to B1.

Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore properties to their original condition, less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the applicable lease term.

The movement of the right-of-use asset is disclosed in note B1.

Judgements:

The judgements in determining the lease liability are:

- Estimation of the lease renewals: Some property leases in the Group contain renewal options exercisable by the lessee before the end of the non-cancellable contract period. The period covered by renewal options is only included in the lease term if the lessee is reasonably certain to exercise the option.

C6.1 Lease liability	**2024**	**2023**
	$'000	**$'000**
Opening lease liability	56,924	61,904
Additions	6,707	15,203
Disposals	(3,409)	(12,531)
Sale of Premier Fresh Australia Pty Limited	(52,378)	-
Interest on lease liabilities	370	2,515
Foreign exchange movement	(177)	(590)
Gross payments (cash outflows in relation to leases)	(1,969)	(9,577)
Lease liability as at 30 June	**6,068**	**56,924**
Non-current lease liability	**2,835**	**48,354**
Current lease liability	**3,233**	**8,570**

The Group's incremental borrowing rate for the year ended 30 June 2024 is 6.75% (2023: 7.04%).

C6.2 Lease expenses

The income statement includes expenses relating to short term leases of $124,000 (2023: $27,000) and expenses relating to leases of low value assets of $53,000 (2023: $33,000). Interest on lease liabilities is within financial expenses.

C6.3 Group as a lessor

The Group leases out owned property for a period significantly less than its useful life, with the annual payments recorded within other income. The Group also acts as the lessor of packing equipment to certain suppliers.

The future minimum lease receipts under non-cancellable operating leases as lessor are as follows:

	2024 $'000	**2023 $'000**
Less than one year	2,065	2,641
Between one and five years	5,246	7,644
More than five years	4	1,310
Future minimum lease receipts as at 30 June	**7,315**	**11,595**

D. Group Structure

In this section
This section provides information to help readers understand Market Gardeners' group structure and how it affects the financial position and performance of the Group.

D1. Subsidiaries

Measurement and recognition

Subsidiaries are entities where the Group is exposed to variable returns from the entity and controls or directs the relevant activities of the subsidiary. Subsidiaries are consolidated until the date that control ceases.

Significant subsidiaries	Principal activity	Country of incorporation	2024 %	2023 %
Hansons Lane International Holdings Ltd	Investment Holding	New Zealand	100	100
J. S. Ewers Ltd	Produce Grower	New Zealand	100	100
Blackbyre Horticulture Ltd	Property Holding	New Zealand	100	100
Market Fresh Wholesale Ltd	Property Holding	New Zealand	100	100
Phimai Holdings Ltd	Property Holding	New Zealand	100	100
Southland Produce Markets Ltd	Property Holding	New Zealand	100	100
MG Group Holdings Ltd	Asset Holding	New Zealand	100	100
Kaipaki Properties Ltd	Asset Holding	New Zealand	100	100
Kaipaki Berryfruits Ltd	Berryfruit production	New Zealand	100	50
Te Mata Exports 2012 Ltd	Produce Exporting	New Zealand	84	87
Southern Paprika Ltd	Produce Grower	New Zealand	100	100
Market Gardeners (USA) Inc.	Produce Sourcing and Exporting	USA	100	100
Premier Fresh Australia Pty Ltd *	Produce Wholesale	Australia	0	69
LaManna Bananas (Adelaide) Pty Ltd +	Produce Wholesale	Australia	0	100
Australian Banana Company Pty Ltd +	Produce Packing & Wholesale	Australia	0	100
Carbis Bananas Pty Ltd +	Investment Holding	Australia	0	100
LaManna Group Holdings Three Pty Ltd +	Investment Holding	Australia	0	100
Lambells Properties Pty Ltd	Property Holding	Australia	100	100
Premier Fruits Group Pty Ltd +	Produce Wholesale	Australia	0	100
GV Agri Services Pty Ltd +	Asset Holding	Australia	0	100
Fresh Choice W.A. Pty Ltd +	Produce Wholesale	Australia	0	100
Te Mata Exports Australia Pty Ltd	Produce Export	Australia	100	70
Darwin Fruit Farms Pty Ltd +	Tropical fruit Production	Australia	0	100

The interest in the subsidiaries above is the actual interest held by the Group. The Group's share of Premier Fresh Australia Pty Ltd ("PFA") is 0% (2023:69%) and Te Mata Exports 2012 Ltd ("TMEL") is 84% (2023: 87%) hence the Group's share in subsidiaries and associates of PFA and TMEL is 0% and 84% of the respective interest.

* Formerly LaManna Premier Group Pty Ltd (changed its name to Premier Fresh Australia Pty Ltd on 14 September 2022).

+ LaManna Bananas (Adelaide) Pty Ltd, Australian Banana Company Pty Ltd, Carbis Bananas Pty Ltd, LaManna Group Holdings Three Pty Ltd, Premier Fruits Group Pty Ltd, GV Agri Services Pty Ltd, Fresh Choice W.A. Pty Ltd and Darwin Fruit Farms Pty Ltd are subsidiaries of Premier Fresh Australia Pty Ltd. They were disposed of as part of the sale of Premier Fresh Australia Pty Ltd as per note D1.1.

Acquisition of Joint Arrangement

In April 2024, the Group increased its ownership in Kaipaki Berryfruits Ltd from 50% to 100%. The consideration paid amounted to $1 and resulted in a loss to the Group of $1,030,000.

Acquisition of non-controlling interest (NCI)

In August 2022, the Group acquired a further 13% interest in Te Mata Exports 2012 Ltd, increasing its ownership from 74% to 87%. The consideration paid amounted to $1.231 million and resulted in a decrease in equity attributable to owners of the Group of $716,000 as shown in the Consolidated statement of change in equity.

As part of the ownership restructure 3% was sold to the other minority shareholders on 15 January 2024 for $615,000. This resulted in the minority shareholders owning 16% of Te Mata Exports 2012 Ltd.

D1.1 Discontinued operations

On 26 June 2024, the Group entered into a sale agreement to dispose of Premier Fresh Australia Pty Limited ("PFA") and its subsidiaries, which carried out some of the Group's Australian operations. The disposal was completed on 27 June 2024, on which date control of Premier Fresh Australia passed to the acquirer.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	2024 $'000	2023 $'000
Revenue – sale of goods	496,932	487,175
Other income	3,925	5,426
Expenses	(497,065)	(492,938)
Impairment	-	(16,905)
Profit before tax	3,792	(17,242)
Loss on disposal of discontinued operations	(2,536)	-
Attributable tax expense	-	-
Net profit/(loss) attributable to discontinuing operations	1,256	(17,242)
Income from discontinued operations attributable to the owners of the parent	85	(11,949)
The net cash flows pertaining to the entity referred to above are as follows:		
Operating	12,778	4,183
Investing	2,544	2,587
Financing	(5,995)	(5,280)
Net cash inflow	9,327	1,490

Assets and liabilities in the Premier Fresh businesses as at the loss of control date (27 June 2024):

	2024 $'000
Property, plant and equipment	17,420
Other assets	624
Investments	3,043
Goodwill and other intangible assets	14,524
Lease assets	42,812
Deferred tax assets	6,643
Cash and cash equivalents	15,147
Inventories and biological assets	7,363
Trade and other receivables	31,896
Borrowings	(32,588)
Trade and other payables	(53,190)
Lease liabilities	(45,420)
Net assets disposed of	8,274
Reserves relating to discontinued operations	(239)
	8,035
Deferred consideration (present value)	5,499
Loss on disposal	(2,536)
Total consideration	
Deferred consideration (present value)	5,499
Loans repaid	18,876

In addition to the deferred consideration and loans repaid, the MG Group was released from bank guarantees on debt held by PFA of $11.95 million.

The consideration of AUD$6m is by way of interest free loan to be repaid by the purchaser in equal instalments of AUD$1.2 million over the next 5 years. The present value of the deferred consideration is NZ$5.499 million. The loan is secured by a registered security over the shares sold.

The impact of Premier Fresh Australia on the Group's results in the current and prior years is disclosed above. The net gain on disposal is included in the profit for the year from discontinued operations as a single line item of "profit from discontinued operations".

D2. Associates and joint arrangements (equity accounted investees)

Measurement and recognition

Associates and joint arrangements are entities where the Group has significant influence or joint control, but not control, over the activities of the entity. The Group's investment is initially recognised at cost plus the Group's share of any profit or loss up until the date at which that significant influence or joint control ceases. If the Group's share of losses exceeds its interest in the entity, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Associates and joint arrangements	Principal activity	Country of incorporation	Year end	2024 %	2023 %
United Flower Growers Ltd (2)	Flower Wholesale	New Zealand	30 Jun	50	50
Zee Sweet Ltd (1)	Horticulture	New Zealand	31 Dec	33	33
New Zealand Fruit Tree Company Ltd (1)	Horticulture	New Zealand	31 Dec	33	33
First Fresh New Zealand Ltd (1)	Produce Marketing & export	New Zealand	31 Mar	50	40
Innisfail Banana Farming Co. Pty Ltd (2)	Banana Production	Australia	30 Jun	0	50
Col Johnson Pty Ltd (2)	Produce Wholesale	Australia	30 Jun	0	50

(1) = associate, (2) = joint arrangement.

The interest in the Australian companies above is the actual interest held by PFA. The Group's share of PFA is 0% (2023: 69%) as a result of the sale of PFA as detailed in note D1.1.

The Group's share of profit / (loss) in its equity accounted investees for the year was $0.941 million (2023: ($0.035) million). The investees are not considered to be individually material. A summary of financial information for these entities is as follows:

	Profit/(loss) $'000	Comprehensive income $'000	Carrying amount $'000
2024	2,947	2,446	6,116
2023	3,307	2,178	6,825

D3. Other investments

Waimea Irrigators Limited and Century Water Limited raised funds through the issue of shares and redeemable notes in order to provide funding for the construction of a new dam to bring security of water supply to irrigators / growers in the Nelson region. These investments are carried at fair value, which is approximated at cost.

	2024 $'000	2023 $'000
Waimea Irrigators Limited – Shares	1,195	1,195
Century Water Limited - Redeemable notes	2,188	2,188
Other	977	2,181
Total other investments	**4,360**	**5,564**

D4. Business combination - Acquisition of Southern Paprika Limited

Key Judgement:

In order to account for the acquisition of Southern Paprika Limited (a business combination), the fair value of the tangible and intangible assets acquired and liabilities assumed have to be assessed to undertake a purchase price allocation. This assessment is required in order to comply with NZ IFRS 3 (business combinations) and NZ IFRS 13 (Fair Value Assessment). Due to the significant nature of the property, plant and equipment acquired, a provisional assessment was undertaken at 30 June 2023 as detailed below. In accordance with NZ IFRS 3 the fair value assessment, and related tax implications, has been completed as per below.

	2024 $'000	Adjust $'000	2023 $'000
Amount settled in cash	46,875	-	46,875
Fair value of deferred consideration at acquisition date	16,076	-	16,076
Total fair value of the consideration transferred	62,951	-	62,951
Recognised amounts of identifiable assets and liabilities at fair value			
Property, plant and equipment	79,900	444	79,456
Intangibles (consents)	21	-	21
Intangible assets – Deferred settlement	255	-	255
Mark to market interest rate swap	82	-	82
Lease assets (right to use)	627	-	627
Other investments	399	-	399
Cash and cash equivalents	7,597	-	7,597
Inventories and biological assets	3,814	-	3,814
Trade and other receivables	2,050	-	2,050
Borrowings	(10,600)	-	(10,600)
Trade and other payables	(5,935)	-	(5,935)
Lease liabilities	(627)	-	(627)
Deferred tax liabilities	(13,597)	-	(13,597)
Net identifiable assets and liabilities	63,986	444	63,542
Gain on bargain purchase	(1,035)	(444)	(591)

On 20 March 2023, the Group acquired 100% of the issued share capital and control of Southern Paprika Limited. Southern Paprika Limited's operations are based in Warkworth, and the acquisition aligns with the Group's plan to have a North Island hothouse presence.

Details of the consideration and net assets acquired, was recognised on a provisional basis in 2023. The final consideration and net assets acquired were determined during 2024. The final consideration and net assets are presented in the table above.

The transaction resulted in a total gain on bargain purchase of $1,035,000 which has been recognised in other operating income in the statement of comprehensive income $444,000 in 2024 and $591,000 in 2023. This resulted from the uplift in valuation of property, plant and equipment as determined under the depreciated replacement cost methodology.

E. Financial Instruments Used to Manage Risk

In this section
This section explains the financial risks that the Group faces and how these risks are managed.

The Group is exposed to a variety of risks associated with its operations and from its use of financial instruments. These can be broadly classified as: credit, liquidity, interest rate and foreign currency risks.

E1.1 Credit risk

Credit risk is the risk that those that owe money to the Group default on their obligations. The Group's exposure to credit risk is mainly through trade receivables that remain outstanding. Refer to note C3 for the status of trade receivables at year end.

The Group credit policy requires new customers to be assessed for credit worthiness. The carrying amount of financial assets represents the Group's maximum credit exposure. The Group has no undue concentrations of credit risk.

E1.2 Liquidity risk

Liquidity risk represents the Group's ability to meet its obligations. Liquidity requirements are evaluated on an ongoing basis. In general, sufficient operating cash flows are generated to meet obligations arising from its financial liabilities and there are credit lines in place to cover potential shortfalls. The Group has additional undrawn facilities of $33.8 million (2023: $25.1 million) at its disposal to further reduce liquidity risk.

The contractual maturities of financial liabilities (excluding derivatives) are analysed in the below table. The amounts will not necessarily reconcile to the statement of financial position as they are undiscounted cash flows and include interest.

2024	Statement of Financial Position $'000	Contractual cash flow $'000	< 6 months $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	> 5 years $'000
Borrowings	70,225	84,094	2,370	2,370	4,565	74,790	-
Trade and other payables	68,804	69,946	53,149	16,347	-	-	-
Lease liability	6,068	12,692	1,616	1,616	3,233	4,744	1,482
Total financial liabilities	**145,097**	**166,282**	**57,135**	**20,333**	**7,798**	**79,534**	**1,482**

2023	Statement of Financial Position $'000	Contractual cash flow $'000	< 6 months $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	> 5 years $'000
Borrowings	118,414	127,712	10,249	13,346	95,186	8,931	-
Trade and other payables	118,894	118,894	102,569	-	16,325	-	-
Lease liability	56,924	74,459	4,285	4,285	8,585	19,447	37,857
Total financial liabilities	**294,232**	**321,065**	**117,103**	**17,631**	**120,096**	**28,378**	**37,857**

E1.3 Interest rate risk

The Group is exposed to interest rate risk from the cashflows on floating rate borrowings. The Group uses interest rate swaps to achieve an appropriate mix of fixed and floating rate exposure, through policies established by the Board which target hedging of 50-100% of non-current borrowings.

Interest rate swaps are designated as a cashflow hedge and allow a fixed interest rate to be obtained at a future date. They are recognised at fair value, to the extent the hedge is effective, any movements are recorded in equity. Any ineffectiveness is recognised in profit or loss. Interest rate swaps are Level 2 instruments and fair values are obtained from market observable pricing information. In these hedge relationships, the main sources of possible ineffectiveness are changes in the timing of the hedged transactions and general counterparty credit risk.

The interest rate swaps settle on a quarterly basis. The fixed interest rates average 1.045% (2023: 1.068%). The variable rates are set on the 3-month New Zealand Bank Bill Reference Rate (BKBM)/ Australian Bank Bill Swap Bid Rate (BBSY), which at balance date was 5.63% BKBM, 4.45% BBSY (2023: 5.71% BKBM, 4.41% BBSY).

The following table details the notional and fair value interest rate swaps as at 30 June.

	2024 Notional Value $'000	2024 Fair Value $'000	2023 Notional Value $'000	2023 Fair Value $'000
NZD Interest rate swaps	11,100	(201)	13,100	(751)
AUD interest rate swaps (NZD equivalent)	13,687	(253)	19,003	(859)
Total	**24,787**	**(451)**	**32,103**	**(1,610)**

E1.4 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases, denominated in a currency other than the functional currency. The key foreign currencies transacted in are Australian dollars and US dollars. The Group use forward exchange contracts to manage the risk for significant transactions including all sales and purchases of product other than minor transactions. It is estimated that a 1 percentage point change in the NZD against these currencies would change current year profit before tax by $10,000 (decrease) (2023: $11,000 (decrease)). Forward exchange contracts are Level 2 instruments. Their fair value is determined using forward exchange rates at year end, with the resulting value discounted back to present value. In these hedge relationships, the main sources of possible ineffectiveness are changes in the timing, quality, or quantity of the hedged transactions and general counterparty credit risk.

The Group is exposed to foreign currency risk on the deferred consideration of the sale of Premier Fresh Australia Pty Ltd. The deferred consideration outstanding of AUD$6m is offset by the group having external borrowings of AUD$6m. This provides a natural hedge of this foreign currency risk.

Prior to the sale of its Australian operations the most significant exposure to the Group was exchange rate fluctuation on its investment in the Australian operations. The Group hedged part of its net investment in Australia by borrowing in Australian dollars; this is known as a net investment hedge. This allowed the Group to take foreign currency translation gains to equity as opposed to profit or loss. The main source of possible ineffectiveness in these hedges was a reduction in the value of the net investment.

	2024 AUD $'000	2023 AUD $'000
Investment foreign currency risk		
Net investment in Australian operations	-	15,843
Foreign currency denominated borrowings		
Secured bank borrowings designated as a hedged item	-	(17,714)
Net (over hedged) / unhedged exposure	**-**	**(1,871)**

F. Other

In this section
This section includes information required to comply with financial reporting standards that is not covered previously.

F1. Related parties

Related party transactions

These are transactions between the Group and related individuals or entities by nature of influence or control. The Group has such relationships with its key management personnel and equity accounted investments. The disclosure of transactions with these parties enables readers to form a view of the impact of related party relationships on the Group.

Transactions with associates and joint arrangements

The table below sets out the transactions with associates and joint arrangements. Advances to associates are interest bearing (at the parent company's average cost of borrowing 7.0% (2023: 6.4%) (+ a margin of 1.5%-2%)) unless deemed part of the Group's investment. These advances are payable on demand.

	2024 $'000	2023 $'000
Sales of goods and services	3,921	7,911
Purchases of goods and services	26,123	32,107
Closing advances/receivables	850	4,155
Closing loans/payables	851	740

No expense or movement in provision on outstanding balances with associates was recorded during 2024 or 2023.

Key management personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to directors and executive officers, and for executive officers contributes to a defined contribution superannuation plan on their behalf.

Like most co-operatives the Group has frequent transactions with its grower Directors (sales to, agency sales for and purchases from Directors) in the ordinary course of business.

	2024 $'000	2023 $'000
Key management personnel compensation comprised:		
Director's fees and remuneration	923	937
Short-term employee benefits	4,386	4,440
Other transactions with key management personnel		
Gross value of Directors' sales	60,319	65,598
Commission charged on Directors' sales (as above)	7,238	7,872
Gross value of Directors' other transactions (prepacking services and sundry other expenses)	308	242
Amounts owing to key management personnel as a result of the above transactions	1,845	2,736

F2. Auditor's remuneration

	2024 $'000	2023 $'000
Audit or review related services		
Market Gardeners Limited and subsidiaries (KPMG)	191	171
Premier Fresh Australia Pty Limited and subsidiaries (Pitcher Partners)	-	214
Market Gardeners Limited Share register audit (KPMG)	5	2
Other assurance services		
Market Gardeners Limited and subsidiaries (KPMG)	-	-
Premier Fresh Australia Pty Limited and subsidiaries (Pitcher Partners)	-	-
Taxation services		
Market Gardeners Limited and subsidiaries (KPMG)	-	-
Premier Fresh Australia Pty Limited and subsidiaries (Pitcher Partners)	-	-
Other services		
Market Gardeners Limited and subsidiaries (KPMG)	11	9
Premier Fresh Australia Pty Limited and subsidiaries (Pitcher Partners)	-	32

Other services paid to KPMG relate to the preparation of factual data analytics reports for management's analysis.

Due to the sale of Premier Fresh Australia Pty Limited during the year no audit fee has been paid for 2024. In 2023 the other services paid to Pitcher Partners relate to accounts compilation and taxation services.

Audit remuneration is included within administrative expenses in the statement of comprehensive income.

F3. Capital Commitments

At 30 June 2024 the Group had capital commitments of $5.75million (2023: $6.264 million). Capital commitments primarily relate to investment in assets and infrastructure. Capital commitments are recognised after a formal capital review and approval process.

F4. Contingencies

Trade indemnities and guarantees issued by the Group amount to $1.685 million for associate companies (2023: $2.857 million).

F5. MG Charitable Trust

In November 2019 the Parent Company's shareholders approved the formation of the MG Marketing Charitable Trust and its Trust Deed dated 20 November 2019 (the Deed). The Trust changed its name on 18 August 2022 to the MG Charitable Trust (the Trust). In accordance with the Deed, the Trust's operations are to be reported to the Parent Company (as settlor under the Deed) and its shareholders.

The Chair's and Chief Executive Officer's review attached to this report comments on the MG Charitable Trust. The Trust has prepared an Annual Review for the 12 months ended 30 June 2024 which is an extract of the full performance report and financial statements of the trust and outlines the:
- key objectives of the Trust;
- trust structure, governance, management and funding;
- A review of the contestable funding and the education funding rounds;
- summary financial information including statements of financial performance, financial position and cash flows.

The Annual Review and full Report is available on the MG website at www.mggroup.co.nz/mgtrust.

On 3 May 2022 the Trust's Deed was varied by vesting the statutory power of appointment of the majority of the trustees in the shareholders of MG (in addition to those able to be appointed by MG as Settlor). At least one trustee is appointed by MG as settlor. The Group does not control the Trust. No auditor is appointed to the Trust and no review has been undertaken.

G. About this report

In this section

The notes to the consolidated financial statements include information which is considered relevant and material to assist the reader in understanding the financial performance and position of Market Gardeners.

Information is considered relevant and material if:
- the amount is significant because of its size and nature;
- it is important for understanding the results of Market Gardeners;
- it helps to explain changes in Market Gardener's business; or
- it relates to an aspect of Market Gardener's operations that is important to future performance.

Presentation of prior year comparative information has been changed to align with the current year classifications.

Reporting entity

The Parent Company, Market Gardeners Limited, is a for-profit entity domiciled in New Zealand and registered under the Companies Act 1993 and the Co-operative Companies Act 1996. The Company is an FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013 and prepares its financial statements in accordance with that Act.

The 30 June 2024 consolidated financial statements are for Market Gardeners Limited and its subsidiaries (together referred to as "Market Gardeners" or "Group") and its interests in associates and joint arrangements as at year end.

The Group is primarily involved in growing, merchandising, wholesale, ripening, distribution, import and export operations of fresh fruit and produce. The Group's registered office is 78 Waterloo Road, Hornby, Christchurch 8440.

Statement of compliance and basis of preparation

The financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and with the International Financial Reporting Standards ("IFRS"), as appropriate for for-profit entities.
- for the 52-week period ending 28 June 2024 (2023: 52-week period ending 30 June 2023). This ensures comparability given the Group weekly trading cycles. For simplicity the financial statements are referred to as 30 June.
- in New Zealand dollars rounded to the nearest thousand ($000), except when otherwise indicated.

In preparing the consolidated Group financial statements, intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Foreign currency

Foreign currencies transactions are translated at the exchange rates at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value are retranslated using the exchange rate at the valuation date.

The assets and liabilities of foreign operations, including goodwill, are translated to New Zealand dollars at the exchange rate at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at the exchange rate at the relevant transaction date. Foreign currency differences are recognised in the foreign currency translation reserve (FCTR).

The functional currencies and rates used were New Zealand dollars and Australian dollars.

Rate used in the preparation of these financial statements	2024 AUD	2023 AUD
Average rate for the year	0.9240	0.9132
Closing rate	0.9133	0.9209

Critical estimates and judgements

The preparation of the financial statements requires management to exercise judgement in applying Group accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis.

Key judgements

Key judgements are those judgements that align with the key audit matters, that were the most significant to the audit of the consolidated financial statements of the current period.

• Recognition of deferred tax assets	Note A3.2
• Revaluation of land and buildings	Note B1
• Impairment assessment of intangible assets	Note B3.1
• Business Combination – Acquisition of Southern Paprika Ltd	Note D4
• Discontinued operations	Note D1.1

Other judgements used in understanding the Group's position and performance are described below:

• Measurement and recognition of revenues	Note A1.1
• Measurement of shares	Note C.1
• Measurement and recognition of lease liabilities	Note C6

New accounting standards

Accounting pronouncements which have become effective from 1 July 2023 and have therefore been adopted do not have a significant impact on the Group's financial results or position

Accounting standards issued but not yet effective

There are currently no standards issued but not yet effective that are expected to have a material effect on the Group.

Subsequent events

There are no subsequent events to report at the time of adopting these financial statements.

Independent Auditor's Report

To the shareholders of Market Gardeners Limited (**Group**)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2024;
- the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended; and
- notes, including material accounting policy information and other explanatory information

In our opinion, the accompanying consolidated financial statements of Market Gardeners Limited (the **Company**) and its subsidiaries (the **Group**) on pages 29 to 55 present fairly in all material respects:

- the Group's financial position as at 30 June 2024 and its financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards (**NZ IFRS**) issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of Market Gardeners 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 responsibilities under ISAs (NZ) are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

Our firm has provided other services to the Group in relation to data analytics. 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.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $5.6 million determined with reference to a benchmark of the Group's total net revenue. We chose the benchmark because, in our view, this is a key measure of the Group's performance.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion.

Our procedures were undertaken in the context of and solely for the purpose of our audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Disposal of the Group's investment in Premier Fresh Australia (PFA) – refer to Note D1.1	
On 26 June 2024, the Group entered into a sale and purchase agreement ("SPA") to dispose of its controlling interest in PFA and its subsidiaries. The disposal of PFA was completed on 27 June 2024 after the successful satisfaction of the conditions stipulated in the SPA. This was the date upon which control passed to the acquirer. PFA represented a separate and major line of business for the Group, carrying out a significant proportion of the Group's trading operations. PFA represented 69% of the Group's net revenue and 14% of total assets at 30 June 2023. As the disposal of PFA, which is a significant and unusual transaction for the Group, has a pervasive impact on the presentation of the financial statements, and significantly effects the size and scale of Group's continuing operations, combined with specific accounting requirements to account for and present the disposal, we considered this to be a key audit matter.	Our audit procedures included, amongst others: — Obtaining an understanding of the transaction structure, the SPA, and the commercial rationale for the sale. — Assessing management's conclusion relating to the date upon which control of PFA was lost. — Checking and recalculating the accuracy and completeness of the gain or loss on disposal of PFA, including checking that the Group's share of net assets at disposal were accurately determined and recycling of the related foreign currency translation reserve balance to comprehensive income had occurred. — Inspecting and checking that all PFA related consolidation entries were correctly derecognised. — Obtaining direct confirmation of the deferred consideration receivable at 30 June 2024, and checking management's calculations to measure the deferred consideration at its fair (present) value. — Ensuring that the financial statement disclosures and presentation requirements of NZ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* were reflected in the financial statements. **Our findings:** We completed the above procedures and have no matters to report.

Other information

The directors, on behalf of the Group, are responsible for the other information. The other information comprises information included in the Annual Report (the Financial Highlights, Chairman and Chief Executives' review, disclosures relating to corporate governance, and statutory information), but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders. 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, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the shareholders for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of directors for the consolidated financial statements

The directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS issued by the New Zealand Accounting Standards Board and the International Financial Reporting Standards issued by the International Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a consolidated set of financial statements that is free from material misstatement, whether due to fraud or error;
- assessing the ability of the Group to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

— to obtain reasonable assurance about whether the financial statements as a whole free from material misstatement, whether due to fraud or error; and

— to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Matt Kinraid.

For and on behalf of:

KPMG

KPMG
Christchurch
27 September 2024

Statutory information

1. Directors' fees & remuneration

Parent Company The following people held office as Director of the Parent Company during the year and received the following remuneration and other benefits for acting as such:	*** Directors' fees**	*** Special project and other fees**	**Other benefits**
T.J. Burt	70,000	14,250	4,234
L.T. Crozier (Deputy Chair)	70,000	-	4,234
J.A. Lim	70,000	11,500	2,818
B.R. Irvine (Chair)	140,000	10,375	4,234
M.R. O'Connor	70,000	5,375	4,234
T. Webb	70,000	5,375	2,818
R. Oakley	70,000	-	4,234
J.J. Clarke	70,000	6,500	4,234
	630,000	53,375	31,040

Subsidiary Company The following people held office as Director of subsidiary company Premier Fresh Australia Pty Ltd and received the following remuneration and other benefits for acting as such:			
T.J Burt (appointed as a director on 18 July 2023)	59,322	3,271	-
B.R. Irvine	59,322	15,580	-
P.S. Hendry (Chair)	-	-	-
M.R. O'Connor	59,322	11,367	-
	177,966	30,218	-

Other than for subsidiary company Premier Fresh Australia Pty Ltd as detailed in the tables above, no director of a subsidiary company receives any remuneration or other benefits from the subsidiary company for acting as such.

In addition to the remuneration and other benefits disclosed above, T. Webb and R. Oakley received $3,000 and $2,000 respectively for acting as Trustees of the MG Charitable Trust.

Any remuneration or other benefits received by employees, as employees, are included in the relevant bandings in the table below.

* B.R. Irvine, T.J. Burt and M.R. O'Connor, as directors of Premier Fresh Australia Pty Ltd received meeting fees and travel allowances from the Parent Company which are included in the Subsidiary Company table above. Whilst these fees are paid as special project fees they are allocated in the above table as directors fees for disclosure purposes. The Parent Company charges Premier Fresh Australia Pty Ltd for such payments.

Special Project and other fees are paid to Directors for performing the role of chair of a committee and duties outside those of a normal Director role including negotiation of commercial contracts, attendance at associate and subsidiary company meetings, travel time and attendance at committee meetings.

2. Auditors' remuneration

The amounts payable to the auditors of the Parent Company and subsidiaries during the year are detailed in note F2 of the attached financial statements to 30 June 2024.

3. Co-operative Companies Act 1996 Declaration

In compliance with clause 10 of the Co-operative Companies Act 1996 the Board of Directors of Market Gardeners Limited unanimously resolved on 1 July 2024 that, in their opinion, the Parent Company had been a co-operative company throughout the period 1 July 2023 to 30 June 2024. This opinion was based on the fact that, more than 60% of the voting rights were held by transacting shareholders and that the Parent Company continued to carry on its principal co-operative activities as detailed in its constitution.

4. Executive employees' remuneration

During the year the following numbers of employees received remuneration in excess of $100,000:

Remuneration range	Number of employees	Remuneration range	Number of employees
100,000 to 109,999	30	300,000 to 309,999	2
110,000 to 119,999	28	320,000 to 329,999	2
120,000 to 129,999	16	330,000 to 339,999	3
130,000 to 139,999	19	360,000 to 369,999	1
140,000 to 149,999	14	370,000 to 379,999	1
150,000 to 159,999	15	380,000 to 389,999	3
160,000 to 169,999	8	400,000 to 409,999	1
170,000 to 179,999	12	410,000 to 419,999	1
180,000 to 189,999	13	420,000 to 429,999	1
190,000 to 199,999	4	500,000 to 509,999	1
200,000 to 209,999	7	530,000 to 539,999	1
210,000 to 219,999	9	580,000 to 589,000	1
220,000 to 229,999	6	590,000 to 599,999	1
230,000 to 239,999	3	600,000 to 609,999	1
240,000 to 249,999	3	610,000 to 619,999	1
260,000 to 269,999	3	1,060,000 to 1,069,999	1
270,000 to 279,999	2	1,390,000 to 1,399,999	1
280,000 to 289,999	3		

The remuneration details of those employees paid outside New Zealand have been converted into New Zealand dollars. Remuneration includes an employee's remuneration, together with the value of other benefits received such as vehicle usage, medical insurance and telephone rentals.

The remuneration of employees in Australia, USA and New Zealand, is included in the above table.

5. Changes in accounting policies

The attached financial statements to 30 June 2024 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The accounting policies set out in the attached financial statements have been applied consistently to all periods presented in those financial statements and by Group entities.

6. Directors of subsidiaries

As at 30 June 2024:

Messrs B.R. Irvine, P.S. Hendry (CEO) and D.J. Pryor (Company Secretary) were the Directors of Blackbyre Horticulture Ltd, Bowdens Mart Ltd, Cockerill and Campbell (2007) Ltd, Hansons Lane International Holdings Ltd, Kaipaki Holdings Ltd, Kaipaki Properties Ltd, LaManna Ltd, LaManna Bananas (NZ) Ltd, Market Fresh Wholesale Ltd, MG Group Holdings Ltd, MG Marketing Ltd, MG New Zealand Ltd, MG Sustainable Operations Ltd, Phimai Holdings Ltd, Quitachi Ltd, and Southland Produce Markets Ltd.

Messrs K.J. Wells (Executive Director NZ Subsidiaries and Associates), P.S. Hendry (CEO) and D.J. Pryor (Company Secretary) were the Directors of Southern Paprika Ltd, J.S. Ewers Ltd and Kaipaki Berryfruits Ltd.

Messrs K.J. Wells (Executive Director NZ Subsidiaries and Associates) and D. Trask were the directors of Market Gardeners (USA), Inc.

Messrs K.J. Wells (Executive Director NZ Subsidiaries and Associates), P.S. Hendry (CEO), P.C. Scheffer and Ms. S.J. McCormack were the directors of Te Mata Exports 2012 Ltd, Te Mata Exports Ltd and Te Mata Exports Australia Pty Ltd.

Messrs. B.R. Irvine, P.S. Hendry, D.J. Pryor, P.C Scheffer (appointed 24 July 2024) and A.J. Di Pietro (resigned 24 July 2024) were the directors of Lambell's Properties Pty Ltd.

7. Interests register

The following entries were recorded in the interest's register of the Group during the accounting period.

General disclosures

Like most co-operative companies, Market Gardeners Limited has frequent transactions with its grower Directors (sales to, agency sales for and purchases from Directors) in the ordinary course of business. For additional information refer to note F1 of the attached financial statements to 30 June 2024.

The general interests register of the Group records Directors' interests in companies and other entities which have or may have material ongoing dealings with the Company and / or Group. During the financial year ended 30 June 2024, the following new disclosures were made and recorded in the register:

Director	Nature of Interest	Company / Entity
As directors of the Parent Company, Market Gardeners Ltd		
L. Crozier	Trustee & Beneficiary	Lynchris Trust and L and C Trust
B. R. Irvine	Director (2 November 2023 to 13 February 2024)	Golden Bay Fruit 2008 Ltd and Golden Bay Fruit Packers Ltd

In addition to the above new disclosures, a number of directors disclosed changes to existing disclosures (such as being appointed Chair), resignations from other directorships held and previously disclosed in the interests register and changes in shareholdings in the Parent Company (as detailed below).

Particular disclosures

During the period all director's reconfirmed their interests by virtue of being directly or indirectly shareholders in Market Gardeners Ltd.

(a) Directors' & officers' indemnity and insurance

The Group (Parent Company, its subsidiaries and associates) has affected Directors' and Officers' liability insurance on behalf of the Directors and Officers of those entities and have also entered into indemnities with those Directors and Officers as permitted by the relevant parent, subsidiary or associate company's constitution.

(b) Use of company information

During the accounting period, the Boards of the Group entities (Parent Company, subsidiary and associate companies) did not receive any notices from any Directors of the relevant entity requesting the use of company information received in their capacity as Directors which would not otherwise have been available to them.

(c) Interest in actual or proposed transactions of the Parent Company

No declarations in actual or proposed transactions of the Parent Company were made during the accounting period.

(d) Share dealings

The following are the shareholdings of Directors of the Parent Company at 30 June 2024. The changes in the shareholdings are in accordance with the Parent Company's normal operating policies and constitution which are applied equally to all shareholders.

	30 June 2024			30 June 2023		
	A Shares	B Shares	C Shares	A Shares	B Shares	C Shares
L.T. Crozier	-	-	-	-	-	-
Held by a company of which he is a shareholder & director	434,179	135,578	10,224	332,512	138,037	7,716
B.R. Irvine as Director of J S Ewers Ltd (100% subsidiary companies of Market Gardeners Ltd)	1,000	-	-	1,000	-	-
J.A. Lim (joint shareholding)	157,602	103,874	6,852	112,529	93,570	5,704
M.R. O'Connor	-	-	-	-	-	-
Held by a company of which he is a shareholder & director	1,474,471	423,704	29,632	1,095,798	415,699	27,224
T. Webb	-	-	-	-	-	-
Held by a company of which she is a shareholder & director	181,259	66,542	7,400	154,683	48,796	7,584
R. Oakley	-	-	-	-	-	-
Held by a company of which he is a shareholder & director	1,266,429	470,668	26,804	917,673	450,424	27,592
J.J. Clarke	558,067	626,107	40,672	267,663	606,680	40,064

The above table discloses the shareholdings of Directors of the Parent Company. The changes in the shareholdings are in accordance with the Parent Company's normal operating policies and constitution which are applied equally to all shareholders. "A", "B" and "C" shares are rebate shares.

	30 June 2024			30 June 2023		
	A Shares	B Shares	C Shares	A Shares	B Shares	C Shares
T. Burt, L.T Crozier, B.R Irvine, J.A. Lim, M.R. O'Connor, T. Webb, R. Oakley and J.J. Clarke as Directors of Market Gardeners Ltd (holding Treasury stock)	1,913,597	-	-	824,312	-	-

The above table discloses the shareholdings of treasury stock as at 30 June 2024.

	30 June 2024			30 June 2023		
	A Shares	**B Shares**	**C Shares**	**A Shares**	**B Shares**	**C Shares**
Held by the MG Charitable Trust	2,652,809	211,178	26,796	2,448,747	113,528	29,904

R. Oakley and T. Webb, directors of the Parent Company, are two of the five trustees of the MG Charitable Trust (the Trust). The changes in the shareholdings are in accordance with the Parent Company's normal operating policies and constitution which are applied equally to all shareholders. "A", "B" and "C" shares are rebate shares.

8. Donations

During the year the Parent Company made donations of $47,000 (2023: $48,000), the Group $48,000 (2023: $107,000).

Corporate governance statement

The Board of Market Gardeners Ltd (MG) is committed to the highest standards of ethical behaviour in its own corporate governance, with Directors acting in good faith and in what they believe to be in the best interests of the Company and Group. The Board and each board committee has a charter to define its role and responsibilities. The Board also adheres to a formal Code of Conduct.

Role of the Board
The Board is responsible for the proper direction and control of the Group's activities. The primary objective is the creation of sustainable shareholder value through appropriate strategies and ensuring they are implemented effectively by management.

The Board's responsibilities include general stewardship, working with management to set the Company and Group's strategic direction (including but not limited to oversight of health and safety, sustainability, and cyber-security considerations), the integrity of information systems and reporting through to shareholders. The Board acknowledges that it is responsible for the overall control framework of the Group, however, also recognises that no cost-effective internal control system will preclude all errors and irregularities. The Board ensures that there are effective policies, procedures, and guidelines in place along with the organisational structures that provide an appropriate division of responsibilities, and the selection and training of appropriately qualified personnel.

To this end the Board, primarily through the audit committee, continues a rigorous process of reviewing, adding to and updating MG's policies and practices, and those of the Group, to keep pace with both domestic and international developments in this area. It is important to note that developments occur frequently, and the Board continues to reaffirm its commitment to maintaining high quality policies, procedures and practices into the future, throughout the Group.

The Board has delegated the conduct of day-to-day affairs of the company to the CEO and Senior Management.

Board Operations and Membership
The majority of the Board is elected by MG's shareholders with at least two special directors required to be also appointed by the shareholder elected grower directors. Under the Companies Act 1993 and the Cooperative Companies Act 1996 the Board has overall responsibility for the governance, management and supervision of the Company and wider Group.

The Board is committed to the principle that there should be a balance of independence, skills, knowledge and experience amongst the directors. The current Board of Directors consists of 6 shareholder elected Directors (Lynn Crozier (Deputy Chair), Mark O'Connor, Joanna Lim, Trudi Webb, Robin Oakley and Jay Clarke) and 2 Special Directors (Bruce Irvine (Chair) and Trevor Burt). None of the MG Directors are directly involved in the day-to-day management of the Company's operations, however their experience and expertise is utilised as appropriate at various times throughout the year.

Like most cooperatives, MG has frequent transactions with its grower directors (sales to, agency sales for and purchases from Directors or their businesses / companies). These transactions are entered into in the normal course of business. A register of interests is maintained and regularly updated documenting interests disclosed by all Board members. These relationships are actively reviewed to ensure that our Directors' independent judgement is not compromised. The statutory disclosure section of the annual report documents all disclosures made in the current year.

With regards to appointments of Directors for subsidiary and associate companies which form part of the Group, the MG Board considers and makes all appointments of the MG representative directors. As associate companies are only partly owned, MG only appoints certain representative directors to such entities. The remaining directors are appointed by the other shareholders in those companies.

On 27 June 2024, the Group's investment in Premier Fresh Australia Pty Ltd (PFA) was sold. The MG appointed representative directors to the PFA Board (Bruce Irvine, Peter Hendry (Chair), Mark O'Connor and Trevor Burt) resigned on that date.

MG's constitution has specific procedures for the appointment and retirement of Directors, eligibility requirements for being nominated / appointed and automatic retirement rotations every three years. The MG Board met 11 times during the financial year (11 times last financial year), in addition to attending to committee matters between meetings. These meetings include conference calls to address any matters or issues arising between scheduled meeting dates. In addition to the meetings of the Parent Company, Directors of the subsidiary and associate companies also met throughout the year. The outcomes of such meetings, key business issues and the performance of such companies are reported through to each meeting of the MG Board by MG's representative Directors.

Board charter, code of conduct and Director Capability framework
The Board first adopted a Board Charter, Code of Conduct and a Director Capability Framework in 2017. These documents are reviewed annually and are published on MG's website. The charter formalises and sets out the manner in which the Board's powers and responsibilities will be exercised and discharged, adopting principles of good corporate governance and practice that accord with best practice, the applicable laws in the jurisdictions in which the Company operates and the Core Purpose of the Company. This is supported by the Code of Conduct and further by the Director Capability framework.

Group Management Structure
The core business of the Group is transacted in New Zealand by Market Gardeners Ltd. In Australia this was transacted by Premier Fresh Australia Pty Ltd up until its sale on 27 June 2024. The parent companies are supplemented by their respective subsidiaries and associates. MG is represented on the boards of the subsidiary and core trading associate companies by members of the MG Board, MG appointees and / or senior management.

The Board delegates the management of the day-to-day affairs of the Company to the Senior Management Team under the leadership of the CEO. MG's Chief Executive (Peter Hendry) together with the Company Secretary (Duncan Pryor), Chief Financial Officer (David Bennett) and Executive Director NZ Subsidiaries and Associates (Kerry Wells) attend all MG Board meetings.

Similarly, up to the point of sale, PFA's Chief Executive (Anthony Di Pietro), Chief Operating Officer (Dean Gall), Chief Financial Officer (Mark Plymin), Chief Commercial Officer (Simon Hardie) and from time-to-time other senior executives of PFA and MG attended all PFA board meetings.

Anti-Corruption and Competitive Practice Guideline
Within the global economy, most countries have put in place anti-corruption and competition laws, which MG welcomes and endorses. As a global company, MG has adopted guidelines and policies in relation to anti-corruption and anti-competitive behaviour. MG wants to ensure its team members act, at all times honesty, with integrity and undertake a proper approach to the way MG conducts its business.

Board Remuneration
MG obtains external professional advice on remuneration to be paid to Directors on a one to two yearly basis. The recommendations of the external advisor are, if required and after consideration by the Remuneration and Nomination Committee and full Board, submitted as a resolution to shareholders at the Company's annual meeting. This last occurred at the November 2023 annual meeting. No increase is being sought at the November 2024 annual meeting.

As in prior years, no directors' fees were paid to MG Directors that are also MG representative directors of any subsidiary or associate companies. As a result, members of MG's Board acting as representative directors on subsidiary and associate company boards are remunerated by MG with special project fees. Up to the point of sale on 27 June 2024, the non-controlling interest representative Directors on the Premier Fresh Australia Pty Ltd (PFA) board were remunerated directly by PFA. These fees were also set by reference to the external professional advice referred to above and are disclosed in the schedule of statutory disclosures detailed in the attached annual report.

Shareholder Relations
The Board actively fosters constructive relationships with its shareholders as appropriate. The Board is at all times aware of the need to protect the interests of the Company and the Company's shareholders, and act in the best interests of the Company.

The Company encourages full shareholder participation at the Annual Meeting to ensure a high level of accountability and identification with the Group's strategies and goals. In addition to this, the Board has continued with an ongoing communication programme with all shareholders.

Risk Management
A key role of the Board is to ensure that risk management processes are in place and operating effectively. The Board has undertaken a number of steps to ensure this is carried out including:

- Considering the nature and extent of risk the Board is willing to take to meet the company's strategic objectives and the associated risks;
- Set up internal control processes to ensure management efficiently manage resources in compliance with the risk framework;
- In conjunction with the CEO and senior management, reviewed the effectiveness of compliance with risk management policies and systems; and
- Mandated (as part of its charter) the audit committee to monitor detailed risk management procedures on the Board's behalf.

Board Committees

Audit Committee
The Audit Committee is responsible for the framework of internal control mechanisms that ensure proper management of the Company and Group's affairs. The Committee is accountable to the Board for the recommendations of the external auditors, KPMG, directing and monitoring the audit function and reviewing the adequacy and quality of the annual audit process. The Committee provides the Board with additional assurance regarding the accuracy of financial information for inclusion in the Group's Annual Report, including the Financial Statements. The Committee is also responsible for ensuring that the Group has an effective internal control framework and for the oversight of the Group's Environmental, Sustainability and Governance (ESG) activities and direction.

As in prior years, a comprehensive risk-based approach to the Company and Group's risk management and internal audit processes is undertaken. This approach is wider than the accuracy of external financial reporting / operational activities and extends into overall compliance requirements of the Group. Whilst internal audit, led by the Business Assurance Manager Kimberly Chavez, still ensures that all branches and divisions of MG are subject to regular internal audit visits (on a rotational basis), its increased focus is on making the overall process wider reaching and more regular, to gain a higher coverage of transactions / operations. Other projects include review and relevance of policies, review of subsidiary operations and processes, and assessments of risk within those subsidiaries.

Overall controls reviewed include the safeguarding of assets, maintaining proper accounting records, complying with legislation, including recent competition law changes and health and safety issues, ensuring the reliability of financial information, and assessing business risk.

The Audit Committee continues to monitor domestic and international developments in corporate governance best practices, procedures and policies.

MG AUDIT COMMITTEE
Joanna Lim (Chair), Shareholder Director
Trevor Burt, Special Director
Bruce Irvine, Special Director
Jay Clarke, Shareholder Director

MANAGEMENT AND OTHER INVITEES
Peter Hendry, CEO
Duncan Pryor, Company Secretary
David Bennett, Chief Financial Officer
Kimberly Chavez, Business Assurance Manager
KPMG, as required

Remuneration and Nomination Committee
The Remuneration & Nomination Committee is responsible for the review and administration of director's fees (as noted above), establishing coherent remuneration policies and practices, and the remuneration of the MG Chief Executive and senior management personnel. The Committee also monitors and reports on general trends and proposals concerning employment conditions and remuneration.

A discretionary performance-based bonus system is used by MG and was applied during the financial period with Board approval. The bonus calculation is applied across the Company in accordance with criteria set by this Committee.

This committee has also been delegated the task of reviewing and providing recommendations to the Board in relation to corporate governance and regular reviews of policies and charters such as the Board Charter and Code of Conduct and the Board Capability Framework.

MG REMUNERATION & NOMINATION COMMITTEE
Trevor Burt (Chair), Special Director
Bruce Irvine (MG Chair), Special Director
Mark O'Connor, Shareholder Director
Trudi Webb, Shareholder Director

MANAGEMENT ATTENDEES (by invitation)
Peter Hendry, CEO
Duncan Pryor, Company Secretary

Annual Review
This corporate governance statement, and the associated policies and procedures are reviewed on an annual basis.