

30 April 2020

Bank facilities increase

NZPM Group Limited (NZPM) has increased its loan facilities with Westpac New Zealand Limited by \$5 million to provide combined loan facilities of \$20 million. The increased portion of the facility is for a period of 12 months. The increased loan facilities and the existing \$3 million overdraft facility provide additional flexibility for NZPM to manage future funding needs in an uncertain trading environment.

COVID-19 update

During Alert Level 4 under the COVID-19 alert system, NZPM operations were virtually closed with supply only to essential service customers. The closure for 20 trading days equated to a drop from pre-COVID-19 trading of around \$20 million of revenue and \$4.2 million of operating profit (before the Government Wage Subsidy) spread over March and April 2020. The change to Alert Level 3 from Tuesday 28 April 2020 allowed NZPM to recommence supplying trade customers under special trading conditions. Under this regime, we expect that near term revenue will be in a range of 60-80% of pre-COVID-19 activity levels. NZPM expects a general reduction in business activity levels in future months but at this stage we cannot quantify what the impact may be. Actual results may differ from our expectation.

NZPM is reviewing and adjusting down future expenditure and investment to support ongoing business profitability. The Group has received the Government Wage Subsidy of \$3.6 million which will be spread over March – June 2020.

The impact on earnings and increased future uncertainty is likely to mean a lower rebate dividend is declared on our ordinary shares in relation to the March 2020 financial year.

Redeemable Preference Share dividend rates

Separately, the board has reviewed dividend rates on offer for our redeemable preference shares by benchmarking the rates to market data on dividend yields for similar investments. Market rates have decreased sharply over the last quarter. The board has determined the Annual Dividend Rates for Redeemable Preference Shares from 1 June 2020 will be:

- Quarterly fixed dividend period – 4.5% per annum
- Two year fixed dividend period – 4.5% per annum
- Three year fixed dividend period – 4.7% per annum
- Four year fixed dividend period – 4.7% per annum

NZPM will continue to monitor market dividend yields for similar investments and will continue to take advice as required to ensure that we are offering competitive returns to our investors.

The directors, management and staff of all NZPM companies continue to appreciate the support of all our co-operative members and stakeholders during this unprecedented time.

A handwritten signature in blue ink, appearing to read 'John DeBernardo', with a stylized, cursive script.

John DeBernardo
Chair