October 2026

NZPM CONNECTOR

OUR QUARTERLY NEWSLETTER

NZPMco-operative

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AN UPDATE ON YOUR CO-OPERATIVE

Thank you to everyone who attended NZPM's 62nd Annual Meeting in August. The meeting provided an opportunity to reflect on a challenging year, discuss the actions being taken to improve performance, and reaffirm our commitment to the long-term success of the Co-operative. It was also a pleasure to have the opportunity to socialise with shareholders and enjoy dinner and drinks together after the formal proceedings.

The strength of NZPM ultimately comes through a joint commitment; from its members, the Board and Management; to work together for the long-term sustainability of our Co-operative. Every dollar spent with Plumbing World or Metrix contributes to a business that shareholders collectively own and benefit from in both the short and long-term horizons. Our teams that lead and work directly with our customers must continue to earn their loyalty through excellent service, strong product ranges, competitive pricing and a compelling customer proposition. That will, in turn, help strengthen the Co-operative and support its path back to sustainable profitability.

The past two years have been very difficult for both NZPM and many of our shareholders. Market conditions have remained challenging for much longer than expected, and the Board and Management understand the disappointment caused by measures that were taken to protect the capital base of the Co-operative, including the absence of an Ordinary Share dividend and the continued deferral of Ordinary Share surrender payments and Redeemable Preference Share redemption payments.

Trading Update

Against that background, we are currently finalising the financial result for the first six months of the new financial year. Revenue has increased slightly compared with the same period last year but significant market contraction has intensified competition and placed considerable pressure on margins.

Compared to the comparative six-month period, operating costs were more than $2 million lower, which comes from cost-reduction measures implemented across the business. These savings have largely offset the effect of the lower margin. Despite this substantial reduction in costs, operating earnings before interest, tax and dividends for the six-month



period are expected to reflect a loss of approximately $1.6 million, subject to completion of the half-year financial reporting process. We continue to implement further ongoing cost reduction and revenue retention measures to improve financial outcomes.

As many of you will have experienced in your own business, NZPM's poor trading result reflects the continuing weakness in the construction sector, the competitive trading environment and the time required to translate actions we take into improved financial performance. Rebuilding the Co-operative's revenue base is taking longer than we all originally anticipated. Whilst we are maintaining our market share, in light of the market uncertainties outside our control, we need to be realistic about the pace of recovery in our forward view.

Our strategy

Our strategy is to return the business to a sustainable level of profitability as quickly as possible. The business is focused on improving customer service and sales effectiveness, rebuilding revenue through market share, expanding its own-brand and exclusive product offering, strengthening shareholder engagement, and using technology to improve performance. These priorities are intended to strengthen NZPM's market position and support long-term shareholder value.

We remain confident that with your support, NZPM can return to a sustainable financial position and navigate the challenging environment we currently find ourselves. The Co-operative has weathered similar conditions many times



before in its 60-year history. The Board and Management will continue to carefully monitor performance, respond to changing market and economic conditions, and maintain a strong focus on the matters we can control.

Capital base

To issue shares, we are required to have a trustee company represent the interests of Redeemable Preference shareholders as a group. The relationship between NZPM and our trustee, The New Zealand Guardian Trust Company Limited, is documented in a Trust Deed.

NZPM's recent trading losses have weakened our capital base. As a consequence, NZPM needs to ask Redeemable Preference Shareholders to make an amendment to the Trust Deed in relation to a financial ratio.

We are currently working through the terms of the proposed change. Redeemable Preference Shareholders will receive a separate communication in late October setting out the background, the proposed amendment and the reasons the Board considers it necessary. A meeting will then be called at which Redeemable Preference Shareholders will be asked to vote on a proposal to amend the Trust Deed. The Board encourages shareholders to carefully consider the information when it is received.

Capital management remains a critical priority for the Board and Management. Our co-operative cannot fund trading losses indefinitely, and we must take coordinated steps to preserve cash, strengthen the balance sheet and establish an appropriate capital structure for NZPM's longer-term future.

The Board, in conjunction with Management, will engage external specialists to help us work through this area to consider the alternatives available to NZPM.

While this capital assessment is under way, NZPM has withdrawn its Product Disclosure Statements and will not issue any new Ordinary Shares or Redeemable Preference Shares. The Board does not consider it appropriate for NZPM to accept new shareholder funds while the Company is reviewing its capital structure and assessing its future capital requirements. This position will be kept under review as the assessment progresses.

Redeemable Preference Share Dividends

The Board has also made the difficult decision to suspend dividends on Redeemable Preference Shares until NZPM is generating sufficient free cash flow to fund those payments. In the short term, preserving cash within the business is important to support operations and meet our obligations to all stakeholders.

The Board understands the significance of this decision for Redeemable Preference Shareholders, many of whom rely on dividend income from their investment. While we will review this decision each quarter, we currently expect the suspension to remain in place for at least 12 months but not longer than 24 months, subject to business performance and free cash flow generation. Restarting dividend payments remains a high priority for NZPM.

Capital repayments

NZPM also continues to advise that it will not restart Ordinary Share surrender payments or Redeemable Preference Share redemption payments until the business has returned to sustainable profitability, Redeemable Preference Share dividends have been reinstated, and bank debt has been reduced to an appropriate level. Depending on NZPM's trading performance and the timing of any improvement in market conditions, this deferral will continue for considerably longer than previously expected and it is likely that, when capital payments resume, they will be on an affordable pro-rata basis. The Board and Management appreciate that, in some cases, this may create financial difficulty for affected shareholders. However, these measures are unfortunately necessary to preserve cash and protect the financial position of the Co-operative.

The way forward

The period ahead will require continued discipline, careful decision-making and patience. As you would expect, the Board and Management will continue to act cautiously, monitor the Company's financial position closely and assess the options available to strengthen NZPM. We will communicate openly with shareholders as the financial result is finalised, the proposed Trust Deed amendment is considered, and the capital assessment progresses.

Finally, we would like to thank our shareholders, customers, suppliers, employees and bank for their ongoing commitment to NZPM. The Board remains confident in Brett and the leadership team; we appreciate their unwavering commitment to the task ahead. The Board supports the direction of the strategy and is united in its determination to return the Co-operative to sustainable profitability and long-term success.

Regards,
NZPM Board

AN UPDATE FROM OUR CEO — BRETT CRUICKSHANK

Firstly, I would like to thank those shareholder customers who continue to support the Co-operative. Your loyalty and commitment make a genuine difference. As a business with a significant fixed cost base, growing our revenue and improving our overall trading performance remains critically important to the long-term success of NZPM. Every additional dollar traded with the Co-operative helps strengthen our ability to invest in the business, support our people, and deliver value back to shareholders.

Our focus remains firmly on the fundamentals that drive performance. We continue to concentrate on three key priorities: delivering excellent customer service, improving staff engagement, and ensuring we have the right inventory available when our customers need it.

As a management team, we are asking our people to actively engage with customers to better understand what they want from us and where we can improve. At the same time, we are working hard to demonstrate the value that Plumbing World, Metrix and NZPM bring to the market through our people, our product offering, our technical expertise and our service. These efforts are helping the Co-operative make progress, although the market remains highly competitive and activity levels are steady rather than showing any significant signs of growth.

While we are pleased with the progress being made in many parts of the business, we continue to face challenges in certain regions and customer segments. In areas where we are not achieving the level of market share growth we have targeted, please be assured that we are carefully assessing what changes are required to improve our offering and strengthen our performance. We remain committed to continuously adapting and improving to ensure we remain relevant and competitive in every market we serve.

One of the key pillars of our strategy is the continued development of our own brands and exclusive product portfolio. Creating differentiated product ranges is important for both our customers and the Co-operative. These products allow our customers to offer something different in the market, improve their profitability, and support stronger returns for NZPM.

We are particularly excited about our new partnership with GROHE, which is being launched during October. GROHE is a globally recognised brand with a strong reputation for quality, innovation and design. We believe the range we have selected is well suited to the New Zealand market and will provide customers with an attractive combination of style, performance and value.

Within our LeVivi portfolio, we also have several new product launches planned for the final quarter of the year, including additions to our tapware and shower ranges, along with further category extensions currently being finalised. These investments demonstrate our ongoing commitment to building a compelling and differentiated product offering that helps our customers succeed while strengthening the position of the Co-operative.



One of the unique advantages of a co-operative is that the success of the business is directly influenced by the support of its members. To put that into perspective, if each shareholder customer directed just an additional $10,000 of annual spend through Plumbing World, this would generate approximately $10 million of additional revenue for the Co-operative. Given our existing infrastructure and fixed cost base, that level of additional revenue could improve the bottom line by as much as $2 million. While the numbers are illustrative, they demonstrate the collective impact shareholders can have when supporting their Co-operative.

As shareholders, you play an important role in the success of NZPM. In the same way that we are committed to improving our offering and providing value to your businesses, your support through continued trading helps strengthen the Co-operative for the benefit of all members. Together, we can continue to build a business that remains competitive, relevant and sustainable for the long term.

While market conditions remain challenging, we have a clear strategy, a committed team and a strong focus on execution. By continuing to improve the basics, listening carefully to our customers, and investing in areas that differentiate us, we believe we are positioning the Co-operative for improved performance over time.

Thank you once again for your continued support. We appreciate the trust you place in NZPM and look forward to working alongside you to build a stronger and more successful Co-operative for the future.

Regards,
Brett Cruickshank
NZPM CEO

SHAREHOLDER LOYALTY



40 YEARS
Hawkins Plumbing



40 YEARS
P T Campbell Plumbing



20 YEARS
Dean Jensen Plumbing



20 YEARS
Les Drummond



20 YEARS
PlumberMan Rotorua 2006



20 YEARS
Emery's Plumbing & Gasfitting



10 YEARS
J&K Plumbing and Eric the Plumber



10 YEARS
PGD Plus



10 YEARS
JK Plumbing & Gas



10 YEARS
Wal Gordon Plumbing



10 YEARS
Pure Plumbing and Gas



10 YEARS
Ken Toohey Plumbing Ltd



10 YEARS
Streamline Plumbing and Drainage



10 YEARS
Andrew the Plumber



10 YEARS
Washer Plumbing



10 YEARS
Natoli Plumbing and Drainage



10 YEARS
Auckland Plumbing & Gasfitting Services

WE HOPE YOU'LL JOIN US FOR PASSPORT TO PARADISE, NUSA DUA 2028



Our 22nd Overseas Trip will take us to the stunning Sofitel Bali Nusa Dua Beach Resort for five nights of tropical beaches, great food, incredible experiences and plenty of time to relax with fellow shareholders, friends and family.

The 2028 programme is priced at $7,995 per adult twin share, or only 18,388 MaxPoints. Children's pricing is also available on request.

Nusa Dua 2028 promises to be an incredible experience like no other, and we can't wait for you to join us as we continue to show you the world — Plumbing World style.

DUBLIN ATTENDEE EXCLUSIVE — BONUS DRAW

Shareholders who attended Dublin and register for Nusa Dua 2028 will automatically be entered into an exclusive draw to win one of five $500 resort credits.

REGISTER NOW TO WIN!

Shareholders who **register by 27 November 2026** will go in the draw to win one of ten $200 resort credits. Enjoy a little extra during your stay — whether it's cocktails, dining, or a relaxing spa experience.

Scan for more info & to register

We invite you to speak with your local Plumbing World Branch Manager about registering for our 'Passport to Paradise, Nusa Dua 2028' overseas trip.

Alternatively, for further information, please contact Michelle Bingham: michelle.bingham@plumbingworld.co.nz or visit the Overseas Trips page on the NZPM website via the above QR code.

Bowel Cancer NEW ZEALAND
Big Buddy. A Positive Difference.
Prostate Cancer Foundation NZ
www.nzpm.co.nz

NZPM's Statement of Purpose
Delivering Sustainable Shareholder Value

Part of our NZPM co-operative
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