

NZPM CO-OPERATIVE LIMITED

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2024**

	PAGE
Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	1
Consolidated Interim Balance Sheet	2
Consolidated Interim Statement of Changes in Equity	3
Consolidated Interim Statement of Cash Flows	4
Notes to the Consolidated Interim Financial Statements	5-9

NZPM CO-OPERATIVE LIMITED**Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income**

For the six months ended 30 September 2024

		Unaudited	Unaudited	Audited
		6 months to	6 months to	12 months to
		30 Sep 2024	30 Sep 2023	31 Mar 2024
	Note	\$'000	\$'000	\$'000
Sales revenue		159,455	169,414	320,969
Cost of goods sold		(112,869)	(119,615)	(225,298)
Gross profit		46,586	49,799	95,671
Other operating income	2	271	482	651
Share of results of associates		(126)	51	58
Administration expenses		(6,989)	(7,308)	(13,726)
Other operating expenses and ERP system transition costs	3	(37,295)	(37,303)	(73,759)
Earnings before finance costs, dividends and tax		2,447	5,721	8,895
Finance income		97	179	298
Finance cost		(2,146)	(1,982)	(4,382)
Co-operative dividends and redeemable preference share dividends	4	(5,231)	(8,222)	(8,990)
Loss before income tax		(4,833)	(4,304)	(4,179)
Income tax expense		(171)	(1,193)	(2,199)
Loss for the period		(5,004)	(5,497)	(6,378)
Other comprehensive income for the period				
<i>Items that may be classified subsequently to profit and loss:</i>				
(Loss) / Gain from foreign exchange differences on translation of foreign operations		(10)	40	36
Other comprehensive (loss) / gain for the period		(10)	40	36
Total comprehensive loss for the period		(5,014)	(5,457)	(6,342)

The accompanying notes form part of, and are to be read in conjunction with, these consolidated interim financial statements.

NZPM CO-OPERATIVE LIMITED

Consolidated Interim Balance Sheet

As at 30 September 2024

	Note	Unaudited 30 Sep 2024 \$'000	Unaudited 30 Sep 2023 \$'000	Audited 31 Mar 2024 \$'000
Current assets				
Cash and cash equivalents	5	674	287	977
Trade and other receivables		32,827	36,975	38,775
Right to returned goods asset		1,362	1,739	1,504
Inventories		53,137	55,062	54,490
Derivative financial instruments		22	287	149
Total current assets		88,022	94,350	95,895
Non-current assets				
Property, plant and equipment		16,498	17,504	17,323
Intangible assets		8,126	7,825	7,898
Investment in associate		717	899	853
Right-of-use assets	6	49,985	44,823	47,961
Deferred taxation		7,691	5,849	6,530
Total non-current assets		83,017	76,900	80,565
Non-current asset classified as held for sale		-	10,063	-
Total assets		171,039	181,313	176,460
Current liabilities				
Trade and other payables		29,828	34,774	32,230
Refund liability		1,948	2,482	2,155
Contract liabilities		1,981	2,097	1,690
Provisions		4,542	4,241	4,912
Lease and license liabilities	6	8,278	6,664	7,519
Taxation payable		251	24	1,013
Derivative financial instruments		203	-	-
Total current liabilities		47,031	50,282	49,519
Non-current liabilities				
Loans and borrowings		14,700	17,583	13,200
Provisions		812	1,292	980
Lease and license liabilities	6	47,181	43,372	45,912
Co-operative share capital	7	38,485	40,055	39,005
Total non-current liabilities		101,178	102,302	99,097
Total liabilities		148,209	152,584	148,616
Net assets		22,830	28,729	27,844
Equity				
Reserves		36	50	46
Retained earnings		22,794	28,679	27,798
Total equity		22,830	28,729	27,844


On behalf of the Board,



Kathy Meads

Director (Chair of the Board)

Authorised for issue on 21 November 2024



Dean Carroll

Director (Chair of the Audit & Risk Committee)

The accompanying notes form part of, and are to be read in conjunction with, these consolidated interim financial statements.

NZPM CO-OPERATIVE LIMITED

Consolidated Interim Statement of Changes in Equity

For the six months ended 30 September 2024

	Note	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Unaudited 2024				
Balance at 1 April 2024		46	27,798	27,844
Loss for the period		-	(5,004)	(5,004)
Other comprehensive loss for the period		(10)	-	(10)
Total comprehensive loss for the period		(10)	(5,004)	(5,014)
Balance at 30 September 2024		36	22,794	22,830
Unaudited 2023				
Balance at 1 April 2023		10	34,176	34,186
Loss for the period		-	(5,497)	(5,497)
Other comprehensive income for the period		40	-	40
Total comprehensive income / (loss) for the period		40	(5,497)	(5,457)
Balance at 30 September 2023		50	28,679	28,729
Audited 2024				
Balance at 1 April 2023		10	34,176	34,186
Loss for the year		-	(6,378)	(6,378)
Other comprehensive income for the year		36	-	36
Total comprehensive income / (loss) for the period		36	(6,378)	(6,342)
Balance at 31 March 2024		46	27,798	27,844

The accompanying notes form part of, and are to be read in conjunction with, these consolidated interim financial statements.

NZPM CO-OPERATIVE LIMITED

Consolidated Interim Statement of Cash Flows

For the six months ended 30 September 2024

	Notes	Unaudited 6 months to 30 Sep 2024 \$'000	Unaudited 6 months to 30 Sep 2023 \$'000	Audited 12 months to 31 Mar 2024 \$'000
Operating activities:				
Receipts from customers		160,228	172,561	326,422
Receipts from insurance claim		-	393	392
Interest received		20	83	99
Interest received on interest rate swaps		77	96	178
Dividends received from associates		165	-	49
Other income		106	78	193
Payments to suppliers and employees		(147,503)	(153,384)	(303,268)
Income tax paid		(2,094)	(5,264)	(5,962)
Interest paid on borrowings		(388)	(530)	(1,176)
Interest paid on lease and license liabilities	6	(1,584)	(1,428)	(2,975)
Dividends paid to shareholders	4	(4,610)	(7,455)	(7,716)
Net cash inflows from operating activities	5	4,417	5,150	6,236
Investing activities:				
Proceeds from sale of property, plant and equipment		21	42	10,610
Investment in associate		(127)	-	-
Purchase of intangible assets		(388)	(113)	(363)
Purchase of property, plant and equipment		(394)	(4,346)	(5,579)
Net cash (outflows) / inflows from investing activities		(888)	(4,417)	4,668
Financing activities:				
Issue of new shares	7	1,221	1,455	2,574
Proceeds from loans and borrowings		1,500	3,507	4,965
Interest rate swap settlement		-	-	21
Share payments	7	(2,362)	(1,861)	(4,537)
Loans and borrowings repayments		-	-	(5,841)
Lease and license liability payments		(4,191)	(3,412)	(6,974)
Net cash outflows from financing activities		(3,832)	(312)	(9,792)
Net (decrease) / increase in cash and cash equivalents		(303)	422	1,112
Cash and cash equivalents at beginning of year		977	(135)	(135)
Cash and cash equivalents at end of period		674	287	977

The accompanying notes form part of, and are to be read in conjunction with, these consolidated interim financial statements.

NZPM CO-OPERATIVE LIMITED

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2024

1 Basis of preparation

Reporting entity and statutory base

The condensed Consolidated Interim Financial Statements presented are for NZPM Group (the 'Group'), comprising NZPM Co-operative Limited ('NZPM' or 'the company') and its subsidiaries and associate, as at 30 September 2024.

The Group is primarily involved in the provision of plumbing supplies and related products.

NZPM is a co-operative established in 1964. It is a profit-orientated company incorporated and domiciled in New Zealand. The registered office of NZPM is Level 2, 65 Parnell Rise, Parnell, Auckland 1010.

NZPM is registered in New Zealand under the Companies Act 1993 and the Co-operative Companies Act 1996 and is a FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The condensed Consolidated Interim Financial Statements have been authorised for issue by the Board of Directors on 21 November 2024 and have not been audited.

Statement of compliance

These condensed Consolidated Interim Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

The condensed Consolidated Interim Financial Statements do not include all the notes and disclosures set out in the 2024 Annual Report. As a result, these statements should be read in conjunction with the annual report for the year ended 31 March 2024, (2024 Annual Report), which has been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP').

The condensed Consolidated Interim Financial Statements are expressed in New Zealand dollars which is the Group's presentation currency. All financial information has been rounded to the nearest thousand (\$'000) unless otherwise stated.

All significant accounting policies adopted in the preparation of these condensed Consolidated Interim Financial Statements are consistent with those used in the audited 2024 financial statements of the Group.

Critical accounting estimates and judgments

The Group makes estimates and judgments concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results. The estimates and judgments used in the preparation of these unaudited condensed Consolidated Interim Financial Statements are consistent with those used in the 2024 Annual Report.

NZPM CO-OPERATIVE LIMITED

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2024

2 Other operating income

	Unaudited 6 months to 30 Sep 2024 \$'000	Unaudited 6 months to 30 Sep 2023 \$'000	Audited 12 months to 31 Mar 2024 \$'000
Insurance proceeds	-	393	392
Other	271	89	259
Total operating income	271	482	651

3 Other operating expenses and ERP system transition costs

	Unaudited 6 months to 30 Sep 2024 \$'000	Unaudited 6 months to 30 Sep 2023 \$'000	Audited 12 months to 31 Mar 2024 \$'000
<i>Other operating expenses and ERP system transition costs include the following:</i>			
Employee expense	25,830	24,967	51,560
Employee expense incurred for the ERP system transition	1,343	848	2,232
ERP system transition costs (excluding internal wages and salaries)	2,540	3,045	6,159
Depreciation and amortisation expense	5,615	5,239	10,688

During the period, NZPM continued the ongoing process of replacing its current technology platform with Microsoft Dynamics 365. The implementation is expected to be completed in the final quarter of the 2025 financial year.

4 Co-operative dividends and redeemable preference share dividends

	Unaudited 6 months to 30 Sep 2024 \$'000	Unaudited 6 months to 30 Sep 2023 \$'000	Audited 12 months to 31 Mar 2024 \$'000
<i>Amounts recognised as distributions to shareholders in the period:</i>			
Dividends on redeemable preference shares	745	721	1,489
Co-operative dividends on ordinary shares	4,486	7,501	7,501
Total co-operative dividends and dividends	5,231	8,222	8,990

On 26 June 2024, NZPM declared an interim co-operative dividend for the year ended 31 March 2024 to all ordinary shareholders that was the greater of \$300 or 3.0% per annum of ordinary shareholder Grade-A cash. The co-operative dividend was paid in cash on 24 September 2024 to all ordinary shareholders on the share register as at the date of payment who were not in default of their monthly obligations. The co-operative dividend was fully imputed for tax purposes.

	Unaudited 6 months to 30 Sep 2024 \$'000	Unaudited 6 months to 30 Sep 2023 \$'000	Audited 12 months to 31 Mar 2024 \$'000
<i>The below figures reconcile to the amount of cash shown in the Consolidated Interim Statement of Cash Flows at the end of the period as follows:</i>			
Total co-operative dividends and dividends	5,231	8,222	8,990
less non-cash co-operative dividends and dividends	(621)	(767)	(1,274)
Balance as per the Consolidated Interim Statement of Cash Flows	4,610	7,455	7,716

NZPM CO-OPERATIVE LIMITED
Notes to the Consolidated Interim Financial Statements
For the six months ended 30 September 2024

5 Notes to the Consolidated Interim Statement of Cash Flows

	Unaudited 6 months to 30 Sep 2024 \$'000	Unaudited 6 months to 30 Sep 2023 \$'000	Audited 12 months to 31 Mar 2024 \$'000
Cash and cash equivalents			
Cash at bank or on hand	674	287	977
Total cash and cash equivalents	674	287	977

Cash at bank or on hand comprises cash net of outstanding bank overdrafts.
The total also includes any foreign currency held by the Group as at 30 September 2024.

	Unaudited 6 months to 30 Sep 2024 \$'000	Unaudited 6 months to 30 Sep 2023 \$'000	Audited 12 months to 31 Mar 2024 \$'000
Cash generated from operations			
Loss for the period	(5,004)	(5,497)	(6,378)
<i>Non-cash items:</i>			
Depreciation of property, plant and equipment	1,188	1,227	2,467
Amortisation of intangible assets	175	167	344
Depreciation and amortisation of right-of-use assets	4,252	3,845	7,877
Movement in deferred tax	(1,206)	(1,052)	(1,733)
Net losses on financial liabilities at fair value	330	92	231
Non-cash co-operative dividends and dividends	621	767	1,274
Other non-cash items	268	308	455
	5,628	5,354	10,915
<i>Items classified as investing or financing adjustments:</i>			
Gain on disposal of property, plant and equipment	(78)	(20)	(937)
Loss on property sale and leaseback	-	-	257
Interest rate swap settlement	-	-	(21)
	(78)	(20)	(701)
<i>Movement in working capital:</i>			
Decrease in trade and other receivables	5,949	6,937	5,137
Decrease / (increase) in right to returned goods asset	142	(233)	2
Decrease in inventories	1,353	1,909	2,481
Decrease in taxation payable	(717)	(3,019)	(2,030)
Decrease in trade and other payables	(2,401)	(532)	(3,066)
(Decrease) / increase in refund liability	(207)	309	(18)
Increase / (decrease) in contract liabilities	291	355	(52)
Decrease in provisions	(539)	(413)	(54)
	3,871	5,313	2,400
Net cash inflows from operating activities	4,417	5,150	6,236

NZPM CO-OPERATIVE LIMITED

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2024

6 Software licensing agreement

Right-of-use assets and Lease and license liabilities include the software licensing agreements that NZPM has entered into for the right to use software licenses over the agreement periods of 3 and 5 years. The agreements require the commitment to maintain a minimum number of licenses. As at 30 September 2024, the lease and licensing liability includes \$2.4m for the contractual commitment to pay for the minimum number of software licenses, with a corresponding \$2.7m recognised in Right-of-use assets.

7 Co-operative share capital

	Unaudited 6 months to 30 Sep 2024 \$'000	Unaudited 6 months to 30 Sep 2023 \$'000	Audited 12 months to 31 Mar 2024 \$'000
<i>The movements in shares by class for the Group are as follows:</i>			
On issue at the beginning of the year	39,005	39,694	39,694
Net issues and redemptions for the period:			
Ordinary shares	174	230	331
'New' redeemable preference shares (New RPS)	(694)	131	(1,020)
On issue at the end of the period	38,485	40,055	39,005
	Unaudited 6 months to 30 Sep 2024 \$'000	Unaudited 6 months to 30 Sep 2023 \$'000	Audited 12 months to 31 Mar 2024 \$'000
<i>Ordinary shares</i>			
Issued capital			
10,984,931 (Sept 2023: 11,014,931 Mar 2024: 9,159,722) ordinary shares of \$1 each less uncalled and unpaid capital	10,985 (1,651) 9,334	11,015 (1,956) 9,059	10,915 (1,755) 9,160
<i>Redeemable preference shares (RPS)</i>			
16,564 (Sept 2023: 16,564 Mar 2024: 16,564) redeemable preference shares of \$1 each fully paid	17	17	17
<i>'New' redeemable preference shares (New RPS)</i>			
27,741,486 (Sept 2023: 30,346,028 Mar 2024: 29,198,615) new redeemable preference shares of \$1 each fully paid	27,742	30,346	29,199
246,606 (Sept 2023: 252,058 Mar 2024: 275,175) FR24 redeemable preference shares of \$1 each fully paid	247	252	275
1,115,135 (Sept 2023: 328,669 Mar 2024: 315,011) FR36 redeemable preference shares of \$1 each fully paid	1,115	328	315
30,361 (Sept 2023: 53,077 Mar 2024: 39,183) FR48 redeemable preference shares of \$1 each fully paid	30	53	39
Total co-operative share capital	38,485	40,055	39,005
<i>Classified as:</i>			
Non-current	38,485	40,055	39,005

NZPM CO-OPERATIVE LIMITED

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2024

7 Co-operative share capital continued

	Unaudited 6 months to 30 Sep 2024 \$'000	Unaudited 6 months to 30 Sep 2023 \$'000	Audited 12 months to 31 Mar 2024 \$'000
<i>The below figures reconcile to the amount of cash shown in the Consolidated Interim Statement of Cash Flows at the end of the period as follows:</i>			
Total co-operative share capital	38,485	40,055	39,005
less non-cash co-operative dividends and dividend payments	(621)	(767)	(1,274)
less opening balance	(39,005)	(39,694)	(39,694)
Net balance as per the Consolidated Interim Statement of Cash Flows	(1,141)	(406)	(1,963)

Ordinary shares

Ordinary shares may be surrendered at the option of the shareholder, directors or Group according to the Constitution at the nominal value of \$1 per fully paid share. Consideration for the surrender is subject to the directors' right to postpone payment for up to five years. Ordinary shares carry certain rights as to voting and co-operative dividends.

Redeemable preference shares

NZPM has issued various classes of redeemable preference shares. Redeemable preference shares issued at different times and with different terms each constitute a separate class of redeemable preference shares. Redeemable preference shares are redeemable at the option of the shareholder at the nominal value of \$1 per share. Redeemable preference shares carry certain rights to receive dividends. Redeemable preference shares carry no voting rights (except as required by section 117 of the Companies Act 1993) or rights to co-operative dividends. The directors are able to postpone repayment for up to 5 years. As at 30 September 2024, the quarterly dividend rate was 6.5% (Sept 2023: 7.00%, Mar 2024: 7.00%) per annum.

General

All shares carry equal rights on any winding up of NZPM to be repaid the paid-up capital, in proportion to the capital paid-up on each share. Each ordinary share also carries the further right to share equally in the distribution of any further residual assets of NZPM following repayment of the paid-up capital. The Constitution and the Companies Act 1993 gives the directors the discretion to pay different rates of dividend, if any, to different classes of shares. All share capital is classified as a liability as it is redeemable on a specific date or at the option of the shareholders.

8 Contingent liabilities

There were no contingent liabilities as at 30 September 2024 (Sept 2023: nil, Mar 2024: nil).

9 Capital commitments

	Unaudited 6 months to 30 Sep 2024 \$'000	Unaudited 6 months to 30 Sep 2023 \$'000	Audited 12 months to 31 Mar 2024 \$'000
<i>Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities are as follows:</i>			
Upgrade to leased and owned premises	-	177	46
Software	-	-	40
Computer equipment	21	21	162
Equipment	-	79	-
	21	277	248

10 Events after the reporting period

On 9 October 2024, the Co-operative extended the maturity of the Westpac banking facilities by one year to 31 December 2026.

There were no other significant events after the reporting date.