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It was great to see the Auckland region joining the rest of the country in Alert Level 1 in early October, and I'm sure that's been a huge relief for both the local community and New Zealand as a whole. These last few weeks have seen the country dip into a recession for the first time in many years, and with our own General Election close by as I write this, the United States heading to the ballot box in November, and increasing signs of volatility in the financial markets, it seems likely that the economic ride will continue to be bumpy for some time.

Notwithstanding this, there are some positive lead indicators for our construction and housing sectors including new, renewal and renovation work, so we remain optimistic that the steady resurgence in sales that we've seen since June will continue in the short to medium term. Longer term market demand is still difficult to predict, but hopefully a gradual easing of border restrictions over the coming months, lower interest rates and continued strong export growth should see our New Zealand economy slowly recover ground.

In the meantime, NZPM is continuing to focus on improving our services and our processes, and we've reviewed the operations of a number of parts of our Plumbing World business over the last few months to achieve better efficiencies for both our staff and our members and customers. Most recently we commenced a review of our Metrix business in conjunction with PwC, as we believe there are a number of synergies that can be attained within the co-operative by embedding common platforms across the two merchant arms, and we'll look to develop those solutions further during the current financial quarter.

On the membership front we've also seen an increasing number of businesses attracted to the value proposition that the co-operative is offering, with 52 new members joining in the current financial year to date, and this bodes well for the future as our

Chair update cont.

baby-boomer members continue to retire from the industry. We now have well in excess of 900 ordinary shareholder members with over 30% of those members having joined the co-operative in the last four years, and it was fantastic to see our very first (2017) Plumbing World Young Plumber of the Year Julian Parker recently join the fold as a shareholder.

Following some delays during lockdown, we now expect to have our shareholder membership portal available on the NZPM website early in the New Year, and this will allow members to log-in and check their graded cash balances, their shareholding and their contact information. Over time we anticipate that more features will be added to the shareholder portal to facilitate greater options for members to interact digitally with the co-operative.

From a governance perspective we've also seen the value of stability with our incumbent directors re-elected at the AGM, and this has allowed the board to continue to progress our various initiatives and plans for the business in an effective and orderly

manner. Our 2020 NZPM Future Governance Programme appointee Scot Pearce joined his first board meeting in September, and we're looking forward to his contribution over the next 12 months.

Scot has already completed his Institute of Directors introductory training, and in addition to the NZPM director's support, he's also receiving some external mentoring from independent governance specialist Westlake Governance.

Kind Regards,



John DeBernardo
NZPM Chair

A word from Rob Kidd.

Plumbing World's focus is to continually improve our overall customer service offer with the intent to make your business more efficient and therefore more profitable.

We now have over 2500 customers utilising and benefiting from the efficiency and extra productivity of using the pwGO App and pwGO Online digital ordering and business management tools.

We are in discussions with SimPro, Fergus, Xero and Nimbus about having their software systems integrated with pwGO Online to help streamline your office processes and we will continue to keep you updated as progress is made.

We completed the rollout of the Frameworks software into our branch network during August which helps safeguard our technology platform going forward.

We are now planning and developing the new inventory management software system rollout to interface with Frameworks; the first stage for completion is early next year and the second stage, completed in the middle of next year. This will enable Plumbing World to order, manage and sell our product more efficiently which will help ensure we have the product you require when you need it.

We also provide our NZPM shareholders a special quarterly Gold rebate when you purchase our own brand, Metrix and strategic products; LeVivi, TIVA, the Metrix range, Pipe King and Toto.

We have 54 strategically located branches across the country to ensure you can easily and conveniently purchase your plumbing requirements helping save you time and money.

Thank you for your ongoing support of Plumbing World, the only 100% trade owned plumbing merchant in NZ and we look forward to continuing to work with you to ensure your co-operative continues to be strong and resilient through the months and years to come.

Regards,

Rob Kidd
Plumbing World GM



Obituary - Graeme Mander

In mid-September we were deeply saddened by the loss of former NZPM Group Chairman Graeme Mander who passed away following a period of ill-health. Graeme was elected to the NZPM board in 1991, appointed to the role of chair in 2008, and he retired from the board in 2011 after reaching the co-operative's compulsory retirement age.

Graeme started his plumbing apprenticeship in 1957 at HE Mander & Co, which his father Howard had founded in Johnsonville, and eight years later, he took over management and purchased the firm. The business - which became Mander Plumbing - has remained in the same building since it began, and Graeme handed over control of the company to Gavin Chambers, a long-term partner in the firm in 2019.

In the past six decades Graeme also held numerous industry roles, including more than 30 years as a national councillor and director of Master Plumbers, and a spell as their President in the mid-1980's. Graeme was made a life member of Master Plumbers in 2001 and he was New Zealand's representative on the World Plumbing Council from 1996 to 2005.

Away from plumbing Graeme had a very strong family ethos, and a keen interest in horse racing that started in the early 1990's. He was a part owner of more than 50 horses since then, including the champion galloper and New Zealand's Horse of the Year in 1996, Our Maizcay.

The NZPM Co-operative extends our deepest condolences to the Mander family on their loss.



NZPM Share Registry System

NZPM has selected Syndex Exchange as the new provider of our share management system. The new system is an online shareholder platform that provides share registry and other services to a range of mixed ownership entities.

NZPM will continue to have a designated in-house share registrar to ensure that we maintain service and engagement to our shareholder base.

Syndex replaces our unsupported in-house system that has served us well for over a decade. The system will provide a platform for a range of improvements to our shareholder services over the next few months.

The main initial change that shareholders will notice is that most routine shareholder communications will move from post to email to allow NZPM to speed up the communication process as well as reducing print and postage costs.

In the first quarter of the New Year, we anticipate that a new shareholder portal will be made available to shareholders. The portal will provide access to archived dividend and other shareholder notices, provide real-time access to graded cash (for ordinary

shareholders), allow shareholders to maintain their own contact and other data as well as providing an area for shareholder specific information such as NZPM training material.

As part of the migration, we have been undertaking a lot of work to improve our shareholder contact information. In particular, it is important that we have the correct email address for shareholders. We will be sending out an email communication in late October to confirm that we have the correct address for all future contact. This email address will be the log-in name for the shareholder portal.

NZPM will continue to print and post our Annual Report and other formal shareholder notices.

Kind regards,

Brett Cruickshank
Chief Financial Officer

Director's point of view - Kathy Meads.

I continue to enjoy my time on the NZPM Board, since being so warmly welcomed in November 2018 as an Appointed Director.

The results for the year to 31 March 2020 are a testament to sheer hard work and a focus on customer service by everyone. That, along with the support from you as members, is very much appreciated. The year-end audit went well, and as Chair of the Audit and Risk Committee, I can report that the systems and processes which support our business are operating to a high standard. No major concerns were raised by Bryce Henderson, Deloitte's Audit Partner, which was a great outcome.

The COVID-19 environment we are trading in provides a particular challenge for a Co-operative, as we cannot rely on emergency capital funding from our shareholders. Therefore we must continue to be conservative and cautious with our capital. As a Board, we maintain an ongoing watching brief on the trading position and capital gearing of the Group. It is a real challenge in these uncertain times to maintain the right balance between conservatism and having the courage to make appropriate investment decisions for the long term benefit of the Co-operative.

A few key points come to mind:

We have conservatively geared our balance sheet, which enables us to have cash reserves to manage our way through future trading shocks if they occur. However, we do need to continue investing across a number of areas to remain competitive and viable in the long term. This includes:

- our investments in property assets for future growth;
- funding for technology investment and automation; and

- most importantly, investment in our staff, including ongoing training and development. When I visit our branches, I am always impressed with our teams' knowledge and enthusiasm. Simply put, our people are the heart and soul of the business.

You can be confident that the Board is closely monitoring our financial position, costs are well managed and opportunities are fully explored before investment decisions are made.

I am proud to be a member of the Board, and look forward to meeting more of you when possible.

Regards,
Kathy Meads
NZPM Director



Blue September.

Plumbing World and Metrix once again showed their support to the Prostate Cancer Foundation by participating in the annual Blue September campaign.

Branches across the country held Blue Do events to help raise awareness and funds enables the Prostate Cancer Foundation to provide support to men and their families living with prostate cancer.

Together, we managed to raise \$2,500 — thank you to those who participated or donated to the cause.

Over 3,500 men are diagnosed with prostate cancer in New Zealand annually. These funds provide an opportunity to create awareness about prostate cancer and the importance of early detection.



Metrix Update.

The Metrix team are pleased to report that September sales were the highest ever in the company's history, and that Plumbing World's purchases were a record as well. Back in the first lockdown we certainly didn't think we would be achieving new records, but here we are, reaping the benefits of many New Zealand households diverting their disposable income from overseas travel to home renovation activities. Plumbing World have had strong results with our European brands, and our Metrix Parnell showroom is outperforming last year, despite having to close during two lockdowns.

Surprisingly, the COVID-19 pandemic has had much less impact on project work than we expected. So far this year we have completed supply to the Commercial Bay retail and office development, and we are currently supplying Kaldewei baths to the Cordis Hotel refurbishment in Auckland — and a full suite of products to Willis Bond's latest apartment in the Wynyard Quarter. In Auckland, Wellington and Queenstown we have more high end residential developments and office block refurbishments coming on stream with Metrix brands, and we will supply these in the next few months and next year.

Our sales team are focused on visiting NZPM shareholders and exploring how our business can assist your business. In the next few weeks we will launch our new Metrix website with easy navigation and search functionality, and with the ability to easily create a multiple product specification document for your projects.

Our international suppliers are mostly back on track with production, but there are still challenges with air and sea freight impacting on delivery times. Even so, our stock levels are generally good and we



have shipments arriving in October and November that will alleviate stock pressure points.

We are looking forward to strong sales continuing in the run up to the Christmas holidays. Thanks to our shareholders for their support. If you would like to talk to us about opportunities with Metrix brands please contact us on 09 444 5656.

Best regards,

Garry Ivill
General Manager Metrix



Bowel Cancer NZ.

Again, a big thank you to everyone that took part in, or donated towards Dry July this year — helping raise funds to help improve the comfort, care, and wellbeing of New Zealander's affected by cancer.

With the help of funds raised during Dry July, Mary and Rebekah from Bowel Cancer New Zealand can now employ a specialist bowel cancer nurse to provide information and support to those affected by bowel cancer, and as part of this initiative, they will be launching a wellbeing programme.

This programme will help those undergoing bowel cancer treatment by facilitating access for them to counselling, physio, remedial massage, accommodation, and travel support.



Shareholder loyalty.

We love celebrating your loyalty to our co-operative and it's great to see shareholders being acknowledged. Congratulations to everyone who has recently received their loyalty awards.



Andrew Donaldson Plumbing
40 years



Paul Ambler Plumbing
20 years



John Wolfsbauer Plumbing
10 years

Long Service - Recognising our team.



Nicola Goodman, Paraparaumu
5 years



Andrew McDonald, Kingsland
5 years



Brett Cochrane, Southern Sales Manager
5 years



Bowel Cancer
NEW ZEALAND



New Zealand
Gynaecological Cancer
Foundation



Prostate Cancer
Foundation NZ

NZPM's Mission

To contribute to our members' business success by representing their interests and delivering performance excellence.

Part of our NZPM Co-operative
plumbingworld |  metrix