

February 2025

THE NZPM CONNECTOR

OUR BI-MONTHLY NEWSLETTER

NZPM co-operative

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TO ALL OUR CO-OPERATIVE MEMBERS – HAPPY NEW YEAR!

I trust you had a chance to enjoy a relaxing break over Christmas and New Year with family and friends.

As outlined by our CEO, Rob Kidd in his article, our Microsoft D365 technology project moved from the pilot phase to a full network rollout in early January. This is a significant milestone for our co-operative, and the Board deeply appreciates the hard work and dedication of our staff in managing this transition. We also want to thank our customers and shareholders for their continued support as we integrate this new system into our daily operations.

Like all businesses, NZPM must balance reinvestment, shareholder returns, and long-term capital management. The Board remains fully committed to supporting reinvestment, particularly in our technology infrastructure. This investment is essential to enable us to develop new services, strengthen business controls, and help reduce our long-term cost base through productivity gains. Operationally, when we complete the initial change management period, the team will focus on innovation to improve customer experiences and build even stronger relationships and connectivity. By leveraging both technology and the expertise of our people, we aim to broaden and strengthen our business model.

Our strategy of reinvesting in our core co-operative business allows us to enhance the presentation of our network and improve operational efficiency. This, in turn, enables us to deliver consistent, high-quality service while maintaining affordable costs.

Artificial Intelligence (AI) is increasingly dominating discussions across industries, and we believe it will impact many facets of our business. The team is actively exploring how we can harness the power of AI to accelerate our strategic goals. While we are aiming high, we recognise that we must start small and build from there. In this edition, you'll find an insightful article from fellow Director Peter Faul, who shares his thoughts on the transformative potential of AI.

As we approach the end of the financial year, we continue to navigate the ongoing market challenges. Along with the management team, the Board is closely monitoring our financial position, ensuring that costs are carefully managed to help protect the co-operative from market



volatility. We remain focused on prudently managing our balance sheet, controlling our costs, while working with our customers to secure profitable sales. To further reduce expenses, we plan to hold several of our 2025 board meetings via video conference.

Despite the market challenges, we remain deeply grateful to our shareholders and customers for their unwavering support, which helps keep the co-operative strong and enables us to focus on our customer service. I would also like to take this opportunity to acknowledge the incredible dedication of our staff, who work tirelessly every day to provide exceptional service to our shareholders and customers.

The stability of NZPM's governance and senior leadership team continues to be a key factor in successfully navigating these difficult market conditions. As Chair, I am fortunate to work alongside my colleagues, whose experience, expertise, and unwavering support are invaluable as we navigate these challenging times.

A handwritten signature in black ink, which appears to read 'Kathy Meads'.

Kind Regards,
Kathy Meads, NZPM Chair

AN UPDATE FROM OUR CEO

Happy New Year, Nau Mai Haere Mai and welcome to 2025 everyone. I trust you had an enjoyable Christmas and New Year break.

NZPM Co-operative is now in our 61st year and at the beginning of January we completed the rollout of our new Microsoft D365 computer technology platform.

Moving onto D365 enables NZPM to continue enhancing our customer centric service offer, including smoother and more frictionless transacting for customers and provides NZPM with much improved data and analytics capability, all on an internationally recognised technology platform supported by Microsoft.

Our team across the country has been working incredibly hard to make this implementation as smooth as possible, however as you would expect with any new system introduction, it takes time to bed in and for staff to become familiar with the functionality and new ways of doing things.

I want to say thanks to our people for the tremendous job they are doing implementing and learning the new system and thanks to our customers for your ongoing support during this time.

I would like to let you know that we recently appointed Tristan Wilkinson to the National Sales and Operations Manager role for Plumbing World. This is a critical role, helping Plumbing World to manage and lead consistency and growth across our entire network for the benefit of our customers and shareholders.

Tristan has 30 years' experience working in the plumbing industry. Immediately prior to joining Plumbing World, Tristan was the National Sales Manager for GWA Caroma.

He joined Plumbing World just on eleven years ago; the first three years as the Sales Manager for the Northern Region before being promoted to the Regional Manager role eight years ago.

Tristan and his team have grown the Northern Region significantly during that time, including opening five new branches, relocating three key branches and developing a collaborative network model where the branches work together for the benefit of the customer irrespective of where the customers home branch might be.



As I'm sure you will appreciate, Tristan is very excited about taking on his new role and will progressively travel around the country and meet many of you on his journeys.

While the 2025 year looks to be another economically challenging one for both New Zealand and more specifically the building and plumbing industry, NZPM will continue to work hard to ensure our costs are managed well, market opportunities are captured and provide you the products and service you require for your business to be successful.

Once again, thank you for your continued support of our great co-operative — we really do appreciate it.

Regards,

Rob Kidd
NZPM CEO

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DIRECTORS' POINT OF VIEW FROM PETER FAUL

Business Relationships and AI.

We are all conscious of the fact that our customers have a choice about where to buy. It is not unusual for us to favour one supplier over another for valid reasons — establishing our business relationships, weighing up a range of factors such as service, location, people and price to name a few.

In the future, we will see increasing emphasis on technology as a key factor in these relationships. With the rapid advancement of AI it is critical to start looking for business partners who are setting up to embrace this rapidly developing space. A critical factor for Plumbing World was to upgrade its operating software resulting in the single biggest capital investment in the company's history. This will empower the business and establish a platform that can step the business forward into the future and provide our customers with leading edge business solutions.

AI will appear in many forms and will increasingly become a support tool in business administration, quality control and project management — even becoming a decision maker in our businesses. We have already seen unprecedented investment world wide in its development. The near term effect will be huge and almost impossible to quantify. When we look at significant historical events such as the development of the internet and smart phone we are amazed at how they have affected mankind. In my view AI will surpass both those developments by some margin.



It is critical we all start the journey to embrace AI and look for business partners who are doing the same. There is no better positioned company than Plumbing World to be that partner.

Regards,

Peter Faul
NZPM Director

250,000 REDEEMABLE PREFERENCE SHARE QUARTERLY INVESTMENT

At NZPM Co-operative Limited (NZPM), we manage our funding requirements through a blend of shareholder equity, bank debt, and retained profits. One key component of this funding mix is our Redeemable Preference Shares, with approximately 29 million \$1 shares currently on issue.

Unlike our Ordinary Shares, which are tied to our trading profits, Redeemable Preference Shares offer a return based on market rates for comparable securities. These shares come with fixed dividend periods of quarterly, two, three, and four years. The dividend rates for Redeemable Preference Shares remain fixed throughout the investment term, and the shares may only be redeemed at maturity.

The current dividend rates for these shares are:

- Quarterly fixed dividend period – 6.0%
- Two-year fixed dividend period – 5.75%
- Three-year fixed dividend period – 6.0%
- Four-year fixed dividend period – 6.0%

Redeemable Preference Shares are available not only to ordinary shareholders but also to the wider market. This

broadens the opportunities for investors interested in supporting the co-operative while earning competitive returns.

To maintain control over our funding structure, NZPM places limits on the level of new applications and redemptions each quarter. Recently, we made changes to the terms of our Redeemable Preference Shares to attract new investment. This change increases the maximum quarterly new investment that each shareholder* can make from \$100,000 to \$250,000.

For further details about our capital structure and the terms of the Redeemable Preference Share issue, please refer to our Product Disclosure Statement, available at www.disclose-register.companiesoffice.govt.nz. Alternatively, you can contact our NZPM Share Registrar, Lauren McEniery, directly at 09 379 1832 or via email at shares@nzpm.co.nz.

Investors are also encouraged to seek independent financial advice before making any investment decisions.

On behalf of NZPM, I would like to thank all shareholders for their continued support of the co-operative.

Brett Cruickshank
Chief Financial Officer

SOCIAL RESPONSIBILITY

THE LONG RUN — CHILD CANCER FOUNDATION

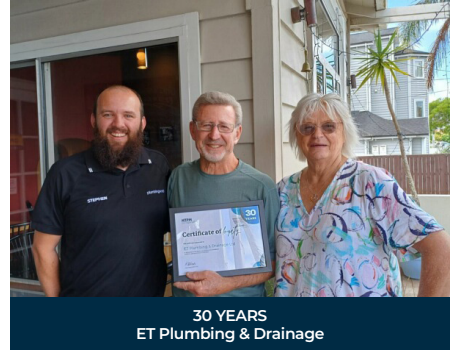
This Long Run event is in its third year and is managed by the Crusaders rugby franchise to support the Child Cancer Foundation. The event is simply a walk, jog or run of laps of the combined Rugby and Malvern parks and raises money through sponsorship. During the January 2025 event, more than 26,000 laps were completed and the grand total raised sits at a staggering \$223K.

This is the second year Plumbing World branches in the greater Christchurch area have supported this event. We had team members from all four greater Christchurch branches do laps — including three team members do more than a half marathon.

It's a great event for a fantastic charity and the Christchurch team are looking forward to getting behind The Long Run again next year and raising more sponsorship dollars.



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