

December 2025

NZPM CONNECTOR

OUR QUARTERLY NEWSLETTER

NZPMco-operative

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WELCOME TO THE LATEST EDITION OF THE CONNECTOR.

As we reach the end of another year and our final Connector for 2025, I want to take a moment to reflect on what has been a period of significant challenge, recalibration and, importantly, renewed optimism for our Co-operative.

The end of the year naturally brings with it a sense of pause and perspective, and it is from this view and with both confidence and optimism that I would like to reflect.

Reflecting on Our Strategic Review

Over recent months, the Board and the Executive Team have undertaken a comprehensive strategic review of NZPM. While strategic reviews can sometimes feel like routine governance housekeeping, this one felt particularly energising. It required us to step back from the day-to-day pressures of trading conditions, system changes, and market headwinds, and to what will be the most essential factors to the long-term strength of our co-operative.

I am pleased to share that this process reaffirmed what we agreed with the executives when they were appointed to their roles during the year. Our key strategies that will be the cornerstone of the Co-operative as we look to the future will include the customer experience, operational excellence, our people and membership value.

These strategic pillars speak to what we are focusing upon as a co-operative, the value we offer our members, and the resilience and innovation required to thrive in a fast-changing industry. It is always useful to reflect on what truly matters not only for the co-operative as a business in its own right, but also for the livelihoods and enterprises of our many member shareholders.

Our review reinforced something fundamental: the co-operative model thrives when we operate with clarity of purpose, unity of direction, and a commitment to long-term value creation. These five strategies anchor us, ensuring that decisions made in the short term do not lose sight of the long-term sustainability and growth that our members expect from us.

Leadership, Capability and Reinvigoration

A successful strategy is only as strong as the people who carry it forward, and it has been especially pleasing to see the progress made within the Executive Team throughout the year. Brett and his team continue to fill key leadership roles within the organisation, strengthening the capability and cohesion of the team.



It has been encouraging to watch the management team come together with a shared mindset, a willingness to tackle longstanding challenges, and an appetite to build the next chapter of NZPM's success. The Co-operative has always been at its best when it has strong leaders who listen, collaborate, and empower their teams and it is clear that this spirit is re-emerging across the organisation.

Governance

During November, we farewelled Reuben Cutts from the Board, following his decision to take on a management role within the company. We thank Reuben for his contribution as a director and for his ongoing commitment to NZPM in his new capacity. His passion for the Co-operative and its members remains evident, and we wish him well as he continues to support the business from an operational seat.

I am also delighted to welcome Kirstie Brown to the Board following the recent election. Kirstie brings a strong commercial background, and a deep understanding of customer-driven businesses.

Kirstie's experience and capability add to the balance of skills around the Board table, and we look forward to her contribution to the ongoing stewardship of the Co-operative.

Looking Ahead with Optimism

While this year has presented its fair share of complexity from difficult market dynamics, the system transition, change of leadership and cost pressures, the Board is encouraged by the progress being made and by the clear commitment within the business to deliver meaningful improvement. The Co-operative has faced difficult periods before, and each time our strength has come from our ability to stay the course, support one another, and continue to make decisions that prioritise long-term value over short-term convenience.

We have a strong strategy, an energised leadership team, a hardworking and dedicated group of staff and a supportive network of members who believe deeply in the principles of co-operation, mutual support, and shared success. These are the ingredients of a resilient and forward-looking organisation.

As we move into a new year, our focus remains unwavering: to continue building a stronger and more competitive co-operative for our members, our customers, and our people.

A Message of Thanks

Finally, I want to extend my sincere thanks to all shareholders, staff and suppliers for your continued support of NZPM. It has not been an easy period, but we are now looking ahead with a positive mindset.

On behalf of the Board, I wish you and your whanau a safe, restful, and joyful Christmas. May the holiday season provide time to reconnect with family and friends, reflect on the year that has passed, and return refreshed for the opportunities ahead in 2026.

Thank you once again for your commitment to NZPM. We look forward to continuing this journey with you.



Warm Regards,
Kathy Meads, NZPM Chair

AN UPDATE FROM OUR CEO — BRETT CRUICKSHANK

As we approach the festive season, I want to share my reflection on the year.

In a nutshell, it's been a tough year with many challenges but I am optimistic about the opportunities ahead and the team's dedication and ability to earn your ongoing support. Some recent highlights to call out are returning customers who value our wider offering, winning new business, adding new headcount into high growth zones in the South Island, settling in our new regional leadership teams, and the fantastic Young Plumber of the Year Competition.

These green shoots are encouraging after an undeniably difficult period.

Implementing Our New System

The year started with the rollout of Microsoft Dynamics 365. We always knew a change of this scale would be demanding, but the reality proved more challenging than anticipated. The early experience was that the system had some performance issues, introduced greater complexity for our teams and needed more rework than expected.

Over the year, our technology team has worked hard to address these challenges. We are now operating from a stable and reliable platform, and our focus is now on refining and simplifying the system where possible to make it easier and more efficient for our people to use – a work programme which will continue throughout 2026.

I want to acknowledge the impact this had on our staff and on customer service, particularly in the early stages. Importantly, our teams showed enormous dedication and worked together to resolve issues while learning new processes at the same time.



We are already seeing meaningful benefits of clearer, more accurate information, better stock and cost control, improved visibility of key business metrics and de-risking ourselves away from an ageing system.

Trading environment

Late last year, we were predicting that construction activity would begin to improve during 2025. However, increasing unemployment, lack of economic growth and a slower than expected decline in interest rates all combined to weaken demand and push the expected timing of an economic recovery out to 2026 and beyond.

As the year progressed, we saw aggressive pricing behaviour across the market. Responding to this pressure

was not something we took lightly. However, to support our customers and maintain our position in the industry, we had to adjust our pricing to stay competitive.

Our revenue was also negatively impacted by our decision not to pay a co-operative dividend and eventually pause payment on share surrenders and redemption requests. While these decisions were necessary to stabilise our balance sheet, they were not well received by our shareholders and reduced our current year trading performance.

The tough trading environment required us to review and reset our cost base. Some of these steps were difficult but necessary to ensure NZPM remains resilient and well-positioned for the future. While this work is largely complete, we continue to assess the business and adjust our cost base to respond to the market.

Focusing on the Fundamentals

In a year with many moving parts, we deliberately returned to the basics that underpin a strong and sustainable co-operative. These include serving and supporting our customers, responding to market pricing pressures, investing in our own brands strategy and looking at all opportunities for efficiency.

While the financial results this year are a good distance where we want them to be, we have stabilised the business and created better conditions for improvement.

Since I moved into the CEO role following the leadership transition from Rob Kidd, I have had the pleasure of talking with many shareholders and customers as well as our people throughout the branch network. While not all of the conversations have been easy, I want to thank all of you who have reached out with messages of support. I appreciate

your ongoing honest feedback and really value your input to continue to help shape my thinking. I plan to continue to get around the country to talk to shareholders as I am committed to leading the co-operative with a strong strategic focus centred on customer experience, shareholder value, and supporting a team proud to serve our trade.

Looking Ahead

The broader market is expected to remain soft in the short term, but we have taken the right steps to position ourselves for the eventual recovery. We are pushing ourselves out into the market to work with our shareholders to show the value that the co-operative can offer.

There is still much work to do, but we now have a clear direction and a great team.

On behalf of the management team, thank you for your continued support of NZPM during a demanding year. Your loyalty and trust underpin our co-operative model and make a real difference as we navigate change and prepare for the next phase of performance improvement.

I wish you and your families a safe and relaxing festive season, and I look forward to working with you in the new year as we continue to strengthen NZPM together.



Regards,
Brett Cruickshank,
NZPM CEO

CHIEF COMMERCIAL OFFICER — KARIN CUNNINGHAM

As we approach the festive season, we would like to extend our warmest Christmas wishes to all of our Shareholders. This year has undoubtedly presented its fair share of challenges, testing our resilience and adaptability as a company and as individuals. Through it all, your continued support and loyalty has been greatly appreciated.

We recognise the importance of rewarding and acknowledging your commitment to us. As we move into the New Year, our renewed focus will be on getting back to what matters most: celebrating and recognising loyalty with great service, knowledgeable staff and competitive pricing. Rest assured, we are determined to make this a central part of our plans in the months ahead.

Looking forward, we are excited about the opportunities that 2026 will bring. We eagerly anticipate reconnecting with many of you in person around New Zealand, sharing our progress, and celebrating together the achievements that lie ahead.

Karin Cunningham
NZPM CCO



DIRECTORS' POINT OF VIEW FROM DEAN CARROLL

As the current economic downturn has continued and has particularly impacted the construction sector, your Board has been proactive in taking and supporting actions to position NZPM to both trade through the current downturn and to profit from any recovery.

Core to the approach the Board and executive are taking is to recognise, more than ever, that providing superior customer service and stock availability to our shareholders and customers, within the co-operative model of ownership by you, is essential to earning your ongoing choice of NZPM as your preferred plumbing merchant.

Our new CEO, Brett Cruickshank, and his team have been engaged both in meeting as many shareholders as possible and actioning a number of major initiatives to allow us to trade through the current downturn and to be in the best shape possible to take advantage of any upturn in demand. As well as the direct interaction, we greatly appreciate you letting us know how you feel we are doing by taking the time to complete our six-monthly Net Promotor Score survey. We study this closely and use it, amongst other things, to assess how we can serve you better.

After a number of years of strong profit years, with a Co-operative Dividend being paid out as a rebate to shareholders, NZPM was unable to pay a rebate this year due to a loss resulting from both reduced revenue and the cost of the successful implementation of our new enterprise system Microsoft D365. This new system, amongst other improvements, has already assisted in a much more efficient management of our inventory – a major cost to the Co-operative.

The Board also suspended redemptions of both Ordinary Shares and Redeemable Preference Shares (RPS shares), whilst continuing to pay a yield that recognises the increased risk of holding these shares, to preserve our capital in these times. We took the further painful measures to resize the business including a significant restructure that saw several long-serving staff from throughout the company leave NZPM, and the establishment of a new management structure.



We believe this new structure is better positioning us to address the challenges facing the Co-operative. Limited salary movements to general staff and no remuneration increase to most senior staff or Directors are further cost containment initiatives completed. The Long-Term Incentive scheme (LTI) that some staff participated in in the past has been discontinued. The wider management incentive scheme has been realigned to provide rewards when the company achieves budget profits. You can be assured that your Board and executive will continue to take the hard decisions needed to return the Co-operative to profitable trading as soon as possible.

I hope this high level review of actions taken in the recent past, along with ongoing initiatives to improve our performance in areas you have told us we can do better, will earn us the opportunity to continue to be your preferred plumbing merchant, as we work together to make the Co-operative that you continue to own a success.

Dean Carroll
NZPM Director

DIGITAL NEWSLETTERS

This December issue is the first digital only issue of the Connector. All newsletters will continue to be sent directly to shareholders via email only. This transition allows us to deliver information in a more reliable, sustainable, cost-effective and timely manner. We appreciate your ongoing engagement and thank you for supporting this move to digital communication.

We continue to invite retired shareholders to stay connected with what's happening in our co-operative. If you or someone you know is a past NZPM shareholder, simply email info@nzpm.co.nz and ask to be added to our past members' mailing list.



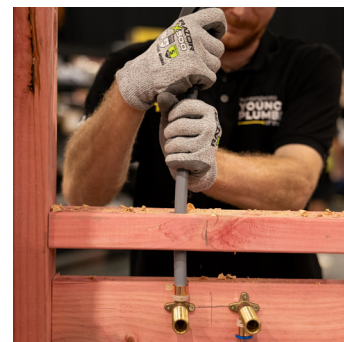
YOUNG PLUMBER OF THE YEAR

Plumbing World's Young Plumbers Club (YPC), established in 2014, continues to invest in the future of New Zealand's plumbing, gasfitting, and drainlaying industries. With a significant portion of the workforce nearing retirement, initiatives like the Young Plumber of the Year (YPOTY) competition—launched in 2017—play a vital role in attracting, developing, and celebrating the next generation of tradespeople. The annual, free-to-enter competition showcases the skill, professionalism, and leadership of plumbers aged up to 31, while promoting plumbing as a dynamic and rewarding career path.

The 2025 National Final took place over three days, beginning in Auckland with exclusive visits to several Platinum sponsor factories, giving finalists valuable insight into industry operations and the products they use daily. The event then moved to Hamilton, where the ten finalists completed a theory exam and undertook a challenging 4.5 hour bathroom fit-out scenario at Claudelands' Globox Arena. Their performance was assessed by the YPC Steering Committee and a panel of six industry judges, evaluating technical capability, safety practices, and overall professionalism.

The competition concluded with an awards dinner hosted by MC Jordan Vandermade at Claudelands. We were proud to announce **Louis Devine of Thompson Plumbing & Gas Ltd, Whanganui**, as the **2025 Young Plumber of the Year**. Louis received a prize package including a trip for two to Niue with spending money, tools, NZPM Redeemable Preference Shares, and a prize pool valued at over \$3,500 for his employer. **Seth Hall of Hallrite Plumbing & Gasfitting, Gisborne**, was named **runner up and Most Valuable Plumber**, recognised for exemplifying YPC values through his attitude, integrity, growth, and outstanding skillset.

We also extend our sincere thanks to all sponsors and shareholders who continue to encourage and support young talent entering this competition. With your ongoing support, Plumbing World and the Young Plumbers Club look forward to championing industry excellence again on the national stage in 2026.



Congratulations to our 10 National Finalists:

CONTESTANT	COMPANY	YPC REGION
Louis Devine - Winner	Thompson Plumbing & Gas Ltd	Whanganui
Seth Hall – 2nd Place	Hallrite Plumbing & Gasfitting	Gisborne
Liam Locke – 3rd Place	I Plumb 4 U Northland	Whangarei
Tom Harrison	Clyne and Bennie Nelson/Tasman	Nelson
Tristan Harris	Revolution Plumbing and Gas Ltd	Christchurch
Cameron Notley	Swift-Fix Plumbing Ltd	Auckland
Julian Wilson	May Plumbing & Gas	Cromwell
Michael Parker	Devine Plumbing Ltd	Napier
Sam Sonneveld	CF Reese Plumbing Ltd	Hamilton
Johnny Waymouth	Auckland Plumbers Group Ltd	Auckland

If you have any questions, please don't hesitate to ask your local branch manager, or contact us at ypc@plumbingworld.co.nz

SHAREHOLDER LOYALTY



40 YEARS
Cooke Plumbing Ltd



40 YEARS
Jack Rodgers Ltd



40 YEARS
Basset Plumbing & Drainage Ltd



20 YEARS
Arrowtown Plumbing Ltd



20 YEARS
Clyne and Bennie 1988 Ltd



20 YEARS
JC McCall Plumbing Contractors Ltd



20 YEARS
WM Brown Ltd



20 YEARS
Mark G Hume



20 YEARS
Southern Gas Ltd



20 YEARS
Panton Plumbing Ltd



20 YEARS
Rob Visser Plumbing Ltd



10 YEARS
East Coast Plumbing & Gas Ltd



10 YEARS
Hutt Gas & Plumbing Systems Ltd



20 YEARS
Shore Flow Drainage Ltd



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NZPM's Statement of Purpose
Delivering Sustainable Shareholder Value

Part of our NZPM co-operative

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