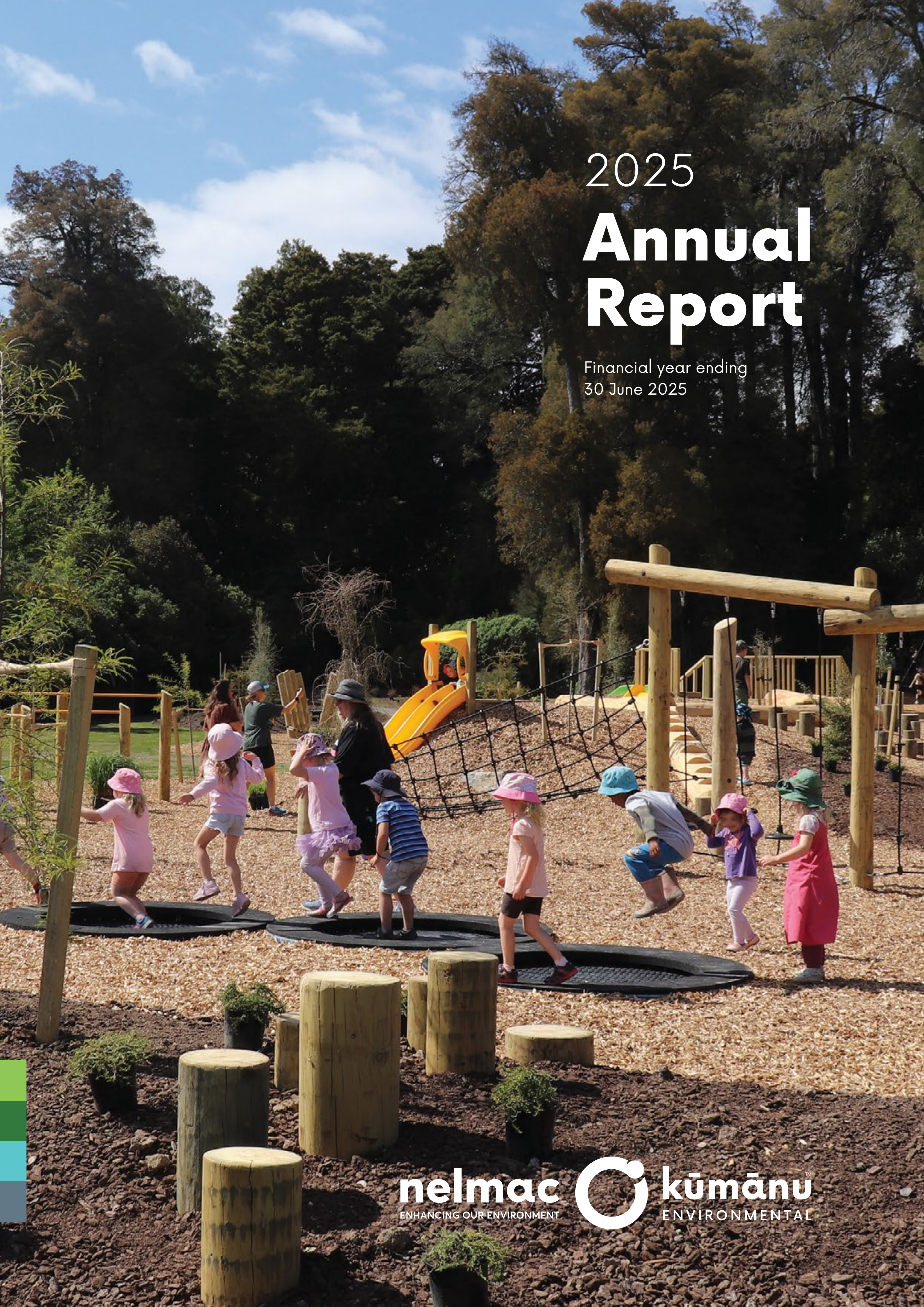
2025

Annual Report

Financial year ending
30 June 2025



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ENHANCING OUR ENVIRONMENT

kūmānu
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Contents

Summary Highlights

Strengthening Client Relationships

Significant improvement in client relationships as demonstrated in our Annual Client Satisfaction Survey.

Rising Above Adversity

Growing service lines where we have strong capability and enduring relationships.

Living our values and protecting our people through significant changes for our business and people.

Improving Culture

Contract changes have been an additional catalyst for cultural change as we pivot and embed our values and refine our commercial, safety and performance culture.

Todd's Stream Wetland, Drone Imagery | Image: © Nick Sparks, Nelmac Kūmānu

Key SLT Appointments

Changes to our SLT, with the appointment of a new Chief Executive, Chief Financial Officer and addition of a Business Development Leader.

Technology

Our focus on innovative solutions and strategic investments continues to drive our business forward, positioning us for even greater success in the future.

Health, Safety & Wellbeing

Continued to embed a pro-active and values-led safety culture through enhanced leadership, strategic improvements to our systems and stronger engagement across the organisation.

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ENHANCING OUR ENVIRONMENT

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Vision

Enhancing New Zealand's environment for community wellbeing.

Our Values

Respect

Kūmānu te Tāngata

We treat people with mutual respect and fairness.

Responsibility

Kūmānu te Mahi

We take ownership for the work we do and the resources we use.

Guardianship

Kūmānu te Taiao

We take care of the environment and each other.

Our Business

For 30 years we have been caring for the natural and built environments of New Zealand by providing services and solutions across Greenspaces, Conservation, and 3 Waters.

We are proud to stand by our values, and our deep-rooted purpose to create a lasting, positive impact in the places we work and play.

Chair & CE Message

Firstly, a huge thank you to the entire Nelmac Kūmānu team for their commitment and support over the last 12 months.

Nelmac Kūmānu has endured significant change, both within and outside of our business. These include; changes to key personnel, changing of Chair, new CE Appointment, plus how we have collectively navigated the completion of our NCC Greenspaces, Recycling and Conservation Projects contracts. We have overcome this during a time when our regional economy has been struggling, with lower-than-normal activity from our commercial clients, and with both local and central government spending more conservatively.

In challenging times and with significant changes to our business, which have ultimately impacted on our people and community, our Company Values have been tested. I take great pride in how we have lived our Values, risen above the adversity we have collectively faced, how our team have pulled together, and as a result we are emerging as a stronger company than we were 12 months ago. This step change to a positive and more commercially minded culture is evidenced in some of our SOI commitments, including the significant improvement in Client Satisfaction, the substantive reduction in employee turnover and a strong and diverse forward pipeline of work.

The magnitude of change the business has withstood shouldn't be understated. The total number of employees have reduced from 330 18 months ago to 210 today. Such a significant reduction in size has had a short-term detrimental impact on our Financial Performance this year, with approximately $900k of costs related to disestablishment. Despite these significant costs, Nelmac Kūmānu still made a profit for the year, which highlights the underlying strength of our core business.

For our people, our change journey is just starting. The road ahead is full of potential and growth as we pivot toward the agile, diversified, innovative and sustainable company that we aspire to be. With the significant structural changes behind us, we are collectively optimistic, energised and excited about our future.

We remain committed in continuing to support local employment and the regional economy, delivering sustainable solutions for our community, while providing a market comparable return for our shareholder.

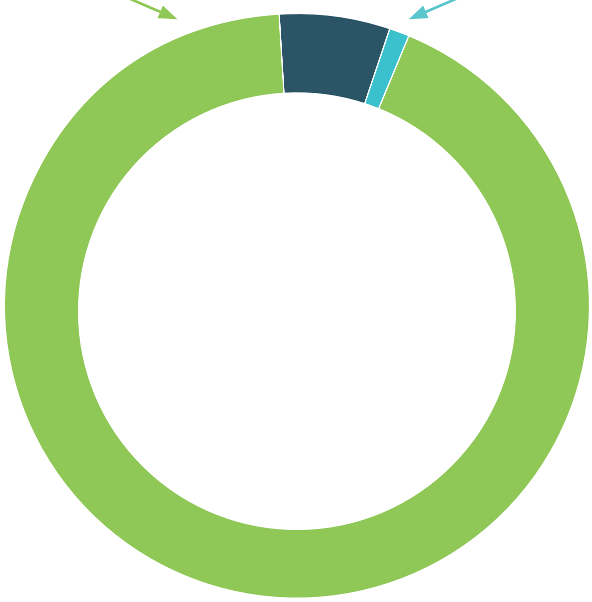
Lindsay Coll
Chief Executive

Hugh Martyn
Board Chair

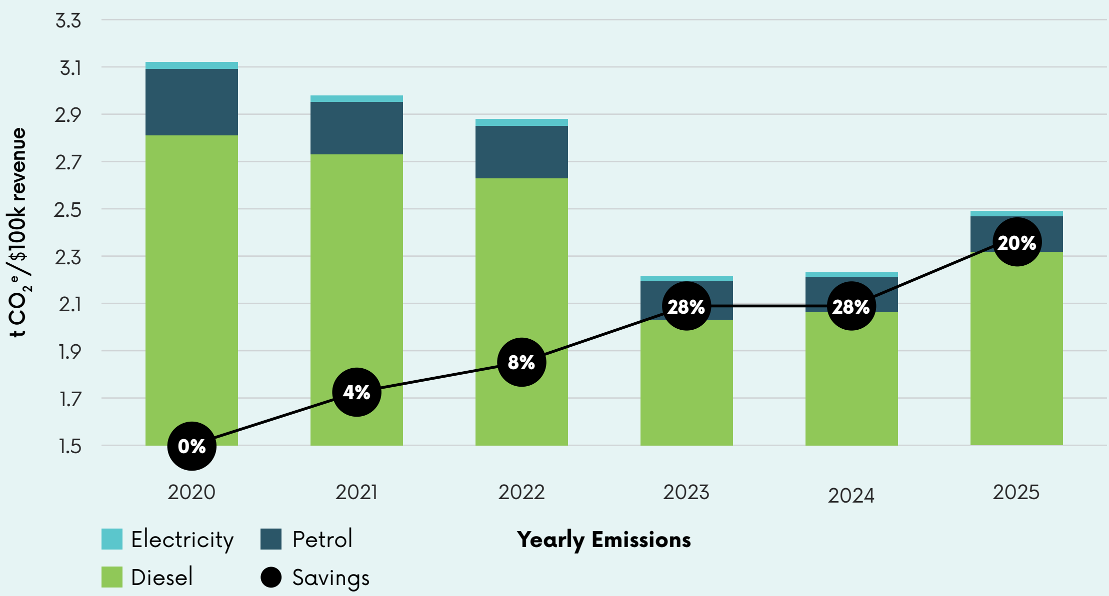
Carbon Footprint

Activities	2025 tCO_2e	2024 tCO_2e	Base Year 2020 tCO_2e
Scope 1 Diesel - Mobile & Stationary	1200.28	1137.63	1031.74
Scope 1 Petrol - Mobile & Stationary	73.31	88.71	100.90
Scope 2 Electricity	10.05	11.09	12.80
Grand Total	**1283.64**	**1237.42**	**1145.44**
CO_2/$100,000 Revenue	**2.49**	**2.26**	**3.12**

	SCOPE 1		SCOPE 2	
Activities	**Diesel**	**Petrol**	**Electricity**	**Total**
2025 Emissions	1200.28	73.31	10.05	1283.63
% of Footprint	93%	6%	1%	100%



Revenue Adjusted Comparison 2020 to 2025



Sustainability Plan

Nelmac Kūmānu remains committed to environmental leadership, community engagement, and continuous improvement. In alignment with our Sustainability Plan and carbon reduction targets, we have undertaken significant initiatives and actions over the past 18 months. These reflect our dedication to sustainability across operations, culture, and infrastructure.

The Environment

1. **Electric First Commitment**

   Senior Leadership reaffirmed Nelmac Kūmānu's Electric First Policy, which was reviewed and republished in 2024. This underpins our ongoing investment in low-emission vehicles and infrastructure.

2. **Fleet Emissions and Efficiency Improvements**

   We commissioned a fleet utilisation review through Catch Commercial, resulting in a reduction of our vehicle fleet from 249 to 223 units - phasing out older, high-emission vehicles. A review of our telematics provider is also underway to enhance vehicle sharing and reduce fleet size, enabling further opportunities for improvement and highlight whether initiatives are impactful.

3. **Carbon Emissions Reduction**

   As part of our carbon reduction targets (25% CO_2 reduction by 2025, relative to 2020 revenue), we expanded our electric and hybrid vehicle fleet and introduced a custom-built Power App for centralised Capex and disposals control, ensuring fleet optimisation and sustainability.

4. **Sustainable Waste Management and Resource Efficiency**

   Working with Agrecovery to recycle seed and fertiliser bags as well as agrechemicals and their containers.

5. **Agrichemical Reduction and Training**

   We significantly reduced glyphosate use in recreation contracts, shifting to natural alternatives. A new internal Agrichemical Training Framework was developed to strengthen staff competencies and safe handling practices.

6. **Climate Change Risk and Adaptation**

   We reviewed and updated our Environmental Policy, Hazardous Substance Policy, and spill procedures to reflect climate-related risk considerations. Collaborative discussions with Nelson City Council are ongoing to support regional climate resilience strategies.

7. **Biodiversity and Ecological Restoration**

   The Jobs for Nature team planted over 70,000 native plants as part of Mahi Tahi, Tekateka, Whangamoa, and Grampians projects. Additionally, the Local Reserves Conservation team planted 65,000 native shrubs and trees across reforestation sites in the Nelson-Tasman region.

Our Community

8. Sustainable Infrastructure and Community Engagement

Nelmac Kūmānu continues to support and deliver community-oriented projects:

- Faulkner Bush Play Space in Wakefield, a collaborative triumph shaped through deep community engagement, has grown into a destination playspace for both locals and visitors - a natural playspace offering endless opportunities for exploration and play. Designed by Kūmānu Landscape Architecture, the delivery combines Landscape Construction, Waterways, arboriculture and drone services.
- The Nelson Marina Promenade is the new 4m wide pathway, improving the connection between the city, land and sea, and making the Marina more accessible. The pathway has been expertly delivered by our Landscape Construction team, as Build partner to NCC.
- Decks Reserve Play Space for TDC is the recently developed accessible play space in central Motueka. Designed and Delivered by Kūmānu Landscape Architecture and our Landscape Construction Team.
- Nelmac Kūmānu, together with NCC, hosted another community planting event at Tāhunanui Beach on Saturday 7 June 25. Alongside members of the Community 1,300 native trees and shrubs were planted as part of the Tāhunanui Dune Restoration project.

9. Mission Zero – Low-Carbon Commute Initiative

Nelmac Kūmānu partnered with the regional Mission Zero programme, supporting the development of low-emission commuting strategies. The initiative encouraged staff to rethink the way they commute and fostered valuable insights for future planning.

10. Grassroots Recycling

Our Sustainability Committee participated with Nelson-based Grassroots Recycling, diverting non-kerbside recyclable materials (e.g. clean food cartons and egg boxes) from landfill. A dedicated collection station was established at our Bullen Street site.

11. WORKRIDE Participation

Workride has enabled eligible staff to access more sustainable modes of transport through a salary sacrifice programme. Participating staff have committed to regularly commuting with their sustainable mode of transport, reducing the number of vehicles on the road.

Our People

12. Culture and Capability in Sustainability

We introduced monthly environmental and sustainability topics at operational tailgate meetings, expanding knowledge across teams. Representation in the internal Sustainability Committee also grew, enhancing engagement across business units.

13. Policy Review and Governance

Key documents including the Sustainability Plan, Environmental Policy, and Chemical & Hazardous Substances Policy were reviewed and updated to reflect evolving practices, risks, and commitments.

Health and Safety

At Nelmac Kūmānu, the health, safety, and wellbeing of our people are non-negotiable. We strategically invest in HSEQ to not only protect our team but also to drive value for our clients, securing our competitive advantage. Over the 2024–2025 financial year, we made significant progress in embedding our proactive, values-led safety culture through focused leadership, key system enhancements, and deeper engagement across the business.

Driving a Culture of Safety Leadership

We recognise that safety leadership starts at the top and is critical at every level. Building on the general leadership development work initiated in 2023, we partnered with Dr. Hillary Bennett from Leading Safety to introduce the Leaders Stepping Up Safety Leadership Programme. Designed for Crew Leaders through to SLT, this targeted initiative will reach over 60 leaders across three cohorts. The programme aims to strengthen our culture by equipping leaders with the tools to model and champion work done well every day. Training was delivered during August and September 2025.

Partnering for Recovery and Support

Nelmac Kūmānu participated in ACC's Recovery at Work trial, a six-month initiative supporting injured employees to return to meaningful duties as early as possible. The trial includes the development of best-practice internal procedures, clearly defined recovery roles, and training for our senior managers. Enabling a safe and supported returns to work enhances recovery outcomes, boosts morale, and minimises time lost due to injury.

Wellbeing Initiatives Go Live

In alignment with our goal of early identification and prevention of work-related health risks, we have made significant progress on our physical health monitoring and management project. We completed the design of a new health monitoring matrix and began rollout with skin checks for employees impacted by the conclusion of the Open Spaces and Recycling contracts. The rollout will continue across the wider business in FY25/26.

As part of our efforts, we also launched a new Wellbeing Hub, a central resource to provide employees with access to internal and external tools for personal wellbeing. This was developed collaboratively with the Wellbeing Committee and is scheduled to go live in the second half of 2025.

ACHIEVEMENTS

Our Environment

Environmental Accreditation – Toitū Enviromark Diamond

Nelmac Kūmānu was re-awarded Toitū Enviromark Diamond certification in May 2025 for the fourth consecutive year. This is the highest level that Toitū offers. Toitū Enviromark programme requirements meet and exceed international standards and best practice, including ISO 14001.

The key elements and achievements for Toitū Enviromark Diamond certification are that we have:

- A robust Environment Management System (EMS) in place
- Senior leadership commitment to our EMS and its continuing stability
- A planned approach to managing environmental impacts arising from work carried out by Nelmac Kūmānu and plans to prevent or reduce those impacts
- Internal systems to ensure that our plans and policies are followed
- Processes to identify opportunities for change and improvement.

Kūmānu Nursery - Drone Imagery | Credit: © Tim Cuff Photography

ACHIEVEMENTS

Our Community

By our nature, Nelmac Kūmānu is deeply connected to the communities where we operate. We protect and enhance the outdoor places we all live, work and play. We take every opportunity to contribute to local community organisations and projects that make a difference.

Community Planting Initiative

On 7 June, Nelmac Kūmānu teamed up with Nelson City Council to celebrate World Environment Day (5 June) and Arbor Day (28 April) with a community planting day. The event supported the planting of 1,300 plants (all grown by the Kūmānu Nursery), with a mission to enhance and restore the coastal dune environment at Tāhunanui Beach. Completed in just over an hour by nearly 100 volunteers, all getting to enjoy hot drinks and a BBQ post planting.
The turnout reflected the strong local passion for protecting and restoring one of Nelson's most cherished natural spaces.

Industry and Staff Recognition

The 3 Waters Team dominated the 2025 National Water Industry Operations Group (WIOG) Conference, taking out every title. Both our teams outperformed national competitors in the Live Tapping Competition to face off in the final— Raewyn Philbey (Senior Water Service Person), and Damien Howe (Water Service Person) came out on top and will now represent Nelmac Kūmānu and NZ at the Australian Water Conference in Bendigo, Victoria next year. While there, they'll explore cutting-edge technology, visit key sites, and sharpen skills to bring back to the team.

Duncan (Team Leader - Water) and Dave (Senior Water Service Person) ensured that it was a 'Nelson takes all' competition, taking the win in the Pipe Laying Competition.

Having both teams rise above the best in the country is a true testament to the technical excellence and critical industry skills our Water Team brings to the community.

Kea Conservation Trust

Nelmac Kūmānu have been a supporting partner of The Kea Conservation Trust since 2019, focused on helping to remove lead and replacing it with non-toxic alternatives from Department of Conservation huts and other buildings in the Nelson Lakes region. Our Conservation team have undertaken working at heights training so they can provide a greater variety of in-kind support. Lead poisoning is a serious threat to this inquisitive and cheeky mountain parrot. Unfortunately, it is attracted to the sweet tasting but toxic metal, commonly used in building materials prior to the 1990s.

First Responder - Te Tau Ihu Flood Events

The 2024/25 FY was marked by yet another series of intense wet weather events, resulting in widespread flooding and landslips across Te Tau Ihu (Top of the South). These events severely impacted residents, road networks, and critical infrastructure.

In line with our approach during previous extreme weather events, Nelmac Kūmānu adopted a proactive strategy - planning ahead, allocating resources, and identifying potential risk areas before the heavy rains arrived. Our primary focus was on minimising the expected damage and disruption.

Following the floods, response teams were swiftly deployed to assess the extent of the flood damage and remediation works continue throughout the region, in the efforts to restore and tidy up affected areas.

Throughout these challenging times, our people continue to go above and beyond the call of duty, demonstrating unwavering commitment as Kaitiaki (guardians) of the environment.

KEA CONSERVATION TRUST

THE Brook Waimārama Sanctuary NELSON NEW ZEALAND

Department of Conservation Te Papa Atawbai

Our People

People & Culture: Leading with Values Through Change

Honouring a Legacy - The Conclusion of Our 29-Year Open Spaces Contract

The loss of Nelmac Kūmānu's 29-year Open Spaces contract with Nelson City Council (NCC) has been one of the most significant organisational and people related challenges we have faced this year. With over 40 roles directly affected within our Greenspaces team - and further impacts across our Arborist, Building Services, and Roadside Vegetation Control teams - this has tested not only our operational resilience but our values, our partnerships, and our leadership.

From the beginning, we committed to navigating this transition with integrity, transparency and compassion. Guided by our core values of **Respect**, **Responsibility**, and **Guardianship**, we chose to lead with our people at the centre of every decision. These values were not only spoken, they were lived in conversations, support initiatives, and plans we actioned in support of our people and the wider community.

Respect | Honouring Our People with Action

At the heart of this transition was our deep respect for our people - their contributions, the uncertainty they faced, and the individual steps they chose next. From the moment we became aware of the potential contract loss, we prioritised open, respectful, and consistent communication. We recognised that this wasn't just an operational change, it was a personal one for our people.

We held individual meetings with affected team members, regular on-site walkabouts, team check-ins, and created intentional space for people to voice their fears, frustrations, and hopes. We ran CV and interview preparation workshops to build confidence, and ensure our people were well-positioned for interviews and to take up roles with the incoming contractor, Green by Nature, or elsewhere.

We also equipped our leaders to lead through some tough change - focusing on resilience, engagement and motivation sessions so they could support their teams, deliver and maintain our high standards right through to the end. We made it our goal to "finish strong" - delivering beautiful work until the very last day and handing over Nelson's Open Spaces as a legacy we are proud of.

Responsibility | Doing What's Right, Not What's Easy

True to our value of Responsibility, we were determined to do what was right, even when it wasn't the easiest or most cost effective route.

Working alongside our legal advisors Duncan Cotterill, we developed a fair, clear and legally robust redundancy process. We took a careful, transparent approach, balancing financial responsibility with our duty of care to our people.

We also developed plans to retain our key talent with redeployment strategies, aligning with our "Nelmac Kūmānu First" philosophy by giving impacted people priority for internal opportunities. This has resulted in successful redeployments across Water Services, Conservation, Tasman, among other teams.

Guardianship | Caring for People and Place

Our value of Guardianship is about Kaitiaki – of people, of place, and of the relationships that sustain both. With this in mind, we collaborated closely with Nelson City Council, Green by Nature, the Ministry of Social Development (MSD), temp agencies, Workplace Support, and mental health providers. We saw it as our shared duty to ensure continuity of care, not just for our people, but for the city's open spaces, parks and reserves that we've cared for over nearly three decades.

The handover of these spaces was approached with pride and professionalism. As of 1 July 2025, some of our team members are moving on to support Green by Nature, some have chosen early retirement and travel, others remain with us, and some are exploring new career directions. These pathways are a testament to the dignity and mana our people have used to navigate this change and to the strong foundation our values have created.

Looking Ahead: Lessons and Legacy

The end of the Open Spaces contract marks more than just the conclusion of a contract. It marks the closing of a chapter that has shaped our identity.

In the face of disruption, our teams responded with unity, creativity, and professionalism. We saw cross-team collaboration strengthen, operational silos break down, and genuine conversations about the type of culture and leadership we want moving forward.

This experience has reinforced that in times of uncertainty; values are more important than ever. Culture is not a luxury—it's a necessity and our commercial edge. As Nelmac Kūmānu continues to grow and shape our new direction, these lessons will stay with us.

We are deeply proud of the grace, care and commitment our people have walked every day. The Open Spaces contract may have concluded, but our responsibility to our people and our community remains stronger than ever.

ACHIEVEMENTS

Technology and Innovation

Technology continues to play a critical role in how Nelmac Kūmānu delivers services, manages information and prepares for the future. Our continued investment in systems, technology, and people reflects a clear commitment to future-focused thinking and sustained operational excellence.

Document Management – nelly

The implementation of nelly our new document management library has marked a major step forward in how we manage access and govern information. While still in its early stages of the journey, nelly has already established a strong foundation for consistent and compliant recordkeeping.

Ongoing training is helping to embed best practices across teams while the introduction of a system forum group ensures that any changes to the platform are governed collectively and reflect business-wide needs.

As nelly continues to evolve it will become a central hub for managing documents efficiently supporting collaboration, compliance and informed decision making.

Cybersecurity Awareness

Cybersecurity remains a key area of focus as we work to build organisational resilience and reduce risk. This year we rolled out KnowBe4, a dedicated cybersecurity awareness platform used across the industry to improve staff vigilance and response to cyber threats.

KnowBe4 delivers structured training, phishing simulations and reporting tools that provide clear insights into team awareness. These insights help managers support team members who may need further upskilling, ensuring all staff have the knowledge and confidence to act as the first line of defence against cyber threats.

Operational Software Improvements

We are continuing to improve the systems that bridge the gap between office-based staff and field operations. The ability to deliver accurate timely job information to workers and to receive information back from the field that supports service verification and business improvement is essential.

Our focus is on implementing a standardised platform that serves both client needs and internal processes. This approach will help ensure operational systems are efficient scalable and aligned with the services Nelmac Kūmānu delivers.

A Pragmatic Approach to AI

As artificial intelligence continues to reshape industries worldwide, Nelmac Kūmānu is taking a deliberate and pragmatic approach to understand how this technology can help us work smarter and drive meaningful efficiencies.

There is no shortage of buzz around AI with many organisations quick to adopt it under the banner of innovation. But the reality is that AI is not a one-size fits all solution. It is not yet intuitive enough to understand the unique context and complexities of every business.

That is why we are focusing on substance rather than spectacle. Instead of adopting AI for its own sake we are engaging closely with teams across Nelmac Kūmānu to understand day-to-day workflows, challenges and opportunities. Through targeted workshops and collaborative discovery, we are identifying areas where AI could reduce manual work enhance analysis or support better decision making.

These insights are helping us develop practical business cases and small-scale pilots. The aim is to prioritise quick wins that deliver tangible benefits while laying the foundation for broader adoption in the future. Our goal is not to chase trends but to apply AI where it genuinely adds value and complements our people and processes.

PROJECT CASE STUDY

Nelmac Kūmānu's golden accolades underscore outstanding landscaping practice

Kūmānu Environmental have much to celebrate this year, being recognised at the top levels of our industry at the New Zealand Landscapes of Distinction Awards held in Auckland in July.

The Registered Master Landscapers 'Landscapes of Distinction' awards recognise projects and the delivery of Landscapes, Environmental Projects and Maintenance, from companies across Aotearoa. Euan Milne, Lindsay Coll and Belinda Reburn represented Kūmānu Environmental, amongst a sea of landscape and environmental companies.

Success came for all five of the projects Kūmānu Environmental entered, with each achieving Gold Awards. It was a wonderful evening to celebrate the quality of Kūmānu Environmental and to be benchmarked against other competitors.

Te Pā Harakeke Play Space for Nelson City Council was awarded the Gold Project Award in the over $500,000 Commercial projects, also earning the Special Feature Award (this is a Premier Award across all categories). This success was followed by a further Gold Project Award for the Punangairi Visitor Experience Centre (Paparoa National Park Visitor Centre opposite Pancake Rocks on the West Coast), for the Department of Conservation in the under $500,000 Commercial projects.

Washbourn Gardens for Tasman District Council was recognised as Gold Standard for Maintenance of large-scale sites, over 1500m^2. A wonderful accolade for our Tasman team and our Tasman District Council clients, and so richly deserved. Miyazu Japanese Gardens for Nelson City Council also recieving Gold in the Maintenance over 1500m^2, truly stamping the quality of our teams and their exceptional delivery on this garden as we depart the Nelson City Council Contract.

Capping off the Awards evening was the announcement of the 2025 Premier Award for Environmental and Revegetation Projects. The Mahitahi/Maitai River Reprofiling and Revegetation Projects for Nelson City Council took out this award as well as a Gold Award, recognising the transformational effect on our community and care of this much-loved public asset.

EXPERT HANDLING OF A COMPLEX PROJECT

Thanks to Kūmānu Environmental, what began as a storm-damaged, weed-infested site has become a restored riverine ecosystem, supporting native biodiversity, community recreation and long-term flood resilience.

LOD judges praised the scale and execution of the work, calling it "a huge restoration project" that "enriched local ecosystems, restored key habitat types and improved the site as an asset for the community.

–

EXCERPT FROM LOD JUDGES, 2025

Matai River Reprofiling & Revegetation

> **RML's Landscapes of Distinction (LOD) Awards are recognised as the highest accolade of professional recognition in the industry.**
>
> **Janet Clarke**
> LOD Board Chair

Te Pā Harakeke

Miyazu Japanese Gardens

As Kūmānu Environmental grows its reach across New Zealand, it is with the knowledge that our commercial scale landscape projects, horticultural maintenance delivery and environmental project developments are recognised through the 'Landscapes of Distinction' as being of a gold award standard and amongst the best in the country.

We are grateful to our clients; Tasman District Council, Nelson City Council and the Department of Conservation, who through the awards process supported our applications. These awards are a testament to our teams and our clients. Without this level of trust and support, these projects would not be realised at the level we see today.

Punangairi Visitor Experience Centre | Image: © Jason Mann Photography

Washbourn Gardens

Punangairi Visitor Experience Centre | Landscape Construction
Image: © Jason Mann Photography

> **“Nelmac Kūmānu exceeded all expectations with their work on the Dolomite Point Redevelopment Project... their work has put the ‘icing on the cake’ of an exceptional project.**
>
> **Most telling is that we deeply enjoyed working with Nelmac Kūmānu and have the utmost respect and trust for their site leadership.**
>
> Phil Rossiter
> Project Manager, Department of Conservation

Statement of Performance

Statement of Performance

Objective Area	Performance Measures	Targets	Comments	Result
Quality of Service	Understand and strive to improve customer satisfaction	Customer Satisfaction Survey completed with improvements on prior year.	Improving on 2023/24 score of 5.28 out of 7* 2024/25: 6.14 out of 7	Achieved
Sustainability & Community	Reduced carbon emissions year on year (adjusted for COVID)	Reduce carbon emission compared with 2024 (normalised against revenue) 2023 = 2.24t per $100k Revenue 2024 = 2.26t per $100k Revenuew	2025 emissions per $100k revenue have increased due to revenue decreasing but this revenue being attributable to a reduction in our subcontractor delivery, which doesn't impact our own emissions as our staff and vehicle levels have remained static compared to 2024. 2025 = 2.50t per $100k Revenue	Not Achieved
People & Safety	Employee Turnover comparable to industry average	Employee turnover within 5% of the national industry average		Achieved
	Reduce average TRIFR	TRIFR reduction from 12% to under 10%	Higher than usual LTIs due to Contract outcomes.	Not Achieved
Non-shareholder Business	Profitable growth in non-NCC work	Profitable year-on-year growth in non-NCC work from 2024 to 2025	Short-term softness in commercial demand.	Not Achieved
Equity Ratios	Bank Debt to Equity Ratio within acceptable risk tolerance.	Bank Debt to Equity at or below 55%		Achieved

*The Customer Satisfaction survey was completed in June 2024. The number of responses in the 2024/25 FY were 14/82 (2023/24 FY: 20/88).

Greenhouse Gas (GHG) Emissions

Nelmac Limited (the company) is on a journey towards measuring company-wide emissions. We continue to be committed to reducing CO_2 emissions, setting sustainability targets that are measured on an annual basis.

In the reported information the company have included only Scope 1 and Scope 2 emissions sources. This has been defined because it includes the emissions for which sufficient and accurate measurement data is available, and the sources where there is the greatest ability to reduce emissions.

The Company uses the operational control approach to determine our organisational boundary. This means the reported results include 100% of emissions from sites we have operational control of. Emissions are included from all the Company's depots under this approach.

Specific exclusions from within these sources have been noted below.

In addition, we have not reported Scope 3 emissions, this means we have excluded some potential significant emission sources such as: subcontractor emissions and emissions related to our supply chain, including purchased materials and the mining and transportation of fuels.

The Company is reporting an intensity factor to ensure that we can compare the impact of our reduction initiatives over time, without being influenced by increases or decreases in the overall size of the Company. This intensity factor is our normalised tonnes of emissions from the Scope 1 and Scope 2 emissions sources per $100,000 of revenue (not inflation adjusted), adjusted for the COVID-19 wage subsidy. This adjustment has been made because the receipt of the wage subsidy does not influence our carbon emissions, nor does it reflect the volume of our operations in the periods we received it.

	2025	2024	2023	2022	BASE YEAR 2020
Activities	**tCO_2e**	**tCO_2e**	**tCO_2e**	**tCO_2e**	**tCO_2e**
Diesel - Mobile and Stationary [1,2]	1200.28	1137.63	1145.05	1138.71	1031.74
Petrol - Mobile and Stationary [1,2]	73.31	88.71	96.66	96.52	100.90
Total Scope 1 Emissions [3]	**1273.59**	**1226.34**	**1241.71**	**1235.23**	**1132.64**
Electricity [4] (all Scope 2 Emissions)	10.05	11.09	10.69	14.22	12.80
Total Emissions	**1283.64**	**1237.42**	**1252.4**	**1249.45**	**1145.44**
Normalised Emissions (t/$100,000 Revenue)	**2.49**	**2.26**	**2.24**	**2.88**	**3.12**

1. Fuel emissions exclude rental car use.
2. The Company sold its commercial and residential refuse collection activity to Better Bins on 1 February 2022. The emissions presented above include the emissions of these activities until settlement date. Emissions relating to this activity have not been removed from absolute emissions reported because the Company does not consider the sale a significant structural change. Certain plant and vehicles were retained and continue to be used for other refuse and recycling activities, therefore the related emissions for the commercial and residential refuse activities cannot be easily disaggregated.
3. Scope 1 emissions exclude emissions from refrigerants.
4. Scope 2 Electricity emissions - the Marlborough depots electricity emissions are estimated by applying the electricity usage of a similar sized depot (Motueka).

Note: There is a level of inherent uncertainty in reporting greenhouse gas emissions, this is due to a level of scientific uncertainty as well as estimation uncertainty involved in the measurement processes. The Company has used the published emissions factors from the MFE 2025 guidance document and obtained quantity data direct from suppliers (electricity invoice, fuel card). Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards. The level of uncertainty is not considered significant given the sources that have been included in the current year and the low level of estimation applied.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Nelmac Limited's financial statements and performance information for the year ended 30 June 2025

The Auditor-General is the auditor of Nelmac Limited (the Company). The Auditor-General has appointed me, Chris Genet, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

We have audited:

- the financial statements of the Company on pages 36 to 59, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company for the year ended 30 June 2025 on pages 28 to 29.

Opinion

In our opinion:

- the financial statements of the Company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2025; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards; and
- the performance information:
  - accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures by which the Company's performance can be judged in relation to the Company's objectives in its statement of intent for the year ended 30 June 2025; and
  - has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 29 September 2025. This is the date at which our opinion is expressed.

Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Company has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 29 of the performance information, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor for the audit of the financial statements and the performance information* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information in accordance with the Act.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and the performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors either intend to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and in the performance information, our procedures were limited to checking that the information agreed to the Company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

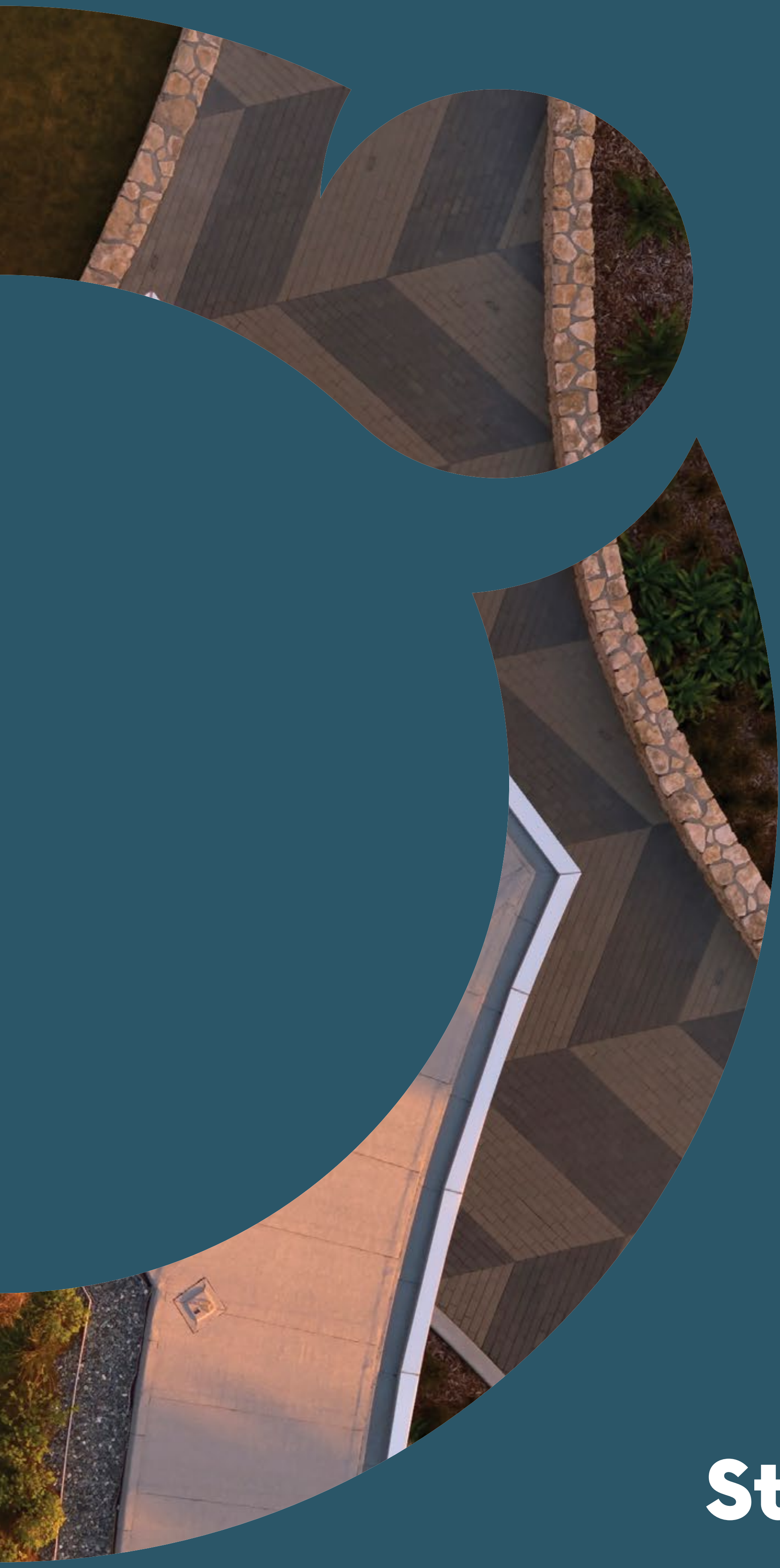
We are independent of the Company in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company.

C Genet

Chris Genet
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Punangairi Visitor Experience Centre | Landscape Construction
Image: © Jason Mann Photography



Financial Statements

1. Reporting Entity

Nelmac Ltd is a profit-orientated Company registered under the Companies Act 1993.

Nelmac Ltd is wholly owned by Nelson City Council and is a Council Controlled Trading Organisation (CCTO) as defined in Part 1 Section 6 of the Local Government Act 2002.

Its principal activities are the maintenance of Utility Services and Amenity Horticultural Assets, along with provision of Facilities Management, Conservation and Environmental Services.

2. Summary of Significant Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied:

Statement of Compliance

The Company is a Tier 1 for profit entity as defined by the External Reporting Board (annual expenses over $30 million) and has reported in accordance with Tier 1 for profit Accounting Standards. These Annual Financial Statements are general purpose financial reports which have been presented in accordance with NZIAS1, additional information as requested by Directors, and in accordance iwht NZ GAAP. The comply with New Zealand Equivalents to IFRS, and other applicable Fiancial Reporting Standards, as appropriate for profit orientated entities.

These Financial Statements were authorised for issue by the Directors on 29 September 2025.

Basis of Preparation

The financial statements have been prepared on the historic cost basis less impairment, with the exception of land which is held at fair value. The going concern basis of accounting has been applied.

The accounting policies set out below and in the following notes have been applied consistently to all periods in these financial statements except for IFRS 16 Leases which has been applied using the modified retrospective approach.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-orientated entities.

The financial statements of Nelmac Ltd have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002.

The reporting currency is New Zealand dollars, rounded to the nearest dollar.

Critical Accounting Judgements, Estimates and Assumptions

In preparing these financial statements, the Company has made judgements, estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and Assumptions are continually evaluated. The critical accounting judgements, estimates and assumptions of the Company are contained within the following policies and notes.

a. Goods and Services Tax

The financial statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities is classified as operating cash flows.

b. Taxation

Income tax on the profit/loss for the year comprises current and deferred tax, and is recognised in the profit or loss (or recorded as equity or other comprehensive income if it relates to items recognised directly in equity or other comprehensive income).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance date, and any adjustment to tax payable in respect of previous years. The current tax for current and prior periods is recognised as a liability (or asset) in the Statement of Financial Position to the extent that it is unpaid (or refundable).

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation of the carrying amount of assets and liabilities, using tax rates enacted at balance date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

c. **Financial Instruments**

The company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, debtors, creditors, and loans. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the profit or loss.

i. **Accounts Receivable**

Accounts receivable are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.

ii. **Accounts Payable**

Accounts payable are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value approximates their fair value. They are recognised when an obligation to make future payments exists from the purchase of goods and services. They are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

iii. **Cash/Cash Equivalents**

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with original maturities of 3 months or less in which the Company invests as part of its day-to-day cash management.

d. **Inventories**

Inventories are valued on the basis of the lower of cost, determined on a weighted average basis, and net realisable value.

e. **Property, plant and equipment**

Land is shown at fair value based on periodic valuations by external independent valuers. Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value.

Land is not depreciated.

Plant and equipment, and leasehold improvements are stated at historical cost less depreciation and impairment.

Depreciation is provided on a straight line basis on all property, plant and equipment other than freehold land, at rates which will write off the cost of the assets to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings:	4 to 50 Years (2% - 25%)
Plant & Equipment:	2 to 25 Years (4% - 50%)
Motor Vehicles:	3 to 15 years (6.67% - 33%)
Furniture & Fitout:	2 to 33 years (3%- 50%)

The actual cost of improvements to capital assets is transferred to the Asset Register on completion and then depreciated.

f. **Intangible assets**

Software has a finite useful life and is initially recognised at cost, and amortised on a straight line basis over its estimated useful life of 2 to 5 years.

g. **Impairment of assets**

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised and expensed immediately.

h. **Borrowings**

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after balance date.

i. **Employee Entitlements**

Provision is made in respect of the Company's liability for annual leave, sick leave, long service leave, and retirement gratuities. Annual and long service leave due has been calculated on an actual entitlement basis at current rates of pay. Provision is also made for retirement gratuities, sick leave, and long service leave based on an estimate of the likelihood of those liabilities crystallising.

j. **Borrowing Costs**

Except for borrowing costs that are capitalised on qualifying assets with a start date on or after 1 July 2012, all other borrowing costs are recognised as an expense in the period in which they are incurred. A qualifying asset is defined as a separate asset where the construction period exceeds one year and costs, in excess of $1 million.

k. **Work in Progress/Contract Assets and Contract Liabilities**

Work in progress/contract assets is stated at estimated realisable value, after providing for non-recoverable amounts. Work in progress represents work from contracts which has been performed, but which is unable to be billed as the right to consideration remains conditional. Profits on contracts are recognised progressively over the period of each contract. The amount included in the profit or loss and the value of the work in progress are established by assessment of individual contracts, taking into account the proportion of work completed, cost analysis and estimated final results. Foreseeable losses on a contract are recognised immediately.

l. **Capital Management**

Nelmac Ltd's capital is its issued and paid up capital, asset revaluation reserve and retained earnings. Equity is represented by net assets as disclosed in the Statement of Financial Position. The company manages its revenue, expenses, assets and liabilities and day to day financial transactions prudently. The purpose of managing Nelmac's equity is to ensure the company achieves its goals and objectives, whilst remaining a going concern.

Nelmac has adpoted the new accounting pronouncements which have become effective this year:

m. **Leases as a Lessee**

Nelmac has recognised right of use assets and lease liabilities using a straight line basis over the lease term.

The lease term is the period udring which the lease cannot be terminated, along with any options to extend the lease. A judgement has been made to assess the likelihood of exercising any rights of renewal for each individual lease. Short-term (less than 12 months), and low value leases are recognised directly in the profit and loss.

n. **Government Subsidies**

Subsidies from the government are recognised at their vair value where there is a reasonable assurance that the subsidy will be received and the group will comply with all attached conditions.

o. **Non-Current Assets held for sale and discontinued operations**

Non-Current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell of a disposal group, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised

Non-Current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the statement of comprehensive income.

p. **Revenue**

i. **Revenue**

Nelmac Ltd applied IFRS 15 Revenue from Contracts with Customers from 1 July 2018.

Revenue from Contracts with Customers is recognised over time using the input method, as the customer is able to receive and consume the benefits as the Company performs the work. Revenue from contracting services rendered is recognised in the statement of comprehensive income in proportion to the stage of the contract. The stage of completion is assessed by reference to the proportion of the costs incurred to date compared to the total estimated costs of the contract. This input method is considered by the directors to be appropriate in measuring progress towards complete satisfaction of these performance obligations under IFRS 15.

The work performed by the Company maintains, creates, or enhances assets the customer controls and the customer receives and consumes the services at the same time. Much of the revenue of the Company is covered by a monthly claim process, where the Company and the Customer agree the work fully performed, and the resulting value applying contract rates. These amounts are then due for payment in the next month.

The Company has not included a finance component to revenue levels as its expectation is that the period between when a customer receives a good or service, and when they pay for it will be less than one year. There is an amount of revenue that is from sale of goods to customers on an individual order basis, the benefits of these goods transfer to the customer when they take possession. These sales are under normal trading terms with payment expected the next month.

ii. **Variable Consideration**
The Company's contracts are for performance of services, with any variable components mainly relating to additional scope being added during the contract periods.

iii. **Warranties and Defects Periods**
Some contracts include a warranty or defects period following the completion of work. These performance obligations are not separate and are allowed for in the contracts, and provisioned as appropriate.

3. Changes in Accounting Policies

No accounting policies have been updated in the 30 June 2025 year.

4. Future Changes to Accounting Standards

a. **NZ IFRS 17 – Insurance Contracts**
Nelmac did not apply this new standard as Nelmac expects minimal impact from this standard on the 2025 Financial Statements.

Rose Manor Playground, Blenheim –
Landscape Design & Landscape Construction
Image: © Nelmac Kūmānu

Statement of Comprehensive Income

For the year ended 30 June 2025

SOI TARGET		NOTES	2025	2024
				(NZD)
50,000,000	Revenue	1	51,464,481	54,848,482
	Cost of Sales	1	(40,586,944)	(43,952,030)
	Gross Profit		**10,877,537**	**10,896,452**
	Other Income		53,874	65,828
	Finance Costs		(190,313)	(308,294)
	Operating Expenses	1	(10,639,275)	(9,713,563)
	Operating Profit/(Loss) of Continuing Operations		**101,823**	**940,423**
	Profit/(Loss) Related to Discontinued Operations		-	-
700,000	**Operating Profit/(Loss) Before Distributions & Tax**		**101,823**	**940,423**
(350,000)	Subvention Payments		(470,211)	(261,328)
	Operating Profit/(Loss) Before Tax		**(368,388)**	**679,095**
(98,000)	Income Tax Expense	3	70,836	(203,168)
252,000	**Net Profit/(Loss) After Tax**		**(297,552)**	**475,927**
OTHER COMPREHENSIVE INCOME				
	Asset Revaluation		170,000	-
252,000	**Total Comprehensive Income**		**(127,552)**	**475,927**

Refer to Note 19 for explanation on variance in actual Financial Position to SOI estimates.

The accompanying accounting policies and notes form part of these financial statements.

Director
Date: 29 September 2025

Michael Playford

Director
Date: 29 September 2025

Statement of Changes in Equity

For the year ended 30 June 2025

SOI TARGET		NOTES	2025	2024 (NZD)
11,852,000	Equity at Beginning of Year		12,037,490	11,561,563
	Adjustment from the Adoption of IFRS 16			
11,897,000	Adjusted Equity at Beginning of Year		12,037,490	11,561,563
252,000	Total Comprehensive Income for the Year		(127,552)	475,927
	Dividends Paid	4b	-	–
12,149,000	**Equity at the End of the Year**		**11,909,938**	**12,037,490**
	Represented By:			
2,000,000	Share Capital		2,000,000	2,000,000
8,104,000	Retained Earnings	4b	7,694,938	7,992,490
2,045,000	Asset Revaluation Reserve	4c	2,215,000	2,045,000
12,149,000	**Total**		**11,909,938**	**12,037,490**

The accompanying accounting policies and notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2025

SOI TARGET	EQUITY	NOTES	2025	2024
				(NZD)
2,000,000	Share Capital		2,000,000	2,000,000
8,104,000	Retained Earnings		7,694,938	7,992,490
2,045,000	Asset Revaluation Reserve		2,215,000	2,045,000
12,149,000	**Total**	**4**	**11,909,938**	**12,037,490**
	Represented by:			
	Current Assets			
	Cash & Cash Equivalents	5	77,728	979,333
	Receivables & Prepayments	6	7,030,620	6,521,613
	Inventories	7	545,382	524,328
	Work in Progress/Contract Assets	8	1,106,420	833,244
	Taxation Receivable	3	-	-
7,396,000	**Total Current Assets**		**8,760,150**	**8,858,518**
	Non-Current Assets			
	Property, Plant & Equipment	9	11,233,841	11,927,271
	Intangible Assets	10	131,064	217,470
	Right-of-Use Assets	14	225,565	330,156
	Deferred Taxation	3	-	10,858
15,496,000	**Total Non-Current Assets**		**11,590,470**	**12,485,755**
22,892,000	**Total Assets**		**20,350,620**	**21,344,273**
	Current Liabilities			
	Borrowings	13	900,000	-
	Payables and Accruals	11	3,695,461	3,850,636
	Employee Entitlements	12	3,178,773	2,176,113
	Deferred Revenue – Contract Liabilities	8	283,530	444,823
	Lease Liabilities	14	207,588	203,301
	Taxation Payable	3	23,517	386,947
5,615,000	**Total Current Liabilities**		**8,313,128**	**7,061,820**
	Non-Current Liabilities			
	Borrowings	13	-	2,000,000
	Deferred Taxation	3	24,258	
	Employee Entitlements	12	15,962	17,517
	Provision for Remediation		48,000	53,000
	Lease Liabilities	14	63,591	174,447
5,129,000	**Total Non-Current Liabilities**		**127,553**	**2,244,964**
10,744,000	**Total Liabilities**		**8,440,681**	**9,306,784**
12,149,000	**Net Assets**		**11,909,938**	**12,037,490**

The accompanying accounting policies and notes form part of these financial statements.
Refer to Note 19 for explanation on variance in actual Financial Position to SOI estimates.

For and on Behalf of the Board who authorised the issue of these Financial Statements on 29 September 2025.

Michael Playford

Director
Date: 29 September 2025

Director
Date: 29 September 2025

Statement of Cashflows

For the year ended 30 June 2025

SOI TARGET	CASHFLOWS FROM OPERATING ACTIVITIES	NOTES	2025 (NZD)	2024 (NZD)
	Cash was Provided from:			
	Receipts from Customers		50,514,593	55,665,764
	Other Income		53,874	65,828
50,241,000			50,568,467	55,731,592
	Cash was Disbursed to:			
	Payments to Suppliers & Employees		(48,660,172)	(52,262,106)
(465,000)	Subvention Payment		(470,211)	(261,328)
	Taxes Paid		(257,475)	(31,358)
	Interest on Leases		(25,351)	(39,961)
	Interest Paid		(124,211)	(233,546)
(47,597,000)			(49,537,420)	(52,828,299)
2,179,000	**Net Cash Provided by/(Used in) Operating Activities**	**2**	**1,031,047**	**2,903,293**
	Cashflows from Investing Activities			
	Cash was Provided from:			
	Proceeds from Sale of Property, Plant & Equipment		267,596	114,554
	Cash was Applied to:			
	Purchase of Property, Plant & Equipment		(893,025)	(1,262,130)
	Purchase of Intangible Assets		(3,916)	(21,015)
(1,413,000)			(896,941)	(1,283,145)
(1,413,000)	**Net Cash (Used in)/Provided from Investing Activities**	**2**	**(629,345)**	**(1,168,591)**
	Cashflows from Financing Activities			
	Cash was Provided from:			
	Borrowings – Drawdown		900,000	2,000,000
	Cash was Applied to:			
	Borrowings – Repayments		(2,000,000)	(3,389,099)
	Lease Liabilities		(203,301)	(200,990)
	Dividends Paid		-	-
			(2,203,301)	(3,590,089)
(705,000)	**Net Cash (Used in)/Provided from Financing Activities**		**(1,303,307)**	**(1,590,095)**
(404,000)	**Net Increase/(Decrease) in Cash Held**		**(901,605)**	**144,607**
826,000	Opening Cash Balance		979,333	834,727
422,000	**Closing Cash Balance**		**77,728**	**979,333**

The accompanying accounting policies and notes form part of these financial statements.
Refer to Note 19 for explanation on variance in actual Financial Position to SOI estimates.

Notes to the Financial Statements

For the Year Ended 30 June 2025

1. (a) Revenues

	2025	2024
OPERATIONAL REVENUE		
– Revenue from Contracts with Customers	50,842,941	54,281,919
– Revenue from Sale of Goods	621,540	566,563
	51,464,481	**54,848,482**
FINANCE INCOME		
– Interest Revenue	53,874	65,828
	51,518,355	**54,914,310**

Nelmac Ltd performs contracting services in a variety of areas, including:

- Open space management
- Utility assets including water and water treatment
- Facilities maintenance and cleaning
- Recycling and waste
- Environmental and conservation

Revenue from Sale of Goods is recognised at point of transfer

Revenue from Contracts is recognised using the monthly claim process, where the Company and the Customer agree the work fully performed, and the resulting value applying contract rates.

1. (b) Expenses

	2025	2024
EXPENSES INCLUDE		
Audit Fee - Financial Statement	116,100	100,550
Advisory Services (Tax & Accounting)	16,446	21,723
Depreciation		
– Buildings	68,411	70,545
– Plant & Equipment	520,980	689,726
– Motor Vehicles	801,526	1,215,373
– Administration Furniture & Equipment	132,454	156,427
– Leased Assets	214,081	211,160
Rent	103,041	171,510
Amortisation		
– Software & Other	90,322	93,591
Employee Benefit Costs	23,573,082	23,336,471
Directors' Fees	176,033	166,957
Interest Expense		
– Bank (including Loan Fees)	163,583	268,333
– Leased Assets	25,351	39,961
– Other	-	-
Changes in Provision for Doubtful Debts	9,467	(42,452)

2. Reconciliation of Net Profit/(Loss) after Taxation with Net CashFlow from Operating Activities

	2025	2024
Net Profit/(Loss) after Taxation	**(297,552)**	**475,927**
Add/(Deduct) Non- Cash Items:		
Depreciation & Amortisation	1,827,775	2,436,822
Net (Gain)/Loss on Sale	(52,265)	(10,198)
Impairment of Assets relating to Discontinued Operations	-	-
Movement in Deferred Taxation	35,118	25,276
Total Non-Cash Items	**1,810,628**	**2,451,900**
Add/(Deduct) Movements in Working Capital Items:		
(Increase)/Decrease in Receivables & Prepayments	(509,007)	814,727
(Increase)/Decrease in Inventories	(21,054)	(2,029)
(Increase)/Decrease in WIP	(273,176)	306,950
Increase/(Decrease) in Payables & Accruals	(155,175)	(1,007,328)
(Increase)/Decrease in Revenue in Advance	(161,293)	(253,051)
Increase/(Decrease) in Employee Entitlements	1,002,660	1,204
Increase/(Decrease) in Provision for Taxation	(363,429)	146,534
Net Movement in Working Capital	**(480,474)**	**7,007**
Add/(Deduct) Movements in Non-Current Items:		
Increase/(Decrease) in Employee Entitlements	(1,555)	(31,542)
Net Movement in Non-Current Items	**(1,555)**	**(31,542)**
Net Cash Inflow/(Outflow) from Operating Activities	1,031,047	2,903,293

Depreciation and Amortisation Expense

Depreciation and amortisation expense consists of the following:

	2025	2024
Depreciation of Property, Plant and Equipment (Note 9)	1,523,372	2,132,071
Depreciation of Right-of-Use Assets (Note 14)	214,081	211,160
Total Depreciation	**1,737,453**	**2,343,231**
Amortisation of Intangible Assets (Note 10)	90,322	93,591
	1,827,775	**2,436,822**

Finance Costs

Finance costs for the reporting periods consist of the following:

	2025	2024
Interest on Bank Borrowings	124,211	233,546
Fees on Bank Borrowings	39,372	34,788
Interest on Supplier Arrangements	-	-
Interest Expense for Leasing Arrangements	25,351	39,961
Total Interest Expense	**188,934**	**308,294**

3. Tax Expense

	2025	2024
Profit/(Loss) Before Taxation	**101,823**	**940,423**
Prima Facie Taxation at 28%	28,510	263,318
Plus/Less Taxation Effect of;		
Opening Balance Adjustment	(194,905)	(278,011)
Non-Deductible Expenditure	-	-
Deferred Tax Adjustment	95,559	217,861
Tax Expense	**(70,836)**	**203,168**
Taxation is Represented by:		
Current Taxation	88,951	455,903
Deferred Taxation	35,118	25,276
Prior Period Adjustment	(194,905)	(278,011)
Tax Expense	**(70,836)**	**203,168**
Taxation (Receivable)/Payable Account		
Balance as at 1 July	386,947	240,413
Opening Balance Adjustment	(194,905)	(278,011)
Current Taxation	88,951	455,903
(Net Taxes Paid) / Refunds Received	(257,475)	(31,358)
Closing Balance 30 June	**23,517**	**386,947**
Deferred Taxation (Asset)/Liability Account		
Balance as at 1 July	(10,860)	(36,136)
Opening Balance Adjustment	-	-
Current Year Charge	35,118	25,276
Closing Balance 30 June	**24,258**	**(10,860)**

Deferred Taxation Movements Statement	Property, Plant & Equipment	Provisions	Employee Entitlement	Other	Total
Balance as at 1 July 2023	293,490	45,382	(350,999)	(24,009)	(36,136)
Opening Balance Adjustment	–	–	–	–	–
Current Year Charge	(29,011)	44,126	10,161	-	25,276
Closing Balance 30 June 2024	**264,479**	**89,508**	**(340,838)**	**(24,009)**	**(10,860)**
Balance as at 1 July 2024	264,479	89,508	(340,838)	(24,009)	(10,860)
Opening Balance Adjustment	–	–	–	–	–
Current Year Charge	(9,310)	46,196	(1,768)	-	35,118
Closing Balance 30 June 2025	**255,169**	**135,704**	**(342,606)**	**(24,009)**	**24,258**

	2025	2024
Imputation Credit Account		
Imputation Credits available for use in Subsequent Periods	(2,759,685)	(2,499,177)

4. Equity

a) Share Capital

	2025	2024
Opening Balance	2,000,000	2,000,000
Balance at 30 June	**2,000,000**	**2,000,000**

At 30 June 2025 the company had a share capital of 2,000,000 shares (2024: 2,000,000 shares).

All shares are fully paid, and have no par value.

All shares carry equal voting rights and the right to share in any surplus on winding up the company.

None of the shares carry fixed dividend rights.

b) Retained Earnings

	2025	2024
Retained Earnings at 1 July	7,992,490	7,516,563
Adjustment from Adoption of IFRS 16	-	-
Net Profit After Tax	(297,552)	475,927
Dividend	-	-
Retained earnings at 30 June	**7,694,938**	**7,992,490**

c) Asset Revaluation Reserve

	2025	2024
Asset Revaluation Reserve at 1 July	2,045,000	2,045,000
Revaluation	170,000	-
Asset Revaluation Reserve at 30 June	**2,215,000**	**2,045,000**

Included in the Asset Revaluation Reserve is a $2,215,000 asset revaluation for land to Fair Value.

5. Cash and Cash Equivalents

	2025	2024
Cash at Bank & in Hand	77,728	979,333
Short Term Deposits	-	-
Closing Cash Balance	**77,728**	**979,333**

6. Receivables and Prepayments

	2025	2024
Trade/Contract Debtors	2,291,368	1,591,662
Trade/Contract Debtors (Related Parties)	3,849,910	4,262,103
Provision for Doubtful Debts	(16,105)	(6,344)
Retentions Receivable	487,267	306,137
Prepayments	418,179	368,054
Total Receivables and Prepayments	**7,030,620**	**6,521,613**

As at 30 June 2025 and 2024, all overdue receivables have been assessed for impairment and appropriate provisions applied as detailed below:

	2025			2024		
	Gross	Impairment	Net	Gross	Impairment	Net
Current	6,010,797		6,010,797	5,815,405	-	5,815,405
Past Due 30 Days	43,602		43,602	1,790	-	1,790
Past Due 60 Days	79,309		79,309	30,350	-	30,350
Past Due 90 Days and Over	7,571	(16,105)	(8,533)	6,220	(6,344)	(124)
Total	**6,141,279**	**(16,105)**	**6,125,174**	**5,853,766**	**(6,344)**	**5,847,422**

Movements in the provision for impairment of receivables are as follows:

	2025	2024
Opening Balance	6,638	49,090
Plus Increase/(Decrease) of Provision	9,467	(34,694)
Less Receivables Written off During Period	-	(7,758)
Balance at 30 June	**16,105**	**6,638**

The Company does not hold any collateral as security.

The Company applies the NZ IFRS 9 simplified approach to measuring expected credit losses, using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information including macroeconomic factors affecting the Company's customers.

The Company has historically had only small amounts of losses on receivables. Loss rates in recent prior years have been negligible, and it is considered that the current provision allows adequately for foreseeable losses. The impairment amount relates entirely to Revenue from Contracts with Customers.

7. Inventories

	2025	2024
Nursery Plant Stock	317,367	235,044
Other Materials	248,015	309,284
Provision for Obsolescence	(20,000)	(20,000)
	545,382	**524,328**

A small provision for obsolescence has been made to provide for nursery plants ($10k) that are currently below expected growth levels and for old water inventory ($10k) that hasn't been purchased or consumed within the last 3 years.

8. Contract Assets and Contract Liabilities

Work in progress/contract assets arise from the performance of Contracting Services.

	2025	2024
Contract Assets		
Work in Progress	1,106,420	833,244
Contract Set Up Costs	-	-
	1,106,420	**833,244**
Contract Liabilities		
Deferred Revenue	283,530	444,823
	283,530	**444,823**

Maintenance Services

Payment for maintenance services is due periodically. A contract asset is recognised over the period as services are provided to represent the Company's right to consideration for the services transferred to date.

Construction Contracts

Construction contract asset represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus margin recognised to date, less progress billings and recognised losses. Costs include all expenditure related directly to the specific projects.

Once the outcome of a construction contract can be estimated reliably, construction revenue and costs are recognised on the basis of percentage of completion of the contract at balance date. The stage of completion is assessed by carrying out surveys of the work performed.

An expected loss on a contract is recognised immediately in the income statement.

Construction contracts are defined as those in which progress claims are made under the Construction Contracts Act 2002.

Contract Setup Costs

The Company recognises an asset in relation to costs incurred to set up new contracts. This asset is amortised over the term of the specific contract (to the earliest renewal period) that it relates to.

9. Property, Plant and Equipment

Cost	Land & Buildings	Freehold Land Held at Fair Value	Buildings	Plant & Equipment	Motor Vehicles	Furniture & Fitout	Capital WIP	Total
Balance at 1 July 2024	-	3,195,000	2,471,389	6,800,520	10,904,708	1,028,031	21,550	24,421,198
Revaluations	-	170,000	-	-	-	-	-	170,000
Additions	-	-	-	405,146	341,831	76,799	-	823,776
Disposals	-	-	(97,119)	(738,751)	(569,537)	(5,927)	-	(1,411,333)
Transfers	-	-	-	(16,857)	30,373	(13,239)	(21,550)	(21,273)
Reclassification	-	-	-	-	-	-	-	-
Assets Held For Sale	-	-	-	-	-	-	-	-
Balance at 30 June 2025	**-**	**3,365,000**	**2,374,270**	**6,450,059**	**10,707,375**	**1,085,664**	**-**	**23,982,368**
Balance at 1 July 2023	-	3,195,000	2,471,389	6,748,268	10,765,581	1,305,945	11,011	24,497,194
Revaluations	-	-	-	-	-	-	-	-
Additions	-	-	-	306,634	839,322	53,428	21,551	1,220,935
Disposals	-	-	-	(254,382)	(700,195)	(342,353)		(1,296,930)
Transfers	-	-	-	-	-	11,011	(11,011)	-
Reclassification	-	-	-	-	-	-	-	-
Assets Held For Sale	-	-	-	-	-	-	-	-
Balance at 30 June 2024	**-**	**3,195,000**	**2,471,389**	**6,800,520**	**10,904,708**	**1,028,031**	**21,550**	**24,421,199**
Accumulated Depreciation and Impairment Losses								
Balance at 1 July 2024	-	-	919,274	4,775,866	6,139,268	659,520	-	12,493,928
Depreciation	-	-	68,411	520,980	801,526	132,454	-	1,523,372
Disposals	-	-	(97,119)	(665,901)	(501,262)	(4,768)	-	(1,269,050)
Transfers	-	-	-	(17,484)	31,003	(13,241)	-	277
Reclassification	-	-	-	-	-	-	-	-
Assets Held For Sale	-	-	-	-	-	-	-	-
Balance at 30 June 2025	**-**	**-**	**890,566**	**4,613,461**	**6,470,535**	**773,965**	**-**	**12,748,527**
Balance at 1 July 2023	-	-	848,729	4,339,217	5,558,033	844,652	-	11,590,631
Depreciation	-	-	70,545	689,726	1,215,373	156,427	-	2,132,071
Disposals	-	-	-	(253,077)	(634,138)	(341,559)	-	(1,228,774)
Transfers	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Assets Held For Sale	-	-	-	-	-	-	-	-
Balance at 30 June 2024	**-**	**-**	**919,274**	**4,775,866**	**6,139,268**	**659,520**	**-**	**12,493,928**
Carrying Amounts								
At 30 June 2023	-	3,195,000	1,622,660	2,409,050	5,207,548	461,294	11,011	12,675,003
At 30 June 2024	**-**	**3,195,000**	**1,552,115**	**2,024,653**	**4,765,440**	**368,512**	**21,551**	**12,906,563**
At 30 June 2025	**-**	**3,365,000**	**1,483,704**	**1,836,598**	**4,236,839**	**311,699**	**-**	**11,233,841**

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, annually. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Westpac has a General Security Agreement covering all of Nelmac's assets.

FREEHOLD LAND CARRIED AT FAIR VALUE (LEVEL 3, AS DEFINED IN NZ IFRS 13)

An independent valuation of the Company's land was performed on 30 June 2025 by independent registered valuer Ashley Stevens of Telfer Young (Nelson Marlborough) Limited, Nelson, to determine the value of the land. The valuation which conforms to NZ IAS16: Property, Plant and Equipment, NZ IFRS 13: Fair Value Measurement and International Valuation Standards IVS300: Valuations for Financial Reporting, was determined by reference to the asset's highest and best use, without deducting disposal costs. The valuation was on the estimated market value of the land at $392 psm. If the psm rate moves by +/- S10, the valuation would increase/(decrease) by S83,356.

Under the New Zealand Property Institute Practice Standard 1, which came into force from 1 May 2004, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the value at a retrospective date. The Directors are satisfied that the current carrying amount reflects its fair value.

The carrying amount of land, had it been recognised under the historical cost method, is as follows:

	2025	2024	2023
Freehold Land	1,150,000	1,150,000	1,150,000

10. Intangible Assets – Software

Intangibles contain software which is recognised at cost and amortised to the Income Statement on a straight line basis over the estimated useful life - which is a maximum period of 5 years.

Cost	Software	Other	Capital WIP	Total
Balance at 1 July 2024	1,162,159	70,115	-	1,232,274
Additions	3,916	-	-	3,916
Disposals	-	-	-	-
Transfers	-	-	-	-
Reclassifications	-	-	-	-
Balance at 30 June 2025	**1,166,075**	**70,115**	-	**1,236,190**
Balance at 1 July 2023	1,141,144	70,115	-	1,211,259
Additions	21,015	-	-	21,015
Disposals	-	-	-	-
Transfers	-	-	-	-
Reclassifications	-	-	-	-
Balance at 30 June 2024	**1,162,159**	**70,115**	**-**	**1,232,274**
Accumulated Amortisation and Impairment Losses				
Balance at 1 July 2024	944,689	70,115	-	1,014,804
Amortisation	90,322	-	-	90,322
Disposals	-	-	-	-
Transfers	-	-	-	-
Reclassifications	-	-	-	-
Balance at 30 June 2025	**1,035,011**	**70,115**	-	**1,105,126**
Balance at 1 July 2023	854,096	67,117	-	921,212
Amortisation	90,593	2,998	-	93,591
Disposals	-	-	-	-
Reclassifications	-	-	-	-
Balance at 30 June 2024	**944,689**	**70,115**	**-**	**1,014,804**
Carrying Amounts				
At 30 June 2024	**217,470**	**-**	**-**	**217,470**
At 30 June 2025	**131,064**	**-**	**-**	**131,064**

11. Payables and Accruals

	2025	2024
Trade Creditors & Accruals	3,286,790	3,042,104
Trade Creditors & Accruals (Related Parties)	16,329	16,275
	3,303,119	**3,058,379**
GST Payable	392,342	792,257
Total Payables and Accruals	**3,695,461**	**3,850,636**

12. Employee Provisions

A provision is recognised in the Statement of Financial Position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at current rates of pay.

Entitlements to long service leave and retirement gratuities are calculated on a actuarial basis and are based on the reasonable likelihood that they will be earned by employees and paid by the Company.

	2025	2024
Provisions		
Accrued Payroll	844,465	790,696
Redundancy Provision*	997,035	-
Annual Leave	1,337,273	1,385,417
Long Service Leave Accrual	15,962	17,517
Retirement Gratuity	-	-
Total Employee Provisions	**3,194,735**	**2,193,630**
Comprising:		
Current	3,178,773	2,176,113
Non-Current	15,962	17,517
Total Employee Provisions	**3,194,735**	**2,193,630**

*A redundancy provision has been recognised at 30 June 2025 in relation to impacted employees who were engaged on the NCC Greenspaces and Recycling contracts that ended 30 June 2025. A formal plan was approved and communicated to affected staff prior to balance date. These redundancy payments were settled on 4 July 2025 and forms the basis for this provision.

13. Borrowings

	2025	2024
Bank Short Term Facility	-	-
Bank Fixed Asset Facility - Current Portion	900,000	-
Bank Fixed Asset Facility - Non Current Portion	-	2,000,000
Bank Loans Term Loans	-	-
Balance at 30 June	**900,000**	**2,000,000**

Nelmac Ltd's banking facilities with Westpac includes a Visa facility of $50,000 (2024: Westpac, $50,000)

The company has MOCU (Multi Option Credit Facility) flexible borrowing facilities of $5 million.

As at 30 June 2025, $900,000 of the facility was drawn down (2024: $2,000,000)

The interest cost including fees on this facility is 5.50% (2024: 7.80%)

Interest rates on the floating rate debt are based on bank bill rates plus a margin.

Due to interest rates on floating debt resettling on the market rate, the carrying amounts on secured loans approximate their fair values.

Nelmac also has a FlexEquip Fixed Asset facility of $1 million, secured by the Fleet Assets it funds.
he interest rate on this facility is 6.9%.

The MOCU borrowing facilities are not amortising and can be drawn down as required.

The FlexEquip Fixed Asset facility is reducing based on depreciation rates of the assets that it is funding.
It is a revolving facility that will increase as assets are purchased from it.

Obligations are secured by a Debenture over the Assets and Undertakings of Nelmac.

14. Leases

Nelmac has leases for premises in Tasman, plant and equipment, and some vehicles.

With the exception of short term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Nelmac classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Lease of vehicles are generally limited to a lease term of 3 to 5 years. Leases of property generally match the term of their undelying Delivery Contract ranging from 5 to 10 years including lease renewal options.

Lease payments are generally a fixed amount per month, however the company has property leases with rental reviews linked to changes in market rents or an annual index.

Each lease generally imposes a restriction that, unless there is a contractual right for Nelmac to sublet the asset to another party, the right-of-use asset can only be used by Nelmac. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

A lease may contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a futher term. Nelmac is prohibited from selling or pledging the underlying leased assets as security. For leases of premises Nelmac must keep those properties in good state of repair and return the properties in such condition at the end of the lease. Nelmac must insure items of property, plant and equipment (or pay for this) and incur maintenance fees on such items in accordance with the lease contracts.

A weighted average incremental borrowing rate of 5% has been applied to lease liabilities.

Nelmac Ltd applied IFRS 16 Leases from 1 July 2019 and elected to use the modified retrospective approach, in that prior year amounts were not restated, and any impact to prior year revenue recognised with an adjustment to opening retained earnings.

Practical Expedients Applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfloio of leases with reasonably similary characteristics
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 30 June 2025
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application and using hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Measurement of Right-of-Use Assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2025.

The table below describes the nature of Nelmac's leasing activities by type of right-of-use asset recognised on the balance sheet:

Right-of-Use Asset	Number of Right-of-Use Assets	Range of Remaining Terms	Average Remaining Lease Term	Number of Leases with Extension Options	Number of Leases with Variable Payments Linked to Market or Index	Number of Leases with Termination Options
Premises – Depots	3	21 to 28 months	26 months	3	3	-
Vehicles	8	2 to 11 months	7 months	-	-	-

Right-of-Use Assets

Additional information on the right-of-use asset by class of assets is as follows:

Right-of-Use Asset	Asset	Carrying Amount as at 30/06/25	Additions	2025 Depreciation	Impairment
Premises – Yard, Workshop & Office	-	175,515	-	118,128	-
Vehicles	-	50,051	-	95,954	-
Total	**-**	**225,565**	**-**	**214,081**	**-**

Lease Commitments	2025	2024	2023
Less Than One Year	207,588	203,301	200,990
One to Five Years	63,591	174,447	377,748
Total	**271,179**	**377,748**	**578,738**

Lease Liabilities at 30 June	2025	2024	2023
Current	207,588	203,301	200,990
Non-Current	63,591	174,447	377,748
Total	**271,179**	**377,748**	**578,738**

Lease Payments not Recognised as a Liability:

Nelmac has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2025	2024	2023
Short-term Leases	-	-	-
Leases of Low Value Assets	49,782	19,130	45,798
Variable Lease Payments	-	-	-
Total	**49,782**	**45,798**	**18,640**

Amounts Recognised in the Statement of Comprehensive Income	2025	2024
Depreciation Charge on Right-of-Use Assets		
Land & Buildings	118,128	112,956
Vehicles	95,954	98,204
Total	**214,081**	**211,160**

Interest Expense on Lease Liabilities	2025	2024
Land & Buildings	16,370	20,640
Vehicles	10,256	19,321
Total	**26,626**	**39,961**

15. Related Parties Transactions

Nelmac is a 100% owned by Nelson City Council (NCC).

All transactions with NCC and its Subsidiaries are considered to be related party transactions and these are detailed below.

The amounts owing to/from related parties are payable in accordance with the Company's normal terms of trade. No related party debts have been written off or forgiven during the year and no provision has been required for impairment of any receivables from related parties.

During the year the Company provided services and traded with the Nelson City Council Group in respect of the following transactions:

a) Transactions and Balances

	2025	2024
Services Provided to/from Nelson City Council		
Services Provided to NCC (including all competitively won tenders)	35,170,550	37,297,391
Services Provided by NCC	237,913	200,102
Rates Paid to NCC	38,532	30,134
Accounts Payable to NCC	16,329	16,275
Accounts Receivable from NCC	3,827,233	4,250,350
Subvention Payment Paid to NCC	470,212	261,328
Services Provided to NCC Subsidiaries & Associates (Including all Competitively Won Tenders)		
Nelson Airport Ltd	180,390	104,612
Port Nelson Ltd	38,566	31,790
Accounts Receivable from Nelson Airport Ltd	10,595	9,478
Accounts Receivable from Port Nelson Ltd	12,083	2,276
Subvention Payment Paid to NCC		
Subvention Payment	470,212	261,328

The Services provided to the Nelson City Council (NCC) related to the maintenance of Parks, Gardens, Reserves, and Essential Services.

The Services provided to the Nelson City Council subsidiaries and associates (Nelson Airport Ltd, Nelson Regional Sewerage Business Unit and Port Nelson Ltd) related to Grounds and Garden Maintenance, and repairs to Essential Services.

b) Key Management Personnel

Total remuneration paid to key management personnel during the year was $1,798,643 (2024: $1,624,582) and consisted only of short term benefits.

	2025	2024
Compensation of Key Management Personnel of the Group		
Short-term Employee Benefits	1,570,155	1,624,582
Termination Benefits	228,488	-
Total compensation paid to Key Management Personnel	**1,798,643**	**1,624,582**

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key Management Personnel.

c) Other Related Parties

No related party debts have been written off or forgiven during the year.

16. Categories of Financial Assets and Liabilities

The carrying amounts of financial asset and liability categories are as follows:

	2025	2024
Financial Assets		
LOANS & RECEIVABLES		
Cash & Cash Equivalents (Note 5)	77,728	979,333
Trade & Other Receivables (Note 6)	6,612,441	6,153,559
	6,690,170	**7,132,893**
Financial Liabilities		
OTHER FINANCIAL LIABILITIES		
Trade & Other Payables (Note 11)	3,695,461	3,882,182
Bank Borrowings (Note 13)	900,000	2,000,000
	4,595,461	**5,882,182**

17. Financial Instruments

Nelmac Ltd is party to financial instruments as part of its everyday operation.
These include instruments such as bank balances, investments, accounts receivable and trade creditors.

Nelmac Ltd has a policy providing risk management for interest rates, operating and capital expenditures and the concentration of credit.

a) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This could particularly impact on the cost of borrowing or the return from investments.

The interest rates on the Company's financial instruments at 30 June are:

	2025	2024
MOCU Rates	5.50%	7.80%
FlexEquip Rates	6.90%	9.25%
Overdraft Interest Rates (to $200,000)	-	-
Overdraft Interest Rates (over $200,000)	-	-
Short-term Deposits	2.75%	2.75%

The Directors do not consider there is any significant exposure to interest rate risk on its investments.

There are no interest rate options or interest rate swap agreements in place as at 30 June 2025. (2024: Nil)

b) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Nelmac Ltd has no financial instruments denominated in foreign currency and is therefore free of any currency risk.

c) Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Company causing the Company to incur a loss.

Financial instruments, which potentially subject the Company to risk, consist principally of cash and short-term investments and trade receivables.

Concentrations of credit risk with respect to accounts receivable are considered medium.

Nelson City Council accounts for 62% of Nelmac Ltd's outstanding debtors as at 30 June 2025 (2024, 73%).

However, Nelson City Council is considered a high credit quality entity.

Capital Management Strategy

The capital of the Company is its equity which is comprised of subscribed capital, asset revaluation reserve and retained earnings. Equity is represented by the net assets. The Company manages its capital to ensure that it will be able to continue to operate as a going concern and optimise the balance of debt to equity on a prudent basis in consultation with its Shareholder.

The Directors perform continual reviews of operating strategies and financial performance, and include in those reviews any strategies required to protect the capital of the Company. The Board seeks to maximise overall returns to the Shareholder, Nelson City Council, and to maintain the Company's financial strength.

The Company is required to provide to its shareholder an annual Statement of Intent. This Statement of Intent includes information on planned distributions by way of dividend for the following three years.

18. Contingencies and Commitments

Nelmac Limited does not have any outstanding Contingent Assets or Contingent Liabilities as at 30 June 2025 (2024: $nil).

At 30 June 2025 Nelmac Ltd's Bankers held Contract Performance Bonds in favour of Clients totalling $1,679,166 (2024: $1,414,183).

Nelmac does not list performance bonds as Contingent Liabilities because it does not consider it is probable that any such bonds would be exercised.

19. Explanation of Major Variances against SOI Target

Explanations for major variances from the Company's original 2024/25 budget figures as contained within the Statement of Intent are as follows:

a) Comprehensive Income

Revenue

Revenue was $1,464,481 favourable. This is due to unbudgeted watermain renewal projects that commenced in Q3 2025.

Operating Profit/(Loss) before Distributions & Tax

Operating Profit before Distributions & Tax was $598,177 unfavourable due to the redundancies ($896k) incurred with the loss of the NCC Greenspaces and Recycling contracts on 30 June 2025. Excluding this expense the Company would have exceeded the SOI target by $300k.

b) Statement of Financial Position

Current Assets

Current assets were $1,364,150 favourable due to an increase in subcontractor delivery of projects in June 25 and an increase in WIP for these open projects at year end.

Non-Current Assets

Non-Current assets were $3,905,530 unfavourable due to delaying of asset purchases from FY25 to FY26 and continued disposal of PPE at the end of their useful life.

Current Liabilities

Current liabilities were $2,698,128 higher than our SOI target due to a $1M increase in our employee entitlement provision linked to the ending of the NCC Greenspaces and Recycling contracts and a reclassification of borrowings from non current to current liabilities.

Non-Current Liabilities

Non-Current liabilities were $5,001,447 lower than SOI target due to a reclassification of borrowings from non current to current liabilities and the delaying of asset purchases into FY26.

c) Statement of Cashflows

Cashflow from Operating Activities

Cashflow from Operating Activities was $1,147,953 unfavourable due to employee entitlements increasing by $1M in relation to the ending of the NCC Greenspaces and Recycling contracts.

Cashflow from Investing Activities

Cashflow from Investing Activities was $783,655 lower than our SOI target due to deferral of asset purchases to FY26.

Cashflow from Financing Activities

Cashflow from Financing Activities was $598,307 lower due to paying down borrowings at year end.

20. Post Balance Date Events

Nil.

Statutory Information

Financial Statements

Directors' Responsibility Statement

The Directors are reponsible, in accordance with New Zealand law and Generally Accepted Accounting Practice, for the preparation of financial statements which present fairly the financial position of Nelmac Limited as at 30 June 2025 and the results of the operations and cash flows for the year ended 30 June 2025.

The Directors consider that the financial statements of the group have been prepared using accounting policies appropriate to the Company's circumstances, consistently applied and supported by reasonable and prudent judgments and estimates and that all applicable New Zealand equivalents to International Financial Reporting Standards have been followed.

The Directors have responsibilty for ensuring that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1993.

The Directors are responsible for the maintenance of a system of internal control designed to provide reasonable assurance as to the intergrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are pleased to present the financial statements of Nelmac Limited for the year ended 30 June 2025.

This Annual Report is dated 29 September 2025 and is signed in accordance with a resolution of the Directors made pursuant to section 211(1) (k) of the Companies Act 1993.

For and on behalf of the Board of Directors:

Director
Date: 29 September 2025

Michael Playford

Director
Date: 29 September 2025

The Directors of Nelmac Ltd are (from left) Jen Crawford, Rick Herd, Hugh Martyn (Chairman), Michael Playford & Ian Goldschmidt

Director's Interests

Interests in Transactions

The Directors of Nelmac Ltd had no interest in any transactions of the company except as Directors during the year ended 30 June 2025.

Use of Company Information by Directors

There were no notices from Directors requesting the use of Company information received in their capacity as Directors, which would not otherwise have been available to them.

Shareholding by Directors

No Directors held shares in the Company during the year ended 30 June 2025.

Director's Fees and Other Benefits

Director's fees and other benefits paid or due for services as a Director and in any other capacity acting for Nelmac Ltd during the year, are as follows.

Hugh Martyn (Chairman)	$43,850
Michael Playford	$30,317
Robert Gunn	$23,257
Jen Crawford	$30,317
Rick Herd	$17,572
Ian Goldschmidt	$30,317

Attendance of Directors at Board Meetings - July 2024 to June 2025

	Meetings Held	Meetings Attended
Hugh Martyn (Chairman)	10	10
Michael Playford	10	9
Robert Gunn	5	5
Jen Crawford	10	9
Rick Herd	5	5
Ian Goldschmidt	10	9

Board Subcommittees and Safety Walk Arounds

All Directors attend subcommittee meetings:

- Health & Safety
- Remuneration
- Audit & Risk

Directors conduct a monthly safety walk, joining Nelmac staff on various sites across the business. T he Company has also provided statutory liability insurance for officers.

Indemnity Insurance: Directors and Officers

In accordance with its Constitution, the Company has provided Directors and Officers liability insurance.

Employees' Remuneration

50 employees received remuneration in excess of $100,000 during the period (2024: 39)

BAND	2025	2024
$100,000 to $110,000	12	14
$110,000 to $120,000	14	11
$120,000 to $130,000	9	5
$130,000 to $140,000	4	1
$140,000 to $150,000	3	1
$150,000 to $160,000	-	2
$160,000 to $170,000	3	1
$170,000 to $180,000	1	-
$180,000 to $190,000	-	1
$190,000 to $200,000	1	1
$200,000 to $210,000	-	-
$210,000 to $220,000	1	-
$220,000 to $230,000	-	1
$230,000 to $240,000	-	-
$240,000 to $250,000	-	-
$250,000 to $260,000	-	-
$260,000 to $270,000	-	-
$270,000 to $280,000	-	-
$290,000 to $300,000	-	-
$300,000 to $310,000	-	-
$310,000 to $320,000	1	-
$320,000 to $330,000	-	-
$330,000 to $340,000	-	-
$340,000 to $350,000	-	1
$350,000 to $360,000	-	-
$360,000 to $370,000	-	-
$370,000 to $380,000	-	-
$380,000 to $390,000	-	-
$390,000 to $400,000	1	-
	50	**39**

Changes in Accounting Policies

See statement of accounting policies.

Auditor's Renumeration

Section 15 of the Public Audit Act 2001 and Part 5 Section 70 of the Local Government Act 2002 requires the Office of the Auditor-General to audit the financial statements and performance information presented by the Board. Audit New Zealand has been appointed to act as auditor and $116,100 has been expensed for audit fees. No other services were provided by Audit New Zealand.

Donations

The Company made no donations in the 2024/25 Financial Year.

Dividend

In lieu of a dividend, a subvention payment of $470,212 in respect of the year ended 30 June 2024, was paid to the shareholders on 31 March 2025.

Company Directory

Directors

Hugh Martyn (Chairman)

Michael Playford

Jen Crawford

Rick Herd

Ian Goldschmidt

Chief Executive

Lindsay Coll

Registered Office

2 Bullen St, Tāhunanui, Nelson, New Zealand

Postal Address

2 Bullen St, Tāhunanui, Nelson, New Zealand

Telephone: 03 546 0910

Email: service@nelmac.co.nz

Auditor

Audit New Zealand

On behalf of the Auditor-General

Solicitors

Duncan Cotterill

Bankers

Westpac, Nelson

T: 0800 635 622 | 03 546 0910
E: service@nelmac.co.nz

2 Bullen Street | Tāhunanui | Nelson 7011

nelmac.co.nz

greenspaces
conservation
water