2026

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ANNUAL REPORT

Financial year ending
30 June 2026

kūmānu

Kūmānu's Landscape Construction team working hard to deliver Playspace Whakatū | Image: © Tim Cuff Photography

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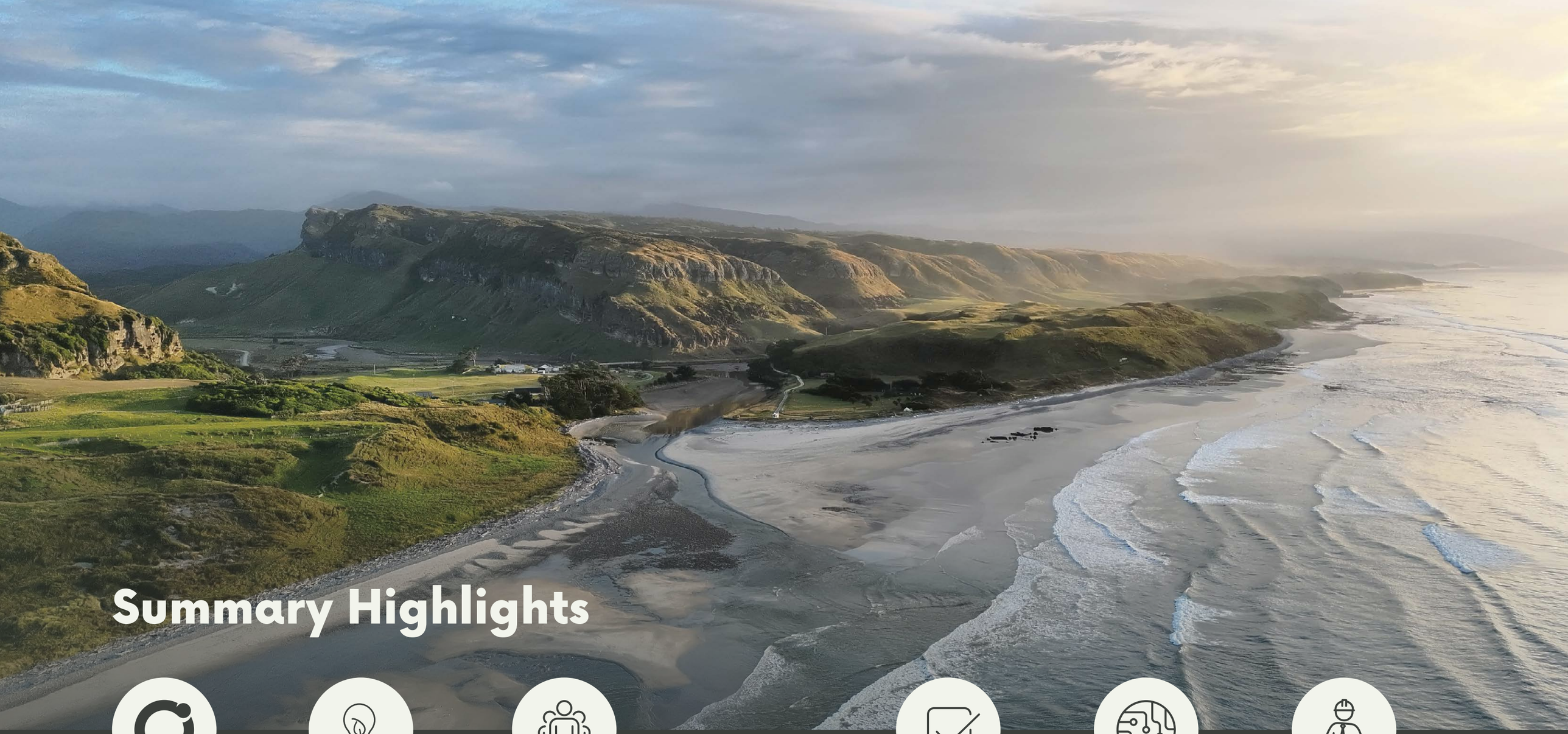


Summary Highlights

Positioning for our future

Brand and Strategy refresh – including a renewed focus on growing and diversifying our revenue streams, fostering our capability, and building on the strength of our core.

Vision & Values

A new vision statement was adopted during the year, aligning our future direction with the values that continue to underpin our trusted, relationship-focused approach to delivery.

Our People

Culture flourishing in the face of change, with really positive engagement survey results, lower staff turnover, and confidence in Kūmānu growth.

Client Satisfaction

Client feedback remained positive. We secured an additional extension to the Tasman District Council Open Spaces contract and were awarded the Marlborough District Council Rural contract.

Delivery for our Shareholder

Delivered a financial return despite significant headwinds, including a construction sector at a 10 year low and a fuel crisis, inflation and Iran war.

Health, Safety & Wellbeing

Continuing to improve our safety record, build on our safety culture and keep our people safe. As demonstrated with our lowest ever TRIFR result for the year.

Message from the CE & Chair

Thank you to our people, commercial partners, council clients, subcontractors, and other stakeholders for their support throughout the year. Delivering Landscapes, Water, and Environmental outcomes is fundamental to the communities we serve, and we appreciate the trust placed in Kūmānu to plan, build, and maintain these essential assets.

As the new Chief Executive, one of my early priorities has been to understand what drives performance in our operating environment—where client expectations for reliability, value for money, and responsiveness meet the realities of construction timing, supply conditions, and workforce capability. This year tested those fundamentals. The sector remained lagging, and broader global uncertainty, including the Iran war and fuel crisis, contributed to cost and scheduling pressures. Despite this, we delivered outcomes and maintained momentum for future growth.

A major milestone was our rebrand to Kūmānu, aligned to our growth strategy and to how we want to show up for our clients and communities—clear, accountable, and focused on long-term value. We also sustained financial performance in a challenging market, demonstrating disciplined management and our commitment to responsible stewardship.

Importantly, we secured additional long-term contracts, including the MDC Rural Open Spaces contract and an extension of our TDC Open Spaces contract. These wins reflect the strength of our delivery capability and the confidence clients have in our relationship-oriented delivery model.

Despite the uncertainty and changes that our people faced, our culture, founded on our Values, has flourished. Employee turnover has reduced, and staff engagement remained high. This is an encouraging sign that our people are aligned, supported, and ready to deliver as we scale. In a services business, our workforce capability is central to quality outcomes, safety, and client confidence.

We have addressed the challenges that came with transitioning and restructuring. The NCC open spaces demobilisation required careful planning to ensure continuity of service, protect quality, and support affected teams.

We also progressed the resizing of overheads and Corporate functions, ensuring our cost base remains aligned to the reality of demand while protecting the capability required to deliver. Finally, we recognised that business development capability needs strengthening, and we are taking active steps to build a more consistent pipeline of opportunities across both council and commercial markets.

Our focus for the year ahead is clear:

- Growth through investment in business development and building a strong, diversified and sustainable pipeline of work.
- People and capability – enhancing our performance culture and investing in the breadth and depth of our workforce.
- Health and Safety, strengthening controls around critical risks, so we can deliver outcomes with added confidence.
- Customer – delivering consistently high-quality work, applying sound project disciplines and continued focus on efficiency to deliver value for money.

We want to acknowledge the commitment of everyone who contributed to the year's results and to thank our clients for continuing to partner with Kūmānu as we evolve. We remain confident in our direction and committed to earning the trust of our stakeholders, through reliable delivery, responsible stewardship, and a clear focus on the outcomes that matter to the communities we serve.

Thank you for your support.

Lindsay Coll
Chief Executive

Hugh Martyn
Board Chair

A Unified Brand, A Clear Direction

This year marked a significant milestone in our organisation's evolution as we completed a comprehensive brand refresh and refined our strategic direction. More than a visual update, this work reflects how our business has grown, the way we now operate, and the future we are building.

Over recent years, our organisation has evolved considerably. A more collaborative approach, greater integration across service areas, and the cross-pollination of expertise have strengthened our overall offering and enabled us to deliver broader, more connected solutions for our clients and communities. As our business has expanded and diversified, it became clear that our brand no longer fully represented who we are today or where we are heading.

Historically operating as Nelmac, we began transitioning to Kūmānu Environmental in 2019, with both brands operating in parallel for several years. While this approach supported continuity and recognition during a period of change, it also created complexity in the market. The introduction of a hybrid identity, Nelmac Kūmānu, helped bridge the transition, and this year we completed the journey with a single, unified brand that reflects our business as it exists today, **Kūmānu.**

The refreshed brand is built on the principles that have always underpinned our organisation: trusted relationships, quality delivery, and commitment to creating meaningful outcomes. Rather than changing who we are, it provides a clearer and more authentic representation of our expertise, our integrated service offering, and our long-term aspirations.

Alongside the brand refresh, we refined our strategic direction to ensure our vision, values, and priorities remain aligned with the changing needs of our clients, our people, and the communities we serve. This process identified the key areas that will guide our decisions and investment into the future, reinforcing our commitment to operational excellence, innovation, sustainability, strong client partnerships, and the ongoing development of our people.

A key outcome of this work was the adoption of a new vision statement, providing a clear and shared direction for the future. Together with our refreshed values, it establishes a strong foundation for consistent decision-making, strengthens our culture, and clearly communicates the impact we aspire to make.

This transformation positions us for our next chapter of growth. With a unified brand, a clear strategic focus, and values embedded across the business, we are well placed to respond to new opportunities, strengthen relationships, and continue delivering trusted, solutions-focused outcomes for our clients and our communities.

kūmānu

Vision

Sustainable Solutions for Generations

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

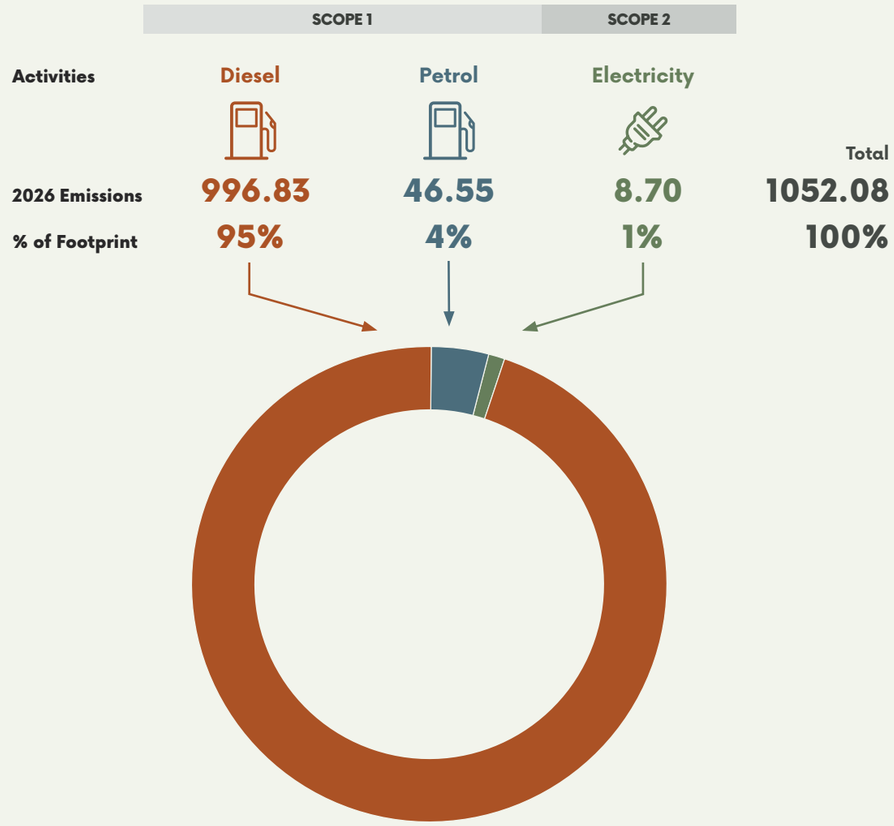
Guardianship
Kūmānu te Taiao
We take care of the environment and each other

Strategic priorities

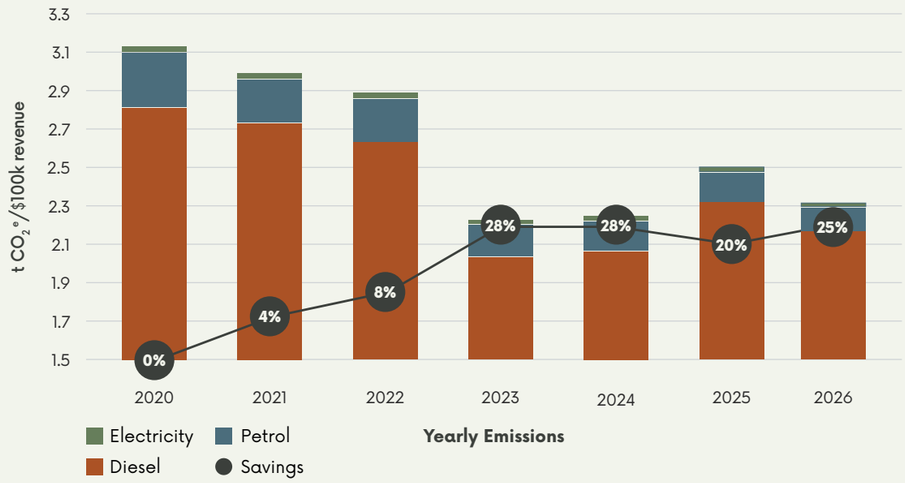
- Grow and Diversify our Revenue Streams
- Build on the Strength of our Core
- Foster our Capability

Carbon Footprint

Activities	2026 tCO_2e	2025 tCO_2e	Base Year 2020 tCO_2e
Scope 1 Diesel - Mobile & Stationary	996.83	1200.28	1031.74
Scope 1 Petrol - Mobile & Stationary	46.55	73.31	100.90
Scope 2 Electricity	8.7	10.05	12.80
Grand Total	**1052.08**	**1283.64**	**1145.44**
CO_2/$100,000 Revenue	2.34	2.49	3.12



Revenue Adjusted Comparison 2020 to 2026



Sustainability Plan

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 12 months. These reflect our dedication to sustainability across operations, culture, and infrastructure.

The Environment

1. **Carbon Emissions Reduction**

   A number of sustainability initiatives have been implemented across the organisation with the focus of reducing carbon emissions. Kūmānu introduced EROAD across operations to improve the accuracy and consistency of Scope 1 emissions reporting. This initiative enables better tracking of vehicle usage and fuel consumption data, providing more reliable emissions metrics, greater operational transparency, and stronger insights to support sustainability reporting and emissions reduction strategies.

   As part of our sustainability commitment and electric-first approach, we are focused on reducing emissions from our vehicle fleet, which remains our largest source of carbon emissions. This year, we purchased hybrid utes, marking an important step forward in our transition journey. Historically, suitable low-emission ute options have been limited, but the availability of hybrid models that are fit for purpose now enables us to increasingly consider these vehicles in our procurement decisions. This supports our long-term goal of transitioning to lower-emission vehicle technologies and continuing to reduce our carbon footprint.

2. **Grassroots Recycling**

   Our Sustainability Committee participated in Nelson-based Grassroots Recycling, diverting non-kerbside recyclable materials, including tetra pak, aluminium and steel lids, from landfill. A dedicated collection station was established at our Bullen Street site.

3. **Reducing Climate Change Waste**

   Following the major flooding event in the Tasman region, flood recovery and resilience works were undertaken with a strong focus on minimising waste and maximising resource recovery. More than 100 tonnes of flood debris were collected and sorted, with materials diverted from landfill wherever practicable. Reusable rock, gravel, soil, timber and other suitable materials were repurposed within recovery projects, including reinforcing and stabilising riverbanks, repairing erosion damage, and supporting resilience improvements across affected areas. This approach reduced waste, lowered the demand for new materials, and contributed to more sustainable recovery outcomes for the region.

4. **Maximising Resource Efficiency**

   As part of our commitment to sustainability, Kūmānu joined a textile recycling programme that diverts end-of-life uniforms from landfill. With a workforce of more than 200 employees, this initiative helps prevent a significant volume of old and unusable clothing from becoming waste. The garments are collected and processed by New Zealand-owned textile recycling business, ImpacTex, transforming the recovered fibres into new products such as rigid panels, corflute boards, and acoustic soundproofing sheets. By supporting this circular recycling approach, we help extend the life of valuable materials, reduce textile waste, and contribute to a more sustainable future.

Our Community

5. Support Community Projects and Biodiversity

We supported our community through a range of volunteer and community planting days, helping restore local environments, strengthen community connections, and enhance biodiversity. This included plantings at Todd Valley Stream alongside local community members, young people involved in support programmes, and Lions Clubs, as well as planting projects at local schools. Our Team Leader, John Amosa, continued to support the Adopt-a-Spot programme, providing time and expertise to restoration projects through practical advice, best-practice guidance, and support to overcome barriers to success.

6. Mission Zero - Low-Carbon Commute Initiative

Kūmānu supported and participated in Mission Zero's "Swap One" Initiative, 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.

7. WorkRide Participation

Continued participation in the WorkRide programme has enabled eligible staff to access more sustainable transport options through a salary sacrifice scheme. Participating staff commit to regularly commuting using these alternatives, helping to reduce vehicle use and lower transport-related emissions.

Our People

8. Provide a Health and Safety Work Environment

During the year, Kūmānu began rolling out the new role-based health monitoring programme to better support the health and wellbeing of our people.

The programme recognises that different roles have different workplace exposures and health risks and therefore require different monitoring requirements. By tailoring health monitoring to the work our people do, we can identify potential health impacts earlier, provide the right support and take a more proactive approach to protecting our people's long-term wellbeing.

We continued to promote the Employee Assistance Programme (EAP) as a confidential support service available to all employees. Regular communication and wellbeing initiatives helped increase awareness of the support available, encouraging people to seek assistance early when they need it.

EAP remains an important part of our commitment to supporting the mental health, wellbeing and resilience of our people.

9. Aotearoa Bike Challenge

Continuing our involvement for another year, 82 of our Kūmānu team (38% of our people) rode in the Aotearoa Bike Challenge, riding a combined 14,073km–helping to avoid an estimated 841kg of CO_2 emissions.

It was our biggest bike challenge in terms of employee participation to date and shows how small changes in how we travel can make a real difference for the environment. We finished with an impressive 37,569 points, taking out the top spot in every category in our region and 3rd place in our category across New Zealand.

ACHIEVEMENTS

Our Environment

Environmental Accreditation – Toitū Enviromark Diamond

Kūmānu was re-awarded Toitū Enviromark Diamond certification in May 2026 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 Environmental 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 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.

Health and Safety

At 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.

Committed to Safety Excellence

Kūmānu successfully completed the annual surveillance audit for ISO 45001 Occupational Health and Safety Management Systems and ISO 9001 Quality Management Systems.

Maintaining these internationally recognised certifications demonstrates our ongoing commitment to providing safe systems of work, effective risk management, continual improvement, and delivering quality service to our clients. The successful audit reflects the dedication of our people to maintaining high standards across our operations and ensuring our management systems continue to meet certification requirements.

Injury Performance

Kūmānu continued to maintain a strong health and safety performance throughout the year, achieving reduction in both the Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injuries (LTIs).

This positive performance reflects our continued focus on hazard management, early intervention, worker engagement, learning from incidents and strengthening our safety culture across all business service lines.

Fatigue Management

Fatigue Management remained an area of focus during the year. Monitoring fatigue related exceptions supported early identification of fatigue risks, enabling leaders to implement proactive measures to better manage fatigue.

Significant improvements were achieved in the completion and quality of plant/vehicle prestarts and Job Safety & Environmental Analyses (JSEAs).

Increased compliance has enhanced frontline hazard identification, improved communication at worksites, and supported safer work planning.

Celebrating our Health & Safety Achievements

Contracts Manager for Waterways & Projects, Marc Jary was a finalist in the 2025 SiteSafe Awards category recognising individuals who consistently champion exceptional health and safety standards within their teams, despite not having health and safety as part of their formal role. Given the rigorous judging process and the high calibre of entries from across the building and construction industry, being named among the final four finalists was an outstanding achievement.

We also entered the Mental Health and Wellbeing Award category, reinforcing our commitment to making mental health matter both onsite and beyond. Recognising that true safety includes psychological wellbeing, we continue to embed care, courage, and connection into everything we do, guided by our values and a people-first approach.

Scotia Street Streambank Protection and Erosion Control Works | Image: © Kūmānu

ACHIEVEMENTS

Our Community

By our nature, 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.

Doing the mahi for our community

Over 3 weekends, in May 2026, a crew of Kūmānu people volunteered their time at Playspace Whakatū. Paintbrushes in hand, taking on the heroic task of painting the thousands of tentacle "suckers" of Te Wheke a Muturangi, playing a small part in progressing this project that is being delivered to a quality standard by our Landscape Construction team.

By volunteering their own time, our team have ensured project costs have been contained, resulting in budget to complete the full design concepts for the playground including an additional flying fox. A great outcome for our community.

An honour to be a part of this project bringing an inspiring playspace to the heart of Whakatū, one which holds stories of place and cultural origin.

Natureland

Our support of Natureland reflects a shared commitment to enhancing environmental and community outcomes across the region. Through the in-kind supply of timber, labour and materials, we were proud to contribute to the creation of a new open habitat for Natureland's six capuchin monkeys, increasing their living space to seven times the size of their previous enclosure. Representatives from our team attended the official opening, joining Natureland, project partners and the wider community to celebrate the collective effort behind the project. Kūmānu was one of 22 local businesses that contributed materials, expertise and skilled labour to bring the vision to life.

Beyond the habitat project, our Biosecurity team has also supported Natureland and Nelson City Council's predator control programme through the provision of predator traps and technical expertise. This included on-site guidance from our Operations Manager in Biosecurity & Biodiversity, Nick Sparks, on trap installation, calibration and best-practice management, helping to strengthen ongoing biodiversity protection efforts and support the long-term health of local ecosystems.

Building places to play again

Following the July 2025 floods that affected Tasman communities, recovery was about more than repairing damaged infrastructure. It was about strengthening community resilience by creating places where people could come together, reconnect and be active once again.

Kūmānu was proud to lead the delivery of three projects in Wakefield, Ngātīmoti and Tapawera alongside Tasman District Council, Sport Tasman and Sport New Zealand, creating inclusive spaces that support play, connection and wellbeing.

In addition to providing concept design and project management services, Kūmānu contributed in-kind support throughout construction, working alongside Downer, Basketball New Zealand and other project partners to help bring these community facilities to life.

At Ngātīmoti and Tapawera Schools, the existing basketball courts were upgraded with new accessible hoops and refreshed line markings. At McGazzaland, a new 3x3 basketball court was constructed alongside the existing pump track, providing another accessible recreation opportunity for tamariki, schools, whānau and the wider community. The adjustable hoops accommodate a broader range of ages and abilities, including wheelchair basketball.

The project demonstrates how thoughtfully planned community infrastructure can play an important role in recovery, creating lasting spaces that encourage physical activity, strengthen social connections and provide opportunities for communities to come together close to home.

Supporting Nelson's trapping community

A significant amount of predator control across Nelson relies on dedicated local volunteers. Through the Community Trapping Group Liaison Contract, with Nelson City Council's Nelson Nature programme, Kūmānu support these groups as part of the wider project, providing practical advice, training, trap building and maintenance, and assistance with catch reporting.

Our team works closely with trapping groups through one-on-one support and community events, drawing on years of field experience to help volunteers maximise their efforts and maintain safe, effective programmes.

We also undertake trapping in areas that are difficult for volunteer groups to access, including Teal Saddle and The Brook Conservation Reserve. At Tāhunanui beach, our team designed and established a new trapping network on behalf of Nelson Nature, which has since been handed over to Natureland volunteers. The network is helping protect local skink populations within the unique dune habitat at Tāhunanui beach.

Together, these efforts form part of a wider programme to reduce predator numbers and enhance biodiversity across Nelson. By extending predator control beyond The Brook Waimārama Sanctuary and into reserves, open spaces and other natural areas, we are helping create safer habitats where native species can thrive.

Our People

Building the capability to grow

Following a year of significant change, Kūmānu has entered a new chapter. Our strategy reset has sharpened our focus on the capability, commercial discipline, leadership and systems we need to deliver sustainable solutions for generations.

For People and Capability, this means moving from a period of organisational transition into a deliberate programme of investment: listening more closely to our people, creating clearer pathways for performance and growth, strengthening leadership and commercial capability, and modernising the systems that support our teams.

At the heart of this work is a simple focus: ensuring Kūmānu has the people and capability to support our future direction.

Creating clarity, consistency and capability

A key part of the strategy reset has been lifting organisational capability and creating clearer, more consistent ways to support performance, development and reward.

This year, we launched a new performance and remuneration framework, incorporating clearer career and pay pathways across the organisation. The framework provides clearer expectations, more consistent performance conversations, and a stronger link between individual contribution, development, progression and reward. It allows us to be more transparent in remuneration conversations and decision making, and provides us with the infrastructure to better manage remuneration, including gender pay.

For our people, this means greater clarity about what good looks like, how they can grow, and how their contribution supports Kūmānu's direction. For leaders, it provides a more consistent foundation for recognising performance, supporting development, making fair and transparent remuneration decisions, and identifying future capability needs.

To support the framework, we invested in manager training focused on performance conversations, consistent feedback and practical leadership tips. This helped build confidence and alignment in how leaders set expectations, recognise contribution, address development needs, and support growth. Recruitment training for hiring managers was another example of this broader capability lift, strengthening consistency and fairness in how we attract and select talent.

Our quarterly Leaders' Forums have been another avenue for aligning our leaders on strategy, sharing progress and providing a forum for our leaders to get together and collaborate, break down silos and move towards a 'one team' ethos.

Together, these initiatives are building the leadership capability, shared expectations and people practices needed to support Kūmānu's next phase of growth.

Listening to our People

This year we completed our first employee engagement survey in some time, giving us an important baseline for the future. The overall engagement result was 74%. The results reinforced what is special about Kūmānu. Our people told us they most value the people they work with, meaningful and purposeful work, and autonomy in their roles. This also aligned with a refresh of our employee recognition programme, "Good Sorts", which is being redesigned to reflect what our people value and how they would like to recognise their peers.

We now have a clear benchmark and a practical set of priorities. Our focus is to use this insight to shape targeted action, track progress over time, and continue building a workplace where people feel connected, valued and able to do their best work.

Building pathways for the future

As Kūmānu grows and diversifies, we are focused on building both the breadth and depth of capability needed to support our future direction, including the commercial awareness required to make informed decisions in a more competitive environment. This means strengthening leadership, technical capability, internal mobility and succession, while reducing reliance on key individuals in critical roles.

We are strengthening how we identify and plan for future capability needs. As our services evolve, particularly across Environmental, Water and Landscapes, we are mapping critical roles, capability gaps and development opportunities so we can invest in the skills and leadership depth required for long-term growth.

This work is also helping us think more deliberately about how capability is built from within. By understanding where we have key person risk, where new skills are needed, and where our people have the potential to grow, we can make more targeted decisions about development, recruitment and succession.

Building future talent also means looking beyond our current workforce. Through our work with local schools, students are gaining work experience across our Water, Electrical and Landscapes service lines. These opportunities help young people explore practical career pathways, while strengthening the talent pipeline for the industries and communities we serve.

Together, this work is helping Kūmānu build a more resilient, capable and future-ready workforce — one that can grow with the organisation and continue delivering sustainable solutions for generations.

ACHIEVEMENTS

Technology & Innovation

Technology continues to play a critical role in enabling Kūmānu to operate efficiently, securely and sustainably across both office and field environments. Over the past year, our focus has been on strengthening digital foundations, improving operational integration and taking a more structured approach to emerging technologies such as Artificial Intelligence.

As the business continues to evolve, our technology strategy remains grounded in practical outcomes, prioritising systems and solutions that improve collaboration, support operational delivery and provide scalable platforms for future growth.

Cloud & Infrastructure Modernisation

This year marked another significant step in Kūmānu's transition away from legacy on-premises infrastructure toward a more modern, cloud-first environment.

A key milestone was the completion of the long-running file migration project, transitioning legacy shared drive environments into more structured and secure storage platforms. This work has improved accessibility, reduced reliance on ageing infrastructure and helped establish clearer governance around business information and records management.

Alongside this, ongoing investment in Microsoft 365, endpoint management and modern network infrastructure continues to improve security, flexibility and supportability across the organisation. These improvements ensure staff can work effectively regardless of location, while reducing complexity within the underlying technology environment.

There has also been an increased focus on operational resilience and business continuity, ensuring critical systems and infrastructure remain secure, recoverable and fit for purpose as the organisation becomes increasingly reliant on digital platforms and cloud services.

Operational Systems & Integration

A major focus this year has been improving the integration between operational systems, field technology and back office platforms.

Work has continued across GIS, Business Central and other operational systems to streamline workflows and improve the flow of information between office teams and field crews. This includes further development of reactive workflows, mobile enabled processes and integration pathways that reduce manual handling and improve data consistency.

The goal remains to create a more connected operational ecosystem where information can move efficiently between systems, enabling better visibility, faster decision making and improved service delivery outcomes for both clients and operational teams.

As part of this work, we have continued collaborating closely with external technology partners and councils to ensure future operational platforms remain scalable, integrated and aligned with evolving business requirements.

Data, Reporting & Business Insights

Data has become increasingly important in supporting operational visibility, business planning and informed decision-making across Kūmānu.

This year saw continued development of reporting and data integration capability through platforms such as Power BI and Snowflake, helping consolidate information from multiple business systems into more accessible and meaningful insights.

Changes across key operational and technology roles provided an opportunity to refine business processes, improve data consistency, reduce duplication, and better align reporting with business objectives.

The overall focus has been on improving reporting consistency, reducing manual data handling and enabling teams to access more timely operational and commercial information. These improvements are helping support better analysis, greater transparency and more informed business decisions across both operational and leadership teams.

As these platforms and processes continue to mature, they will provide a stronger foundation for future automation, analytics and data-driven improvement initiatives.

Cybersecurity & Governance

Cybersecurity and information governance continue to remain high priorities as digital platforms and cloud technologies become increasingly embedded within daily operations.

This year saw further focus placed on strengthening governance, improving visibility of technology usage and reinforcing staff awareness around secure information handling practices.

Work has also been undertaken to review how emerging technologies such as Artificial Intelligence are accessed and governed within the organisation. This includes the development of AI usage guidelines, evaluation of secure enterprise tools and engagement with our people to better understand how these technologies are currently being used across the business.

These initiatives reflect a broader commitment to ensuring new technologies are introduced in a secure, responsible and commercially appropriate way while maintaining operational resilience and reducing organisational risk.

Artificial Intelligence & Emerging Technology

Artificial Intelligence has rapidly become one of the most discussed technology topics across all industries, and Kūmānu has taken a pragmatic and measured approach to understanding where it can provide genuine value.

Rather than adopting AI purely for innovation's sake, the focus this year has been on understanding practical use cases across the business. Staff engagement, workshops and internal discovery work identified that many early use cases centre around productivity improvements, communication support, information retrieval and administrative efficiency.

As part of this process, Microsoft Copilot and other AI platforms have been assessed to better understand how enterprise AI tools can support staff while maintaining appropriate governance and security controls. This work has helped shape a more structured approach to AI adoption, balancing opportunity with information security, compliance and operational requirements.

Looking ahead, the organisation will continue exploring opportunities where AI and automation can reduce manual effort, improve consistency and support better operational and business outcomes.

Connectivity & Field Enablement

Reliable connectivity remains essential for a geographically distributed operational workforce.

This year included ongoing reviews of communication technologies, mobile capability and field connectivity options to ensure staff working in remote and rural environments remain connected and supported.

Emerging technologies such as satellite-enabled mobile services and improved mobile management capabilities are being monitored closely as potential future opportunities to strengthen operational resilience and communication reliability across the regions we operate in.

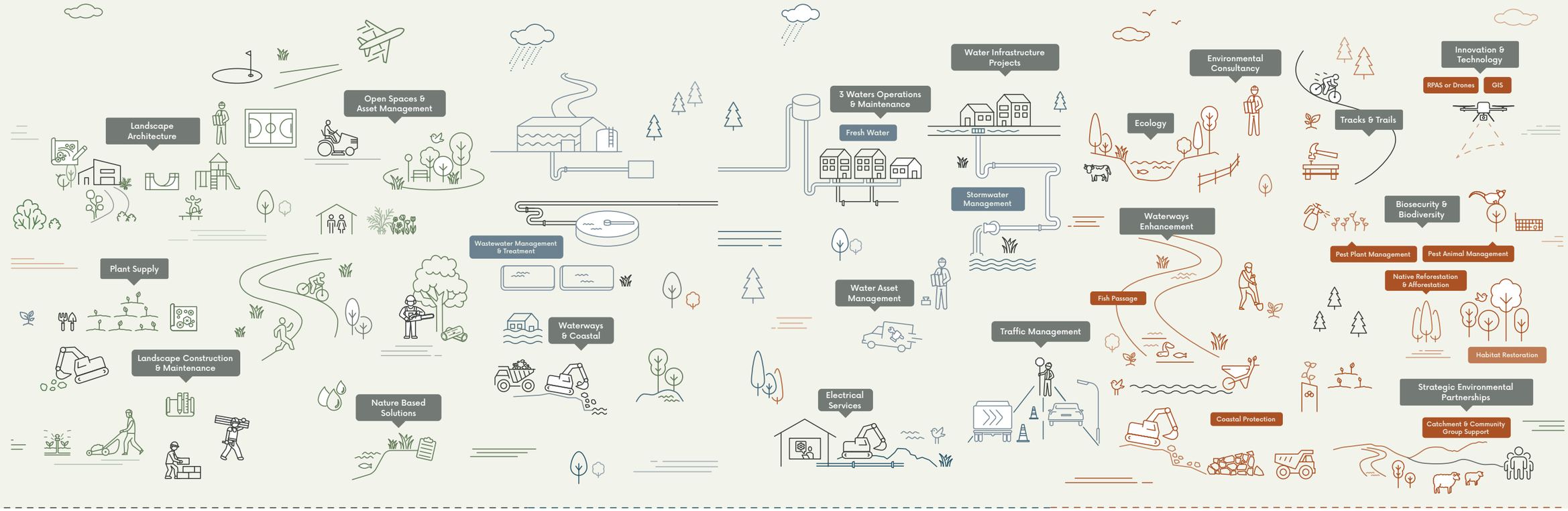
Vendor Partnerships & Support Models

As technology environments continue to evolve in complexity, there has also been a growing focus on strengthening relationships with key technology partners and refining support models across the business.

This includes reviewing managed service arrangements, consolidating specialist support where appropriate and ensuring external providers are aligned with Kūmānu's long-term technology direction and operational requirements.

The objective is to ensure the organisation has access to the right expertise and support capability while enabling internal technology resources to remain focused on strategic initiatives, operational improvement and business engagement.

2025/26 YEAR IN REVIEW



This year has been shaped by the collective efforts of our Landscapes, Water and Environmental teams, working together to deliver meaningful outcomes for our communities and environment. Across a diverse range of projects, we strengthened connections between disciplines, embraced new challenges, and demonstrated the value of collaboration. Through innovation, knowledge sharing, and a commitment to excellence, we delivered integrated solutions, built capability, and created lasting impact throughout Te Tauihu and across Aotearoa.

Building a strong foundation for community spaces

The successful mobilisation of the Marlborough District Council (MDC) Regional and Cemeteries Contract in November 2025 marked a significant milestone for Kūmānu. The onboarding of a dedicated team and swift procurement of the fit-for-purpose equipment was instrumental in the contract's start-up. The new crew, backed by Kūmānu's established Marlborough team, immediately demonstrated their capability and professionalism in responding to challenging spring growth conditions.

The team responded with practical problem-solving, close coordination and a clear focus on safe and consistent delivery. Within months of mobilisation, the team has developed a trusted partnership with MDC, working together to maintain public spaces and cemeteries to a high standard for the community.

The team has stayed together through a demanding start, gaining momentum and developing a positive working relationship with MDC along the way. With a solid foundation now in place, Kūmānu continues to refine delivery and identify opportunities to contribute more, including emerging playground installation projects for our Landscape Construction Team.

Making space for families at Maitai Pump Track

The Maitai Pump Track was already a place for movement and play. Kūmānu helped make the surrounding area more welcoming for the whole whānau.

Delivered for Nelson City Council, the landscape works included seating, picnic areas, shade, planting and rocks, creating spaces where families can pause, gather and enjoy the facility together.

Practical landscapes for new commercial spaces

At The Cube, Kūmānu partnered with Jennian Homes to deliver the carparks and garden areas for two new commercial developments.

The work helped complete the spaces around the buildings, creating practical access, parking and planted areas that support both everyday use and a more finished site environment.

It was a straightforward but important part of turning new commercial builds into usable, welcoming places for tenants, visitors and the wider site.

A more welcoming entrance to Nelson Marina

At Nelson Marina, Kūmānu helped create a more accessible and inviting arrival experience for the city's waterfront.

Delivered for Nelson City Council, the project included a new four-metre-wide accessible footpath, supported by landscaped garden areas that encourage people to move through, pause and enjoy the marina environment.

The work strengthens the entrance to one of Nelson's key coastal spaces and sets the scene for possible future development around the marina.

Protecting Homes, Waterways and Stream Edges

At Scotia Street and Dodson Valley, Kūmānu delivered streambank protection works where erosion was creating real risk for nearby properties and local waterways.

These were not straightforward construction sites. Both projects required the team to work inside constrained stream environments, manage water quality, protect aquatic life and find practical ways to get machinery and materials safely into difficult locations.

At Scotia Street, Kūmānu built a crane platform and temporary ramp to access the stream bed before delivering bank stabilisation, in-stream flow control, shotcrete protection and full reinstatement. At Dodson Valley, the team repaired and extended rock wall protection in Oldham Stream, with bypass pumping, fish salvage, sediment controls and ecological oversight helping reduce impacts downstream.

Together, the projects helped protect nearby properties, strengthen stream edges and support healthier waterways for the surrounding community.

Keeping wastewater moving after a pump station crash

When a vehicle hit the Weka Street Sewer Pump Station on a Tuesday evening, the priority was simple: make the site safe and keep wastewater moving.

Kūmānu crews responded quickly alongside emergency services, with power isolated and sucker trucks brought in to manage wastewater levels between Weka Street and Neale Park.

Over the following days, the damaged building was made safe, the vehicle was removed and a temporary pump station was set up to get one pump running again. Once the wet well was under control, the team checked pumps and control equipment, reconnected key monitoring devices and restored alarms through SCADA so the site could be managed safely.

It was a demanding response in a live wastewater environment, but the outcome was a strong one. The station stayed operational, nearby infrastructure and the receiving environment were protected, and there were no overflows or accidents.

It showed the value of experienced people, clear coordination and calm decision-making under pressure.

One big night on Paru Paru Road

When the Paru Paru Road rising main failed before crossing under the Maitai River, Kūmānu crews had to move fast. Sandbags were installed to help contain the discharge risk, while other teams managed surrounding pump station levels to control flows and minimise overflow events.

The repair was completed on a large rising main across a five-metre section of concrete pipe. The damaged section was replaced with a polyethylene pipe. Suitable materials had to be sourced, the site prepared, and the fix completed in the middle of the night. Corroded concrete added another challenge, so the repaired ends were encapsulated in concrete, and an air valve was installed to help prevent similar incidents.

By morning, the repair had been completed, backfilled, concreted and tidied. It was a full Kūmānu effort, bringing together wastewater gravity and pressure crews, project staff and traffic management, with one subcontractor supporting the work.

Protecting power and stream life at Stoke Substation

At Stoke Substation, a small stream running through a critical infrastructure site carried two big responsibilities: keeping flood risk away from essential electrical assets and providing habitat for threatened native fish. Kūmānu's work helped strengthen vulnerable streambanks and reduce the risk of erosion around the substation, which connects Transpower's national grid with Network Tasman's local lines network.

The project helped protect electricity supply for homes, businesses and community services across Nelson Tasman. Its value was clear during the June 2025 storms, when the reinforced site came through without further erosion or damage to equipment.

Just as importantly, the work was delivered with care for the stream. Construction was planned around fish migration and breeding, with fish salvage, daily monitoring and careful relocation of eels, kōura and threatened native species. In a constrained and sensitive site, the team combined technical delivery, safe access and environmental awareness to protect both community infrastructure and taonga species.

Restoring fish passage across Tasman's waterways

Native freshwater fish need connected waterways to feed, spawn and complete their lifecycles. Over five years, Kūmānu worked alongside Tasman District Council (TDC) to help fish move more freely through rivers, streams, wetlands and rural waterways across the Tasman region. The project focused on in-stream structures such as culverts, fords, weirs and small bridges, which can become barriers when they are too steep, fast-flowing, damaged or poorly positioned.

Using GIS, aerial imagery and field mapping tools, Kūmānu teams assessed 6,477 structures and remediated 1,021 barriers, exceeding the project targets. Practical solutions included rubber aprons, mussel spat rope and flexible baffles, often installed with low-impact methods and careful landowner engagement.

The work combined technical planning, freshwater ecology, safe field access and strong local relationships, supported by iwi, council, landowners and specialist partners. It has strengthened the evidence base for future freshwater management and, most importantly, helped reconnect habitats for native fish across the region.

6,477
fish passage assessments

1,021
remediated barriers

Mapping knotweed after the Motueka floods

Following the significant July 2025 floods, Kūmānu supported Tasman District Council (TDC) to understand how knotweed was moving through the Motueka River system. Knotweed is an eradication pest under the Tasman Nelson Regional Pest Management Plan, and small root or stem fragments can establish new infestations downstream after floods.

Led by ecologists David Cook and Mike Orchard, with support from awa technicians and biosecurity field staff, the survey programme combined river ecology, plant identification, GIS and field mapping expertise across the upper and lower Motueka River. By integrating TDC's pest inspection layer into Kūmānu's field mapping app, observations could be entered directly into the shared dataset, improving accuracy and reducing duplication.

This work is building the evidence needed to guide future pest plant management, protect native riverbank vegetation, support habitat values and reduce risks to the health and stability of the Motueka River corridor.

Precision weed control for native regeneration

At Kingsland Forest Park, weed control began with a clearer view of what was growing where.

Kūmānu used drone mapping and GIS to identify weed infestations, mark GPS locations and plan access through steep, dense and difficult terrain. That early mapping helped crews target the right areas, choose the right methods and reduce unnecessary disturbance to regenerating native vegetation.

On the ground, the work combined practical field skills with ecological judgement. Crews used knapsack spraying, hand releasing, stump treatment, grid searching and mechanical vine removal, adapting their approach to each block and avoiding blanket spraying where weeds were mixed through native plants.

The project supported native regeneration and gave Tasman District Council better information for future follow-up work. It showed how effective weed control can combine technology, local knowledge and careful hands-on delivery.

Nature-based slope stabilisation in Nelson

On steep, slip-prone ground in Nelson, the solution was not more concrete. It was roots.

Kūmānu planted more than 1,500 vetiver grass plants on a north-facing slope to help stabilise the land using a practical, nature-based approach. Rather than relying on hard engineering alone, the project used the strength of living root systems to address erosion, runoff and soil movement at the source.

Vetiver grass, Chrysopogon zizanioides, was chosen for its deep vertical roots, which can grow to around six metres and help bind soil from within. Planted closely, it forms a living underground barrier, while dense foliage slows rainfall runoff, filters water, retains topsoil and supports infiltration.

The project shows how resilient, lower-impact approaches can deliver practical results on challenging sites, using living systems to improve land stability, water management and long-term landscape resilience.

36,346
native plants planted in 2025/26

56
Local planting areas

99,645m²
planted

PROJECT CASE STUDY

What the river left behind

How Kūmānu helped deliver a practical, coordinated clean-up after the July 2025 Tasman floods. A true whole-of-business effort, bringing together expertise from across our organisation to deliver a complex and collaborative response.

After the July 2025 floods, the Motueka River carried the evidence of what had moved through it.

Fencing wire, netting, treated timber, plastics, tyres, whiteware, orchard materials, trees and silt were left across riverbanks, flood paths and private land. Some debris was buried, some was tangled, and some was stranded high above the ground.

One item high up in a tree was hard to miss: a fridge.

For Tasman District Council and affected landowners, it was a clear sign of the clean-up ahead. Across approximately 13 km of the Motueka River corridor, broadly between Alexander Bluff and the river mouth near the SH60 bridge, 114 tonnes of non-recyclable refuse was collected.

That figure was only part of the story. Crews also managed woody debris, recyclable material, damaged trees, difficult access, landowner requests and environmental considerations.

This was not a job for one crew, one machine or one tidy plan.

Kūmānu was recommended by Taylor's Contracting and worked alongside Tasman District Council and DS Project Solutions to scope the work and develop a practical methodology. The response brought together arboriculture operators, the Marlborough-based Landscape Construction team, truck drivers, labourers, waterways specialists, biosecurity and GIS support.

Two crews worked along opposite sides of the river, moving from upstream to downstream to keep the clean-up organised and help manage biosecurity risk. Each day began with the same question: what had changed?

Access shifted with the weather and ground conditions. Some areas needed machinery. Others needed people on foot. Heavy debris had to be broken down, lifted or hauled out. Wire and netting had to be separated from posts and battens. Recyclable material was sorted where possible. Woody debris was mulched, stacked, moved, or placed where it could support banks, provide habitat or be useful to landowners.

Then there were the trees.

Some were down across accessways. Some were hanging above work areas. Some were under tension, waiting to shift as soon as they were cut. Others were the kind of "widowmakers" that look harmless until they are not.

Marc Jary summed up the team's approach simply: "We'd see something risky, stop, and make a plan from there."

It was not hesitation. It was experience.

> **"We weren't just making promises. We were out there working collaboratively, managing the risks, and getting the job done."**
>
> Marc Jary | Contracts Manager - Projects & Waterways

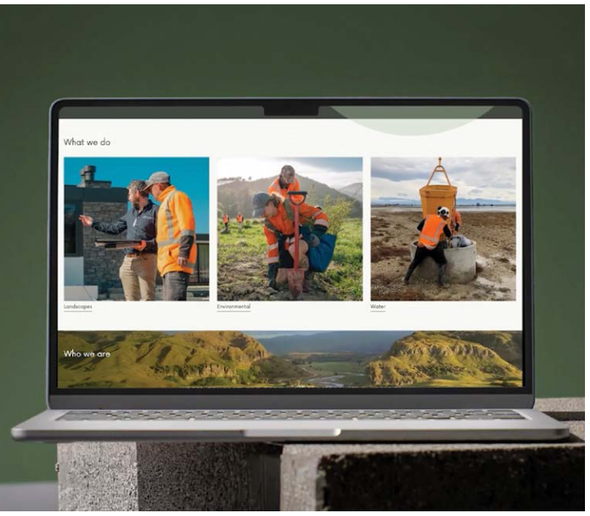
Council was kept updated through daily field coordination, weekly meetings, written reports and live GIS mapping. The GIS layer gave field teams and council a shared view of what had been completed, what still needed attention, and what was required for external project reporting.

Delivered alongside Tasman District Council, DS Project Solutions, Taylor's Contracting, Whiting Contractors and Maclean Contracting, the project grew across six months from a river clean-up into a wider flood recovery programme.

Hazards were reduced, landowners were supported, and flood-damaged areas were made safer, tidier and better prepared for future weather events.

For Kūmānu, the Tasman Flood Recovery project showed the value of communication, trust, judgement and practical skill across the business.

Our roots run deep in Te Tau Ihu. For more than 25 years, we've cared for this region as Nelmac, shaping and enhancing the environment. Now, as Kūmānu, we've evolved into a team united by our core values, delivering together as designers and doers, working side by side on every project.



Te Ara Paerangi from Nayland Primary School | Images: Downing Creative

Waikawa, Blenheim | Image: © Nick Sparks, Kūmānu

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	2024/25: 6.14 out of 7 **2025/26: 5.89 out of 7*** Customer satisfaction remained strong and within an acceptable range. While results were slightly lower than the previous year, overall feedback continues to support the quality of service being delivered.	Not Achieved
Sustainability & Community	Reduced carbon emissions year on year	Reduce carbon emission compared with 2025 (normalised against revenue)	2024/25: 2.49t per $100k Revenue **2025/26: 2.34t per $100k Revenue****	Achieved
People & Safety	Employee Turnover comparable to industry average	Employee turnover within 5% of the national industry average	2024/25: 19% **2025/26: 20%*******	Achieved
	Reduce average TRIFR	TRIFR reduction to under 10	2024/25: 12 **2025/26: 4**	Achieved
Non-shareholder Business	Profitable growth in non-NCC work	Profitable year-on-year growth in non-NCC work from 2025 to 2026	2024/25: (20.5%) **2025/26: 54.8%** Profitable growth in non-NCC work was achieved during the year, with non-NCC job margin ($) increasing by 54.8% year-on-year. This reflects improved commercial performance, successful delivery of services to external customers, and continued diversification of revenue sources beyond NCC-funded work.	Achieved
Equity Ratios	Bank Debt to Equity Ratio within acceptable risk tolerance.	Bank Debt to Equity at or below 55%	2024/25: 7.5% **2025/26: 31.4%**	Achieved

*The Customer Satisfaction survey was completed in June 2026. Responses increased to 30 out of 78 customers (38%) compared with 14 out of 82 customers (17%) in 2024/25. The higher participation rate provides a more representative measure of customer satisfaction.

**Kūmānu achieved its annual greenhouse gas emissions target. The end of the NCC Recycling and Open Spaces contracts reduced fuel use, removing six diesel trucks from the fleet. This reduction was partly offset by the addition and mobilisation of the Rural Marlborough, Tasman Cleaning and Waterways teams, which required equipment relocation and increased travel across a large geographic area. Fleet renewal also contributed positively, with older vehicles replaced by newer, more efficient vehicles, predominantly hybrids.

*** The most recent nationally available turnover benchmark is 21.4% (NZ Staff Turnover Survey, released 2024 based on 2023 data).

Greenhouse Gas (GHG) Emissions

Kūmānu is continuing its journey to better understand and manage greenhouse gas emissions. We remain committed to reducing our carbon footprint through measurable sustainability initiatives and ongoing improvements across our operations.

We use the operational control approach to define our organisational boundary. This includes operations where Kūmānu has the authority to introduce and implement operating policies, and covers all depots and operational sites under our control.

For the 2025/26 reporting period, our greenhouse gas inventory includes Scope 1 and Scope 2 emissions. Scope 1 emissions arise from sources owned or controlled by Kūmānu, including fuel used in vehicles and equipment. Scope 2 emissions relate to purchased electricity consumed across our operations.

Scope 3 emissions are not currently included in our inventory. As a result, certain potentially significant emissions sources are excluded, including subcontractor activities, purchased materials, supply chain emissions, and emissions associated with the production and transportation of fuel.

We report both total emissions and an emissions intensity measure based on Scope 1 and Scope 2 emissions per $100,000 of revenue. This enables us to track performance over time and assess the effectiveness of emissions reduction initiatives, while accounting for changes in the scale of our operations.

Kūmānu remains committed to improving the quality of emissions data, strengthening our understanding of emissions sources, and identifying opportunities to reduce the environmental impact of our operations.

	2026	2025	2024	2023	BASE YEAR 2020
Activities	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e
Diesel - Mobile and Stationary	996.83	1200.28	1137.63	1145.05	1031.74
Petrol - Mobile and Stationary	46.55	73.31	88.71	96.66	100.90
Total Scope 1 Emissions	**1043.38**	**1273.59**	**1226.34**	**1241.71**	**1132.64**
Electricity (all Scope 2 Emissions)	8.70	10.05	11.09	10.69	12.80
Total Emissions	**1052.08**	**1283.64**	**1237.42**	**1252.4**	**1145.44**
Normalised Emissions (t/$100,000 Revenue)	**2.34**	**2.49**	**2.26**	**2.24**	**3.12**

Notes:

1. Scope 1 emissions exclude refrigerant losses from air-conditioning and refrigeration equipment.
2. Electricity emissions for the Marlborough depot are estimated using consumption data from a comparable site.
3. Scope 3 emissions are not included in the inventory.
4. Emissions have been calculated using industry-standard emission factors and available activity data. As with all greenhouse gas inventories, a degree of estimation uncertainty exists.

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Nelmac Limited's financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of Nelmac Limited (the Company). The Auditor-General has appointed me, Sam Nicolle, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 46 to 71 that comprise the statement of financial position as at 30 June 2026, 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 material accounting policy information and other explanatory information; and
- the performance information of the Company for the year ended 30 June 2026 on page 38.

In our opinion:

- the financial statements of the Company present fairly, in all material respects its financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance 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 adopted for the year ended 30 June 2026, and has been prepared, in material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 25 September 2026. This is the date at which our opinion is expressed.

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* 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 performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and 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 performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and 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 performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and 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 performance information.

For the budget information reported in the financial statements and 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 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 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 information we audited 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 performance information consisting of statement of performance, and our auditor's report thereon.

Our opinion on the financial statements and 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 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 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

Prior to my appointment as auditor, Ernst & Young was contracted to carry out remuneration advisory services on salary banding for Nelmac Limited. These services did not create an independence risk to my appointment as auditor.

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 in our capacity as auditor, we have no relationship with, or interests in, the company."

Sam Nicolle
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand
25 September 2026

Financial Statements

1. Reporting Entity

Nelmac Limited (Nelmac Ltd) is a profit-orientated Company domiciled in New Zealand and 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 accounting policies have been consistently applied and materially affect the recognition, measurement, and presentation of the Company's financial results and financial position.

Statement of Compliance

The Company is a Tier 1 for profit public sector entity as defined by the External Reporting Board (annual expenses over $33.0 million) and has reported in accordance with New Zealand equivalents to NZ IFRS Tier 1 for profit Accounting Standards. The Annual Financial Statements are general purpose financial reports which have been presented in accordance with NZIAS 1, and in accordance with Generally accepted accounting practice in New Zealand (NZ GAAP). The Financial Statements comply with New Zealand Equivalents to IFRS, as appropriate for-profit orientated entities.

These Financial Statements were authorised for issue by the Directors on 24 September 2026.

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.

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 financial statements provide comparative information in respect to the previous period. Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

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 measured at the lower of cost and net realisable value, with cost determined on a weighted average basis.

e. Property, plant and equipment

Land is measured at fair value at the date of revaluation. Revaluations are performed by external independent principal, with sufficient regularity to ensure that the carrying amount does not differ materially from its fair value at the reporting date. Any increase in the carrying amount arising from the revaluation of land is recognised in other comprehensive income and accumulated in equity within the revaluation reserve, except to the extent that it reverses a revaluation decrease previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the previous decrease. Any decrease arising from the revaluation of land is recognised in profit or loss, except to the extent that it reverses a previous revaluation increase recognised in other comprehensive income and accumulated in the revaluation reserve, in which case the decrease is recognised in other comprehensive income to the extent of the balance in the revaluation reserve relating to that land. On disposal of revalued land, any related balance in the revaluation reserve is transferred directly to retained earnings. Such transfers are not recognised in profit or loss. 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.

An asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset is recognised in the statement of profit or loss when the asset is derecognised.

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

Employee entitlements comprise annual leave, long service leave, and other accrued employment obligations. Liabilities are measured at the amounts expected to be paid out on current rates of remuneration at balance date.
Provision for long service leave and other long-term obligations are recognised where a present obligation exists and can be reliably estimated.

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 $1.0 million.

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

Contract assets primarily arise where maintenance, facilities management, utility and environmental services have been performed before the Company's right to invoice becomes unconditional. This typically occurs where work has been completed prior to customer certification or completion of monthly claim processes.

Contract assets are measured at the value of revenue recognised, less amounts invoiced, and are assessed for expected credit losses in accordance with NZ IFRS 9.

Contract liabilities primarily represent revenue received or invoiced in advance of services being performed and are recognised as revenue as the related services are delivered.

l. **Capital Management**

The Company's capital comprises issued share capital, asset revaluation reserves, and retained earnings. Capital is managed to support the Company's operations, maintain financial sustainability, and enable the achievement of its strategic objectives while continuing as a going concern.

m. **Leases as a Lessee**

Nelmac Ltd assesses at contract inception whether a contract is or contains a lease. Where applicable, right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment. Lease liabilities are subsequently measured by increasing the carrying amount for interest, reducing it for lease payments, and remeasuring it when required by NZ IFRS 16.

The lease term comprises the non-cancellable period of the lease, together with any extension options that are reasonably certain to be exercised. Management applies judgement when assessing the likelihood of exercising renewal or extension options for each individual lease. Short-term leases (less than 12 months) and leases of low value assets are recognised directly in the profit and loss.

n. **Revenue**

i. **Revenue**

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 NZ 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 the provision of services, with variable consideration primarily relating to additional scope added during the contract period. Variable consideration is estimated at contract inception and reassessed throughout the contract term as circumstances change.

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 2026 year.

4. Future Changes to Accounting Standards

Nelmac Ltd has considered new and amended accounting standards issued, but not yet effective. This includes NZ IFRS 18 Presentation and Disclosure in Financial Statements, which is effective for the year ending 30 June 2028. Nelmac Ltd has not elected to early adopt NZ IFRS 18 and is currently assessing the impact that the new standard and related amendments may have on the financial statements and the accompanying notes. Other than this assessment, the Company does not currently expect the adoption of new and amended standards to have a material impact on the financial statements.

Waimea Estuary chenier sill
Image: © Kūmānu

Statement of Comprehensive Income

For the year ended 30 June 2026

SOI TARGET		NOTES	2026	2025
			(NZD)	(NZD)
42,340,000	Revenue	1	44,552,601	51,412,216
	Cost of Sales	1	(34,915,987)	(40,586,944)
	Gross Profit		**9,636,614**	**10,825,272**
	Other Income		17,916	53,874
	Gain/(Loss) on Disposal of Fixed Assets		467,161	52,265
	Finance Costs	2	(212,537)	(190,313)
	Operating Expenses	1	(9,299,070)	(10,639,275)
800,000	**Operating Profit/(Loss) Before Distributions & Tax**		**610,084**	**101,823**
(400,000)	Subvention Payments		(50,911)	(470,211)
	Operating Profit/(Loss) Before Tax		**559,173**	**(368,388)**
(112,000)	Income Tax (Expense)/Benefit	3	(69,726)	70,836
288,000	**Net Profit/(Loss) After Tax**		**489,447**	**(297,552)**
				OTHER COMPREHENSIVE INCOME
	Asset Revaluation		-	170,000
288,000	**Total Comprehensive Income**		**489,447**	**(127,552)**

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.

Director
Date: 24 September 2026

Director
Date: 24 September 2026

Statement of Changes in Equity

For the year ended 30 June 2026

SOI TARGET		NOTES	2026	2025
			(NZD)	(NZD)
12,042,000	Equity at Beginning of Year		11,909,938	12,037,490
288,000	Total Comprehensive Income for the Year		489,447	(127,552)
	Dividends Paid		-	-
12,330,000	**Equity at the End of the Year**		**12,399,385**	**11,909,938**
	Represented By:			
2,000,000	Share Capital	4a	2,000,000	2,000,000
8,285,000	Retained Earnings	4b	8,184,385	7,694,938
2,045,000	Asset Revaluation Reserve	4c	2,215,000	2,215,000
12,330,000	**Total**		**12,399,385**	**11,909,938**

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

Statement of Financial Position

As at 30 June 2026

SOI TARGET	EQUITY	NOTES	2026 (NZD)	2025 (NZD)
2,000,000	Share Capital		2,000,000	2,000,000
8,285,000	Retained Earnings		8,184,385	7,694,938
2,045,000	Asset Revaluation Reserve		2,215,000	2,215,000
12,330,000	**Total**	**4**	**12,399,385**	**11,909,938**
	Represented by:			
	Current Assets			
	Cash & Cash Equivalents	5	404,508	77,728
	Receivables & Prepayments	6	7,810,321	7,030,620
	Inventories	7	338,016	545,382
	Work in Progress/Contract Assets	8	1,347,617	1,106,420
	Taxation Receivable	3	163,368	-
7,466,000	**Total Current Assets**		**10,063,830**	**8,760,150**
	Non-Current Assets			
	Property, Plant & Equipment	9	12,795,192	11,233,841
	Intangible Assets	10	134,352	131,064
	Right-of-Use Assets	14	221,026	225,565
10,000,000	**Total Non-Current Assets**		**13,150,570**	**11,590,470**
17,466,000	**Total Assets**		**23,214,400**	**20,350,620**
	Current Liabilities			
	Borrowings	13	-	900,000
	Payables and Accruals	11	3,841,582	3,695,461
	Employee Entitlements	12	2,257,199	3,178,773
	Deferred Revenue – Contract Liabilities	8	315,138	283,530
	Lease Liabilities	14	186,849	207,588
	Taxation Payable	3	-	23,518
4,137,000	**Total Current Liabilities**		**6,600,768**	**8,288,871**
	Non-Current Liabilities			
	Borrowings	13	4,000,000	-
	Deferred Taxation	3	134,566	24,258
	Employee Entitlements	12	12,255	15,962
	Provision for Remediation		4,000	48,000
	Lease Liabilities	14	63,426	63,592
1,000,000	**Total Non-Current Liabilities**		**4,214,247**	**151,812**
5,137,000	**Total Liabilities**		**10,815,015**	**8,440,682**
12,330,000	**Net Assets**		**12,399,385**	**11,909,938**

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 24 September 2026.

Director
Date: 24 September 2026

Director
Date: 24 September 2026

Statement of Cash Flows

For the year ended 30 June 2026

SOI TARGET	CASH FLOWS FROM OPERATING ACTIVITIES	NOTES	2026 (NZD)	2025 (NZD)
	Cash was Provided from:			
	Receipts from Customers		43,991,123	50,514,593
	Other Income		17,916	53,874
40,762,000	Total Cash was Provided from		44,009,039	50,568,467
	Cash was Disbursed to:			
	Payments to Suppliers & Employees		(43,646,796)	(48,660,172)
	Taxes Paid		(106,955)	(257,475)
	Interest on Leases		(29,941)	(25,351)
	Interest Paid		(133,788)	(124,211)
(40,452,000)	Total Cash was Disbursed to		(43,917,480)	(49,067,209)
302,000	**Net Cash Provided by/(Used in) Operating Activities**	**2**	**91,559**	**1,501,258**
	Cash Flows from Investing Activities			
	Cash was Provided from:			
	Proceeds from Sale of Property, Plant & Equipment		796,429	267,596
	Cash was Applied to:			
	Purchase of Property, Plant & Equipment		(3,284,171)	(893,025)
	Purchase of Intangible Assets		(87,969)	(3,916)
800,000	Total Cash was Applied to		(3,372,140)	(896,941)
800,000	**Net Cash (Used in)/Provided from Investing Activities**		**(2,575,711)**	**(629,345)**
	Cash Flows from Financing Activities			
	Cash was Provided from:			
	Borrowings – Drawdown		4,000,000	900,000
	Cash was Applied to:			
	Borrowings – Repayments		(900,000)	(2,000,000)
	Lease Liabilities		(238,151)	(203,301)
(8,000)	Subvention Payment		(50,911)	(470,211)
	Total Cash was Applied to		(1,189,062)	(2,203,301)
(750,000)	**Net Cash (Used in)/Provided from Financing Activities**		**2,810,932**	**(1,303,301)**
352,000	**Net Increase/(Decrease) in Cash Held**		**326,780**	**(901,605)**
184,000	Opening Cash Balance		77,728	979,333
536,000	**Closing Cash Balance**		**404,508**	**77,728**

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 2026

1. (a) Revenues

	2026	2025
OPERATIONAL REVENUE	(NZD)	(NZD)
– Revenue from Contracts with Customers	44,344,728	51,343,264
– Revenue from Sale of Goods	207,873	68,952
	44,552,601	**51,412,216**
FINANCE INCOME		
– Interest Revenue	17,916	53,874
	44,570,517	**51,466,090**

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
- 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

	2026	2025
EXPENSES INCLUDE	(NZD)	(NZD)
Audit Fee		
– Audit Services - Ernst & Young	116,100	-
– Audit Services - Audit Office	-	116,100
Other Non Audit services		
– Consulting services - Ernst & Young	41,925	-
– Advisory Services (Tax & Accounting)	7,480	16,446
Depreciation		
– Buildings	66,185	68,411
– Plant & Equipment	438,100	520,980
– Motor Vehicles	778,946	801,526
– Administration Furniture & Equipment	110,322	132,454
– Leased Assets	225,767	214,081
Rent	56,176	103,041
Amortisation		
– Software & Other	84,680	90,322
Employee Benefit Costs	19,794,931	23,573,082
Directors' Fees	178,632	176,033
Interest Expense		
– Bank (including Loan Fees)	182,596	163,583
– Leased Assets	29,941	25,351
Changes in Provision for Doubtful Debts	3,257	9,467

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

	2026	2025
	(NZD)	(NZD)
Net Profit/(Loss) after Taxation	**489,447**	**(297,552)**
Add/(Deduct) Subvention Payments:		
Subvention Payment	50,910	470,211
Total Subvention Payments	**50,910**	**470,211**
Add/(Deduct) Non-Cash Items:		
Depreciation & Amortisation	1,703,998	1,827,775
Net (Gain)/Loss on Sale	(467,161)	(52,265)
Movement in Deferred Taxation	110,308	35,118
Total Non-Cash Items	**1,347,145**	**1,810,628**
Add/(Deduct) Movements in Working Capital Items:		
(Increase)/Decrease in Receivables & Prepayments	(779,701)	(509,007)
(Increase)/Decrease in Inventories	207,366	(21,054)
(Increase)/Decrease in WIP	(241,197)	(273,176)
Increase/(Decrease) in Payables & Accruals	98,148	(155,175)
Increase/(Decrease) in Revenue in Advance	31,608	(161,293)
Increase/(Decrease) in Employee Entitlements	(921,574)	1,002,660
Increase/(Decrease) in Provision for Taxation	(186,886)	(363,429)
Net Movement in Working Capital	**(1,792,236)**	**(480,474)**
Add/(Deduct) Movements in Non-Current Items:		
Increase/(Decrease) in Employee Entitlements	(3,707)	(1,555)
Net Movement in Non-Current Items	**(3,707)**	**(1,555)**
Net Cash Inflow/(Outflow) from Operating Activities	91,559	1,501,258

Depreciation and Amortisation Expense

Depreciation and amortisation expense consists of the following:

	2026	2025
	(NZD)	(NZD)
Depreciation of Property, Plant and Equipment (Note 9)	1,393,551	1,523,372
Depreciation of Right-of-Use Assets (Note 14)	225,767	214,081
Total Depreciation	**1,619,318**	**1,737,453**
Amortisation of Intangible Assets (Note 10)	84,680	90,322
Total Depreciation and Amortisation	**1,703,998**	**1,827,775**

Finance Costs

Finance costs for the reporting periods consist of the following:

	2026	2025
	(NZD)	(NZD)
Interest on Bank Borrowings	133,788	124,211
Fees on Bank Borrowings	48,808	39,372
Interest Expense for Leasing Arrangements	29,941	25,351
Total Interest Expense	**212,537**	**188,934**

3. Tax Expense

	2026	2025
	(NZD)	(NZD)
Profit/(Loss) Before Taxation	**559,173**	**(368,388)**
Subvention Payment	50,911	470,211
Profit/(Loss) Before Taxation & Distributions	**610,084**	**101,823**
Prima Facie Taxation at 28%	170,824	28,510
Plus/Less Taxation Effect of:		
Opening Balance Adjustment	(88,952)	(194,905)
Non-Deductible Expenditure	(34,423)	-
Deferred Tax Adjustment	-	95,559
Other	22,277	-
Tax Expense/(Benefit)	**69,726**	**(70,836)**
Taxation is Represented by:		
Current Taxation	48,370	88,951
Deferred Taxation	110,308	35,118
Prior Period Adjustment	(88,952)	(194,905)
Tax Expense/(Benefit)	**69,726**	**(70,836)**
Taxation (Receivable)/Payable Account		
Balance as at 1 July	23,518	386,947
Opening Balance Adjustment	(88,952)	(194,905)
Current Taxation	48,370	88,951
(Net Taxes Paid) / Refunds Received	(146,304)	(257,475)
Closing Balance 30 June	**(163,368)**	**23,518**
Deferred Taxation (Asset)/Liability Account		
Balance as at 1 July	24,258	(10,860)
Current Year Charge	110,308	35,118
Closing Balance 30 June	**134,566**	**24,258**

Deferred Taxation Movements Statement	Property, Plant & Equipment	Provisions	Employee Entitlement	Other	Total
	(NZD)	(NZD)	(NZD)	(NZD)	(NZD)
Balance as at 1 July 2024	264,479	89,508	(340,838)	(24,009)	(10,860)
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**
Balance as at 1 July 2025	255,169	135,704	(342,606)	(24,009)	24,258
Current Year Charge	208,144	(51,725)	(46,111)	-	110,308
Closing Balance 30 June 2026	**463,313**	**83,979**	**(388,717)**	**(24,009)**	**134,566**

	2026	2025
Imputation Credit Account	(NZD)	(NZD)
Imputation Credits available for use in Subsequent Periods	(2,866,639)	(2,759,685)

4. Equity

a) Share Capital

	2026	2025
	(NZD)	(NZD)
Opening Balance	2,000,000	2,000,000
Balance at 30 June	**2,000,000**	**2,000,000**

At 30 June 2026 the company had a share capital of 2,000,000 shares (2025: 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

	2026	2025
	(NZD)	(NZD)
Retained Earnings at 1 July	7,694,938	7,992,490
Net Profit After Tax	489,447	(297,552)
Retained earnings at 30 June	**8,184,385**	**7,694,938**

c) Asset Revaluation Reserve

	2026	2025
	(NZD)	(NZD)
Asset Revaluation Reserve at 1 July	2,215,000	2,045,000
Revaluation	-	170,000
Asset Revaluation Reserve at 30 June	**2,215,000**	**2,215,000**

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

5. Cash and Cash Equivalents

	2026	2025
	(NZD)	(NZD)
Cash at Bank & in Hand	378,810	77,728
Short Term Deposits	25,698	-
Closing Cash Balance	**404,508**	**77,728**

6. Receivables and Prepayments

	2026	2025
	(NZD)	(NZD)
Trade/Contract Debtors	3,138,722	2,291,368
Trade/Contract Debtors (Related Parties)	4,040,810	3,849,910
Provision for Doubtful Debts	(19,362)	(16,105)
Retentions Receivable	282,747	487,267
Prepayments	367,404	418,179
Total Receivables and Prepayments	**7,810,321**	**7,030,620**

As at 30 June 2026 and 2025, all overdue receivables have been assessed for impairment and appropriate provisions applied as detailed below:

	2026			2025		
	Gross	Impairment	Net	Gross	Impairment	Net
	(NZD)	(NZD)	(NZD)	(NZD)	(NZD)	(NZD)
Current	6,883,574	-	6,883,574	6,010,797	-	6,010,797
Past Due 30 Days	109,553	-	109,553	43,602	-	43,602
Past Due 60 Days	112,756	-	112,756	79,309	-	79,309
Past Due 90 Days and Over	73,649	(19,362)	54,287	7,571	(16,105)	(8,533)
Total	**7,179,532**	**(19,362)**	**7,160,170**	**6,141,279**	**(16,105)**	**6,125,174**

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

	2026	2025
	(NZD)	(NZD)
Opening Balance	16,105	6,638
Plus Increase/(Decrease) of Provision	3,257	9,467
Less Receivables Written off During Period	-	-
Balance at 30 June	**19,362**	**16,105**

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

	2026	2025
	(NZD)	(NZD)
Nursery Plant Stock	149,180	317,367
Other Materials	208,836	248,015
Provision for Obsolescence	(20,000)	(20,000)
	338,016	**545,382**

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.

	2026	2025
Contract Assets	(NZD)	(NZD)
Work in Progress	1,347,617	1,106,420
Contract Set Up Costs	-	-
	1,347,617	**1,106,420**
Contract Liabilities		
Deferred Revenue	315,138	283,530
	315,138	**283,530**

Maintenance Services

Payment for maintenance services is due periodically. A contract asset is recognised when services have been provided but the Company's right to consideration remains conditional on the fulfilment of contractual performance requirements. The contract asset represents the Company's right to consideration for 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	Freehold Land Held at Fair Value	Buildings	Plant & Equipment	Motor Vehicles	Furniture & Fitout	Capital WIP	Total
	(NZD)	(NZD)	(NZD)	(NZD)	(NZD)	(NZD)	(NZD)
Balance at 1 July 2025	3,365,000	2,374,270	6,450,059	10,707,375	1,085,664	-	23,982,368
Additions	-	920,532	693,389	1,548,968	121,281		3,284,171
Disposals	-	-	(859,691)	(2,165,998)	(189,549)		(3,215,237)
Balance at 30 June 2026	**3,365,000**	**3,294,802**	**6,283,757**	**10,090,345**	**1,017,397**	**-**	**24,051,302**
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)
Balance at 30 June 2025	**3,365,000**	**2,374,270**	**6,450,059**	**10,707,375**	**1,085,664**	**-**	**23,982,368**
Accumulated Depreciation and Impairment Losses							
Balance at 1 July 2025	-	890,566	4,613,461	6,470,535	773,965	-	12,748,527
Depreciation	-	66,185	438,100	778,946	110,322	-	1,393,552
Disposals	-	-	(709,535)	(1,996,000)	(180,434)	-	(2,885,968)
Balance at 30 June 2026	**-**	**956,751**	**4,342,025**	**5,253,481**	**703,853**	**-**	**11,256,110**
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
Balance at 30 June 2025	**-**	**890,566**	**4,613,461**	**6,470,535**	**773,965**	**-**	**12,748,527**
Carrying Amounts							
At 30 June 2025	3,365,000	1,483,704	1,836,598	4,236,839	311,699	-	11,233,841
At 30 June 2026	3,365,000	2,338,051	1,941,732	4,836,865	313,544	-	12,795,192

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 Ltd'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 2026 by independent registered valuer Ashley Stevens of CBRE 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 (2025, $392 psm). If the psm rate moves by +/- S10, the valuation would increase/(decrease) by $83,356.

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:

	2026	2025	2024
	(NZD)	(NZD)	(NZD)
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
	(NZD)	(NZD)	(NZD)	(NZD)
Balance at 1 July 2025	1,166,075	70,115	-	1,236,037
Additions	55,699	32,270	-	87,969
Reclassifications	(153)	-	-	-
Balance at 30 June 2026	**1,221,621**	**102,385**	**-**	**1,324,006**
Balance at 1 July 2024	1,162,159	70,115	-	1,232,274
Additions	3,916	-	-	3,916
Reclassifications	-	-	-	-
Balance at 30 June 2025	**1,166,075**	**70,115**	**-**	**1,236,190**
Accumulated Amortisation and Impairment Losses				
Balance at 1 July 2025	1,035,011	70,115	-	1,104,973
Amortisation	78,226	6,454		84,680
Reclassifications	(153)	-	-	-
Balance at 30 June 2026	**1,113,084**	**76,569**	**-**	**1,189,653**
Balance at 1 July 2024	944,689	70,115	-	1,014,804
Amortisation	90,322	-	-	90,322
Reclassifications	-	-	-	-
Balance at 30 June 2025	**1,035,011**	**70,115**	**-**	**1,014,804**
Carrying Amounts				
At 30 June 2025	131,064	-	-	131,064
At 30 June 2026	108,536	25,816	-	134,352

11. Payables and Accruals

	2026	2025
	(NZD)	(NZD)
Trade Creditors & Accruals	3,509,129	3,286,790
Trade Creditors & Accruals (Related Parties)	23,750	16,329
	3,532,879	**3,303,119**
GST Payable	308,703	392,342
Total Payables and Accruals	**3,841,582**	**3,695,461**

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 an actuarial basis and are based on the reasonable likelihood that they will be earned by employees and paid by the Company.

	2026	2025
Provisions	(NZD)	(NZD)
Accrued Payroll	802,196	844,465
Redundancy Provision	-	997,035
Annual Leave	1,455,002	1,337,273
Long Service Leave Accrual	12,255	15,962
Total Employee Provisions	**2,269,454**	**3,194,735**
Comprising:		
Current	2,257,199	3,178,773
Non-Current	12,255	15,962
Total Employee Provisions	**2,269,454**	**3,194,735**

13. Borrowings

	2026	2025
	(NZD)	(NZD)
Bank Loan Term Loan - Current Portion	-	900,000
Bank Loan Term Loan - Non Current Portion	4,000,000	-
Balance at 30 June	**4,000,000**	**900,000**

Nelmac Ltd's banking facilities with Westpac include a Business Card facility of $50,000 (2025: $50,000).

The company has a Multi Option Credit Line (MOCL) facility of $6.0 million (2025: $5.0 million).

As at 30 June 2026, $4.0 million of the facility was drawn down (2025: $0.9 million)

The interest rate at balance date was 4.55% (2025: 5.50%)

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

As interest rates on floating-rate debt are repriced regularly to market rates, the carrying amount of the secured borrowings approximates fair value.

Nelmac Ltd also has a FlexEquip Fixed Asset facility of $1.0 million, secured by the fleet assets it funds. The interest rate on this facility is 5.95%.

The MOCL facility is non-amortising and can be drawn down and repaid as required.

The FlexEquip Fixed Asset facility reduces in line with the repayment profile of the assets it funds and is a revolving facility that increases as additional qualifying assets are financed.

The facilities are secured by a General Security Agreement over all present and after-acquired property of Nelmac Ltd, together with specific security agreements over certain financed assets.

Loan Covenants

Nelmac Ltd's facilities are subject to certain financial and non-financial covenants. Nelmac Ltd complied with all applicable loan covenants during the reporting period and at balance date.

The key financial covenants relate to Shareholders' Funds as a percentage of Adjusted Tangible Assets and the ratio of Funding Costs to Earnings. At balance date, the Group was in compliance with these covenant requirements.

14. Leases

Nelmac Ltd has leases for premises in Tasman and Marlborough, 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 Ltd classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Vehicle leases typically have terms of 3 to 5 years. All lease vehicles had been returned by 30 June 2026. Property lease terms generally align with the term of the underlying delivery contract and range from 5 to 10 years, including renewal options where applicable.

Lease payments are generally fixed amounts payable monthly. However, certain property leases contain rental review provisions 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 Ltd 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 at the end of the lease term or to extend the lease for a further term. Nelmac Ltd is prohibited from selling or pledging underlying leased assets as security. For property leases, Nelmac Ltd is required to maintain leased premises in good repair and return them in an appropriate condition at the end of the lease term. Nelmac Ltd is also required to insure leased property, plant and equipment (or reimburse the lessor for insurance costs) and incur maintenance costs in accordance with lease agreements.

Practical Expedients Applied

In applying NZ IFRS 16, Nelmac Ltd has applied the following practical expedients:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relying on previous assessments of whether leases are onerous as an alternative to performing an impairment review. No onerous leases were identified as at 30 June 2026.
- 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

Nelmac Ltd recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability.

Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

Measurement of Lease Liabilities

At the commencement date of a lease, Nelmac Ltd recognises a lease liability measured at the present value of lease payments to be made over the lease term. Lease liabilities are subsequently measured at amortised cost using the effective interest method. A weighted average incremental borrowing rate of 5.0% has been applied to lease liabilities.

Short-term leases and low-value assets

Nelmac Ltd applies the recognition exemptions available under NZ IFRS 16 for short-term leases and leases of low-value assets. Payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The table below describes the nature of Nelmac Ltd'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	4	7 to 28 months	16 months	3	4	0
Vehicles	0	n/a	0	0	0	0

Right-of-Use Assets

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

Right-of-Use Asset	Carrying Amount as at 30/06/25	2026 Additions	2026 Depreciation	2026 Modifications	Carrying Amount as at 30/06/26
	(NZD)	(NZD)	(NZD)	(NZD)	(NZD)
Premises – Yard, Workshop & Office	175,244	82,657	(175,446)	138,571	**221,026**
Vehicles	50,321	-	(50,321)	-	-
Total	**225,565**	**82,657**	**(225,767)**	**138,571**	**221,026**

Lease Liabilities

Additional information on lease liabilities is as follows:

Lease Liabilities	Carrying Amount as at 30/06/25	2026 Additions	2026 Principal Payments	2026 Modifications	Carrying Amount as at 30/06/26
	(NZD)	(NZD)	(NZD)	(NZD)	(NZD)
Premises - yard, workshop and office	216,214	81,656	(183,186)	135,591	250,275
Vehicles	54,965	-	(54,965)	-	-
Total	**271,179**	**81,656**	**(238,151)**	**135,591**	**250,275**

Lease Commitments	2026	2025	2024	2023
	(NZD)	(NZD)	(NZD)	(NZD)
Less Than One Year	186,849	207,588	203,301	200,990
One to Five Years	63,426	63,591	174,447	377,748
Total	**250,275**	**271,179**	**377,748**	**578,738**

Lease Payments	2026	2025
	(NZD)	(NZD)
Principle	238,151	216,361
Interest	32,922	26,626
Total	**271,073**	**242,987**

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

	2026	2025	2024
	(NZD)	(NZD)	(NZD)
Short-term Leases	-	-	-
Leases of Low Value Assets	52,375	49,782	19,130
Variable Lease Payments	-	-	-
Total	**52,375**	**49,782**	**45,798**

Amounts Recognised in the Statement of Comprehensive Income	2026	2025
Depreciation Charge on Right-of-Use Assets	(NZD)	(NZD)
Land & Buildings	175,446	118,128
Vehicles	50,321	95,954
Total	**225,767**	**214,081**

Interest Expense on Lease Liabilities	2026	2025
	(NZD)	(NZD)
Land & Buildings	12,646	16,370
Vehicles	17,295	10,256
Total	**29,941**	**26,626**

15. Related Parties Transactions

Nelmac Ltd 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

	2026	2025
Services Provided to/from Nelson City Council (NCC)	(NZD)	(NZD)
Services Provided to NCC (including all competitively won tenders)	26,326,311	35,170,550
Services provided by NCC	219,040	237,913
Rates paid to NCC	31,686	38,532
Accounts payable to NCC	23,750	16,329
Accounts receivable from NCC	4,013,574	3,827,233
Subvention Payment Paid to NCC	50,911	470,212
Services Provided to NCC Subsidiaries & Associates (Including all Competitively Won Tenders)		
Nelson Airport Ltd	140,493	180,390
Port Nelson Ltd	48,024	38,566
Accounts receivable from Nelson Airport Ltd	8,428	10,595
Accounts receivable from Port Nelson Ltd	18,808	12,083

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 $1,563,251 (2025: $1,798,643) and consisted only of short term benefits.

	2026	2025
Compensation of Key Management Personnel	(NZD)	(NZD)
Short-term Employee Benefits	1,563,251	1,570,155
Termination Benefits	-	228,488
Total compensation paid to Key Management Personnel	**1,563,251**	**1,798,643**

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

No purchases or services of a material amount were provided to, or made from, Key Management Personnel or companies where Key Management Personnel were directors of those companies, during the year (2025: $Nil).

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:

	2026	2025
Financial Assets at Amortised Cost	(NZD)	(NZD)
LOANS & RECEIVABLES		
Cash & Cash Equivalents (Note 5)	404,508	77,728
Trade & Other Receivables (Note 6)	7,442,917	6,612,441
	7,847,425	**6,690,170**
Financial Liabilities at Amortised Cost		
OTHER FINANCIAL LIABILITIES		
Trade & Other Payables (Note 11)	3,841,582	3,695,461
Bank Borrowings (Note 13)	4,000,000	900,000
	7,841,582	**4,595,461**

17. Financial Instruments and Financial Risk Management

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:

	2026	2025
MOCL Rates	4.55%	5.50%
FlexEquip Rates	5.95%	6.90%
Short-term Deposits	2.30%	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 2026. (2025: 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 56% of Nelmac Ltd's outstanding debtors as at 30 June 2026 (2025: 62%).

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

d) Liquidity Risk

Liquidity risk is the risk that the Nelmac Ltd will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Nelmac Ltd's objective is to ensure that sufficient funding is available to meet operational, capital and debt servicing requirements as they fall due, while maintaining financial flexibility and compliance with borrowing covenants. Cash flow forecasts are regularly prepared and monitored to ensure that Nelmac Ltd has sufficient liquidity to meet its obligations as they fall due.

The following table presents the Nelmac Ltd's liabilities based on their contractual undiscounted cash flows. The amounts disclosed are the earliest dates on which Nelmac Ltd can be required to pay.

	Carrying amount as at 30/06/2026	Contractual Cash Flows	Less than 1 year	1–2 years	2–5 years	More than 5 years
	(NZD)	(NZD)	(NZD)	(NZD)	(NZD)	(NZD)
Trade and other payables	3,841,582	3,841,582	3,841,582	-	-	-
Borrowings	4,000,000	4,324,711	182,000	4,142,711	-	-
Lease liabilities	250,275	257,932	194,232	53,373	10,327	-
Total	**8,091,857**	**8,424,225**	**4,217,814**	**4,196,084**	**10,327**	**-**

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 Ltd does not have any outstanding Contingent Assets or Contingent Liabilities as at 30 June 2026 (2025: $Nil).

At 30 June 2026, Nelmac Ltd's bankers held Contract Performance Bonds in favour of third parties totalling $1,437,576 (2025: $1,679,166). These bonds, issued by Westpac on behalf of the Company, provide contractual performance security to customers and may be called upon only in the event of non-performance under the relevant contracts. The Company does not recognise these bonds as contingent liabilities as it does not consider it probable that any bonds will be called.

19. Explanation of Major Variances against SOI Target

Explanations for major variances from the Company's original 2025/26 budget figures as contained within the Statement of Intent are as follows:

a) Comprehensive Income

Revenue

Revenue was $2,212,601 above the SOI target. The SOI was prepared on a conservative basis following the loss of the NCC Open Spaces and Recycling contracts. Actual revenue exceeded this assumption through growth across the Company's revenue streams, including the new Marlborough contract.

Operating Profit/(Loss) before Distributions & Tax

Operating Profit before Distributions & Tax was $189,916 unfavourable, primarily due to increased fuel and material costs arising from challenging global economic conditions. These cost increases could not be fully recovered under fixed priced contracts.

b) Statement of Financial Position

Current Assets

Current assets were $2,597,830 above the SOI target, primarily reflecting higher receivables, work in progress and cash associated with revenue growth and the timing of customer billing, claim certification and cash collection around year end.

Non-Current Assets

Non-current assets were $3,150,570 above the SOI target, primarily due to investment in property, plant and equipment associated with the mobilisation of the Marlborough contract and the fleet and plant replacement programme.

Current Liabilities

Current liabilities were $2,463,768 above the SOI target, primarily reflecting higher year-end payables and accruals and employee entitlement balances. These balances were affected by the timing of supplier payments, payroll and leave obligations at year end.

Non-Current Liabilities

Non-current liabilities were $3,214,247 above the SOI target, primarily because borrowings at year end were $4,000,000 compared with the lower level assumed in the SOI. The additional borrowings supported capital investment and working capital requirements.

c) Statement of Cash Flows

Cash Flow from Operating Activities

Net cash provided by operating activities was $261,351 below the SOI target. Operating cash generation was constrained by increases in receivables and prepayments of $779,701 and work in progress/contract assets of $241,197, partly offset by favourable movements in inventories and payables and accruals.

Cash Flow from Investing Activities

Net cash used in investing activities was $3,375,711 below the SOI target. The Company invested $3,284,171 in property, plant and equipment and $87,969 in intangible assets, partly offset by $796,429 of proceeds from asset disposals. The investment principally related to Marlborough contract mobilisation, the new roof at Bullen Street, and the fleet and plant replacement programme.

Cash Flow from Financing Activities

Net cash provided by financing activities was $3,611,843 above the SOI target. During the year the Company drew down $4,000,000 of borrowings, repaid $900,000 of borrowings and made lease liability payments of $238,151 to support capital investment and working capital requirements.

20. Post Balance Date Events

Nil.

Statutory Information

Financial Statements

Directors' Responsibility Statement

The Directors are responsible, 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 (Ltd) as at 30 June 2026 and the results of the operations and cash flows for the year ended 30 June 2026.

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 responsibility 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 integrity 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 Ltd for the year ended 30 June 2026.

This Annual Report is dated 24 September 2026 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: 24 September 2026

Director
Date: 24 September 2026

The Directors of Kūmānu (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 2026.

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 2026.

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)	$54,694
Michael Playford	$30,984
Jen Crawford	$30,984
Rick Herd	$30,984
Ian Goldschmidt	$30,984

Attendance of Directors at Board Meetings - July 2025 to June 2026

	Meetings Held	Meetings Attended
Hugh Martyn (Chairman)	11	11
Michael Playford	11	11
Jen Crawford	11	11
Rick Herd	11	11
Ian Goldschmidt	11	11

Board Subcommittees and Safety Walk Arounds

All Directors attend subcommittee meetings:

- Health & Safety
- Remuneration
- Audit & Risk

Directors conduct a monthly safety walk, joining Kūmānu staff on various sites across the business. The 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

47 employees received remuneration in excess of $100,000 during the period (2025: 50)

BAND	2026	2025
$100,000 to $110,000	15	12
$110,000 to $120,000	11	14
$120,000 to $130,000	10	9
$130,000 to $140,000	3	4
$140,000 to $150,000	3	3
$150,000 to $160,000	-	-
$160,000 to $170,000	1	3
$170,000 to $180,000	1	1
$180,000 to $190,000	-	-
$190,000 to $200,000	1	1
$200,000 to $210,000	-	-
$210,000 to $220,000	1	1
$220,000 to $230,000	-	-
$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	-	-
$280,000 to $290,000	-	-
$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
	47	50

Changes in Accounting Policies

See statement of accounting policies.

Auditor's Remuneration

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. Sam Nicolle of Ernst & Young has been appointed to act as auditor for the year ended 30 June 2026 and $116,100 has been expensed for audit fees (2025 Audit by Audit New Zealand: $116,100). Prior to the commencement of the audit engagement, Ernst & Young provided consulting services relating to market salary band benchmarking for selected role categories within the Company, for a fee of $41,925 excluding GST. No other non-audit services were provided by Ernst & Young during the year.

Donations

The Company made donations of $2,187 in the 2026 Financial Year.

Dividend

In lieu of a dividend, a subvention payment of $50,911 in respect of the year ended 30 June 2025, was paid to the shareholders on 30 March 2026. In lieu of a dividend, a subvention payment of $305,042, is recommended for the 2025/26 year.

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@kumanu.co.nz

Auditor

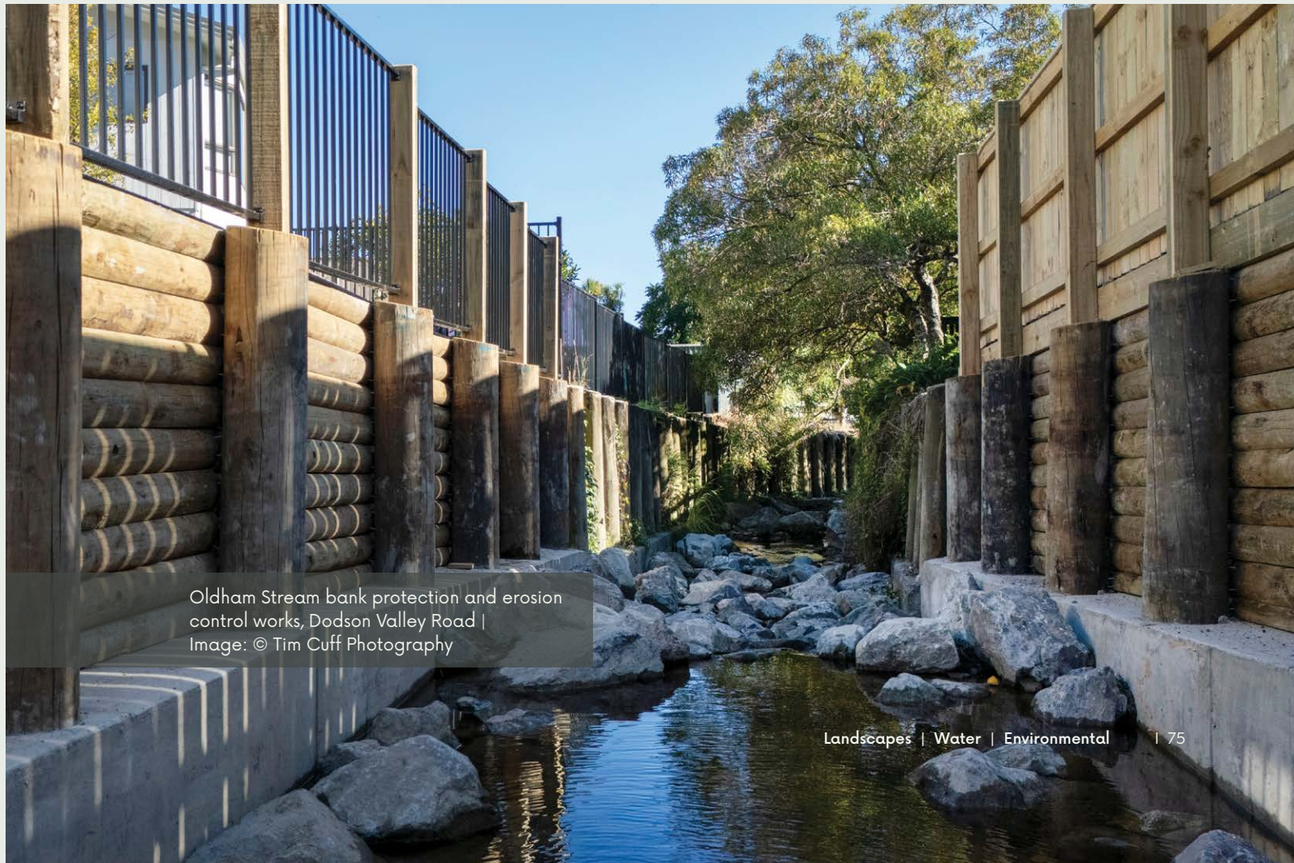
Ernst & Young
On behalf of the Auditor-General

Solicitors

Duncan Cotterill
Pitt & Moore

Bankers

Westpac, Nelson



Oldham Stream bank protection and erosion control works, Dodson Valley Road | Image: © Tim Cuff Photography

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