

Six Month Report to Shareholders

(UNAUDITED)

FOR THE PERIOD ENDING 31 DECEMBER 2022

nelmac
ENHANCING OUR ENVIRONMENT



kūmānu[™]
ENVIRONMENTAL

1.0 Commentary

Nelmac Limited (Nelmac Kūmānu) has achieved a half-year result of \$488k profit before tax, compared with last year's half-year result of \$105k. The main contributor to this increase in profit compared with last year is the absence of COVID lockdowns this year.

As at 31 December, Nelmac Kūmānu are forecasting to meet their SOI Target of \$900k. Nelmac Kūmānu has delivered a half year result in line with budget against a back drop of responding to the 2022 Flood response which consumed significant resources in a labour market with near to zero unemployment.

The first six months has been a continuation of some of the progress made in the second half of last Financial Year.

Along with the improving Financial Results, there have been some wider achievements that continue to position Nelmac Kūmānu well for future success:

- Key appointments to SLT (People Development and HSEQ Division Leaders)
- ISO Health & Safety and Quality reaccreditation
- Launch of our refreshed values

Challenges:

- Additional delivery requirements on Recreation contracts caused by Climate Change and wetter summers
- Continued issues with staff retention
- Overall resourcing challenges as a result of the current labour market



1.1

Nelmac Kūmānu's overarching goal can be summarised as Kaitiakitanga, which for Nelmac Kūmānu means the guardianship, protection, care and upkeep of our stakeholders' natural and built environments.

Our Vision is to enhance New Zealand's environment for community wellbeing. Our Mission is to work with Kaitiaki of natural and built environments, providing expertise from advice to delivery. We will continue to develop and grow our iwi engagement strategy, to build stronger relationships and unlock opportunities for Nelmac Kūmānu growth and for iwi participation.

To achieve our Vision, Mission and Objectives below, Nelmac Kūmānu lives by the following Values:

- **Respect** | Kūmānu te Tāngata
- **Responsibility** | Kūmānu te Mahi
- **Guardianship** | Kūmānu te Taiao

Nelmac Kūmānu's Objectives are to:

- Improve Our Core Business**
- Protect & Develop our People**
- Enhance our Environment**



2.0 Performance Measures

Objective Area	Goal	Measures	Timeframe
Quality of Service	Maintain AS/NZS ISO 9001 Quality Accreditation	ISO 9001 Accredited	June 2023
	Understand and strive to improve customer satisfaction	2022/23 Pulse Survey for NCC Contract Managers - improving on Net Promoter score of- 27	June 2023
	Improve on 2019 Pulse Survey	2023/24 Customer Satisfaction Survey for all Nelmac Kūmānu Customers - improving on 2019/20 score of 5.53 out of 7	June 2024
Sustainability & Community	Reporting of planned initiatives and impact on reducing carbon emissions	Carbon emissions included in annual report and compared against 2020 baseline (normalised against revenue)	June 2023
	Reduced carbon emissions year-on-year (adjusted for COVID)	Reduce carbon emissions compared with 2022 (normalised against revenue) 2021 = 2.99t per \$100k Revenue	June 2023
		25% carbon reduction by 2025 compared to 2020 (normalised against revenue)	June 2025
	Support community organisations/initiatives	Financial or in-kind contributions equivalent to 5% of net profit after tax	June 2023
People & Safety	Employee turnover comparable to industry average	Employee turnover within 5% of the national industry average	June 2023
	Reduce average TRIFR	TRIFR reduction from 12 to under 10	June 2023
	Maintain ISO 45001 accreditation for Health & Safety	ISO 45001 accredited	June 2023
Non-shareholder Business	Profitable growth in non-NCC work	Profitable year on year growth in non-NCC work 2022 to 2023	June 2023
Equity Ratios	Return on Equity is at or above industry benchmarks	EBIT Return on Capital	June 2023
	Bank Debt to Equity Ratio within acceptable risk tolerance	Bank Debt to Equity at or below 55%	June 2023



3.0 Statement of Performance

STATEMENT OF FINANCIAL PERFORMANCE		
Actual for the six months to	31 DEC 2022	31 DEC 2021
NCC Revenue	19,626,300	11,832,742
Non-NCC Revenue	7,759,757	9,011,685
Total Revenue	27,386,057	20,844,427
Operating Expenditure	26,897,505	20,739,788
Profit Before Subvention Payments & Tax	488,552	104,639



4.0 Position

STATEMENT OF FINANCIAL POSITION		
	31 DEC 2022	31 DEC 2021
Equity		
Share Capital	2,000,000	2,000,000
Retained Earnings	8,119,912	7,479,783
Asset Revaluation	2,045,000	1,080,000
Total Equity	12,164,912	10,559,783
Represented by		
Current Assets	8,020,504	7,115,745
Less Current Liabilities*	5,726,886	8,195,216
Working Capital	2,293,618	-1,079,471
Fixed Assets & Investments	14,120,903	12,047,927
Right to use Assets	777,419	1,005,975
Provision for Deferred Taxation	46,724	71,427
Less Term Bank Debt*	4,282,574	494,419
Less Lease Liabilities	791,178	991,656
Net Assets	12,164,912	10,559,783

*Change in accounting treatment of the \$3.5M Debt Facility from Current (Dec 2021) to Non-Current (Dec 2022) Liabilities to reflect the nature of the facility.

5.0 Cash

STATEMENT OF MOVEMENT IN CASH		
Actual for the six months to	31 DEC 2022	31 DEC 2021
Net Cashflows from Operating Activities	1,755,091	1,188,547
Net Cashflows for Investing Activities	-2,034,364	-680,264
Net Cashflows from Financing Activities		
Cash provided from/(applied to) Borrowings	-371,660	-91,317
Cash applied to Dividends paid	-	-
Net Movement in Funds	-650,933	416,966
Plus Opening Cash	1,777,151	1,317,683
Closing Cash Balance	1,126,218	1,734,649





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