



Citycare Group

2025

Annual Report

Welcome to the Citycare Group Integrated Report for the 2024/25 financial year.

Our Group comprises a portfolio of four businesses: Apex Water, Citycare Property, Citycare Water and Spencers. Together, we deliver facilities management, maintenance, and project services to a wide range of customers, including local and central government agencies.

At the heart of everything we do are our people and the communities we serve.

We're proud to share highlights from the 2024/25 year and present our consolidated financial performance.

Nau mai, tauti mai ki te Pūrongo kotahi a Citycare i te tau pūtea 2024/2025.

E hanga ana Tō Mātou Rōpū i ngā pakihi e whā: Apex Water, Citycare Property, Citycare Water, me Spencers. He pakihi ratonga whakahaere whare, pupuri whare, me ngā ratonga kaupapa maha ki nga kaihoko, ā, ko ngā kaunihera ā-rohe me ngā tari kāwanatanga.

Kei te pū o te manawa i ā mātou mahi katoa ko ngā tāngata me ngā hapori ka tautokohia.

E poho kererū ana mātou ki te tīpako i ngā kaupapa whakahirahira mai i te tau 2024/25 me te whakaatu hoki i ngā hua ahumoni i whakatutukihia.

Nau mai, haere mai

KIA ORA KOUTOU.

Contents

Integrated Reporting

The Citycare Group continues to embed the Integrated Reporting Framework, which brings together financial and non-financial data to improve transparency, support integrated thinking, and enhance long-term value creation. Our reporting remains focused on the four capitals:

- Human and Intellectual | Ngā Rawa Tāngata;
- Social and Relationships | Hononga Pāpori;
- Natural | Rawa Taiao; and
- Financial | Tahua.

We believe this framework fosters integrated thinking within Citycare Group, encouraging value creation across all four capitals. This approach supports better decision-making and long-term sustainable development for our organisation and the communities we operate in throughout Aotearoa, New Zealand.

This reporting framework has also been implemented by our shareholder Christchurch City Holdings Limited (CCHL) and is the standard across the CCHL group.

We have used the United Nations Sustainable Development Goals (UN SDGs) as a reference framework to assess sustainability, social and economic goals. The UN SDGs have guided our Environmental, Social and Governance (ESG) Strategic Framework and through a process of review we have identified which of the seventeen SDGs have the closest synergies to our strategic goals. Our reporting will mature as we continue to focus on all four capitals and how we manage them, measure our performance against targets, improve our data collection and collectively enable quantification of our value creation over time.

OUR CAPITALS

HUMAN AND INTELLECTUAL
NGĀ RAWA TĀNGATA

The leadership and culture we provide for our people fosters diversity, equality, inclusion and belonging.

SOCIAL AND RELATIONSHIPS
HONONGA PĀPORI

We contribute to the delivery of social outcomes for our communities and mana whenua by building relationships, honouring Te Tiriti o Waitangi, and focusing on health, safety and wellbeing.

NATURAL
RAWA TAIAO

We contribute to the delivery of climate and biodiversity benefits for our communities through waste reduction, climate risk mitigation and environmental governance.

FINANCIAL
TAHUA

We generate financial returns and economic benefits for our shareholder.

Governance

Citycare's Board of Directors (the Board) sets strategic direction, approves budgets, and monitors performance of the Citycare Group. The Citycare Group consists of four businesses, Apex Water, Citycare Property, Citycare Water and Spencers. During the year, City Care Ltd acquired the remaining 25% shareholding of Apex Water, becoming the sole shareholder.

The Board's focus is on improving profitability, enhancing customer relationships, and building a stronger sustainability footprint, through delivery against strategic priorities. This aligns closely with our shareholder's purpose which is to make a positive difference to the community by ensuring the city's major investments provide commercial returns and, at the same time, provide leadership in the areas that matter to the wellbeing of our residents and environment.

The Board does this by setting the strategic direction and context and focusing on issues critical for their successful execution. The role and responsibilities of the Board are formalised in the Board Charter, which is reviewed periodically, and which ensures high standards of corporate governance are maintained.

The Board functions in an open and constructive manner, adhering to its guiding principles while acknowledging that differing opinions can provide valuable insights and lead to more informed Governance decisions. This approach, coupled with the Directors' commitment to actively engage in a candid and constructive way, ensures that each member contributes their unique knowledge, skills and expertise to the Board.

Several of the Board's responsibilities are delegated to Board Committees. The Board has three formally constituted committees: the Risk, Audit and Finance Committee, the Health and Safety Committee, and the People and Culture Committee. These committees all have Board approved Terms of Reference outlining the committees' authority, duties, responsibilities and relationship with the Board. Further information is available in the Corporate Governance Statement across pages 74–76.

The Board consists of an independent Chair and five independent non-executive Directors, with a maximum of seven Directors.

The Chair leads the Board and interfaces with the executive leaders of the Citycare Group, namely the Chief Executives (CE) of Property, Water and Spencers, the General Manager (GM) of Apex Water, and the Citycare Group Chief Financial Officer (CFO). None of these individuals are members of the Board.

The four businesses submit monthly updates to the Board, with the Board rotating its in-depth focus of the businesses throughout the year.

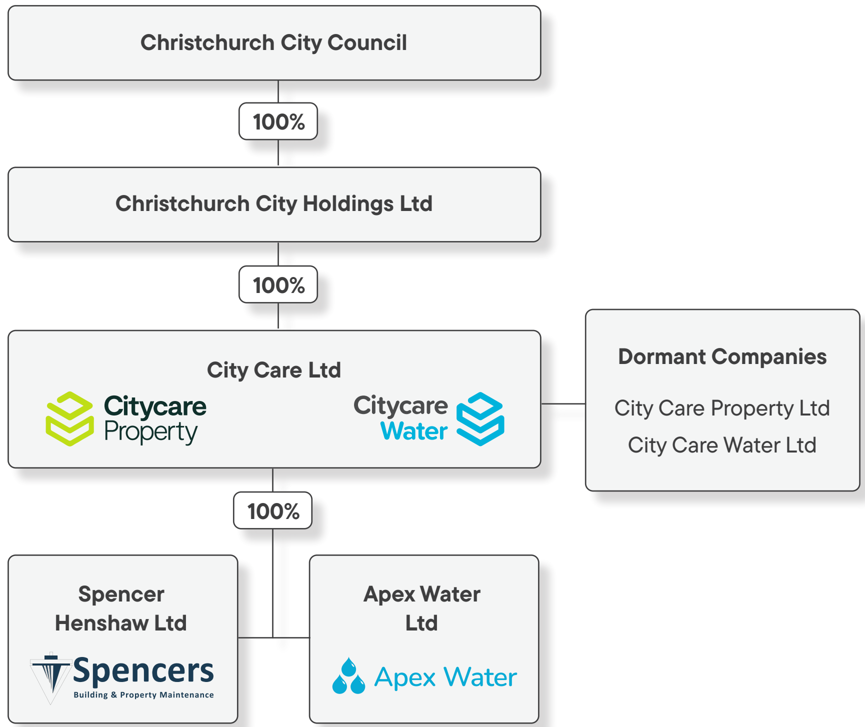
The Board has also appointed statutory Boards for both of City Care Ltd's subsidiary companies. The subsidiary Boards are responsible for the corporate governance of the respective subsidiary and are subject to their own Terms of Reference. The CE of Spencers and the GM of Apex Water report to the Chair of their respective subsidiary Board.

Apex Water Board

The Apex Water Board consists of one City Care Ltd non-executive Director and two members from Citycare – the CE of Water and the Citycare Group CFO.

Spencers Board

The Spencers Board consists of two City Care Ltd non-executive Directors and the Citycare Group CFO.



Our Business Landscape

Apex Water

Apex Water specialises in the design and build of water and wastewater treatment plants within both the local government and commercial.

CitycareProperty

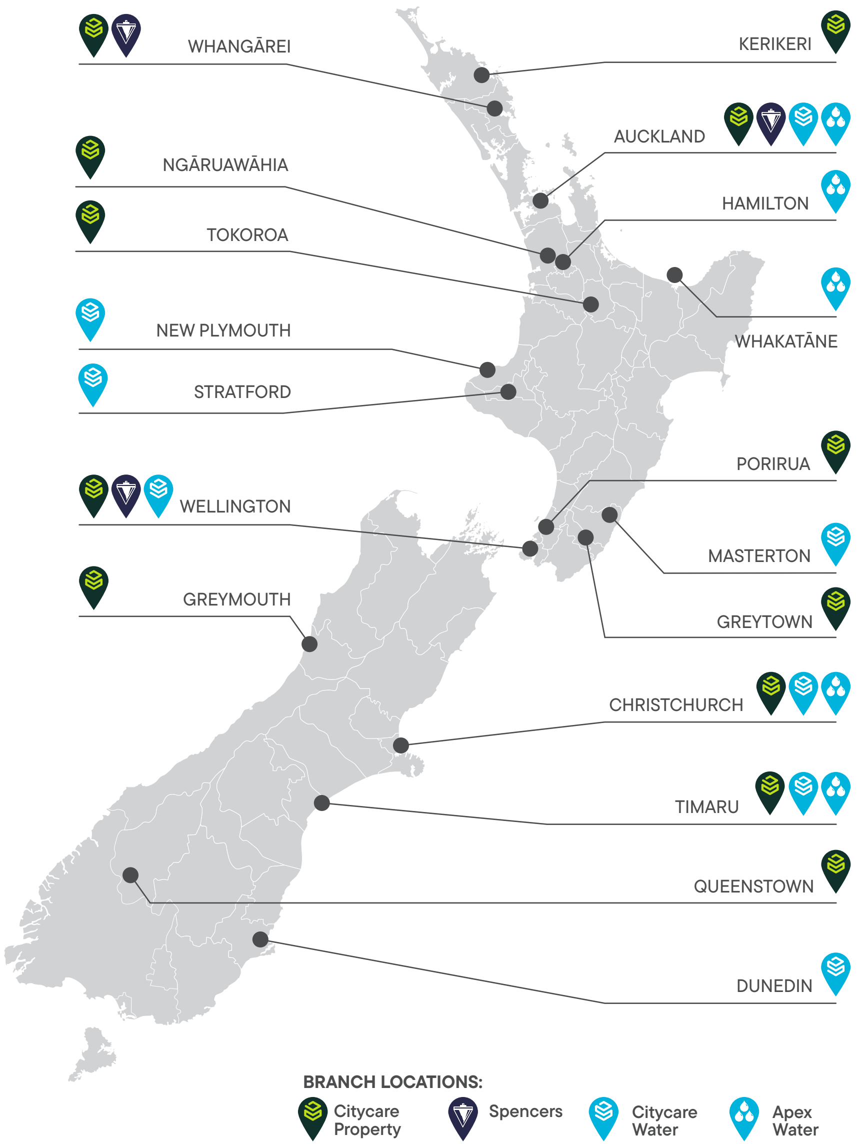
Citycare Property provides a range of social infrastructure services, including facilities management, open space maintenance and construction works to central and local government.

Citycare Water

Citycare Water provides three waters maintenance, construction and digital services that support our customers to deliver safe drinking water and environmentally sound wastewater and stormwater services.

Spencers
Building & Property Maintenance

Spencers provides a range of property repair, maintenance and upgrade services within the social housing sector.



Citycare Group Chair's Report

I am proud to report that for the third successive year, all four Citycare businesses—Apex Water, Citycare Property, Citycare Water and Spencers – have delivered profits in excess of budget. This consistent strength in performance has been delivered in the face of external challenges that have intensified during the financial year. The primary focus remains creating shareholder value, having added more than $100m of shareholder value in the past five years.

Our businesses have earned a solid market position across multiple sectors and have proven adaptable to deliver, grow, and succeed. These results are especially pleasing given our challenging operating environment shaped by global pressures and significant shifts at both central and local government levels. Navigating international uncertainty, evolving policy settings and significant customer transformations have required all four businesses to demonstrate agility and resilience throughout the year.

Apex Water has also expanded its customer base in response to increasing demand for more secure and reliable drinking water systems. Its continued success in designing and building bespoke water and wastewater treatment plants has played a key role in this growth.

Citycare Property secured several key contracts this year, including the facilities management contract for Queenstown Lakes District Council and open space maintenance contracts with both Far North District Council and Porirua City Council. The team also successfully "bedded in" the national NZ Police facilities management contract — an important contract win secured in late 2023 that has since showcased Citycare Property's capability and excellence in facilities management delivery.

Citycare Water has maintained a strong position in a sector marked by ongoing uncertainty. The business continues to prioritise innovation and growth, positioning itself well for the future, particularly in the context of Local Water Done Well. We were pleased to be awarded a new contract with Thames Coromandel District Council, a testament to Citycare Water's strength and credibility in a sector that is opening up after a static period.

Spencers has continued its steady growth trajectory, directly supporting the Group's ability to repay debt. This growth has occurred despite a period of significant transformation for its key customer, Kāinga Ora. In anticipation of lower volumes in 2025/26, Spencers has proactively restructured the business to ensure a strategic and sustainable response. Spencers maintains a strong relationship with Kāinga Ora and continues to deliver an excellent standard of KPI performance across all contracts.

The Group has continued to strengthen our integrated reporting approach, with clear links to our Statement of Intent (SOI), providing our stakeholders with a transparent and comprehensive view of how each business creates value and drives performance. By combining financial and non-financial reporting across our four capitals, we offer a clear picture of how the Group is managing its resources, delivering on strategic objectives and positioning for long-term, sustainable growth. As part of our commitment to sustainability, we are actively working to reduce our greenhouse gas emissions. This includes a policy to no longer purchase pure internal combustion engine (ICE) vehicles, except in rare cases where no suitable alternatives exist in the market.

While the Citycare Group comprises four distinct business units—each uniquely positioned to meet the specific needs and expectations of their sector and customers—they are united by a shared commitment to delivering maintenance and capital works expertise that creates tangible value both for customers and the communities they serve. Throughout the 2024/25 financial year, each business has continued to uphold a strong record of performance excellence, reinforcing the Group's reputation for reliability, capability, and service quality.

On behalf of the Board, I want to express my appreciation to our three Chief Executives—Peter Lord, Tim Gibson and Murray Stevenson—and to Andrew Paton, General Manager of Apex Water and Chris Horn, Group CFO, for their outstanding leadership and commitment. Their proactive and strategic approach to managing our businesses has been integral to our success.

This year the Board farewelled Mark Todd and welcomed Tom Nickels to the table and I want to conclude by thanking my fellow board members for their contribution.

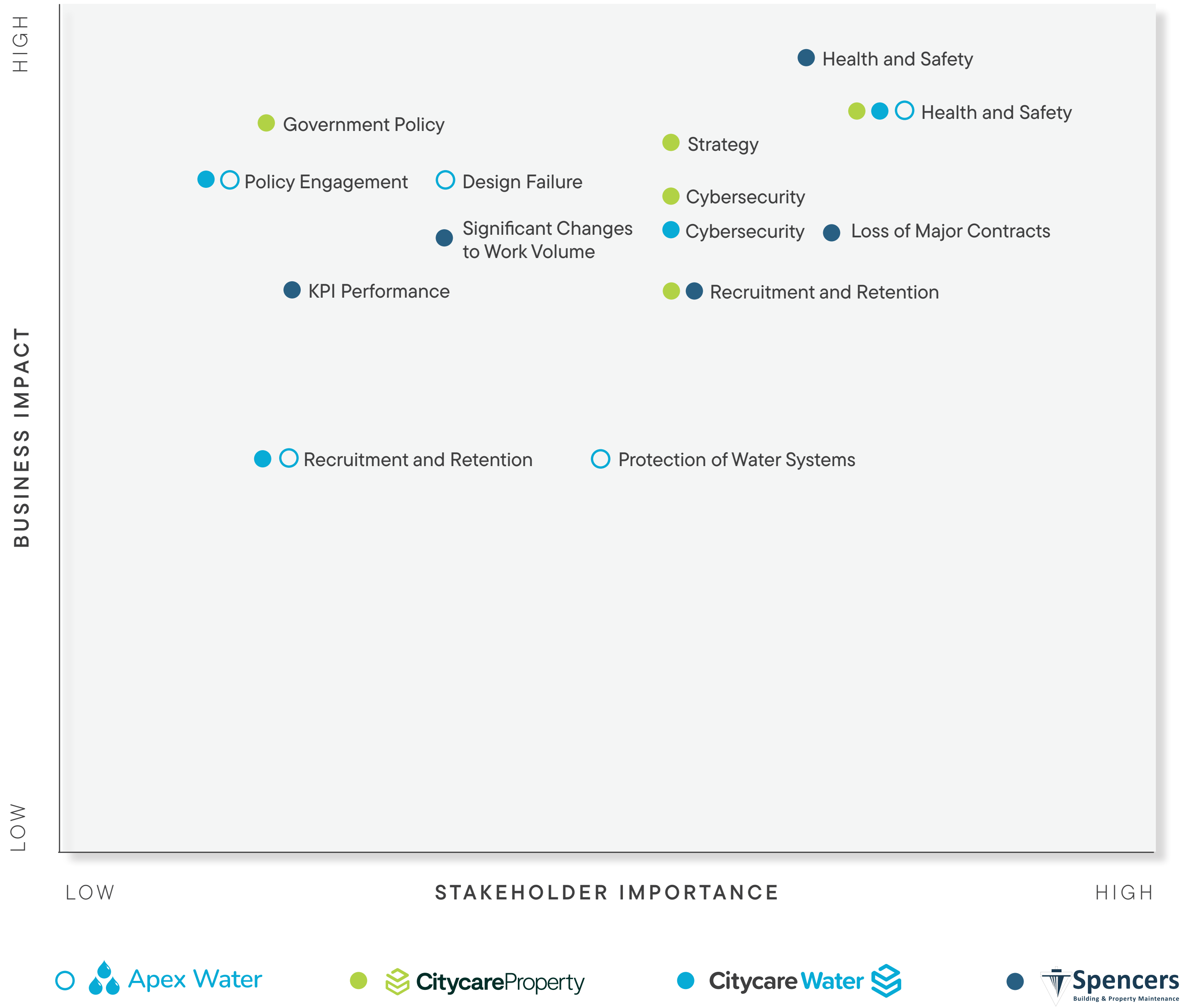
BRYAN JAMISON
CHAIR CITYCARE GROUP

Materiality Assessment

A materiality assessment provides a structured methodology to identify the issues that our shareholder, customers, suppliers, regulators, communities, employees and people care about, and that matter most to our businesses. Use of this tool has helped the Citycare Group confirm, review and future proof our strategies.

We have taken the top five material topics for each business and plotted them according to business impact and stakeholder importance.

The materiality topics are explored further within each businesses' section on pages 13, 20, 27 and 34, including the relevant risks and the associated risk mitigation.



Apex Water

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Strategy

ABOUT APEX WATER - *MŌ MĀTOU*

Apex Water is an Engineering, Procurement and Construction (EPC) business operating across Aotearoa, New Zealand. Apex specialises in designing and constructing water and wastewater treatment plants, ensuring communities are provided with safe drinking water and that wastewater discharges into our environment are sustainable and culturally appropriate.

VALUES - *Ō MĀTOU UARA*

- **BOLD**
  We think big, act decisively and lead with confidence. We challenge the status quo, embrace new ideas and push boundaries to create better outcomes for our clients and communities.
- **PASSIONATE**
  We care deeply about what we do — for our people, our clients and the planet. Our drive for excellence is fuelled by a commitment to sustainability, innovation and doing work that matters.
- **TRUSTWORTHY**
  We do what we say, and we own what we do. Honesty, integrity and consistency shape our relationships — within the team and with those we serve.
- **PROTECT WHAT MATTERS**
  We protect the things that matter most — our environment, our communities and our people. Health, safety and wellbeing are non-negotiable. We build systems that last and make a positive impact.

MISSION - *WHAKATAKANGA*

Our mission is "Safe Water by Design". We are committed to guaranteeing environmental performance in water and wastewater treatment.

NATURE AND SCOPE OF ACTIVITIES - *TE ĀHUA O NGĀ MAHI*

Apex Water designs and constructs water and wastewater treatment systems for local authorities, developers and industrial clients across Aotearoa, New Zealand. Apex provides advisory services to inform plant optimisation and to make recommendations about future upgrades. Apex also offers plant operation and maintenance services and supplies a range of products to support project delivery.

General Manager's Report

The 2024/25 year has been another period of strong growth for Apex Water. We have continued to expand our presence across the regions we serve, delivering high-quality water and wastewater infrastructure that not only strengthens local networks but does so with a focus on cost efficiency and long-term value.

These projects meet stakeholder expectations and further enhance Apex Water's reputation as a market-leading design and build contractor in Aotearoa, New Zealand. At the same time, the wider sector has faced ongoing reform, funding constraints, and the proposed transition toward council-controlled organisations (COO)—all adding further complexity to an already challenging environment. Through it all, Apex Water has remained focused, stable and successful. We've responded to growth not just by increasing our delivery capacity, but by maturing how we operate—strengthening internal systems, achieving ISO 9001 accreditation for quality, and embedding a more integrated, future-ready approach throughout the organisation. I want to acknowledge the exceptional commitment of our team, the guidance of our Board and the strong support we've received from our many partners. The progress we've made this year is a shared success.

A key highlight of the year has been the successful delivery of several major infrastructure projects. One of the most significant is the Raglan Wastewater Treatment Plant, delivered in partnership with Watercare Services Ltd on behalf of Waikato District Council. This is one of the most advanced plants of its kind in the country, combining MABR (Membrane Aerated Biofilm Reactor) and MBR (Membrane Bioreactor) technologies to deliver exceptional levels of nutrient and solids removal. Designed to meet tight discharge consent conditions while remaining energy efficient, Raglan's new plant sets a new benchmark for regional wastewater performance. It also reflects a strong partnership across multiple stakeholders—technical, cultural, and operational.

In the Bay of Plenty, we completed the upgrade to the Katikati Wastewater Treatment Plant. The upgrade introduced (MBBR) Moving Bed Biofilm Reactor technology, boosting the plant's capacity and improving treatment efficiency while supporting future growth. This work, paired with critical upgrades to the water treatment plants at Athenree and Wharawhara, helped strengthen safe water supply and compliance in rapidly growing areas. Across all three sites, we worked closely with our partners and Western Bay of Plenty District Council to deliver solutions that were not only fit for purpose but provide for the future.

Alongside delivery, we continued to invest in operational maturity. A major milestone this year was Apex Water achieving ISO 9001 accreditation for quality management systems—complementing our existing ISO 14001 (environmental management) and ISO 45001 (occupational health and safety) certifications.

Apex Water delivered another strong financial performance this year. This result reflects solid project execution, stable contract relationships and strong cost control. But more importantly, it provides the foundation for continued investment in our people, our systems and the communities we serve—each of which is central to our long-term value proposition.

Investment in people has remained a clear priority at Apex. With sustained growth through 2024/25, we've expanded our workforce by 25%—bringing in new capability while continuing to support and develop our existing team. Health, safety, and wellbeing remain central to our culture. This year, we introduced several new initiatives, including mental health awareness training both for operational and office-based staff, access to Employee Assistance Programme services, and the training of several staff members as certified mental health first aiders. These team members now provide frontline support across the business, offering a safe, confidential point of contact when needed.

We also sought input directly from our people, particularly those working in the field, as to how we can better manage their wellbeing. Feedback from staff meetings and site-based teams has been overwhelmingly positive—but it has also highlighted some of the challenges associated

General Manager's Report cont...

with construction delivery, including extended periods away from home. In response, Apex Water has trialled a nine-day fortnight model across several teams. Early results are promising staff engagement has increased, productivity has remained steady, and teams are reporting greater cohesion and overall wellbeing. Apex management will be looking to follow up on these trials in the coming financial year.

From a sustainability perspective, we've continued to reduce our environmental footprint through practical, measurable actions. We've optimised vehicle movements and transitioned our entire fleet to hybrid or electric vehicles, lowering emissions across our operations.

We've remained active in supporting community-based sustainability initiatives that raise awareness, encourage future talent into the sector and strengthen understanding of water resilience at a grassroots level. These partnerships are a key part of how we give back, while helping to build a stronger, more informed water future for Aotearoa, New Zealand.

Looking ahead, the momentum around sector reform will continue to build. The formation of new COOs offers a rare opportunity to reset the way water services are delivered across Aotearoa, New Zealand. Done well, it could lift performance, improve affordability and embed greater accountability to communities for water and wastewater services.

To all the staff at Apex, thank you. The care, skill and pride you bring to your work every day is what makes Apex Water what it is. To our many partners, thank you for your trust, collaboration and shared ambition. And to the communities we serve, we are proud to stand behind the treatment systems that support your lives. We're excited for what comes next, and confident that we are well prepared to meet it.

ANDREW PATON
GENERAL MANAGER APEX WATER

Materiality Topics and Management of Risk

MATERIALITY TOPIC	POLICY ENGAGEMENT	DESIGN FAILURE	RECRUITMENT AND RETENTION	PROTECTION OF WATER SYSTEMS	HEALTH AND SAFETY
Risk	**High** Change in the water industry that could impact Apex Water's core purpose, operating model and financial stability.	**High** Plant design does not meet performance requirements and/or fails resulting in unauthorised discharge into the environment or unsafe water supplied to consumers.	**Moderate** Inability to attract and/or retain key staff compromising service levels and reducing speed of growth.	**Moderate** Environmental incident during the construction of new treatment plants. Poor performance or breach of consent for completed treatment plant.	**High** Failure to maintain a safe and healthy working environment could result in harm to our people or members of the public.
Risk Mitigation	Monitoring developments through water industry groups and keeping up to date with central government initiatives. Maintaining key relationships within the water industry. Maintaining focus outside of local authorities.	In-house design team including industry experts. Use of our design library and tools in accordance with ISO 9001 procedures. Experience and proven track record, backed by the support of globally recognised suppliers.	Focus on training and development for all staff. Expansion of employee benefits. Strengthening relationship with tertiary institutes for graduate attraction.	Robust quality and management systems in place in accordance with ISO 9001 and 14001. Maintain high levels of in-house technical expertise.	Robust H&S management in accordance with ISO 45001. Focus on planning and reporting of critical risk activities. Encourage staff to report all incidents and near misses.

Value Creation Model

CAPITALS | **INPUTS** | **WHAT WE DO** | **OUTCOMES**

HUMAN AND INTELLECTUAL CAPITAL

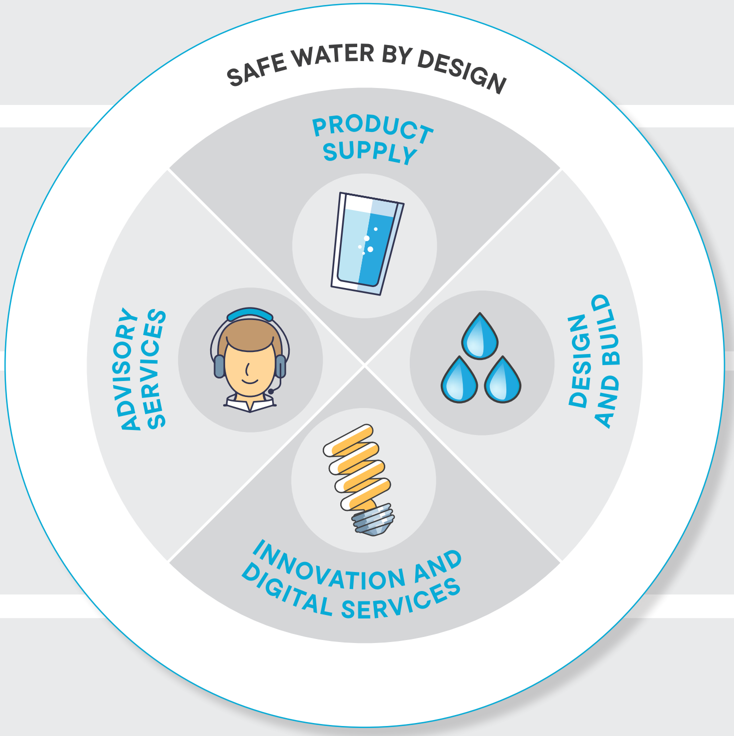
- People Development and Capability Building
- Remuneration and Employee Benefits
- Diversity, Equality and Inclusion

Employer of choice
Fostering and inclusive workplace where all individuals feel a sense of belonging and are empowered to contribute toward building a stronger, united community.

SOCIAL AND RELATIONSHIPS CAPITAL

- Health and Safety
- Customer and Community
- Te Tiriti o Waitangi
- People and Partners

Customer and Community initiatives
Maintain a strong commitment to ensuring the safety of our people, delivering exceptional value to our customers, fostering robust relationships, and collaborating with mana whenua to achieve mutually beneficial outcomes.



NATURAL CAPITAL

- Climate and Emission Targets
- Responsible Sourcing
- Waste Minimisation

Environmental Sustainability
Acting sustainably delivering safe water to our clients and ensuring wastewater discharges are sustainable and culturally appropriate.

FINANCIAL CAPITAL

- Corporate Governance
- Return on Invested Capital
- Sustainable Financial Performance
- Ethical Procurement

Shareholder Value
Sustainable profitability: Achieving profitable and sustainable growth to provide robust financial returns for our shareholder.

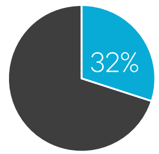
FY2024/25 Performance Metrics

Human and Intellectual | *Ngā Rawa Tāngata*

Apex Water will continue to build a culture of diversity, equity and inclusion to support our vision and values. We remain focused on ensuring our people are trained, kept safe and have room to grow within their roles.

+44

Staff engagement eNPS: +44



32% of our team members come from culturally diverse backgrounds

Male 72% and Female 28%

Social and Relationships | *Hononga Pāpori*

We are committed to the ongoing enhancement of our project delivery and safety practices, the integration of the principles of Te Tiriti o Waitangi and to actively engaging with project stakeholders who are central to our mission.

Concordia H&S survey score 74%

+69

NPS: +69

Proud supporter of the Wonder Project (wonderproject.nz)

Natural | *Rawa Taiao*

The safety of community water supplies and protection of our natural environment from wastewater discharges is at the heart of what we do.

Decreasing average fuel consumption per Apex vehicle

5 Treatment plants under successful operation

10+ Treatment plants constructed and brought into service

CitycareProperty

03

Strategy

OUR PURPOSE - *TŌ MĀTOU KAUPAPA*

Enhance the wellbeing of our communities.
Te Whakamarohi i ō Mātou Hapori.

VALUES - *Ō MĀTOU UARA*

We Discover - Ka Tūhuratia Mātou

We Deliver - Ka Puakina Mātou

We Care - Ka Kumanutia Mātou

OUR STRATEGY - *RAUTAKI*

Citycare Property creates value for our customers, people, shareholder and the wider community through five key strategic priorities. We call these our “High 5” and they include:

- We are for Social Infrastructure
- We are a Good Kiwi Company
- People and Their Safety are at the Heart of Everything we Do
- We Deliver a World-Class Service
- We Build, Operate, Maintain and Renew

ABOUT CITYCARE PROPERTY - *MŌ MĀTOU*

Citycare Property is a nationwide business that employs over 700 kaimahi at 12 locations throughout Aotearoa, New Zealand.

- We are a Good Kiwi Company, which delivers a World Class Service.
- We put People and their Safety at the Heart of everything we do.
- We honour our purpose by providing facilities and open space maintenance and management services across the Social Infrastructure environment in Aotearoa, New Zealand. In building, maintaining, operating, and renewing social infrastructure assets.
- We are proudly trusted partners for local and central government and a range of other public and private customers.

NATURE AND SCOPE OF ACTIVITIES -*TE ĀHUA O NGĀ MAHI*

Citycare Property provides build, operate, maintain, and renew services across Aotearoa, New Zealand’s social infrastructure assets. Citycare Property delivers asset and facilities management, property maintenance and trade services, open space, and parks maintenance, building construction and capital works including landscapes as well as project and asset management services. The current area of operations is solely in Aotearoa, New Zealand, and our Aotearoa, New Zealand ownership is a unique selling point amongst our competitors which are largely owned internationally.

Chief Executive's Report

Delivering consistent, sustainable growth for our shareholder remains central to our business operations. Over the past year, we've strategically navigated a challenging environment to strengthen our operations—ensuring excellence in current contract delivery while enhancing our competitiveness to take advantage of new opportunities.

Notably, we secured the facilities management contract with Queenstown Lakes District Council and open space maintenance contracts with Far North District Council and Porirua City Council — three significant achievements that underscore our ability to deliver at scale and with impact. To support these contracts and embed our services locally, we established new depots in Queenstown, Kerikeri and Porirua.

Three of our long-standing clients reaffirmed their confidence in us this year by awarding significant new contracts for additional work. The Department of Conservation has engaged us to deliver remediation services across its national commercial portfolio throughout Aotearoa, New Zealand. Kāinga Ora has expanded our scope to include projects in Nelson, Dunedin and Invercargill—complementing our existing portfolio in Wellington and Porirua. In addition, we secured the contract to manage the newly completed Department of Internal Affairs Archives (DIA) facility, Te Rua, in Wellington.

Across all projects, we maintain a strong focus on engaging local subcontractors alongside our in-house teams. This approach builds regional capacity, strengthens local economies, and fosters enduring partnerships within the communities we serve.

This year has also been a year of bedding in our national facilities management contract with New Zealand Police. We have built a strong and professional team to ensure effective delivery, and the strength of the partnership is evident in the consistent performance outcomes, positive stakeholder feedback and the seamless coordination between our team and police personnel.

We have reshaped our business structure to align more closely with our required operating environment and to sharpen our focus on the areas that matter most. As part of this, we appointed Lee Gardiner as Chief Operating Officer to strengthen leadership and execution across the board. We also reorganised our People and Culture team to better support our talent and evolving workforce needs, and established a dedicated Safety, Risk and Resilience group to build a more robust and future-ready organisation.

We're always looking for ways to use technology and improve how we work. One example is our facilities management contract with DIA for National Archives, which houses many of the nation's taonga. This state-of-the-art building is the first in Aotearoa, New Zealand to use "Twin View"— a smart 3D tool that brings together building information and systems in one place. It gives us real-time insights that help us run things more smoothly. This leads to better maintenance, smarter use of space, improved building performance and enhanced long-term asset management.

Health and Safety of our people continues to be at the heart of our business and a priority for us. We have completed the third year of a deliberate three-year strategy to enhance the maturity of our safety culture, and we continue to make good progress. We have identified and communicated our critical risks and advanced the level of controls and checks for each of these. Our leaders are more visible in the field, and we continue to respond to and learn from incidents. We are seeing a lift in our safety culture, as acknowledged by Concordia, an independent verifier.

Chief Executive's Report cont...

A big focus for People and Culture this year has been simplifying and strengthening our core people processes through Dayforce, our new human resources information system. We ran all performance reviews, engagement surveys, and remuneration reviews through Dayforce this year—saving time, reducing administration, and giving leaders better insights. We've embedded our leadership behaviours into these processes, supporting a lift in leadership through Te Mana Tangata, our leadership development programme. Alongside this, we've continued to grow our commitment to Diversity, Equity, Inclusion and Belonging, including holding our second Wāhine Summit and becoming a Pride Pledge organisation, and we've deepened our focus on Te Ao Māori, helping build a more inclusive, capable and connected workplace.

I want to conclude by thanking the Citycare Property kaimahi for all their work over the past twelve months. The pride that you take in your delivery reflects the broader organisational objectives. Thank you.

PETER LORD
CE CITYCARE PROPERTY

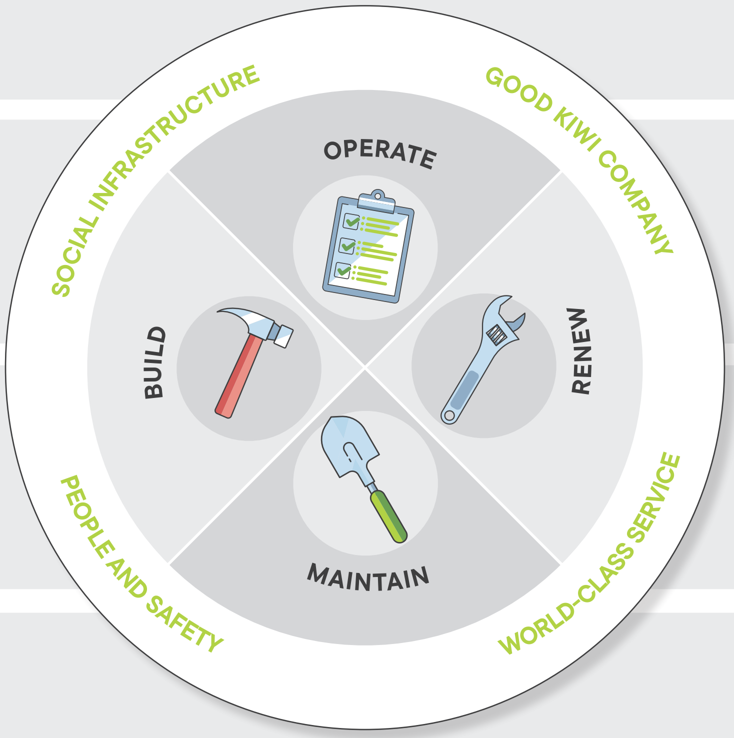
Materiality Topics and Managing Risk

MATERIALITY TOPIC	GOVERNMENT POLICY	HEALTH AND SAFETY	STRATEGY	RECRUITMENT AND RETENTION	CYBERSECURITY
Risk	**High** Impact of current government, in particular reducing spending by our key customers in local and central government.	**High** Our employees or partners are harmed and/or work in unsafe environments that impact their long-term health and safety.	**High** Customers reprioritise spend to other infrastructure or bring services in house, resulting in fewer growth opportunities aligned to our strategy.	**High** Inability to attract and retain key staff, compromising service levels and reducing speed of change.	**High** Cybersecurity incident resulting in loss of sensitive data and lack of access to systems. Could result in inability to deliver operational services and/or a leak of confidential data, including customer and supplier data.
Risk Mitigation	The Citycare Property strategy is founded on diversification across social infrastructure sectors, and the extension of the average term of the contract book. Further mitigation is achieved by continually outperforming contract KPIs and building strong customer relationships.	We use a strong safety culture approach to managing safety risk and have implemented additional controls to further mitigate critical risks.	Citycare Property has a strategy to diversify our customer base, and services provided across social infrastructure.	There are multiple cultural change initiatives in place including Leadership and Diversity, Equity, Inclusion and Belonging. Focus on retention and development plan for key individuals. Focus on culture shift to increase employee engagement, decrease churn, and and increase attraction of people to our workplace corporate brand.	Levels of technology security are regularly reviewed. Penetration testing is conducted regularly by external experts. Regular staff education takes place to increase awareness of phishing, ransomware, AI and related security topics.

Value Creation Model

CAPITALS	INPUTS	OUTCOMES
HUMAN AND INTELLECTUAL CAPITAL	• Leadership • Culture • DEIB Programme • Remuneration	**Engaged People** Attracting, nurturing and retaining high performing kaimahi from the communities we serve, who feel they are treated fairly and belong in the Citycare Property whānau.
SOCIAL AND RELATIONSHIPS CAPITAL	• Health, Safety & Wellbeing • Honouring Te Tiriti o Waitangi • Thriving Local Communities • Partnerships with Community	**Enhancing our Communities** Working with mana whenua and other community groups to educate and activate positive events, supporting local suppliers and businesses, while keeping our people safe.
NATURAL CAPITAL	• Carbon Emissions Reduction • Waste Minimisation • Climate Risk Mitigation • Environmental Governance	**Working Sustainably** Transforming our operations to provide a world-class service that is resilient to the changing climate, while reducing our carbon emissions and landfill waste.
FINANCIAL CAPITAL	• Corporate Governance • Sustainable Financial Performance • World Class Service • Ethical Procurement • Return on Invested Capital	**Financial Returns** Delivering profitable and sustainable growth to generate a strong financial return for our shareholder.

WHAT WE DO

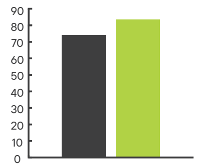


The United Nations Sustainable Development Goals (SDGs) were selected as the reference framework to assess sustainability at Citycare Property. The SDGs not only focus on environmental sustainability, but social and economic goals as well. The UN SDGs have guided our ESG Strategic Framework and through a process of review we have identified our closest synergies with five of the seventeen goals.

FY2024/25 Performance Metrics

Human and Intellectual | *Ngā Rawa Tāngata*

The success of our business relies on people – our own people, our extensive contractor workforce, our customers, our suppliers, and the members of the communities where we work and live. We are a business reliant on, and highly influenced by, relationships, behaviours, and the success of cooperation and collaboration between people.



Employee engagement: 73% to 81%

Women in leadership: 24.2% in 2024 to 27.9% in 2025

Māori / Pasifika in Leadership roles: 18.2

6.4%

Gender pay gap: 6.4%

(national average is 8.4%)

Social and Relationships | *Hononga Pāpori*

Our purpose at Citycare Property is to enhance the wellbeing of our communities. We are committed to contributing to thriving local communities through impactful partnerships and community projects focused on wellbeing, the environment, inclusion, equity and increasing opportunities for community economic development. This is good for our people and good for the places where we live, work and play. People and their safety are at the heart of everything we do.

Customer NPS: 53

3.39

TRIFR score: 3.39

Health and safety reporting levels up 284 from 2024

Heath and safety culture score up by 0.4%

Natural | *Rawa Taiao*

Our role as kaitiaki is strongly reflected in our Environmental, Social and Governance (ESG) strategy which was approved by our Board of Directors in April 2023. The ESG Strategy commits Citycare Property to long term strategic targets across four guiding principles which are aligned to the UN Sustainable Development Goals.

Percentage of low-emission passenger vehicles: 75%

Increase in FY25 absolute Scope 1 & 2 emissions from FY22 base year: 2%.

Diverted 31% of waste from landfill

Plants planted with Ecological and biodiversity benefits: 190,000

04

Strategy

ABOUT CITYCARE WATER *- MŌ MĀTOU*

Citycare Water is a nationwide business that supports our customers to deliver safe drinking water to local communities and to transport, treat and manage wastewater and stormwater in an environmentally sound and culturally appropriate manner.

MISSION *- WHAKATAKANGA*

Citycare Water's Mission is 'to protect and care for the health of our water' - 'tiaki me te tiaki i te hauora o to mātau wai'. Our purpose is 'all communities have access to Safe Water for Life (Wai Ora).

VALUES *- Ō MĀTOU UARA*

Citycare Water's values support and guide the organisation in all our interactions with stakeholders and the communities we work in.

We Discover - Ka Tūhuratia Mātou

We Deliver - Ka Puakina Mātou

We Care - Ka Kumanutia Mātou

We are Safe - Ka Haumaru Mātou

NATURE AND SCOPE OF ACTIVITIES *-TE ĀHUA O NGĀ MAHI*

The Citycare Water sector-led operational delivery model spans the delivery of three waters design, construction and maintenance solutions, asset management and optimisation services, network management and resilience solutions, ensuring a safe and sustainable three waters network.

Chief Executive's Report

Once again, Citycare Water reports a successful year, both financially and in our wider contribution to the communities in which we live and work. Our teams have remained committed to delivering "safe water for life"—the cornerstone of our operations.

This purpose underpins everything we do, from providing safe drinking water and management services in relation to three waters through to ensuring community safety and environmental sustainability. Each of these aspects is a central component of our operations and a driver of our success. Measurement of success is also captured by our customer satisfaction Net Promoter Score and this year that number remained steady at +30. This is an excellent result given the state of uncertainty that our sector currently faces and some of the challenges our customers are managing in terms of budgets and legislative change. Thank you to the team—each of you contributes to this score and that contribution is greatly appreciated.

In terms of more public recognition, Citycare Water Auckland Small Waters Team was proud to be awarded Contractor of the Year by Auckland Council. This award was acknowledgement of 12 near-perfect monthly score cards recorded for the team's work. This is a tangible and very public reflection of that wider commitment to excellence.

In a fast-moving sector, adopting and trialling new technologies is essential. This year, we've delivered several innovations under our "We Discover" value. In Queenstown's Lake Hāwea, our construction team installed new water meters and communication devices integrated with our bespoke management system EventManager2 (EM2). This has enabled near real-time water usage monitoring. In a national first, Citycare Water deployed Resiline, a spray-in-place lining that rehabilitates ageing potable water pipes, improving hydraulic performance and extending asset life by up to fifty years. This represents a major step forward for water infrastructure in Aotearoa, New Zealand and brings significant benefits to our stakeholders.

Our business relies on our people and their health, safety and wellbeing lie at the heart of our operations. Ensuring that every single team member gets home safely every single night of the year is crucial to our operations. It goes without saying that we take a progressive and proactive approach to ensuring safety in our workplace: it is our number one priority. This year we have extended our H&S approach to take into account not just physical safety, but also mental wellbeing. Every Health and Safety team member within our business has undertaken Mental Health First Aid training to give them the skills, knowledge and confidence to assist co-workers when they need support with their mental health. Mental Health first aiders are now embedded in the business.

Our continued success is driven by expanding our contract base and strengthening our presence across Aotearoa, New Zealand. Recent highlights include securing new contracts with Thames-Coromandel District Council and the Auckland Council Small Waters contract for West Auckland.

Citycare Water also won a contract with Tararua District Council to manage and implement Infiltration and Inflow solutions for its wastewater network, as well as deliver any necessary remediation works. In South Canterbury, our Christchurch-based teams completed the first year of a three-year contract for targeted CCTV inspections of the wastewater and stormwater networks in Ashburton and Methven.

We also successfully secured several rollovers of existing major contracts. This continuity is welcome in a sector still facing a degree of uncertainty with the rollout of Local Water Done Well. It is anticipated that next year, when water service delivery plans are formalised, there will be greater stability in the sector.

Chief Executive's Report cont...

Our expertise has been critical during extreme weather events. In both Christchurch and Dunedin, we provided essential pre- and post-storm support, leveraging our deep understanding of flood-prone locations to install temporary infrastructure and mitigate risk.

This year we completed implementation of our new people system Dayforce, unlocking a powerful suite of tools to elevate our people management capabilities. With a full 12-month cycle now complete, we're leveraging its insights to bring greater transparency, agility and cohesion to how we support and engage our teams.

Our Leadership Development Programme has been designed to identify, nurture and grow leadership potential within the organisation. It equips current and emerging leaders with the skills, mindset and tools needed to lead effectively in our dynamic and evolving environment, with the goal of building a pipeline of capable leaders who can drive organisational success and culture into the future.

As part of our broader commitment to diversity, equity and inclusion, we launched the Citycare Water, Women in Water Network—an initiative designed to support and elevate the contribution of women across our organisation and the wider industry.

We remain actively involved in industry leadership with our continued engagement in Water New Zealand. I was honoured to be elected President this year and to contribute to its ongoing advocacy for our sector.

Finally, City Care Ltd is now a 100% owner of Apex Water, a business we have been a majority shareholder in for some time. This new ownership structure adds value to both businesses, given our complementary areas of operation.

To the Citycare Water team, thank you for your commitment and mahi over the past 12 months. Your work makes a real and lasting difference—delivering safe water for life to communities across Aotearoa, New Zealand—you truly are *Our Everyday Heroes*.

TIM GIBSON
CE CITYCARE WATER

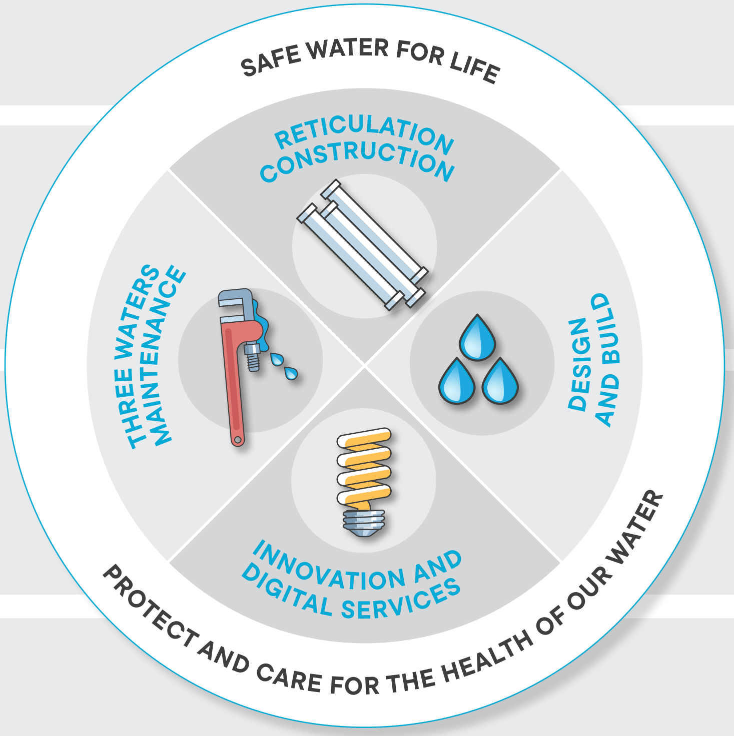
Materiality Topics and Management of Risk

MATERIALITY TOPIC	POLICY ENGAGEMENT	CYBERSECURITY	RECRUITMENT AND RETENTION	PROTECTION OF WATER SYSTEMS	HEALTH AND SAFETY
Risk	**High** Change in the water industry that could impact on Citycare Water's core purpose, operating model and financial stability.	**High** Cybersecurity incident resulting in loss of sensitive data and lack of access to systems. Could result in inability to deliver operational services and/ or a leak of confidential data, including customer and supplier data.	**Moderate** Inability to attract and retain key staff, compromising service levels and reducing speed of change.	**Moderate** Loss or interruption of supply or contamination of a water network that has potential to cause harm during work activities under the scope of our contracts.	**High** Failure to maintain a safe and healthy working environment could result in harm to our people or members of the public.
Risk Mitigation	Monitoring developments through Local Government NZ, water industry groups and keeping up to date on Central Government initiatives. Maintaining key relationships within the water industry.	Levels of technology security regularly reviewed. Penetration testing conducted regularly by external experts. Regular staff education to increase awareness of phishing, ransomware, AI and related security topics.	Focus on training and development with investment in leadership development for key employees. Improvement in turnover statistics.	Robust quality and management systems in place. EventManager2 (EM2) work management system provides industry lead in response to events and asset management.	Multiple cultural change initiatives underway, including promotion of a Fair and Just culture. Implementation of Safety Hub app for reporting and management of events.

Value Creation Model

CAPITALS	INPUTS	OUTCOMES
HUMAN AND INTELLECTUAL CAPITAL	• People Capability • Remuneration • Diversity, Equality and Inclusion	**Employer of choice** Creating an inclusive workplace where everyone feels they belong and can contribute to building a stronger whānau together.
SOCIAL AND RELATIONSHIPS CAPITAL	• Health and Safety • Partnerships with Mana Whenua • Customer and Community Relationships • Te Tiriti o Waitangi	**Customer and Community initiatives** Continuing to place significant value on keeping our people safe and engaging in community programmes. Delivering customer value. Building strong relationships. Partner with mana whenua to achieve shared outcomes.
NATURAL CAPITAL	• People and Partners • Environmental, Social and Governance (ESG) Roadmap • Climate and Emission Targets • Give Effect to Te Mana o Te Wai	**Environmental Sustainability** Acting sustainably through enhancing our environmental performance by embedding sustainable practices across our business. Delivering sustainability education and volunteering support.
FINANCIAL CAPITAL	• Corporate Governance • Return on Invested Capital • Sustainable Financial Performance • Ethical Procurement	**Shareholder Value** Sustainable profitability: Delivering profitable and sustainable growth to generate strong financial returns for our shareholder.

WHAT WE DO



The United Nations Sustainable Development Goals (SDGs) have guided our strategic goals from which we have identified those with the closest synergies with the seventeen SDGs goals.

FY2024/25 Performance Metrics

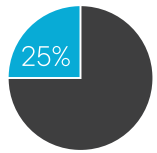
Human and Intellectual | *Ngā Rawa Tāngata*

Citycare Water will continue to build a culture of diversity, equality and inclusion to support the company vision and values. This will include being an employer of choice in the infrastructure space, ensuring our people are trained, kept safe and have room to grow within their roles.

65% field workers in training or have level 3 qualifications

78%

Staff engagement: 78%



Māori/ Pasifika kaimahi in leadership roles: 25%

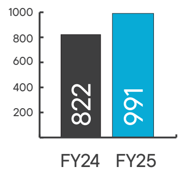
112 Kaimahi in leadership development training

Social and Relationships | *Hononga Pāpori*

Continuous improvement in our operational health and safety. Embedding the principles of Te Tiriti o Waitangi and giving effect to Te Mana o te Wai by engaging meaningfully with mana whenua, are both core to our mission.

94%

Customer satisfaction: 94%



Positive increase in H&S near miss reporting.

64% H&S survey up from 63% in FY24

30

Citycare Water NPS maintained

Natural | *Rawa Taiao*

We are committed to contributing positively to our communities and working in partnerships to value and protect the natural environment. We are focused on addressing climate change, delivering net positive effect on the environment.

tCO_2e

Reduction in FY25 absolute Scope 1 & 2 emissions from FY22 base year: 2%.

Waterways managed: 1,024 kilometres

189,252 native trees planted via Conservation Volunteers

8k+

School students educated through Tread Lightly Charitable Trust: 8k

Spencers

Building & Property Maintenance

05

Strategy

ABOUT SPENCERS – *MŌ MĀTOU*

Spencers mission is to deliver warm, dry, and safe homes for Kiwi families through comprehensive maintenance and refurbishment services tailored to the needs of social housing providers.

With regional hubs in Auckland, Wellington, and Northland, our 180+ dedicated staff, and a trusted network of over 3,300 contractors, carry out more than 200,000 maintenance interventions each year. We proudly support local trades and businesses, strengthening the communities we serve.

Spencers maintains around one-third of New Zealand's social housing stock - over 30,000 homes - ensuring thousands of whānau live in healthier, safer environments.

OUR STRATEGY - *RAUTAKI*

Spencers operates in a specialised space with a proven, focused business model. In a sector where growth opportunities are limited, our strategy is clear: protect and expand our strong market position in social housing maintenance.

To do this, we will:

- Retain our existing contracts by consistently delivering exceptional service and remaining the preferred maintenance partner.
- Grow within our current customer base by identifying and securing additional maintenance and refurbishment opportunities.
- Expand our reach by partnering with other Community Housing Providers across Aotearoa, New Zealand.

OUR PURPOSE AND ACTIVITIES - *KOTAHITANGA*

Spencers is a values-led organisation that thrives on connection - connection with our people, our partners, and our communities. We know that engaged teams drive better outcomes, and we're committed to fostering a positive, inclusive work culture.

We invest in our people and our diverse contractor network, building long-term, trusted relationships that deliver meaningful social impact.

Our reputation for community contribution is well-earned. From grassroots initiatives to large-scale projects, our people are actively involved in making neighbourhoods better places to live and work.

We believe ngā kāinga hauora - healthy homes - are the foundation of thriving communities. Through strong partnerships, we deliver services that promote wellbeing, environmental care, and opportunities for personal and economic growth.

Our greatest strength lies in our people - their diversity, their mana, and the mutual respect and equity that bind us together.

Chief Executive's Report

The 2024/25 financial year marks Spencers third year as part of the Citycare Group, and I'm proud to report another year of strong performance, resilience, and meaningful impact. In a time of sector-wide transformation and economic uncertainty, our core mission remains unchanged: to provide safe, warm, and well-maintained homes for Kiwi families.

We are pleased to confirm the renewal of our contract with Kāinga Ora for a further two years, commencing July 2025.

We continue to navigate headwinds driven by the Government's evolving funding approach for Kāinga Ora and the significant organisational reset currently underway within the agency. In response to a drive for operational efficiencies and a reduction in planned maintenance volumes for 2025/26, we undertook a restructure of resources that will take effect in July 2025.

As a leading provider in the social housing sector, we are proud to maintain approximately one third of Aotearoa, New Zealand's social housing stock. Our strong relationships with our customers, built over fifty years, remain a cornerstone of our success.

We achieved impressive operational KPIs during the year, reflecting the strength of our systems, people, and commitment to service excellence.

We continue to drive the implementation of our Environmental Management Plan. This year, we made meaningful progress in:

- Reducing Scope 1&2 emissions by 8% YoY.
- Partnering with subcontractors on waste minimisation research, recycling initiatives, and waste surveys
- Participating in community events such as Earth Day, World Environment Day, and Plastic-Free Week
- Introducing environmental and sustainability awards at our quarterly business updates.

Our workforce reflects the communities we serve: 31% of our people identify as NZ Māori or Pasifika, and 32% as Asian. While 48% of our workforce is NZ Māori or NZ Pākehā, our team also includes individuals from 25 other nations. Despite operating in a traditionally male-dominated industry, Spencers continues to achieve strong diversity outcomes. We focus on hiring, developing and rewarding people who align with our purpose, values, and the unique demands of our social housing maintenance contracts.

Spencers first employee Net Promoter Score (eNPS) surveyed in FY24, achieved a score of +18 and provided a baseline for the engagement tracking and feedback to enhance our employee value proposition. We are pleased to report our FY25 survey saw our score increase to 22. A direct initiative prompted by the FY24 survey was the introduction of a staff wellbeing allowance.

Safety remains a top priority. We continue to align with ISO45001 and use ecoPortal to manage our safety systems. Our Total Recordable Injury Frequency Rate (TRIFR) inclusive of our subcontractors remains low at 1.4, reflecting our proactive approach to risk management, critical control assessment, and wellbeing. Regional teams continue to deliver monthly health and safety and wellness initiatives across our business, culminating in our inaugural 2025 Health & Safety Culture Survey achieving an index score of 68% which represents a good result for an inaugural survey and acknowledges Spencers' proactive safety culture.

Chief Executive's Report cont...

Spencer's contractor network delivers all maintenance services under our contracts. Their contribution is essential, and we deeply value their partnership. A key development this year was WorkED, a new learning platform established to deliver training resources to our entire 3,500-strong trades workforce (includes sub-contractors), at no cost to individuals. We support smaller contractor entities by linking them with resources from Employment New Zealand and Immigration New Zealand, and by helping them monitor immigration and right-to-work obligations.

We look forward to continuing our contribution to the social housing sector by setting new benchmarks in operational performance, guided by a strong sense of social responsibility.

I would like to thank all our team members, contractors and partners for their dedication and hard work throughout the year. Your efforts have enabled Spencers to continue delivering for our communities and to remain a trusted partner in the housing sector.

MURRAY STEVENSON
CE SPENCERS

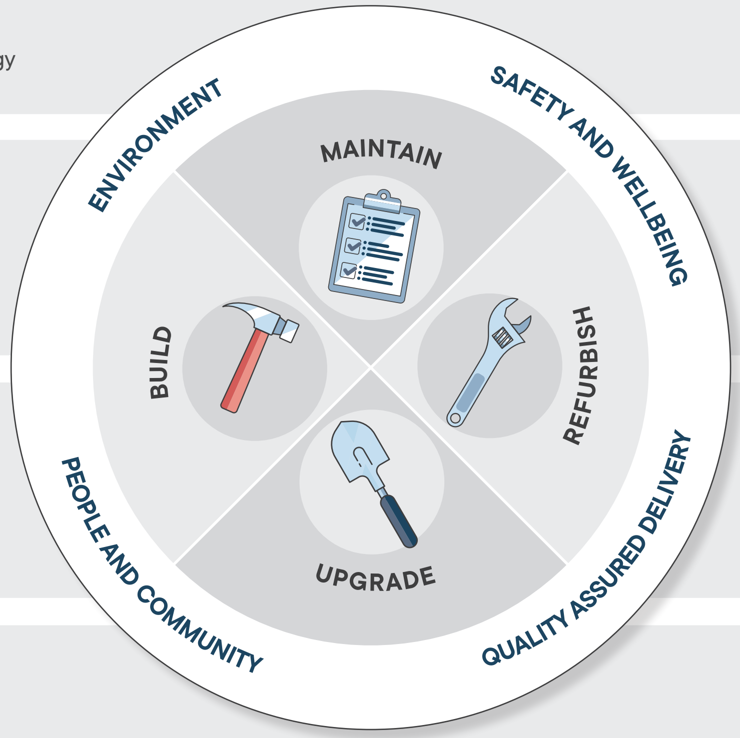
Materiality Topics and Management of Risk

Materiality Topic	LOSS OF MAJOR CONTRACTS	SIGNIFICANT CHANGES TO WORK VOLUMES	RECRUITMENT AND RETENTION	HEALTH AND SAFETY	KPI PERFORMANCE
Risk	**Moderate** Loss of major contracts could lead to downsizing of the business.	**High** Changes in government priorities and spending in the social housing sector may reduce work volumes, potentially leading to downsizing of the business.	**High** Inability to attract and retain key staff may impact service delivery and sustainable growth.	**High** Major health and safety incidents could damage reputation, risk contract loss or renewal, and lead to litigation, prosecution, imprisonment, and financial liabilities.	**High** Changes in client KPI regimes with reduced resources increase challenges in meeting contractual KPIs, potentially affecting contract retention and company's reputation.
Risk Mitigation	A safe, compliant, and high-quality service is consistently delivered, exceeding customer expectations, supported by actively implemented strategic planning, policies, and procedures, and strong, ongoing relationships with key stakeholders.	Strategic maintenance planning is established with customers, with continuous engagement at all levels and active participation in client innovation programs, positioning the business as a preferred partner.	Focus on retention and development plans for key individuals.	Health and safety risks are mitigated through robust systems and processes, underpinned by a strong track record of proactive performance. ecoPortal safety management is established to improve reporting and capture of critical controls, site assurance monitoring, audit and verification, contractor management and incident management.	KPI performance is maintained through regular staff training, clear reporting, and the implementation of comprehensive processes, procedures, and controls, complemented by active management and monthly regional performance reviews.

Value Creation Model

CAPITALS	INPUTS	OUTCOMES
HUMAN AND INTELLECTUAL CAPITAL	• Our People • Skills, Diversity, Equality and Inclusion • People Development • Industry-leading Systems Technology	**Engaged Employee & Contractor Network** Creating safe and inclusive workplaces where everyone feels they belong and can contribute to building stronger whānau together. Our people are committed to delivering world class housing.
SOCIAL AND RELATIONSHIPS CAPITAL	• Partnerships with Community • Community Focused Outcomes • Strong Customer Relationships • Health, Safety and Wellbeing	**Community Initiatives** Strong communities and relationships will remain at the core of our operations. We will continue to prioritise community engagement programs while ensuring the safety of our people.
NATURAL CAPITAL	• Environmental Governance • Carbon Emissions Reduction • Waste Minimisation	**Environmental Sustainability** Partnering with our stakeholders and customers, embracing sustainability by embedding sustainable practices across our business.
FINANCIAL CAPITAL	• Sustainable Financial Performance • Return on Invested Capital	**Financial Returns** Delivering profitable and sustainable growth to generate strong financial returns for our shareholders.

WHAT WE DO



The United Nations Sustainable Development Goals (SDGs) were selected as the reference framework to assess sustainability at Spencers. The SDGs not only focus on environmental sustainability, but social and economic goals as well. The UN SDGs have guided our ESG Strategic Framework and through a process of review we have identified our closest synergies with five of the seventeen goals.

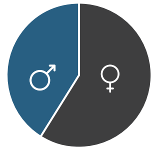
FY2024/25
Performance Metrics

Human and Intellectual | *Ngā Rawa Tāngata*

The success of our business relies on people – our own employees, our extensive contractor workforce, our customers, our suppliers, and the members of the communities where we work and live. We are a business reliant on, and highly influenced by, relationships, behaviours, and successful cooperation and collaboration.

eNPS survey score:
+22 (PY - 18)

Senior leadership roles held by women:
50%



Gender diversity:
59% female

Average staff tenure: 5.3 years

Social and Relationships | *Hononga Pāpori*

Spencers' purpose is to enhance the wellbeing of our communities. We are committed to contributing to thriving local communities through impactful partnerships and community projects focused on wellbeing, the environment, inclusion, equity and increasing opportunities for community economic development. This is meaningful to our people and enhances the communities where we live, work and do business. People and their safety are at the heart of everything we do.

27%

Subcontractor businesses owned by Māori or Pacific Peoples

TRIFR:
1.4

45

Community Engagements during the year.

68%

Health and safety culture score

Natural | *Rawa Taiao*

Our role as kaitiaki is strongly reflected in our Environmental Management Plan which details delivery of environmental sustainability.

Percentage of low-emmision passenger vehicles:
17%

Decrease in FY25 absolute Scope 1 & 2 emissions from FY24: 8%

10% reduction in Fleet Fuel

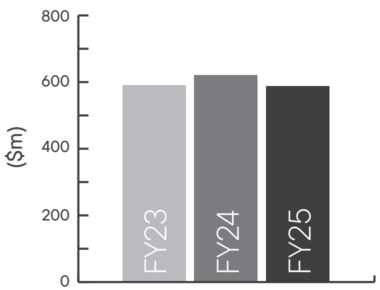
06

Financial capital | *Tahua*

The Group's financial success is measured by delivering strong performance and returns to shareholders, aligned with sector benchmarks. The Group aims for a commercial Return on Invested Capital (ROIC) while maintaining its commitment to community prosperity. Despite ongoing cost and resource pressures, Citycare is focused on aligning with our shareholder's purpose. Government policies continue to impact our local and central government customers' budgets, but the Group has prioritised cost control, revenue optimisation, and sustainable financial performance.

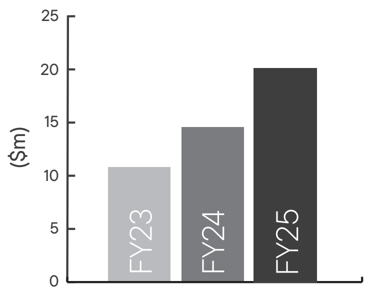
FY24 was the first full year that Spencers (purchased in September 2022) was a member of the Citycare Group.

The consolidated group financial performance metrics show the revenue, profit, and key financial ratios for the periods FY23 – 25.



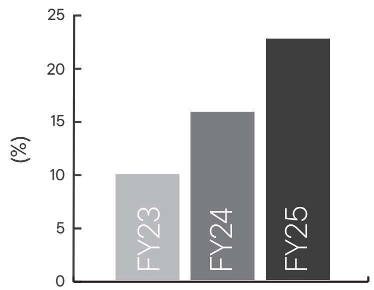
Revenue

Revenue in FY25 has slightly decreased due to changes in government policy impacting our local and central government customers' budgets.



Net Operating Profit After Tax

Despite reduced revenue, the Group has continued to improve its profitability through expanding existing services, improving margins and optimising cost control.



Return on Invested Capital

ROIC measures how effectively the Group allocates its capital to profitable projects or investments. The Group continues to deliver a strong commercial ROIC despite ongoing cost and resource pressures.

Directors' Responsibility Statement

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of City Care Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2025.

The Directors are responsible for the preparation, in accordance with Aotearoa, New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the group as at 30 June 2025 and its financial performance for the year ended on that date.

The Directors consider that the financial statements of the group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the group and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider they have taken adequate steps to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

This report is made in accordance with a resolution of Directors, pursuant to section 211(1)(k) of the Companies Act 1993.

On behalf of the Directors

Bryan Jamison
Chair
14 August 2025

Alison Posa
Director
14 August 2025

Income statement

For the year ended 30 June 2025

	Note	2025 $'000	2024 $'000
Revenue from continuing operations	3	575,928	622,238
Finance income		1,223	854
Other income	3	2	37
Gain on sale of property, plant and equipment		773	868
Total revenue		**577,926**	**623,997**
Expenses			
Raw materials and consumables used		(47,139)	(44,896)
Sub-contractor costs		(294,767)	(353,324)
Employee benefits expense		(149,579)	(142,683)
Depreciation and amortisation expense	14,16	(8,491)	(8,250)
Depreciation on right-of-use assets	15	(4,340)	(4,297)
Other expenses		(46,829)	(50,757)
Finance costs		(2,363)	(2,849)
Total expenses		**(553,508)**	**(607,056)**
Operating profit		24,418	16,941
Amortisation of intangibles acquired on business combination	16	(6,484)	(6,484)
Profit before income tax from continuing operations		**17,934**	**10,457**
Income tax	6	(5,348)	(3,030)
Profit after income tax from continuing operations		**12,586**	**7,427**
Profit after income tax from discontinued operations	5	-	1,667
Profit after income tax for the year		**12,586**	**9,094**
Profit for the year is attributable to:			
Non-controlling interest		294	514
Owners of City Care Limited		12,292	8,580
		12,586	**9,094**

The above income statement should be read in conjunction with the accompanying notes

Statement of comprehensive income

For the year ended 30 June 2025

	2025 $'000	2024 $'000
Profit after income tax for the year	12,586	9,094
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	**12,586**	**9,094**
Total comprehensive income for the year is attributable to:		
Continuing operations non-controlling interest	294	514
Discontinued operations non-controlling interest	-	-
Total non-controlling interest	**294**	**514**
Continuing operations owners of City Care Limited	12,292	6,913
Discontinued operations owners of City Care Limited	-	1,667
Total owners of City Care Limited	**12,292**	**8,580**
	12,586	**9,094**

Bryan Jamison
Chair
14 August 2025

Alison Posa
Director

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Balance sheet

As at 30 June 2025

	Note	2025 $'000	2024 $'000
Assets			
Current assets			
Cash and cash equivalents	23	34,928	24,452
Trade and other receivables	8	47,294	50,747
Inventories	12	2,697	2,737
Contract assets	13	27,028	26,474
Non-current assets classified as held for sale		-	10
Total current assets		**111,947**	**104,420**
Non-current assets			
Property, plant and equipment	14	38,277	33,964
Right-of-use assets	15	9,620	10,919
Intangible assets	16	57,034	63,832
Contract assets	13	5	69
Sub-contractor retention deposits		358	-
Total non-current assets		**105,294**	**108,784**
Total assets		**217,241**	**213,204**
Liabilities			
Current liabilities			
Trade and other payables	9	51,379	44,652
Borrowings	10	8,000	10,000
Contract liabilities	13	10,750	11,979
Current tax liabilities		5,626	4,744
Provisions	17	14,698	10,865
Lease liabilities	15	2,853	3,874
Total current liabilities		**93,306**	**86,114**
Non-current liabilities			
Trade and other payables	9	170	-
Borrowings	10	25,000	30,000
Deferred tax liabilities	7	2,287	3,158
Provisions	17	1,931	3,173
Lease liabilities	15	7,374	7,696
Total non-current liabilities		**36,762**	**44,027**
Total liabilities		**130,068**	**130,141**
Net assets		**87,173**	**83,063**
Equity			
Capital and other equity instruments	18	8,536	8,536
Reserves		2,719	2,719
Retained earnings		75,918	70,146
Equity attributable to the owners of City Care Limited		**87,173**	**81,401**
Non-controlling interest		-	1,662
Total equity		**87,173**	**83,063**

The above balance sheet should be read in conjunction with the accompanying notes

Statement of changes in equity

For the year ended 30 June 2025

	Issued capital $'000	Capital reserve $'000	Asset revaluation reserve $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2023	**8,536**	**2,314**	**405**	**61,566**	**1,250**	**74,071**
Profit after income tax for the year	-	-	-	8,580	514	9,094
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**8,580**	**514**	**9,094**
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	-	-	(102)	(102)
Balance at 30 June 2024	**8,536**	**2,314**	**405**	**70,146**	**1,662**	**83,063**

	Issued capital $'000	Capital reserve $'000	Asset revaluation reserve $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2024	**8,536**	**2,314**	**405**	**70,146**	**1,662**	**83,063**
Profit after income tax for the year	-	-	-	12,292	294	12,586
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**12,292**	**294**	**12,586**
Transactions with owners in their capacity as owners:						
Acquisition of NCI without change of control (note 22)	-	-	-	(4,020)	(1,956)	(5,976)
Dividends paid	-	-	-	(2,500)	-	(2,500)
Balance at 30 June 2025	**8,536**	**2,314**	**405**	**75,918**	**-**	**87,173**

The asset revaluation reserve arises on the revaluation of land and buildings. When the revalued assets are sold, the portion of the asset revaluation reserve that relates to that asset and is effectively realised, is transferred directly to retained earnings.

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cash flow statement

For the year ended 30 June 2025

	Note	2025 $'000	2024 $'000
Cash flows from operating activities			
Receipts from customers		578,003	627,676
Payments to suppliers and employees		(530,337)	(594,049)
Interest received		1,153	842
Interest and other finance costs paid		(1,688)	(2,342)
Subvention payment		(3,392)	(5,046)
Income taxes (paid) / received		(1,944)	949
Net cash inflow from operating activities	**23**	**41,795**	**28,030**
Cash flows from investing activities			
Payment for acquisition of NCI without change of control	22	(5,105)	-
Payments for property, plant and equipment	14	(12,416)	(9,043)
Payments for software intangibles	16	(412)	(529)
Proceeds from disposal of business, net of cash disposed		-	2,344
Proceeds from sale of property, plant and equipment		1,087	1,679
Net cash (outflow) from investing activities		**(16,846)**	**(5,549)**
Cash flows from financing activities			
Principal elements of lease payments		(4,973)	(4,935)
Proceeds from borrowings		-	14,600
Repayment of borrowings		(7,000)	(30,600)
Dividends paid		(2,500)	(102)
Net cash (outflow) from financing activities		**(14,473)**	**(21,037)**
Net increase in cash and cash equivalents		10,476	1,444
Cash and cash equivalents at the beginning of the financial year		24,452	23,008
Cash and cash equivalents at the end of the financial year		**34,928**	**24,452**

Note 1. Company information

City Care Limited is a company incorporated and domiciled in Aotearoa, New Zealand and registered under the Companies Act 1993. City Care Limited ('the company') is a wholly owned subsidiary of Christchurch City Holdings Limited. The ultimate controlling party is Christchurch City Council. The company is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002. The registered office is 818 Wairakei Road, Christchurch 8053.

The financial statements presented are for the City Care Limited Group ('the group') as at, and for the year ended 30 June 2025. The group comprises of the company and its subsidiaries.

The group's activities are:

- construction of vertical and horizontal assets;
- facilities management;
- maintenance of amenity assets including water and wastewater, parks, trees and public spaces;
- maintenance of social housing; and
- provision of asset management services.

Note 2. Summary of significant accounting policies

(a) Statement of compliance and basis of preparation

Under the Accounting Standards Framework, the group is defined as a for-profit entity and as such reports under Aotearoa, New Zealand International Financial Reporting Standards (NZ IFRS). The financial statements comply with NZ IFRS and NZ GAAP (Generally Accepted Accounting Practices), as appropriate for for-profit entities. Compliance with NZ IFRS ensures that the consolidated financial statements comply with International Financial Reporting Standards. These standards have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are prepared under the historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment and assets held for sale which are measured at fair value less cost of disposal.

The consolidated financial statements have been prepared on a going concern basis.

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

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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the consolidated financial statements.

(b) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(c) Goods and Services Tax (GST)

The consolidated financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

(d) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement, within 'Finance income' or 'Finance costs'. Any other foreign exchange gains and losses are presented in the income statement within 'Finance costs' where applicable.

(e) Significant accounting policies, estimates and judgements

Preparing consolidated financial statements to conform to NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any changes to estimates are recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

Accounting policies that are relevant to the understanding of the financial statements and summarise the measurement basis are provided throughout the notes to the financial statements. These standards have been consistently applied to all the years presented unless otherwise stated.

(f) Standards or interpretations adopted in the current financial year

Where relevant, the group adopted all mandatory new and amended NZ IFRS standards and interpretations and there has been no material impact on the group's financial statements.

(g) Standards, amendments and interpretations not yet effective

There are no new standards, amendments or interpretations that have been issued and are not yet effective, that are expected to have a significant impact on the group.

(h) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Note 3. Revenue

Revenue recognition

(i) Maintenance services

The group performs maintenance services in the following areas:
- amenity assets including water and wastewater,
- facilities management,
- social housing,
- parks, trees and public spaces; and
- provision of asset management services.

Contracts entered into can involve various different processes, activities and services. Where these processes and activities tend to be highly inter-related, these are taken to be one performance obligation, otherwise separate performance obligations are identified. The transaction price is allocated across each service or performance obligation based on contracted prices. Revenue from maintenance services rendered is recognised in the income statement in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract. The Directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under NZ IFRS 15. The group becomes entitled to invoice customers on a periodic basis. The group recognises a contract asset for any work performed. Any amount recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the invoiced amount exceeds the revenue recognised to date under the stage of completion method, then the group recognises a contract liability for the difference.

(ii) Contract revenue

The group derives revenue from the construction of vertical and horizontal assets. The construction of each individual piece of infrastructure is generally taken to be one performance obligation. Where contracts are entered for several projects the total transaction price is allocated across each project based on stand-alone selling prices.

Revenue from construction contracts is recognised over time using the measure of progress that best reflects the group's performance in satisfying the performance obligation within the contract. For horizontal construction projects, an input method is used, by calculating the cost to complete, based on cost incurred for work performed relative to the estimated total contract costs. For vertical construction projects, an output method is used, by reference to the performance milestones reached during the performance of the contract. The same method of measuring progress will be consistently applied to similar performance obligations. The Directors consider that these methods are appropriate measures of the progress towards complete satisfaction of these performance obligations under NZ IFRS 15.

The group becomes entitled to invoice customers through a monthly claim based on a measure and value calculation or on a milestone basis. The customer is sent a relevant claim or statement of work, the customer assesses the claim and issues a payment certificate on which an invoice is raised. The group recognises a contract asset for any work performed. Any amount recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the invoiced amount exceeds the revenue recognised to date under the cost-to-complete method, then the group recognises a contract liability for the difference.

(iii) Sale of goods

For sale of goods, revenue is recognised when control of the goods has transferred, being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. A receivable is recognised at this point since this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

(iv) Variable consideration

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised to the amount management considers recoverable. This is assessed periodically based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise.

(v) Warranties and defect periods

Construction and service contracts can include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and therefore are estimated and included in the total costs of the contracts. Where required, amounts are recognised in provisions.

(vi) Interest income
Interest income is recognised in the income statement as it accrues, using the effective interest method.

The group recognises revenue from the following major sources: rendering of maintenance services, construction contracts and sale of goods.

	2025 $'000	2024 $'000
(a) Operating revenue		
Over time:		
Revenue from the rendering of maintenance services	432,549	487,705
Construction contract revenue	141,335	132,463
	573,884	**620,168**
At a point in time:		
Revenue from the sale of goods	2,044	2,070
	575,928	**622,238**
(b) Other income		
Sundry income	2	37

Note 4. Expenses

	2025 $'000	2024 $'000
Profit before income tax from continuing operations includes the following specific expenses:		
Directors' fees	587	557
Remuneration of Auditors:		
Audit of financial statements	469	405
Audit fees relating to the previous financial year	5	58
Total remuneration of Auditors	474	463

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

Note 5. Discontinued operations

Accounting policy for discontinued operations
A discontinued operation is a component of the group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

SW Scaffolding Limited

In the prior year, on 24 June 2024 the company sold its entire interest in SW Scaffolding Limited (SW) a controlled entity of the company. It was determined during the year that SW did not align with the strategic direction of the group and it was not seen as a core component of the service offering of the Spencer Henshaw group. An opportunity arose to pursue a management buyout which was ultimately successful. Based on the completion accounts as at the same date, a gain of $1.2m is recognised in the income statement.

Accordingly, for the financial year ending 30 June 2024, SW is reported as a discontinued operation. The comparative income statement and statement of comprehensive income and respective notes have been re-presented to show the discontinued operation separately from continuing operations.

As SW was 100% owned by the company, net income relating to continuing operations and the discontinued operations are fully attributable to the owners of the company.

Financial performance information

	Year ended 30 June 2025 $'000	Period ended 24 June 2024 $'000
Operating revenue	-	3,591
Finance income	-	9
Employees benefit expense	-	(2,126)
Depreciation and amortisation expense	-	(11)
Depreciation of right-of-use assets	-	(82)
Other expenses	-	(664)
Finance costs	-	(21)
Total expenses	**-**	**(2,904)**
Profit before income tax	**-**	**696**
Income tax	-	(203)
Profit after income tax	**-**	**493**
Gain on disposal before income tax	-	1,174
Gain on disposal after income tax	-	1,174
Profit after income tax from discontinued operations	**-**	**1,667**

Cash flow information

	2025 $'000	2024 $'000
Net cash inflow from operating activities	-	450
Net cash (outflow) from investing activities	-	(54)
Net cash (outflow) from financing activities	-	(72)
Net increase in cash and cash equivalents from discontinued operations	**-**	**324**

Carrying amounts of assets and liabilities disposed

	2025 $'000	2024 $'000
Cash and cash equivalents	-	623
Trade and other receivables	-	510
Property, plant and equipment	-	1,241
Right-of-use-asset	-	177
Deferred tax	-	63
Total assets	**-**	**2,614**
Trade and other payables	-	593
Lease liability	-	191
Total liabilities	**-**	**784**
Net assets	**-**	**1,830**

Details of the disposal

	2025 $'000	2024 $'000
Total sale consideration	-	3,004
Carrying amount of net assets disposed	-	(1,830)
Gain on disposal before income tax	**-**	**1,174**
Gain on disposal after income tax	**-**	**1,174**

Note 6. Income taxes

	2025 $'000	2024 $'000
(a) Income tax expense		
Income tax expense / (benefit)		
Current tax on profits for the year	6,017	5,010
Adjustments in respect of prior years	201	1,372
	6,218	**6,382**
Deferred tax expense / (benefit)		
Origination and reversal of temporary differences	(694)	(1,743)
Adjustments in respect of prior years	(176)	(1,609)
	(870)	**(3,352)**
Income tax expense	**5,348**	**3,030**
(b) Income tax reconciliation		
Profit before income tax	**17,934**	**10,457**
Tax at the statutory tax rate of 28%	**5,022**	**2,928**
Tax effects of:		
non-deductible expenses	301	357
capital gain of sale of property, plant and equipment	-	(2)
adjustments for current tax of prior periods	25	(237)
imputation credits on dividend	-	(118)
deferred tax adjustment for removal of depreciation on buildings	-	102
Income tax expense	**5,348**	**3,030**
Tax on discontinued operation	**-**	**203**

(c) Imputation credits

Imputation credits available for subsequent reporting periods split by the Consolidated Tax Group (City Care Ltd Group) and Apex Water Limited:

City Care Ltd Group	5,653	1,852
Apex Water Limited	1,786	1,358

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case tax is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance sheet date, and any adjustment to tax payable in respect of previous years.

Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

It is normal practise for the Consolidated Tax Group to purchase tax losses from Christchurch City Council by way of a subvention payment.

Note 7. Deferred tax

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 or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance sheet 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.

Taxable and deductible temporary differences arising from the following:

	Opening balance $'000	Charged to income $'000	Closing balance $'000
Balance at 30 June 2024			
Deferred tax assets / (liabilities):			
Property, plant and equipment	192	1,129	1,321
Provisions	2,802	546	3,348
Work in progress	(2,331)	(95)	(2,426)
Right-of-use -assets and lease liabilities	277	(4)	273
Intangibles	(7,006)	1,782	(5,224)
Other	(398)	(52)	(450)
	(6,464)	**3,306**	**(3,158)**

	Opening balance $'000	Charged to income $'000	Closing balance $'000
Balance at 30 June 2025			
Deferred tax assets / (liabilities):			
Property, plant and equipment	1,321	(667)	654
Provisions	3,348	(241)	3,107
Work in progress	(2,426)	(146)	(2,572)
Right-of-use assets and lease liabilities	273	(20)	253
Intangibles	(5,224)	1,798	(3,426)
Other	(450)	147	(303)
	(3,158)	**871**	**(2,287)**

Note 8. Trade and other receivables

	2025 $'000	2024 $'000
Trade receivables	41,826	45,457
Allowance for doubtful debts	(16)	(43)
	41,810	**45,414**
Aging of trade receivables which the group has not provided against as still deemed recoverable:		
Not past due	40,035	43,535
Past due 1 - 30 days	1,535	952
Past due 31 - 60 days	72	331
Past due 61 - 365 days	167	661
365+ days past due	1	(65)
	41,810	**45,414**
Prepayments	3,338	2,734
Contract retentions	2,146	2,599
Total trade and other receivables	**47,294**	**50,747**
The loss allowance as at 30 June 2025 and 30 June 2024 was determined as follows:		
Expected loss rate	0.002%	0.002%
Gross carrying amount - trade receivables	41,826	45,457
Expected credit loss	1	1

Loss allowance

The group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 June 2025 and 30 June 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are then adjusted for current and forward-looking information including macroeconomic factors affecting the group's customers.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables and is not subject to enforcement activity. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in the income statement. The group does not hold collateral as security.

The average age of the group's trade and other receivables which are past due at the reporting date and for which the group has not provided as the amounts are still considered recoverable is 49 days (2024: 80 days).

Note 9. Trade and other payables

	2025 $'000	2024 $'000
Current liabilities		
Trade payables	18,940	16,528
Sub-contractor retentions	1,032	939
Goods and Services Tax payable	4,940	5,963
Accrued expenses	26,467	21,222
	51,379	44,652
Non-current liabilities		
Sub-contractor retentions	170	-
	51,549	**44,652**

Payables

Trade payables and other accounts payable are recognised when the group becomes obliged to make future payments resulting from the purchase of goods and services.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

In accordance with the Construction Contracts Act 2002, retentions, which totalled $1,202,000 at 30 June 2025 (2024: $939,000), are held in separate bank accounts on trust.

Note 10. Borrowings

Borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing costs
Borrowing costs are interest and other costs incurred by the group in connection with the borrowing of funds and are recognised in the income statement in the period in which they are incurred.

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested.

	2025 $'000	2024 $'000
Current		
Christchurch City Holdings Limited senior term notes maturing 31 August 2032	-	10,000
Christchurch City Holdings Limited loan facility maturing 20 September 2032	8,000	-
	8,000	**10,000**
Non-current		
Christchurch City Holdings Limited senior term notes maturing 31 August 2032	-	30,000
Christchurch City Holdings Limited loan facility maturing 20 September 2032	25,000	-
	25,000	**30,000**
	33,000	**40,000**

During the year, the City Care Limited entered into a new loan agreement with Christchurch City Holdings Limited (CCHL). Refer to note 11 for the repayment schedule.

During the year, City Care Limited renewed its working capital facility with Bank of New Zealand of $10m (2024:$10m). This was unused as at 30 June 2025 (2024: nil)

Interest rates on the Bank of New Zealand facility are based on bank bill rates plus a margin, during the year ended 30 June 2025, this facility was not drawn down, as such no interest was paid (2024: 5.86%). The interest rate on the new loan with CCHL is based on CCHL's cost of funds plus a margin. This averaged 4.78% for the year (2024: 5.00%). Due to interest rates on floating debt resettling at the market rate, the carrying amounts on secured loans approximate their fair values.

The following covenants are in place:

Covenant	Calculation	Threshold	Frequency
Gearing Ratio	Net Debt / EBITDA	less than 2.5x	Biannual
Interest Cover Ratio	Operating EBIT / Net Interest	greater than 3.0x	Biannual

The group remained in compliance with both covenants throughout the year ended 30 June 2025.

Note 11. Financial instruments and risk

The group holds the following financial instruments:

	2025 $'000	2024 $'000
Financial assets at amortised cost		
Cash and cash equivalents	34,928	24,452
Trade receivables	41,826	45,457
	76,754	**69,909**
Financial liabilities at amortised cost		
Trade payables and sub-contractor retentions	20,142	17,467
Borrowings	33,000	40,000
Lease liabilities	10,227	11,570
	63,369	**69,037**

(a) Fair value estimation

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

(b) Financial risk management objectives

The group is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, accounts receivable, accounts payable and term loans. The group has policies providing for risk management for interest rates and the concentration of credit.

(c) Credit risk

Credit risk is the risk that a third party will default on its obligations to the group, causing the group to incur a loss.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the group's maximum exposure to credit risk, without taking account of the value of any collateral obtained.

The group manages this risk by depositing its cash and cash equivalents with high quality financial institutions and by carrying out credit checks on all new customers.

(d) Liquidity risk

Liquidity risk represents the risk that the group may not be able to meet its financial contractual obligations. Prudent liquidity risk management implies maintaining sufficient cash, sufficient committed credit facilities and the ability to close out market positions.

Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the group's short, medium and long-term funding and liquidity requirements. The group manages liquidity risk by maintaining adequate reserves and banking facilities, and by continuously monitoring forecast and actual cash flows.

The following table details the group's remaining contractual maturity for its non-derivative financial liabilities. The table has been prepared using amortised cost.

Balance at 30 June 2024	Less than 6 months $'000	Between 6 - 12 months $'000	Between 1 - 2 years $'000	Between 2 - 5 years $'000	Over 5 years $'000	Carrying amount $'000
Trade payables and sub-contractor retentions	17,467	-	-	-	-	17,467
Borrowings	10,000	-	10,000	-	20,000	40,000
Finance lease liabilities	1,862	4,288	2,377	2,153	890	11,570
	29,329	**4,288**	**12,377**	**2,153**	**20,890**	**69,037**

Balance at 30 June 2025	Less than 6 months $'000	Between 6 - 12 months $'000	Between 1 - 2 years $'000	Between 2 - 5 years $'000	Over 5 years $'000	Carrying amount $'000
Trade payables and sub-contractor retentions	19,842	130	170	-	-	20,142
Borrowings	8,000	-	-	-	25,000	33,000
Finance lease liabilities	724	2,131	3,968	3,085	319	10,227
	28,566	**2,261**	**4,138**	**3,085**	**25,319**	**63,369**

(e) Interest rate risk and management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to the changes in market interest rates. This could particularly impact on the cost of borrowings. The Directors do not consider there is any significant exposure to an interest rate risk on the group's borrowings.

The sensitivity analysis below has been determined based on exposure to interest rates for financial instruments as at the reporting date and the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period. The 100 basis point increase or decrease used represents management's assessment of the possible changes in interest rates.

	2025 $'000	2024 $'000
Increase or decrease in net profit from a 100 basis point movement in interest rates, assuming all other variables were held constant	330	400

(f) Foreign currency risk management

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group has some exposure to foreign currency risk as a result of transactions that are denominated in a foreign currency risk as a result of transactions that are denominated in a foreign currency - primarily Australian dollars and US dollars. The group manages this risk by using foreign exchange contracts to hedge foreign currency risks as they arise. The notional forward exchange cover includes forward foreign contracts entered into to economically hedge forward sale and purchase commitments.

(g) Market risk

The Directors consider the market risks faced by the group to be limited to those risks disclosed above being credit risk, liquidity risk and interest risk.

Note 12. Inventories

	2025 $'000	2024 $'000
Raw materials and consumables	2,793	2,802
Allowance for obsolete inventory	(96)	(65)
	2,697	**2,737**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Note 13. Contract assets and contract liabilities

	2025 $'000	2024 $'000
Rendering of maintenance services	18,218	18,896
Construction contracts	8,759	7,523
Contract set up costs	51	55
Total current contract assets	**27,028**	**26,474**
Contract set up costs	5	69
Total non current contract assets	**5**	**69**
Total contract assets	**27,033**	**26,543**
Rendering of maintenance services	5,412	5,284
Construction contracts	5,338	6,695
Total contract liabilities	**10,750**	**11,979**
Revenue recognised in the period from:		
Amounts included in contract liability at the beginning of the period	11,979	8,902
Costs recognised in the period from:		
Amortisation of contract set up costs	68	55

Where an unsatisfied (or partially unsatisfied) performance obligation is part of a contract that has an original expected duration of one year or less, the transaction price has not been disclosed as permitted in NZ IFRS 15.

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

Construction contracts
Construction contract assets represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date, less progress billings and recognised losses. Costs include all expenditure directly related 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 the percentage of completion of the contract at balance date. The stage of completion is assessed by carrying out surveys of 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 set up costs

The group 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.

Note 14. Property, plant and equipment

Land and the majority of buildings are shown at fair value, based on periodic valuations by external independent valuers. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land and buildings is charged as an expense in the income statement to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a revalued item, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line and diminishing value methods to allocate their cost, net of their residual values, over their estimated useful lives:

Buildings	3-50 years
Plant and equipment	1-22 years
Motor vehicles	3-15 years
Office and computer equipment	2-14 years

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate.

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

	Freehold land at fair value $'000	Buildings at cost $'000	Motor vehicles at cost $'000	Plant and equipment at cost $'000	Office and computer equipment at cost $'000	Total $'000
Gross carrying amount						
Balance as at 1 July 2023	1,090	4,554	67,690	18,302	7,028	98,664
Revaluation	-	-	-	-	-	-
Assets classified as held for sale	-	-	386	55	-	441
Additions	-	166	6,782	752	1,343	9,043
Disposals	-	(78)	(7,236)	(3,760)	(1,200)	(12,274)
Balance as at 30 June 2024	**1,090**	**4,642**	**67,622**	**15,349**	**7,171**	**95,874**
Assets acquired on business combination	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-	-
Additions	-	110	9,391	2,024	892	12,417
Disposals	-	(22)	(5,902)	(1,036)	(807)	(7,767)
Transfers	-	-	-	-	-	-
Balance as at 30 June 2025	**1,090**	**4,730**	**71,111**	**16,337**	**7,256**	**100,524**
Accumulated depreciation						
Balance as at 1 July 2023	-	(1,414)	(44,348)	(13,917)	(4,732)	(64,411)
Assets acquired on business combination	-	-	-	-	-	-
Disposals	-	39	6,520	2,661	1,125	10,345
Assets classified as held for sale	-	-	(374)	(42)	-	(416)
Depreciation expense	-	(374)	(4,802)	(1,168)	(1,084)	(7,428)
Balance as at 30 June 2024	**-**	**(1,749)**	**(43,004)**	**(12,466)**	**(4,691)**	**(61,910)**
Assets acquired on business combination	-	-	-	-	-	-
Disposals	-	8	5,663	974	783	7,428
Assets classified as held for sale	-	-	-	-	-	-
Depreciation expense	-	(342)	(5,119)	(1,144)	(1,160)	(7,765)
Transfers	-	-	-	-	-	-
Balance as at 30 June 2025	**-**	**(2,083)**	**(42,460)**	**(12,636)**	**(5,068)**	**(62,247)**
Net book value						
As at 30 June 2024	**1,090**	**2,893**	**24,618**	**2,883**	**2,480**	**33,964**
As at 30 June 2025	**1,090**	**2,647**	**28,651**	**3,701**	**2,188**	**38,277**
Included in the figures is capital work in progress:						
As at 30 June 2024	**-**	**27**	**389**	**-**	**9**	**425**
As at 30 June 2025	**-**	**9**	**614**	**203**	**89**	**915**

Property, plant and assets have no restrictions over their titles.

Valuations of land and buildings

The majority of the group's land and buildings were revalued to fair value as at 30 June 2023, by Henry Morris, in accordance with NZ IAS 16, NZ IAS 36, and NZ IFRS 13. Henry Morris is a registered valuer employed by Seagar & Partners Limited. Henry Morris used significant observable inputs (level 2, as defined in NZ IFRS 13).

Henry Morris determined a fair value of $2.4m for the land and buildings at 289 (Unit) Onehunga Mall, Onehunga, Auckland using a market rental assessment and a capitalisation rate between 6.75% - 7.00% and compared his result with recent market transactions (level 2).

Under the Aotearoa, New Zealand Property Institute Practice Standard 1, all valuations must be assessed as at the date of inspection of the property, except where the valuations instructions are to assess the value at a retrospective date. A restricted valuation update estimate was carried out by Henry Morris on 30 June 2025. The Directors are satisfied that the current carrying amount reflects its fair value.

Note 15. Right-of-use assets and lease liabilities

This note provides information for right-of-use assets and lease liabilities under NZ IFRS 16 where the group is a lessee.

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2025 $'000	2024 $'000
Right-of-use assets (non-current)		
Properties	6,629	7,488
Vehicles	2,990	3,424
Computer equipment	1	7
	9,620	**10,919**
Lease liabilities		
Current	2,853	3,874
Non-current	7,374	7,696
	10,227	**11,570**

Additions to the right-of-use assets during the year ended 30 June 2025 were $3,381,000 (2024: $3,508,000).

(b) Amounts recognised in the income statement

	2025 $'000	2024 $'000
Depreciation charge of right-of use-assets		
Properties	3,100	3,050
Vehicles	1,234	1,323
Computer equipment	6	6
	4,340	**4,379**
Interest expense (included in finance cost)	565	567
Expense relating to short-term leases (included in other expenses)	1,399	1,322
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)	9	-

The total cash outflow for leases in the year ended 30 June 2025 was $6,335,000 (2024: $6,187,000).

(c) The group's leasing activities and how these are accounted for

The group leases various land and buildings, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 6 years, but may have extension options as described below.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- expected restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

(d) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

Note 16. Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired entity at the date of acquisition.

Impairment
An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. An impairment loss in respect of goodwill is not reversed.

Calculation of recoverable amount
The recoverable amount of assets is the greater of their fair value less cost to sell or value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

(ii) Computer software

Acquired software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives on a straight line basis. Usually this period does not exceed five years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised over their estimated useful lives. Usually this period is one to five years.

Licenses and development costs associated with 'Software as a Service' solutions are expensed in the period in which they are incurred, except for vendor configuration costs where these are indistinct from the underlying license agreement. Such configuration costs are treated as prepayments.

(iii) Customer relationships and customer contracts

Customer relationships and customer contracts acquired as part of a business combination are recognised separately from goodwill. Customer relationships and customer contracts have a finite life and are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method over the period of projected cash flows of the contracts and relationships over their estimated useful lives, which are amortised over an estimated useful life of 2-13 years.

Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

Amortisation
An intangible asset with a finite useful life is amortised over the period of that life. The asset is reviewed annually for indicators of impairment and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses.

	Goodwill $'000	Computer Software $'000	Customer Contracts $'000	Customer Relationships $'000	Total $'000
Gross carrying amount					
Balance as at 1 July 2023	43,863	10,812	12,366	16,085	83,126
Acquired through business combination	-	-	-	-	-
Additions	-	529	-	-	529
Disposals	-	(16)	-	-	(16)
Impairment	-	-	-	-	-
Balance as at 30 June 2024	**43,863**	**11,325**	**12,366**	**16,085**	**83,639**
Acquired through business combination	-	-	-	-	-
Additions	-	411	-	-	411
Disposals	-	(506)	-	-	(506)
Impairment	-	-	-	-	-
Balance as at 30 June 2025	**43,863**	**11,230**	**12,366**	**16,085**	**83,544**
Accumulated amortisation and impairment					
Balance as at 1 July 2023	-	(7,566)	(3,637)	(1,304)	(12,507)
Disposals	-	17	-	-	17
Amortisation expense	-	(1,387)	(4,365)	(1,565)	(7,317)
Balance as at 30 June 2024	**-**	**(8,936)**	**(8,002)**	**(2,869)**	**(19,807)**
Acquired through business combination	-	-	-	-	-
Disposals	-	507	-	-	507
Amortisation expense	-	(1,281)	(4,364)	(1,565)	(7,210)
Balance as at 30 June 2025	**-**	**(9,710)**	**(12,366)**	**(4,434)**	**(26,510)**
Net book value					
As at 30 June 2024	**43,863**	**2,389**	**4,364**	**13,216**	**63,832**
As at 30 June 2025	**43,863**	**1,520**	**-**	**11,651**	**57,034**
Included in the figures is capital work in progress:					
As at 30 June 2024	**-**	**144**	**-**	**-**	**144**
As at 30 June 2025	**-**	**266**	**-**	**-**	**266**

Intangible assets have no restrictions over their titles.

(a) Allocation of goodwill to cash-generating units

The group regularly monitors the carrying value of its goodwill and reviews it annually to determine whether goodwill may be impaired. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

Goodwill has been allocated for impairment testing to Apex Water Limited and Spencer Henshaw Limited.

The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows:

	2025 $'000	2024 $'000
Apex Water Limited	1,280	1,280
Spencer Henshaw Limited	42,583	42,583
	43,863	**43,863**

(b) Key assumptions

The key assumptions used in the value in use calculations for the various significant cash-generating units are as follows:

Apex Water Limited

Budgeted gross margin: Gross margin has been budgeted at a rate consistently achieved in previous years.
Budgeted overhead: Budgeted overhead is expected to increase in line with increased revenue.
Discount rate: A pre tax discount rate of 13.1% is applied to calculate the value in use.
Terminal growth rate: A terminal growth rate of 2% has been used.
Forecast period: A five year forecast period has been assumed.

Spencer Henshaw Limited

Budgeted gross margin: Gross margin has been budgeted at a rate consistently achieved in previous years.
Budgeted overhead: Budgeted overhead is expected to increase in line with increased revenue.
Discount rate: A pre tax discount rate of 12.6% is applied to calculate the value in use.
Terminal growth rate: A terminal growth rate of 2% has been used.
Forecast period: A five year forecast period has been assumed.

Note 17. Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the group in respect of services provided by employees up to the reporting date.

Defined contribution schemes

The group participates in other schemes in addition to the defined benefit scheme which are all defined contribution plans, and contributions to the plans are expensed as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Loss making contracts

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

	Employee entitlements (i) $'000	NZ IFRS 16 restoration costs (ii) $'000	Other $'000	Total $'000
Balance at 1 July 2023	**9,059**	**347**	**3,513**	**12,919**
Additional provisions recognised	10,355	35	1,353	11,743
Reductions arising from payments / other sacrifices of future economic benefits	(9,536)	-	(160)	(9,696)
Reductions resulting from re-measurement or settlement without cost	(164)	(54)	(717)	(935)
Unwinding of discount / effect of changes in discount rate	(3)	10	-	7
Balance at 30 June 2024	**9,711**	**338**	**3,989**	**14,038**
Current	9,491	124	1,250	10,865
Non-current	220	214	2,739	3,173
Balance at 30 June 2024	**9,711**	**338**	**3,989**	**14,038**
Balance 1 July 2024	**9,711**	**338**	**3,989**	**14,038**
Additional provisions recognised	13,584	27	2,958	16,569
Reductions arising from payments / other sacrifices of future economic benefits	(10,587)	-	(5)	(10,592)
Reductions resulting from re-measurement or settlement without cost	(2,144)	(63)	(1,187)	(3,394)
Unwinding of discount / effect of changes in discount rate	(2)	10	-	8
Balance at 30 June 2025	**10,562**	**312**	**5,755**	**16,629**
Current	10,328	63	4,307	14,698
Non-current	234	249	1,448	1,931
Balance at 30 June 2025	**10,562**	**312**	**5,755**	**16,629**

(i) The provision for employee entitlements relates to employee benefits such as accrued holiday pay and long service leave. The provision is affected by a number of estimates including the expected employment period of employees and the timing of employees utilising the benefits. The majority of the provision is expected to be realised within the next two years.

Average wage inflation has been assumed to be 3.33% for the year ending 30 June 2025 and 3.35% for the year ending 30 June 2024. A discount rate of 4.53% has been used for the year ending 30 June 2025 and 4.67% for the year ending 30 June 2024 .

The discount rate was determined with reference to the market yields on government bonds.

(ii) The provision for NZ IFRS 16 restoration costs is an estimate of costs to be incurred in relation to restoring an asset to the condition required by the terms and conditions of leases entered into by the group.

Note 18. Capital and other equity instruments

	2025 No. of Shares	2024 No. of Shares	2025 $'000	2024 $'000
Fully paid ordinary shares	6,036,000	6,036,000	6,036	6,036
Fully paid preference shares	2,500,000	2,500,000	2,500	2,500
	8,536,000	**8,536,000**	**8,536**	**8,536**

Ordinary shares are classified as equity. Preference shares are classified as equity as the terms of issue of the shares makes them equity. Neither ordinary shares nor preference shares have par values.

Fully paid ordinary shares carry one vote per share and participate equally in any dividend distribution or any surplus on winding up the company.

Fully paid preference shares carry the right to dividends but no voting rights.

Note 19. Commitments

	2025 $'000	2024 $'000
Capital expenditure commitments		
Property, plant and equipment	1,017	2,741
	1,017	**2,741**

Note 20. Contingent liabilities and contingent assets

	2025 $'000	2024 $'000
Contingent liabilities		
The group has arranged with Bank of New Zealand for the issue of performance related bonds in favour of:		
Local authorities*	11,646	7,827
Others	2,662	8,995
	14,308	**16,822**

*This includes councils and council controlled trading organisations.

The Directors know of no reason why these performance related bonds would be called upon by the external parties and therefore they have not been recognised in the balance sheet.

The group knows of no other material or significant contingent assets or liabilities as at balance date.

Note 21. Related party transactions

(a) Parent entities

The parent entity is Christchurch City Holdings Limited, which is 100% owned by the ultimate parent entity, Christchurch City Council.

Subsidiaries
Interests in subsidiaries are set out in note 22.

(b) Key management and personnel compensation

The compensation of the Directors and executives, being the key management personnel of the entity, is set out below:

	2025 $'000	2024 $'000
Salaries and short-term employee benefits	2,142	2,013
Post-employment benefits	64	47
	2,206	**2,060**

(c) Transactions with other related parties

During the year the group entered into various transactions with Christchurch City Council and its subsidiary companies. The value of these transactions are summarised below:

	2025 $'000	2024 $'000
(i) During the year		
Services provided to Christchurch City Council	93,806	89,038
Services provided to other subsidiary companies	8,194	9,616
Goods and services received from Christchurch City Council	(155)	(91)
Goods and services received from other subsidiary companies	(713)	(751)
Rent and rates paid to other subsidiary companies	(538)	(530)
Principal and interest paid to and accrued on Christchurch City Holdings Limited loan	(8,720)	(18,263)
Dividends paid to Christchurch City Holdings Limited	(2,500)	-

	2025 $'000	2024 $'000
(ii) As at year end		
Amounts receivable from Christchurch City Council	9,116	10,100
Amounts receivable from other subsidiary companies	1,389	1,168
Amounts payable to Christchurch City Council	(7)	(12)
Amounts payable to other subsidiary companies	(60)	(78)
Loan and interest payable to Christchurch City Holdings Limited	(33,048)	(40,063)

All transactions between the group and related parties were in the normal course of business and provided on commercial terms. The provision for doubtful debts relating to debts due from related parties at reporting date was nil (2024: nil). Related party transactions exclude Directors' fees which are disclosed separately under the statutory information.

(d) Separate disclosure of individual transactions

The company made dividend payments totalling $2.5m (2024: $nil) to its immediate parent, Christchurch City Holdings Limited.

During the 2025 year, the group made subvention payments totalling $3.4m (2024: $5.1m) to Christchurch City Council with an associated tax loss offset of $8.7m (2024 : $13.0m).

During the year, the company entered into a new loan agreement for $35m with Christchurch City Holdings Limited. The loan matures on 20 September 2032. At 30 June 2025, the balance of this loan was $33m (under the former agreement 2024: $40m).

All transactions were made on normal commercial terms and conditions and at market rates.

Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Sold / Dissolved	Ownership interest 2025 %	Ownership interest 2024 %
Apex Water Limited		100%	75%
City Care Property Limited		100%	100%
City Care Property 1 Limited	16 April 2025	-	100%
City Care Water Limited		100%	100%
City Care Water 1 Limited	16 April 2025	-	100%
Panmure Property Holdings Limited	31 August 2023	-	-
Spencer Henshaw Limited		100%	100%
SW Scaffolding Limited (refer note 5)	24 June 2024	-	-

Apex Water Limited

Apex Water Limited is involved in the designing, building, installing and commissioning water and wastewater treatment plants primarily for the food and beverage, dairy, textiles, winery and local government sectors.

On 9 July 2015, City Care Holdings No.1 Limited, a wholly owned subsidiary was incorporated with 3 shares.

On 17 July 2015, City Care Holdings No.1 Limited purchased the trade and assets of Apex Water Limited and simultaneously changed its name to Apex Water Limited. On this day a further 24,997 shares were issued, 14,287 of these to City Care Limited resulting in a 57.16% shareholding.

On 28 June 2019, Apex Water Limited issued 21,805 shares for $45.96. City Care Limited purchased 20,815 of these shares which increased its shareholding to 75%.

On 20 December 2024, City Care Limited acquired the remaining 25% interest in Apex Water Limited for total consideration of $5.9m, including $0.9m of contingent consideration. This resulted in a decrease in retained earnings of $4m as shown in the Statement of changes in equity. This includes $0.1m of transaction costs.

Spencer Henshaw Limited

Spencer Henshaw Limited provides a full range of property repair, maintenance and upgrade services to government clients for residential properties.

On 2 September 2022, the company acquired 100% of the total shares of the Spencer Henshaw Group of companies ('SH Group'), consisting of Spencer Henshaw Limited (5,000 shares), SW Scaffolding Limited (600,000 shares) and Panmure Property Holdings Limited (5,000 shares), for total consideration of $72.3m, including $6.8m held in escrow in relation to warranty issues, and $2.2m of contingent consideration.

On 31 August 2023, Spencer Henshaw Limited amalgamated with its sister company, Panmure Property Holdings Limited, with the Spencer Henshaw Limited being the surviving entity.

On 24 June 2024, the Company sold its entire interest in SW Scaffolding Limited a controlled entity of the company. Based on the completion accounts as at the same date, a gain of $1.2m was recognised in the income statement. Refer to details in note 5.

Non-trading entities

During the financial year City Care Property 1 Limited and City Care Water 1 Limited were formally wound up and deregistered from the Companies Office on 16 April 2025.

Note 23. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statements is reconciled to the related items in the balance sheet as follows:

	2025 $'000	2024 $'000
Cash at bank	29,200	20,898
Demand deposits	5,728	3,554
	34,928	**24,452**

Cash and cash equivalents includes demand deposits for retentions of $1.2m (2024: $0.9m) which are held in accordance with Construction Contracts Act 2022. This cash is not available for business use.

The remaining $4.5m (2024: $2.7m) relates to funds held on trust which are restricted under contract, which specifies that the funds remain the property of the customer until disbursed in accordance with the contractual terms. Accordingly, these funds are not considered freely available for business use.

(b) Reconciliation of profit for the period to net cash flows from operating activities

	2025 $'000	2024 $'000
Profit after income tax for the year	12,586	9,094
Adjustments for:		
(Gain) / loss on sale or disposal of non-current assets	(791)	(2,048)
Depreciation and amortisation of non-current assets	19,315	19,124
Unwinding of the discount on provisions	803	639
Increase / (decrease) in current tax liability	881	2,230
Increase / (decrease) in deferred tax liability	(869)	(3,307)
Changes in net assets and liabilities		
(Increase) / decrease in current receivables	3,752	(4,609)
(Increase) / decrease in contract assets	(491)	2,221
(Increase) / decrease in inventories	41	(329)
Increase / (decrease) in current payables	8,290	864
Increase / (decrease) in contract liabilities	(1,229)	3,077
Increase / (decrease) in current provisions (excl. NZ IFRS 16 restoration cost)	(475)	551
Increase / (decrease) in non-current provisions (excl. NZ IFRS 16 restoration cost)	(18)	523
Net cash inflow from operating activities	**41,795**	**28,030**

(c) Liabilities arising from financing activities

	2025 $'000	2024 $'000
Current borrowings	8,000	10,000
Non-current borrowings	25,000	30,000
Lease liabilities	10,227	11,570
	43,227	**51,570**
Changes in liabilities arising from financing activities		
Opening value	51,570	69,252
New leases	3,381	3,508
Disposed leases	(343)	(856)
Lease modifications	27	34
Unwinding of discount	565	567
Principal repayments of lease liabilities	(4,973)	(4,935)
Repayment of borrowings	(7,000)	(30,600)
Drawdown of borrowings	-	14,600
Closing value	**43,227**	**51,570**

Note 24. Subsequent events

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Statement of Performance

As a council-controlled trading organisation, the Group issued a Statement of Intent (SOI) for the year ended 30 June 2025, as required by section 64 of the Local Government Act 2002 (the Act). The performance measures included in the statement of service performance have been selected with reference to the key non-financial elements of performance the Group manages in its business-as-usual activity. Measures that reflect performance of these elements have been selected where these are relevant, and the Group has established systems for reporting information reliably. Financial performance information has been selected with reference to that which will be required on an ongoing basis by Schedule 8 of the Local Government Act 2002.

(a) Financial performance - consolidated

	Actual $'000	Target $'000
EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)	39,227	31,287
Operating NPAT (Net Profit After Tax)	19,908	12,365
Net Debt / EBITDA[1]	0.10	0.79
Net Debt / (Net Debt + Equity)	4.2%	22.8%
Shareholder Funds / Total Assets	40.1%	45.1%
ROIC (Return on Invested Capital)	23.0%	13.5%

[1] The group measures Debt/EBITDA as Net Debt/EBITDA, being a more accurate and representative metric for group performance.

(b) Non-financial performance

CITY CARE LTD	RESULT
Client Satisfaction	
Positive Net Promotor Score (NPS) based on an annual customer survey	Achieved
Environmental	
100% of new (non-operational) passenger vehicles purchased or leased to be hybrid or EV excludes vehicles procured through acquisitions (subject to vehicle availability)	Achieved
Annual reduction of Company-wide GHG emissions from scope 1 and scope 2 sources normalised against annual turnover to reach 2030 goals	Achieved
Health & Safety	
Reduction in total recordable injury frequency rate	Achieved
Increase in health & safety reporting	Achieved
Grow our health and safety culture through the utilisation of insights from the annual independent Concordia survey	Achieved
Employee Engagement / Diversity	
Incremental increase in the number of women in leadership roles	Achieved
Improvement in closing the gender diversity ratio and pay gap	Not Achieved[1]
Incremental increase in the number of Māori and Pasifika in leadership roles	Not Achieved[2]
Improvement in Employee Engagement	Achieved

[1] While CCL did not meet the target for closing the gender pay gap, female representation across the business and in leadership has increased, indicating progress toward broader diversity goals.
[2] While CCL did not meet the target for increasing Māori and Pasifika leaders, the annual change was less than 1%, and leadership representation remains broadly aligned with national benchmarks.

Community	
Collaborate with community and iwi stakeholders to deliver volunteering support as well as support for sustainability education	Achieved
System Management	
Maintain Citycare Water's current ISO-accredited systems	Achieved

APEX WATER LTD	RESULT
Client Satisfaction	
Positive net promotor score (NPS)	Achieved
Health & Safety	
Lost Time Injuries less than two	Achieved
Medical treatment injuries (MTI) less than three	Achieved
Innovation	
Identify two new products or technologies to bring to market	Achieved

SPENCER HENSHAW LTD	RESULT
Health & Safety	
Grow our health and safety culture through benchmarking using Safe 365 as the foundation.	Achieved
Maintain total recordable injury frequency rate below 2.0 *(includes subcontractors)*	Achieved
Maintain total recordable injury frequency rate for Spencers' staff below 5.0[1]	Achieved

[1] Management has added an additional TRIFR measure specific to Spencers' staff, alongside the existing metric that includes subcontractors.

Customer Satisfaction	
Customer KPI score > 85%	Achieved
Community Satisfaction	
Complete at least 16 community engagements per annum	Achieved
Employee Satisfaction	
Positive Employee Net Promoter Score (ENPS) based on annual employee survey	Achieved

Greenhouse Gas (GHG) Emissions

Our journey continues to manage and measure companywide emissions.

This year Citycare applied the operational control consolidation approach to its GHG emissions reporting boundaries; a change in approach from previous years, away from an equity share consolidation. The operational control has been used as our shareholder CCHL has directed Citycare to align its consolidation approach with the wider CCHL Group. This change will see 100% of Apex Water accounted for as Citycare holds operational control over Apex Water and Citycare now has 100% shareholding of Apex Water[1]. This does not change the treatment for Spencer Henshaw as this was already 100% accounted for under Citycare Limited.

To enable like-for-like comparisons for past and future inventories, Citycare has recalculated its prior year's emissions to include the remaining 25% of Apex Water's emissions, and the latest MfE emission factors. The recalculation has resulted in a FY2024 revised group Scope 1 & 2 emissions of 86 tCO_2^e higher than the emissions previously reported.

The group has set an annual scope 1 and 2 emissions reduction intensity target to ensure we can compare the impact of our reduction initiatives over time without being influenced by increases or decreases in the group's overall size. This intensity factor is our normalised tonnes of emissions from our scope 1 and 2 emission sources per $ of revenue (less contractor cost + 10% margin). This adjustment has been made because the related contractor emissions fall within scope 3.

Normalised scope 1 and 2 emissions – (tCO_2^e)/$ revenue decreased from 0.000034152 against our audited restated 2024 emissions to 0.000032852 in 2025, a decrease of 4% (note this result is not inflation adjusted).

CCHL is a Climate Reporting Entity (CRE) under the Financial Markets Conduct Act 2013. As a CRE, CCHL must produce an annual group climate statement that complies with the Aotearoa, New Zealand Climate Standards issued by the External Reporting Board. The group is under no obligation to report in its own right, however in order for CCHL to meet its reporting obligations, the group are required to provide this information. The group has made considerable progress this year to measure more scope 3 emission sources including purchased goods and services, including subcontractors, and well to tank fuel emissions – refer to the Natural capital sections.

[1] Citycare previously accounted for 75% of Apex's emissions under the equity share approach. During FY25 Citycare bought the remaining 25% of shares of Apex Water and now owns 100% of Apex Water.

	Restated 2024 tCO_2^e	**Actual 2025 tCO_2^e**
City Care Group's total measured GHG emissions FY24 – FY25		
Tonnes of Carbon Dioxide equivalent (tCO_2^e)		
Scope 1 emissions		
LPG Stationary use	3	4
Diesel and petrol in vehicles	7,146	7,493
Diesel and petrol in vehicles - Apex Water Limited	167	181
Diesel and petrol in vehicles - Spencer Henshaw Limited	574	518
Total scope 1 emissions	**7,890**	**8,196**
Scope 2 emissions		
Purchased electricity	118	110
Purchased electricity - Apex Water Limited	6	8
Purchased electricity - Spencer Henshaw Limited	24	20
Total scope 2 emissions	**148**	**138**
Total measured emissions	**8,038**	**8,334**
Normalised Emissions (tCO_2^e / $ Revenue)	0.000034152	0.000032852

There is a level of inherent uncertainty in reporting GHG emission factors, due to scientific uncertainty and estimation uncertainty involved in the measurement process. The group has used the published emission factors from the MfE 2025 guidance document and obtained quantity data direct from suppliers (electricity invoices and fuel card transaction statements).

Independent Auditor's Report

Audit New Zealand
Mana Arotake Aotearoa

To the readers of City Care Limited's Group financial statements and statement of performance for the year ended 30 June 2025

The Auditor-General is the auditor of City Care Limited and its controlled entities (collectively referred to as "the Group"). The Auditor-General has appointed me, Yvonne Yang, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of performance of the Group, on his behalf.

We have audited:

- the financial statements of the Group on pages 40 to 64, that comprise the balance sheet as at 30 June 2025, the income statement, the statement of comprehensive income, statement of changes in equity and the cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of performance of the Group for the year ended 30 June 2025 on pages 65 to 67.

Opinion

In our opinion:

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

Our audit was completed on 14 August 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to inherent uncertainties in the measurement of greenhouse gas emissions. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the statement of performance, we comment on other information, and we explain our independence.

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

The Group has chosen to include a measure of its greenhouse gas (GHG) emissions in its statement of performance. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to the statement of performance on page 67 of the annual report, which outlines the uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

Basis for our opinion

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

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

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

Responsibilities of the Board of Directors for the financial statements and the statement of performance of the Group

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

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

In preparing the financial statements and the statement of performance, the Board of Directors is responsible on behalf of the Group for assessing the Group'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 Group or to cease operations or has no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the statement of performance of the Group

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the statement of performance of the Group, 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the statement of performance of the Group 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 Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the Group financial statements, including the disclosures, and whether the Group 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 statement of performance of the Group, including the disclosures, and assess whether the statement of performance of the Group achieves its statutory purpose of enabling the Group's readers to judge the actual performance of the Group against its objectives in the Group's statement of intent.
- We plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information and the statement of performance of the entities or business units within the Group as a basis for forming an opinion on the financial statements and the statement of performance of the Group. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

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

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

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

Independence

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

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

Y Yang

Yvonne Yang
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Statutory Information

Ownership

City Care Limited is a limited liability company incorporated under the Companies Act 1993. The company is wholly owned by Christchurch City Holdings Limited, a company 100% owned by the Christchurch City Council.

Principal activities

The group's principal activities during the year were:
- construction of vertical and horizontal assets;
- facilities management;
- maintenance of amenity assets including water and wastewater, parks, trees and public spaces;
- maintenance of social housing; and
- provision of asset management services.

Directors for City Care Limited

The following Directors held office during the year ended 30 June 2025:
- Bryan Jamison (Chair)
- Elena Trout
- Jacqueline Colliar
- Alison (Kathleen) Posa
- Mark Todd (retired 25 October 2024)
- William Bayfield
- Thomas Nickels (appointed 25 October 2024)

Directors for Apex Water Limited (a subsidiary of City Care Limited)

The following Directors held office during the year ended 30 June 2025:
- Tim Gibson (Chair)
- William Bayfield
- Christopher Horn (appointed 25 October 2024)
- Mark Todd (retired 25 October 2024)
- Matthew Savage (retired 20 December 2024)
- Steven Kroening (retired 20 December 2024)

Directors for Spencer Henshaw Limited (a subsidiary of City Care Limited)

The following Directors held office during the year ended 30 June 2025:
- Bryan Jamison (Chair)
- Christopher Horn
- Elena Trout

Directors' interests

The group maintains an interests' register in which particulars of certain transactions and matters involving the Directors are recorded. These are requirements under the Companies Act 1993. The following entries were recorded in the interests register during the year ended 30 June 2025.

DIRECTOR	ENTITY	POSITION
City Care Limited Directors		
Bryan Jamison	City Care Ltd	Director
	City Care Property Ltd	Director
	City Care Water Ltd	Director
	Crusaders (GP) Ltd	Director
	Essex Investments and Developments Ltd	Director & Shareholder
	Fern Energy Ltd	CEO (retired 29 November 2024)
	Jamison Family Trust	Trustee
	Spencer Henshaw Ltd	Director
Elena Trout	Ara Ake Limited	Director
	Callaghan Innovation	Chair
	City Care Ltd	Director
	Contact Energy Ltd	Director
	Energy Efficiency & Conservation Authority	Chair
	E-Spatial Ltd	Director (retired 29 July 2024)
	Harrison Grierson Holdings Ltd	Director (retired 29 July 2024)
	Harrison Grierson Consultants Ltd	Director (retired 29 July 2024)
	Harrison Grierson International Ltd	Director (retired 29 July 2024)
	Kaikohe Berryfruit GP Ltd	Director
	Motiti Investments Ltd	Director & Shareholder
	Ngāpuhi Asset Holding Company Ltd	Director (retired 30 June 2025)
	New Zealand Food Innovation Network Ltd	Director (appointed 1 October 2024)
	New Zealand Local Government Funding Agency Ltd	Director (appointed 19 November 2024)
	Opuha Water Ltd	Director
	Spencer Henshaw Ltd	Director
	Te Rāhui Herenga Waka Whakatane Ltd	Director
	Waihanga Ara Rau	Co-Chair
	WorkSafe	Audit Risk and Finance Committee Chair

DIRECTOR	ENTITY	POSITION
Jacqueline Colliar	City Care Ltd	Director
	Infratec New Zealand Ltd	Director
	Newpower Energy Ltd	Director
	Newpower Energy Services Ltd	Director
	Ngaa Muka Development Trust	Trustee
	Taniwha Marae Trust	Trustee
	Te Whakakitenga o Waikato Inc Society	Elected Representative for Taniwha Marae
	Waikato Raupatu Lands Trust & Waikato Raupatu Rivers Trust	Trustee & Deputy Chair of Te Atataura
	Waikato Regional Council	Waikato-Tainui JMA Committee Member
	Waikato-Tainui Group	Audit & Risk Committee Member & Water Policy Committee Chair
	Waikato District Council Governance Board	Board Intern (retired 25 July 2024)
	Waipa District Council	Waikato-Tainui JMA Committee Member
	WEL Networks Ltd	Director
Alison (Kathleen) Posa	Asurequality Ltd	Director
	City Care Ltd	Director
	City Forests Ltd	Director
	OTPP New Zealand Forest Investments Ltd	Director (appointed 16 June 2025)
	OTPP New Zealand Forest Investments Topco Ltd	Director (appointed 16 June 2025)
	PwC NZ	Member of Audit Advisory Board
	Andrews Close Trust	Trustee
	Waonui Forest Investments Ltd	Director (appointed 19 June 2025)
William Bayfield	Apex Water Ltd	Director (Appointed 1 January 2024)
	City Care Ltd	Director
	Costrong Forests Ltd	Director & shareholder
	Costrong Family Trust	Trustee
	Wellington Water Ltd	Director
Thomas Nickels	City Care Ltd	Director (appointed 25 October 2024)
	KT Advisory Ltd	Director & Shareholder
	Transwaste Canterbury Ltd	Director
	Nickels Family Trust	Trustee
	OCS ANZ External Advisory Panel	Advisor
	WM New Zealand Sustainability Advisory Panel	Advisor

DIRECTOR	ENTITY	POSITION
Apex Water Limited Directors		
Mark Todd	As above	Director (retired 25 October 2024)
Matthew Savage	Apex Water Ltd	Director (retired 20 December 2024)
Steven Kroening	Apex Water Ltd	Director (retired 20 December 2024)
Timothy Gibson	3 Waters Strategic Reference Group	Chair
	Apex Water Ltd	Director
	City Care Ltd	Chief Executive Officer (Water)
	The Infrastructure Education & Training Charitable Trust	Advisory panel member
	Water New Zealand	Board Member & President
Christopher Horn	Apex Water Ltd	Director (appointed 25 October 2024)
	City Care Ltd	Chief Financial Officer (Group)
	City Care Property Ltd	Director
	Spencer Henshaw Ltd	Director
	Horn Family Trust	Trustee & Beneficiary
Spencer Henshaw Limited Directors		
Bryan Jamison	As above	
Christopher Horn	As above	
Elena Trout	As above	
Dormant Entities Directors		
Bryan Jamison	As above	
Christopher Horn	As above	
Michael Williams	City Care Water Ltd	Director (retired 6 December 2024)

Directors' remuneration

Remuneration and other benefits paid or due and payable to Directors for services during the year as a Director of the group were as follows:

	2025 $	2024 $
City Care Limited		
Bryan Jamison (Chair)	92,004	85,000
Elena Trout	54,000	46,000
Jacqueline Colliar	52,335	30,667
Jennifer Rolfe (retired 27 October 2023)	-	12,833
Alison (Kathleen) Posa	52,668	30,667
Kevin Young (retired 31 December 2023)	-	26,500
Mark Todd (retired 25 October 2024)	17,129	49,500
Penny Hoogerwerf (retired 27 October 2023)	-	15,000
Thomas Nickels (appointed 25 October 2024)	35,667	-
William Bayfield (appointed 27 October 2023)	50,004	30,667
	353,807	**326,834**
Apex Water Limited		
Christopher Horn (appointed 25 October 2024)	-	-
Kevin Young (retired 31 December 2023)	-	16,000
Mark Todd (retired 25 October 2024)	10,667	28,333
Tim Gibson (Chair)	-	-
William Bayfield	36,000	16,000
	46,667	**60,333**
Spencer Henshaw Limited		
Bryan Jamison (Chair)	92,000	85,000
Christopher Horn	-	-
Elena Trout	47,000	42,500
	139,000	**127,500**

Use of company information by Directors

No notices have been received from Directors of the group requesting to use company information received in their capacity as Directors which would not otherwise have been available to them.

Directors' Insurance

The group has arranged insurance policies for Directors' liability insurance within the limits and requirements as set out in the Companies Act 1993.

Chief Executive Remuneration

CE total remuneration includes base salary and Kiwisaver contributions. Their remuneration packages are reviewed annually by the Remuneration Committee and the Board after reviewing both CE and the company's performance, taking advice from an external remuneration specialist.

	2025 $'000	2024 $'000
CE Property	587	559
CE Water	567	552
	1,154	**1,111**

Employees remuneration

The number of employees and former employees whose remuneration and other benefits (including termination payments) were more than $100,000 during the period are as follows:

Remuneration range	2025	2024
$100,000 – $110,000	110	112
$110,000 – $120,000	79	68
$120,000 – $130,000	66	38
$130,000 – $140,000	44	31
$140,000 – $150,000	31	20
$150,000 – $160,000	21	17
$160,000 – $170,000	18	14
$170,000 – $180,000	12	8
$180,000 – $190,000	10	10
$190,000 – $200,000	12	6
$200,000 – $210,000	10	10
$210,000 – $220,000	7	1
$220,000 – $230,000	4	1
$230,000 – $240,000	4	5
$240,000 – $250,000	1	2
$250,000 – $260,000	2	-
$260,000 – $270,000	1	1
$270,000 – $280,000	1	3
$280,000 – $290,000	3	-
$290,000 – $300,000	–	1
$300,000 – $310,000	–	1
$310,000 – $320,000	1	1
$330,000 – $340,000	–	1
$340,000 – $350,000	1	-
$350,000 – $360,000	1	1
$380,000 – $390,000	1	-
$400,000 – $410,000	1	-
$550,000 – $560,000	–	2
$560,000 – $570,000	1	-
$580,000 – $590,000	1	-
$690,000 – $700,000	1	-
$770,000 – $780,000	–	1
	444	**356**

Donations

The group made donations of $5,600 during the year (2024: $9,200).

Auditor

The Auditor-General is appointed under Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services on behalf of the Auditor-General. Group audit fees in respect of the 2025 financial year totalling $469,000 have been paid or accrued.

Corporate Governance Statement

The City Care Limited Board of Directors is responsible for the corporate governance of the company. The Board and management are committed to ensuring the company maintains best practice governance structures and adheres to high ethical standards.

This statement presents an overview of the main corporate governance policies of the company.

Board role and responsibility

Citycare's Board of Directors is appointed by the Shareholder, Christchurch City Holdings Limited, and is responsible for the direction and control of the company's activities. The primary objective of the Board is to build long-term Shareholder value taking into due consideration other stakeholder interests. It does this by setting strategic direction and context and focusing on issues critical for its successful execution.

The role and responsibilities of the Board are formalised in the Board Charter, which is reviewed periodically. The purpose of the Board Charter is to provide high standards of corporate governance and clarify the Board's role and responsibilities. The Board has established committees to assist with the discharging of its responsibilities. The roles of the committees are described below.

The Board has delegated to the Chief Executives the day-to-day leadership and management of the company.

The Chief Executives have, in some cases, formally delegated certain authorities to direct reports and have established a formal delegated authority framework for those direct reports to sub-delegate as appropriate.

All members of the Board are independent non-executive Directors.

The Board endorses and adheres to the principles of the Institute of Directors of New Zealand Incorporated 'Four Pillars of Governance Best Practice'.

Responsibility to Shareholder

In accordance with section 64 of the Local Government Act 2002, each February the company submits to the Shareholder a draft Statement of Intent (SOI) for the coming financial year. The SOI sets out the objectives, activities, intentions, financial and performance targets. After due consideration and after discussion with the Shareholder, the final SOI is approved by the Board of Directors and delivered to the Shareholder each June.

The company's constitution provides that the Board will consist of a maximum of seven Directors. Currently the Board comprises six non-executive Directors. With the prior approval of the Shareholder, the Board may appoint one fulltime executive as a Director of the company.

Up to one-third of the ordinary Directors retire by rotation at each Annual General Meeting. The basis for determining which Directors retire by rotation is the length of service in office since the last election or appointment. Retiring Directors are eligible for re-election.

The Shareholder has the right to appoint a Chair and, if it considers appropriate, a Deputy Chair for such periods as it sees fit. If the Shareholder does not exercise that right, then the Board may elect their own Chair or Deputy Chair.

The Board supports the separation of the role of Chair and Chief Executives. The Chair's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the Chief Executives.

The Board currently does not have a Deputy Chair.

Conflicts of interest

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and apparent) between the company and their own interests. The Board Charter outlines the Board's policy on conflicts of interest.

Where conflicts of interest do exist at law, then the Director must disclose their interest, and if considered necessary, excuse themselves from any Board discussions and not receive any Board papers in respect of those interests.

Nominations and appointment of new Directors

The procedures for appointing and removing Directors are governed by the company's constitution. When considering candidates to act as Director, the Shareholder considers such factors as it deems appropriate, including the experience, qualifications, availability and judgment of a candidate, and the candidate's ability to work alongside other Directors.

Board meetings

Each year there are 12 scheduled meetings of the Board. The Board also meets as required between the scheduled meetings.

The Chair and Chief Executives establish meeting agendas to ensure adequate coverage of all key issues. The Directors receive Board papers one week in advance of Board meetings, except in the case of special meetings for which the time period may be shorter.

The Board encourages management to schedule presentations at Board meetings by managers who can furnish additional insight into items being discussed, or have future potential that management believes should be demonstrated to the Board. Directors are entitled to have access, at all reasonable times, to all relevant company information and to management. Any Director is entitled to obtain independent professional advice relating to the affairs of the company or to his or her other responsibilities as a Director. If a Director considers such advice necessary, the Director shall first gain the approval of the Chair, and having done so, shall be free to proceed.

The Board meets regularly in confidential session, without the Chief Executives or other management present.

Directors' induction and education

Upon appointment to the Board, all new Directors undergo a tailored induction programme appropriate to their experience to familiarise them with Citycare's business and strategy. The programme includes one-on-one meetings with management and visits to key company sites.

Directors are expected to keep themselves informed of changes and trends in the business of the company and in the environment and markets in which the company operates. There is an ongoing programme of presentations to the Board by all business units.

The Board expects all Directors to undertake continuous education so that they may appropriately and effectively perform their duties. Members of the Board have attended various CPD events during the year relevant to them.

Board performance review

The Board periodically reviews its own performance and the performance of the Chief Executives. The process includes one-on-one meetings between the Chair and each Director, as well as regular Board discussions on governance and performance issues.

Chief Executives' performance reviews

The Board reviews the performance of the Chief Executives against their key performance objectives at least once a year.

Insurance

The company has arranged liability insurance for Directors and Officers that ensures that generally Directors will incur no monetary loss as a result of actions undertaken by them as Directors of the company arising out of acts or omissions of Directors and employees in their capacity as such. Insurance is not provided for dishonest, fraudulent, malicious or wilful acts or omissions.

Board committees

The Board has three formally constituted committees, the Risk, Audit and Finance Committee, the People and Culture Committee and the Health and Safety Committee. All committees have Board-approved Charters outlining the committee's authority, duties, responsibilities and relationship with the Board. Other committees may be established as needed.

Risk, Audit and Finance Committee

The Risk, Audit and Finance Committee is chaired by a Director who is not the Board Chair. It comprises non-executive members of the Board as appointed by the Board from time to time. The Chief Executives and Group Chief Financial Officer also attend meetings but are not members of the committee. Any non-executive Directors who are not committee members may also attend meetings of the committee.

The Risk, Audit and Finance Committee shall assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to:

- Risk management and systems of internal control;
- General business practice assurance including compliance with applicable laws and regulations (health and safety matters specifically excluded) and protection of assets;
- Reporting of financial information and regulatory disclosure requirements (including all related audit matters);
- Financial management; and
- All other matters as delegated by the Board.

Meetings are scheduled during the year to coincide with the timing of the various responsibilities of the committee. The committee has direct communication with and unrestricted access to the external and internal auditors.

In fulfilling its responsibilities, the Risk, Audit and Finance Committee receives regular reports from management as well as the internal and external auditors. The Risk, Audit and Finance Committee meets (at least) annually with the external auditor without the presence of management. The committee makes recommendations to the Board for its consideration.

People and Culture Committee

The People and Culture Committee comprises up to three non-executive members of the Board as appointed by the Board.

The frequency of meetings is determined by the committee Chair to align with the company remuneration cycles.

The People and Culture Committee shall assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to:

- The remuneration strategy and any associated frameworks;
- The remuneration arrangements, including any incentive plans for the Chief Executives and other executive team members;
- The remuneration, recruitment, retention and termination policies and practices with regard to the Chief Executives;
- The people and culture strategy and high level initiatives;
- Reviewing succession plans for the executive team and providing assurance that there is robust succession planning processes in place;
- Reviewing the training and development plans for the executive team; and
- The company's disclosure obligations for executive remuneration reporting.

In fulfilling its responsibilities, the People and Culture Committee seeks and receives independent advice and timely evaluation reports on current market remuneration information. The committee makes recommendations to the Board for its consideration.

Health and Safety Committee

The Health and Safety Committee comprises one non-executive Directors of the Board as appointed by the Board. The remaining Directors of the Board attend one Committee meeting per year on a rotational basis. The Chief Executives, the General Manager – Safety, Risk & Resilience, Property, the Head of Safety, Water and four other company field representatives are required to attend the Health and Safety Committee meetings but are not members of the committee. Any non-executive Directors who are not committee members may also attend Health and Safety Committee meetings.

The Health and Safety Committee's responsibility is to:

- Advise and assist the Board in the development and maintenance of a health and safety governance charter that serves as Citycare's highest level health and safety document. The charter defines how health and safety expectations and strategy are set, and outlines how health and safety is managed at Citycare;
- Identify and recommend to the Board the use of good practice principles such as the Institute of Director's Good Governance Practices Guidelines for Managing Health and Safety Risks;
- Understand and monitor the company's compliance with all relevant health and safety legislation. Act as a conduit for engagement with the company's workers, ensuring effective communication of work concerns to the Board.

Meetings are held on a two monthly basis to coincide with the timing of the various responsibilities of the committee. In fulfilling its responsibilities, the Health and Safety Committee receives regular reports from management through the Board reporting process. It also receives incident information whenever significant events occur. The need for access to auditors, legal or independent professional advice is to be determined by the committee as and when required to fulfil its obligations. The committee makes recommendations to the Board for its consideration.

Directory

DIRECTORS

Chair	Bryan Jamison
	Elena Trout
	Alison (Kathleen) Posa
	Jacqueline Colliar
	Thomas Nickels
	William Bayfield

Executive Management Team

Chief Executive – Citycare Property	Peter Lord
Chief Executive – Citycare Water	Tim Gibson
CFO – Citycare Group	Chris Horn

Auditor	Audit New Zealand on behalf of the Auditor-General
Solicitors	Tavendale and Partners
Bankers	Bank of New Zealand
Registered Office	818 Wairakei Road, Harewood, Christchurch 8053, New Zealand PO Box 7669, Sydenham, Christchurch 8240 Phone: 0508 CITYCARE (248 922)

Our Locations

APEX WATER

Head Office:
Auckland
Unit B 1 / 570 Mt Wellington Highway, Mt Wellington
03 929 2675

Other Offices:
Christchurch
Hamilton
Timaru
Whakatāne

CITYCARE PROPERTY

Head Office:
Christchurch
818 Wairakei Road, Christchurch Airport
0800 248 922

Other Offices:
Auckland – Drury
Auckland – East Tāmaki
Greymouth
Greytown
Kerikeri
Ngāruawāhia
Porirua
Queenstown
Tokoroa
Wellington
Whangārei

CITYCARE WATER

Head Office:
Christchurch
50 Hazeldean Road, Addington
0800 248 922

Other Offices
Auckland – Bombay
Auckland – East Tāmaki
Dunedin
Masterton
New Plymouth
Stratford
Timaru
Wellington

SPENCERS

Head Office:
Auckland
6 The Concourse, Henderson
09 903 3679

Other Offices:
Auckland – Onehunga
Auckland – Tāmaki
Lower Hutt
Whangārei