















CitycareGroup

2026

Annual Report



Nau mai, haere mai

KIA ORA KOUTOU.

Welcome to the Citycare Group Integrated Report for the 2025/26 financial year.

Our Group comprises a portfolio of four businesses: Citycare Property, Citycare Water, Apex Water, and Spencer Henshaw. 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 2025/26 year and present our consolidated financial performance.

Nau mai, tauti mai ki te Pūrongo kotahi a Citycare i te tau pūtea 2025/26.

E hanga ana Tō Mātou Rōpū i ngā pakihi e whā: Citycare Property, Citycare Water, Apex Water, me Spencer Henshaw. 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 2025/26 me te whakaatu hoki i ngā hua ahumoni i whakatutukihia.

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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.

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, Citycare Property, Citycare Water, Spencer Henshaw (Spencers) and Apex Water, all of which are governed by the Board.

During 2026, the Board made the strategic decision to bring Apex Water, Citycare Water, Citycare Property and Spencers together under a single group structure led by a Group Chief Executive Officer. This marks an important milestone in the evolution of the Group and reflects our commitment to building a stronger, more connected organisation that can better serve our customers, communities and stakeholders. This change took effect early in financial year 2026/27.

The Board's focus is on improving safety, 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.

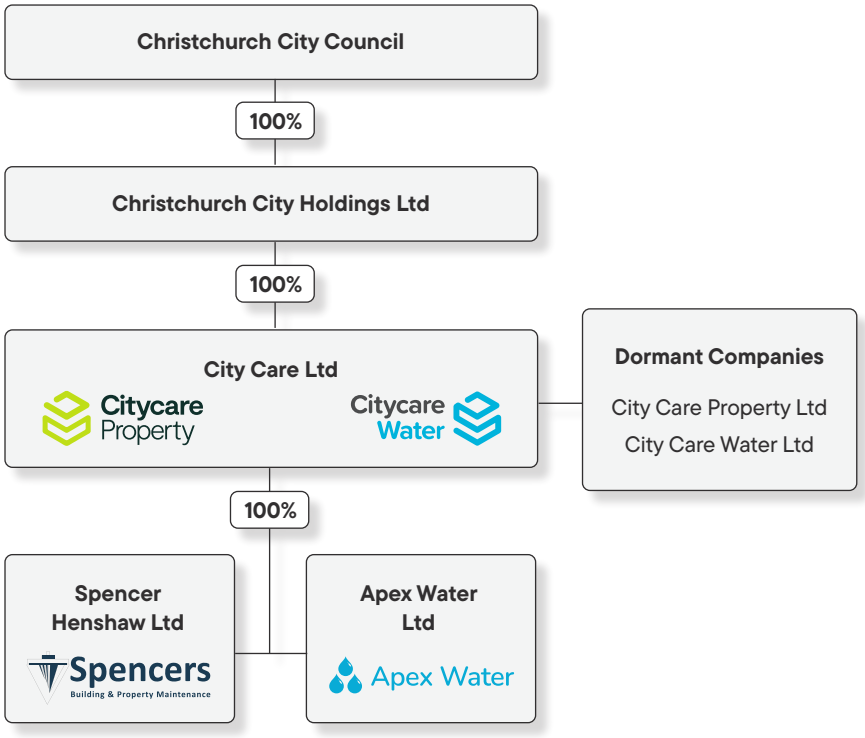
The Board functions in an open and constructive manner, adhering to its guiding principles while acknowledging that differing opinions can provide valuable insights and lead to more informed Governance decisions. This approach, coupled with the Directors' commitment to actively engage in a candid and 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 61 to 64.

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.



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 sector.

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

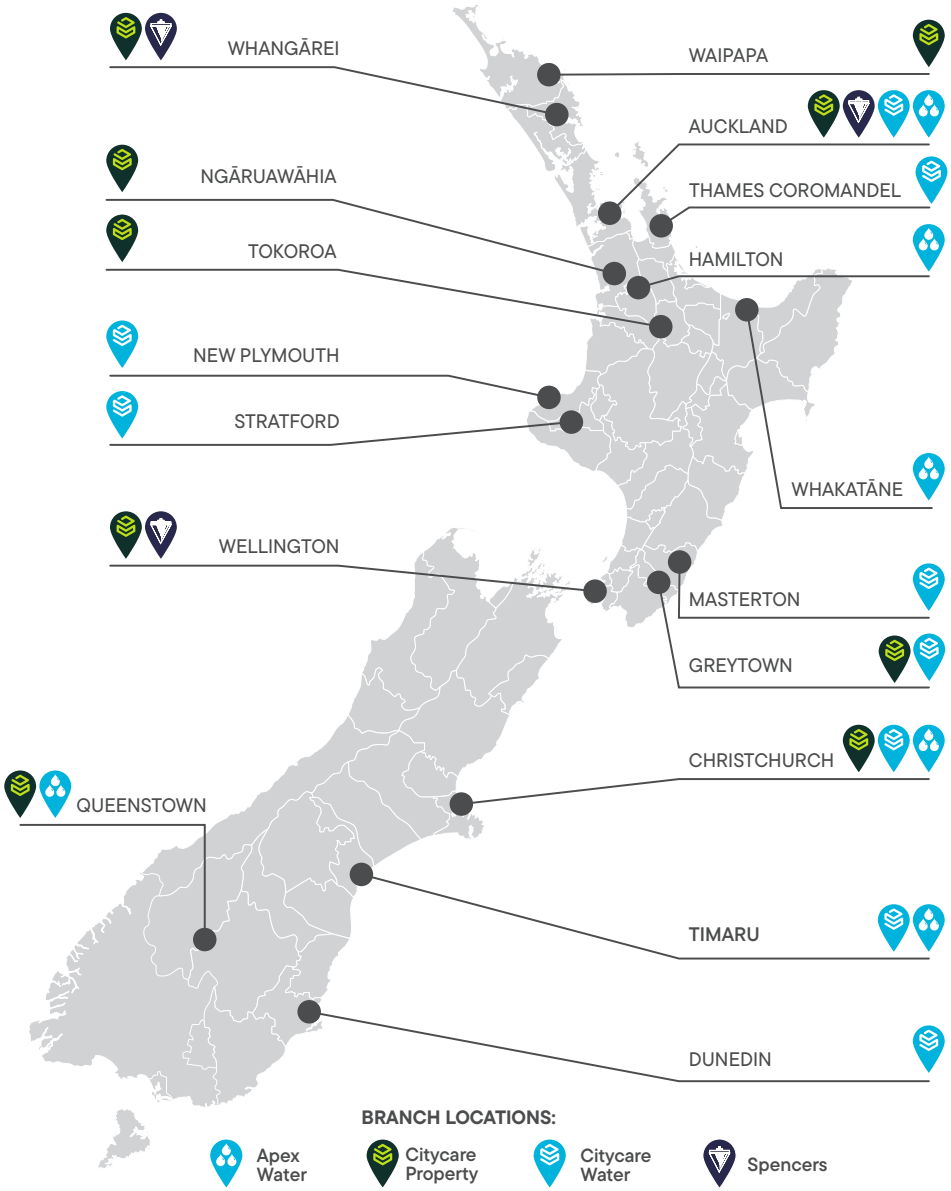
Citycare Water provides three waters maintenance, construction and digital services that support our customers to deliver safe drinking water and environmentally sound wastewater and stormwater services.

Spencers

Building & Property Maintenance

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

CitycareGroup



Citycare Group Chair's Report

A Year of Change, Growth and Opportunity

The 2025/26 financial year has been one of significant change, growth and achievement across the Citycare Group.

During the year, the Board made the strategic decision to bring Apex Water, Citycare Water, Citycare Property and Spencers together under a single group structure led by a Group Chief Executive Officer. This marks an important milestone in the evolution of the Group and reflects our commitment to building a stronger, more connected organisation that can better serve our customers, communities and stakeholders.

A major step in this journey was the appointment of Simon Lipscombe as Group Chief Executive Officer. Simon brings more than 20 years of senior leadership experience across complex service organisations in New Zealand and internationally. His extensive operational expertise, strong commercial acumen and people-focused leadership style align closely with the values and aspirations of Citycare Group. We welcomed Simon in August 2026 and we are excited about the leadership he will provide as we continue to grow and evolve.

While the year presented a range of challenges, including fuel supply disruptions, inflationary pressures and ongoing regulatory change across the infrastructure and water sectors, our businesses continued to demonstrate resilience, adaptability and a strong commitment to delivering for customers and communities.

Across the Group, our teams achieved major milestones. Apex Water secured a significant amount of work, including the landmark Waikato District Council Wastewater Treatment Plants Upgrade Programme. Citycare Property strengthened its position as a leading facilities management provider through the award of five major New Zealand Defence Force contracts. Citycare Water continued to build momentum by securing the Thames Coromandel District Council, and the South Wairarapa District Council Three Waters contracts and retaining key Three Waters contracts across New Zealand, while Spencers delivered a strong financial performance and secured an early extension of its Tāmaki Regeneration Company contract through to 2029.

These achievements reflect the trust our customers place in our teams and processes as well as our ability to deliver essential services safely, efficiently and reliably.

Investing in our people remains a priority across the Group. Throughout the year we continued to support workforce development through industry qualifications, leadership programmes, youth employment initiatives and partnerships that create pathways for future generations. We remain committed to attracting, developing and retaining the talented people who are critical to our success.

Health, safety and wellbeing continue to underpin everything we do. Across the Group, our businesses achieved strong health and safety outcomes, strengthened governance practices and maintained a focus on ensuring every person returns home safely each day. This commitment extends beyond compliance and reflects the culture we continue to build throughout our organisation.

We also continued to invest in innovation, technology and information security. Citycare's job management platform, EM2 recorded its six millionth job since launching in 2020, reflecting the scale and maturity of our digital capabilities. Across the Group, we have expanded the use of AI-enabled tools and continue to invest in systems and data capabilities that help improve service delivery, support our people and create value for our customers. As part of our commitment to strong governance and cyber resilience, we have also continued preparations for ISO 27001 certification, strengthening our information security framework, controls and processes to align with internationally recognised best practice.

Our operational performance reflects the strength of our underlying businesses and the disciplined approach taken by our management teams throughout a period of significant change. While economic conditions remain challenging, the Group enters the new financial year from a position of strength, supported by a healthy pipeline of work, long-term customer relationships and growing opportunities across our markets.

The Board has considered the implications of Kāinga Ora's decision to retender its maintenance contracts from FY28 onwards. The resulting uncertainty around future contracts led to the recognition of impairment and amortisation adjustments during the year. Importantly, these adjustments reflect a reassessment of the Group's investment rather than any deterioration in the underlying business. The Board remains confident in Spencers' capabilities, its strong market position, and its ability to compete successfully for future opportunities.

During the year, several long-serving Executive Leaders also concluded their time with the organisation, some having served for 20 years or more. The Board acknowledges and thanks them for their significant contribution to the growth and success of the Group over that time.

We also farewelled Bryan Jamison following six years as Chair and welcomed Director Hilary Walton and Associate Director Chris Selbie to the Board. I would like to thank Bryan for his leadership and contribution and look forward to Hilary's and Chris's contribution to the Group.

Most importantly, I want to acknowledge and thank our people. Across New Zealand, our teams deliver essential services every day that support communities, protect public infrastructure and improve quality of life. Their professionalism, resilience and commitment to excellence continue to be the foundation of our success.

I would also like to thank my fellow Board members for their guidance, expertise and stewardship throughout a year of significant transformation. Their support and commitment have been instrumental in helping the Group navigate change while maintaining a clear focus on long-term success.

Finally, I extend our thanks to our customers, partners, shareholders and stakeholders for their continued trust and support.

As we look ahead, Citycare Group is well positioned for the future. With a unified leadership structure, strong customer relationships, talented people and a clear strategic direction, we remain focused on creating lasting value for the communities we serve and delivering sustainable growth for the years ahead.



TOM NICKELS
CHAIR, CITYCARE GROUP

Apex Water

Building Momentum for Sustainable Growth

Apex Water continued to strengthen its position as a leading provider of water and wastewater infrastructure solutions across New Zealand.

A major achievement during the year was securing the Waikato District Council Wastewater Treatment Plant Upgrade Programme. This significant project comprises four treatment plants and provides a strong foundation for growth over the next four years.

The successful delivery of the Cromwell Water Treatment Plant further enhanced Apex Water's reputation for delivering complex infrastructure projects in challenging environments.

Growing national investment in water infrastructure, regulatory compliance and asset renewal continues to create strong market opportunities. Combined with a solid order book and a healthy pipeline of future work, Apex Water enters FY 2026/27 from a position of strength.

Health, safety and environmental stewardship remain central to the business. Strong performance against safety objectives and ongoing sustainability initiatives support long-term resilience and operational excellence.

With a significant amount of secured work and a robust pipeline of opportunities, Apex Water is well positioned to continue delivering value for customers, stakeholders and communities throughout New Zealand. Apex Water enters FY 2026/27 with confidence and a clear focus on delivering high-quality outcomes.



Citycare Property

Expanding Capability and Community Impact

Citycare Property experienced a year of significant growth, securing major new contracts while continuing to deliver positive outcomes for customers and communities.

The business was awarded five multi-year New Zealand Defence Force facilities maintenance contracts covering Burnham, Trentham, Linton, Whenuapai and Woodbourne. These contracts represent a significant milestone for the business and resulted in the addition of approximately 220 employees nationwide.

The successful mobilisation of national facilities maintenance contracts for New Zealand Health Group and the Department of Conservation further strengthened the business's market position. Citycare Property also partnered with Te Kōhanga Reo National Trust to undertake asset condition assessments across its property portfolio.

Community impact remains a key focus. Through initiatives such as Te Hāpai te Hapori and Whakamana Anamata Mā te Rangapū, the business continues to support local communities, create employment opportunities and develop pathways for rangatahi.

As a result of these efforts Citycare Property was named LImited Service Volunteer Volunteer Employer of the Year at the Defence Force Tohu Awards.

Despite a challenging operating environment, Citycare Property enters the new financial year with a strengthened service offering, significant long-term contracts and a continued focus on community impact. The business is well positioned to build on its momentum and deliver value for customers across New Zealand.



Citycare Water

Growing Partnerships and Investing in People

Citycare Water continued to build momentum through the successful retention and mobilisation of key three waters contracts across New Zealand.

Major achievements included:

- Winning and mobilising the Thames-Coromandel Three Waters contract.
- Securing the South Wairarapa Three Waters contract.
- Retaining the Christchurch Two Waters contract.
- Retaining the Christchurch stormwater and waterways contract.
- Securing a further ten-year term for the Dunedin Three Waters contract.

These successes reflect the trust customers place in Citycare Water's people, systems and operational capability.

Investment in people remained a strategic priority. The business continued to develop workforce capability through structured training programmes, industry qualifications and competency frameworks designed to strengthen safety and operational excellence.

The Making Waves recognition programme celebrated employees who demonstrated the organisation's core values of We Discover, We Deliver, We Care and We Are Safe.

The business also maintained a strong focus on creating pathways into the industry, supporting rangatahi through education partnerships, mentoring and practical learning opportunities.

Citycare Water also partnered with The Wonder Project to encourage greater participation in science, technology, engineering and mathematics, helping inspire future generations to consider careers in the water sector.

Looking ahead, Citycare Water enters FY 2026/27 with strong customer partnerships, a growing contract portfolio and continued investment in people, technology and capability. The business remains well positioned to support the evolving needs of New Zealand's water sector while continuing to deliver safe, reliable and sustainable outcomes for communities.



Spencers
Building & Property Maintenance

Delivering Strong Results in a Challenging Environment

Spencers delivered a strong financial performance despite ongoing market pressures and reduced maintenance activity.

Customer relationships remained a key strength. During the year, the Tāmaki Regeneration Company contract was extended through to June 2029, providing long-term revenue certainty and reflecting a strong partnership built on trust and performance.

The Kāinga Ora partnership also remained strong despite reduced maintenance activity associated with cost-saving measures across the sector. Customer satisfaction and performance indicators continued to exceed agreed targets.

The operating environment continued to evolve, with Kāinga Ora announcing shortly after year end, its intention to retender maintenance contracts from FY28 onwards. While this introduces uncertainty around future service delivery arrangements, Spencers enters the procurement process from a position of strength. This is underpinned by a long-standing customer relationship, consistently strong service delivery and decades of experience supporting New Zealand's social housing sector.

Technology and innovation continued to advance. The business progressed implementation of ISO 27001 while introducing a secure internal AI platform to improve access to operational information and support decision-making.

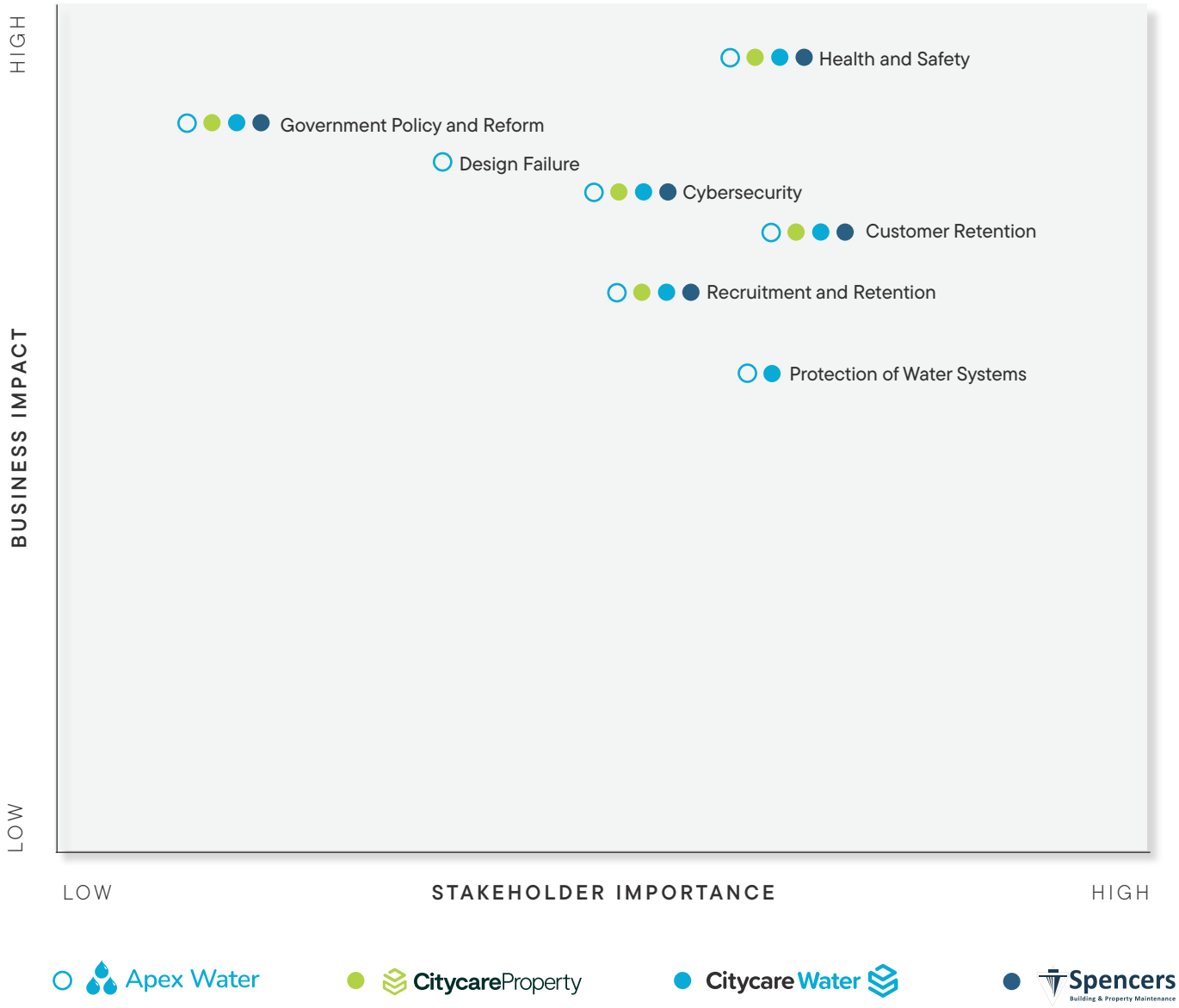
Health and safety performance remained a priority, with more than 5,000 training modules completed by employees and contractors. The business achieved ISO 45001 certification and improved its Safe365 governance score to 77%, reaching Level 4 Proactive Culture status.



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.

The materiality topics are explored further in the following pages, and include enhanced risk identification and associated risk mitigation.



Group Materiality Topics and Management of Risk

MATERIALITY TOPIC	HEALTH AND SAFETY	GOVERNMENT POLICY AND REFORM	CYBERSECURITY	CUSTOMER RETENTION
Entities	○ ● ● ●	○ ● ● ●	○ ● ● ●	○ ● ● ●
Risk	Failure to maintain a safe and healthy work environment could result in injury or harm to employees, contractors, or members of the public. Such incidents can adversely affect the wellbeing of our people and communities, disrupt business operations, and result in reputational damage, loss or non-renewal of contracts, litigation, prosecution, financial loss, and potential imprisonment of responsible individuals.	Changes in central and local government policy, regulation, or reform may alter priorities and funding arrangements, potentially impacting the Group's operating model, strategic direction, and financial sustainability.	Cybersecurity threats could result in data loss, theft of sensitive information, operational disruption, reputational damage, financial loss, and regulatory or legal action.	Failure to meet customer expectations, contractual obligations, or service delivery standards may result in the loss of key contracts, reduced revenue and profitability, diminished growth opportunities, and reputational damage across the Group.
Risk Mitigation	Health and safety risks are managed through robust systems and processes across all businesses, underpinned by a strong safety culture that encourages the reporting of incidents, hazards, and near misses. Regular monitoring, training, and continuous improvement initiatives support ongoing performance.	Risks are managed through diversification across infrastructure sectors, active participation in industry groups, monitoring of legislative and policy developments, and maintaining strong relationships with central and local government stakeholders.	Cybersecurity risks are mitigated through regular staff training, mandatory onboarding and policy refresher programmes, Microsoft E5 security protections, multi-factor authentication, anti-virus software, monthly server patching, and regular hardware and firmware updates. Independent external consultants conduct annual penetration testing, with recommendations promptly implemented.	A safe, compliant, and high quality service is consistently delivered to exceed customer expectations. This is enabled by strategic planning, robust operational processes, quality management systems, and proactive relationship management with key customers and stakeholders. Performance is actively monitored against contractual obligations, service level agreements, key performance indicators (KPIs), financial outcomes, health and safety measures, quality standards, and customer satisfaction metrics. Regular performance reviews, governance reporting, and continuous improvement initiatives enable the early identification and resolution of issues.

○ Apex Water ● CitycareProperty ● CitycareWater ● Spencers Building & Property Maintenance

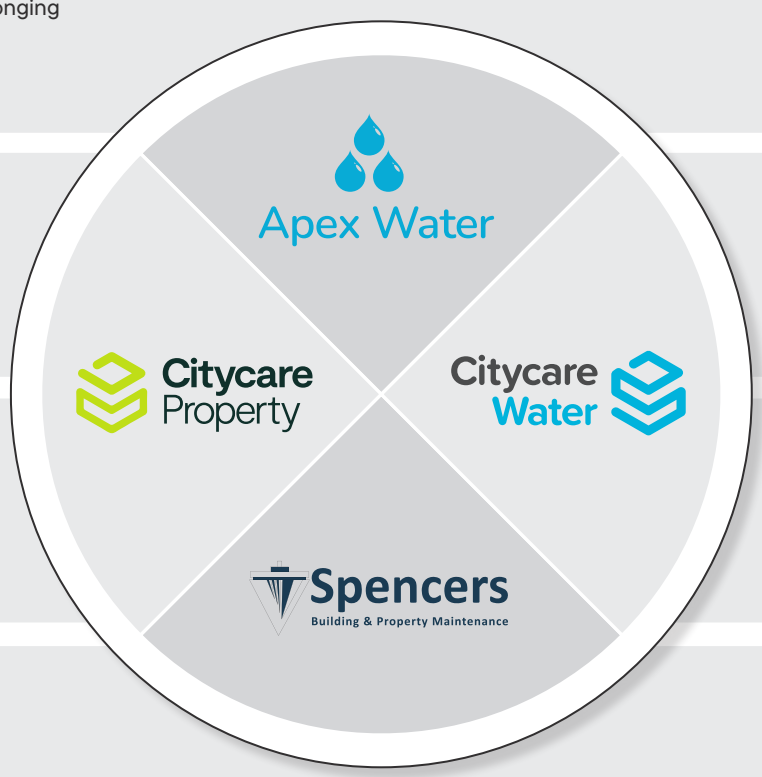
Group Materiality Topics and Management of Risk cont...

MATERIALITY TOPIC	RECRUITMENT AND RETENTION	PROTECTION OF WATER SYSTEM	DESIGN FAILURE
Entities	○ ● ● ●	○ ●	○
Risk	An inability to attract, develop, and retain key employees may impact service delivery, organisational capability, and the ability of the business to achieve its growth objectives.	Failure to maintain the integrity of water supply and treatment systems, contamination events, interruption of supply, environmental incidents, poor operational performance, or breaches of resource consent conditions could result in harm to communities, environmental damage, regulatory action, and reputational impacts.	Plant design does not meet performance requirements and/or fails resulting in unauthorised discharge into the environment or unsafe water supplied to consumers.
Risk Mitigation	Ongoing investment in training, leadership development, and career progression opportunities supports employee engagement and retention. Our focus on culture and workplace experience helps attract high-quality candidates and reduce employee turnover. Succession planning and retention initiatives are in place for key personnel.	Robust quality and management systems are in place to support compliance and operational excellence. High levels of in-house technical expertise are maintained, supported by ongoing monitoring, training, and continuous improvement programmes.	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.

○ Apex Water ● CitycareProperty ● Citycare Water ● Spencers Building & Property Maintenance

Value Creation Model

CAPITALS	INPUTS	OUTCOMES
INTELLECTUAL CAPITAL *- Ngā Rawa Tāngata*	• Our People and Leadership Capability • Diversity, Equity, Inclusion and Belonging • Technology and Innovation • 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 whānau. We are an employer of choice.
SOCIAL CAPITAL *- Hononga Pāpori*	• Health, Safety & Wellbeing • Honouring Te Tiriti o Waitangi • Customer and Community Relationships	**Thriving Local Communities** Delivering customer value and building strong relationships. Partnering with mana whenua and other community groups to achieve shared outcomes and support local businesses. Working hard to keep our people safe.
NATURAL CAPITAL *- Rawa Taiao*	• Carbon Emissions Reduction • Waste Minimisation • Climate Risk Management	**Working Sustainably** Transforming our operations to provide exceptional service that is resilient to the changing climate, while reducing our carbon emissions and landfill waste. We will partner with our stakeholders and customers, to embed sustainable practices across our business.
FINANCIAL CAPITAL *- Tahua*	• Corporate Governance • Sustainable Financial Performance • Ethical Procurement • Effective Capital Investment	**Financial Returns** Delivering profitable and sustainable growth to generate a strong financial return on invested capital for our Shareholder.



The United Nations Sustainable Development Goals (SDGs) have guided our Capitals and Outcomes identification and Group Strategy development.

Intellectual Capital
- Ngā Rawa Tāngata

The success of the Citycare Group relies on people - our kaimahi, our subcontractor whānau, our customers, our suppliers, and the members of the communities we operate in and where we both work and live. We are a business reliant on, and highly influenced by, the relationships we hold, the behaviours we demonstrate, and the success of cooperation and collaboration between our many stakeholders.

KEY FOCUS AREAS

- Our People and Leadership Capability
- Diversity, Equity, Inclusion and Belonging
- Technology and Innovation
- Remuneration

OUR PEOPLE AND LEADERSHIP CAPABILITY

Professional development is essential to building a capable, resilient workforce and supporting the long-term performance of the Citycare Group. The Group is committed to developing its people and leadership capability to ensure a strong succession pipeline and a skilled, knowledgeable workforce across all businesses. Our approach to professional development supports both individual growth and organisational continuity, with structured employee development programmes in place within each entity. This commitment also reinforces a culture of learning, accountability, and continuous improvement, where people are supported to build capability over time and leave the organisation in a stronger professional position than when they joined.

DIVERSITY, EQUITY, INCLUSION AND BELONGING

Our Diversity Equity Inclusion and Belonging strategy, takes a holistic approach to increasing collaboration and trust, ensuring higher attraction levels, decreasing employee grievances, enhancing innovation, delivering lower turnover and stronger business performance, by creating a workplace that is welcoming and accommodating to all.

TECHNOLOGY AND INNOVATION

We are developing a culture where our people are encouraged to innovate and prioritise on what they know to be best for the business. Top of mind is empowering our people to be confident in their decision-making and and make changes for a better outcome, while considering risks.

REMUNERATION

Our remuneration drivers are to attract, retain and motivate suitably competent employees whilst also being fair and equitable, flexible and transparent. The Group continues to measure and actively address pay inequity including gender pay gap inequities. We are working towards zero gender pay gap by 2030. Citycare has implemented the Living Wage across the businesses.

Social Capital
- *Hononga Pāpori*

We are committed to contributing to thriving local communities through impactful partnerships and community projects focused on wellbeing, the environment, inclusion, equity and to increasing opportunities for community economic development. This is good for our people and good for the places where we live, work and play.

KEY FOCUS AREAS

- Health, Safety and Wellbeing
- Honouring Te Tiriti o Waitangi
- Customer and Community Relationships

HEALTH, SAFETY AND WELLBEING

Health and Safety remain at the heart of the Citycare Group's business. The Group is committed to strengthening the maturity of its safety culture, supported by strong health and safety programmes across each business. A core focus is placing individuals at the centre of their own safety environment and ensuring employees have the required competencies to perform their tasks safely. Critical risk management is a key priority for the Group, with clear accountability for identifying and mitigating activities and areas with the highest potential for harm.

HONOURING TE TIRITI O WAITANGI

We continue to embed tikanga Māori principles into our everyday practices, acknowledging iwi as tangata whenua, honouring te Tiriti o Waitangi principles and continuing to participate in the CCHL He Huanui Māori Pathways programme.

CUSTOMER AND COMMUNITY RELATIONSHIPS

Strong community connections and trusted customer relationships underpin Citycare Group's operations. The Group focuses on building effective partnerships that support positive community, social, cultural, environmental, and economic outcomes. Alongside delivering and maintaining quality public and private spaces, Citycare contributes through the provision of employment and business opportunities and by enabling community members and organisations to participate in initiatives that enhance places to live, work, and play.

Natural Capital
- Rawa Taiao

Our role as kaitiaki is strongly reflected in the Group Environmental, Social and Governance (ESG) strategy. This commits the Citycare Group to targets across three key areas: Greenhouse Gas Emissions Reduction, Waste Minimisation and Climate Risk Management.

In 2025, Citycare published its first Climate Summary Report to provide our stakeholders with an understanding of how we are supporting the transition to a low emissions future.

KEY FOCUS AREAS

- Carbon Emissions Reduction
- Waste Minimisation
- Climate Risk Management

CARBON EMISSIONS REDUCTION

The Group remains focused on supporting the transition to a low-emissions economy and the Council's targets to reduce emissions across the Christchurch District by 50% by 2030 and to achieve net zero by 2045. We have adopted a Scope 1 and 2 absolute emissions reduction target of 30% by 2030 from a 2022 baseline.

While our emissions reduction target is not aligned with the Science Based Targets initiative 1.5°C pathway, it reflects a balanced approach to business requirements, the expected pace of battery electric vehicle transition, and does not rely on offsets.

As our fleet is the primary source of these emissions, key initiatives focus on transitioning from internal combustion vehicles to low-emissions alternatives and right-sizing vehicles to operational needs.

WASTE MINIMISATION

Citycare Group is committed to strengthening waste minimisation practices through a consistent focus on reducing, reusing, and recycling materials. Material waste to landfill and diversion through recycling and composting are monitored across our businesses.

CLIMATE RISK MANAGEMENT

We recognise that climate change presents both risks and opportunities, and we consider impacts on service delivery, infrastructure, and staff wellbeing while seeking to support customers and communities through climate-resilient infrastructure and expanded service offerings. This work also supports the Christchurch City Holdings Limited group climate statement.

Financial Capital
- *Tahua*

Delivering a sustainable financial performance and a strong return to our Shareholder.

Key Focus Areas

- Sustainable growth with changing customer demands and continued government budget constraints
- Sustainable financial performance in an environment of high compliance costs
- Efficient use of capital for competing investment priorities

FINANCIAL AND COMMERCIAL PERFORMANCE

Delivery of a strong financial performance and a return to our Shareholder, relative to sector benchmarking and competitor performance, is a core measurement of the Group's business success. The goal is to deliver a commercial rate of return on invested capital without compromising Citycare Group's commitment to prosperous communities.

PROFITABILITY AND FINANCIAL SUSTAINABILITY

The Group continues to develop initiatives to grow our profitability. We will maintain our focus on delivering sustainable financial performance and returns to our Shareholder. We will have an emphasis on effective cost control and revenue optimisation.

CAPITAL INVESTMENT

In line with the delegated authorities, all new capital investment (including acquisitions) requires presentation of a sound business case, including the associated risk profile and projected ROI and NPV where appropriate. The capital investment during the forecast period closely aligns with the annual depreciation charge plus the additional capital investment that is required to achieve our carbon reduction plan.

CONTROLLING AND MANAGING RISK

The Citycare Group has a formal risk management framework which identifies the key risks and outlines appropriate risk management and mitigation plans. The risk management framework is reported to, and reviewed by, the Board and delegated to the Risk, Audit and Finance and Health and Safety Committees where appropriate. Mitigation plans are controlled and administered by management.

Apex Water

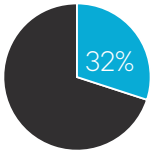
Performance Metrics

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.

+28

Staff engagement eNPS: +28



32% of our team members come from culturally diverse backgrounds



Male 73% and Female 27%

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 76%



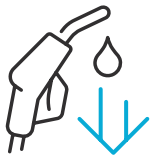
+63

NPS: +63

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

ZERO

Zero Significant and/or Notifiable Environmental Incidents

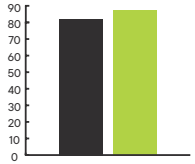


10+ Treatment plants constructed and brought into service

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.



Employment engagement rose to 88.6% (2025: 81%)

Women in leadership rose to 34% (2025: 28%)

Māori / Pasifika in Leadership roles: 18.3%

4.6%

Gender pay gap: 4.6%
(national average is 5.3%)

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: 45

Health and safety critical risk incidents reduced by 47 events

Health and safety culture score up by 1% to 67%

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: 79%

Percentage of company-wide waste diverted from landfil: 33%

18%

Decrease in scope 1 & 2 emissions per million dollars of revenue earned from base year: 18%

Citycare Water

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.

67% field workers in training or have level 3 qualifications

77%

Employee engagement: 77%

Women in leadership roles 13% in 2025 to 16% in 2026

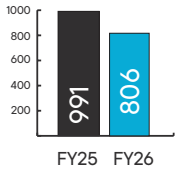
56 people leaders started their leadership development journey in FY26

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.

95.5%

Customer satisfaction: 95.5%



Health and Safety Total Incidents reported - 806

66% of employees completed the 2026 Health and Safety survey

+32

NPS: +32

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.

4,788 level sensors installed helping to protect wastewater overflows

923 Kilometers of waterways managed

82,813 native trees planted in partnership with Conservation Volunteers

4k+

4,379 school students educated in STEM through the Wonder Project Water Challenge

Spencers
Building & Property Maintenance

Performance Metrics

Human and Intellectual | *Ngā Rawa Tāngata*

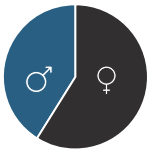
The success of our business relies on people – our own employees, our extensive contractor workforce, our customers, our suppliers, and the members of the communities where we work and live. We are a business reliant on, and highly influenced by, relationships, behaviours, and successful cooperation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



eNPS survey score: +22



Senior leadership roles held by women: 58%



Gender diversity: 59% female



Average staff tenure: 6 years

Social and Relationships | *Hononga Pāpori*

We actively support 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.

22%

Subcontractor businesses owned by Māori or Pacific Peoples



TRIFR: 1.3

27

Community Engagements during the year.



77%

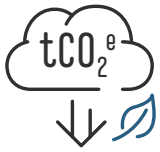
Health and safety culture score

Natural | *Rawa Taiao*

Our role as kaitiaki is demonstrated through the everyday actions we take to deliver sustainable environmental outcomes.



Percentage of low-emmision passenger vehicles: 19%



Decrease in FY26 absolute scope 1 & 2 emissions from FY22 base year: 20%



19% reduction in Fleet Fuel

Citycare Group

02

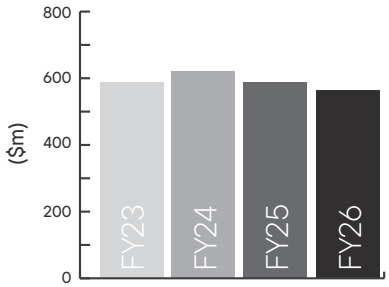
Financial capital | *Tahua*

The Group's financial success is measured by its ability to deliver strong performance and sustainable returns to its shareholder. The Group aims to achieve a commercial Return on Invested Capital (ROIC) while maintaining its commitment to supporting the communities in which it operates. Despite ongoing cost and resource pressures, the Group remains focused on delivering value aligned with its shareholder's purpose.

Government spending constraints continue to impact the budgets of many customers, including local and central government organisations. In response, the Group has maintained its focus on cost control, revenue optimisation, and sustainable financial performance.

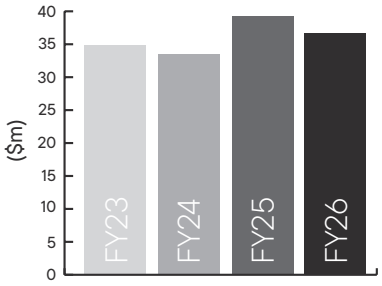
FY24 represented the first full year in which Spencers, acquired in September 2022, contributed to the Group's financial results.

The consolidated Group financial performance measures present revenue, profitability, and key financial ratios for FY23 to FY26.



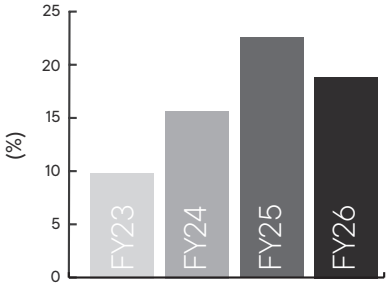
Revenue

Revenue for FY26 decreased slightly from the prior year, reflecting the ongoing impact of government spending constraints on the budgets of local and central government customers.



EBITDA

Earnings before interest, tax, depreciation and amortisation (EBITDA) for FY26 decreased from the prior year but remained at a strong level, reflecting the impact of lower revenue and ongoing market pressures affecting local and central government expenditure.



Return on Invested Capital

ROIC measures how effectively the Group allocates capital to generate operating returns. While ROIC decreased from FY25, it remains at a strong level and reflects the Group's continued ability to generate solid returns from its capital base.

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 2026.

The Directors are responsible for the preparation, in accordance with 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 2026 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

Thomas Nickels
Chair
13 August 2026

Alison Posa
Director
13 August 2026

Income statement

For the year ended 30 June 2026

	Note	2026 $'000	2025 $'000
Revenue	3	565,609	575,928
Finance income		1,069	1,223
Other income	3	16	2
Gain on sale of property, plant and equipment		326	773
Total revenue		**567,020**	**577,926**
Expenses			
Raw materials and consumables used		(50,546)	(47,139)
Sub-contractor costs		(274,762)	(294,767)
Employee benefits expense		(156,022)	(149,579)
Depreciation and amortisation expense	13,15	(8,029)	(8,491)
Depreciation on right-of-use assets	14	(4,633)	(4,340)
Other expenses		(49,136)	(46,829)
Finance costs		(1,875)	(2,363)
Total expenses		**(545,003)**	**(553,508)**
Operating profit		**22,017**	**24,418**
Impairment of goodwill acquired on business combination	15	(8,243)	-
Amortisation of intangibles acquired on business combination	15	(2,829)	(6,484)
Profit before income tax		**10,945**	**17,934**
Income tax	5	(5,717)	(5,348)
Profit after income tax for the year		**5,228**	**12,586**
Profit for the year is attributable to:			
Non-controlling interest		-	294
Owners of City Care Limited		5,228	12,292
		5,228	**12,586**

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

Statement of comprehensive income

For the year ended 30 June 2026

	2026 $'000	2025 $'000
Profit after income tax for the year	5,228	12,586
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	**5,228**	**12,586**
Comprehensive income for the year is attributable to:		
Non-controlling interest	-	294
Owners of City Care Limited	5,228	12,292
	5,228	**12,586**

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



Thomas Nickels
Chair
13 August 2026



Alison Posa
Director
13 August 2026

Balance sheet

As at 30 June 2026

	Note	2026 $'000	2025 $'000
Assets			
Current assets			
Cash and cash equivalents	22	18,128	34,928
Trade and other receivables	7	63,003	47,294
Inventories	11	3,350	2,697
Contract assets	12	29,205	27,028
Total current assets		**113,686**	**111,947**
Non-current assets			
Property, plant and equipment	13	41,214	38,277
Right-of-use assets	14	13,483	9,620
Intangible assets	15	45,784	57,034
Contract assets	12	-	5
Sub-contractor retention deposits		284	358
Total non-current assets		**100,765**	**105,294**
Total assets		**214,451**	**217,241**
Liabilities			
Current liabilities			
Trade and other payables	8	56,779	51,379
Borrowings	9	-	8,000
Contract liabilities	12	16,753	10,750
Current tax liabilities		2,649	5,626
Provisions	16	12,096	14,698
Lease liabilities	14	4,361	2,853
Total current liabilities		**92,638**	**93,306**
Non-current liabilities			
Trade and other payables	8	86	170
Borrowings	9	20,000	25,000
Deferred tax liabilities	6	4,143	2,287
Provisions	16	1,763	1,931
Lease liabilities	14	9,720	7,374
Total non-current liabilities		**35,712**	**36,762**
Total liabilities		**128,350**	**130,068**
Net assets		**86,101**	**87,173**
Equity			
Capital and other equity instruments	17	8,536	8,536
Reserves		2,719	2,719
Retained earnings		74,846	75,918
Total equity		**86,101**	**87,173**

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

Statement of changes in equity

For the year ended 30 June 2026

	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 21)	-	-	-	(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**

	Issued capital $'000	Capital reserve $'000	Asset revaluation reserve $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2025	**8,536**	**2,314**	**405**	**75,918**	**-**	**87,173**
Profit after income tax for the year	-	-	-	5,228	-	5,228
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**5,228**	**-**	**5,228**
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	-	(6,300)	-	(6,300)
Balance at 30 June 2026	**8,536**	**2,314**	**405**	**74,846**	**-**	**86,101**

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 2026

	Note	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts from customers		555,769	578,003
Payments to suppliers and employees		(530,536)	(530,337)
Interest received		1,069	1,153
Other revenue		15	-
Interest and other finance costs paid		(1,875)	(1,688)
Subvention payment		(1,930)	(3,392)
Income taxes (paid) / received		(4,907)	(1,944)
Net cash inflow from operating activities	**22**	**17,605**	**41,795**
Cash flows from investing activities			
Payment for acquisition of NCI without change of control	21	-	(5,105)
Payments for property, plant and equipment	13	(10,743)	(12,416)
Payments for software intangibles	15	(333)	(412)
Proceeds from sale of property, plant and equipment		699	1,087
Net cash (outflow) from investing activities		**(10,377)**	**(16,846)**
Cash flows from financing activities			
Principal elements of lease payments		(4,728)	(4,973)
Repayment of borrowings		(13,000)	(7,000)
Dividends paid		(6,300)	(2,500)
Net cash (outflow) from financing activities		**(24,028)**	**(14,473)**
Net increase / (decrease) in cash and cash equivalents		(16,800)	10,476
Cash and cash equivalents at the beginning of the financial year		34,928	24,452
Cash and cash equivalents at the end of the financial year		**18,128**	**34,928**

The above cash flow statement should be read in conjunction with the accompanying notes.

Note 1. Company information

City Care Limited is a company incorporated and domiciled in 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 2026. 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 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 City Care Limited have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002.

The reporting currency is New Zealand dollars, rounded to the nearest 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) Other financial assets

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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. Revenue is recognised by either calculating the cost to complete, based on cost incurred for work performed relative to the estimated total contract costs or 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.

	2026 $'000	2025 $'000
(a) Operating revenue		
Over time:		
Revenue from the rendering of maintenance services	416,658	432,549
Construction contract revenue	146,315	141,335
	562,973	**573,884**
At a point in time:		
Revenue from the sale of goods	2,636	2,044
	565,609	**575,928**
(b) Other income		
Sundry income	16	2

Note 4. Expenses

	2026 $'000	2025 $'000
Profit before income tax includes the following specific expenses:		
Directors' fees	410	587
Remuneration of Auditors:		
Audit of financial statements	484	469
Audit fees relating to the previous financial year	-	5
Total remuneration of Auditors	**484**	**474**

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. Income taxes

	2026 $'000	2025 $'000
(a) Income tax expense		
Income tax expense / (benefit)		
Current tax on profits for the year	3,941	6,017
Adjustments in respect of prior years	(80)	201
	3,861	**6,218**
Deferred tax expense / (benefit)		
Origination and reversal of temporary differences	1,763	(694)
Adjustments in respect of prior years	93	(176)
	1,856	**(870)**
Income tax expense	**5,717**	**5,348**
(b) Income tax reconciliation		
Profit before income tax	10,945	17,934
Tax at the statutory tax rate of 28%	3,062	5,022
Tax effects of:		
non-deductible expenses	2,643	301
capital capital gain on sale of property, plant and equipment	(1)	-
adjustments for current tax of prior periods	13	25
Income tax	**5,717**	**5,348**

(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	9,426	5,653
Apex Water Limited	1,785	1,786

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 6. 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 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)**

	Opening balance $'000	Charged to income $'000	Closing balance $'000
Balance at 30 June 2026			
Deferred tax assets / (liabilities):			
Property, plant and equipment	654	(1,284)	(630)
Provisions	3,107	450	3,557
Work in progress	(2,572)	(1,650)	(4,222)
Right-of-use assets and lease liabilities	253	(23)	230
Intangibles	(3,426)	784	(2,642)
Other	(303)	(133)	(436)
	(2,287)	**(1,856)**	**(4,143)**

Note 7. Trade and other receivables

	2026 $'000	2025 $'000
Trade receivables	55,386	41,826
Allowance for doubtful debts	(33)	(16)
	55,353	**41,810**
Aging of trade receivables which the group has not provided against as still deemed recoverable:		
Not past due	53,242	40,035
Past due 1 - 30 days	1,679	1,535
Past due 31 - 60 days	408	72
Past due 61 - 365 days	24	167
365+ days past due	-	1
	55,353	**41,810**
Prepayments	5,369	3,338
Contract retentions	2,281	2,146
Total trade and other receivables	**63,003**	**47,294**
The loss allowance as at 30 June 2026 and 30 June 2025 was determined as follows:		
Expected loss rate	0.002%	0.002%
Gross carrying amount - trade receivables	55,386	41,826
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 2026 and 30 June 2025 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 47 days (2025: 49 days).

Note 8. Trade and other payables

	2026 $'000	2025 $'000
Current liabilities		
Trade payables	19,581	18,940
Sub-contractor retentions	836	1,032
Goods and Services Tax payable	6,448	4,940
Accrued expenses	29,914	26,467
	56,779	**51,379**
Non-current liabilities		
Sub-contractor retentions	86	170
	56,865	**51,549**

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 $917,000 at 30 June 2026 (2025: $1,202,000), are held in separate bank accounts on trust.

Note 9. 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.

	2026 $'000	2025 $'000
Current		
Christchurch City Holdings Limited loan facility maturing 20 September 2032	-	8,000
	-	**8,000**
Non-current		
Christchurch City Holdings Limited loan facility maturing 20 September 2032	20,000	25,000
	20,000	**33,000**

The company has a loan facility agreement with Christchurch City Holdings Limited (CCHL) entered into in 2025. Refer to note 10 for the repayment schedule.

The company has a working capital facility with Bank of New Zealand of $10m (2025:$10m). This was unused as at 30 June 2026 (2025: nil)

Interest rates on the Bank of New Zealand facility are based on bank bill rates plus a margin and averaged 3.92% during the year ended 30 June 2026 (2025: nil). The interest rate on the new loan with CCHL is based on CCHL's cost of funds plus a margin. This averaged 4.61% for the year (2025: 4.78%). 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 2026.

Note 10. Financial instruments and risk

The group holds the following financial instruments:

	2026 $'000	2025 $'000
Financial assets at amortised cost		
Cash and cash equivalents	18,128	34,928
Trade receivables	55,386	41,826
	73,514	**76,754**
Financial liabilities at amortised cost		
Trade payables and sub-contractor retentions	20,503	19,972
Borrowings	20,000	33,000
Lease liabilities	14,081	10,227
	54,584	**63,199**

(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 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	19,672	130	170	-	-	19,972
Borrowings	8,000	-	-	-	25,000	33,000
Finance lease liabilities	724	2,131	3,968	3,085	319	10,227
	28,396	**2,261**	**4,138**	**3,085**	**25,319**	**63,199**

Balance at 30 June 2026	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	20,387	30	81	5	-	20,503
Borrowings	-	-	-	-	20,000	20,000
Finance lease liabilities	2,228	2,133	2,363	4,571	2,786	14,081
	22,615	**2,163**	**2,444**	**4,576**	**22,786**	**54,584**

(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.

The company's other interest rate risk arises from lease payments, which are subject to annual review and the Consumer Price Index.

	2026 $'000	2025 $'000
Increase or decrease in net profit from a 100 basis point movement in interest rates, assuming all other variables were held constant	200	330

(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 11. Inventories

	2026 $'000	2025 $'000
Raw materials and consumables	3,472	2,793
Allowance for obsolete inventory	(122)	(96)
	3,350	**2,697**

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 12. Contract assets and contract liabilities

	2026 $'000	2025 $'000
Rendering of maintenance services	20,576	18,218
Construction contracts	8,624	8,759
Contract set up costs	5	51
Total current contract assets	**29,205**	**27,028**
Contract set up costs	-	5
Total non-current contract assets	**-**	**5**
Total contract assets	**29,205**	**27,033**
Rendering of maintenance services	4,090	5,412
Construction contracts	12,579	5,338
Product deposits	84	-
Total contract liabilities	**16,753**	**10,750**
Revenue recognised in the period from:		
Amounts included in contract liability at the beginning of the period	10,750	11,979
Costs recognised in the period from:		
Amortisation of contract set up costs	51	68

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.

Contract liabilities

Contract liabilities represent the entity's obligation to transfer goods or services to a customer for which the entity has already received consideration (or an amount is due) from the customer. It is recognised when a customer pays consideration before the entity fulfils its performance obligations.

Contract liabilities are measured at the actual amount of consideration received or receivable from the customer.

Note 13. 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	2-50 years
Plant and equipment	2-22 years
Motor vehicles	2-15 years
Office and computer equipment	1-14 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.

	Land and buildings 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 2024	2,448	3,284	67,622	15,349	7,171	95,874
Additions	-	110	9,391	2,024	892	12,417
Disposals	-	(22)	(5,902)	(1,036)	(807)	(7,767)
Balance as at 30 June 2025	**2,448**	**3,372**	**71,111**	**16,337**	**7,256**	**100,524**
Additions	-	92	8,300	1,467	884	10,743
Disposals	-	-	(3,420)	(466)	(474)	(4,360)
Transfers between asset class	-	-	54	(54)	-	-
Balance as at 30 June 2026	**2,448**	**3,464**	**76,045**	**17,284**	**7,666**	**106,907**
Accumulated depreciation						
Balance as at 1 July 2024	(54)	(1,695)	(43,004)	(12,466)	(4,691)	(61,910)
Disposals	-	8	5,663	974	783	7,428
Depreciation expense	(28)	(314)	(5,119)	(1,144)	(1,160)	(7,765)
Balance as at 30 June 2025	**(82)**	**(2,001)**	**(42,460)**	**(12,636)**	**(5,068)**	**(62,247)**
Disposals	-	-	3,311	347	451	4,109
Depreciation expense	(28)	(238)	(5,181)	(1,180)	(928)	(7,555)
Transfers between asset class	-	-	11	(11)	-	-
Balance as at 30 June 2026	**(110)**	**(2,239)**	**(44,319)**	**(13,480)**	**(5,545)**	**(65,693)**
Net book value						
As at 30 June 2025	**1,090**	**2,647**	**28,651**	**3,701**	**2,188**	**38,277**
As at 30 June 2026	**1,062**	**2,501**	**31,727**	**3,801**	**2,123**	**41,214**
Included in the figures is capital work in progress:						
As at 30 June 2025	**-**	**9**	**614**	**203**	**89**	**915**
As at 30 June 2026	**-**	**86**	**922**	**248**	**96**	**1,352**

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

Valuations of land and buildings

The carrying values of the group's land and buildings were assessed to represent the fair values as at 30 June 2026, 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 $2.5m 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 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 2026. The Directors are satisfied that the current carrying amount reflects its fair value.

The carrying value of revalued land and buildings as at 30 June 2026 under the historic cost model was $952,402.24 (2025: $960,335.20)

Note 14. 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:

	2026 $'000	2025 $'000
Right-of-use assets (non-current)		
Properties	11,200	6,629
Vehicles	2,260	2,990
Computer equipment	23	1
	13,483	**9,620**
Lease liabilities		
Current	4,361	2,853
Non-current	9,720	7,374
	14,081	**10,227**

Additions to the right-of-use assets during the year ended 30 June 2026 were $8,411,000 (2025: $3,381,000).

(b) Amounts recognised in the income statement

	2026 $'000	2025 $'000
Depreciation charge of right-of use-assets		
Properties	3,422	3,100
Vehicles	1,206	1,234
Computer equipment	5	6
	4,633	**4,340**
Interest expense (included in finance cost)	570	565
Expense relating to short-term leases (included in other expenses)	861	1,399
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other expenses)	10	9

The total cash outflow for leases in the year ended 30 June 2026 was $6,095,000 (2025: $6,335,000).

(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 15. 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 2-11 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.

Change in accounting estimate - useful life of customer relationship intangible asset

Management reassessed the useful life of the customer relationship intangible asset following the customer's decision not to exercise its option to renew the contract for a further three-year period and its intention to bring the maintenance contracts to market from 1 July 2027. As a result, the remaining useful life was revised from 10 years to 6 years. This change in accounting estimate was applied prospectively from the beginning of the financial year and increased amortisation expense on intangibles acquired on business combination by $710,033 for the year ended 30 June 2026.

The estimated impact on future periods is an increase in annual amortisation expense of $710,033 for each of the remaining years.

	Goodwill $'000	Computer Software $'000	Customer Contracts $'000	Customer Relationships $'000	Total $'000
Gross carrying amount					
Balance as at 1 July 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**
Acquired through business combination	-	-	-	-	-
Additions	-	333	-	-	333
Disposals	-	(44)	-	-	(44)
Impairment	(8,243)	-	-	-	(8,243)
Balance as at 30 June 2026	**35,620**	**11,519**	**12,366**	**16,085**	**75,590**
Accumulated amortisation and impairment					
Balance as at 1 July 2024	-	(8,936)	(8,002)	(2,869)	(19,807)
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)**
Acquired through business combination	-	-	-	-	-
Disposals	-	8	-	-	8
Amortisation expense	-	(1,029)	-	(2,275)	(3,304)
Balance as at 30 June 2026	**-**	**(10,731)**	**(12,366)**	**(6,709)**	**(29,806)**
Net book value					
As at 30 June 2025	**43,863**	**1,520**	**-**	**11,651**	**57,034**
As at 30 June 2026	**35,620**	**788**	**-**	**9,376**	**45,784**
Included in the figures is capital work in progress:					
As at 30 June 2025	**-**	**266**	**-**	**-**	**266**
As at 30 June 2026	**-**	**79**	**-**	**-**	**79**

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:

	2026 $'000	2025 $'000
Apex Water Limited	1,280	1,280
Spencer Henshaw Limited	34,340	42,583
	35,620	**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 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.

Spencer Henshaw Limited

Budgeted overhead: Budgeted overhead is expected to increase in line with increased revenue.
Discount rate: A pre tax discount rate of 12.7% 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.
Contract renewal risk: Given the uncertainty associated with the outcome of the upcoming retender process for large contracts, an outcome probability assumption was made to reflect management's assessment of contract renewal risk within the valuation model. As a result, based on the assessment performed by management, it was determined that the goodwill for Spencer Henshaw Limited was impaired as at 30 June 2026.

The impairment loss of $8,243,489 was recognised as a loss through the income statement.

Note 16. 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 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**
Balance 1 July 2025	**10,562**	**312**	**5,755**	**16,629**
Additional provisions recognised	13,507	7	1,268	14,782
Reductions arising from payments / other sacrifices of future economic benefits	(11,113)	(11)	(3,503)	(14,627)
Reductions resulting from re-measurement or settlement without cost	(2,435)	(24)	(481)	(2,940)
Unwinding of discount / effect of changes in discount rate	5	10	-	15
Balance at 30 June 2026	**10,526**	**294**	**3,039**	**13,859**
Current	10,306	151	1,639	12,096
Non-current	220	143	1,400	1,763
Balance at 30 June 2026	**10,526**	**294**	**3,039**	**13,859**

(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 3.78% for the year ending 30 June 2026 and 3.33% for the year ending 30 June 2025. A discount rate of 4.15% has been used for the year ending 30 June 2026 and 4.53% for the year ending 30 June 2025 .

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 17. Capital and other equity instruments

	2026 No. of Shares	2025 No. of Shares	2026 $'000	2025 $'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 18. Commitments

	2026 $'000	2025 $'000
Capital expenditure commitments		
Property, plant and equipment	6,034	1,017
	6,034	**1,017**

Note 19. Contingent liabilities and contingent assets

	2026 $'000	2025 $'000
Contingent liabilities		
The group has arranged with Bank of New Zealand for the issue of performance related bonds in favour of:		
Local authorities*	36,620	11,646
Others	2,369	2,662
	38,989	**14,308**

*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.

The bond facilities are included in the bank credit facility granted to the group and guaranteed by Christchurch City Holdings Limited.

Note 20. 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 21.

(b) Key management and personnel compensation

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

	2026 $'000	2025 $'000
Salaries and short-term employee benefits	2,512	2,142
Post-employment benefits	83	64
Termination benefits	599	-
	3,194	**2,206**

(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:

	2026 $'000	2025 $'000
(i) During the year		
Services provided to Christchurch City Council	91,467	93,806
Services provided to other subsidiary companies	11,904	8,194
Goods and services received from Christchurch City Council	(156)	(155)
Goods and services received from other subsidiary companies	(907)	(713)
Rent and rates paid to other subsidiary companies	(526)	(538)
Principal and interest paid to and accrued on Christchurch City Holdings Limited loan	(14,056)	(8,720)
Dividends paid to Christchurch City Holdings Limited	(6,300)	(2,500)
(ii) As at year end		
Amounts receivable from Christchurch City Council	11,497	9,116
Amounts receivable from other subsidiary companies	2,444	1,389
Amounts payable to Christchurch City Council	(6)	(7)
Amounts payable to other subsidiary companies	(76)	(60)
Loan and interest payable to Christchurch City Holdings Limited	(20,023)	(33,048)

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 (2025: 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 $6.3m (2025: $2.5m) to its immediate parent, Christchurch City Holdings Limited (CCHL).

During the 2026 year, the group made subvention payments totalling $1.9m (2025: $3.4m) to Christchurch City Council with an associated tax loss offset of $4.9m (2025 : $8.7m).

The company has a loan facility of $25m with CCHL. The loan matures on 20 September 2032. At 30 June 2026, the balance of this loan was $20m (2025: $33m).

CCHL provided an unconditional guarantee to the Bank of New Zealand (BNZ) for in respect of the bank credit facility granted to the group.

The company has a loan facility agreement with its subsidiaries. Interest charged on the facility is consistent with the company's call account with BNZ.

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

Note 21. 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	Ownership interest 2026 %	Ownership interest 2025 %
Apex Water Limited	100%	100%
City Care Property Limited	100%	100%
City Care Water Limited	100%	100%
Spencer Henshaw Limited	100%	100%

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. This included $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.

Note 22. 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:

	2026 $'000	2025 $'000
Cash at bank	12,323	29,200
Demand deposits	5,805	5,728
	18,128	**34,928**

Cash and cash equivalents includes demand deposits for retentions of $0.9m (2025: $1.2m) which are held in accordance with Construction Contracts Act 2022. This cash is not available for business use.

The remaining $4.9m (2025: $4.5m) 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

	2026 $'000	2025 $'000
Profit after income tax for the year	5,228	12,586
Adjustments for:		
(Gain) / loss on sale or disposal of non-current assets	(326)	(791)
Depreciation and amortisation of non-current assets	15,491	19,315
Impairment of goodwill	8,243	-
Unwinding of the discount on provisions	36	803
Increase / (decrease) in current tax liability	(2,977)	881
Increase / (decrease) in deferred tax liability	1,856	(869)
Changes in net assets and liabilities		
(Increase) / decrease in current receivables	(15,705)	3,752
(Increase) / decrease in contract assets	(2,172)	(491)
(Increase) / decrease in inventories	(653)	41
Increase / (decrease) in current payables	5,314	8,290
Increase / (decrease) in contract liabilities	6,003	(1,229)
Increase / (decrease) in current provisions (excl. NZ IFRS 16 restoration cost)	(2,684)	(475)
Increase / (decrease) in non-current provisions (excl. NZ IFRS 16 restoration cost)	(49)	(18)
Net cash inflow from operating activities	**17,605**	**41,795**

(c) Liabilities arising from financing activities

	2026 $'000	2025 $'000
Current borrowings	-	8,000
Non-current borrowings	20,000	25,000
Lease liabilities	14,081	10,227
	34,081	**43,227**
Changes in liabilities arising from financing activities		
Opening value	43,227	51,570
New leases	8,582	3,381
Disposed leases	(80)	(343)
Lease modifications	(10)	27
Unwinding of discount	594	565
Principal repayments of lease liabilities	(5,232)	(4,973)
Repayment of borrowings	(13,000)	(7,000)
	34,081	**43,227**

Note 23. Subsequent events

No matter or circumstance has arisen since 30 June 2026 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)	36,555	32,548
NPAT (Net Profit After Tax)	5,228	11,686
Net Debt / EBITDA	0.21	0.30
Net Debt / (Net Debt + Equity)	8.2%	9.5%
Shareholder Funds / Total Assets	40.1%	49.7%
ROIC (Return on Invested Capital)	18.1%	15.4%

(b) Non-financial performance

CITYCARE PROPERTY	RESULT
Human and Intellectual Capital	
Increase in the number of women in leadership roles	Achieved
Improvement in closing the gender diversity ratio and pay gap	Achieved
Improve Māori and Pasifika participation in our workforce	Achieved
Achieve an Employee Net Promotor Score (eNPS) of > 15%	Not Achieved[1]
Record the percentage of employees participating in leadership, learning and development	Achieved
Social and Relationships Capital	
Increase Concordia Index Score to 68%	Not Achieved[2]
Maintain Customer Net Promotor Score at >50	Not Achieved[3]
Natural Capital	
100% of new (non-operational) passenger vehicles purchased or leased are low-emission vehicles (subject to availability)	Achieved
Annual reduction of Company-wide GHG emissions from scope 1 and scope 2 sources normalised against annual turnover to reach 2030 goals	N/A[4]
Annual increase in percentage of waste diverted from landfill	Achieved

[1] The eNPS was 0 and therefore did not achieve the target of 15 for the current financial year.

[2] While Citycare Property did not meet the target Concordia Index Score of 68%, it did demonstrate improvement, with the score increasing to 67%

[3] The average customer net promoter score was 45 and therefore this target was not achieved in the current financial year.

[4] The annual reduction of company-wide Greenhouse Gas (GHG) emissions from scope 1 and scope 2 sources was not assessed on a Citycare Property basis, instead this was consolidated and assessed at Citycare Group level. Refer to the GHG emissions reporting for details.

CITYCARE WATER	RESULT
Human and Intellectual Capital	
Increase in the number of women in leadership roles	Achieved
Improve Māori and Pasifika participation in our workforce	Achieved
Improvement in closing the gender diversity ratio and pay gap	Not Achieved[1]
Increase in percentage of field workers in training or have level 3 qualifications	Achieved
Positive Employee Net Promotor Score (eNPS) based on an annual employee survey	Achieved
Social and Relationships Capital	
Grow our health and safety culture through the utilisation of insights from the annual independent Concordia survey	Achieved
Maintain a positive net promoter score based in annual customer survey	Achieved
Natural Capital	
100% of new (non-operational) passenger vehicles purchased or leased to be hybrid or EV (subject to availability)	Achieved
Annual reduction of Company-wide GHG emissions from scope 1 and scope 2 sources normalised against annual turnover to reach 2030 goals	N/A[2]
Deliver environmental initiatives and educational support via Conservation Volunteers and Tread Lightly	Achieved

[1] While Citycare Water 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] The annual reduction of company-wide Greenhouse Gas (GHG) emissions from scope 1 and scope 2 sources was not assessed on a Citycare Water basis, instead this was consolidated and assessed at Citycare Group level. Refer to the GHG emissions reporting for details.

APEX WATER LIMITED	RESULT
Human and Intellectual Capital	
Positive employee Net Promotor Score (eNPS)	Achieved
Identify new products or technologies to bring to market	Achieved
Social and Relationship Capital	
≤2 lost time injuries	Achieved
≤3 medical treatment injuries	Achieved
Positive customer net promoter score (NPS)	Achieved
Natural Capital	
Annual reduction of company-wide GHG emissions from scope 1 and scope 2 sources normalised against annual turnover to reach 2030 goals	N/A[1]

[1] The annual reduction of company-wide Greenhouse Gas (GHG) emissions from scope 1 and scope 2 sources was not assessed on an Apex Water Limited basis, instead this was consolidated and assessed at City Care Group level. Refer to the GHG Emissions reporting for details.

SPENCER HENSHAW LIMITED	RESULT
Human and Intellectual Capital	
Positive Employee Net Promotor Score (eNPS) based on an annual employee survey	Achieved
Reduce gender pay gap discrepancy	Achieved
40% of employees, leaders and SLT that are female	Achieved
Social and Relationships Capital	
Grow our health and safety culture through benchmarking using Safe 365 as the foundation	Achieved
Achieve Customer KPI Score > 85%	Achieved
Nature Capital	
Annual reduction of company-wide GHG emissions from scope 1 and scope 2 sources normalised against annual turnover to reach 2030 goals.	N/A[1]

[1] The annual reduction of company-wide Greenhouse Gas (GHG) emissions from scope 1 and scope 2 sources was not assessed on a Spencer Henshaw Limited basis, instead this was consolidated and assessed at City Care Group level. Refer to the GHG emissions reporting for details.

Greenhouse Gas (GHG) Emissions

The group continues to measure and manage greenhouse gas (GHG) emissions across its operations.

The group applies the operational control consolidation approach to define its GHG reporting boundary, aligning with the wider CCHL Group reporting framework.

The group maintains an annual Scope 1 and 2 emissions intensity target to measure the effectiveness of emissions reduction initiatives over time, independent of changes in business size. Emissions intensity is calculated as Scope 1 and 2 emissions (tCO_2e) per million dollars of gross revenue [1].

In FY26, Scope 1 and 2 emissions intensity increased slightly from 14.50 tCO_2^e/$M revenue in FY25 to 14.68 tCO_2^e/$M revenue, an increase of 1.2%.

The group remains committed to supporting the transition to a low-carbon economy and has adopted a target to reduce absolute Scope 1 and 2 emissions by 30% by 2030, relative to the FY22 baseline. This target reflects operational requirements, the expected pace of fleet electrification, and does not rely on carbon offsets.

As fleet fuel remains the group's largest emissions source, key initiatives focus on transitioning from internal combustion vehicles to lower-emission alternatives, fuel reduction initiatives, including elevating driver behaviour, and optimising vehicle size for operational needs.

In FY26, the Ministry for the Environment updated the purchased electricity emission factor for 2022, resulting in a material change to the factor previously applied. In accordance with the group's base year recalculation procedure, FY22 Scope 1 and 2 emissions were restated. The update reduced the FY22 baseline by 104 tCO_2^e.

Scope 1 and 2 gross emissions increased by 2% (169 tCO_2^e) compared with the FY22 baseline, primarily due to business growth across the Property, Water and Apex businesses, which contributed to higher fuel consumption. However, emissions intensity decreased by 5.5% over the same period, indicating that emissions growth was lower than revenue growth. This reflects improved operational efficiency and the positive impact of fleet optimisation, fuel reduction initiatives, and the transition to lower-emission vehicles and equipment.

The group also measures and reports material Scope 3 emissions in its annual climate summary, including purchased goods and services, well-to-tank fuel emissions, business travel, and operational waste.

	Restated 2022 tCO_2^e	Restated [1] 2025 tCO_2^e	Actual 2026 tCO_2^e
City Care Group's total measured GHG emissions FY25 – FY26			
Tonnes of Carbon Dioxide equivalent (tCO_2^e)			
Scope 1 emissions			
LPG Stationary use	2	4	2
Diesel and petrol in vehicles	7,382	7,513	7,543
Diesel and petrol in vehicles - Apex Water Limited	116	181	230
Diesel and petrol in vehicles - Spencer Henshaw Limited	521	518	416
Total scope 1 emissions	**8,021**	**8,216**	**8,191**
Scope 2 emissions			
Purchased electricity	92	110	90
Purchased electricity - Apex Water Limited	4	8	7
Purchased electricity - Spencer Henshaw Limited	15	20	13
Total scope 2 emissions	**111**	**138**	**110**
Total measured emissions	**8,132**	**8,354**	**8,301**
Emissions Intensity (tCO_2^e / $M Revenue) [2]	$15.53	$14.50	$14.68

There is a level of inherent uncertainty in reporting greenhouse gas (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 Ministry for the Environment 2026 guidance document and obtained quantity data direct from suppliers (electricity invoices and fuel card transaction statements).

[1] FY25 diesel emissions have been restated following the identification of an error in the application of diesel emission factors to fleet vehicles within Bravegen. This omission resulted in an understatement of 20tCO_2^e. Accordingly, FY25 comparative information has been corrected.

[2] In prior years emissions intensity was calculated using adjusted revenue (revenue less contractor, plus 10% margin). The metric has been recalculated using total revenue to align with the GHG Protocol-aligned reporting frameworks.

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

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

Opinion

We have audited:

- the financial statements of the Group that comprise the balance sheet as at 30 June 2026, 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 material accounting policy information and other explanatory information on pages 27 to 51; and
- the performance information that consists of the statement of performance of the Group for the year ended 30 June 2026 on pages 52 to 54.

In our opinion:

- the financial statements of the Group present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with New Zealand equivalents to International Financial Reporting Standards; and
- the performance information of the Group accurately reports, in all material respects, the Group's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

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 performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and comply with New Zealand equivalents to International Financial Reporting Standards. The Board of Directors is also responsible for preparing the performance information contained in 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 performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information of the Group, 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 there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

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

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

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

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

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

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Group's readers to judge the actual performance of the Group against its objectives in its statement of intent.
- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information and performance information of the entities or business units within the Group, as a basis for forming an opinion on the group financial statements and the group performance information. We are responsible for the direction, supervision and the 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 performance information consisting of statement of performance, and our auditor's report thereon.

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

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

Independence

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

Other than in our capacity as auditor, we have no relationship with, or interests in, the Group.



Yvonne Yang
The Audit Office
On behalf of the Auditor-General
Christchurch, New Zealand
13 August 2026

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 2026:

- Thomas Nickels (Chair)
- Elena Trout
- Jacqueline Colliar
- Alison (Kathleen) Posa
- William Bayfield
- Hilary Walton (appointed 5 January 2026)
- Bryan Jamison (retired 31 October 2025)

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

The following Directors held office during the year ended 30 June 2026:

- William Bayfield (retired 1 November, reappointed 1 June 2026)
- Tim Gibson (retired 1 November 2025)
- Christopher Horn (retired 1 June 2026)

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

The following Directors held office during the year ended 30 June 2026:

- Elena Trout (retired 1 November 2025, reappointed 1 June 2026)
- Bryan Jamison (retired 31 October 2025)
- Christopher Horn (retired 1 June 2026)

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 2026.

DIRECTOR	ENTITY	POSITION
City Care Limited Directors		
Bryan Jamison *(retired 31 October 2025 from all City Care entities)*	City Care Ltd	Director
	City Care Property Ltd	Director
	City Care Water Ltd	Director
	Essex Investments and Developments Ltd	Director & Shareholder
	Jamison Family Trust	Trustee
	Spencer Henshaw Ltd	Director
Elena Trout	Ara Ake Limited	Chair
	Callaghan Innovation	Chair
	City Care Property Ltd	Director *(appointed 1 June 2026)*
	Contact Energy Ltd	Director *(retired 1 September 2025)*
	Energy Efficiency & Conservation Authority	Chair
	Kaikohe Berryfruit GP Ltd	Director *(retired 30 June 2026)*
	Motiti Investments Ltd	Director & Shareholder
	New Zealand Food Innovation Network Ltd	Chair
	New Zealand Local Government Funding Agency Ltd	Director
	Opuha Water Ltd	Director
	Spencer Henshaw Ltd	Director *(retired 1 November 2025, reappointed 1 June 2026)*
	Te Rāhui Herenga Waka Whakatane Ltd	Director
	Tiaki Wai Metro Water	Director
	Waihanga Ara Rau	Co Chair *(retired 30 Dec 2025)*
	Waikato Waters Ltd	Establishment Chair *(appointed 1 September 2025)*
	WorkSafe - Audit, Risk & Finance Committee	Member
	Citycare Ltd	Director
	Wet Gisbourne Ltd	Director *(appointed 3 September 2025)*
	WGL G1.2 Ltd	Director *(appointed 3 September 2025)*
	Pioneer Energy Ltd	Director *(appointed 1 May 2026)*
	Pioneer Energy Renewables GP Ltd	Director *(appointed 1 May 2026)*
	Pioneer Energy Group GP Ltd	Director *(appointed 1 May 2026)*

DIRECTOR	ENTITY	POSITION
Jacqueline Colliar	City Care Ltd	Director
	Hamilton City Council	Employee
	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 & Member of Te Atataura
	Waikato Regional Council	Waikato-Tainui JMA Committee Member
	Waikato River Authority	Waikato Tainui Representative
	Waikato River Clean Up Trust	Waikato Tainui Representative
	Waikato-Tainui Group	Audit & Risk Committee Member
	Waikato-Tainui Group	Water Policy Chair
	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
	OTPP New Zealand Forest Investments Topco Ltd	Director
	PwC NZ	Chair of Audit Advisory Board
	Andrews Close Trust	Trustee & Beneficiary
	Waonui Forest Investments Ltd	Director

DIRECTOR	ENTITY	POSITION
Hilary Walton	City Care Ltd	Director
	Behaviour Centric Group	Director & Shareholder
	Greenpower NZ Ltd	Director
	MainPower	Director
	Medbury School	Trust Board Member
	Microsoft	Employee
William Bayfield	Apex Water Ltd	Director *(retired 1 November 2025, reappointed 1 June 2026)*
	City Care Ltd	Director
	City Care Water Ltd	Director *(appointed 1 June 2026)*
	Costrong Forests Ltd	Director & Shareholder
	Costrong Family Trust	Trustee
	Department of Internal Affairs	Water Facilitator *(retired 31 October 2025)*
	Wellington Water Ltd	Chair
Thomas Nickels	City Care Ltd	Chair
	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 *(retired 1 December 2025)*
	Anglican Diocese of Auckland, Commissioner of Whangarei Anglican Church	Commissioner
Apex Water Limited Directors		
William Bayfield	As above	Director *(retired 1 November 2025, reappointed 1 June 2026)*
Timothy Gibson	3 Waters Strategic Reference Group	Chair
	Apex Water Ltd	Director *(retired 1 November 2025)*
	City Care Ltd	Chief Executive Officer *(Water)*
	The Infrastructure Education & Training Charitable Trust	Advisory panel member
	Water New Zealand	Board Member & President

DIRECTOR	ENTITY	POSITION
Christopher Horn	Apex Water Ltd	Director *(retired 1 June 2026)*
	City Care Ltd	Chief Financial Officer *(Group)*
	City Care Property Ltd	Director *(retired 1 June 2026)*
	City Care Water Ltd	Director *(retired 1 June 2026)*
	Spencer Henshaw Ltd	Director *(retired 1 June 2026)*
	Horn Family Trust	Trustee and Beneficiary
Spencer Henshaw Limited Directors		
Bryan Jamison	As above	Director *(retired 31 October 2025)*
Christopher Horn	As above	Director *(retired 1 June 2026)*
Elena Trout	As above	Director *(retired 1 November 2025, reappointed 1 June 2026)*
Dormant Entities Directors		
Bryan Jamison	As above	Director *(retired 31 October 2025)*
Christopher Horn	As above	Director *(retired 1 June 2026)*
William Bayfield	As above	Director *(appointed 1 June 2026)*
Elena Trout	As above	Director *(appointed 1 June 2026)*

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:

	2026 $	2025 $
City Care Limited		
Bryan Jamison (retired 31 October 2025)	30,668	92,004
Elena Trout	54,000	54,000
Jacqueline Colliar	54,000	52,335
Hilary Walton (appointed 5 January 2026)	24,669	-
Alison (Kathleen) Posa	55,670	52,668
Mark Todd (retired 25 October 2024)	-	17,129
Thomas Nickels (Chair)	81,337	35,667
William Bayfield	51,669	50,004
	352,013	**353,807**
Apex Water Limited		
Bryan Jamison (retired 31 October 2025)	-	-
Timothy Gibson (retired 1 November 2025)	-	-
Mark Todd (retired 25 October 2024)	-	10,667
William Bayfield (retired 1 November 2025, reappointed 1 June 2026)	12,000	36,000
Christopher Horn (retired 1 June 2026)	-	-
	12,000	**46,667**
Spencer Henshaw Limited		
Bryan Jamison (Chair - retired 31 October 2025)	30,668	92,000
Christopher Horn (retired 1 June 2026)	-	-
Elena Trout (retired 1 November 2025, reappointed 1 June 2026)	15,668	47,000
	46,336	**139,000**

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

The company did not have a permanent chief executive for FY26 and this position was filled by Acting Chief Executives and General Managers of the respective businesses. The remuneration paid to persons in acting positions have been included in the disclosure for key management personnel.

Employees remuneration

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

Remuneration range	2026	2025
$100,000 – $110,000	105	110
$110,000 – $120,000	86	79
$120,000 – $130,000	64	66
$130,000 – $140,000	50	44
$140,000 – $150,000	28	31
$150,000 – $160,000	19	21
$160,000 – $170,000	21	18
$170,000 – $180,000	17	12
$180,000 – $190,000	7	10
$190,000 – $200,000	7	12
$200,000 – $210,000	8	10
$210,000 – $220,000	7	7
$220,000 – $230,000	6	4
$230,000 – $240,000	4	4
$240,000 – $250,000	7	1
$250,000 – $260,000	2	2
$260,000 – $270,000	2	1
$270,000 – $280,000	-	1
$280,000 – $290,000	-	3
$290,000 – $300,000	4	-
$310,000 – $320,000	-	1
$320,000 – $330,000	1	-
$340,000 – $350,000	1	1
$350,000 – $360,000	-	1
$380,000 – $390,000	1	1
$390,000 – $400,000	1	-
$400,000 – $410,000	1	1
$420,000 – $430,000	1	-
$440,000 – $450,000	1	-
$610,000 – $620,000	1	1
$750,000 – $760,000	1	-
	453	**444**

Donations

The group made donations of $2,800 during the year (2025: $5,600).

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 2026 financial year totalling $484,000 have been paid or accrued.

Corporate Governance Statement

The City Care Limited Board of Directors is responsible for the corporate governance of the Group. 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 Governance function for the Group has been centralised at a City Care Limited level during the year, with the City Care Limited Board having governance oversight over Apex and Spencers. Apex and Spencers had independent Boards for only four months of the financial year.

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

The Acting Chief Executives and General Manager 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, Acting Chief Executives and General Manager. The Chair's role is to manage and provide leadership to the Board and to facilitate the Board's interface with the Acting Chief Executives and General Manager.

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, Acting Chief Executives and 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 sessions, without the Acting Chief Executives, General Manager 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 Acting Chief Executives, General Manager, and Group Chief Financial Officer. The process includes one-on-one meetings between the Chair and each Director, as well as regular Board discussions on governance and performance issues.

Acting Chief Executives, General Manager Apex, and Acting Group Chief Financial Officer performance reviews

The Board reviews the performance of the Acting Chief Executives, General Manager Apex, and Acting Group Chief Financial Officer 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 Terms of Reference outlining each 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 Acting Chief Executives, General Manager Apex, and Acting 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 Acting Chief Executives, General Manager Apex, the GM People & Culture Property, the Head of People and Capability Water, the People nd Capability Manager Apex, and the Human Resources Manager Spencers are required to attend the People and Culture 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 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 Acting Chief Executives, General Manager Apex, Acting Group Chief Financial Officer and other executive team member;
- The remuneration, recruitment, retention and termination policies and practices with regard to the Acting Chief Executives, General Manager Apex, and Acting Group Chief Financial Officer;
- 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 up to three non-executive members of the Board as appointed by the Board.

The Acting Chief Executives, General Manager Apex, the Head of Safety, Water, the Head of Safety, Quality & Risk, Property, Health & Safety Manager, Spencers, and HS&E Specialist, Apex 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	Thomas Nickels
	Elena Trout
	Alison (Kathleen) Posa
	Jacqueline Colliar
	William Bayfield
	Hilary Walton
Executive Management Team	
Acting Chief Executive – Citycare Property and Spencer Henshaw Limited	Christopher Horn
Acting Chief Executive – Citycare Water	Gareth Husband
General Manager Apex Water Limited	Andrew Paton
Acting Group Chief Financial Officer - Citycare Group	Connor Simmonds
Auditor	The Audit Office 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:
Hamilton
Timaru
Whakatāne
Queenstown
Christchurch

CITYCARE PROPERTY

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

Other Offices:
Auckland - Drury
Auckland - East Tāmaki
Christchurch - Burnside
Greytown
Porirua
Queenstown
Tokoroa
Wellington
Whangārei
Greymouth
Tauranga
Waipapa

CITYCARE WATER

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

Other Offices
Auckland - Bombay
Auckland - East Tāmaki
Auckland - Honbsonville
Dunedin
Masterton
New Plymouth
Stratford
Thames Coromandel
Timaru
Whangamata

SPENCERS

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

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