Counties Energy

Annual Report 2025

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Our Chair & Chief Executive Report

On behalf of the Board of Directors and the Leadership Team, we are pleased to present the 2025 Annual Report for Counties Energy.

We are proud to report that the Company met or exceeded the key performance targets set out in the Statement of Corporate Intent for the year ending 31 March 2025. These targets spanned critical areas including safety, network reliability and financial performance.

Safety remains a core value and priority for us. We are pleased to report there were no Lost Time Injuries (LTIs) during the year. Our network reliability also improved significantly, with total outage minutes – both planned and unplanned – down 26-percent compared to the previous year.

The Group achieved record financial performance, with revenue reaching $175 million and EBITDA at $67 million. This strong result flowed through to a Net Profit Before Tax (NPBT) of $26 million – an increase of $5 million, or 26-percent, from the prior year.

The core lines business continues to demonstrate underlying strength, with growth in new customer connections albeit at a moderated pace reflecting broader economic conditions. We maintained our commitment to investing in the network, both to enhance current reliability and to position ourselves for future growth. Meanwhile, ECL Group revenue remained steady, with notable acceleration in the eMobility segment.

Reflecting our strong performance, we returned $13 million including GST to our community through our annual discount mechanism, with consumers receiving a discount on their electricity account.

Our focus on strategic investment and reliability continues. In FY25, we invested $51 million directly into the network, alongside additional investment in systems that support long-term resilience. These efforts are aligned with our Asset Management Plan, which outlines our approach to future network requirements. We are pleased to report a 42-percent year-on-year reduction in unplanned outage minutes (SAIDI), a result that was also 31-percent ahead of target. Vegetation-related outages remain a challenge, and we are addressing this through increased investment and closer engagement with customers to manage in-zone trees and vegetation.

Counties Energy remains steadfast in our commitment to supporting regional economic prosperity and enabling sustainable growth. We prioritise the safety and wellbeing of our people, our contractors and the communities we serve. Just as importantly, we remain committed to listening to our customers and continuously improving how we deliver value in an evolving energy landscape.

In 2025, we introduced a refreshed Company Strategy, developed through extensive collaboration across the organisation. This strategic framework is grounded in input from employees at all levels and sets a clear course through to 2028. It defines our Purpose – 'Powering thriving communities' – and our Vision – 'Unlocking the full energy potential of our region to secure a sustainable and prosperous future'. We are focused on strengthening our connections with customers, enhancing feedback mechanisms and making every interaction meaningful.

We were honoured to receive two prestigious accolades at the 2024 New Zealand Energy Excellence Awards, recognising our leadership in innovation and transformation. These included an award for our groundbreaking Berm Battery initiative, and individual recognition for one of our leaders, Moonis Vegdani.

Our evolution into a Distributed System Operator (DSO) is well underway. We are embracing a more intelligent, flexible and responsive electricity network through initiatives such as our TSO/DSO pilot with Transpower, the hot water demand flexibility project and the Demand Flexibility pilot in Karaka Harbourside. This Karaka Harbourside pilot has been endorsed by the Electricity Authority's Power Innovation Pathway and is supported by the Energy Efficiency and Conservation Authority (EECA).

As a 100-percent consumer-owned company, we continue to give back to our communities through wide-ranging support for local initiatives, including emergency services, sustainability programmes, and education. A highlight this year was the launch of a new STEM-focused school kit and the establishment of the Counties Energy Innovation Fund in partnership with Innovation Franklin, designed to inspire secondary students.

We remain deeply committed to reducing energy hardship across our network. Through partnerships like EECA's Warmer Kiwi Homes programme, we are helping to deliver practical, targeted support where it's needed most.

Sustainability continues to be embedded at the heart of our operations. This year, we introduced climate-related risk assessments into our planning process and retained our Toitū Carbon Reduce certification, reaffirming our commitment to measure, manage and reduce emissions.

We are also on a journey to grow our cultural competence and strengthen our responsiveness to the diverse communities we serve. By aligning with Māori values – particularly around environmental guardianship, energy wellbeing and equitable employment – we are paving the way for deeper partnerships and greater impact. Our Te Ao Māori working group, Te Huingahiko, continues to play a pivotal role in embedding these values across the organisation.

We extend our heartfelt thanks to the entire Counties Energy and ECL Group teams for their dedication, professionalism and unwavering focus on safety, reliability and delivering strong outcomes for our customers. We also sincerely thank the Trustees of the Counties Energy Trust for their ongoing support and our Leadership Team for their consistent commitment and guidance throughout the year.

Together, we look forward to continuing our journey, powering thriving communities and delivering lasting value for generations to come.

Keith Watson
Chair

Judy Nicholl
Chief Executive

Our Board

The Counties Energy Board of Directors: Ben Iosefa, Hamish Stevens, Keith Watson, David Tompkins, Wendie Harvey, Jonathan Kay.

Counties Energy continues to benefit from the strength and diversity of its Board of Directors – a highly skilled group of individuals bringing broad industry experience, strategic insight and governance expertise. The Board plays a vital role in guiding the Company's long-term direction, ensuring that it operates with integrity, accountability, and in full compliance with all relevant regulations.

Acting as stewards of the organisation, the Board provides strategic oversight and supports the Leadership Team by offering independent perspectives and robust governance. Their collective knowledge spans governance, infrastructure, finance, law and energy sector operations, enabling them to provide sound judgement on key issues and hold the organisation to the highest standards.

A core part of the Board's role is to ensure operational transparency and regulatory compliance with a strong focus on fostering accountability across all areas of the business. They take this responsibility seriously, maintaining vigilant oversight of policies, practices and performance to ensure the organisation remains aligned with legal, ethical and environmental obligations.

The Board also oversees Counties Energy's investment strategy, working to ensure that all investment decisions support the Company's vision for sustainable growth and community value. Their careful stewardship ensures that capital allocation aligns with long-term objectives while balancing risk, resilience and innovation.

This year, the Board welcomed Wendie Harvey as a new Director. Mrs Harvey brings a wealth of experience in corporate governance, legal advisory and leadership within complex operating environments. Her appointment strengthens the Board's depth and capability, and the Company is pleased to welcome her contribution to its governance journey.

Keith Watson – Chair

Keith brings a breadth of capabilities gained as a chairman, company director and managing director, with governance experience in globally and locally listed businesses. He has worked across all major geographic markets – USA, Canada and Latin America, as well as Asia Pacific and Central Europe. He is chair of ECL Group, and his directorships include Acumen NZ Limited and Wineworks Group. Keith's former executive positions include senior vice president roles at Hewlett-Packard and Silicon Graphics in the United States.

Hamish Stevens

Hamish is a chartered fellow of the Institute of Directors and a member of Chartered Accountants Australia New Zealand. He has extensive experience in corporates and as a company director and chair across many industries. Hamish is chair of East Health Services, Pharmaco, The Kennedy's and Embark Education Group and a director of ECL Group, Governance & Advisory and Radius Residential Care.

Ben Iosefa

Ben is a member of the Australian Institute of Company Directors, with directorships including ECL Group, Home in Place (Australia & NZ) and WineWorks Group. He is Chair of Active Electrical Suppliers, Fuso NZ and Methanol Institute (Singapore). Ben's extensive corporate career included senior executive and board level responsibilities in the petrochemicals and energy industry, 14 years of which was spent working in North America and Europe.

David Tompkins

David is a member of the Institute of Directors and Institution of Professional Engineers New Zealand. He is a director of Tutukaka Asset Management Limited. David previously held senior executive positions with Vector Ltd and senior management positions with West Coast Power Ltd (Canada). He was previously a director of the Electricity Networks Association, Electricity Supply Industry Training Organisation and Treescape Ltd. He holds a Bachelor of Applied Science (Civil) degree, a Master of Engineering (Civil) degree and Diplomas in Business Management and International Financial Management.

Jonathan Kay

Jonathan is a senior executive and leader with significant experience within the electricity, infrastructure and technology sectors. He is currently chair at Waipā Networks Limited. He is also the director of multiple organisations, including Waitaki Limited, Horizon Energy Group Limited and Whitestone Contracting Limited.

Wendie Harvey

Wendie brings extensive experience as a director, trustee, lawyer and business consultant. Her leadership roles have spanned public and private sectors, including NZX-listed companies, local government and not-for-profit organisations. She currently serves as chair of Eastland Infrastructure, holds directorships at Aurora Energy, Unison Networks, Port Taranaki, TAB New Zealand, and Hawke's Bay Airport, and advises to the Hawke's Bay Regional Recovery Agency.

Our Trust

The Counties Energy Trust: Mike Marr, Christine Rupp (Chair), Donald Thomson, Megan Matthews, Alan Eyes.

Counties Energy is proud to be a 100-percent consumer-owned organisation. Ownership is vested in the Counties Energy Trust, which holds the Company on behalf of electricity consumers connected to the network. This ownership model ensures that the benefits of the business remain within the community it serves.

Each year, eligible customers receive an annual electricity discount, directly credited to their power accounts. This initiative reflects Counties Energy's commitment to returning value to its consumer-owners and reinforcing the connection between the business and the people it serves.

The Counties Energy Trust is governed by five publicly elected Trustees who are responsible for ensuring that the Company operates in the best interests of electricity consumers. Trustees are elected on a rolling basis, with two positions up for election every two years, maintaining strong continuity in governance.

The Trust is chaired by Christine Rupp, with trustees Megan Matthews, Alan Eyes, Don Thomson and Mike Marr. Sheena O'Flaherty serves as Trust secretary, supporting the trustees in their governance responsibilities.

Counties Energy acknowledges the Trust for its dedicated service and strategic guidance. In addition to its governance oversight, the Trust has maintained a strong presence in the community over the past year, actively engaging with customers and stakeholders at local events alongside Counties Energy, such as Christmas on the Green and Whānau Day. These community interactions reinforce the shared vision between Counties Energy and the Trust: to support local energy resilience, promote efficiency and help address energy hardship.

The continued partnership between the Trust and the Company reflects a unique ownership structure rooted in community connection and long-term regional benefit.

Our Leadership Team

Counties Energy Leadership Team: Moonis Vegdani, Paul Blue, Dale Carline, Judy Nicholl, Lorne Peters, Andrew Toop, Tracey Kay.

Counties Energy's Leadership Team is focused on delivering a resilient, efficient and future-ready electricity network that serves the needs of its customers and communities. Through strategic planning, strong operational oversight and a commitment to continuous improvement, the team ensures that the Company remains a trusted and high-performing infrastructure provider.

With responsibility for the day-to-day operation of the network, the Leadership Team oversees the execution of comprehensive safety protocols, regular maintenance schedules, and system upgrade programmes. They are also driving innovation through the adoption of emerging technologies, enabling the business to enhance reliability, reduce downtime and prepare for evolving energy demands.

The team is committed to strengthening infrastructure resilience while maintaining high safety standards and delivering cost-effective, sustainable outcomes. This approach not only supports economic development across the region but also contributes to improved quality of life for all customers connected to the network.

Recognising that strong leadership is fundamental to long-term success, the Leadership Team champions a culture of collaboration, inclusion and accountability. Their collective leadership fosters high levels of employee engagement and performance, unlocking innovation and operational excellence across the business.

By combining strategic vision with a people-centric approach, the Leadership Team is ensuring that Counties Energy remains agile, responsive and aligned with the expectations of customers, stakeholders and the communities it proudly serves.

Our People

Counties Energy continues to prioritise its people, enhancing its employee experience through targeted initiatives focused on health, wellbeing, professional development and workplace culture. These efforts reflect the Company's ongoing commitment to building a safe, inclusive and high-performing organisation.

The Company has expanded its Southern Cross group health insurance plan, offering a higher level of cover to employees. This enhancement reinforces Counties Energy's focus on the health and wellbeing of its workforce, ensuring increased access to quality healthcare services and support.

To meet growing demand for occupational health services, the Company increased the availability of its on-site occupational health nurse from one day per week to an additional day every alternate week. This proactive measure supports early intervention, injury prevention, and better overall health outcomes for employees.

Employee feedback continues to be a key input into organisational decision-making. Counties Energy conducts quarterly Pulse Surveys, measuring factors such as health, safety and wellbeing. The Company's Employee Experience Index is 86-percent, demonstrating high levels of engagement and satisfaction across the workforce.

The implementation of a new Human Resource Information System (HR360) has streamlined the end-to-end employee lifecycle, from recruitment and onboarding to learning and development. This centralised platform improves the employee experience and provides a single source of truth for people data, with enhanced reporting capability expected as full implementation progresses.

To ensure fair and consistent remuneration practices, Counties Energy introduced the RemWise remuneration system developed by Strategic Pay. This system provides a structured, market-informed approach to remuneration decision-making, enabling the Company to assess job size and complexity, maintain internal equity, and benchmark roles externally.

With a focus on workplace culture, the Company coordinated a range of internal events while continuing to demonstrate its strong community spirit during the holiday season. The Company donated gifts to Mai Lighthouse (formerly Franklin Family Support Services), ensuring families in need could experience the joy of Christmas. This initiative follows on from the previous year's successful campaign in which new bicycles were built and gifted to local children.

Through these initiatives, Counties Energy has continued to foster a workplace where employees feel valued, supported, and connected, while also extending its positive impact into the communities it serves.

Male
74%

Female
26%

Average Tenure
7.3 years

Nelson Harris

Line Mechanic

At the heart of Counties Energy's operational success is a dedicated team of field operations professionals who ensure the network remains safe, reliable and resilient. Among them is Nelson Harris, a skilled Line Mechanic whose work exemplifies the Company's values of teamwork, service and community.

Nelson brings a strong commitment to every aspect of his role, contributing to the day-to-day operation and maintenance of the electricity network. His responsibilities span a wide range of activities from responding to outages and maintaining infrastructure to upgrading critical assets to meet the demands of a growing region. Working alongside highly trained colleagues in a supportive environment fosters a culture of mutual respect, safety and shared achievement. His reflections (see link below) underscore the sense of purpose and pride that comes with helping to keep the power flowing to homes and businesses across the region.

As Counties Energy continues to invest in people and infrastructure to meet the needs of future generations, the contribution of team members like Nelson remains central to the Company's mission. His work not only keeps the network running but also strengthens the community connections that define the organisation.

View Nelson's story **here**.

At the heart of everything we do

Our Purpose Powering thriving communities

Our Vision Unlocking the full energy potential of the region to secure a sustainable and prosperous future for generations to come. Energy Reimagined.

Our Purpose

Strategic Direction: Reimagining Energy for the Future

This year, Counties Energy implemented a refreshed Company Strategy, shaped through extensive collaboration across all areas of the business. The strategy reflects a unified direction informed by input from employees at every level. As a result, the Company has clearly defined its *Purpose – powering thriving communities* – and its *Vision – unlocking the full energy potential of the region to secure a sustainable and prosperous future for generations to come. Energy Reimagined.*

The new strategic path sets a clear direction through to 2028, focusing on three core pillars. These include delivering a robust and reliable electricity distribution service, expanding the energy services portfolio by exploring new markets and offerings, and leading energy innovation to shape a new energy future. Each pillar is supported by defined targets and outcomes, providing a strong foundation for long-term success.

As part of the strategy refresh, Counties Energy updated its company values to better reflect its identity and future direction. In addition to continuing its commitment to Safety First, Customer Obsessed and Always On, the Company introduced three new values: Genuine Respect, Fearless Innovators and Trusted Guardians. These values are brought to life through the Counties Energy Way, which guides how the organisation works together and how it engages with customers, partners and communities. They reflect a commitment to honouring tradition, fostering meaningful relationships and building a shared future.

To further support strategic decision-making, Counties Energy introduced a set of Guiding Principles for its Leadership Team. These principles emphasise evidence-based decision-making, empowering customers, investing in people and safety, driving innovation, maintaining commercial discipline, and delivering social and environmental outcomes. The principles also reinforce the Company's commitment to kaitiakitanga and the celebration of cultural diversity — values that sit at the heart of the Counties Energy Way.

This refreshed strategy is more than a roadmap — it defines how Counties Energy will work with purpose, boldness and integrity to reimagine energy and deliver lasting value for its people, customers and communities.

The below diagram illustrates the future direction of the region and reflects the Company's vision to unlock its full potential. It highlights the growing need for a more flexible, customer-centric energy network – one that enables and supports two-way energy flow and empowers communities to play an active role in the energy transition.

Our Purpose (cont.)

Innovation Recognised at 2024 Energy Excellence Awards

Reinforcing our purpose of powering thriving communities, Counties Energy was honoured with two prestigious accolades at the 2024 New Zealand Energy Excellence Awards, recognising its leadership in energy innovation and transformation.

The Company received the Innovation in Energy Award for its pioneering project repurposing end-of-life Nissan Leaf electric vehicle (EV) batteries into battery infrastructure. This first-of-its-kind initiative in Aotearoa New Zealand powers the OpenLoop EV-charging station at the Mercer Service Centre, enabling stored electricity to supplement EV charging. The project demonstrates how second-life battery solutions can support faster, more flexible charging while reducing peak demand and improving environmental outcomes.

Counties Energy also celebrated Chief Strategy and Transformation Officer Moonis Vegdani, who was named Young Energy Professional of the Year. Moonis has played a key role in the Company's digital and strategic evolution, helping drive its transition to a distribution system operator.

These awards highlight Counties Energy's continued focus on innovation that enhances customer experience, strengthens energy resilience, and prepares the business for the future of energy.

Counties Energy wins Innovation in Energy – New Zealand Energy Excellence Awards, 2024.

"The Berm Battery project and Moonis's recognition both represent Counties Energy's vision for a smarter, more sustainable energy future. These achievements reflect the ingenuity of our people, the boldness of our ideas and our commitment to delivering solutions that benefit customers, communities and the wider industry."

Judy Nicholl
Chief Executive

Our Customer Focus

"Empowering Counties Energy's customers with the tools and knowledge to make informed energy choices."

Counties Energy is reshaping what it means to be an Electricity Distribution Business (EDB) by remaining "customer obsessed", earning trust, and driving innovation for the community it serves. Its efforts to improve customers' experience is driven and shaped by customer insights gathered through surveys and the Customer Services team.

The Company knows from research that customers expect the same service from Counties Energy as they receive elsewhere, and to have access to services where, when, and how they want them. As a result, we have made improvements such as redesigning the Outage Hub for an improved customer experience, making it more engaging for customers to give the Company feedback, and refreshing our social media approach to attract greater interest in the community.

The New (and improved) Outage Hub

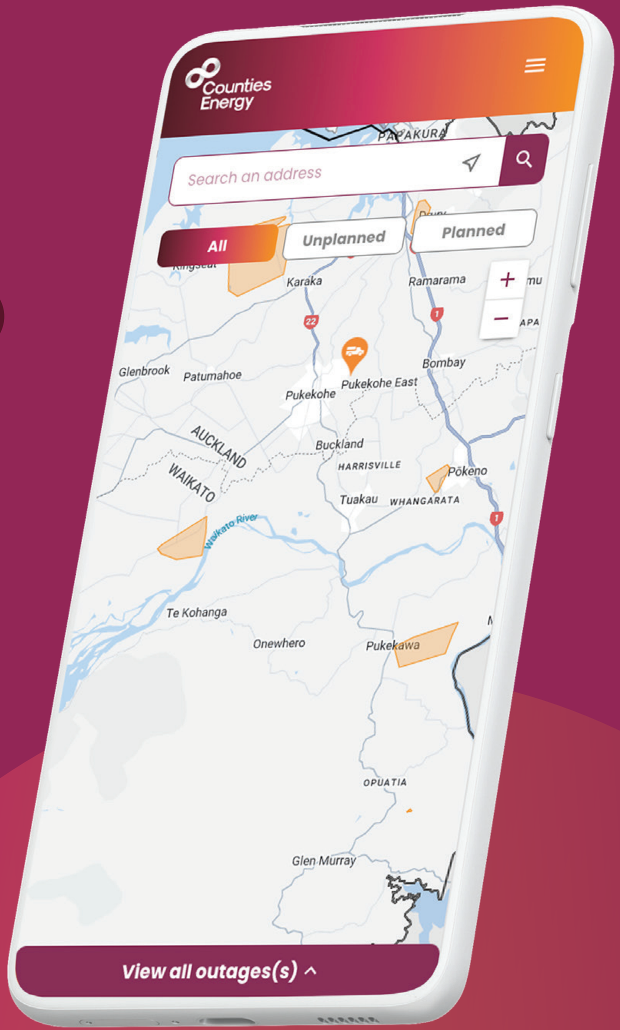
The Outage Hub (app.countiesenergy.co.nz) is the self-service channel for outage information in the Counties Energy network. It is a web-based app that provides real-time updates of unplanned outages, and which allows customers to report an outage quickly and subscribe to updates either by text and/or email.

The redesign and rebuild of the Outage Hub is a significant achievement, with customer insights the key driver for the project, gathered from both quantitative and qualitative research. The goal was to deliver a better customer experience with increased functionality and improve scalability for significantly higher traffic during key weather and outage events.

Phase one of the new Outage Hub was launched in April 2025 with the following improvements.

- Customer-centric language and intuitive journeys
- More accurate timeframes for power restoration
- Future outage updates about a location (if subscribed)
- Improved app loading times
- Enhanced address search functionality
- Site scalability beyond the maximum forecasted load
- Reduced time to subscribe to status updates
- More efficient process to report an outage online

More app functionality and features are planned for phases two and three across 2025 and 2026.



Our Customer Focus (cont.)

Customer Engagement

At Counties Energy, customer engagement is a key area of focus. The Company aims to continue building strong connections with customers to make them feel valued and heard. Customers are encouraged to interact with the Company when needed, whether it's during a power outage, when a new connection is needed or when their trees need trimming.

Customer engagement is monitored across five key customer channels – the website, the Outage Hub, Facebook, LinkedIn and the call centre. Some statistics are shown next.

487k
webpage views overall

Website views increased **9%** year-on-year

The outage page accounts for **20%** of page views

Average time spent on the Company's website is **half a minute**

52% of website views are on mobile phones, **46%** desktop and **2%** on tablets

What Counties Energy's customers all want and expect, from utility companies, is to be served in the way they have now become used to elsewhere.

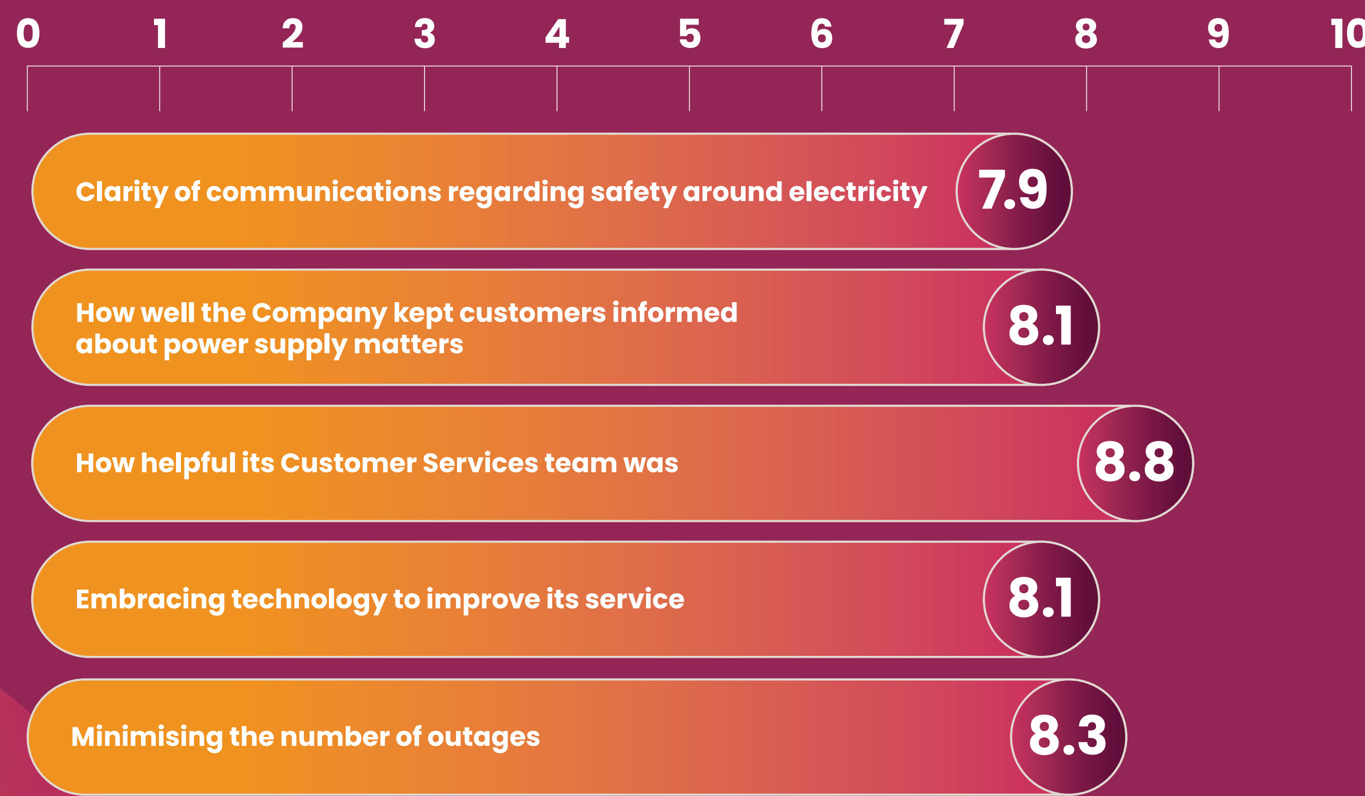
To have access to services where, when and how they want them.

Counties Energy successfully transitioned 90% of market research work in-house in 2025, increasing the efficiency and agility of customer surveys while saving costs. Instead of receiving cold calls from a research company, customers are invited to share their feedback via online surveys.

The Company used a more strategic approach to deliver content to customers – increasing the use of paid ads for better reach, integrating diversity in imagery used to reflect its customer base, providing clear calls to action, and scheduling posts for when users were more active online.

This "pull" strategy for market research has resulted in improved response rates of at least 31% compared to previous cold call methods.

Highlights from customer surveys are shown next, with scores out of a maximum 10 points:



Our Network Investment

Strengthening Our Network for the Future

Counties Energy continues to lead with a strong commitment to building a smarter, more resilient energy future for the region. Over the reporting period, the Company has invested more than $51 million into its network, undertaking projects that enhance the robustness, safety and reliability of supply while future-proofing infrastructure to meet the region's growing energy demands.

A key focus for the year has been investment in critical communications infrastructure, network upgrades, and essential asset refurbishments – all designed to reinforce the network's performance under both routine and extreme conditions.

Ōpaheke Power Transformer Refurbishment

The long-term performance of the network also relies on the ongoing health of its major assets.

In FY25, Counties Energy completed a two-year, $3 million refurbishment project for the two 40 MVA power transformers at the Ōpaheke substation. Originally installed in the early 2000s, these units underwent comprehensive mid-life servicing, including disassembly, inspection, oil replacement and recommissioning by specialist contractors. This investment extends the operational life of the transformers and ensures they continue to perform safely and efficiently for decades to come.

Modernising Critical Communications

One of the most transformative projects completed was the full replacement of Counties Energy's radio communications network, a vital system that underpins both operational control and field safety. This four-year, $5.35 million initiative delivers a full upgrade of the Company's network control communications (SCADA) and field voice communications.

The project included the installation of 15 new radio masts, supported by a backbone of Counties Energy-owned fibre and microwave links. Digital communications from the masts to field devices and employees bring increased speed, reliability and responsiveness.

Security has been upgraded to align with the latest industry standards, and the network is now fully monitored in real-time by the Company's Network, Digital and Cybersecurity teams.

Among the most impressive milestones is the new lattice tower at Klondyke, near Port Waikato, standing at 18 metres high and reaching 421 metres above sea level. This makes it one of the highest communications points in Franklin.

Radio Replacement Project, 2025.

Our Network Investment (cont.)

Conductor Replacement and Line Rebuilds

A $5m investment was also made into several large-scale conductor replacement projects, improving supply reliability and resilience across key areas of the network.

At Glenbrook Station Road, 4.2 kilometres of line were rebuilt. The Tuhimata Road project in Paerata involved the replacement and rebuild of 2.4 kilometres of conductor, including 250 metres of undergrounding through vegetation-prone areas that had previously caused multiple faults. This upgrade also included a voltage conversion from 11 kV to 22 kV, enhancing connectivity between the Pukekohe, Ōpaheke and Barber Road substations and significantly boosting network resilience during major substation outages. At Woodleigh Road in Niake, 6.7 kilometres of conductor was rebuilt.

Barber Road Substation.

Delivering Network Resilience

This year also marked the full completion of the Barber Road Substation project – an important milestone in Counties Energy's programme to bolster network resilience and support regional growth. The new substation enhances capacity and provides additional flexibility across the network, improving reliability for thousands of customers and supporting future energy demands in the area.

These investments reflect Counties Energy's ongoing focus on delivering a safe, reliable and future-ready energy network. As the region grows, the Company remains committed to investing in smart infrastructure that keeps communities connected – today and into the future.

Barber Road Substation, March 2025.

Our Future

Enabling a Smarter Energy System

Counties Energy is actively evolving into a Distributed System Operator (DSO), embracing a future where the electricity network is more flexible, intelligent, and responsive to customer needs. Our DSO strategy envisions a system that enables two-way energy flows, supports decarbonisation across electricity, transport and process heat sectors, and integrates new technologies like solar PV, EVs and wind generation.

This transformation places the customer at the centre of the energy transition. Through demand flexibility and smart orchestration, we aim to deliver greater efficiency and cost-effectiveness, while maintaining the safety and reliability of the network. As global shifts in behaviour, technology and sustainability reshape how people live and consume energy, the Company's commitment is to adapt quickly, collaborate widely and innovate boldly.

Counties Energy believes that customer-owned, community-focused electricity distributors are ideally positioned to lead this shift – preserving intergenerational value and ensuring no one is left behind. The following projects demonstrate the progress already underway.

Hot Water Demand Flexibility Service

Counties Energy is progressing a new commercial flexibility service that enables electricity retailers to manage residential hot water systems – one of the most significant sources of controllable demand in the home. Retailers were invited to partner with the Company to deliver dynamic hot water control via their smart metering mesh network, which enables precise, per-ICP visibility and control.

This service offers mutual benefits: retailers can develop more competitive pricing plans for customers who participate in flexibility events, while Counties Energy can better manage peak demand on the network. The system also supports social outcomes – delivering cost savings to energy-vulnerable households and ensuring that customers retain comfort and choice.

Integration Pilot with Transpower

In partnership with Transmission Systems Operator (TSO) Transpower, Counties Energy has broken new ground in national grid coordination by piloting a TSO/DSO integration framework that links real-time, low-voltage data with transmission system operations. This pilot focuses on increasing visibility and control of consumer energy resources (CERs) – including solar PV, EV chargers, and batteries – across the entire energy supply chain.

By leveraging dynamic operating envelopes (DOEs), OpenLoop's orchestration engine, and smart meter technology, the project enables proactive coordination between local and national grids. This approach can unlock more efficient use of existing infrastructure, enhance grid reliability and better accommodate intermittent renewable generation. The pilot's insights will inform future system planning and support the development of nationwide flexibility markets.

"Our DSO vision is about building a smarter, more inclusive energy future where communities are empowered, energy is more affordable, and our infrastructure is used in the most sustainable and efficient way possible."

Judy Nicholl
Chief Executive

A Scalable Model for New Zealand's Energy Future

The Karaka Harbourside Demand Flexibility Pilot began as a Counties Energy, Ara Ake and Plexigrid innovation to explore how residential customers could actively participate in supporting the electricity network through flexible energy use. What started as a local proof of concept has since grown into one of New Zealand's most significant demand-side innovation projects, now backed by the Electricity Authority through the Power Innovation Pathway (PIP), and supported by the Energy Efficiency and Conservation Authority (EECA). This strategic support reflects the project's potential to drive national transformation in how New Zealand plans, operates and invests in its electricity infrastructure.

Located in the Karaka Harbourside subdivision, the pilot involves retrofitting more than 500 homes with smart energy technology, including EV chargers, hot water control devices, solar inverters, and orchestration-ready meters. These devices give homeowners real-time control over when and how they use electricity, and enable Counties Energy to manage demand more intelligently across the low-voltage network.

The technology is only part of the story. At its core, the pilot is a testbed for the future DSO model where customers, networks and market participants work together to optimise energy usage in a way that benefits everyone. Counties Energy is actively trialling new commercial and behavioural models to encourage customer participation, exploring how households can be rewarded for shifting their electricity use at times of network constraint or peak demand. The insights gained will inform scalable solutions for distributors across New Zealand grappling with rapid electrification and decentralised generation.

As the pilot matured, its success attracted the attention of national energy agencies. Its inclusion in the Electricity Authority's Power Innovation Pathway programme has opened the door to experimenting with new market structures and regulatory flexibility, allowing real-world testing of dynamic network management in a safe, monitored environment. The programme is designed to accelerate the energy transition by giving projects like Karaka Harbourside the tools and oversight needed to push beyond the limits of the current regulatory model.

By deploying advanced orchestration platforms that link smart devices to the network in real time, it allows the network to shift from a traditional, infrastructure-heavy approach to a dynamic, data-informed model that uses real-time flexibility to manage constraints and optimise performance.

The Karaka Harbourside pilot is a practical demonstration of how demand flexibility can become a core network planning and operational tool – offering an alternative to traditional network upgrades, improving affordability, reducing emissions and enhancing energy resilience. Most importantly, it shows how communities can play an active role in shaping their energy future.

Our Social Responsibility

Our Community

Counties Energy is proudly 100-percent consumer owned and has been an integral part of the community for more than a century. Supporting the region's communities is embedded in the Company's identity and remains a cornerstone of its strategy.

The Company is committed to making a meaningful and lasting difference by supporting a wide range of local organisations, events and initiatives that reflect the unique needs and values of its communities. This includes backing essential emergency and safety services such as the Waiuku Coastguard and the Auckland Rescue Helicopter Trust, as well as cherished community events like Counties Energy Christmas on the Green and Counties Energy Christmas Lights – Trains at Night.

Counties Energy's partnerships also extend to local grassroots and elite sports, energy hardship initiatives, and educational programmes that foster opportunity, wellbeing and connection. A particular focus is placed on initiatives that grow STEM (Science, Technology, Engineering and Maths) capability among young people. This includes long-standing support for Robogals, which encourages tamariki to explore engineering and technology, and the popular EPRO8 Challenge, which inspires students to solve real-world engineering problems through teamwork, innovation and hands-on learning.

To further extend its impact, Counties Energy has developed a suite of engaging, curriculum-aligned classroom programmes in partnership with expert educators, bringing energy concepts to life through hands-on experiences that also reinforce vital messages around electrical safety. Among the newest additions to this growing portfolio of STEM initiatives are the Solar Cars Grand Prix and the Counties Energy Innovation Fund.

Stars at Christmas on the Green in Partnership with Counties Energy, November 2024.

- Auckland Rescue Helicopter Trust – Westpac air ambulance
- Waiuku Coastguard
- Sunset Beach Lifeguard Service
- Surf Life Saving Kariaotahi
- Warmer Kiwi Homes – energy hardship initiative to insulate low income local homes
- Mai Lighthouse
- School Kit Education Programme – a primary school STEM programme teaching our youth about electricity and how to stay safe around it
- EPRO8 – school STEM Challenge
- Robogals – inspiring students into STEM
- School Major Event support – supporting every primary school's major fundraising event
- Stars Netball
- Counties Manukau Rugby Football Union – community rugby
- Counties Energy Heat – women's representative rugby side
- Counties Energy Christmas Lights, Trains at Night
- Christmas on the Green
- Counties Energy Innovation Fund

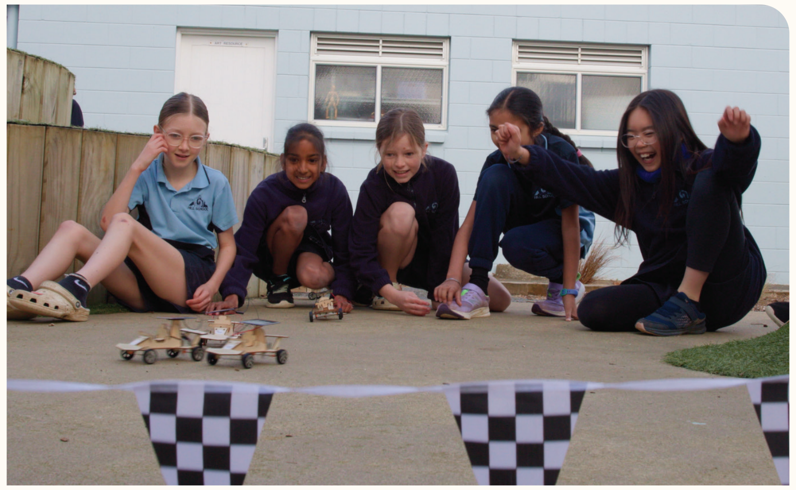
Counties Energy's community partnerships

Solar Cars Grand Prix Accelerates STEM Learning

When solar power, STEM learning and a dash of friendly competition come together, the result is Counties Energy's latest educational initiative – Solar Cars Grand Prix. Launched in 2024, this innovative programme is energising classrooms across Franklin, bringing science, technology, engineering and mathematics (STEM) to life for thousands of students.

Targeting Year 4 to Year 10 students, the programme will reach 4,800 students across 120 classrooms each year. It invites students to design, construct and race their own solar-powered wooden cars, gaining hands-on experience in energy transformation, motion and forces. As they attach solar panels to their vehicles and see sunlight converted into kinetic energy, students develop a deeper understanding of core scientific principles in a fun and engaging context. At the heart of the initiative is Counties Energy's long-standing commitment to inspiring the next generation of engineers, innovators and future energy-leaders while promoting essential lessons in electrical safety.

The Solar Cars Grand Prix kits are designed to be classroom-ready, complete with solar panels, wheels, race flags and finish-line tape. Delivery and implementation are supported through Counties Energy's trusted education partner, School Kit, ensuring that teachers are fully equipped to deliver the programme with confidence and ease.



Pukekohe Hill School students racing the Solar Cars Grand Prix, 2024.

Solar Cars Grand Prix represented a significant step forward for Counties Energy's education outreach, marking the first time this style of STEM engagement has been extended into secondary schools. It builds on the success of earlier initiatives such as the Power Kit – an interactive, mat-based resource for junior students – and Power it Up, a paper-circuitry kit that creatively introduces energy concepts through local themes like the Nikau Caves and Pokeno ice cream.

To see the Solar Cars Grand Prix in action, view the video here.

"By offering students practical, engaging learning experiences, we aim to inspire the next generation of engineers and energy innovators. In addition to its educational benefits, Solar Cars Grand Prix reinforces Counties Energy's broader community mission – to foster knowledge, promote safety and support the growth of future-ready skills for all students across the region."

Judy Nicholl
Chief Executive

Innovation Fund Sparks Big Ideas in Local Schools

Counties Energy, in partnership with Innovation Franklin, launched an exciting new initiative in Term 1 2025, designed to ignite creativity and innovation among local students – the Counties Energy Innovation Fund.

Open to all secondary schools across Franklin, the Fund invited Year 9 and 10 students to apply for a $500 cash grant to bring their science and technology ideas to life. The initiative encourages students to explore ambitious, forward-thinking projects across a broad spectrum of fields, including technology, science, energy, digital innovation, cultural understanding and engineering.

At its core, the Fund reflects Counties Energy's strong belief in nurturing the next generation of problem solvers and change-makers, supporting students not only to learn but to lead, create and innovate within their communities.

The overall winning project, to be announced in late 2025, will receive a trophy and $600 cash prize, alongside individual student recognition for outstanding innovation and creativity.

For more information about the Counties Energy Innovation Fund and Innovation Franklin, visit **www.innovationfranklin.org.nz.**

"We're thrilled to work with Innovation Franklin to empower students to think big, be creative, and show us what they can achieve. This initiative is a fantastic way to showcase the talent and potential within our community. We can't wait to see their incredible ideas come to life."

Tracey Kay
General Manager
Safety, Culture and Sustainability

Our Community (cont.)

Creating Warmer, Healthier Homes

Counties Energy remains steadfast in its commitment to reducing energy hardship across its network, working alongside trusted partners to provide targeted, practical support to those who need it most. This year, the Company has extended its efforts to improve energy affordability, efficiency and comfort for local whānau.

A key initiative is the Warmer Kiwi Homes Programme, delivered in partnership with the Energy Efficiency and Conservation Authority (EECA). In 2024, Counties Energy expanded the programme to provide 56 free energy-efficient heat pumps to eligible homes across the region — bringing warmth and comfort to families who need it most.

The Company has proudly supported Warmer Kiwi Homes since 2020, initially offering free insulation to low-income, owner-occupied homes. To date, more than 150 homes in communities such as Pukekohe, Waiuku, Tuakau, Port Waikato, Drury and southern Papakura have benefited from improved insulation through this initiative.

The programme is designed to support homeowners facing energy hardship by improving access to reliable and cost-effective heating solutions. The addition of heat pumps – an efficient and sustainable option – ensures homes stay warm and dry, while helping to lower energy bills and improve overall wellbeing.

In addition to its work with EECA, Counties Energy continues to invest in community partnerships that make a real impact. Since 2022, the Company has partnered with Mai Lighthouse to develop and distribute Winter Warmer Packs for local whānau. These packs include essential items such as energy-efficient slow cookers, eco lightbulbs, vegetables donated by local grower Wilcox, and soup mixes from The Warehouse Pukekohe – all aimed at reducing winter power costs while keeping families nourished and warm.

Another vital initiative which the Company supports is EnergyMate, an award-winning programme that delivers advice and practical tools to empower families to take control of their energy use.

As a 100-percent consumer-owned company, Counties Energy values the wellbeing of its entire community. Through meaningful partnerships, strategic investment and a clear focus on social responsibility, the Company is proud to be making real progress in addressing energy hardship in its region.

Launching the Winter Warmer Packs with representatives from Counties Energy, Franklin Family Support Services, The Warehouse and Pukekohe Christian School.

"Our partnership with EECA through Warmer Kiwi Homes enables us to make a meaningful difference. By providing access to efficient heating, we're not only reducing energy costs for households but also promoting healthier living environments. We believe in the power of partnerships. By working with experienced agencies, we can deliver the most impactful outcomes for our community, helping to create sustainable change."

Andrew Toop
General Manager Commercial

Our Sustainability

Counties Energy continues to embed sustainability at the heart of its operations, guided by a commitment to long-term resilience, reliability and responsibility. The organisation's approach to sustainability extends beyond environmental stewardship; it is about building a future-focused electricity network that delivers enduring benefits for people, the planet and future generations.

Climate-Related Risk

In recognition of the growing impacts of climate change, Counties Energy has taken proactive steps to understand and prepare for the risks it poses to the business and the communities it serves. In the 2025 reporting period, the organisation partnered with climate science specialists ClimSystems to conduct an in-depth assessment of potential physical climate impacts across the network.

ClimSystems modelled a range of future climate scenarios, examining the implications of changes in flood frequency, wind gust intensity, temperature extremes, and sea level rise. This detailed modelling has provided a data-informed foundation to support long-term planning and asset resilience.

The insights are now being used to inform Counties Energy's business risk assessments and prioritisation processes, ensuring climate-related risks are systematically incorporated into decision-making. Through this forward-looking approach, the organisation aims to safeguard the reliability and safety of its electricity supply in an increasingly unpredictable climate.

Strengthening Community Relationships

Now in its second year, Counties Energy's Te Ao Māori working group, Te Huingahiko – The Gathering of Energy, continues to play a vital role in embedding Māori values throughout the organisation.

With a strong mandate to develop and deliver annual work programmes, the group has made significant strides in lifting cultural competence across the business. This year's initiatives included internal education programmes taken up by 50 voluntary participants, and organisation-wide engagement through Matariki and Waitangi Day events, providing opportunities for learning, connection, and shared kai. These efforts reflect Counties Energy's commitment to fostering a workplace that respects and embraces Te Ao Māori, and one that is committed to the principles of whakawhanaungatanga — growing respectful, trust-based relationships with iwi.

Looking ahead, Counties Energy is committed to growing its cultural competence as a pathway to becoming a more inclusive and responsive organisation. By aligning with Māori values and aspirations – particularly around environmental stewardship, energy wellbeing and employment opportunities – the business is paving the way for meaningful collaboration and shared success. These efforts not only enhance the Company's ability to serve its communities but also contribute to a more diverse, equitable and sustainable energy future.

Our Sustainability (cont.)

Emissions Management

Counties Energy retained its Toitū Carbon Reduce certification in 2024, reaffirming its commitment to emissions measurement, management and reduction. Independent verification through Toitū provides credibility to the organisation's emissions data and confirms that meaningful progress is being made toward sustainability goals.

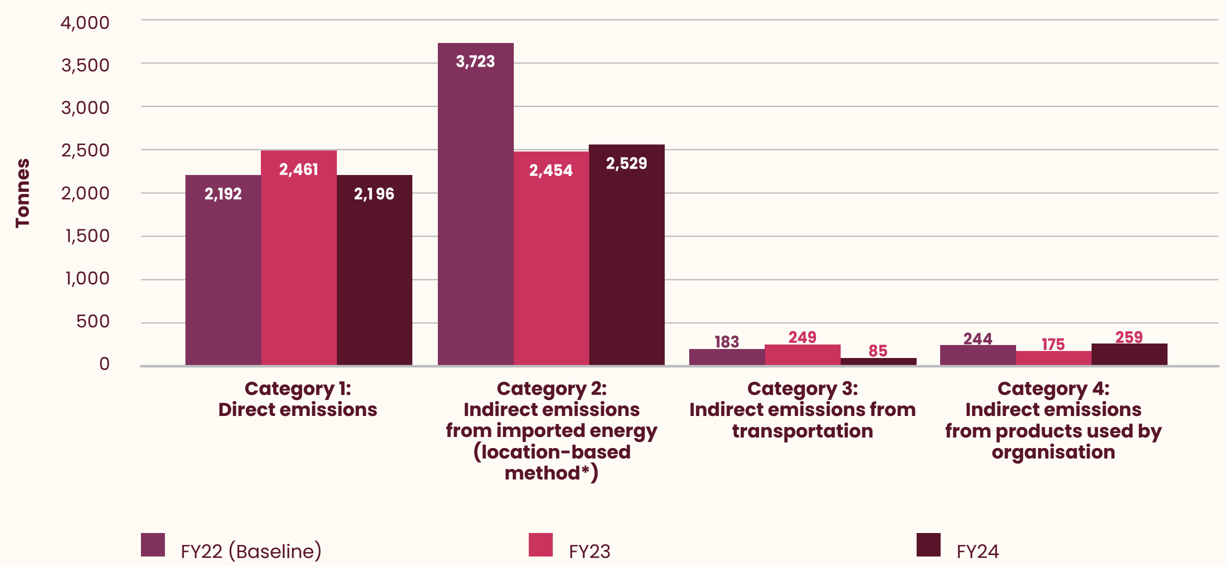
The total combined Category 1 and 2 emissions for Counties Energy and ECL Group decreased by 20% compared to the established base year. This reduction reflects the increasing proportion of renewable energy sources contributing to the electricity supplied through the network.

For the 2024 reporting period, total net emissions were measured at 5,071.78 tCO_2e. (Refer to the emissions graph below for a detailed breakdown.)

Counties Energy has set clear targets to reduce combined Category 1 and 2 emissions by 21% by 2025 and by 42% by 2030. Baseline emissions were established in 2022, and since then, a series of initiatives have been implemented to address operational impacts. These include the electrification of the elevated work platform truck fleet, installation of on-site solar generation systems and the introduction of hybrid generator technologies.

These targeted initiatives are beginning to deliver tangible emissions reductions and demonstrate the organisation's commitment to transitioning towards a low-carbon future.

Comparison of gross emissions (tCO_2e) by category



*Location-based method relates to the average emissions from the electricity grid in NZ

2023 Environmental and Sustainability Grant recipients: YMCA Camp Adair's Tree Planting Day, July 2024.

"We are proud to support grassroots initiatives that are making a real difference to the environment and the communities we serve. These grants are about more than funding – they're about empowering local groups to take action, protect biodiversity and inspire the next generation of environmental stewards. It's a privilege to partner with organisations who share our commitment to sustainability and local resilience."

Tracey Kay
General Manager
Safety, Culture and Sustainability

Environmental Grants

In 2025, Counties Energy awarded two $5,000 Environmental and Sustainability Grants to the Mangatangi Maramarua Catchment Group and the Western Firth Catchment Group, supporting grassroots projects focused on conservation and sustainability.

The grant programme assists not-for-profit groups and educational institutions across southern Auckland and northern Waikato, promoting environmental education, kaitiakitanga (guardianship), and efforts to reduce waste, restore habitats and lower emissions.

Mangatangi Maramarua will use the funding to boost pest control across native bush and riparian zones, targeting invasive species to create safer habitats for native wildlife. Western Firth's project involves retiring a section of the Hauarahi Stream from grazing and planting around 2,500 native seedlings with help from schools, businesses and volunteers.

Counties Energy is proud to support these community-led initiatives, which reflect our commitment to practical, measurable environmental action and strong local partnerships.

Our Key Performance Indicators

Counties Energy is committed to creating a work environment where health, safety and wellbeing are prioritised and embedded in every aspect of operations. The organisation believes that a safe and healthy workplace is essential — not only for its people, but also for the customers and communities it serves. A strong health and safety culture is recognised as foundational to the Company's long-term success.

The organisation's policy is clear: no task is so urgent or important that it cannot be completed safely. The goal is to operate in a way that ensures no one is harmed, through a proactive and collaborative approach that engages employees, business partners and the wider supply chain.

Counties Energy is delivering on this commitment by providing strong, visible and inspirational safety leadership; identifying hazards and eliminating risks wherever possible; establishing robust mitigations for any residual risks; and maintaining open, ongoing communication and engagement across all levels of the organisation.

Total Recordable Injury Frequency Rate (TRIFR): Lost Time Injury (LTI), Medical Treatment Injury (MTI), Restricted Work Injury (RWI).

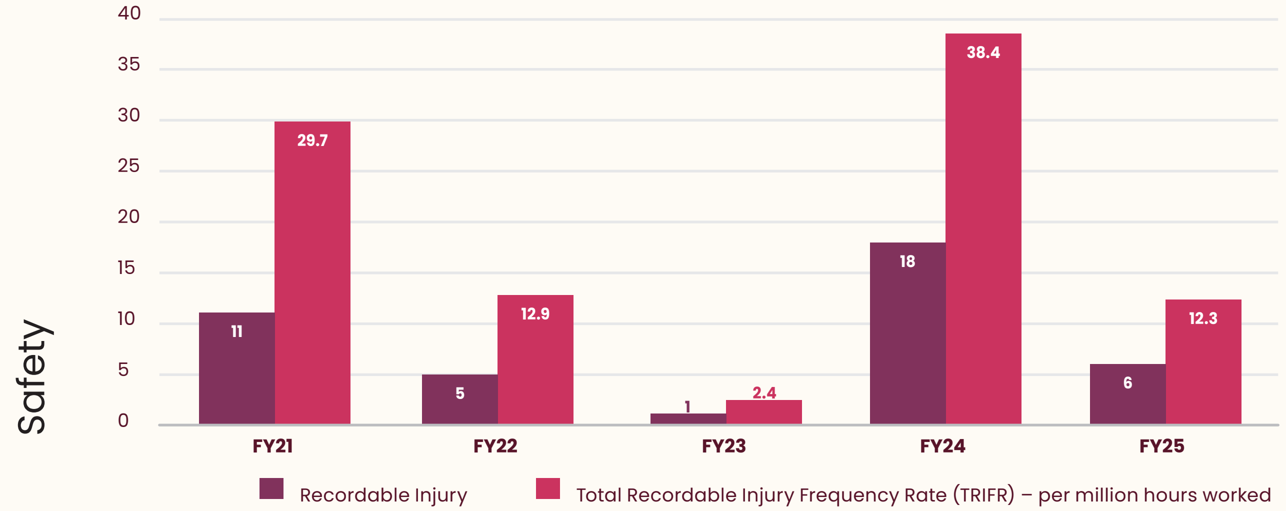
In the year to 31 March 2025, the organisation recorded no Lost Time Injuries (LTIs), reflecting the positive impact of a focused approach to injury prevention and wellbeing support. The Total Recordable Injury Frequency Rate (TRIFR) also decreased over the 12-month period, measured per million hours worked.

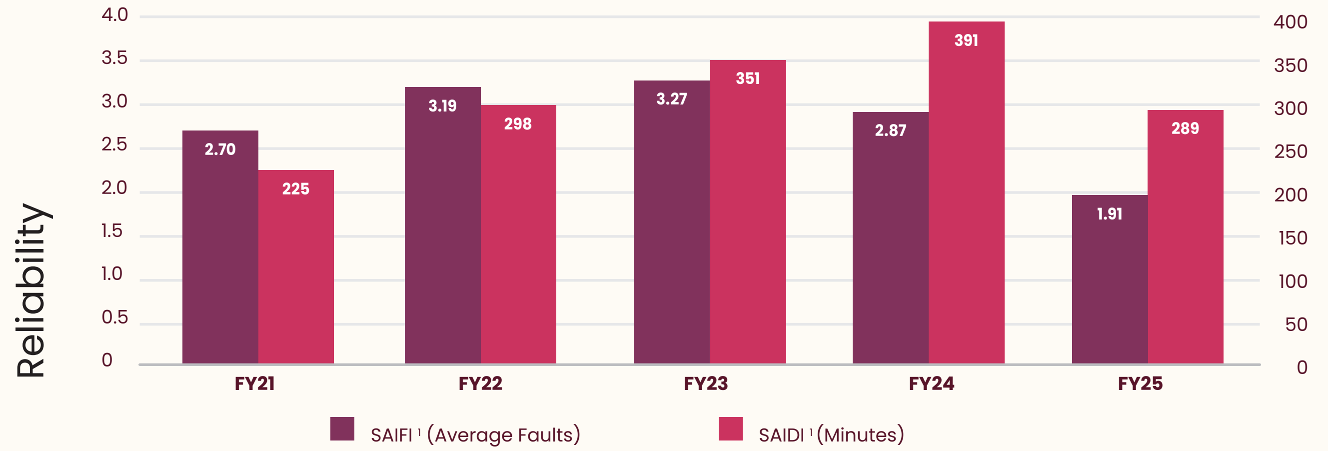
A key contributor to this success has been the integration of occupational health initiatives, including the use of a dedicated occupational health physiotherapist in collaboration with the on-site company nurse. This proactive healthcare model supports not only recent workplace injuries but also longstanding occupational health conditions, improving overall employee wellbeing.

Counties Energy has also enhanced its approach to Health, Safety, Environmental and Quality (HSEQ) performance monitoring. The Company has adopted a stronger emphasis on leading indicators, enabling more proactive risk management and continuous improvement.

The implementation of the SHIELD health and safety management system has significantly improved the organisation's ability to capture and analyse data. SHIELD allows for detailed tracking of audit outcomes, incident reports, improvement opportunities, and employee feedback. This data-driven approach enables targeted interventions and supports better decision-making across the business.

Regular monthly meetings with stakeholders ensure that improvement opportunities are addressed promptly, with a clear line of sight from identification to resolution. Moving forward, the Company expects these improvements in safety performance to become increasingly visible, with more effective presentation and interpretation of data supporting continued progress.





[1] The SAIDI and SAIFI results for FY18 to FY21 were calculated in accordance with the 2015-20 DPP normalisation method using information from the Company's non-financial system. In FY22 to FY25, the calculations were in accordance with the 2021-25 DPP normalisation method and the planned SAIDI and SAIFI results calculated in accordance with the Information Disclosure (ID) method.

The Statement of Service Performance (page 86) provides further detail around causes of network interruptions.

Revenue growth of

4%

EBIT growth of

22%

Total Assets up

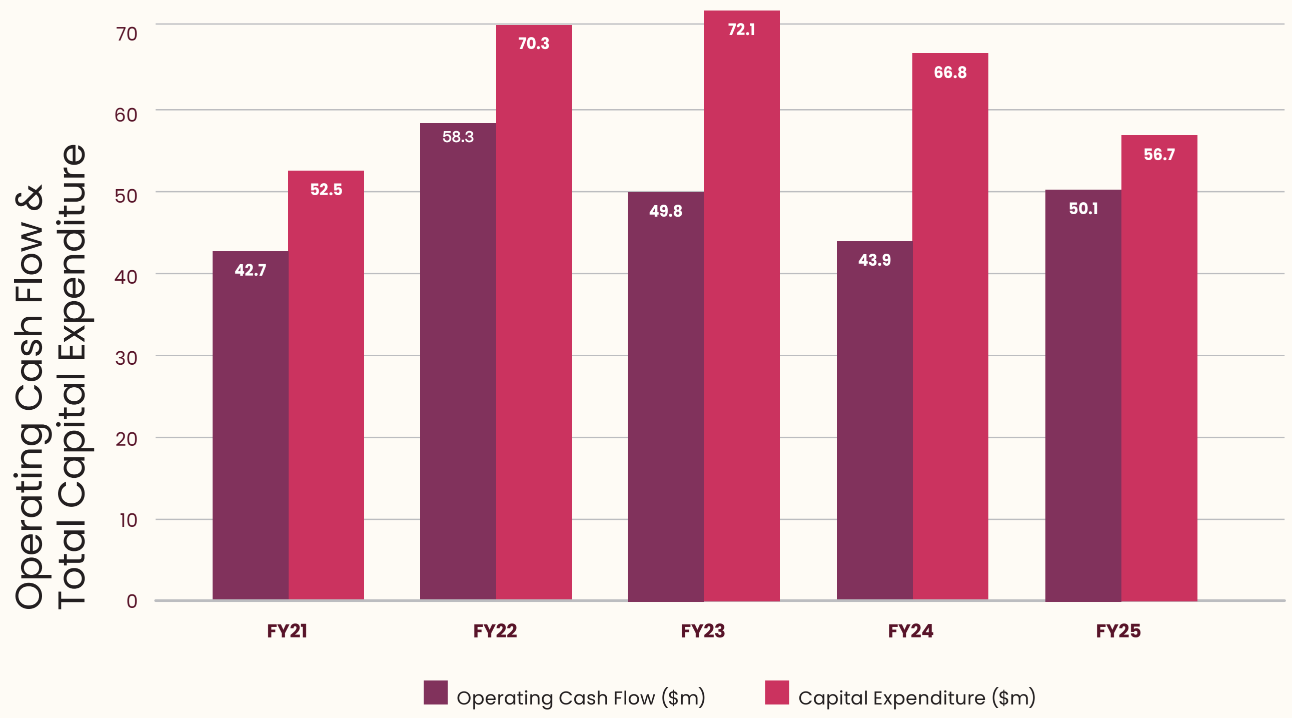
6%

NPBT

$26.1 million

Financial Highlights

Financial Summary



Financial Summary ($'000)

Financial performance	FY21	FY22	FY23	FY24	FY25
Operating Revenue	135,883	158,504	171,043	169,417	175,775
Discounts	10,860	10,869	11,064	11,219	11,456
EBITDA	47,349	63,293	56,003	58,632	66,681

Financial position	FY21	FY22	FY23	FY24	FY25
Total equity	265,388	288,743	310,105	316,943	334,115
Total assets	459,577	515,749	576,761	619,190	654,367
Net debt (including lease liabilities)	106,554	130,631	164,867	194,016	208,919

Report of the Directors to the Shareholder

The Board of Directors has pleasure in presenting the consolidated financial statements of the Group and the independent auditor's report, for the year ended 31 March 2025.

The Board of Directors of the Group authorised these consolidated financial statements and the statement of service performance presented on pages 54 to 87 for issue on 25 June 2025.

Activities

Counties Energy Limited operates primarily as an electricity lines company within the Franklin, Papakura, Hauraki and Waikato districts. The construction arm of Counties Energy Limited undertakes lines and new services work. ECL Group Limited, a subsidiary, is a leading technical services company specialising in energy and technology solutions in New Zealand.

Results

The profit before taxation of the Group for the year was $26.1 million (2024: $20.7 million). Customer discounts of $11.5 million exclusive of GST (2024: $11.2 million) were paid to customers.

Changes in Accounting Policies

There were no changes in accounting policies for the year ended 31 March 2025.

Impairment

Annually, the directors assess the carrying value of major assets. Where the estimated recoverable amount of the asset is less than its carrying amount, the asset is written down. The impairment, if any, is recognised in the Consolidated Statement of Comprehensive Income. There was no impairment for the year ended 31 March 2025 (2024: nil).

Revaluation

Land and Buildings were revalued as at 31 March 2023. The directors determined that a $920,000 upwards revaluation for land was required at 31 March 2025.

The distribution system assets were subject to a valuation by Deloitte at 31 March 2025 and no revaluation adjustment was recorded (2024: nil).

Changes in Capital

There have been no changes in the Group's capital structure during the year.

Dividends

An interim dividend of $400,000 was declared, and paid on 29 August 2024 (2024: $400,000).

Health and Safety

A fundamental priority of the Company is to operate its business with no harm coming to its staff, contractors, consumers, and the community in which it operates. The Board reviews on a monthly basis the Company's performance against a range of lead and lag health and safety metrics, including engagement with staff on safety culture and leadership, effectiveness of safety processes and controls, and governance and improvement opportunities. Members of the Board also attend Company safety-related training and education events, as well as participate in safety observations.

Corporate Governance

Directors

The Board is the governing body of Counties Energy Limited. The Board as at 31 March 2025 had six members.

The Board is appointed by the Shareholders to oversee the management of the Group and is responsible for all corporate governance matters. The Board endeavours to ensure that the activities undertaken are carried out in the best interests of the Shareholders, while respecting the rights of other Stakeholders. This includes maintaining clear policies in relation to employees, customers and the environment.

No Counties Energy Limited directors hold executive positions within the Group. The Board met for nine regular meetings during the year and several informal "working" meetings. The Audit Committee met four times and the Remuneration Committee met three times during the year.

Operation of the Board

Responsibilities

The Board is responsible for the management, supervision and direction of the Group. This includes the long-term strategic financial plan, strategic initiatives, budgets and the policy framework. The Board delegates the day-to-day management of the Group to the Chief Executive. The Board has developed and maintains clear policies which define the individual and collective responsibilities of the Board and management.

Conduct

The Board ensures that all matters can be discussed openly, frankly and confidentially. The Board is obliged to identify any potential conflict of interest directors may have with the Group's affairs. Where there is a conflict, the director affected is not permitted to vote on any matters related to the conflict.

Audit Committee

The Audit Committee is responsible for overseeing, on behalf of the Board, the financial accounting and audit activities of the Group, including reviewing the adequacy and effectiveness of internal controls, meeting with and reviewing the performance of the external auditors, reviewing the financial statements and making recommendations to the Board on financial and accounting policies. Committee members currently comprise Mr Stevens (Audit Committee Chair), Mr Watson and Mr Tompkins.

Remuneration Committee

The Remuneration Committee is scheduled to meet no less than twice a year. It is charged with setting and reviewing the remuneration policies and practices of the Group on behalf of the Board. It also sets and reviews the remuneration of the Chief Executive, and if directed by the Board, other senior executives. Committee members currently comprise Mr Iosefa (Remuneration Committee Chair), Mr Watson and Mr Kay.

Report of the Directors to the Shareholder (cont.)

Remuneration of Directors

Directors' remuneration received, or due and receivable during the year were as follows:

	2025 $'000	2024 $'000
RKH Watson	126	95
HW Stevens	67	65
DN Tompkins	71	68
BF Iosefa	67	63
JA Kay	71	68
WN Harvey (from 10 March 2024)	6	-
VJ Dark (until 31 August 2023)	-	65
	408	**424**

Remuneration of Employees

The number of employees (not including directors) who received remuneration and/or other benefits within the following bands is as follows:

$'000	2025	2024
100 - 110	55	51
110 - 120	44	35
120 - 130	47	20
130 - 140	11	18
140 - 150	20	19
150 - 160	18	12
160 - 170	13	13
170 - 180	13	10
180 - 190	8	5
190 - 200	5	4
200 - 210	7	3
210 - 220	2	2
220 - 230	1	2
230 - 240	-	2
240 - 250	2	-
250 - 260	1	-
260 -270	1	-
280 - 290	1	-
290 - 300	-	2
300 - 310	2	-
310 - 320	1	-
330 - 340	-	2
340 - 350	1	2
360 - 370	2	-
380 - 390	1	-
400 - 410	-	1
410 - 420	1	-
670 - 680	-	1
700 - 710	1	-

Auditor

The Auditor-General is the Auditor of the Group under section 196(1) of the Companies Act 1993, because Counties Energy Limited is a Public Entity within the Energy Companies category listed on Schedule 1 of the Public Audit Act 2001. The Auditor-General has appointed Matthew White, a Partner of PricewaterhouseCoopers, to conduct the audit on his behalf.

Interests Register

The following are transactions recorded in the Interests Register for the year.

General Disclosure of Interest

Several directors are either domestic customers and/or have interests in commercial businesses which utilise line services provided by the Group. Their contractual relationship is with their energy retailer, who in turn has a contractual relationship with Counties Energy Limited to provide lines services. All such arrangements are on a normal arms-length basis.

Additional general disclosures of interest, made in writing to the Board, of positions held in other named companies or parties are as follows at 31 March 2025:

RKH Watson	**Director**	Acumen New Zealand Limited Acumen Trust Working Assets Properties Limited and subsidiaries Working Assets Consulting Limited Dovedale Forests Limited Cranleigh Forests Limited Wineworks Group and related companies
	Chair	ECL Group Limited
HW Stevens	**Director**	Governance & Advisory Limited Radius Residential Care Limited ECL Group Limited
	Chair	East Health Services Limited and subsidiaries The Kennedys Limited Pharmaco (NZ) Limited and subsidiaries Embark Education Limited
DN Tompkins	**Director**	Tutukaka Asset Management Limited
	Consumer	Counties Energy electricity consumer
BF Iosefa	**Director**	Polaris & Company Limited Home in Place, Australia Wineworks Group and related companies ECL Group Limited
	Chair	Active Electrical Suppliers Home in Place, New Zealand Fuso NZ and Related Entities Methanol Institute (Singapore)
JA Kay	**Director**	Network Waitaki Limited Whitestone Contracting Limited Lone Wolf Enterprises Limited Horizon Energy Group Limited and related companies Aquaheat New Zealand and related companies Caldwell Levesque Limited Waipa Networks Growth Limited CoolLogic Refrigeration Limited
	Chair	Waipa Networks Limited
	Advisor	ETNZ (Energy Trusts of New Zealand)
WN Harvey	**Director**	Port Taranaki Limited TAB New Zealand Aurora Energy Limited Hawke's Bay Airport Limited Unison Networks Limited Excellence in Business Solutions Limited
	Chair	Eastland Infrastructure Limited
	Board Member	Hawke's Bay Regional Recovery Agency

Report of the Directors to the Shareholder (cont.)

Share Purchases

There were no share purchases during the year.

Directors' Loans

There were no loans by the Group to the directors.

Directors' Insurance

The Group indemnifies all directors named in this report against liabilities, which arise out of the performance of their normal duties as director, unless the liability relates to conduct involving lack of good faith. To manage this risk, the Group has indemnity insurance.

Related Party Transactions

The Group has disclosed all related party transactions during the year in note 25.

Directors' Responsibility Statement

The directors are responsible for ensuring in all material respects that the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2025 and its financial performance for the year ended on that date.

The directors consider that the consolidated 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 and accounting 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 taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

For and on behalf of the Board.

RKH Watson
Chair

25 June 2025

HW Stevens
Director

25 June 2025

Consolidated Financial Statements

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

For the year ended 31 March 2025	Note	2025 $'000	2024 $'000
Operating revenue	5	175,775	169,417
Customer discount	5	(11,456)	(11,219)
Net revenue		**164,319**	**158,198**
Other income and gains	6	564	195
Expenses, excluding finance costs	7	(126,868)	(127,279)
Finance costs	7	(11,936)	(10,374)
Net profit before income tax		**26,079**	**20,740**
Income tax expense	8	(7,450)	(12,829)
Net profit for the year		**18,629**	**7,911**

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2025	Note	2025 $'000	2024 $'000
Net profit for the year		**18,629**	**7,911**
ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT:			
Cash flow hedges – net of tax		**(1,977)**	**(673)**
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT:			
Gain on the revaluation of land and buildings	13	920	–
Items that will not be reclassified to profit		**920**	**–**
Total comprehensive income for the year		**17,572**	**7,238**

Consolidated Statement of Financial Position

As at 31 March 2025	Note	2025 $'000	2024 $'000
ASSETS CURRENT ASSETS			
Cash and cash equivalents	10	5,597	7,035
Trade and other receivables	11	19,380	18,697
Inventories	12	6,376	5,680
Tax receivable		232	217
Derivative financial instruments	15	–	1,402
Total current assets		**31,585**	**33,031**
NON-CURRENT ASSETS			
Property, plant and equipment	13	575,044	539,001
Intangible assets	14	30,757	30,389
Right of use assets	22	16,981	16,207
Derivative financial instruments	15	–	562
Total non-current assets		**622,782**	**586,159**
Total assets		**654,367**	**619,190**
LIABILITIES CURRENT LIABILITIES			
Trade and other payables	16	20,719	21,399
Employee benefits	17	4,672	4,642
Borrowings	18	400	400
Deferred income		–	1,189
Lease liabilities	22	2,417	2,407
Derivative financial instruments	15	57	–
Total current liabilities		**28,265**	**30,037**
NON-CURRENT LIABILITIES			
Borrowings	18	195,667	183,067
Lease liabilities	22	16,032	15,177
Derivative financial instruments	15	725	–
Deferred tax liabilities	9	79,563	73,966
Total non-current liabilities		**291,987**	**272,210**
Total liabilities		**320,252**	**302,247**
Net assets		**334,115**	**316,943**
EQUITY			
Share capital	20	30,797	30,797
Retained earnings		271,753	253,524
Revaluation reserve		32,128	31,208
Cash flow hedge reserve		(563)	1,414
Total equity		**334,115**	**316,943**

Consolidated Financial Statements

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025	Note	Share capital $'000	Revaluation reserve $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Total equity $'000
Opening balance as at 1 April 2023		**30,797**	**31,208**	**2,087**	**246,013**	**310,105**
Net profit for the year		–	–	–	7,911	7,911
Other comprehensive income		–	–	(673)	–	(673)
Total comprehensive income		**–**	**–**	**(673)**	**7,911**	**7,238**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Dividends paid	25	–	–	–	(400)	(400)
Closing balance as at 31 March 2024		**30,797**	**31,208**	**1,414**	**253,524**	**316,943**
Opening balance as at 1 April 2024		**30,797**	**31,208**	**1,414**	**253,524**	**316,943**
Net profit for the year		–	–	–	18,629	18,629
Revaluation of land	13	–	920	–	–	920
Other comprehensive income		–		(1,977)	–	(1,977)
Total comprehensive income		**–**	**920**	**(1,977)**	**18,629**	**17,572**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Dividends paid	25	–	–	–	(400)	(400)
Closing balance as at 31 March 2025		**30,797**	**32,128**	**(563)**	**271,753**	**334,115**

Consolidated Statement of Cash Flows

For the year ended 31 March 2025	Note	2025 $'000	2024 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		163,544	159,352
Payments to suppliers and employees		(91,942)	(99,063)
Net GST paid		(8,467)	(6,063)
Interest received		8	155
Interest paid		(11,936)	(10,374)
Income taxes paid		(1,099)	(95)
Net cash inflows from operating activities		**50,108**	**43,912**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(56,670)	(66,775)
Purchase of intangible assets – computer software	14	(5,082)	(4,270)
Purchase of right of use assets (net disposals)		(99)	–
Proceeds from sale of property, plant and equipment		955	505
Net cash outflows from investing activities		**(60,896)**	**(70,540)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		30,000	48,000
Repayment of borrowings		(17,400)	(15,700)
Lease repayments		(2,850)	(2,726)
Dividends paid to the shareholders	25	(400)	(400)
Net cash inflows from financing activities		**9,350**	**29,174**
Net increase/(decrease) in cash and cash equivalents		(1,438)	2,546
Cash and cash equivalents at the beginning of the year		7,035	4,489
Cash and cash equivalents at end of the year	10	**5,597**	**7,035**

Reconciliation of profit after income tax to net cash inflows from operating activities

Net profit after tax	**18,629**	**7,911**
Depreciation and amortisation	28,666	27,518
Changes in deferred tax	6,366	11,821
Net (gain)/loss on sale of assets	(320)	122
	34,712	**39,461**
Decrease/(Increase) in trade and other receivables	(789)	1,895
Decrease/(Increase) in inventories	(696)	2,064
Decrease/(Increase) in income tax receivable	(15)	913
Increase/(Decrease) in trade and other payables	(574)	(8,357)
Increase/(Decrease) in deferred income	(1,189)	541
Increase/(Decrease) in employee benefits	30	(516)
	(3,233)	**(3,460)**
Net cash inflows from operating activities	**50,108**	**43,912**

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Notes to the Consolidated Financial Statements

1. General information

Counties Energy Limited ('the Group') owns and operates an electricity distribution network for the conveyance of electricity, supplies electrical equipment, and provides electrical contracting services in the Counties region of New Zealand. ECL Group Limited, a subsidiary, is a leading technical services company specialising in fuel systems, EV charging installations and technology solutions in New Zealand.

The Group consists of limited liability companies incorporated and domiciled in New Zealand. The address of its registered office is 14 Glasgow Road, Pukekohe. These consolidated financial statements were approved by the Board of Directors for issue on 25 June 2025.

2. Summary of material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with New Zealand generally accepted accounting practice ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other applicable New Zealand Financial Reporting Standards as appropriate for profit-oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards Accounting Standards ('IFRS Accounting Standards').

The preparation of consolidated financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

Entities reporting

The consolidated financial statements for the 'Group' are for the economic entity comprising Counties Energy Limited, its subsidiaries and joint arrangements. The Company and Group are designated as profit-oriented entities for financial reporting purposes.

Statutory base

Counties Energy Limited is a company registered under the New Zealand Companies Act 1993 and an Energy Company under the Energy Companies Act 1992. The consolidated financial statements of the Group have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Energy Companies Act 1992, and the Companies Act 1993. In accordance with the Energy Companies Act 1992 because consolidated financial statements are prepared and presented for Counties Energy Limited and its subsidiaries, separate financial statements for Counties Energy Limited are no longer required to be prepared and presented.

Historical cost convention

The consolidated financial statements are prepared under the historical cost convention, and where appropriate, modified by the revaluation of financial assets and liabilities and certain classes of property, plant and equipment.

Comparative information

There have been no changes in comparative information.

(b) Basis for consolidation

The Group consolidates its subsidiaries as these are the 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.

Inter-company transactions and balances between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Information on the Group's subsidiaries can be found in note 23.

(c) Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of the Group's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in New Zealand dollars, rounded to the nearest thousand dollars, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. 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 Consolidated Statement of Comprehensive Income.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services (including lines charges) provided in the normal course of business, net of customer discounts and Goods and Services Tax. Customer discounts are annual power account discounts returned to consumers and recognised when paid.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

i) **Lines revenue**

The Group provides lines services to customers allowing connection to the wider distribution network. Such services are recognised as a series of distinct goods or services and are one performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits of the service. Revenue is recognised as the service is being provided using an output method based on the actual delivery services provided on a daily basis. Customer discounts represents the annual power discounts returned to the consumers and recognised when paid.

Pricing includes a transmission and distribution charge relating to the operation of the network. Payment is due in respect of the network line service in the month following the service being provided. A receivable is recognised by the Group reflecting the amount owing for services provided.

As the delivery services are a promise to transfer a series of distinct services that are substantially the same, revenue is recognised based on a measure of progress for the single performance obligation that best depicts the transfer of services to the customer. It is therefore appropriate for revenue to be recognised in line with billing, as this best reflects the transfer of value to the customer. Revenue will be recognised over time.

ii) **Metering revenue**

Revenue received from the rental of meters is recognised in accordance with the relevant agreements.

iii) **Capital contributions revenue**

The Group provides electrical connection services to customers to support and provide a connection to the wider distribution network. Such contracts are considered to have an enforceable right to payment for the performance obligation for key milestones achieved. This single performance obligation is satisfied over time.

Pricing is determined with reference to the time and material associated with a specific contract for electrical work and is based on the level of cost required to enable a connection.

iv) **Interest income**

Interest income is recognised using the effective interest method.

v) **Rental income**

Rental income is recognised on a straight-line basis in accordance with the substance of the relevant agreements.

vi) **Sales of goods**

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on shipment of goods to the customer.

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vii) **Sales of services**

Contracted maintenance services include preventative maintenance (e.g. periodic inspections), corrective maintenance (e.g. repair/replacement of components on an as needed basis) and customer service support (e.g. help line access).

The contract duration is typically 1–5 years and revenue is recognised over time as service is rendered. The customer pays a fixed amount over the contract term in accordance with the payment frequency specified in the contract.

viii) **Financing components**

The Group does not expect to have any significant contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money as this is considered to not have a material impact.

ix) **Contract revenue**

The Group provides contracting services to customers ancillary to its electricity distribution business. Such contracts have an enforceable right to payment for the performance obligation for key milestones specified in the agreement. There is one single performance obligation and it is satisfied over a period of time.

Pricing is determined with reference to the labour and material associated with a specific job. Payment is due in respect of contracting services in the month following the service being provided. A receivable is recognised by the Group reflecting the amount owing for services provided.

Contract revenue is recognised over the period of the contract by reference to stage of completion. The construction contract accounting policy requires estimates to be made of the outcome under each contract, which requires assessments and judgements to be made on a range of factors, such as: recovery of pre-contract costs, changes in the scope of work, contract programmes, maintenance and defect liabilities, and changes in costs.

The Group uses the 'percentage of completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

Contract costs are recognised as an expense by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that the contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is only recognised to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where the costs incurred plus recognised profit (less recognised costs) exceed progress billings; a contract represents a liability where the opposite is the case.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer, conditioned on something other than the passage of time, if the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

A contract asset is recognised for the earned consideration that is conditional. The contract assets of the Group include retentions relating to services already performed, but where the right to consideration is dependent on acceptance by the customer. These balances were classified as part of trade receivables on the Consolidated Statement of Financial Position.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services, a contract liability is recognised. Contract liabilities are recognised as revenue when the Group performs under the contract. These balances were presented as deferred income on the Consolidated Statement of Financial Position.

(e) Income tax

The income tax expense for the year is the tax payable on the current year's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Goods and Services Tax (GST)

The Consolidated Statements of Comprehensive Profit or Loss and Comprehensive Income are prepared so that all components are stated exclusive of GST. All items in the Consolidated Statement of Financial Position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

The Group recognises lifetime expected credit loss for trade receivables (see details on note 3 [b]).

(j) Inventories

Merchandise, raw materials and consumables are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on a first-in-first-out basis.

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(k) Property, plant and equipment

Land, buildings and distribution assets are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation (excluding land). Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. At the end of each reporting period between the triennial period, the valuation is reviewed to ensure that the carrying value of the distribution network is recorded at fair value.

All other property, plant and equipment are 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 Consolidated Statement of Comprehensive Income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land, buildings and distribution assets are credited to revaluation reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same assets are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged against profit or loss.

When revalued assets are sold, the amounts included in the revaluation reserve account are transferred to retained earnings.

Land is not depreciated. Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using either straight-line (SL) or the diminishing value (DV) method. The following estimated useful lives are used in the calculation of depreciation.

Distribution system	5–60 years SL/DV
Buildings	40–100 years SL/DV
Leasehold improvements	1–40 years SL/DV
Meters and relays	10–15 years SL/DV
Plant and vehicles	1–15 years SL/DV
Fibre network	10–11 years SL/DV

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period 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 proceeds with the carrying amount. These are included in the Consolidated Statement of Comprehensive Income.

(l) Intangible assets

i) Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a diminishing-value basis (one to seven years). Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

ii) Brands

Brands acquired in a business combination are recognised at fair value at the acquisition date. They have an infinite useful life and are tested for impairment annually.

iii) Customer contracts

The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives (10 years).

iv) Goodwill

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 business at the date of acquisition. Goodwill on acquisition of a business is included in intangible assets.

Goodwill acquired on business combination is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(m) Leases

Leases are accounted for in accordance with NZ IFRS 16 Leases. The Group recognises the right of use assets and lease liabilities, except for the leases with a lease term of less than 12 months on adoption and low value leases. Right of use assets are depreciated on a straight-line basis over the remaining term of the leases. Interest on the leases is calculated using the Group's incremental borrowing rates. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(n) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The Group has defined the threshold for capitalising interest as any assets taking longer than three months to construct or greater than $500,000.

All other borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

(p) Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group accounting policy for borrowing costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(q) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at balance date, and are discounted to present value where the effect is material.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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(r) **Employee benefits**

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the effective interest method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service.

Retirement benefit obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Bonuses

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where this is a past practice that has created a constructive obligation.

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 NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits.

(s) **Share capital**

Ordinary shares are classified as equity.

(t) **Dividends**

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at reporting date.

(u) **Financial assets**

The Group classifies its investment in the following categories in accordance with NZ IFRS 9 Financial Instruments: assets at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification of financial assets under NZ IFRS 9 is generally based on the business model in which the financial assets are managed and its contractual cash flows characteristics.

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI and FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- if it is held with the objective to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely for the payments of principal and interest on the principal amount being outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

(v) **Derivative financial instruments and hedging activities**

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The resulting gain or loss is recognised as a financing cost in profit or loss immediately unless the derivative is designated and effective as a hedge instrument, in which event timing of the recognition in profit or loss depends on the nature of the hedge relationship. Derivatives are classified as current or non-current based on the effective date.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Comprehensive Income within 'other income and gains'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated Statement of Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Consolidated Statement of Comprehensive Income within 'other income and gains'.

3. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

i) Foreign exchange risk

The Group manages exposure in forecasted foreign currency exposure arising out of the capital expenditure programme in accordance with treasury policy. The Group treasury risk management policy is to hedge up to 100% of anticipated cash flows, in each major foreign currency for the subsequent 12 months. In this respect, the Group has hedged the forecasted foreign currency exposure arising out of the capital expenditure programme through forward exchange contracts. There is no exposure to foreign currency risk at year end.

ii) Cash flow and fair value interest rate risk

As the Group has no significant variable rate interest-bearing assets, the Group's income and operating cash inflows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

Group policy currently, for non-core debt, is to maintain a funding facility that provides the appropriate flexibility for the fluctuating requirements at the lowest cost.

Hedging arrangements using swaps, collars or options for up to 100% of the exposure are permitted. Where operational activities lead to the creation of a core level of borrowings, between 50% and 100% of this debt will be hedged by an interest rate swap with the remainder placed with maturity periods aligned to optimise risk and value.

iii) Sensitivity analysis

Interest rate swap contracts hedging the forecasted variability in cash flows arising out of variable interest rates on borrowings are treated as cash flow hedges. Any changes in variable interest rates would have no material impact on profit or loss in relation to the portion of borrowings hedged, as changes in the fair value of these interest rate swap contracts are taken through other comprehensive income where the hedge is an effective hedge.

A 100 basis points increase or decrease in interest rates is used for the interest rate sensitivity analysis.

The impact of this movement on profit or loss and equity for 2025 and 2024 is immaterial.

(b) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Otherwise, management assesses the credit quality of customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash.

The maximum exposure to credit risk is best represented by the carrying value of cash and cash equivalents, and trade and other receivables as indicated in note 19.

The Group incurs credit risk from transactions with trade debtors and financial institutions in the normal course of business. At reporting date, the Group had a significant concentration of credit risk relating to the amount receivable from Electricity Retailers. The Group has a programme to manage this risk concentration, including monitoring the credit status of the major debtors, adhering to specific credit policy requirements and having the contractual ability to require security to be provided by these customers under certain circumstances.

The Group does not generally require collateral or security to support financial instruments other than as outlined above, due to the quality of the financial institutions dealt with.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

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

To measure the expected credit losses, trade receivables have been grouped based on days past due. The expected credit loss rates are based on the payment profiles over a 12-month period before 31 March 2025 and the corresponding historical credit losses during the period, adjusted for any significant amounts that are not receivable (note 11[b]).

(c) Liquidity risk

Liquidity risk management has the objective of maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities to meet the short- and long-term commitments of the Group as they arise in an orderly manner. Management monitors rolling forecasts of the Group's liquidity requirements on the basis of expected cash flow. The Board of Directors approves all new borrowing facilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
AT 31 MARCH 2025				
Trade and other payables	20,719	–	–	–
Lease liabilities	2,417	2,041	5,093	8,898
Bank loans (refer note 18)	400	667	195,000	–
Total	**23,536**	**2,708**	**200,093**	**8,898**
AT 31 MARCH 2024				
Trade and other payables	21,399	–	–	–
Lease liabilities	2,407	2,154	3,875	9,148
Bank loans (refer note 18)	400	168,067	15,000	–
Total	**24,206**	**170,221**	**18,875**	**9,148**

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(d) Fair value estimation

The Group has discounted long-term receivables and payables at the implicit rate for finance leases receivable, and at the incremental borrowing rate. This balance is presented net in Trade and other payables in the Consolidated Statement of Financial Position.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Financial assets and financial liabilities are recognised on the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

NZ IFRS 13 Fair Value Measurement: Disclosures requires disclosure of the fair value measurements by level from the following fair value hierarchy:

- **Level 1 –** Quoted price (unadjusted) in active markets for identical assets and liabilities;
- **Level 2 –** Inputs, other than quoted price included within level 1, that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- **Level 3 –** Inputs for assets and liabilities that are not based on observable market data (that is, unobservable inputs).

The only financial instruments held by the Group that are measured at fair value are over the counter derivatives. These derivatives have all been determined to be within level 2 of the fair value hierarchy as all significant inputs required to ascertain the fair value of these derivatives are observable (refer note 3(a) (ii)). Credit risk is incorporated into the valuation of derivatives.

Distribution system assets and land and buildings are classified within level 3 of the fair value hierarchy. The valuation techniques and assumptions for distribution system assets and land and buildings measured at fair value are disclosed in note 13.

(e) Capital risk management

The Group manages its capital structure and makes adjustments to it in light of economic conditions. To maintain or adjust the existing structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ended 31 March 2025 and 2024.

The Group monitors its compliance with banking covenants as required by its banker, ASB Bank Limited (note 18). The Group monitors equity using a gearing ratio (a non-GAAP measure), which is net debt divided by total equity plus debt. The Group includes net debt borrowings less cash and cash equivalents.

The gearing ratios are as follows:	Note	2025 $'000	2024 $'000
Borrowings	18	196,067	183,467
Lease liabilities	22	18,449	17,584
Less: cash and cash equivalents	10	(5,597)	(7,035)
Net debt		**208,919**	**194,016**
Equity		334,115	316,943
Equity plus net debt		**543,034**	**510,959**
Gearing ratio		38%	38%

4. Critical judgements in applying the entity's accounting policies

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimates, which are dealt with below).

i) Electricity line revenue recognition

Part of the line revenues are based on normalisation, where consumption is estimated to the end of the billing period based on historical actual electricity usage. Occasionally historical electricity usage data is not consistent and subsequent adjustments are made. These adjustments are immaterial compared with total network revenue (refer to note 5).

ii) Construction contracting and capital contributions

The Group recognises revenue for construction contracting and capital contributions as performance obligations are met. This method requires the Group to review key milestones specified in the agreement to determine the level of completion.

Contract liability – capital contributions	Notes	2025 $'000	2024 $'000
Opening Balance		**6,975**	**9,016**
Amount of transaction price received for unsatisfied performance obligations		14,315	14,932
Revenue recognised from performance obligations satisfied	5	(14,604)	(16,973)
Closing Balance	16	**6,686**	**6,975**

The above table pertains to contract liability in relation to capital contributions and is presented as a deferred capital contribution liability in note 16.

Contract liability – deferred income/(accrued revenue)	Notes	2025 $'000	2024 $'000
Opening Balance		**1,189**	**648**
Amount of transaction price received for unsatisfied performance obligations		11,599	19,424
Revenue recognised from performance obligations satisfied		(13,393)	(18,883)
Closing Balance		**(605)**	**1,189**

iii) Valuation of network distribution system

The Group estimates the fair value of the distribution network using independent valuers in accordance with the property, plant and equipment accounting policy. Because of the specialised nature of the network and the infrequency of network sale transactions, there is a lack of market-based evidence available to determine fair value. The valuation has therefore been determined using the discounted cash flow method. The major inputs that are used in the valuation model that require management judgement include load growth and pricing, projected capital expenditure profiles and discount and inflation rates.

iv) Valuation of buildings and land

In accordance with its accounting policy, the Group revalues its properties at least once every three years. The valuations, which are performed by independent valuers, involve estimates and judgements as detailed in note 13.

v) Depreciation

Judgements have been made in relation to the Group's depreciation rates as per note 2.

vi) Goodwill

The Group assesses at the end of each reporting period whether there is any indication that goodwill may be impaired. The Group estimates the recoverable amount for each Cash Generating Unit, and should an impairment exist, adjusts the carrying value to that amount. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement (note 14).

vii) Lease liability

Lease liability calculations have used incremental borrowing rates determined by the Group taking into account bank margins and interest rate swaps. The incremental borrowing rates for the Group range from 3.3% to 8.7% depending on the nature and term of the lease. These rates have been applied to leases over a range of terms determined by the Group to represent the reasonable length of the lease.

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5. Revenue

	2025 $'000	2024 $'000
Electricity line revenue – gross	89,791	80,628
Customer discount	(11,456)	(11,219)
Net electricity line revenue	**78,335**	**69,409**
Cost plus revenue	23,699	22,635
Capital contributions	14,604	16,973
Projects revenue	13,393	14,587
Fixed price service revenue	11,309	11,573
Metering revenue	5,164	4,852
Construction contract revenue	3,851	3,937
Other revenue	13,964	14,232
Total	**164,319**	**158,198**

6. Other income and gains

	2025 $'000	2024 $'000
Gain/(loss) on disposal of fixed assets	320	(122)
Rent income	236	162
Interest income	8	155
Total	**564**	**195**

7. Expenses

	2025 $'000	2024 $'000
EXPENSES, EXCLUDING FINANCE COSTS, INCLUDED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Employee benefits expense	53,377	51,640
Depreciation and amortisation expense	28,666	27,518
Transmission costs	12,341	11,868
Raw materials and consumables used	23,568	27,233
Other expenses	8,916	9,020
Total expenses, excluding finance cost	**126,868**	**127,279**
DEPRECIATION (NOTES 13 AND 22)		
Plant and vehicles	4,548	5,021
Buildings	662	407
Leasehold improvements	37	36
Distribution system	13,894	12,823
Meters and relays	1,723	2,252
Managed network	48	48
Right of use assets	3,040	2,939
Total depreciation	**23,952**	**23,526**
AMORTISATION (NOTE 14)		
Customer goodwill	1,050	1,050
Computer software	3,664	2,942
Total amortisation	**4,714**	**3,992**
Total depreciation and amortisation	**28,666**	**27,518**
FINANCE COSTS		
Borrowings	11,030	9,389
Lease interest	906	985
Total finance costs	**11,936**	**10,374**

Remuneration of auditors and other advisors

During the year the following fees were paid or payable for services provided by the auditor of the entity, its related practices and non-related audit firms.

	2025 $'000	2024 $'000
AUDIT SERVICES		
Auditing the Financial Statements	371	360
Audit of Regulatory Statements	64	60
OAG Fees	43	37
OTHER SERVICES		
Advisory – non-related firms	249	489
Total	**727**	**946**

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8. Income tax expense

(a) Income tax expense

	2025 $'000	2024 $'000
Current tax	1,084	1,008
Deferred tax	6,366	11,821
Total	**7,450**	**12,829**

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2025 $'000	2024 $'000
Profit from continuing operations before income tax expense	**26,079**	**20,740**
Income tax expense attributable to taxable profits @ 28%	7,302	5,807
Non-deductible expenses	37	20
IRD change to Commercial Building depreciation deductibility	–	6,937
Prior year adjustments	111	65
Income tax expense	**7,450**	**12,829**

In March 2024, the New Zealand Government enacted the Taxation (Annual Rates for 2023-24, Multinational Tax, and Remedial Matters) Bill. As a result, from the 2024-25 income tax year onwards, the Group can no longer claim any tax depreciation on all of its commercial buildings with estimated useful lives of 50 years or more in New Zealand. The claim of tax depreciation of building fit-out separate from the related building structures will not be affected.

(c) Imputation credit account

The value of imputation credits available for subsequent reporting periods as at 31 March 2025 is $38.9 million (2024: $37.7m).

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

i) Imputation credits that will arise from the payment of the amount of the provision for income tax;
ii) Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
iii) Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

9. Deferred tax liabilities

	2025 $'000	2024 $'000
Opening deferred tax liability	73,966	62,407
Charged to income tax expense	6,088	11,821
Prior period adjustments	278	–
Cash flow hedges	(769)	(262)
Closing balance at 31 March	**79,563**	**73,966**

	2025 $'000	2024 $'000
Deferred income tax assets	(1,323)	(6,591)
Deferred income tax liabilities	80,886	80,557
Closing balance	**79,563**	**73,966**

	Property, plant and equipment and intangibles $'000	Lease Liability $'000	Right-Use Asset $'000	Other $'000	Total $'000
DEFERRED TAX LIABILITIES					
At 31 March 2023	**63,430**	**(5,056)**	**4,803**	**(770)**	**62,407**
Charged to income tax expense	5,102	132	(265)	(85)	4,884
Cash flow hedges	–	–	–	(262)	(262)
IRD change to commercial depreciation deductibility	6,937	–	–	–	6,937
At 31 March 2024	**75,469**	**(4,924)**	**4,538**	**(1,117)**	**73,966**
Charged to income tax expense	6,113	(241)	216	–	6,088
Prior period adjustments	278	–	–	–	278
Cash flow hedges	–	–	–	(769)	(769)
At 31 March 2025	**81,860**	**(5,165)**	**4,754**	**(1,886)**	**79,563**

10. Cash and cash equivalents

	2025 $'000	2024 $'000
Bank balances	**5,597**	**7,035**

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11. Trade and other receivables

	2025 $'000	2024 $'000
Trade receivables	7,874	9,757
Accrued revenue	8,880	7,912
Provision for impairment	(562)	(929)
Net trade receivables	**16,192**	**16,740**
Other receivables and prepayments	3,188	1,957
Total receivables	**19,380**	**18,697**

(a) Bad and doubtful trade receivables
The Group has written off $83,000 in respect of bad and doubtful trade receivables during the year ended 31 March 2025 (2024: $237,000). The movement has been included in "Expenses" in the Consolidated Statement of Profit or Loss.

(b) Credit risk
Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in note 3 (b).

31 March 2025	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	1%	22%	34%	68%	7%
Gross carrying value – trade receivables ($'000)	6,838	295	164	577	7,874
Loss Allowance ($'000s)	**46**	**66**	**55**	**395**	**562**

31 March 2024	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	49%	17%	52%	10%
Gross carrying value – trade receivables ($'000)	7,673	715	454	915	9,757
Loss Allowance ($'000s)	**27**	**347**	**75**	**480**	**929**

12. Inventories

	2025 $'000	2024 $'000
Raw materials and consumables	6,899	6,629
Provision for obsolescence	(523)	(949)
Total	**6,376**	**5,680**

13. Property, plant and equipment

	Freehold land $'000	Freehold buildings $'000	Plant and vehicles $'000	Leasehold improvements $'000	Meters and relays $'000	Distribution system $'000	Managed network $'000	Total $'000
YEAR ENDED 31 MARCH 2024								
Opening net book value	**35,470**	**22,898**	**16,931**	**175**	**7,563**	**409,376**	**793**	**493,206**
Additions	1,052	16,605	5,414	28	617	56,567	–	80,283
Change in WIP	–	(13,303)	(205)	–	–	–	–	(13,508)
Disposals	–	–	(393)	–	–	–	–	(393)
Depreciation charge (note 7)	–	(407)	(5,021)	(36)	(2,252)	(12,823)	(48)	(20,587)
Closing net book value	**36,522**	**25,793**	**16,726**	**167**	**5,928**	**453,120**	**745**	**539,001**
AT 31 MARCH 2024								
Cost	36,522	26,334	37,175	1,333	23,452	477,721	2,186	604,723
Accumulated depreciation	–	(541)	(20,449)	(1,166)	(17,524)	(24,601)	(1,441)	(65,722)
Net book value	**36,522**	**25,793**	**16,726**	**167**	**5,928**	**453,120**	**745**	**539,001**
YEAR ENDED 31 MARCH 2025								
Opening net book value	**36,522**	**25,793**	**16,726**	**167**	**5,928**	**453,120**	**745**	**539,001**
Additions	855	202	3,825	144	730	50,914	–	56,670
Revaluation of land	920	–	–	–	–	–	–	920
Disposals	–	–	(619)	(16)	–	–	–	(635)
Depreciation charge (note 7)	–	(662)	(4,548)	(37)	(1,723)	(13,894)	(48)	(20,912)
Closing net book value	**38,297**	**25,333**	**15,384**	**258**	**4,935**	**490,140**	**697**	**575,044**
AT 31 MARCH 2025								
Cost	38,297	26,536	35,032	621	24,116	528,635	2,186	655,423
Accumulated depreciation	–	(1,203)	(19,648)	(363)	(19,181)	(38,495)	(1,489)	(80,379)
Net book value	**38,297**	**25,333**	**15,384**	**258**	**4,935**	**490,140**	**697**	**575,044**

The net book value of the Distribution system includes $3.5 million of work in progress as at 31 March 2025 (2024: $1.9m).

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13. Property, plant and equipment (continued)

Distribution system assets
Distribution system assets were subject to an independent valuation as at 31 March 2023. As the fair value of the assets was not able to be reliably determined using market-based evidence, the valuation was prepared using discounted cash flow methodology. The valuation was independently prepared by Deloitte and the key assumptions used are shown in the table below. In all cases an element of judgement is required. The valuation was based on revenue and cost assumptions applied against a combination of WACC and CPI inflation rates that are generally in the mid-point of the range.

Assumptions (31 March 2023)	Valuation assumptions adopted	Low	High	Valuation impact $'m (Low)/High
WACC	6.4%	6.9%	5.9%	(19.2) / 20.2
RAB Multiple	1.01x	0.97x	1.05x	(19.2) / 20.2

For purposes of assessing the fair value of the distribution system assets as at 31 March 2025, Management updated the key inputs to develop an estimated valuation range. The Group engaged Deloitte, an independent third party valuer, to update the distribution system assets valuation for the year ended 31 March 2025 using those key inputs. No revaluation adjustment was required.

The updated key inputs have resulted in a valuation range for the distribution system assets of $464 million to $508 million, with a mid-point of $486 million (based on sensitivity to WACC and RAB low/high estimates). The Directors consider that the current carrying value of the distribution system assets of $490 million can be retained, as the carrying value materially reflects estimated fair value.

Assumptions (31 March 2025)	Valuation assumptions adopted	Low	High	Valuation impact $'m (Low)/High
WACC	6.4%	6.9%	5.9%	(21.5) / 22.6
RAB Multiple	1.02x	0.98x	1.07x	(15.2) / 19.0

Land and buildings
A three yearly full valuation was prepared by JLL, independent valuers and property consultants, at 31 March 2023. In the intervening years, a desktop review is undertaken by the Group to ensure that the carrying value materially reflects fair value. For the period ending 31 March 2025, the Directors determined that a $920,000 upwards revaluation adjustment for land was required.

Land and buildings – historical cost
If distribution network, land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2025 $'000	2024 $'000
Deemed cost – distribution network	639,570	588,656
Accumulated depreciation	(138,789)	(124,895)
Net book value	**500,781**	**463,761**
Deemed cost – land	11,102	10,247
Deemed cost – buildings	26,731	26,529
Accumulated depreciation – buildings	(4,033)	(3,371)
Net book value	**33,800**	**33,405**

14. Intangible assets

	Brands $'000	Customer goodwill $'000	Goodwill $'000	Computer software $'000	Total $'000
YEAR ENDED 31 MARCH 2024					
Opening net book value	3,400	6,300	15,556	5,089	30,345
Additions	–	–	–	4,270	4,270
Disposals	–	–	–	(234)	(234)
Amortisation charge (note 7)	–	(1,050)	–	(2,942)	(3,992)
Closing net book value	**3,400**	**5,250**	**15,556**	**6,183**	**30,389**
AT 31 MARCH 2024					
Cost	3,400	10,500	23,556	11,548	49,004
Accumulated amortisation	–	(5,250)	(8,000)	(5,365)	(18,615)
Net book value	**3,400**	**5,250**	**15,556**	**6,183**	**30,389**
YEAR ENDED 31 MARCH 2025					
Opening net book value	3,400	5,250	15,556	6,183	30,389
Additions	–	–	–	5,082	5,082
Amortisation charge (note 7)	–	(1,050)	–	(3,664)	(4,714)
Closing net book value	**3,400**	**4,200**	**15,556**	**7,601**	**30,757**
AT 31 MARCH 2025					
Cost	3,400	10,500	23,556	15,877	53,333
Accumulated amortisation	–	(6,300)	(8,000)	(8,276)	(22,576)
Net book value	**3,400**	**4,200**	**15,556**	**7,601**	**30,757**

Policies
Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets of an acquired subsidiary.

Goodwill is carried at cost less accumulated impairment losses.

Allocation of goodwill
For the purpose of assessing impairment, assets are grouped in the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets ('CGU'). The identification of CGU and operating segments at 31 March 2025 has been performed in line with guidance in NZ IAS 36 Impairment of Assets and NZ IFRS 8 Operating Segments, including how the Group makes decisions about resource allocation and how it reviews operating results and assesses performance.

14. Intangible assets (continued)

Critical estimates and judgements

To assess impairment, management must estimate the future cash flows of the CGU. This entails making judgements including:

- the expected rate of growth of revenues;
- the terminal growth rate;
- the level of future expenditure required to support these outcomes; and
- the appropriate discount rate to apply when discounting future cash flows.

Impairment

Goodwill is tested at least annually for impairment against the recoverable amount of the CGU to which it has been allocated or when there is an indication that the assets may be impaired.

An asset is impaired if the Carrying Amount of the CGU is less than the Recoverable Amount at the Measurement Date. The Recoverable Amount of the CGU is defined as the higher of Fair Value Less Costs of Disposal (FVLCD) and its Value in Use (VIU).

At 31 March 2025, there was no impairment of goodwill (2024: nil).

Assumptions

The recoverable amount attributed to the CGU is calculated based on FVLCD. The FVLCD (2024: FVLCD) was calculated based on cashflows discounted using the applicable WACC rate.

NZ IAS 36 requires the higher of FVLCD and VIU to be used for the goodwill impairment calculation and as a result the FVLCD method has been used in the current financial period (2024: FVLCD).

Future cash flows are forecast based on actual results and strategic business plans. A five-year plan as approved by the Board of Directors has been used.

The table below sets out the key assumptions for the CGU:

Revenue growth (% annual increase – FY26)	9.1%
COGS and direct wages (% annual increase – FY26)	8.8%
Revenue growth (% annual increase – average FY27 to FY30)	8.5%
COGS and direct wages (% annual increase – average FY27 to FY30)	8.5%
WACC rate	12.8%
Terminal growth rate	2.1%

Revenue is driven by a combination of organic growth and large project works. New market segments have been identified which are expected to provide significantly high mid-term and long-term growth prospects. The business has proven capability within these market segments and the capacity to scale as required as new customers are brought on.

COGS and wages can be scaled up or down to the level of business growth with pricing set on a sustainable basis.

For the purposes of the sensitivities, raw material costs have not been included as there is an assumption that price changes in raw materials can be directly passed to customers.

WACC rates take into account the cost of debt and equity. The cost of equity is derived from the expected return on investment by the Group using the capital asset pricing model. The cost of debt takes into account incremental borrowing rates for the Group.

The terminal growth assumption is based on the current implied inflation rates, calculated as the difference between inflation adjusted and vanilla government bond yields at the valuation date.

14. Intangible assets (continued)

Sensitivity to changes in key assumptions

The following summarises the effect on goodwill headroom of a reasonably possible change in the key assumptions for the CGU with all other assumptions remaining constant:

	$m
Revenue growth (1% decrease year on year from FY27 to FY30)	(5.8)
COGS and direct wages (1% increase year on year from FY27 to FY30)	(5.8)
WACC (0.5% increase)	(1.9)
Terminal growth (1% decrease)	(2.8)

The recoverable amount of the CGU could equal its carrying amount if the key assumptions were to change as follows:

Revenue growth	0.6% decrease
COGS and direct wages	0.6% increase
WACC	0.9% increase
Terminal growth rate	1.3% decrease

Any further impact to the above key assumptions would trigger an impairment.

15. Derivative financial instruments

	2025 $'000	2024 $'000
Current	(57)	1,402
Non-current	(725)	562
Interest rate swap asset/(liability)	**(782)**	**1,964**

The Group had outstanding interest rate swaps of $128,000,000 at 31 March 2025 (2024: $128,000,000).
The Group had no forward foreign exchange contracts at 31 March 2025 (2024: nil).

16. Trade and other payables

	2025 $'000	2024 $'000
CURRENT TRADE AND OTHER PAYABLES		
Trade payables	8,577	9,542
Sundry accruals	5,456	3,848
Deferred capital contributions liability	6,686	6,975
Other payables	-	1,034
Total current trade and other payables	**20,719**	**21,399**

17. Employee benefits

	2025 $'000	2024 $'000
Employee benefits	1,046	689
Holiday pay	3,540	3,829
Other leave	86	124
Total provisions	**4,672**	**4,642**

Provision is made for annual leave, bonuses and superannuation payments due to employees.

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18. Borrowings

	2025 $'000	2024 $'000
Unsecured – interest bearing		
Bank loan – current	400	400
Bank loan – non-current	195,667	183,067
Total borrowings	**196,067**	**183,467**

(a) Interest rate risk exposures
Details of the Group's exposure to interest rate changes on interest bearing liabilities are set out in note 3.

(b) Financing arrangements
Unrestricted access was available at reporting date to the following lines of credit:

	2025 $'000	2024 $'000
Credit standby arrangements		
FACILITIES		
Counties Energy Limited	**250,000**	**200,000**
ECL Group Limited	**1,067**	**1,467**
Total facilities	**251,067**	**201,467**
USED AT REPORTING DATE		
Bank loans	**196,067**	**183,467**
UNUSED AT REPORTING DATE		
Bank loans	**55,000**	**18,000**

Counties Energy Limited
The revolving credit bank loan facilities may be drawn down at any time. The ASB banking loan facility limit is $250.0 million (2024: $200.0 million) and expires on 30 June 2027. There have been no breaches of debt covenants during the year and the Group forecasts it will continue to comply with covenants.

ECL Group Limited
In December 2022, the Group drew down a $2.0 million 5-year fixed-term loan to finance assets leased to a customer. The facility term matches the length of the lease term.

Weighted average interest rate
The weighted average interest rate on borrowings was 5.9% (2024: 5.7%). The Distribution System assets include capitalised borrowings costs of $101,000 (2024: $164,000).

(c) Fair value
The fair value of current borrowings equals their carrying amount, as all borrowings are at floating interest rates.

(d) Foreign currency risk exposure
All of the Group's borrowings are denominated in New Zealand dollars.

19. Financial instruments by category

Assets as per Consolidated Statement of Financial Position	Assets through other comprehensive income $000	Amortised cost $'000	Total $'000
AT 31 MARCH 2025			
Net trade receivables	–	16,192	16,192
Cash and cash equivalents	–	5,597	5,597
	–	**21,789**	**21,789**
AT 31 MARCH 2024			
Derivative financial instruments	1,964	–	1,964
Net trade receivables	–	16,740	16,740
Cash and cash equivalents	–	7,035	7,035
	1,964	**23,775**	**25,739**

Liabilities as per Consolidated Statement of Financial Position	Liabilities through other comprehensive income $'000	Financial liabilities at amortised cost $'000	Total $'000
AT 31 MARCH 2025			
Borrowings	–	196,067	196,067
Derivative financial instruments	782	–	782
Trade and other payables	–	20,719	20,719
Lease liabilities	–	18,449	18,449
	782	**235,235**	**236,017**
AT 31 MARCH 2024			
Borrowings	–	183,467	183,467
Trade and other payables	–	21,399	21,399
Lease liabilities	–	17,584	17,584
	–	**222,450**	**222,450**

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20. Share capital

	2025 $'000	2024 $'000
SHARE CAPITAL		
Ordinary shares	30,797	30,797
Total share capital	**30,797**	**30,797**

Ordinary shares

At 31 March 2025 there were 15,000,000 fully paid ordinary shares (2024: 15,000,000).

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

All shares have no par value.

21. Capital Commitments and Contingent Liabilities

Capital commitments

The Group had $2,568,000 committed for property, plant and equipment at 31 March 2025 (2024: $855,000).

Contingent liabilities

On 31 October 2023, a settlement was reached with another party in relation to an export capacity complaint reported to the Electricity Authority against Counties Energy Limited. Both parties have agreed to cooperate to install a STATCOM to enable the site to export up to 5 MW. Once a supplier has been chosen, and provided a full costing, the parties will negotiate in good faith to agree on the sharing of costs.

22. Right of use assets and lease liabilities

The leases for buildings relate to office and warehouse space throughout New Zealand. Distribution system assets are used exclusively by the Group.

Right of use assets

	Buildings $'000	Plant and vehicles $'000	Distribution system $'000	Total $'000
YEAR ENDED 31 MARCH 2024				
Opening net book value	12,635	3,094	1,296	17,025
Additions (net)	–	664	–	664
Remeasurements	931	526	–	1,457
Depreciation charge (note 7)	(1,057)	(1,741)	(141)	(2,939)
Closing net book value	**12,509**	**2,543**	**1,155**	**16,207**
AT 31 MARCH 2024				
Cost	17,491	7,445	1,864	26,800
Accumulated depreciation	(4,982)	(4,902)	(709)	(10,593)
Net book value	**12,509**	**2,543**	**1,155**	**16,207**
YEAR ENDED 31 MARCH 2025				
Opening net book value	12,509	2,543	1,155	16,207
Additions (net)	1,294	(203)	–	1,091
Remeasurements	559	2,164	–	2,723
Depreciation charge (note 7)	(1,142)	(1,762)	(136)	(3,040)
Closing net book value	**13,220**	**2,742**	**1,019**	**16,981**
AT 31 MARCH 2025				
Cost	17,847	7,887	1,864	27,598
Accumulated depreciation	(4,627)	(5,145)	(845)	(10,617)
Net book value	**13,220**	**2,742**	**1,019**	**16,981**

Right of use assets are depreciated on a straight-line basis over the life of the lease. The current rates are:

Buildings	2–50%
Plant and vehicles	20–90%
Distribution system	6–14%

Right of use assets that had a lease term of less than 12 months or were low value leases were not material in 2025 or 2024.

Consolidated Financial Statements

22. Right of use assets and lease liabilities (continued)

Lease liabilities

	2025 $'000	2024 $'000
LEASE LIABILITIES		
Current	2,417	2,407
Non-current	16,032	15,177
	18,449	**17,584**
Opening value	**17,584**	**18,189**
Additions (net)	992	664
Remeasurements	2,723	1,457
Lease interest (note 7)	906	985
Lease payments	(3,756)	(3,711)
Closing value	**18,449**	**17,584**

23. Investments in subsidiaries

SUBSIDIARIES

Name of entity	Country of incorporation	Interest held by entity 2025	Interest held by entity 2024
ECL Group Limited	New Zealand	100%	100%
CPL Network Limited	New Zealand	100%	100%
Counties Energy Wind Limited	New Zealand	100%	100%

24. Investment in associates and joint ventures

Name of entity	Place of business/country of incorporation	% of ownership interest	Nature of relationship	Measurement method
SmartCo Limited	New Zealand	–	Joint Venture	Equity
Ampli Limited	New Zealand	31.58%	Associate	Equity

In 2010, the Group acquired a 14.29% joint venture investment in SmartCo Limited (Class A Shares). On 12 March 2024, Smartco Limited issued 1,590,000 Class B Shares. Counties Energy Limited did not participate in this share issue. Due to the nature of the contractual rights and obligations, SmartCo Limited is classified as a joint venture for accounting purposes and accounted for using the equity method.

In 2017, the Group acquired a shareholding of 31.58% in Ampli Limited (incorporated on 18 December 2017) at nil consideration. The company is no longer trading.

25. Related party transactions

(a) Parent

The Group is 100% owned by the Counties Energy Trust.

(b) Transactions with related parties

The following transactions occurred with related parties:

	2025 $'000	2024 $'000
Counties Energy Trust (Parent)		
Dividends paid (9.6 cents per share)	400	400
Finance lease payments	354	332
SmartCo Limited (Joint Venture)		
Contribution to operating costs	6	6

(c) Key management personnel compensation

	2025 $'000	2024 $'000
Directors' fees – Parent Company	408	424
Directors' fees – ECL Group Limited	205	202
Salaries and short-term employee benefits	2,852	2,822
	3,465	**3,448**

Key management personnel have been defined as the Leadership Team.

26. Events occurring after the reporting date

There have been no subsequent events that have not already been disclosed.

Statement of Service Performance

The tables below set out the performance targets included in the Statement of Corporate Intent for 2025.

Financial targets (2025 – Group; 2024 – Counties Energy Limited only)

For the year ended 31 March	2025 (Group)		2024 (Company)	
	Target	Actual	Target	Actual
Earnings before interest and tax expressed as a percentage of total average capital employed	6.8%	7.5%	5.8%	6.6%
Profit after tax expressed as a percentage of average consolidated shareholders' funds	4.9%	5.8%	4.3%	2.9%

Financial targets were exceeded in 2025 and now include the Group results. When the impact of the IRD change to commercial depreciation deductibility is removed (4.8% vs 2.9%) in 2024, financial targets were also exceeded.

Reliability targets (Counties Energy Limited only)

For the year ended 31 March	2025		2024	
	Target	Actual	Target	Actual
AVERAGE MINUTES WITHOUT ELECTRICITY PER CONSUMER (SAIDI)				
Unplanned outages	98.42	68.13	101.31	118.39
Planned	191.18	220.37	188.49	272.73
AVERAGE NUMBER OF OUTAGES PER CONSUMER (SAIFI)				
Unplanned outages	1.80	1.28	1.86	2.09
Planned	0.75	0.63	0.72	0.78

Unplanned outages, as measured by SAIDI (average minutes without electricity per customer), were favourable to target by 30.29 minutes (31% favourable). The main categories of faults were Defective Equipment, Third Party Interference, Vegetation and No Cause Found. Unplanned SAIFI (average number of outages per customer) was also favourable to target by 0.52 interruptions (29% favourable).

Planned SAIDI was above target by 29.19 minutes (15% unfavourable). Planned SAIFI was favourable to target, being 0.12 interruptions (16%) below the year's target.

The unplanned SAIDI and SAIFI results were calculated in accordance with the 2021-25 DPP normalisation method and the planned SAIDI and SAIFI results calculated in accordance with the Information Disclosure (ID) method using information from the Company's non-financial systems. Outages on Transpower or initiated by events on privately owned secondary networks, planned and unplanned, are excluded.

The longer term targets for SAIFI and SAIDI have been revised based on:

- Recent performance of network;
- Research presented to the Counties Energy Directors on network reliability; and
- A forecast of planned outage requirements, which is based on investment programmes (outlined in the Asset Management Plan), and the expected reliability improvements from those investments.

Health and safety targets (Counties Energy Limited only)

	2025		2024	
	Target	Actual	Target	Actual
Lost time injuries (LTIs)	–	–	–	3

Counties Energy's commitment to safety excellence continues to gather momentum, as demonstrated by the bolstering of safety, quality, training, environmental support and initiatives throughout the organisation. This enhanced focus across the Company has resulted in more targeted opportunities for improving safety performance across all areas

Focused discussions, and targeted improvements, are a key feature of the Safety Days with a continual drive for safety ownership at all levels. The Health, Safety and Environmental Committee has been bolstered by additional time, training and strong representation from across the business and solid attendance.

The Company diligently monitors safety performance internally, leveraging comparative data through collaborations with the Electrical Engineers Association, the Business Leaders Health and Safety Forum, and Electricity Networks Aotearoa.

Counties Energy remains unwavering in its dedication to safety and safety improvement, continually strengthening its focus.

Independent Auditor's Report

For the year ended 31 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Readers of Counties Energy Limited's Group Consolidated Financial Statements and Performance information for the year ended 31 March 2025

The Auditor-General is the auditor of Counties Energy Limited and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Matthew White, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the consolidated financial statements and the performance information of the Group on his behalf.

Opinion
We have audited:

- the consolidated financial statements of the Group on pages 54 to 85, that comprise the consolidated statement of financial position as at 31 March 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include material accounting policy information and other explanatory information; and
- the statement of service performance (the performance information) of the Group on pages 86 to 87.

In our opinion:

- the consolidated financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 31 March 2025; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards; and
- the performance information of the Group presents fairly, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2025.

Our audit was completed on 25 June 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the consolidated financial statements and the performance information, we comment on other information, and we explain our independence.

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.

For the year ended 31 March 2025

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

The Board of Directors is also responsible on behalf of the Group for preparing performance information that is fairly presented.

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

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

The Board of Directors' responsibilities arise from the Energy Companies Act 1992.

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

Reasonable assurance is a high level of assurance, but it 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 consolidated financial statements and performance information.

For the targets reported in the change to performance information, our procedures were limited to checking that the information agreed to the Group's statement of corporate intent

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

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

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

Auditor's Report

For the year ended 31 March 2025

- 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 evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- 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 consolidated financial statements and performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements and the performance information, including the disclosures, and whether the consolidated financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the consolidated financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance 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 the information included on pages 4 to 50, but does not include the consolidated financial statements and the performance information, and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

For the year ended 31 March 2025

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

In addition to the audit we have carried out other assurance services in the areas of compliance with the Electricity Distribution (Information Disclosure) Determination 2012, which is compatible with those independence requirements. Other than this assignment, we have no relationship with or interests in the Group.

Matthew White
PricewaterhouseCoopers
On behalf of the Auditor-General
Hamilton, New Zealand

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