



2026

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1.0

Our Year at a Glance



1.1

Our Chair & Chief Executive Report

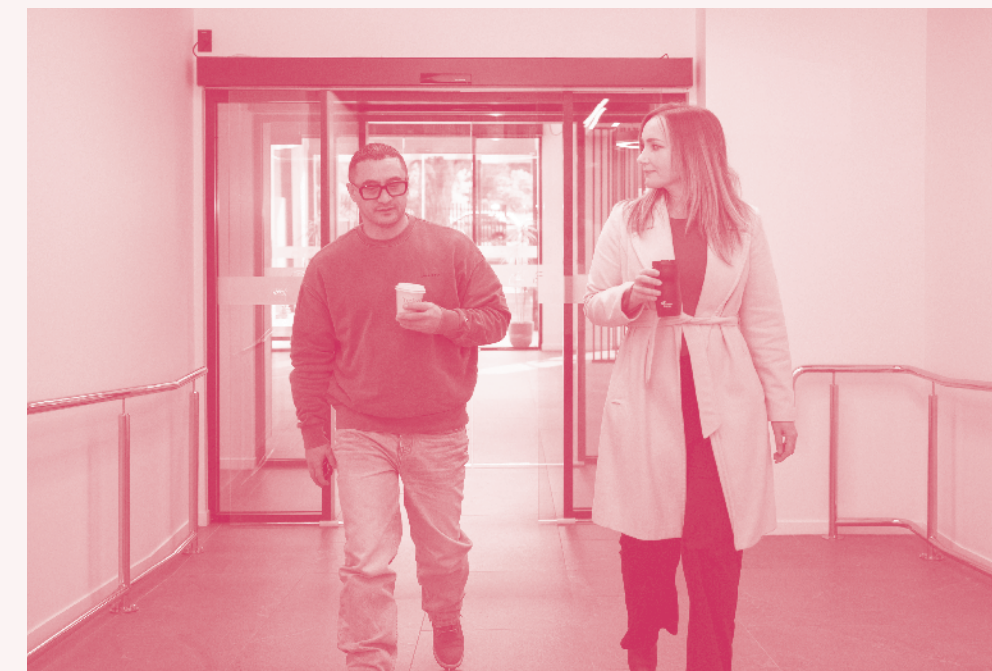
The past year has highlighted the pace of change across the energy sector. It has also reinforced the enduring importance of our purpose, which is to power thriving communities. Counties Energy is a 100% consumer owned electricity distributor that serves the people, businesses, and industries of South Auckland and Northern Waikato. Every decision and investment we make is guided by our commitment to delivering long term value. This is reflected in our focus on reliability, affordability, and future readiness.

Our region continues to grow rapidly as new homes and businesses connect to the network. Electrification is accelerating, and expectations for service quality and resilience are increasing. At the same time, climate change is driving more frequent and severe weather events, placing additional pressure on infrastructure. Together, these factors are reshaping the energy landscape and reinforcing the need for a network that meets current demands while preparing for the future.

Against this backdrop, we have delivered steady progress under a clear strategic direction, reflecting strong outcomes across safety, reliability, and financial performance. Safety remains fundamental to everything we do.

Our approach remains focused on ensuring that today's investments support both current needs and future demand. During the year, we invested \$44.0m into the network to support growth, improve resilience, and maintain reliability. At the same time, we are preparing for a more dynamic and decentralised energy system. The traditional one-way model is evolving into a two-way system in which customers increasingly generate, store, and manage their own energy.

As a consumer owned organisation, our customers remain at the centre of everything we do. We have progressed trial initiatives to give customers more practical options, including demand flexibility services and support for new technologies.



1.1

Our Chair & Chief Executive Report (continued)

Our transition from a Distribution Network Operator (DNO) to a Distribution System Operator (DSO) is well underway. This shift reflects a move from simply delivering electricity to enabling a smarter, more flexible system. During the year, we strengthened the foundations for this transition by expanding data capabilities, investing in digital platforms, and trialling services that support greater customer participation.

Our strategy continues to guide how we balance performance, innovation, and long-term transformation built around three core objectives:

- Delivering a reliable electricity service;
- Enabling new energy services and experiences; and
- Reimagining the future of energy through our role as a Distribution System Operator.

Progress across these areas has strengthened network performance and advanced initiatives that support greater customer choice and flexibility. This is underpinned by continued investment in data, digital capability, and asset management, enabling more informed decision making and supporting better long-term outcomes.

We are sharpening our focus on what matters most to our customers as cost-of-living pressures are impacting our communities. While we do not set the overall price of electricity, we play a role in helping reduce the stress customers experience. For 2026, we increased our lines price by 2.5% which is below the Consumer Price Index of 3.1%. Additionally, external "pass-through" costs largely from Transpower, increased pricing by a further 2.8%.

As the energy system evolves, we are focused on ensuring all communities can benefit, including those facing greater affordability pressures. As such, we are supporting programmes that address energy hardship and improve home warmth and efficiency in collaboration with community organisations. We are also building the foundations for a more flexible network that enables customers to participate in new ways, whether by generating their own energy, shifting usage, or accessing new services over time. Maintaining trust and ensuring customers can see the value of the investments we make remains central to how we operate as a consumer-owned business.

Looking ahead, our priorities remain clear. We will strengthen reliability and resilience, support growth and electrification, maintain affordability, and accelerate the transition to a more flexible and customer enabled energy system. Our [2026 Asset Management Plan](#) outlines a clear pathway to deliver on these priorities.

We acknowledge the professionalism and commitment of our people, whose focus on safety and performance underpins our success. We also thank the Trustees of the Counties Energy Trust for their continued support, along with our customers and stakeholders for the trust they place in us.

Together, we remain focused on powering thriving communities now and into the future.



Keith Watson

Keith Watson
Chair



Judy Nicholl

Judy Nicholl
Chief Executive



We will strengthen reliability and resilience, support growth and electrification, maintain affordability, and accelerate the transition to a more flexible and customer enabled energy system.



1.2

Year in Review

This year reflects steady progress against our strategic direction, alongside continued delivery across core network performance and future focused initiatives.

In March, we published our latest full 2026 Asset Management Plan which sets a clear pathway for responding to growth, maintaining reliability, and investing in resilience. It outlines a balanced approach to managing current demand while preparing for future energy needs, setting out our planned investment and activity over the next 10 years. The plan outlines how we will continue to meet the needs and expectations of our stakeholders while keeping affordability for consumers top of mind. A clear focus is improving the efficiency and effectiveness of our investment decisions through better digital tools, data, and asset management techniques.

Overall performance reflects stable operational delivery supported by improvements in reliability, continued financial strength, and a clear focus on long term value.



1.3

Key Highlights

During the year, we focused our investment on strengthening network capacity, supporting regional growth, and improving reliability for the benefit of our communities. At the same time, we responded to increasing pressure from population growth, rising demand, and evolving customer expectations. These factors highlight the importance of targeted investment and disciplined asset management. Towards the end of the year, we went live with our new Enterprise Asset Management system, a major platform that will support our operations, planning, and decision-making into the future. We also progressed a series of innovation trials, testing new ways to inspect network assets and turn detailed asset information into practical insights using digital tools, digital twin models, and AI-enabled image recognition.

Key projects included the third year of our network automation programme:

Deploying smart remote-controlled switchgear to help restore power faster following unplanned outages;

Replacement of 22 kV switchgear at Ōpaheke substation; and

Replacement of 110 kV insulators on one of the Bombay to Pukekohe sub-transmission lines.

In total, we invested \$44 million into the network, excluding supporting equipment and systems, with \$23 million directed towards targeted replacement and renewal of older assets with newer, more resilient designs.



These factors highlight the importance of targeted investment and disciplined asset management.

2.0

Context and Direction



2.1

Our Role in the Region

Counties Energy distributes electricity across South Auckland and Northern Waikato. As a consumer owned organisation, we operate on behalf of our customers, with ownership held by the Counties Energy Trust. This model ensures decisions are made in the long-term interests of our communities, with a focus on reliable service and sustainable value.

Our network spans from southern Papakura to Mercer and west of the Waikato River, connecting over 50,000 homes and businesses. This infrastructure supports everyday life and economic activity across the region.

Our core responsibility is to provide a safe and reliable electricity supply. We maintain and operate the network to ensure continuity of service for households, businesses, and essential services.

The organisation has evolved alongside the region, from its origins as the Franklin Electric Power Board in 1924 to today's Counties Energy. This history reflects an ongoing commitment to meeting changing needs while maintaining strong community connections.

The network includes transmission connections, substations, and overhead and underground lines, supported by systems that enable safe and efficient operation. A disciplined approach to asset management underpins everything we do, ensuring long term performance and delivering value to our customers.

As a key utility provider, we contribute to the wellbeing and development of the region by ensuring reliable access to electricity remains a foundation for community life.



2.2

Operating Environment

Counties Energy operates in a rapidly evolving environment shaped by growth, electrification, climate impacts, technology, and regulation. Population growth and industrial expansion are increasing demand for electricity connections and placing pressure on network capacity. This requires ongoing investment to support development and economic activity. Electrification is accelerating across transport, industry, and households. As electricity becomes more central to energy use, demand patterns are becoming more complex and require more flexible network solutions. Climate change is increasing the frequency and severity of weather events, placing greater emphasis on resilience and the ability to respond and recover effectively.

Advances in digital technology and data analytics are improving visibility of network performance and enabling more informed decision making. These capabilities are creating opportunities to enhance efficiency and service delivery. In parallel, distributed energy resources such as solar, batteries, and electric vehicles are becoming more common. This is shifting the system from one way to two-way energy flows and increasing complexity. Regulation continues to shape how networks operate, influencing investment decisions and requiring a balance between long term development and affordability.

These factors are interconnected and reinforce the pace of change. Together, they are expanding the role of electricity networks, which must support both a reliable service and a more flexible and responsive energy system.

2.3

Our Strategy

Our strategy provides a clear framework for responding to change while providing a reliable service.

It balances current performance with future capability, ensuring the network remains strong while supporting a more dynamic and customer-led energy system.

We plan over a ten-year horizon, recognising that investment decisions made today will shape long-term outcomes.

As technology, customer expectations, and the energy system change, it provides a stable foundation while allowing flexibility in response.

It directly informs how we prioritise investment and align our activities across the organisation, supporting delivery on our purpose and long-term regional growth.

For customers, this means confidence in a service that is dependable, affordable, and future-focused.

2.4

Strategic Priorities

Our strategic priorities guide investment and decision making over the medium term.

Strengthening network reliability and resilience

We continue to improve performance to ensure the network remains dependable under increasing demand and changing conditions.

Enabling growth and electrification

We provide capacity and connections for new development while supporting increased electricity use across the economy.

Improving customer experience and transparency

We are simplifying processes, improving communication, and providing greater visibility of network performance.

Building digital capability and asset intelligence

We are strengthening our use of data and systems to improve decision making and optimise network performance.

Supporting a more flexible energy system

We are preparing the network to manage distributed energy resources and enable greater customer participation.

Maintaining affordability and disciplined investment

We balance cost and performance to ensure long-term value for customers.



3.0

Delivering on Our Strategy



3.1

Strategy in Action

During 2026, we focused on strengthening the link between strategy and delivery, ensuring our priorities translate into clear outcomes. This has involved greater alignment across programmes, disciplined investment, and a stronger focus on measurable results. We continue to balance maintaining a reliable network with preparing for future demand driven by growth, electrification, and technology.

This integrated approach supports consistent decision making and improved delivery across the organisation.

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.



3.1

Strategy in Action (continued)

Karaka Harbourside Smart Energy Neighbourhood Pilot



In March 2026, Counties Energy partnered with the Energy Efficiency and Conservation Authority (EECA) to launch New Zealand's first smart energy neighbourhood in Karaka Harbourside, marking a significant milestone in the evolution of the country's electricity system.

This five-year pilot is designed to demonstrate how smart homes and connected technologies can optimise electricity use at a neighbourhood scale, while supporting a more flexible, resilient and low-emissions energy system. Approximately 80 households are expected to participate, with residents opting into the programme to trial smart energy solutions within their homes.

At the core of the initiative is the concept of network orchestration, where household appliances and energy systems communicate with each other and the electricity network in real time. This enables more efficient management of electricity demand, particularly during peak periods, without compromising customer comfort or convenience.

Participating households are being equipped with advanced smart energy technologies—including home energy management systems and distributed energy resources—with EECA subsidising 50% of the cost. These technologies operate largely in the background, enabling automated optimisation of electricity use and providing customers with greater visibility and control over their energy consumption.

The pilot also enables Counties Energy to trial innovative approaches such as dynamic capacity allocation, allowing the network to actively manage demand and maximise existing infrastructure capacity. This reduces the need for costly network upgrades while helping to keep electricity affordable for customers.

As electrification accelerates—driven by increased uptake of electric vehicles, rooftop solar and higher overall demand—the Karaka Harbourside pilot provides critical insights into how distributed energy systems can be integrated and scaled effectively.

Importantly, the project places customers at the centre of the energy transition. By empowering households to play an active role in how and when they use electricity, the pilot demonstrates how communities can contribute to reducing peak demand, lowering emissions and shaping a smarter energy future for Aotearoa New Zealand.

This initiative reflects Counties Energy's ongoing commitment to innovation and to future-proofing the network, ensuring it continues to deliver reliable, sustainable and customer-focused energy solutions for the region.



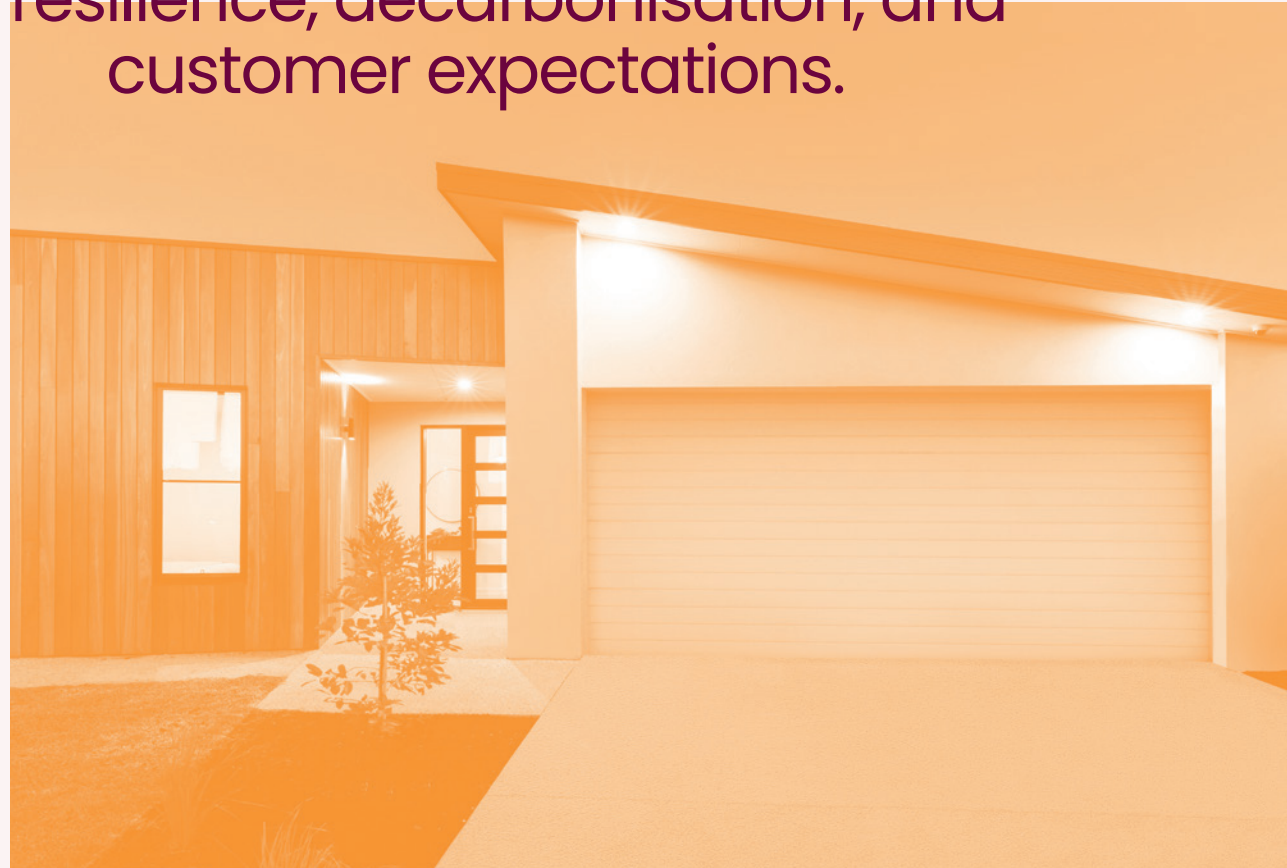
3.2

Operational Delivery

Operational delivery remains focused on reliability, resilience, and service performance. During the year, work centred on asset renewal, targeted upgrades, and network development to support both current demand and future growth.

A more data-driven approach to asset management has improved our ability to anticipate issues and respond effectively. Improvements in systems and processes have also strengthened operational capability, supporting more efficient delivery and a consistent customer experience.

Primary investment drivers are growth, renewable energy, reliability, resilience, decarbonisation, and customer expectations.



3.3

Key Initiatives and Achievements

Key initiatives during the year reflect strong alignment between strategy and delivery. Investment in network capacity and resilience has supported increasing demand and changing usage patterns, while development programmes have enabled new connections and supported regional growth.

During the year, Counties Energy also reached the milestone of 50,000 ICPs, reflecting continued expansion of the network and strong customer growth across the region.

Counties Energy continued to invest in strengthening and modernising its electricity network to improve reliability and support ongoing growth. Key projects included converting overhead lines to underground in parts of Pukekohe and Tuakau, along with network rebuilds across Karaka and Āwhitu. Critical infrastructure upgrades were also undertaken, including replacement of ageing 110 kV line components and seismic strengthening of the Tuakau Substation.

These investments reflect sustained customer demand and increasing connections, driven by regional development and electrification. The programme remains focused on building resilience, maintaining safety and ensuring sufficient capacity to meet future load.

By proactively upgrading assets and maintaining critical infrastructure, Counties Energy is enhancing network resilience, reducing outages and ensuring the network remains reliable and future-ready for its communities.

Progress has also been made in digital capability, improving how assets are managed and how performance is monitored. These initiatives strengthen current performance while preparing for a more complex and flexible energy system.

3.4

Our People



Counties Energy continues to prioritise its people, enhancing the employee experience through targeted initiatives focused on health, wellbeing, professional development, and workplace culture.

In FY26, this included celebrating International Women's Day, launching an internal wellbeing publication titled The Re-Charge Report, and completing the Company's first Te Ara ki Tua – The Pathway Forward survey to better understand internal capability and knowledge of Te Ao Māori. Together, these initiatives reflect a strong commitment to inclusion, wellbeing, and cultural capability, supported by ongoing programmes across the business.

Investment in employee wellbeing, development, and culture remains a priority, with enhancements to health benefits and access to occupational health services improving support and enabling early intervention. Feedback mechanisms such as quarterly Pulse Surveys indicate strong engagement and satisfaction, supported by improvements in systems and processes.

22% Female

78% Male

7.2 years Average Tenure

3.5

Community and Customer Insights

Community engagement remains an important focus. Through targeted initiatives and partnerships, we continue to support local wellbeing and maintain strong connections across the region.

Customer and community insights highlight key expectations:

- Reliable service.
- Fair and transparent pricing.
- Clear communication.
- Support for future energy needs.

These insights guide both operational delivery and long-term planning, ensuring outcomes remain aligned with customer needs.



Improving the Customer Experience

To understand how customers feel about the services we provide and how we provide them, we carry out customer surveys annually. The “Services” survey asks customers to rate us on how well we keep the lights on. The “Brand and Communications” survey asks how Counties Energy is doing overall as a company, including our customer communications.

Annual customer surveys measure satisfaction across overall service (current: 81%, target: >80%), new connections (81%, target: >80%), and unplanned outages (89%, target: >85%).

Communication takes place across multiple channels including a biannual customer panel, media engagement, community events, an annual newsletter reaching 30,000 households, and targeted safety campaigns covering tree trimming, farm safety, and excavation awareness.

Counties Energy Satisfaction Levels 2025

8.1/10 Mean score for overall satisfaction

95% Delivering a safe power supply

92% Overall reliability of power supply

Technology and Investment 2025

82% satisfied that Counties Energy is embracing technology to improve services

82% satisfied focus on continued investment and growth

The Outage Hub 2025

👍 The most preferred channel for outage information

56% would use the Outage Hub during an outage over other channels

Keeping the Lights On – 2025 vs 2023

Satisfaction scores have increased since 2023:

89 vs 79% Focus on maintaining the lines

86 vs 76% Minimising number of outages

86 vs 83% Quick to respond

Change in Customer Segments

	2025	43%	17%	12%	15%	12%
	2021	42%	20%	19%	13%	6%
		Money Wise	Quick Wins	Genuinely Green	Tech Savvy	Comfort & Convenience

3.5

Community and Customer Insights (continued)



Reliability you can count on

Keeping the lights on remains our core responsibility. Customers consistently tell us that reliability – and how we communicate during outages – has the greatest impact on their trust in us.

We continue to invest in network performance, asset management and automation to reduce outages and restore power faster when interruptions occur. Clear, proactive communication before, during and after outages is a key focus, helping customers plan and minimising disruption.

Making it easier to deal with us

Customers expect to access our services easily when they need them. We continue to improve how people interact with us: online, over the phone and in the field, so they can get information, report issues and track progress quickly.

Our enhanced Outage Hub remains a key channel for customers, providing real-time updates, faster notifications and a more intuitive experience when reporting faults or monitoring restoration. These improvements are driven directly by customer feedback and behaviour.

Behind the scenes, we use integrated systems to ensure every interaction is consistent, informed and responsive, giving our teams a clear view of each customer's situation and enabling faster resolution.

Stakeholder Insights and ESG (Environmental, Social and Governance) Priorities

In 2025, Counties Energy undertook a comprehensive stakeholder engagement and materiality assessment to better understand the issues that matter most to our customers, communities, iwi, partners, regulators and employees.

The process included stakeholder interviews, surveys and executive engagement, helping us identify the environmental, social, governance and economic topics most important to both our stakeholders and our business.

What We Heard

Stakeholders identified network reliability, asset management and customer service as the highest priorities, reinforcing the importance of maintaining a safe, resilient and future-ready electricity network.

Several broader ESG themes also emerged:

- Increasing expectations around climate resilience and decarbonisation.
- The need to balance infrastructure investment with affordability for customers.
- Greater focus on community engagement, partnerships and transparency.
- The importance of environmental stewardship and long-term sustainability outcomes.
- Opportunities to improve energy education and customer understanding.

The materiality assessment also reinforced the growing importance of integrating ESG considerations into core business decision-making, rather than treating them as standalone initiatives.

How This Shapes Our Approach

These insights are helping guide how we evolve our ESG approach and long-term strategy.

Key areas of focus include:

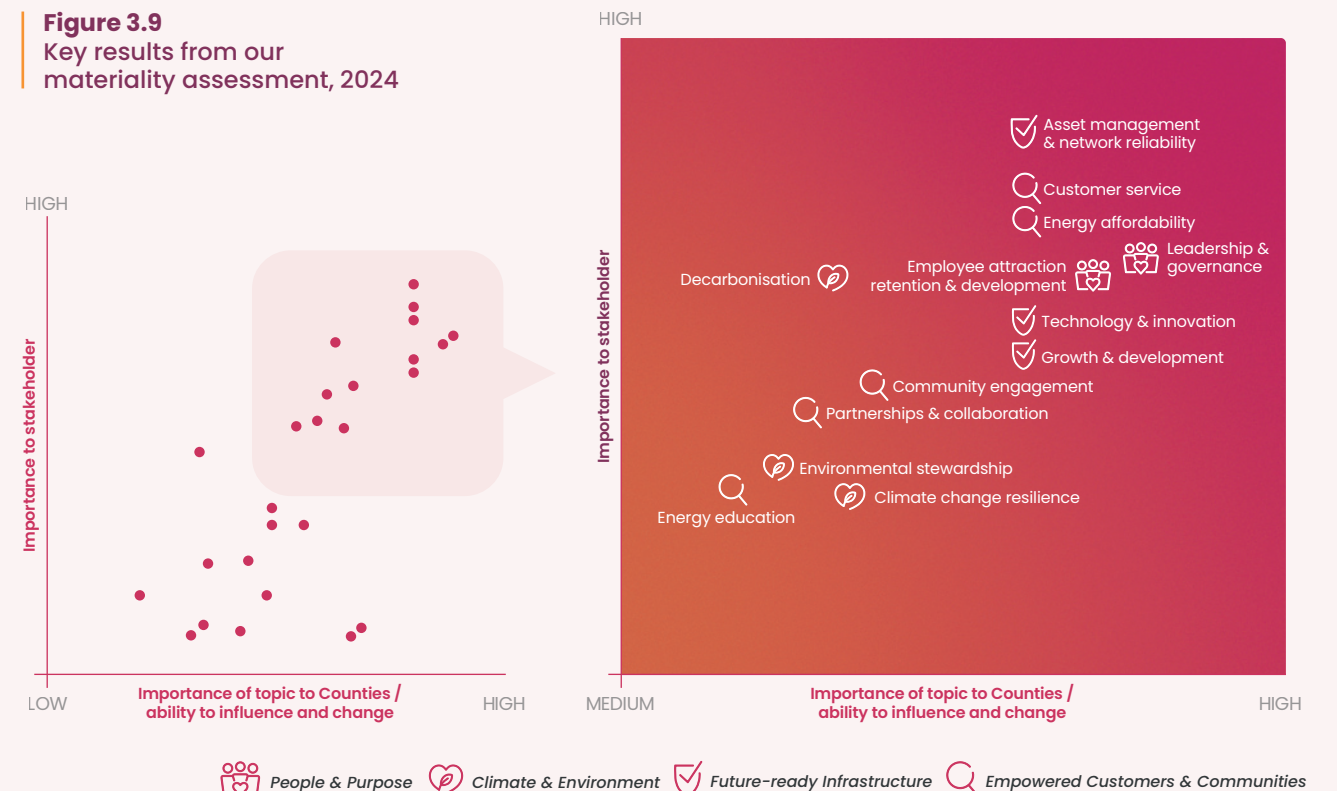
- Strengthening climate resilience and long-term network planning;
- Embedding ESG considerations into asset management and investment decisions;
- Enhancing customer and community engagement;
- Supporting affordability and energy literacy initiatives;
- Deepening partnerships with iwi, communities and sector stakeholders; and
- Continuing to strengthen governance, transparency and accountability.

The assessment provides a valuable roadmap for where Counties Energy can continue to improve and create long-term value for our customers, communities and region.

As expectations continue to evolve, we remain focused on delivering reliable energy infrastructure while contributing positively to the environmental, social and economic wellbeing of the communities we serve.

Customers want deeper, more proactive engagement with iwi, community groups, industry partners and suppliers.

Figure 3.9
Key results from our materiality assessment, 2024



3.5

Community and Customer Insights (continued)

Energy Wellness

Access to warm, healthy and energy-efficient homes is an important contributor to community wellbeing. Through our Energy Wellness programmes, Counties Energy works alongside trusted local partners to help households improve home comfort, reduce energy costs and build resilience during winter.

Since 2020, our partnership with EECA's Warmer Kiwi Homes programme has supported some local households that qualify with insulation and heat pump upgrades.

Alongside long-term home upgrades, we continued to support practical community-based initiatives through partnerships with Mai Lighthouse and Well Women Franklin.

These programmes provided Winter Warmer and Winter Wellness Packs containing energy-efficient products, healthy home resources and essential items tailored to the need of local whānau.

As part of our ongoing commitment to community wellbeing, we are evolving our programmes approach from 'energy hardship' to 'energy wellness'. This strengths-based focus recognises that improving energy literacy, home efficiency and access to support can help households thrive. Through these initiatives, Counties Energy continues to support warmer homes, lower energy costs and healthier outcomes for the communities we serve.



Supporting customers through change

The way customers use electricity is changing rapidly. Growth, electrification and new technologies such as solar, batteries and electric vehicles are increasing expectations for flexibility, control and choice.

As such, our role is evolving from a traditional network operator to enabling a more connected, flexible energy system.

We are responding by:

- enabling more distributed energy and customer participation;
- trialling flexibility and smart energy services; and
- improving visibility of network capacity and connection processes.

These initiatives are designed to give customers more control over how and when they use energy, while ensuring the network remains efficient and reliable.

By continuing to listen, improve how we engage, and invest in smarter services, we are building a network that supports customers not just today – but as their energy needs change in the future.

We're here to help



Our aim is to deliver intergenerational value through smart energy orchestration and technologies to address affordability, while facilitating decarbonisation and the broader energy transition.



2026



4.0

Results and Impact



4.1

Reliability Overview

Reliability remains central to our strategy and our purpose of powering thriving communities. Through targeted investment, smarter asset management, and a disciplined focus on fault prevention and response, we are working to provide a consistent and dependable electricity supply while improving network resilience. As our operating environment becomes more complex, including the impact of more severe weather events and changing customer expectations, we remain focused on lifting reliability outcomes and minimising the impact of outages for our customers.

Although FY25 was a good year for reliability, with both outage frequency (SAIFI) and outage duration (SAIDI) below target and at their lowest levels in more than 10 years, FY26 was more challenging, with full-year results finishing above target. FY26 reliability performance was impacted by a small number of significant equipment failures, which offset gains achieved through ongoing network maintenance and vegetation management. As a result, full-year performance finished above target despite continued investment in improving network reliability. We are treating these events as opportunities to learn and are refining our asset management approach to reduce the impact of similar issues in future.

Our approach to delivering improved reliability is outlined in the following diagram.

Refer to Section 7.4, Statement of Service Performance, for further details.

Additional information on our approach to reliability and planning is provided in the [2026 Asset Management Plan](#).

Planning approach



Optimised whole-life value



Regulatory alignment



Continuous improvement in unplanned outages



Focus on customer experience in planned outages



Major events as a resilience challenge

4.2

Our Safety Performance

Counties Energy is committed to ensuring that health, safety and wellbeing are embedded across all aspects of its operations. A strong safety culture remains fundamental to long-term performance, supporting the wellbeing of our people, contractors, customers and communities.

During the year, the SHIELD Health, Safety, and Environment (HSE) reporting system was implemented to strengthen the consistency, quality and visibility of safety reporting across incidents, observations and audit data. This has enhanced governance oversight, enabled earlier identification of emerging trends, and supported more targeted interventions, including improvements to safety documentation, training and early injury management.

Our approach remains focused on ensuring work is carried out as safely as reasonably practicable in all circumstances. This is supported by a structured framework of leading practices, including High Energy Control Assessments (HECA), Critical Risk Controls, bow tie analysis and Field Safety Assessments. Together, these tools strengthen our ability to identify critical risk pathways and implement effective controls to prevent serious incidents.

High potential incidents, where there is significant risk to people or property, continue to be a key focus. Legislative changes requiring the reporting of both significant and potentially significant incidents to WorkSafe have reinforced the importance of consistent definitions, identification and management across the business.

We continue to engage with cross industry bodies, including the Electricity Engineers' Association (EEA), to align with emerging best practice. Adoption of the EEA Critical Risk Maturity Model has strengthened our approach to classifying, assessing and managing critical risks, supporting improved learning from events and reducing the likelihood of high potential incidents.

Refer to Section 7.4, Statement of Service Performance, for further details.

Shifting Culture

Orientation

Discover the gaps within the business which create culture flaws.

Engagement

Improve engagement through workshops, safety days and feedback sessions.

Training

Engagement with managers to improve quality and quantity of FSAs.

Strategic Journey

Start a strategic journey to complete a three year process to create sustained change.



Small Changes

Implement small system changes to simplify and automate activities.

Site Assessments

Complete site assessments to identify action areas, share and close gaps.

Data Analysis

Complete data analysis, celebrate victories and further opportunities.



We promote a strong safety culture where individuals at all levels are empowered to speak up, stop work, or escalate concerns whenever safety may be compromised.



4.3

Our Commitment to Customers

At Counties Energy, our commitment to customers is to deliver safe and reliable power while making every interaction simple, clear and useful. As a 100% consumer-owned network, our customers are at the centre of how we plan, invest and operate – ensuring we deliver long-term value for our communities.

We work closely with customers, community groups, iwi and industry partners to understand what matters most. Through surveys, customer panels, digital channels and community engagement, we capture feedback and use it to shape our service and investment priorities.

As a community-owned, intergenerational business, strengthening our understanding of Te Ao Māori helps us connect more deeply to people, place and future generations.

Counties Energy continues to build cultural capability and deepen its connections with Te Ao Māori. We recognise that understanding the histories, values and aspirations of our rohe enables us to be better partners, better decision-makers and more effective guardians of the assets entrusted to us on behalf of our communities.

Our approach is grounded in whakawhanaungatanga – building meaningful relationships based on trust, respect and shared understanding. We seek opportunities to engage kanohi ki te kanohi (face-to-face) wherever possible, uphold tikanga and local protocols, and involve mana whenua early in conversations that affect their interests and aspirations.

Through ongoing engagement with mana whenua, cultural learning opportunities for our people, and the development of a formal Te Ao Māori programme, we are building a stronger foundation for how we work with Māori communities and incorporate Māori perspectives into our business. Guided by the principles of whakawhanaungatanga (establishing relationships), tiaki (care) and manaakitanga (hospitality), this work supports our commitment to creating long-term value for our communities and future generations.

The ongoing dialogue with all stakeholders reinforces what customers expect from us: a reliable network, clear communication, and support as energy needs evolve.

At Counties Energy, we pride ourselves on delivering exceptional customer service. A key part of this commitment is ensuring we respond to every concern with respect, transparency and urgency.



Supporting Environmental Restoration Through Education and Partnership

At Counties Energy, our purpose is to power thriving communities and create intergenerational value. We believe this extends beyond delivering electricity to supporting the long-term resilience of the environments our communities depend on.

During the year, we continued to support initiatives that strengthen environmental resilience, build community capability, and create meaningful opportunities for young people to connect with Te Taiao (the natural environment).

One of the most significant initiatives supported this year was the Nature's Classroom programme at YMCA Camp Adair, delivered as part of the wider Te Wairoa River Restoration Project in the Hūnua catchment.

Counties Energy funding supports the delivery of Nature's Classroom – a hands-on environmental education programme designed to connect young people with freshwater ecosystems, native biodiversity, and catchment restoration. During the year, the programme was delivered to more than 200 students across nine schools within the Counties Energy network.

Through modules such as Stream Scientists, Rākau Rangers and the Native Tree Trail, students gained practical understanding of river ecosystems, biodiversity, and the importance of kaitiakitanga. Each participating school also contributed to restoration efforts by planting approximately 400 eco-sourced native plants along priority restoration areas at Camp Adair, helping to support healthier waterways and stronger ecosystems for future generations.



4.3

Our Commitment to Customers (continued)

We are committed to making a meaningful and lasting difference by supporting organisations, events and initiatives that reflect the needs and aspirations of our communities. As electricity becomes more central to how people live, work and stay connected, our role as a customer-owned organisation goes beyond keeping the lights on – it includes supporting communities to thrive in other ways.

This includes sponsoring essential emergency and safety services such as the Waiuku Coastguard and the Auckland Rescue Helicopter Trust, recognising the vital role they play in our communities. We also back much-loved events including Counties Energy Christmas on the Green and Counties Energy Christmas Lights – Trains at Night, which bring people together and strengthen local connection.

We invest in grassroots and elite sport, energy hardship initiatives, and education programmes that support wellbeing, access and opportunity. There is also a focus on building STEM capability among young people – developing the skills, confidence and awareness needed for careers in a more electrified future. Our long-standing partnerships with Robogals and the EPRO8 Challenge encourage students to explore engineering, technology and real-world problem solving.

To extend this impact, we have developed curriculum-aligned classroom programmes in partnership with expert educators, bringing energy concepts to life through hands-on learning while reinforcing the safe and responsible use of electricity.

Through these initiatives, we are strengthening community capability, connection and resilience – supporting outcomes that endure and creating value for generations to come.

Through our involvement, we support much-loved local events that bring our community together and reinforce our ongoing commitment to the people we serve.



Counties Energy's community partnerships

Warmer Kiwi Homes energy hardship initiative to insulate low income local homes

School Kit Education Programme a primary school STEM programme teaching our youth about electricity and how to stay safe around it

Counties Energy Innovation Fund

EPRO8 school STEM Challenge

Robogals inspiring students into STEM

Auckland Rescue Helicopter Trust Westpac air ambulance

Waiuku Coast Guard

Sunset Beach Lifeguard Service

Surf Life Saving Kariaotahi

Mai Lighthouse

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

4.3

Our Commitment to Customers
(continued)



Emissions Management

As the region’s electricity distributor, Counties Energy plays an important role in the transition to a low-emissions economy. Through enabling customer electrification and connecting distributed energy resources, our network supports emissions reductions well beyond our own operational footprint.

We also remain focused on reducing emissions from our own operations. In 2025, we retained our Toitū carbon reduce certification, demonstrating our ongoing commitment to measuring, managing and reducing greenhouse gas emissions.

We have committed to reducing combined Category 1 and Category 2 emissions by 42% by 2030 from our FY2022 baseline (excluding electricity distribution line losses). As electricity demand increases through the electrification of transport, homes and businesses, line losses may also increase in the short term. While line losses are an inherent part of electricity distribution, the broader impact of electrification delivers significant economy-wide emissions reductions. Excluding line losses from our target enables us to focus on emissions sources that are directly within our operational control, while continuing to invest in network efficiency and performance.

Since establishing our baseline, we have implemented a range of initiatives to reduce operational emissions, including:

- Electrifying our elevated work platform truck fleet;
- Electrifying our light vehicle fleet;
- Installing on-site solar generation systems; and
- Introducing hybrid generator technologies across operational sites.

These initiatives are contributing to measurable emissions reductions and support our long-term objective of operating a more efficient, resilient and lower-carbon business.



4.4

Network Performance

Our resilience strategy recognises the critical role electricity plays in supporting our customers, communities, and other essential services. It focuses on strengthening the network’s ability to withstand, respond to, and recover from significant disruptive events, including extreme weather, climate-related risks, asset failures, and other low-probability but high-impact events. Through risk-informed planning, resilient design, emergency preparedness, clear communications, and collaboration with other lifeline utilities and stakeholders, we are working to maintain safe and reliable electricity supply while improving our ability to restore supply quickly when major events occur.

In FY26, we completed an independent resilience maturity assessment using the Electricity Engineers’ Association’s Resilience Management Maturity Assessment Tool. The assessment found that we have made significant progress since our last review in 2018, with our readiness, response, and recovery capabilities now aligned to industry best practice. It also highlighted opportunities to further strengthen risk reduction, including clearer prioritisation of key network risks, improved mitigation planning, and continued development of critical spares, emergency generation, mutual aid, and climate adaptation arrangements. These will form the basis of our improvement initiatives over the next few years.

Counties Energy communicates key messages to our community through a range of channels designed to inform, engage and build trust. Our region is experiencing unprecedented growth, and we’re committed to ensuring our network remains safe, reliable, resilient, and sustainable while enabling continued innovation and flexibility for the future.



5.0 Looking Ahead



5.1

Future Outlook

Building on our strategy and the strong foundations established in 2025 and 2026, Counties Energy is focused on delivering long term outcomes for the region. We will continue to evolve from a traditional electricity distributor to a broader energy solutions provider. This includes exploring new services, enabling two-way energy flows, and supporting greater customer participation.

Our approach is grounded in strong values and ensures that decisions reflect safety, innovation, customer focus, and responsible stewardship. Investment in people, partnerships, and capability will remain critical to achieving these outcomes, alongside a continued focus on regional impact.

As the energy landscape evolves, Counties Energy is well positioned to respond with clarity and confidence. By maintaining strong alignment between strategy, performance, and community outcomes, we will continue to support a resilient, sustainable, and prosperous future for the region.

Counties Energy measures innovation success by balancing technical performance, customer value, commercial viability, and strategic alignment.

City of the Future



6.0

Governance and Disclosures



6.1

Our Governance Approach

Our Board

The strength of Counties Energy is underpinned by a highly capable and diverse Board of Directors, bringing together deep experience across governance, infrastructure, finance, law, and the energy sector. The Board plays a critical role in guiding the long term direction of the organisation, ensuring that it operates with integrity, accountability, and a clear focus on delivering sustainable value for its customers and communities.

As stewards of the organisation, the Board provides strategic oversight and supports the Leadership Team through independent perspectives and disciplined governance. This includes ensuring that the Company remains aligned with its strategic priorities as it responds to a changing operating environment shaped by growth, electrification, and evolving regulatory requirements.

A core responsibility of the Board is maintaining strong oversight of performance, risk, and compliance. This involves ensuring transparency across operations, monitoring organisational performance, and upholding high standards of legal, ethical, and environmental responsibility. Through this focus, the Board reinforces a culture of accountability and supports confidence among stakeholders.

The Board also oversees the organisation's investment approach, ensuring that capital allocation decisions align with long term strategic objectives. This includes balancing the need for network resilience and reliability with the demands of growth, infrastructure modernisation, and innovation.

Through its governance and stewardship, the Board ensures that Counties Energy remains well positioned to deliver on its strategy, navigate an evolving energy landscape, and continue creating long term value for the communities it serves.



6.1

Our Governance Approach (continued)



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. 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 and Embark Education Group and a director of ECL Group, Governance and Advisory, and Radius Residential Care.



Ben Iosefa

Ben is a member of the Australian Institute of Company Directors with directorships including Home in Place (Australia & NZ), Methanex New Zealand and WineWorks Group. He is Chair of ECL Group Limited and Active Electrical Suppliers. 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.



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 Network 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 Limited, and TAB New Zealand.



Our Trust

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 communities we serve, with decisions guided by a long-term view of regional wellbeing and sustainable value.

Each year, eligible customers receive an annual electricity discount, credited directly to their power accounts. This reflects our commitment to returning value to our consumer-owners while reinforcing the close connection between the business and the people it exists to serve.

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, supporting continuity and stability in governance.

The Trust is chaired by Christine Rupp, with Trustees Megan Matthews, Alan Eyes, David Tompkins and Andrew Kay. Sheena O'Flaherty serves as Trust Secretary, supporting the Trustees in fulfilling their governance responsibilities.

We acknowledge the Trust for its ongoing stewardship and strategic guidance. In addition to its governance role, the Trust maintains a strong presence in the community, engaging with customers and stakeholders through local events alongside Counties Energy, including Christmas on the Green and Whānau Day. These interactions reinforce a shared commitment to supporting energy resilience, promoting efficiency, and addressing energy wellbeing across the region.

This enduring partnership reflects a unique ownership structure grounded in community connection and long-term regional benefit, ensuring Counties Energy remains closely aligned with the needs and expectations of the people it serves.

Counties Energy invests in customer and community engagement to understand evolving needs and deliver reliable, value-for-money services that support accelerated electrification.



6.1

Our Governance Approach (continued)

Our Leadership Team

Our Executive Team plays a central role in bringing our strategy and values to life each day. Through their leadership, guidance, and example, they ensure the organisation remains focused, aligned, and responsive to the needs of today while preparing for the opportunities of tomorrow.

The Leadership Team is committed to maintaining relevance in a rapidly evolving energy landscape, building a business that is fit for purpose now and well positioned for the next 100 years.



Judy Nicholl
Chief Executive

Judy is responsible for setting the organisation's strategic direction and leading overall performance. Prior to this, Judy had full operational responsibility for Auckland Airport, including rescue fire, engineering, utilities, forecasting and the processing of close to 20 million passengers per year. Prior to Auckland Airport, Judy held senior management positions in several organisations, including Fonterra, New Zealand Police, AFFCO and Unitec.



Lorne Peters
Group Chief Financial Officer

Lorne is responsible for the group's financial strategy, management, and reporting. Prior to joining Counties Energy in 2016, Lorne held Finance roles across various industries including manufacturing, packaging and distribution. Along with leading the Finance Team, Lorne acts as Company Secretariat and is a Chartered Accountant in both New Zealand and Canada.



Moonis Vegdani
Chief Network & Digital Officer

Moonis is responsible for the organisation's network, digital capability, asset management, and investment, driving technology strategy, digital transformation, and platform performance across the business. His background includes experience with organisations such as AECOM Australia, Vector, Mercury and Transpower, working on large scale Australian Defence, infrastructure, renewable energy and technology transformation initiatives. He is also an experienced strategist specialising in new energy technologies, corporate strategy, mergers and acquisitions, and corporate venture building.



Dale Carline
Chief Customer and Operations Officer

Dale joined Counties Energy in 2015 with a background in telecommunications, as well as infrastructure management at Tenix where he had a strong focus on the Powerco contract. His Tenix team of 350 people (spread across 11 North Island depots) worked to provide end-to-end fault response and deliver capital development projects. Dale also spent nine years as Head of Operations for Downer EDI where he managed 1600 people across New Zealand. His goal at Counties Energy is to provide a safe, reliable, cost-effective network that services the fast-growing Counties area well.



Tracey Kay
General Manager of Safety, Culture and Sustainability

Tracey is responsible for developing the people and competency needed to support the business to reach its goal of exceptional business performance. She ensures the company people's strategy align effectively with the organisational goals. Tracey has more than 20 years' experience in human resources and safety across government, legal, hospitality, logistics and automotive industries – both nationally and internationally.



Andrew Toop
General Manager of Commercial and Business Development

Andrew is responsible for commercial and regulatory governance. With 24 years' experience in the infrastructure sector, Andrew has held a range of management and analytical roles with Telecom, Hamilton International Airport, WEL Networks, TelstraClear, the Ministry of Transport, and the Electricity Supply Association of New Zealand.

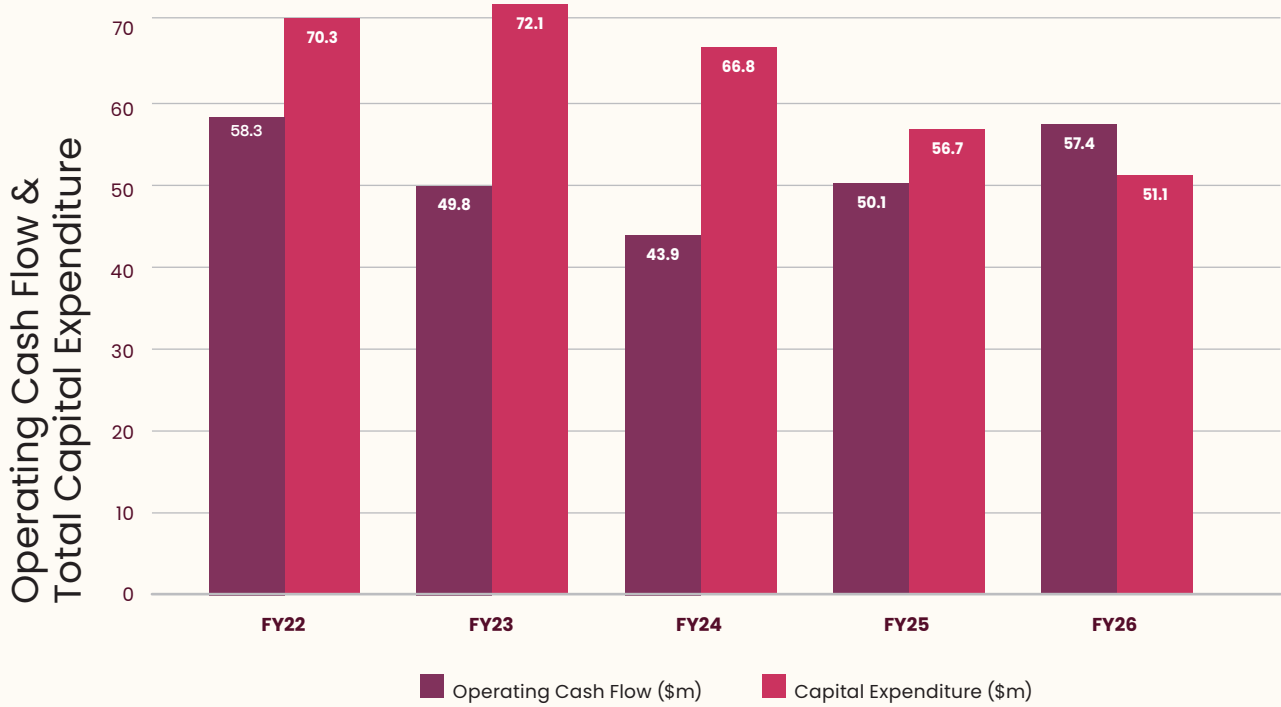
7.0

Financial



7.1

Financial Summary



Financial Summary (\$'000)

Financial performance	FY22	FY23	FY24	FY25	FY26
Operating Revenue	158,504	171,043	169,417	175,775	177,390
Discounts	10,869	11,064	11,219	11,456	11,780
EBITDA	63,293	56,003	58,632	66,681	64,323

Financial position	FY22	FY23	FY24	FY25	FY26
Total equity	288,743	310,105	316,943	334,115	344,872
Total assets	515,749	576,761	619,190	654,367	679,269
Net debt (including lease liabilities)	130,631	164,867	194,016	208,919	213,295

7.2

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 2026.

The Board of Directors of the Group authorised these consolidated financial statements and the statement of service performance presented on pages 54 to 89 for issue on 24 June 2026.

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 \$14.1 million (2025: \$26.1 million). Customer discounts of \$11.8 million exclusive of GST (2025: \$11.5 million) were paid to customers.

Changes in Accounting Policies

There were no changes in accounting policies for the year ended 31 March 2026.

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 an impairment of \$9.3 million for the year ended 31 March 2026 (2025: nil).

Revaluation

Land and Buildings were revalued as at 31 March 2026. The directors determined that a \$4.3 million upwards revaluation was required at 31 March 2026 (2025: \$0.9 million).

The distribution system assets were subject to a valuation by Deloitte at 31 March 2026 with no change to the net carrying value required (2025: nil).

Changes in Capital

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

Dividends

A dividend of \$400,000 was declared, and paid on 30 October 2025 (2025: \$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 Group’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 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 2026 had five members.

The Board is appointed by the Shareholder 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 Kay.

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 Mrs Harvey.

7.2

Report of the Directors to the Shareholder (continued)

Remuneration of Directors

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

	2026 \$'000	2025 \$'000
COUNTIES ENERGY LIMITED		
RKH Watson	136	126
HW Stevens	70	67
DN Tompkins (to 29 May 2025)	11	71
BF Iosefa	64	67
JA Kay	73	71
WN Harvey (from 10 March 2024)	73	6
WA Heaps (17 June 2025 to 25 March 2026)	61	-
	488	408
ECL GROUP LIMITED		
RKH Watson	59	101
HW Stevens	51	51
BF Iosefa	76	53
AJ Cooper (from 1 December 2025)	17	-
JC Nicholl	-	-
	203	205
Total Remuneration of Directors	691	613

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	2026	2025
100–110	66	55
110–120	32	44
120–130	30	47
130–140	21	11
140–150	17	20
150–160	17	18
160–170	18	13
170–180	16	13
180–190	17	8
190–200	8	5
200–210	8	7
210–220	8	2
220–230	2	1
240–250	1	2
250–260	1	1
260–270	1	1
270–280	1	-
280–290	-	1
300–310	2	2
310–320	-	1
320–330	1	-
340–350	-	1
360–370	-	2
370–380	1	-
380–390	-	1
400–410	2	-
410–420	-	1
700–710	-	1
720–730	1	-

Auditor

In accordance with section 44 of the Energy Companies Act 1992, the Group is a public entity for the purposes of the Public Audit Act 2001, and accordingly the Auditor General is the auditor of the Group under section 14 of that Act. The Auditor General has appointed Matthew White of PricewaterhouseCoopers to carry out the audit on her/his behalf, under section 32 of the Public Audit Act 2001.

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 2026:

RKH Watson	Director	Acumen New Zealand Limited Acumen Trust Working Assets Properties Limited and subsidiaries Working Assets Consulting Limited Cranleigh Forests Limited Wineworks Group and related companies
HW Stevens	Director	Governance & Advisory Limited Radius Residential Care Limited ECL Group Limited Napier Port Holdings Limited
	Chair	East Health Services Limited and subsidiaries Pharmaco (NZ) Limited and subsidiaries Embark Education Limited
BF Iosefa	Director	Polaris & Company Limited Home in Place, Australia Wineworks Group and related companies Methanex New Zealand and related entities
	Chair	Active Electrical Suppliers Home in Place, New Zealand ECL Group Limited
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 Inframax Construction
	Chair	Waipa Networks Limited
	Advisor	ETNZ (Energy Trusts of New Zealand)
WN Harvey	Director	Port Taranaki Limited TAB New Zealand Aurora Energy Limited Ahuriri Investment Management Limited Unison Networks Limited Excellence in Business Solutions Limited
	Chair	Eastland Infrastructure Limited Hawke’s Bay Water Services CCO

7.2

Report of the Directors to the Shareholder (continued)

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 2026 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.

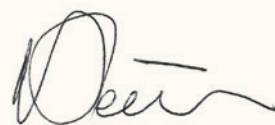
The directors have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

For and on behalf of the Board.



RKH Watson
Chair

24 June 2026



HW Stevens
Director

24 June 2026



7.3

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Financial Statements

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7.3

Consolidated
Financial Statements
(continued)

Consolidated Statement of Profit or Loss

For the year ended 31 March 2026	Note	2026 \$'000	2025 \$'000
Operating revenue	5	177,390	175,775
Customer discount	5	(11,780)	(11,456)
Net revenue		165,610	164,319
Other income and gains	6	376	564
Expenses, excluding finance costs	7	(131,734)	(126,868)
Impairment of goodwill	14	(9,314)	-
Finance costs	7	(10,845)	(11,936)
Net profit before income tax		14,093	26,079
Income tax expense	8	(6,546)	(7,450)
Net profit for the year		7,547	18,629

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2026	Note	2026 \$'000	2025 \$'000
Net profit for the year		7,547	18,629
ITEMS THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT:			
Cash flow hedges – net of tax	15	284	(1,977)
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT:			
Gain on the revaluation of land and buildings (net tax)	13	3,326	920
Items that will not be reclassified to profit		3,326	920
Total comprehensive income for the year		11,157	17,572

The Consolidated Statement of Profit or Loss, and Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Financial Position

As at 31 March 2026	Note	2026 \$'000	2025 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	3,466	5,597
Trade and other receivables	11	18,944	19,380
Inventories	12	6,588	6,376
Tax receivable		1,078	232
Total current assets		30,076	31,585
NON-CURRENT ASSETS			
Property, plant and equipment	13	608,560	575,044
Intangible assets	14	20,651	30,757
Right of use assets	22	19,982	16,981
Total non-current assets		649,193	622,782
Total assets		679,269	654,367
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	25,399	20,719
Employee benefits	17	4,422	4,672
Borrowings	18	-	400
Lease liabilities	22	2,905	2,417
Derivative financial instruments	15	187	57
Total current liabilities		32,913	28,265
NON-CURRENT LIABILITIES			
Borrowings	18	195,000	195,667
Lease liabilities	22	18,856	16,032
Derivative financial instruments	15	200	725
Deferred tax liabilities	9	87,428	79,563
Total non-current liabilities		301,484	291,987
Total liabilities		334,397	320,252
Net assets		344,872	334,115
EQUITY			
Share capital	20	30,797	30,797
Retained earnings		278,900	271,753
Revaluation reserve		35,454	32,128
Cash flow hedge reserve		(279)	(563)
Total equity		344,872	334,115

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

7.3

Consolidated Financial Statements (continued)

Consolidated Statement of Changes in Equity

For the year ended 31 March 2026	Note	Share capital \$'000	Revaluation reserve \$'000	Cash flow hedge reserve \$'000	Retained earnings \$'000	Total equity \$'000
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
Gain on revaluation of land & buildings (net tax)	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
Opening balance as at 1 April 2025		30,797	32,128	(563)	271,753	334,115
Net profit for the year		-	-	-	7,547	7,547
Gain on revaluation of land & buildings (net tax)	13	-	3,326	-	-	3,326
Other comprehensive income		-	-	284	-	284
Total comprehensive income		-	3,326	284	7,547	11,157
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Dividends paid	25	-	-	-	(400)	(400)
Closing balance as at 31 March 2026		30,797	35,454	(279)	278,900	344,872

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2026	Note	2026 \$'000	2025 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		169,887	163,544
Payments to suppliers and employees		(101,063)	(100,409)
Interest received		25	8
Interest paid		(10,845)	(11,936)
Income taxes paid		(625)	(1,099)
Net cash inflows from operating activities		57,379	50,108
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	13	(51,073)	(56,670)
Purchase of intangible assets – computer software	14	(4,658)	(5,082)
Purchase of right of use assets (net disposals)		-	(99)
Proceeds from sale of property, plant and equipment		503	955
Net cash outflows from investing activities		(55,228)	(60,896)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		32,000	30,000
Repayment of borrowings		(33,067)	(17,400)
Lease repayments		(2,815)	(2,850)
Dividends paid to the shareholders	25	(400)	(400)
Net cash inflows from financing activities		(4,282)	9,350
Net increase/(decrease) in cash and cash equivalents		(2,131)	(1,438)
Cash and cash equivalents at the beginning of the year		5,597	7,035
Cash and cash equivalents at end of the year	10	3,466	5,597
Reconciliation of profit after income tax to net cash inflows from operating activities			
Net profit after tax		7,547	18,629
Depreciation and amortisation		30,071	28,666
Impairment of Goodwill		9,314	-
Changes in deferred tax		6,763	6,366
Net (gain)/loss on sale of assets		(124)	(320)
		46,024	34,712
Decrease/(Increase) in trade and other receivables		436	(789)
Decrease/(Increase) in inventories		(212)	(696)
Decrease/(Increase) in income tax receivable		(846)	(15)
Increase/(Decrease) in deferred capital contributions liability		3,618	-
Increase/(Decrease) in trade and other payables		1,062	(574)
Increase/(Decrease) in deferred income		-	(1,189)
Increase/(Decrease) in employee benefits		(250)	30
		3,808	(3,233)
Net cash inflows from operating activities		57,379	50,108

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

7.3

Consolidated Financial Statements (continued)

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 24 June 2026.

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.

Changes in accounting policies

There have been no significant changes in accounting policies during the current year. All accounting policies have been applied on a basis consistent with the prior year.

New accounting standards and interpretations not yet mandatory or early adopted

New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 March 2026. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group is set out in IFRS 18 Presentation and Disclosure in Financial Statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS18 is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The Group will adopt this standard from 1 April 2027, and it is expected that there will be a significant change to the layout of the statement of comprehensive income.

(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 revenue is earned.

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.

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Consolidated Financial Statements (continued)

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.

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.

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Consolidated Financial Statements (continued)

(i) **Trade receivables**

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost, less provision for loss allowance. 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. Net realisable value incorporates a provision for obsolescence. Costs are assigned to individual items of inventory on a first-in-first-out basis.

(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 indefinite 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.

7.3

Consolidated Financial Statements (continued)

(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.

(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 risk free rate. 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:

- when the Group can no longer withdraw the offer of those benefits; and
- 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'.

7.3

Consolidated
Financial Statements
(continued)

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 2026 and 2025 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 2026 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.

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
AT 31 MARCH 2026				
Trade and other payables	25,399	-	-	-
Lease liabilities	3,669	3,251	7,619	17,567
Bank loans (refer note 18)	-	195,000	-	-
Total	29,068	198,251	7,619	17,567
AT 31 MARCH 2025				
Trade and other payables	20,719	-	-	-
Lease liabilities	3,153	2,650	6,034	16,103
Bank loans (refer note 18)	400	667	195,000	-
Total	24,272	3,317	201,034	16,103

7.3

Consolidated Financial Statements (continued)

(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 2026 and 2025.

The Group monitors its compliance with banking covenants as required by its banker, ASB Bank Limited (note 18). The Group monitors its capital structure using a gearing ratio (a non-GAAP measure), calculated as net debt divided by total equity plus net debt. Net debt comprises borrowings and lease liabilities, less cash and cash equivalents, as set out in the table below.

The gearing ratios are as follows:	Note	2026 \$'000	2025 \$'000
Borrowings	18	195,000	196,067
Lease liabilities	22	21,761	18,449
Less: cash and cash equivalents	10	(3,466)	(5,597)
Net debt		213,295	208,919
Equity		344,872	334,115
Equity plus net debt		558,167	543,034
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	2026 \$'000	2025 \$'000
Opening Balance		6,686	6,975
Amount of transaction price received for unsatisfied performance obligations		18,284	14,315
Revenue recognised from performance obligations satisfied	5	(14,666)	(14,604)
Closing Balance	16	10,304	6,686

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	2026 \$'000	2025 \$'000
Opening Balance		(605)	1,189
Amount of transaction price received for unsatisfied performance obligations		12,801	11,599
Revenue recognised from performance obligations satisfied		(11,452)	(13,393)
Closing Balance		744	(605)
Comprised of:			
Deferred revenue assets		(537)	(1,022)
Deferred revenue liabilities		1,281	417
Closing Balance		744	(605)

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.

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Consolidated Financial Statements (continued)

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.

5. Revenue

	2026 \$'000	2025 \$'000
Electricity line revenue – gross	100,694	89,791
Customer discount	(11,780)	(11,456)
Net electricity line revenue	88,914	78,335
Contract revenue	47,223	52,252
Capital contributions	14,666	14,604
Metering revenue	5,320	5,164
Other revenue	9,487	13,964
Total	165,610	164,319

6. Other income and gains

	2026 \$'000	2025 \$'000
Gain/(loss) on disposal of fixed assets	124	320
Rent income	227	236
Interest income	25	8
Total	376	564

7. Expenses

	2026 \$'000	2025 \$'000
EXPENSES, EXCLUDING FINANCE COSTS, INCLUDED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Employee benefits expense	54,123	53,377
Depreciation and amortisation expense	30,071	28,666
Transmission costs	14,138	12,341
Raw materials and consumables used	17,578	23,568
Other expenses	15,824	8,916
Total expenses, excluding finance cost	131,734	126,868

DEPRECIATION (NOTES 13 AND 22)

Plant and vehicles	4,390	4,548
Buildings	1,021	662
Leasehold improvements	67	37
Distribution system	14,879	13,894
Meters and relays	1,090	1,723
Managed network	48	48
Right of use assets	3,126	3,040
Total depreciation	24,621	23,952

AMORTISATION (NOTE 14)

Customer goodwill	1,050	1,050
Computer software	4,400	3,664
Total amortisation	5,450	4,714
Total depreciation and amortisation	30,071	28,666

FINANCE COSTS

Borrowings	9,797	11,030
Lease interest	1,048	906
Total finance costs	10,845	11,936

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.

AUDIT SERVICES

Auditing the Financial Statements	404	371
Assurance of Regulatory Statements	67	64
OAG Fees	43	43
Total	514	478

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Consolidated Financial Statements (continued)

8. Income tax expense

(a) Income tax expense

	2026 \$'000	2025 \$'000
Current tax	(217)	1,084
Deferred tax	6,763	6,366
Total	6,546	7,450

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

	2026 \$'000	2025 \$'000
Profit from continuing operations before income tax expense	14,093	26,079
Income tax expense attributable to taxable profits @ 28%	3,946	7,302
Non-deductible expenses	2,655	37
Prior year adjustments	(55)	111
Income tax expense	6,546	7,450

(c) Imputation credit account

The value of imputation credits available for subsequent reporting periods as at 31 March 2026 is \$39.3 million (2025: \$38.9m).

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

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

9. Deferred tax liabilities

	2026 \$'000	2025 \$'000
Opening deferred tax liability	79,563	73,966
Charged to income tax expense	6,377	6,088
Prior period adjustments	386	278
Cash flow hedges	111	(769)
Revaluation of buildings	991	–
Closing balance at 31 March	87,428	79,563

Deferred income tax assets	(7,705)	(7,051)
Deferred income tax liabilities	95,133	86,614
Closing balance	87,428	79,563

	Property, plant and equipment and intangibles \$'000	Lease Liability \$'000	Right-Use Asset \$'000	Other \$'000	Total \$'000
DEFERRED TAX LIABILITIES					
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
Charged to income tax expense	6,302	(929)	840	164	6,377
Prior period adjustments	386	–	–	–	386
Cash flow hedges	–	–	–	111	111
Revaluation of buildings	991	–	–	–	991
At 31 March 2026	89,539	(6,094)	5,594	(1,611)	87,428

10. Cash and cash equivalents

	2026 \$'000	2025 \$'000
Bank balances	3,466	5,597

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Consolidated
Financial Statements
(continued)

11. Trade and other receivables

	2026 \$'000	2025 \$'000
Trade receivables	5,831	7,874
Accrued revenue	10,944	8,880
Provision for loss allowance	(578)	(562)
Net trade receivables	16,197	16,192
Other receivables and prepayments	2,747	3,188
Total receivables	18,944	19,380

(a) Bad and doubtful trade receivables

The Group has written off \$21,000 in respect of bad and doubtful trade receivables during the year ended 31 March 2026 (2025: \$83,000). 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 2026	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	4%	15%	61%	10%
Gross carrying value – trade receivables (\$'000)	3,988	807	179	857	5,831
Loss Allowance (\$'000s)	–	32	26	520	578

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

12. Inventories

	2026 \$'000	2025 \$'000
Raw materials and consumables	7,106	6,899
Provision for obsolescence	(518)	(523)
Total	6,588	6,376

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 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	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
YEAR ENDED 31 MARCH 2026								
Opening net book value	38,297	25,333	15,384	258	4,935	490,140	697	575,044
Additions	–	757	5,254	36	1,070	43,956	–	51,073
Revaluation	773	3,544	–	–	–	–	–	4,317
Disposals	–	–	(379)	–	–	–	–	(379)
Depreciation charge (note 7)	–	(1,021)	(4,390)	(67)	(1,090)	(14,879)	(48)	(21,495)
Closing net book value	39,070	28,613	15,869	227	4,915	519,217	649	608,560
AT 31 MARCH 2026								
Cost	39,070	28,838	37,181	564	25,030	519,217	2,186	652,086
Accumulated depreciation	–	(225)	(21,312)	(337)	(20,115)	–	(1,537)	(43,526)
Net book value	39,070	28,613	15,869	227	4,915	519,217	649	608,560

The net book value of the Distribution system includes \$8.0 million of work in progress as at 31 March 2026 (2025: \$3.5m).

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Consolidated
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(continued)

13. Property, plant and equipment (continued)

Distribution system assets

Distribution system assets were subject to an independent valuation as at 31 March 2026. 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 2026)	Valuation assumptions adopted	Low	High	Valuation impact \$'m (Low)/High
WACC	6.4%	6.9%	5.9%	(22.7) / 23.8
RAB Multiple	1.02x	0.97x	1.05x	(22.7) / 23.8

The key inputs have resulted in a valuation range for the distribution system assets of \$491 million to \$538 million, with a mid-point of \$514 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 \$519 million can be retained, as the carrying value materially reflects estimated fair value. The cost at 31 March 2026 has been updated to reflect the carrying value with accumulated depreciation reversed out.

Land and buildings

A three yearly full valuation was prepared by Aon, independent valuers and property consultants, at 31 March 2026. For the period ending 31 March 2026, the Directors accepted the \$4,317,000 upwards revaluation adjustment for land and buildings.

Land, buildings and distribution network – historical cost

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

	2026 \$'000	2025 \$'000
Deemed cost – distribution network	683,526	639,570
Accumulated depreciation	(153,668)	(138,789)
Net book value	529,858	500,781
Deemed cost – land	11,102	11,102
Deemed cost – buildings	27,488	26,731
Accumulated depreciation – buildings	(5,054)	(4,033)
Net book value	33,536	33,800

14. Intangible assets

	Brands \$'000	Customer goodwill \$'000	Goodwill \$'000	Computer software \$'000	Total \$'000
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)	-	(8,276)	(14,576)
Accumulated Impairment	-	-	(8,000)	-	(8,000)
Net book value	3,400	4,200	15,556	7,601	30,757
YEAR ENDED 31 MARCH 2026					
Opening net book value	3,400	4,200	15,556	7,601	30,757
Additions	-	-	-	4,658	4,658
Amortisation charge (note 7)	-	(1,050)	-	(4,400)	(5,450)
Impairment of goodwill	-	-	(9,314)	-	(9,314)
Closing net book value	3,400	3,150	6,242	7,859	20,651
AT 31 MARCH 2026					
Cost	3,400	10,500	23,556	20,536	57,992
Accumulated amortisation	-	(7,350)	-	(12,677)	(20,027)
Accumulated Impairment	-	-	(17,314)	-	(17,314)
Net book value	3,400	3,150	6,242	7,859	20,651

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 2026 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.

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Consolidated
Financial Statements
(continued)

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 2026, there was a \$9.3 million impairment of goodwill (2025: nil).

Assumptions

The recoverable amount attributed to the CGU is calculated based on FVLCD. The FVLCD (2025: 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 (2025: 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 – FY27)	11.8%
COGS and direct wages (% annual increase – FY27)	4.7%
Revenue growth (% annual increase – average FY28 to FY31)	5.2%
COGS and direct wages (% annual increase – average FY28 to FY31)	5.5%
WACC rate	15.0%
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 (2% decrease year on year from FY28 to FY31)	(6.2)
COGS and direct wages (1% increase year on year from FY28 to FY31)	(3.5)
WACC (0.5% increase)	(1.0)
Terminal growth (1% decrease)	(1.3)

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

Revenue growth	2.6% increase
COGS and direct wages	2.5% increase
WACC	3.1% decrease
Terminal growth rate	4.2% increase

Changes to the above key assumptions would eliminate the impairment at 31 March 2026.

15. Derivative financial instruments

	2026 \$'000	2025 \$'000
Current	(187)	(57)
Non-current	(200)	(725)
Interest rate swap asset/(liability)	(387)	(782)

The Group had outstanding interest rate swaps of \$129,000,000 at 31 March 2026 (2025: \$128,000,000).

16. Trade and other payables

	2026 \$'000	2025 \$'000
CURRENT TRADE AND OTHER PAYABLES		
Trade payables	7,295	8,577
Sundry accruals	7,800	5,456
Deferred capital contributions liability	10,304	6,686
Total current trade and other payables	25,399	20,719

17. Employee benefits

	2026 \$'000	2025 \$'000
Employee benefits	548	1,046
Holiday pay	3,788	3,540
Other leave	86	86
Total provisions	4,422	4,672

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

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Consolidated Financial Statements (continued)

18. Borrowings

	2026 \$'000	2025 \$'000
Unsecured – interest bearing		
Bank loan – current	–	400
Bank loan – non-current	195,000	195,667
Total borrowings	195,000	196,067

(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:

	2026 \$'000	2025 \$'000
Credit standby arrangements		
FACILITIES		
Counties Energy Limited	250,000	250,000
ECL Group Limited	–	1,067
Total facilities	250,000	251,067
USED AT REPORTING DATE		
Bank loans	195,000	196,067
UNUSED AT REPORTING DATE		
Bank loans	55,000	55,000

Counties Energy Limited

The revolving credit bank loan facilities may be drawn down at any time. The ASB banking loan facility limit is \$250 million (2025: \$250 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 fixed-term loan to finance assets leased to a customer. The facility was fully repaid at 31 March 2026.

Weighted average interest rate

The weighted average interest rate on borrowings was 5.1% (2025: 5.9%). The Distribution System assets include capitalised borrowings costs of \$87,000 (2025: \$101,000).

(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 2026			
Net trade receivables	–	16,197	16,197
Cash and cash equivalents	–	3,466	3,466
	–	19,663	19,663

AT 31 MARCH 2025			
Net trade receivables	–	16,192	16,192
Cash and cash equivalents	–	5,597	5,597
	–	21,789	21,789

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 2026			
Borrowings	–	195,000	195,000
Derivative financial instruments	387	–	387
Trade and other payables	–	15,095	15,095
	387	210,095	210,482

AT 31 MARCH 2025			
Borrowings	–	196,067	196,067
Derivative financial instruments	782	–	782
Trade and other payables	–	14,033	14,033
	782	210,100	210,882

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Consolidated Financial Statements (continued)

20. Share capital

	2026 \$'000	2025 \$'000
SHARE CAPITAL		
Ordinary shares	30,797	30,797
Total share capital	30,797	30,797

Ordinary shares

At 31 March 2026 there were 15,000,000 fully paid ordinary shares (2025: 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 \$570,000 committed for property, plant and equipment at 31 March 2026 (2025: \$2,568,000).

Contingent liabilities

The Group had no contingent liabilities at 31 March 2026.

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 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
YEAR ENDED 31 MARCH 2026				
Opening net book value	13,220	2,742	1,019	16,981
Additions (net)	(12)	3,046	2,373	5,407
Remeasurements	325	395	–	720
Depreciation charge (note 7)	(1,136)	(1,854)	(136)	(3,126)
Closing net book value	12,397	4,329	3,256	19,982
AT 31 MARCH 2026				
Cost	18,145	6,393	4,237	28,775
Accumulated depreciation	(5,748)	(2,064)	(981)	(8,793)
Net book value	12,397	4,329	3,256	19,982

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 2026 or 2025.

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Consolidated Financial Statements (continued)

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

Lease liabilities

	2026 \$'000	2025 \$'000
LEASE LIABILITIES		
Current	2,905	2,417
Non-current	18,856	16,032
	21,761	18,449
Opening value	18,449	17,584
Additions (net)	5,407	992
Remeasurements	720	2,723
Lease interest (note 7)	1,048	906
Lease payments	(3,863)	(3,756)
Closing value	21,761	18,449

23. Investments in subsidiaries

SUBSIDIARIES

Name of entity	Country of incorporation	Interest held by entity 2026	Interest held by entity 2025
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

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.

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:

	2026 \$'000	2025 \$'000
Counties Energy Trust (Parent)		
Dividends paid (9.6 cents per share)	400	400
Finance lease payments	364	354
SmartCo Limited (Joint Venture)		
Contribution to operating costs	6	6

(c) Key management personnel compensation

	2026 \$'000	2025 \$'000
Directors' fees – Parent Company	488	408
Directors' fees – ECL Group Limited	203	205
Salaries and short-term employee benefits	2,590	2,852
	3,281	3,465

Key management personnel have been defined as the Leadership Team.

26. Events occurring after the reporting date

Subsequent to year end, the Group entered into a Transaction Agreement to evaluate the feasibility and potential development of a wind farm.

7.4

Statement of Service Performance

The tables below set out the performance targets included in the Statement of Corporate Intent for 2026.

Financial targets (Group)

For the year ended 31 March	2026 (Group)		2025 (Group)	
	Target	Actual	Target	Actual
Earnings before interest and tax expressed as a percentage of total average capital employed	6.8%	4.7%	6.8%	7.5%
Profit after tax expressed as a percentage of average consolidated shareholders' funds	4.9%	2.2%	4.9%	5.8%

Financial targets were impacted by the non-cash goodwill impairment of \$9.3 million.

Reliability targets (Counties Energy Limited only)

For the year ended 31 March	2026		2025	
	Target	Actual	Target	Actual
AVERAGE MINUTES WITHOUT ELECTRICITY PER CONSUMER (SAIDI)				
Unplanned outages	100.55	117.62	98.42	68.13
Planned	161.33	191.11	191.18	234.50
AVERAGE NUMBER OF OUTAGES PER CONSUMER (SAIFI)				
Unplanned outages	1.646	1.803	1.804	1.278
Planned	0.605	0.610	0.750	0.658

Unplanned outages, as measured by SAIDI (average minutes without electricity per customer), were unfavourable to target by 17.07 minutes (17% unfavourable). The main categories of faults were Defective Equipment, Vegetation, Third Party Interference and No Cause Found. Unplanned SAIFI (average number of outages per customer) was also unfavourable to target by 0.157 interruptions (10% unfavourable).

Planned SAIDI was above target by 29.78 minutes (18% unfavourable). Planned SAIFI was near to target.

The unplanned SAIDI and SAIFI results were calculated in accordance with the 2026-30 (DPP4) methodology. In 2025 the SAIDI and SAIFI results were calculated in accordance with the 2021-25 (DPP3) methodology. DPP4 introduced some minor changes, particularly in how major network events like storms are calculated. The 2026 targets were set to incorporate the methodology changes,

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.
- Planned interruptions are calculated in line with Information Disclosure requirements.

Health and safety targets (Counties Energy Limited only)

	2026		2025	
	Target	Actual	Target	Actual
Lost time injuries (LTIs)	-	1	-	-

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.

7.5

Independent Auditor’s Report

For the year ended 31 March 2026



Independent audit report

To the readers of Counties Energy Limited’s group financial statements and performance information for the year ended 31 March 2026

Opinion

The Auditor-General is the auditor of Counties Energy Limited and its subsidiaries and controlled entities (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 performance information of the Group on his behalf.

We have audited:

- the financial statements of the Group on pages 56 to 87, that comprise the consolidated statement of financial position as at 31 March 2026, the consolidated statement of profit or loss, consolidated statement of comprehensive income, 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 performance information of the Group on pages 88 to 89.

In our opinion:

- the financial statements of the Group:
 - present fairly, in all material respects:
 - the Group’s financial position as at 31 March 2026; and
 - the 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 (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards); and
- the performance information of the Group:
 - accurately reports, in all material respects, the Group’s achievements measured against the performance targets adopted for the year ended 31 March 2026; and
 - has been prepared, in all material respects, in accordance with section 44 of the Energy Companies Act 1992 (the Act).

Our audit was completed on 24 June 2026. This is the date at which our opinion is expressed.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

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[pwc.co.nz](https://www.pwc.co.nz)

For the year ended 31 March 2026

Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

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

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

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and 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 in accordance with the Act.

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

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group’s ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors 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 Act.

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

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

For the target information reported in the financial statements and 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 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 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.

7.5

Independent Auditor’s Report (continued)

For the year ended 31 March 2026

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Group's readers to judge the actual performance of the Group against the performance targets adopted in its statement of corporate intent.
- We plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report 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 2026

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) as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out engagements in the areas of other assurance services, which are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Group.

For and on behalf of:



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



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