WAIPĀ NETWORKS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2025

2025

WAIPĀ NETWORKS

THIS IS THE ANNUAL REPORT OF WAIPĀ NETWORKS LTD

Dated 24 June 2025

Signed for and on behalf of the Board of Directors

Jonathan Kay
Chair
Waipā Networks

Mike Marr
Deputy Chair
Waipā Networks

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CHAIR/CE REPORT

INTRODUCTION

Tēnā koutou katoa

We're pleased to present our Annual Report for the financial year ending 31 March 2025, a year where we celebrate serving the Waipā district and surrounding communities for more than 100 years.

From our inception in January 1920 to now, we have always focused on enabling our community and customers. As we reflect on the 2024/2025 financial year, our commitment and vision has never been clearer: enable the future.

In a time of population growth, electrification, and evolving energy needs, we recognise the critical role we play in supporting the future of the Waipā community.

Over the past year, we've made substantial progress in strengthening our network to meet both current and emerging demands. This includes the completion and commencement of critical infrastructure projects designed to increase capacity, improve resilience, and ensure the long-term reliability of supply.

We invested nearly $30 million in major projects this year, and a standout achievement was the completion of the Te Awamutu 11kV underground power cable upgrade in December 2024. The previous cables were installed in 1966 when the population was just 5,000 people. This upgrade can securely support the region's growth and cater for the more than 15,500 individual connections that run to the Te Awamutu Grid Exit Point (GXP).

We are also nearing the completion of the Hautapu GXP and Forrest Road Substation project. The team is on track to have this substation operational in mid-2025. Once complete, it will help to provide additional electricity capacity to support the rapid growth our region is experiencing.

Alongside physical infrastructure, we've also strengthened our organisational capability. We've increased workforce capacity and aligned our internal resources to support the scale and complexity of future demand.

Safety performance improved, with enhancements in both leading and lagging indicators, supported by a continued focus on keeping our team and the public safe.

Our kaupapa is not only creating a return for our shareholders – it's about delivering efficient and reliable energy services and solutions to meet the needs of our growing rohe. In 2024 we returned more than $14m to the Waipā community in discounts, sponsorship, payments to suppliers and wages for our people.

This Annual Report highlights the work already achieved and the foundations we are laying to ensure a secure, sustainable, and customer-focused energy future.

We're proud of the progress we've made – and even more focused on the road ahead, where reliable electricity will be the backbone of a thriving, connected Waipā.

Nāku iti noa nā

Jonathan Kay
Chair
Waipā Networks

Sean Horgan
Chief Executive
Waipā Networks

COMPANY KEY HIGHLIGHTS

Waipā Networks proudly marks its 100-year centenary in 2025, a milestone that reflects more than a century of service, reliability, and commitment to the Waipā community.

Since 1920, we have played a central role in powering regional growth, supporting local enterprise, and enabling everyday life. This enduring legacy continues to guide our purpose as we evolve to meet the needs of a changing energy landscape.

Over the past 12 months, we have remained focused on future-proofing our network to support the growth and evolving needs of the Waipā community. Building on a strong foundation, we've advanced key infrastructure projects, strengthened our financial resilience, and deepened engagement with customers and stakeholders. These continued efforts position us to deliver a reliable, sustainable electricity supply – not just for today, but for future generations.

We delivered a net profit before tax of $16.5 million and achieved our performance targets for return on total assets and return on equity. This strong financial result was underpinned by revenue growth from 248 new connections, increased line charge income, and higher returns from invested funds.

In line with our commitment to delivering value, we returned $5.4 million in customer discounts. Our ongoing commitment to supporting individuals facing energy hardship was once again demonstrated through the delivery of winter warmer packages, in collaboration with our community partners, reaching 500 people across the region.

We've continued to invest in critical network projects to ensure a bright and sustainable future for Waipā, and by mid-year will have completed our new 33kV substation on the outskirts of Cambridge (read more in the 'Our Network' section on page 7).

With a century of experience behind us, we move into the future with confidence and purpose. Our strategic priorities ensure each initiative contributes to delivering a resilient, efficient energy network that enables long-term regional development.

HEALTH & SAFETY

We remain focused on protecting the health, safety, and wellbeing of our people and community, making good progress in the past year.

Prioritising and addressing our highest-risk areas has been the key focus, while also improving our internal capabilities through leadership development, targeted education, and access to safety resources.

Our field leaders undertook safety leadership training to equip them with the skills to continue to foster a proactive safety culture. The programme completed in December 2024, focused on training staff to identify and manage risks effectively, encouraging personal accountability and leadership at all levels to drive safer outcomes across our operations. Follow-up coaching was completed in February 2025.

We focused on improving the number and quality of leadership site safety visits, which has had the effect of creating a more open culture where people are conversing more openly about safety. We have updated tools and resources for the public about electrical hazards, including a public safety campaign to protect Waipā communities and inform the public about electricity safety. We successfully passed our annual public safety audit with minor improvements to be made.

These efforts contributed to a year without any serious harm incidents.

We recorded four lost time injuries, primarily involving minor lacerations and muscular strains. There were no notifiable incidents reported to WorkSafe, an improvement on last year (five in prior year).

We acknowledge that improving safety is a constant journey, and we're evolving our focus to our critical controls and closing the gap between 'work as planned' versus 'work as done'.

On the wellbeing front, Mental Fitness at Work training has already been provided to about half the staff and next year, we will be training our first Mental Health First Aiders. Both these efforts are intended to improve mental health literacy at Waipā Networks and therefore will see people asking for help earlier.

CUSTOMER & COMMUNITY

Being 100% owned by our customers through the Waipā Networks Trust, the community remains a key focus. Ongoing engagement with our customers and communities is strengthening our relationships through meaningful interaction and increased visibility across the region.

In October, we co-hosted the Annual Connection event with The Lines Company, our neighbouring EDB. This is a key event for our sector and brought lines teams from across the country together to compete for four days in Te Awamutu.

Our most recent customer survey showed reliability of power supply remains our highest-rated service area, with 78% of customers happy with our service level. Looking ahead, the aim is to enhance customer experience. We are in the process of developing a customer strategy to address areas for improvement, such as communication and timely delivery of outage information.

> "In the past financial year, we returned over $14 million to the community in discounts, sponsorship, payments to suppliers and wages for our people."

In the past financial year, we returned over $14 million to the community in discounts, sponsorship, payments to suppliers and wages for our people. We also contributed to the local economy by contracting with local suppliers and creating employment opportunities.

Our strong financial performance has enabled us to give back around $5.4 million in customer discounts, with each customer receiving a discount based on their property's energy usage and pricing plan.

We have remained committed to supporting our community through ongoing sponsorships, with the total investment in this financial year for larger sponsorships at $170,000. We also introduced a further $20,000 for smaller sponsorships (up to $1,000 each).

This year, we also provided vehicle sponsorships to Pirongia Volunteer Fire Brigade and Cambridge Community House and continued our support for the Illuminate Sound and Light Show at Mighty River Domain, as well as the Christmas parades in Cambridge and Te Awamutu.

Other sponsorship programmes targeted resilience, energy efficiency, safety, education and future technologies, and we championed several health, community wellbeing and safety initiatives, such as CommSafe, which provides neighbourhood support across the Waikato West, Waipā, and Ōtorohanga Districts.

As a member of both the Cambridge and Te Awamutu Chambers of Commerce, we've played an active role in local economic development of the region. As a platinum sponsor of the Waipā Business Awards for 30+ years, this ongoing sponsorship showcases the support for business excellence in the region and the growth of the commercial landscape in Waipā.

SUSTAINABILITY

Strengthening community resilience, making meaningful contributions to environmental stewardship, and respecting mana whenua remain top priorities across our operations.

This year, we have made progress across all pillars of sustainability, improving our environmental performance, and achieving outcomes that align with our commitment to long-term resilience and social responsibility.

Key sustainability initiatives include:

- More than 500 winter warmer packages delivered to vulnerable households to support wellbeing during the colder months (up from 200 in the previous year). These were organised with the support of partnerships with Cambridge Community House, Kainga Aroha, Ko Wai Au, and local businesses and community organisations.
- Partnerships with local marae to improve energy resilience and emergency preparedness, ensuring culturally significant sites are supported in times of need.
- Expanded outreach and education programmes to help customers reduce energy use and lower costs, with a focus on long-term behavioural change.
- 6% reduction in controllable emissions, primarily through reduced fuel consumption, idling time, and improved operational efficiencies.
- Continuing to uphold high standards of ethical conduct, transparency, and social responsibility in all aspects of our operations.
- Progressed planning for renewable energy integration into our network, supporting the region's transition to a low-carbon future.

Looking ahead, we acknowledge that sustainability is an ongoing journey. We're finalising our sustainability strategy with a three-year roadmap which sets clear benchmarks and targets for social and cultural outcomes, as well as emissions, waste, water, and energy use. This strategy guides our next phase of action, ensuring that every initiative we undertake contributes meaningfully to environmental stewardship, cultural respect, and community resilience.

We're proud of the progress made to date, and we're on the right path toward a resilient and sustainable future.

PEOPLE

Over the past year, we have continued to invest in building our capability. We've strengthened our existing teams and upskilled our people to better support the region's growth and ensure we're equipped to meet future demands. We will continue to invest in our trainee programme, ensuring we're building local capability for the future.

We actively promote work-life balance, recognising the importance of flexibility in the modern workplace. By offering employees the choice to work from home or the office, we provide a supportive environment where staff can thrive both professionally and personally. This approach not only enhances job satisfaction and productivity but also underscores his commitment to the well-being and development of his team.

Celebrating and encouraging diversity has been a fundamental aspect of our workforce strategy. We are working to implement strategies that support diversity, and partnerships with local educational institutions help create pathways and attract diverse talent to the organisation.

As part of this commitment to diversity and inclusion in our workforce, we conducted a gender pay equity analysis to determine any gender pay gaps. A negligible gap was detected, which was remedied through the annual salary review process, with the gender pay equity gap now being below 1%.

> "...we conducted a gender pay equity analysis...with the gender pay equity gap now being below 1%."

OUR NETWORK

As one of the fastest-growing areas in New Zealand, the Waipā region is expected to grow by over 25,000 people, bringing the population to around 75,000 over the next 25 years. We're planning for another 13,200 homes in and around Cambridge alone.

With peak demand in Cambridge expected to grow from 42MW to 90MW by 2050, we have partnered with Transpower to develop a new 33kV zone substation that will connect to Transpower's Grid Exit Point (GXP) substation in Hautapu. Works started in September 2023, and the project is on track to be completed in mid-2025.

This milestone represents a bold step forward for our business and the region's energy future. It's more than a technical achievement – it's a declaration of intent. It strengthens our network, supports growth, and lays the foundation for a low-carbon, electrified future

Another key project in FY25 was replacing ageing cables along Racecourse Road in Te Awamutu with new 11kV cables that will enhance the delivery of electricity for Te Awamutu and surrounding areas. The old infrastructure had served the community for nearly 60 years, and with these improvements, we are well-positioned to continue delivering a high-quality service to our customers.

Aside from growth-related projects, we saw substantial improvements in network reliability. Unplanned power outages were shorter and less frequent than in previous years, thanks to better weather, focused maintenance, and faster identification and repair of faults. However, we acknowledge some customers were impacted by outages on multiple occasions, and we are working to improve our performance over the next 12 months.

While planned outages increased due to the scale and complexity of key projects like the Te Awamutu cable upgrade, they still remained well within long-term regulatory limits. Our upgraded Geographical Information System, introduced in 2023, continues to help us manage our network more effectively and respond faster when issues arise. However, a rise in accidental damage from third parties did impact some of these gains, highlighting the need for continued community education.

FINANCIAL RESULTS

Overall, we performed strongly with Net Profit before tax at $16.5m, up from $14.1m in 2024. We achieved our targets on return on total assets and return on equity. We paid $5.4m discounts to customers and returned a dividend of $201k to our shareholder.

Profit before interest expense, and tax as a percentage of total assets 6.11% compared to a target of 4.47% and 5.93% in the prior year. The company performed better than anticipated due to increased lines charges, increased capital contributions and reduced system maintenance and fault costs.

Profit after tax as a percentage of equity was up from 4.98% in 2024 to 6.06%, compared to a target of 4.27%.The network business is funded through lines charges and going forward it is intended that forecast additional capex spend will be supported by debt. This year debt increased to $18.3m up from $4.5m which was invested in network capital expenditure. Investment funds increased to $70.2m during the year from $65.3m in FY24.

Despite the increase in debt we have a strong balance sheet which puts us in good stead to fund a sustained period of investment in our network in the future.

> "...we have a strong balance sheet which puts us in good stead to fund a sustained period of investment in our network in the future."

LOOKING FORWARD

We recognise our crucial role in regional electrification and preparing Waipā to be open for business.

With up to 75,000 people expected to call Waipā home by 2050, we'll need to deliver a reliable power supply to their homes and businesses. It's vital that we continue investing in and growing our network to meet their evolving needs and the various ways they'll use electricity to power their lives.

Last year, we embarked on a significant infrastructure investment to benefit both current and future generations, thereby supporting and stimulating the region's long-term growth. Next year, we plan to invest $18.5m to further strengthen our supply in the region, leveraging recent capacity investments to enhance our community's resilience to climate change.

Our focus over the coming year is on three core areas:

1. Enabling future network growth
2. Continuing to lift our health and safety performance
3. Exploring value outside of our network business

> "Next year, we plan to invest $18.5m to further strengthen our supply in the region, leveraging recent capacity investments..."

Key capital projects include completing the Hautapu Grid Exit Point (GXP) and substation, the Victoria Road zone substation, future Leamington zone substation provisional works, the new 11kV distribution network augmentation, the new 11kV communications network, and other community projects. We're also defining the design of our future network architecture for Te Awamutu, trying to harness new technology to provide better, more affordable and more reliable solutions for our customers.

Our current simple, low-cost structure has served us well in the past, but significant regional growth and the electrification wave necessitate upgrades for a more reliable and resilient power supply for our customers. We're exploring new, sustainable, and cost-effective models to ensure we deliver a high-quality level of service that meets the long-term needs of our region.

New technologies are providing us with a wide array of options, but the key to success lies in engaging with customers, suppliers, and other stakeholders. As an organisation that's 100% owned by its customers, we're mindful of maintaining fair pricing for customers. Our careful management has positioned us well to invest in future-focused projects.

With plenty to anticipate this year, it's critical that our mahi continues to align with our purpose, deliver long-term returns for our shareholders, and provide broader benefits to our communities. We believe we're on the right track, and we're in a strong position to connect new loads, particularly in Cambridge, which sets us apart from many other EDBs across New Zealand.

The future of Waipā is bright and Waipā Networks is proud to be part of it.

Ko te āpōpō o Waipā he tino pai, ā, e whakahīhī ana a Waipā Networks ki te whai wāhi ki te āheinga nei.

ACKNOWLEDGEMENTS

On behalf of the Board and Leadership team, we'd like to extend our sincere thanks to our hardworking and dedicated team whose contributions have been essential in providing safe and reliable services to our customers. We are extremely grateful for their commitment to ensuring the safety of our customers, community, and each other.

To the Board Directors, we appreciate your valuable contributions to the governance of Waipā Networks. Your guidance and support have been instrumental in ensuring the Board continues to operate at a high standard.

Lastly, we want to thank the Trustees for their critical role in contributing to the success of our company over the past year. We look forward to working closely with you in the years ahead.

Jonathan Kay
Chair
Waipā Networks

Sean Horgan
Chief Executive
Waipā Networks

FINANCIAL PERFORMANCE

Waipā Networks' principal business activity is to own and operate the electricity distribution network covering most of the Waipā district. The Company services the large rural towns of Cambridge and Te Awamutu, together with the smaller rural and coastal settlements of Ōhaupō, Kihikihi, Pirongia, Kāwhia, and Aotea Harbour.

The Company's assets comprise 1,405km of 11kV and 851km of 400V lines and underground cables supplying 29,098 consumers. The consumers own the Company through the Waipā Networks Trust.

The Company operates its own contracting division to construct and maintain electricity distribution lines for any customer, including Waipā Networks.

RESULTS IN BRIEF

	2025	2024	2023	2022	2021
Operating revenue ($m)	51.99	49.14	44.48	42.12	40.11
Earnings before interest cost, tax, depreciation, amortisation and customer discounts ($m)	28.81	25.86	19.84	19.42	45.78
EBITDAD excluding gain on sale of shares in UFFH ($m)	**28.81**	**25.86**	**19.82**	**18.68**	**16.64**
Profit before finance costs and tax ($m)	16.85	14.63	7.94	9.14	39.84
Total comprehensive income ($m)	12.53	9.68	4.95	7.13	36.18
Total comprehensive income excluding gain on sale of shares of UFFH ($m)	**12.53**	**9.68**	**4.92**	**6.39**	**7.04**
Total assets ($m)	275.70	246.58	242.18	230.51	217.53
Total equity ($m)	206.68	194.35	187.03	182.09	174.95
Return on equity	6.06%	4.98%	2.65%	3.92%	20.68%
Discounts paid ($m)	5.40	5.10	6.15	5.46	5.75
Customer connections	29,346	29,098	28,791	28,293	27,698
GWH	438.42	439.06	419.77	436.36	398.29
System CAPEX ($m)	28.51	11.90	10.89	7.20	8.12
CAPEX ($m)	30.86	13.65	16.38	17.99	9.19
Maintenance ($m)	3.95	4.58	4.40	2.95	3.50


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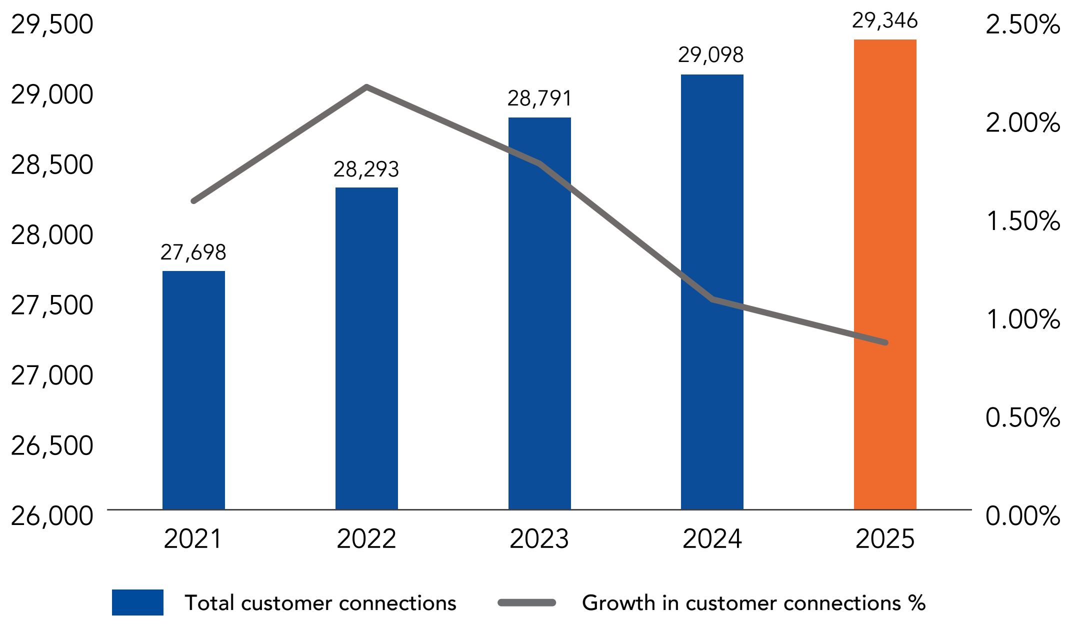
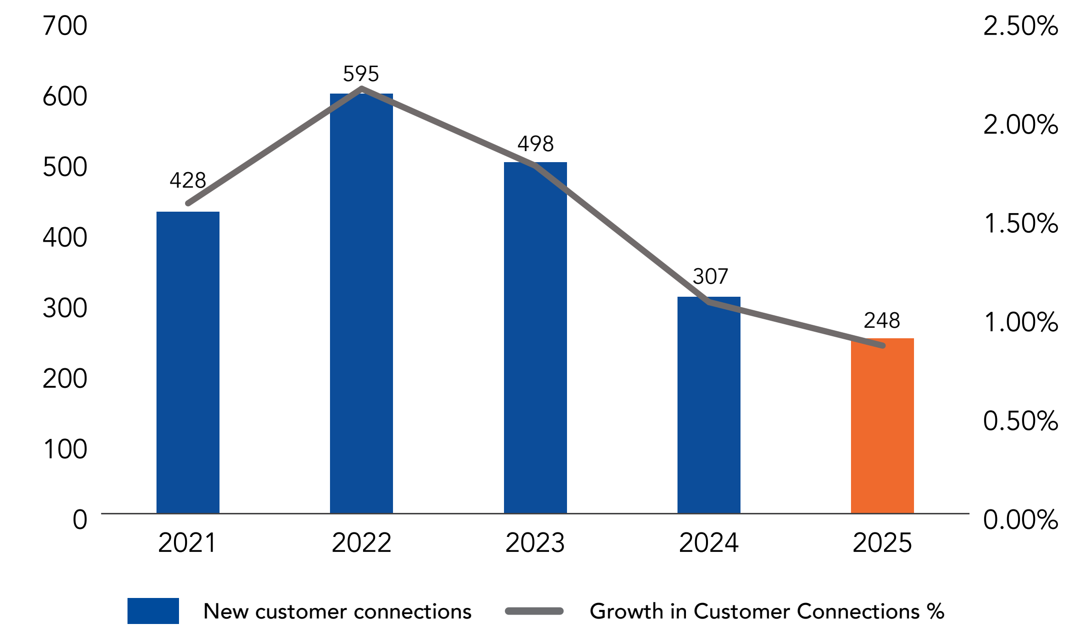
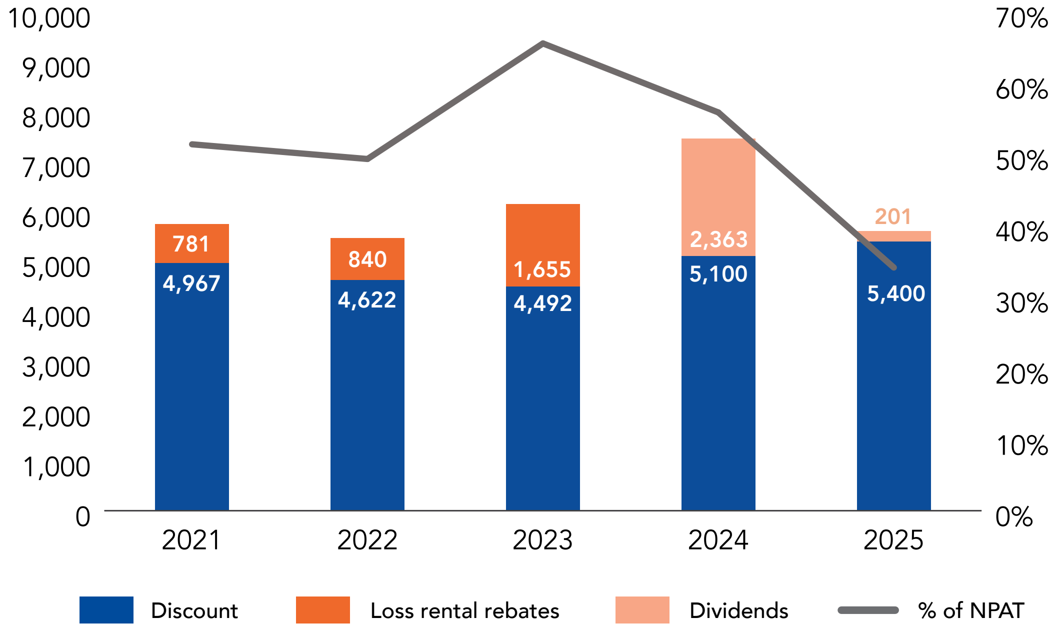
CUSTOMER CONNECTIONS



GROWTH IN CUSTOMER CONNECTIONS



DISTRIBUTIONS



AUDITED FINANCIAL STATEMENTS

The Board of Directors are pleased to present the audited financial statements of Waipā Networks Ltd for the year ended 31 March 2025.

The Company's audited financial statements include audited performance statements:

- Financial
- Network Performance
- Customer, Community and Environment
- People

Authorised for issue on 24 June 2025.

For and on behalf of the board of directors:

Jonathan Kay
Chair
Waipā Networks

Jonathan Cameron
Director
Waipā Networks

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2025

	Note	2025 $000	2024 $000
Revenue	2	51,995	49,139
Less discounts		5,400	5,098
Net revenue		46,595	44,041
Operating expenses	3	34,468	34,070
Profit from operations		12,127	9,971
Net gain on investments	4	4,768	4,658
Interest income		13	14
Net loss on disposal of assets		(54)	(12)
Profit before finance costs and tax		16,853	14,631
Finance costs	6	328	507
Profit before tax, attributable to the shareholder		16,526	14,124
Tax	7	3,998	4,442
Total comprehensive income for the year, attributable to the shareholder		**12,528**	**9,682**

STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 31 March 2025

	Note	Share capital $000	Reserves $000	Retained earnings $000	Total equity $000
Equity at 1 April 2023	9	10,000	58,666	118,368	187,034
Total comprehensive income for the year, attributable to the shareholder		–	–	9,682	9,682
Dividend		–	–	(2,363)	(2,363)
Equity as at 31 March 2024		**10,000**	**58,666**	**125,687**	**194,353**
Equity at 1 April 2024		10,000	58,666	125,687	194,353
Total comprehensive income for the year, attributable to the shareholder		–	–	12,528	12,528
Dividend		–	–	(201)	(201)
Equity as at 31 March 2025		**10,000**	**58,666**	**138,014**	**206,681**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	Note	2025 $000	2024 $000
Assets			
Cash and cash equivalents	10	720	196
Investments	18	18,074	65,300
Trade and other receivables	11	4,869	4,636
Income tax receivable		–	159
Inventories	12	2,348	2,641
Total current assets		26,010	72,932
Property, plant and equipment	13	189,136	165,042
Right-of-use assets		111	132
Intangible assets	14	8,114	8,227
Investments	18	52,086	–
Prepayments		241	246
Total non-current assets		249,689	173,647
Total assets		**275,699**	**246,579**
Equity			
Share capital		10,000	10,000
Reserves		58,666	58,666
Retained earnings		138,014	125,687
Total equity		206,681	194,353
Liabilities			
Trade and other payables	15	7,514	6,400
Capital contributions in advance	16	3,042	4,024
Borrowings	17	–	4,550
Lease liabilities		29	25
Employee entitlements	19	821	1,090
Income tax payable		1,534	–
Total current liabilities		12,939	16,089
Lease liabilities		95	118
Capital contributions in advance	16	9,713	9,080
Deferred tax liabilities	8	28,021	26,939
Borrowings	17	18,250	–
Total non-current liabilities		56,079	36,137
Total liabilities		69,018	52,226
Total equity and liabilities		**275,699**	**246,579**

The accompanying notes form part of these financial statements.

For and on behalf of the Board:

Jonathan Kay, Chair
Waipā Networks
24 June 2025

Jonathan Cameron, Director
Waipā Networks
24 June 2025

STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

	Note	2025 $000	2024 $000
Cash flows from operating activities			
Receipts from customers		46,467	42,610
Discounts paid to customers		(5,695)	(3,328)
Payments to suppliers and employees		(27,170)	(27,518)
Net GST		282	178
Cash generated from operations		13,885	11,942
Interest received		13	14
Interest and finance costs paid		(85)	(455)
Taxes paid		(1,223)	(1,300)
Net cash flows from operating activities	24	**12,590**	**10,201**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		101	202
Capital contributions		5,129	4,614
Purchase of property, plant and equipment		(30,241)	(12,555)
Purchase of intangible assets		(468)	(498)
Purchase of investments		(5,292)	(34,290)
Proceeds from investments		5,196	39,590
Distributions from investments		38	4
Net cash used in investing activities		**(25,539)**	**(2,933)**
Cash flows from financing activities			
Increase in borrowings		74,810	–
Proceeds from repayment of current account		–	100
Loan to shareholder		–	(3,000)
Repayment of borrowings		(61,110)	(2,390)
Principal portion of the lease liability		(26)	(21)
Dividend paid		(201)	(2,363)
Net cash flows from financing activities		**13,473**	**(7,674)**
Net increase (decrease) in cash held		524	(406)
Cash and cash equivalents at 1 April		196	602
Cash and cash equivalents at 31 March		**720**	**196**
Cash balances in the statement of financial position			
Cash and cash equivalents	10	**720**	**196**

The GST (net) amount in operating activities reflects GST paid and received. The GST (net) amount has been presented as the gross amounts do not provide meaningful information for financial reporting purposes.

The bank facility allows the Company to draw down borrowed amounts for shorter term periods within the overall terms of the facility agreement, which the Company has utilised multiple times in the year to manage its funding and working capital requirements.

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

1. Statement of accounting policies

Reporting entity

Waipā Networks Limited (the Company) is a profit-oriented limited liability company domiciled and incorporated in New Zealand, registered under the Companies Act 1993 (Registered Office is 240 Harrison Drive, Te Awamutu). The Company is an electricity distribution business, delivering energy to customers in the Waikato Region. The Company is 100% owned by a consumer trust, the Waipā Networks Trust.

Statement of compliance

The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The Financial Statements comply with the New Zealand Equivalent to International Financial Reporting Standards (NZ IFRS), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

Basis of preparation

The Company's wholly owned subsidiary Waipā Networks Growth Limited has no assets, liabilities, equity, revenue, or expenses up to and as at 31 March 2025, therefore these Financial Statements have been prepared for the Parent Company only which fairly represents the Group's financial position and financial performance.

The Financial Statements are presented in New Zealand Dollars ($NZD), which is the Company's functional currency, and rounded to the nearest thousand, unless otherwise stated. They are prepared on a historical cost basis. The Statement of Comprehensive Income and Statement of Cash Flows have been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated exclusive of GST with the exception of receivables and payables which include GST invoiced.

These Financial Statements have been prepared in accordance with NZ IFRS.

These general purpose Financial Statements have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Energy Companies Act 1992 and the Companies Act 1993.

The entity's owner, or others, do not have the power to amend the financial statements after issue.

Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Impairment of property, plant and equipment and intangible assets

The carrying amounts of the Company's assets other than deferred tax assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, being the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

1. Statement of accounting policies *continued*

In accordance with its policy, the Company has made an assessment of indicators that are most relevant to the Company's asset base and the risks of impairment, including whether:

- The network assets are able to meet the Company's service performance expectations
- The Company's operational activities are, and forecast to be, profitable and therefore, financially sustainable. The Company forecasts income and cash flows into the medium to long term, and make comparison of budget to actual on regular basis to monitor the Company's financial viability.
- The assets are deteriorating faster than the expected useful lives, refer (ii) below.
- The impact of external events indicate specific impairment risks. The Company specifically considered the forecast economic environment and have not determined any impairment risk.

Our assessment did not identify any indicators of material impairment across the property, plant and equipment or intangible assets of the Company, including easements.

(ii) Useful lives of property, plant and equipment

Useful lives are determined on an asset by asset basis and set in the Company's depreciation policies, revisited annually, and adjusted if there is evidence that the useful lives are no longer as expected. The policy rates consider the nature of the assets, and the pattern by which the Company will realise value from the assets, and their economic use within the Company's strategic purpose and expected operating activities.

The condition of assets operating to plan, and thus the accuracy of the useful life assumption is monitored by asset inspections, systems and processes to capture information on asset condition (surveying, GIS and SCADA), and having an asset maintenance program in place. Key performance indicators (KPIs) that monitor compliance to asset management programs provide reassurance that assets are sufficiently maintained and that the estimate is a materially accurate reflection of their actual lives. The Company monitors progress against targets of the annual capital and maintenance plans, system reliability, and performance targets to help form its judgment on the appropriateness of useful lives estimates.

Changes in accounting policies

Standards, amendments, and interpretations issued but not yet effective

The following accounting standards and amendments that have been issued but are not mandatory for the year ended 31 March 2025 have not been early adopted by the Company:

NZ IFRS 18 Presentation and Disclosure in Financial Statements will replace NZ IAS 1 Presentation of Financial Statements once it becomes mandatory for the period beginning on or after 1 January 2027. Key changes include:

- New requirements to classify income and expenses into defined categories in the Statement of Profit or Loss.
- Introduction of two new defined subtotals in the Statement of Profit or Loss; 'Operating Profit or Loss' and 'Profit or Loss before Financing and Income Taxes'.
- Enhanced requirements for the disclosure of information about management-defined performance measures.
- Enhanced requirements and principles for the location of information and the aggregation/disaggregation of information in the primary financial statements notes.

The Company has not yet assessed the possible impact these are likely to have on its financial statements.

New and amended standards and interpretations

There have been no changes in accounting policies. The accounting polices set out below have been applied consistently to all periods presented in these financial statements.

2. Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Company's activities, as described below.

a) Network line services

Revenue recognised over time

The Company's obligation is to provide a single performance obligation of continuous service to which the customer benefits incrementally over time as the service is delivered. The Company invoices its customers (predominantly electricity retailers) monthly for electricity delivery services across the region's lines network. No customers have significant payment terms or extended credit.

The Company's revenue is predominantly sourced from Electricity Retailers who are invoiced monthly for the delivery services to their connected customers' Installation Control Points (ICPs) in accordance with standard industry protocols. There are three ICPs who have a direct contractual relationship with the Company for delivery services who are invoiced directly. No customers have significant payment terms or extended credit. ICPs have price categories and plans allocated in accordance with the Company's Pricing Methodology. The majority of services are charged on a cost-recovery model, composed of fixed and volumetric charges. The Company has Advanced Uncontrolled price plans and Advanced All Inclusive plans offering rates dependent on which time period (Peak/Off Peak/Shoulder) electricity is used. All ICPs with an advanced meter moved to a form of Advanced pricing from 1 April 2022.

Large low voltage ICPs have the option of a 400V Capacity Contract price plan, where costs are recovered through both a maximum demand charge and volumetric Advanced pricing. The maximum demand charge automatically increases in keeping with any increase in maximum demand from the previous month, however any reduction in maximum demand does not result in reduced charges until that reduced maximum demand has been sustained for a full 12 month period. Large 11kV ICPs are charged on a similar basis as the 400V Capacity Contract ICPs, with the exception of the three direct-billed customers who have individual fixed monthly invoices, reviewed annually.

Revenue comprises amounts received and receivable at balance date for network services supplied to customers in the ordinary course of business, including estimated amounts for accrued sales.

b) Contracting sales

Revenue recognised over time

Contracting sales include charges to retailers for ongoing service arrangements. Revenue is recognised over time by reference to completion of the actual service provided as a proportion of the total services to be provided.

Revenue recognised at a point in time

The majority of point in time contracting sales include charges to customers for electrical servicing on customer-owned assets such as upgrading street lights or overhead lines. Deposits of 50% taken are recognised as deferred income within capital contributions in advance until the obligation is complete. Other contracting sales include charges to customers in response to call outs and customer faults. These works are invoiced after the service is provided based on a standard charge out rate for time and materials incurred. For both, revenue is recognised in the Statement of Comprehensive Income on completion of the works.

Across all contracting sales, no customers have significant payment terms or extended credit. The Company provides a one year warranty on materials and labour for electrical works performed as an assurance that the goods and services provided comply with agreed-upon specifications. No provision for the warranty has been provided as any future claims on work performed are not expected to be material.

2. Revenue *continued*

c) Capital contributions

Revenue recognised over time

Contributions received from local authorities and other third parties towards the cost of additions or modifications to reticulation assets are invoiced in advance of works being performed and recognised in the Statement of Financial Position initially as deferred income. When the asset improvements are completed, the Company has performed the conditions attached to the income and the revenue is recognised in the Statement of Comprehensive Income as operating income on a straight-line basis over a period of up to 40 years that reflects the useful lives of the asset and the benefit to the customer.

Revenue recognised at a point in time

Other contributions towards the cost of additions or modifications to reticulation assets are invoiced when received and recognised in the Statement of Financial Position initially as deferred income. The revenue is recognised in the Statement of Comprehensive Income as operating income when the works have been completed.

Asset title and obligation to maintain resides with the Company and the asset is capitalised as part of reticulation assets.

d) Interest income

Interest income is recognised in the Statement of Comprehensive Income as it accrues.

e) Rental income

Rental income is recognised as part of sundry income within the Statement of Comprehensive Income on a straight line basis over the course of the lease term.

f) Discounts

Revenue discount recognised over time

The Company pays discounts to its customers twice a year through their retailer electricity bill, however as the discount relates to a price adjustment to the lines revenue, it is recognised over the time period that the lines services are being provided. Discounts are calculated based on the electricity usage using discount allocation methodology. The final amount of the discount is determined by the Board. Any discounts unpaid at year end are accrued.

	2025 $000	2024 $000
Network line services	44,141	39,960
Contracting sales	1,008	1,299
Capital contributions	5,465	6,981
Connection fees	851	575
Embedded network	–	49
Sundry income	530	275
Total revenue	**51,995**	**49,139**
Revenue recognised over time		
Network line services	44,141	39,960
Capital contributions	361	337
Embedded network	–	49
Total revenue recognised over time	**44,502**	**40,345**
Revenue recognised at a point in time		
Contracting sales	1,008	1,299
Capital contributions	5,104	6,644
Connection fees	851	575
Sundry income	530	275
Total revenue recognised at a point in time	**7,493**	**8,793**
Total revenue	**51,995**	**49,139**

Revenue of $2,257,466 (2024 $5,653,172) was included in capital contributions in advance at the end of the previous financial year.

3. Operating expenses

	Note	2025 $000	2024 $000
Audit fees for these financial statements – KPMG		201	206
Audit fees for disclosure financial statements – KPMG		33	33
Amortisation of intangible assets		582	575
Bad and doubtful debts		266	144
Change in provision for doubtful debts		(175)	105
Consulting and legal expenses		1,251	1,853
Depreciation of property, plant and equipment		5,946	5,530
Depreciation of right-of-use assets		29	24
Directors' fees	22	334	283
Employee benefits	5	11,451	10,363
Inventories consumed		280	555
Materials and contractors		1,903	1,595
Software as a service		523	1,102
Transmission charges		7,756	7,507
Vehicles		1,007	898
Write (on) off of inventories		(86)	60
Other expenses		3,168	3,237
Total operating expenses		**34,468**	**34,070**

4. Gain/loss on investments

	2025 $000	2024 $000
Net gain on revaluation of investments	3,070	3,009
Distributions received from investments	1,698	1,649
	4,768	**4,658**

5. Employee benefits

	2025 $000	2024 $000
Superannuation – defined contribution plans	350	295
Other employee benefits included in operating expenses	11,101	10,068
Other employee benefits capitalised to property, plant and equipment	1,642	971
Total employee benefits	**13,094**	**11,334**

6. Finance costs

	2025 $000	2024 $000
Bank borrowing costs	752	449
Related party borrowings costs	–	54
Interest on lease liability	7	4
Interest capitalised	(432)	–
	328	**507**

7. Tax

Income tax on the profit or loss for the year includes both current and deferred tax. The income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly to equity, in which case the income tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at the balance date together with any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the Balance Sheet Liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	2025 $000	2024 $000
Profit before tax	16,526	14,124
Tax at income tax rate of 28%	4,627	3,955
Tax effect of non assessable revenue	(564)	(625)
Tax effect of expenses that are non deductible	6	1,162
Tax expense	4,069	4,492
Adjustments to previous years	(72)	(50)
Total tax expense	**3,998**	**4,442**
The tax charge comprises		
Current tax	2,915	1,980
Deferred tax on temporary differences	1,082	2,462
Total tax expense	**3,998**	**4,442**

All temporary differences have been recorded in financial statements.

7. Tax *continued*

	2025 $000	2024 $000
Imputation credits available for use in subsequent periods		
Balance at 1 April	29,712	27,164
Prior period adjustment	–	2,078
Credits attached to dividends paid	(78)	(919)
Tax paid	1,223	1,300
Credits attached to dividends received	182	89
Tax payable (receivable)	–	–
Balance at 31 March	**31,039**	**29,712**

8. Deferred tax liabilities

	2025 $000	2024 $000
Balance at 1 April	26,939	24,477
Deferred portion of current year tax expense	1,082	2,462
Balance at 31 March	**28,021**	**26,939**
The tax rate used in the above reconciliation is the corporate tax rate of 28% payable by corporate entities on taxable profits under New Zealand tax law.		
Deferred tax on property, plant and equipment		
Balance at 1 April	26,100	24,441
Charged to comprehensive income	697	1,659
Charged to equity	–	–
Balance at 31 March	**26,796**	**26,100**
Deferred tax on employee entitlements		
Balance at 1 April	(183)	(145)
Charged to comprehensive income	(26)	(38)
Charged to equity	–	–
Balance at 31 March	**(209)**	**(183)**
Deferred tax other		
Balance at 1 April	1,022	181
Charged to comprehensive income	412	840
Charged to equity	–	–
Balance at 31 March	**1,434**	**1,022**
Deferred tax total		
Balance at 1 April	26,939	24,477
Charged to comprehensive income	1,082	2,462
Charged to equity	–	–
Balance at 31 March	**28,021**	**26,939**

9. Share capital

Share capital consists of ordinary shares which are classified as equity. At 31 March 2025 the Company has 7,200,000 (2024 7,200,000) fully paid issued shares. The shares have no par value. All shares carry equal voting rights and share in any surplus on winding up of the Company equally. None of the shares carry fixed dividend rights.

Capital management

When managing capital, the Board's objective is to ensure the Company continues as a going concern, maintaining adequate working capital to ensure financial obligations can be met on time as well as providing returns to shareholders as set out in the Statement of Corporate Intent.

The Company manages its levels of debt and equity to maintain certain internal financial ratios.

10. Cash and cash equivalents

	2025 $000	2024 $000
Cash at bank	720	196
	720	**196**

Cash and cash equivalents comprise cash balances and deposits with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows. The carrying amount of cash and cash equivalents equals the fair value.

11. Trade and other receivables

	2025 $000	2024 $000
Trade debtors	4,809	4,921
Provision for doubtful debts	(371)	(546)
	4,437	4,375
Current prepayments	432	262
	4,869	**4,636**

Accounts receivables are stated at their expected realisable value after providing for doubtful debts. Bad debts are written off in the period they are identified.

Trade and other receivables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other receivables approximate their fair value. In accordance with the Company's response to Credit Risk in note 18 Financial Instruments, a provision has been made for expected credit losses for the sale of goods and services determined by reference to past default experience and the current economic climate. In making this assessment, the Company considers electricity retailers and individual customers separately, recognising a difference in credit risk between the two groups.

The Company provides for 100% of aged debt over 90 days due that is under management of debt collection agencies.

No allowance for expected credit losses for current to 60 days trade receivables has been applied due to a quantitatively immaterial risk of uncollectability. As such, the Company rebuts the presumption in NZ IFRS 9 that there is a significant increase in credit risk when financial assets are more than 30 days past due. The percentage of expected credit loss (ECL) allowances for trade debtors over 61-90 days is 30% (2024 30%) and for over 90 days is 100% for debtors relating to car accidents (2024 100%) and all other debtors over 90 days are accessed individually on the likelihood of receipt of payment. These percentages were applied to the GST exclusive amount of the balance.

11. Trade and other receivables *continued*

As at 31 March 2025 the ageing analysis of trade and other receivables is as follows:

	2025 Gross $000	2025 Impairment $000	2024 Gross $000	2024 Impairment $000
0 – 30 days	4,283	–	4,159	–
31 – 60 days	43	–	55	–
61 – 90 days	38	11	63	19
91 days plus	445	360	644	527
	4,809	**371**	**4,921**	**546**

	2025 $000	2024 $000
Movements in the provision for doubtful debts:		
Balance as at 1 April	546	440
Additional provisions made during the year	208	320
Reversal of provision during the year	(383)	(214)
Balance as at 31 March	**371**	**546**

12. Inventories

Inventories are stated at the lower of weighted average cost and net realisable value.

Cost of work in progress and finished goods includes the cost of direct materials, direct labour, and a proportion of the manufacturing overhead expended in putting the inventories in their present location and condition.

	2025 $000	2024 $000
Stock	2,219	2,310
Work in progress	128	331
	2,348	**2,641**

There were inventory write offs of $25,718 during the year due to the review of obsolete and excess stock completed prior to 31 March 2025 (2024 Inventory write off of $60,351).

13. Property, plant and equipment

Items of property plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of purchased property plant and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use.

The cost of assets constructed by the Company, including capital work in progress (WIP), includes the cost of all materials used in construction, direct labour, and other directly attributable costs which have been incurred to bring the assets to the location and condition necessary for their intended use. Borrowing costs are capitalised in respect of qualifying assets which take three months or more to construct.

Certain items of property plant and equipment that had been revalued to fair value on or prior to 1 April 2006, the date of transition to NZIFRS, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment.

Subsequent expenditure incurred to replace a component of an item of property plant and equipment that extends the estimated life of the asset is capitalised. All other expenditure is recognised in the Statement of Comprehensive Income as incurred.

A change in presentation of reticulation assets classification to separately disclose components of WIP has been made in the current year, and prior year comparatives have been reclassified for consistency. There is no impact on total net book value.

Depreciation

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis to allocate the cost of assets over their estimated useful lives. Land is not depreciated.

The range of annual depreciation rates for each classification of property plant and equipment is as follows:

Freehold buildings	1% to 7%
Buildings fitout	1% to 20%
Reticulation assets	2% to 10%
Other electrical assets	1% to 5%
Motor vehicles	6.5% to 20%
Computer equipment	10% to 50%
Plant, furniture and fittings	5% to 50%

Asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

13. Property, plant and equipment *continued*

	Freehold land $000	Freehold buildings $000	Buildings fitout $000	Reticulation assets $000
2024				
Opening net book value	7,588	3,428	826	132,857
Additions	47	–	32	–
WIP transfers	–	–	–	7,815
Disposals	–	–	–	(65)
Depreciation	–	(43)	(75)	(4,248)
Net book value	**7,635**	**3,385**	**783**	**136,359**
Cost	7,635	3,799	3,370	191,503
Accumulated depreciation	–	(414)	(2,587)	(55,145)
Net book value	**7,635**	**3,385**	**783**	**136,359**

	Freehold land $000	Freehold buildings $000	Buildings fitout $000	Reticulation assets $000
2025				
Opening net book value	7,635	3,385	783	136,359
Additions	–	44	6	–
WIP transfers	–	–	–	14,981
Disposals	(44)	–	–	(105)
Depreciation	–	(45)	(76)	(4,542)
Net book value	**7,591**	**3,384**	**713**	**146,693**
Cost	7,591	3,843	3,376	206,380
Accumulated depreciation	–	(459)	(2,663)	(59,687)
Net book value	**7,591**	**3,384**	**713**	**146,693**

Other electrical assets $000	Motor vehicles $000	Plant, furniture and fittings $000	Work in progress $000	Total $000
2,973	3,385	1,790	4,814	157,660
–	451	284	12,312	13,127
604	–	–	(8,419)	–
–	(138)	(11)	–	(215)
(127)	(641)	(396)	–	(5,531)
3,449	**3,057**	**1,666**	**8,708**	**165,042**
5,927	7,342	5,108	8,708	233,393
(2,478)	(4,285)	(3,442)	–	(68,351)
3,449	**3,057**	**1,666**	**8,708**	**165,042**

Other electrical assets $000	Motor vehicles $000	Plant, furniture and fittings $000	Work in progress $000	Total $000
3,449	3,057	1,666	8,708	165,042
–	1,501	324	28,512	30,387
1,168	–	–	(16,295)	(145)
–	(50)	(3)	–	(201)
(153)	(757)	(373)	–	(5,946)
4,464	**3,751**	**1,614**	**20,925**	**189,136**
7,096	8,793	5,429	20,925	263,433
(2,632)	(5,042)	(3,814)	–	(74,297)
4,464	**3,751**	**1,614**	**20,925**	**189,136**

14. Intangible assets

Software assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis to allocate the cost of the assets over the estimated useful lives. The useful lives and associated amortisation rates have been estimated as five to 15 years.

Acquired easement rights are capitalised on the basis of the direct costs incurred including injurious affection payments. Easements are deemed to have an indefinite useful life, as the contracts do not have a maturity date and the Company expects to use the easements indefinitely. Therefore, easements are not amortised.

The Company assesses the risk of impairment on its intangible assets annually. Intangible assets form part of the Company's single cash generating unit over which an impairment assessment has been made. Further information is included in Critical Accounting Estimates and Judgements. Intangibles with an indefinite useful life, easements, do not have an expiration date and provide access to land areas necessary for delivering network services now and in the future. These assets are therefore assessed for impairment as part of the single cash generating unit assessment.

A change in presentation of software assets classification to separately disclose components of WIP has been made in the current year, and prior year comparatives have been reclassified for consistency. There is no impact on total net book value.

	Software $000	Easements $000	Work in progress $000	Total $000
2024				
Opening net book value	3,744	4,521	565	8,831
Additions	237	–	261	498
Disposals	(526)	–	–	(526)
WIP transfers	531	–	(531)	–
Impairment	–	–	–	–
Amortisation	(575)	–	–	(575)
Net book value	**3,411**	**4,521**	**295**	**8,227**
Cost	4,839	4,521	295	9,655
Accumulated depreciation	(1,428)	–	–	(1,428)
Net book value	**3,411**	**4,521**	**295**	**8,227**

	Software $000	Easements $000	Work in progress $000	Total $000
2025				
Opening net book value	3,411	4,521	295	8,227
Additions	–	–	468	468
Disposals	–	–	–	–
WIP transfers	437	52	(488)	–
Impairment	–	–	–	–
Amortisation	(582)	–	–	(582)
Net book value	**3,266**	**4,573**	**275**	**8,114**
Cost	5,275	4,573	275	10,123
Accumulated depreciation	(2,010)	–	–	(2,010)
Net book value	**3,266**	**4,573**	**275**	**8,114**

Capital work in progress (WIP) relates to the ongoing development of information technology systems across finance and operational services, including network asset management and health and safety. The development of these assets generate benefit to support their carrying value through improvements in the quality, efficiency and effectiveness of our corporate services, network asset and people performance, ensuring the Company is fit for purpose and resilient to demands from future technological changes and compliance requirements. To assess WIP for the risk of impairment, the Company considered if the realisation of intended benefit in the business case initially approved will still be achieved and does not present an indicator of impairment.

15. Trade and other payables

Trade and other payables are recognised when the Company becomes obligated to make future payments resulting from the purchase of goods and services.

	2025 $000	2024 $000
Accounts payable and accruals – trade	7,514	6,400
	7,514	**6,400**

Accounts payable and accruals – trade, are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximate their fair value.

16. Capital contributions in advance

Capital contributions revenue is recognised in the Statement of Comprehensive Income as revenue over the projected useful life of the asset that the contribution was provided for, on a straight-line basis of up to 40 years.

	2025 $000	2024 $000
Capital contributions recognised over time		
Current capital contributions in advance	307	337
Non-current capital contributions in advance	9,713	9,080
Total capital contributions in advance	**10,021**	**9,417**
Capital contributions recognised at a point in time		
Current capital contributions in advance	**2,736**	**3,687**
Total capital contributions in advance		
Current capital contributions in advance	3,042	4,024
Non-current capital contributions in advance		
> 1 and < 5 years	1,227	1,130
> 5 and < 10 years	1,533	1,413
> 10 and < 40 years	6,954	6,537
Total capital contributions in advance	**12,755**	**13,104**

17. Borrowings

	2025 $000	2024 $000
Debt facility maturing in less than a year	–	4,550
Debt facility maturing in greater than a year	18,250	–
	18,250	**4,550**
Net debt reconciliation		
Opening borrowings at 31 March	4,550	9,940
Interest capitalised to related party borrowings	–	54
Repayment of related party borrowings	–	(3,054)
Facility drawdowns	74,810	–
Repayment of debt facilities	(61,110)	(2,390)
Closing borrowings at 31 March	**18,250**	**4,550**

The debt facility at year end relates to two multi option credit facilities totalling $40m (2024 $10m). A facility fee rate is charged and the drawn balance is charged interest at a variable interest rate, annual average rate 6.03% (2024 6.69%). The facility expires as follows:

	Total facility $000
Facility expiry date	
27 September 2027	25,000
31 May 2028	15,000
	40,000

The Company has the following financial convenant reporting requirements for the unsecured debt facilities:

- Total tangible assets are not less than 90% of total tangible assets of the Group
- EBITDA for the 12 month period ending on any date is not less than 90% of EBITDA of the Group for that 12 month period
- Total leverage ratio (total permitted indebtedness to EBITDA) will be less than 4.5 to 1.

The unsecured debt facilities become repayable on demand in the event the Company fails to make interest and principal payments when they fall due. The Company complied with all borrowing repayment obligations during the period.

The amounts disclosed above are the undiscounted contracted cash flows.

The carrying amount for borrowings equals the fair value.

18. Financial instruments

Financial assets

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. The Company classifies its financial assets as at amortised cost only if both of the following criteria are met: the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial liabilities

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at FVPL. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value. The Company may, at initial recognition, irrevocably designate a financial liability as measured at FVPL when permitted, or when doing so results in more relevant information. It has not made any such designation.

Recognition and derecognition

The Company recognises a financial liability in its Statement of Financial Position when, and only when, the Company becomes party to the contractual provisions of the instrument. The Company removes a financial liability (or a part of a financial liability) from its Statement of Financial Position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Measurement

At initial recognition, the Company measures financial liabilities at its fair value plus or minus, in the case of a financial liability not at FVPL, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

18. Financial instruments *continued*

Financial instrument classification

	2025 At amortised cost $000	2025 Fair value through profit or loss $000	2024 At amortised cost $000	2024 Fair value through profit or loss $000
Financial assets				
Cash and cash equivalents	720	–	196	–
Investments	–	70,160	–	65,300
Trade and other receivables	4,869	–	4,636	–
Total financial assets	**5,589**	**70,160**	**4,832**	**65,300**
Financial liabilities				
Trade and other payables	7,514	–	6,400	–
Debt facility maturing in greater than a year	18,250	–	4,550	–
Lease liabilities	124	–	143	–
Total financial liabilities	**25,888**	**–**	**11,093**	**–**

Fair value hierarchy

	Level 1 $000	Level 2 $000	Level 3 $000
As at 31 March 2025			
Investments	–	70,160	–
As at 31 March 2024			
Investments	–	65,300	–

There have been no transfers between financial instrument categories or between assets on different levels of the fair value hierarchy in the current year, or the prior year.

The fair value of all financial instruments approximates the carrying value recorded in the Statement of Financial Position. Fair value of the derivative instruments is the cash flows attributable to the hedged risk.

Credit risk

Credit risk is the potential risk of financial loss arising from the failure of a customer or counterpart to settle its financial and contractual obligations to the Company as and when they fall due. The credit risk attributable to receivables is managed and monitored on an ongoing basis via the Company's management reporting procedures and internal credit review procedures.

Trade and other receivables

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

In the normal course of its business, the Company incurs credit risk from trade receivables from customers. The Company's largest customer accounts for 25% (2024 28%) of total sales and 20% (2024 21%) of trade receivables at balance date for which a bank performance bond is held. There are no other significant concentrations of credit risk and the Company generally does not require any collateral.

The Company does not provide any financial guarantees which would expose the Company to credit risk.

Details of ageing and impairment of trade receivables are in note 11.

Cash and cash equivalents and Investments

The Company places its cash, short term deposits and investments with high credit quality financial institutions with a recognised credit rating of A- or better and limits the amount of credit exposure to any one institution, as set forth by the Board. While the Company may be subject to credit losses up to the contract amounts in the event of non-performance by other parties, it does not expect such losses to occur.

18. Financial instruments *continued*

Market risk

Price risk

The Company is exposed to price risk associated with the units invested through its $70m managed fund investment.

Investments comprise a managed fund portfolio with a broad range of liquid and growth investment funds to accommodate prospective liquidity needs while providing meaningful growth returns. The funds' underlying investments include cash, private debt, private equity, and property to diversify both risk and returns. After initial recognition in accordance with the financial instruments policy above, the Company subsequently measures the managed fund portfolio at fair value. Distributions from the investment are recognised in profit or loss as other income when the Company's right to receive payments is established. The investment is measured at FVPL as the Company manages the investment seeking capital returns above and beyond payments of purely principal and interest.

Fair value of investments is measured using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates, specifically the use of quoted market prices or dealer quotes for similar instruments. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Changes in the fair value of financial assets at FVPL are recognised in gains/(losses) in the Statement of Comprehensive Income. The asset is categorised as being level 2 on the fair value hierarchy. Valuations for investments are provided by the investment manager and the Company does not have access to the underlying valuation models to fully disclose sensitivities.

Currency risk

The Company enters into forward exchange contracts for any significant capital transaction conducted in currency other than the New Zealand dollar to eliminate the effects of any currency fluctuations, these are recognised when the transaction occurs. There are no currency hedges as at 31 March 2025 (2024 Nil).

Interest rate risk

Exposure to interest rate risk is summarised below. If the Company were to experience an interest rate rise of +1%, it would have the following impact on profit:

	2025 Carrying amount $000	2025 Profit $000	2024 Carrying amount $000	2024 Profit $000
Financial assets				
Cash and cash equivalents	720	7	196	2
Investments	43,574	417	39,775	481
Trade and other receivables	4,869	–	4,636	–
Financial liabilities				
Trade and other payables	7,514	–	6,400	–
Debt facility	18,250	183	4,550	(46)
Total increase (decrease)		**606**		**438**

The Company is most exposed to changes in the market interest rate relating to its investments and third party debt obligations. The interest rate on related party borrowings is set at the Vanilla weighted average cost of capital for Electricity Distribution Businesses (EDBs) as determined by the Commerce Commission so is not affected by market interest rate risk. The Company's policy is to manage investment risk through diversification and to manage third party borrowing interest rate risk by funding ongoing activities with short-term borrowings funded at fixed interest rates. The Company borrowings are drawn to fund ongoing operations and capital expenditure programmes.

Derivative financial instruments

As at the reporting date, the Company had the following variable rate borrowings in place:

	2025 Interest rate	2025 $000	2024 Interest rate	2024 $000
Bank borrowings	4.59%	18,250	6.74%	4,550
Net exposure to cash flow interest rate		**18,250**		**4,550**

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet their financial obligations as they fall due. This risk is managed by maintaining sufficient cash and deposits together with access to committed credit facilities.

The Company's access to committed credit facilities is disclosed in note 17.

The Company's exposure to liquidity risk related to trade and other payables is disclosed in note 15.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	< 1 year $000	1-5 years $000	> 5 years $000	Total contractual cash flows $000	Carrying amount $000
Year ended 31 March 2025					
Trade and other payables	7,514	–	–	7,514	7,514
Debt facility	–	18,250	–	18,250	18,250
Lease liabilities	34	109	–	144	124
	7,548	**18,359**	**–**	**25,907**	**25,888**

	< 1 year $000	1-5 years $000	> 5 years $000	Total contractual cash flows $000	Carrying amount $000
Year ended 31 March 2024					
Trade and other payables	6,400	–	–	6,400	6,400
Debt facility	–	4,550	–	4,550	4,550
Lease liabilities	31	128	–	159	143
	6,431	**4,678**	**–**	**11,109**	**11,093**

19. Employee entitlements

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income as incurred.

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

Provisions made in respect of employee benefits expected to be settled within 12 months are measured as the amount unpaid at balance date at current pay rates in respect of the employees' service up to that date.

Provisions made in respect of employee benefits not expected to be settled within 12 months are measured as the amount of future benefit that employees have earned in return for their service in the current and prior periods up to the balance date. The obligation is calculated using the projected unit credit method and is discounted to its present value.

	2025 $000	2024 $000
Current employee entitlements	821	1,090
Total employee entitlements	**821**	**1,090**

20. Contingent assets

There are no contingent assets as at 31 March 2025 (2024 Nil).

21. Contingent liabilities and commitments

There are no contingent liabilities as at 31 March 2025 (2024 Nil).

As at 31 March 2025 there are contractual commitments of $667,084 for plant and reticulation asset purchases (2024 $6,581,248), and $6,868,993 for capital calls on non-current investments (2024 $1,830,766). $3,300,000 of these capital call commitments are payable in Australian Dollars and have been translated into $NZD at the exchange rate at 31 March 2025 (2024 nil).

22. Related parties

As part of its everyday business the Company passes rebates to retail electricity users on its network. Directors and staff of the Company that are connected to the Company's network have received these rebates calculated on the same basis as other retail electricity user rebates.

At balance date, the Waipā Networks Trust held 100 percent of the shares in the Company.

Related party transactions with Waipā Networks Trust (parent)

	2025 $000	2024 $000
Interest expense	–	(54)
Interest received	–	2
Dividend paid	(201)	(2,363)

No provision has been made in the accounts for payment of a dividend to Waipā Networks Trust.

The Company holds 100 percent of the shares in Waipā Networks Growth Limited (the Subsidiary). There have been no related party transactions with the Subsidiary for the period ended 31 March 2025 (2024 nil).

Other related party transactions

	2025 $000	2024 $000
Purchases from Advanced Security Group (Wkto) Limited	(13)	(70)
Purchases from ASG Technologies Limited	–	(60)

Advanced Security Group (Wkto) Limited and ASG Technologies Limited are both companies associated with Mike Marr (Deputy Chair). All transactions undertaken with these entities have been entered into on an arm's-length commercial basis.

At balance date Waipā Networks had committed $2,874 of expenses with Advanced Security Group (Wkto) Limited (2024 $2,167 of expenses with Advanced Security Group (Wkto) Limited).

No related party debts were forgiven or written off during 2025 or 2024.

Remuneration of key management personnel

	2025 $000	2024 $000
Short term employee benefits	1,842	1,809
Directors' fees	334	283
	2,176	**2,092**

23. Events subsequent to balance date

The Board authorised these financial statements for issue on 24 June 2025. There have been no significant events since this date which have an impact on the information presented as at 31 March 2025.

24. Reconciliation of net profit to net cash flows from operating activities

	2025 $000	2024 $000
Reported profit after tax	12,528	9,682
Add (less) non cash items:		
Depreciation of property, plant and equipment	5,946	5,530
Depreciation of right-of-use assets	29	24
Amortisation of intangible assets	582	575
Increase in deferred tax	1,082	2,462
Increase in income tax payable	1,534	–
Increase (decrease) in non-current employee entitlements	–	(124)
	21,700	18,149
Add (less) movements in working capital items		
Decrease in income tax receivable	159	680
(Increase) decrease in trade and other receivables	(233)	320
Decrease in inventories	294	216
Increase in trade and other payables	1,013	2,196
Increase (decrease) in capital contributions	(348)	(2,366)
Increase (decrease) in interest expense accrual	100	(3)
(Decrease) increase in employee entitlements	(270)	259
	715	1,302
	22,415	**19,451**
Add (less) items classified as investing activities		
Net loss on disposal of property, plant and equipment	54	12
Investment gains	(4,768)	(4,658)
Capital contributions	(5,117)	(4,614)
Decrease in prepayments	4	10
	(9,826)	(9,250)
Net cash inflows from operating activities	**12,590**	**10,201**

PERFORMANCE MEASURES

Under Section 44 of the Energy Companies Act 1992, the Company is required to report its performance against targets set out in the Statement of Corporate Intent for the year. The performance of the business for the year ended 31 March 2025 is as follows:

- 🟢 Target achieved for current year
- 🟠 Target partially achieved for current year
- 🔴 Target not achieved for current year

Financial performance

	Target	2025	2024
Return on total assets			
Profit before finance costs and tax as a percentage of total assets	4.47%	6.11% 🟢	5.93%
Return on equity (after discounts)			
Profit after tax as a percentage of shareholders funds	4.27%	6.06% 🟢	4.98%
Ratio of shareholders funds to total assets			
Shareholders' funds comprise the total issued capital, the balance of undistributed profits and all revenue and capital reserves. Total assets comprise all the recorded tangible and intangible assets of the Company at their current value.	≥55%	74.97% 🟢	78.82%
EBITF			
Earnings before interest income, finance costs, tax and net gain/(loss) on investments	$9.5m	$12.1m 🟢	$10m
Distributions			
Dividends to be paid to shareholders	$201k	$201k 🟢	$2,363k
Discounts to be paid	$5.4m	$5.4m 🟢	$5.1m

Network performance

The Statement of Corporate Intent SAIDI and SAIFI targets are set based on the Commerce Commission's DPP3 approach for reliability targets to drive improvement in the network performance and enable benchmarking.

Historic reliability targets were set based on a 'moving average' plus one standard deviation principle, ranging between 130-180 minutes for unplanned components. We adapted the DPP3 normalisation-based method which sets an fixed unplanned SAIDI limit of 109.3 minutes as new proxy target. This is a significant reduction in the target limit with the aim to incentivise and drive reliability improvements going forward.

	Target	2025	2024
SAIDI (average minutes per customer)			
Planned	≤126.2	151.3 ●	61.7
Unplanned	≤109.3	83.3 ●	143.4
SAIFI (average interruptions per customer)			
Planned	≤0.48	0.79 ●	0.42
Unplanned	≤1.73	0.98 ●	1.55

FY25 planned SAIDI five-year total of 469 minutes is below the DPP3 five-year target of 631 minutes.

Unplanned normalised SAIDI was below the 109.3 annual cap, raw SAIDI was 102 minutes. The reduction in the SAIDI component reflects progress and the benefits from our asset replacement and maintenance program.

Unplanned SAIFI was below the 1.73 annual cap. Planned SAIFI five-year total of 2.05 is below the DPP3 five-year target of 2.417.

Definitions

SAIDI: The system average interruption duration index – the total average number of minutes that electricity was lost per customer.

SAIFI: The system average interruption frequency index – the total average frequency of interruptions to electricity supply per customer.

Successive interruptions greater than one minute within an event are treated as new interruptions. In circumstances where multiple interruptions occur as a result of a single initiating event, e.g. interruptions for fault finding; we count each interruption separately. This is consistent with the interpretation used in the prior year.

Customer, community and environment

As we are a community owned entity we have included measures that focus on how we connect and provide for stakeholders and how we monitor our overall impact on the environment.

Sustainability

	Measure	Target		2025
Sustainability: Community	Community projects implemented to help alleviate energy hardship and provide education on the efficient use of electricity.	Deliver four Waipā Networks-led business forum events.	●	Complete
		Delivery of community engagement and schools' day at the Annual Connection Competition event.	●	Complete
		Deliver Winter Warmer Packs to support minimum of 300 people.	●	Complete
Sustainability: Environmental	Environmental projects to raise our environmental awareness and actively reduce our environmental footprint.	10% reduction in controllable emissions*.	●	Not completed
Sustainability: Cultural	We are embracing Māoritanga and building relationship with mana whenua.	Energy resilience programme completed with five on network marae.	●	Complete

**In assessing all controllable scope 1 emissions we identified fuel consumption as our key source. We are focussed on reducing fuel consumption to deliver the targeted 10% reduction in controllable emissions. Due to data limitations we are unable to provide a verifiable result for the year reflecting a complete scope 1 emissions inventory, however we have sufficient data to conclude that purchased fuel on a per vehicle basis has decreased 6% from 2024. This was primarily achieved through fleet upgrades to more efficient vehicles and driver education on minimising vehicle idle time. The associated emissions reduction for this is 6%.*

Customer satisfaction

	Measure	Target	2025	2024
Customer satisfaction	We will improve our customer satisfaction results.	≥63%	59% ●	63%

People

We have expanded our people measures and aligned our focus towards our critical risks to ensure that our Health & Safety system is producing the right outcomes to achieve our mantra of everyone home safe, every day.

	Measure	Target	2025	2024
Nil serious harm injuries*	We will investigate the cause of any injury to mitigate or eliminate future risk.	Nil	Nil ●	Nil
TRIFR rate	Total Reportable Injury Frequency Rate is declining.	<10	7.1 ●	17.2

**Serious harm is defined as a notifiable event under the Health and Safety at Work Act guidelines published by WorkSafe NZ.*

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WAIPA NETWORKS LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2025

The Auditor-General is the auditor of Waipa Networks Limited (the company). The Auditor-General has appointed me, Glenn Keaney, using the staff and resources of KPMG, to carry out the audit of the financial statements and the performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 16 to 42, that comprise the statement of financial position as at 31 March 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information; and
- the performance information of the company on pages 43 to 45.

In our opinion:

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

Our audit was completed on 24 June 2025. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

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

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

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare 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 company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the 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.

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.
- 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 company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 15 and 49 to 56, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and 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.

Independence

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

In addition to the audit, we have carried out an assurance engagement pursuant to the Electricity Distribution Information Disclosure Determination 2012 - (Amended as of 9 December 2021), which is compatible with those independence requirements. Other than the audit and the assurance engagement, we have no relationship with or interests in the company.

LGKeaney

Glenn Keaney
KPMG
On behalf of the Auditor-General
Tauranga, New Zealand

DIRECTORS' REPORT & STATUTORY INFORMATION

OWNERSHIP

Waipā Networks Ltd was established in April 1993 and is wholly owned by the Waipā Networks Trust.

Principal activities

The principal activity of the Company is the distribution of electricity. The electricity distribution network and all other assets continue to be well maintained and are in good condition.

DURING THE YEAR

Jonathan Kay retired by rotation and being eligible offered himself for re-election.

The following director appointment was made on 25 June 2024 by shareholder resolution as a minute book entry in lieu of meeting, per section 122 of the Companies Act 1993.

- Jonathan Kay was re-elected to the Board.

At the forthcoming 2025 Shareholders meeting:

- Mike Marr will retire by rotation
- On being eligible, will offer himself for re-election; and
- Mark Stuart also subject to retirement by rotation, will not be seeking re-election.

Directors' remuneration

Directors' fees paid during the year were as follows:

	2025 $000	2024 $000
Current Directors		
J Kay	77	75
M Stuart	45	44
M Marr	61	55
J Cameron*	50	52
J Kerr	49	49
S Ellison	43	–
Future Director		
Ashleigh Turner**	8	10

**$3,747 was unpaid as at 31 March 2025 (2024 $24,265).*

***Future Director Tenure: 1 June 2023 – 30 November 2024*

DIRECTORS' AND OFFICERS' INTERESTS

CLOSED INTERESTS

Person	Organisation	Nature of Interest	Date Notified	Date Closed
Ashleigh Turner	Ngāti Tainui & Ngāti Maniapoto & Ngāti Hauaa	Member of each	25 Aug 2023	22 Jan 2025
	Pukeroa Hangatiki Block A37	Trustee	28 Jun 2023	22 Jan 2025
	Te Nehenehenui	General Manager of Waihikurangi	28 Jun 2023	22 Jan 2025
	Whanakeamua Ltd	Director	28 Jun 2023	22 Jan 2025
Audrey Scheurich	Waikato Community Hospice Foundation	Trustee	18 Nov 2022	9 May 2024
Jennifer Kerr	Eke Panuku Development Auckland	Director	11 Nov 2022	31 Aug 2024
	Kupe Scholarship Advisory Board	Member	27 Mar 2023	6 Mar 2025
	Management School at the University of Waikato	Business Advisory Board	15 Nov 2022	6 Mar 2025
	New Zealand Police Assurance & Risk Committee	Member	11 Nov 2022	12 Mar 2025
	NZTE	Chair	1 Mar 2022	6 Mar 2025
	University of Waikato	Masters Student	11 Nov 2022	6 Mar 2025

ACTIVE INTERESTS

Person	Organisation	Active Interests	Notice Date
Anna Watson	Narrative Therapy Foundation	Trustee	23 Nov 2023
Audrey Scheurich	Hospice Waikato Trust	Trustee and Chair of the Audit & Risk Committee	18 Nov 2022
Jennifer Kerr	Callaghan Innovation	Chair	11 Nov 2022
	JR Kerr Trust	Trustee	11 Nov 2022
	Ngāti Mutunga and Ngāti Tama	Registered Iwi Member	15 Nov 2022
	Taranaki Whānui ki te Upoki o te Ika (Port Nicholson Block Settlement) Trust	Registered Member	15 Nov 2022
	Te Manawaroa Trust o Ngāti Tama Trust	Trustee	15 Aug 2023
	University of Waikato – Waikato Management School	Pro Vice Chancellor *(role commencement 3 March 2025)*	7 Feb 2025
	WorkSafe New Zealand Board	Chair	17 Oct 2022
Jonathan Cameron	Elevate Capital Partners Limited	Director & Shareholder	11 Nov 2022
	Hawkes Bay Regional Investment Company Limited	Director	5 Jul 2023
	I.D.A.ShonCo Limited	Director & Shareholder	11 Nov 2022
	Ngāti Whātua Ōrākei Trustee Limited – Risk & Assurance and Audit Committee	Independent Member	5 Jul 2023
	NZFM (2022) General Partner Limited	Chair *(advised 29 August 2024)*	11 Nov 2022
	Tourism Investment Partners Limited	Director & Shareholder	11 Nov 2022

Person	Organisation	Active Interests	Notice Date
	Tupu Angitu Limited (*subsidiary of Lake Taupō Forest Trust*)	Invested Committee Member	11 Nov 2022
	Veterinary Enterprises Group Limited	Director	11 Nov 2022
Jonathan Kay	Aquaheat Facility Services Limited	Director	9 Jun 2023
	Aquaheat Fire New Zealand Limited	Director	9 Jun 2023
	Aquaheat New Zealand Limited	Director	9 Jun 2023
	Caldwell and Levesque Limited	Director	9 Jun 2023
	CoolLogic Refrigeration Limited	Director	9 Jun 2023
	Counties Energy Limited	Director	22 May 2023
	Horizon Energy Distribution Limited	Director	9 Jun 2023
	Horizon Energy Group Limited	Director	9 Jun 2023
	Horizon Energy Limited	Director	9 Jun 2023
	Horizon Services Limited	Director	9 Jun 2023
	Lone Wolf Enterprises Ltd	Director & Shareholder	11 Nov 2022
	Network Waitaki	Director	11 Nov 2022
	Whitestone Contracting	Director	3 Jan 2022
Mark Stuart	Alimetry Ltd	Director & Beneficial Interest	30 Mar 2023
	Archgola Ltd	Chairman	11 Nov 2022
	Fencing Systems (NZ) Ltd	Director	11 Nov 2022
	Industrial Tube Manufacturing Ltd	Chairman	11 Nov 2022
	ITM Brisbane Holdings Ltd	Director	11 Nov 2022
	Miruku Ltd	Director & Beneficial Interest	30 Mar 2022
	Movac Fund 3 LP	Limited Partner	11 Nov 2022
	Movac Fund 3 side Car LP	Limited Partner	11 Nov 2022
	Movac Fund 4 Custodial Limited	Director & Shareholder	11 Nov 2022
	Movac Fund 4 General Partner Limited	Director & Shareholder	11 Nov 2022
	Movac Fund 4 LP	Limited Partner	11 Nov 2022
	Movac Fund 4 Partners LP	Limited Partner	11 Nov 2022
	Movac Fund 5 Custodial Limited	Director & Beneficial Interest	11 Nov 2022
	Movac Fund 5 General Partner Limited	Director & Beneficial Interest	11 Nov 2022
	Movac Fund 5 LP – Evnex Limited	Limited Partner	11 Nov 2022
	Movac Fund 5 Partners LP	Limited Partner	11 Nov 2022
	Movac Growth Fund 6 Custodial Limited	Director & Trustee	24 May 2023
	Movac Growth Limited	Director & Shareholder	24 May 2023
	Movac Limited	Director & Shareholder	11 Nov 2022
	Movac MYIA Investments Limited	Director & Beneficial Interest	11 Nov 2022
	Movac Open Investment Limited	Director & Beneficial Interest	24 May 2023
	Movac Solve Investment Limited	Director & Beneficial Interest	11 Nov 2022
	Ngāi Tahu Side Car (Movac) LP	Beneficial Interest	11 Nov 2022
	NZSF Side Car (Movac) LP	Beneficial Interest	11 Nov 2022
	Park Help International Limited	Chairman & Beneficial Interest	11 Nov 2022
	Park Help Limited	Chairman & Beneficial Interest	11 Nov 2022
	Park Help Solutions (incorporated in Spain)	Director & Beneficial Interest	11 Nov 2022
	Park Help Technologies Limited	Chairman & Beneficial Interest	11 Nov 2022
	Pencarrow Limited	Director & Shareholder	11 Nov 2022

Directors' and Officers' Interests continued

Person	Organisation	Active Interests	Notice Date
	Portainer Ltd	Director & Beneficial Interest	30 Mar 2023
	Tectrax ltd	Director & Beneficial Interest	30 Mar 2023
	TGF Holdings Ltd	Chairman	11 Nov 2022
	United Nominees Limited	Shareholder	11 Nov 2022
	ZeroJet	Director & Beneficial Interest	24 May 2023
Mike Marr	Counties Energy Trust	Elected Trustee	11 Nov 2022
	Flok Limited (jointly owned by TPT Group, KiwiRail and Spark)	Shareholder (via TPT Group)	11 Nov 2022
	Franklin STARS Trust	Chair & Board Member	5 Sept 2023
	Innovation Franklin Charitable Trust	Board Member/Chair	28 Mar 2023
	NEO Corporation	Shareholder & Non-Executive Director	11 Nov 2022
	Rhema Media	Chairman	28 Mar 2023
	The Promise Trust (Trust 1)	Trustee & beneficiary	11 Nov 2022
	The Promise Trust Investment Trust (Trust 3)	Trustee & beneficiary	11 Nov 2022
	The Promise Trust No 2	Trustee & beneficiary	11 Nov 2022
	The Runway Foundation (Charitable Trust)	Trustee	11 Nov 2022
	TPT Family Office Ltd & subsidiaries – TPT Family Office Investment Fund Ltd	Shareholder & Executive Director	5 Sept 2023
	TPT Family Office Ltd & subsidiaries – Trade Rentals (NZ) Limited	Shareholder & Non-Executive Director	5 Sept 2023
	TPT Family Office Ltd & subsidiaries: Promessa Property Group Limited	Non-Executive Director & Shareholder	5 Sept 2023
	TPT Family Office Ltd & subsidiaries: Promessa Residential Limited	Non-Executive Director & Shareholder	5 Sept 2023
	TPT Family Office Ltd & subsidiaries: Promessa Commercial No.2 Limited	Non-Executive Director & Shareholder	5 Sept 2023
	TPT Group Holdings (Australia) Limited & Subsidiaries: ASG Australia (Pty) Limited	Non-Executive Director	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries – Acquisition 15 TPT Limited	Shareholder & Non-Executive Director	25 May 2023
	TPT Group Holdings (NZ) Ltd & Subsidiaries – Acquisition 16 TPT Limited	Shareholder & Non-Executive Director	25 May 2023
	TPT Group Holdings (NZ) Ltd & Subsidiaries – VigilAir Limited	Shareholder & Non-Executive Director	25 May 2023
	TPT Group Holdings (NZ) Ltd & Subsidiaries: Advanced Group (NZ) Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: Advanced Security Group (NZ) Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: Advanced Security Group (Sth Is) Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: Advanced Security Group (Wgtn) Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: Advanced Security Group (Wkto) Limited	Non-Executive Director & Shareholder	11 Nov 2022

Person	Organisation	Active Interests	Notice Date
	TPT Group Holdings (NZ) Ltd & Subsidiaries: Advanced Security Group Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: ASG Technologies Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: ASGSPL Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: CableNet Limited	Non-Executive Director & Shareholder	30 Mar 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: Customised Wireless Networks Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: IT Engine Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: New Zealand Security Group Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: Technology Leasing (NZ) Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: Terese Marr Music Limited	Non-Executive Director & Shareholder	11 Nov 2022
	TPT Group Holdings (NZ) Ltd & Subsidiaries: Everlert Limited	Shareholder & Non-Executive Director	5 Sept 2023
Nathan King	Nathan & Juliette Investments Limited	Director	18 Nov 2024
Sean Horgan	Electricity Networks Aotearoa	Board member	29 Nov 2022
	Horgan Family Trust	Trustee	18 Nov 2022
	Power Credits Governance Committee	Committee Member	29 Nov 2022
Shane Ellison	Dunedin International Airport Limited	Director	22 May 2024
	Kāti Huirapa ki Puketeraki Rūnaka	Member & Beneficiary. Commercial Advisory in respect to electricity generation on the Clutha River and in Central Otago.	22 May 2024
	Koau Capital Partners Limited	Service Provider	22 May 2024
	Ngāi Tahu (Iwi)	Member & Beneficiary	22 May 2024
	Ngāti Mutunga (Iwi)	Member & Beneficiary	22 May 2024
	Ngāti Ruanui	Member & Beneficiary	22 May 2024
	oOh!media Street Furniture New Zealand Limited	Strategic & Commercial Advisory in respect to out of home procurement in Auckland and new national phone box project.	22 May 2024
	QIC Private Capital Pty Ltd	Strategic & Commercial Advisory in respect of decarbonisation of the bus sector in Australia.	22 May 2024
	Tāwhirimātea Advisory engaged by River City Metro (Sydney)	For Project Sydney West Metro PPP – short term contract for undertaking a Tender Submission Review.	14 Nov 2024
	Tāwhirimātea Advisory Limited	Majority Shareholder & Director	22 May 2024
	Te Ātiawa (Iwi)	Member & Beneficiary	22 May 2024
	Te Ātiawa o Te Waka a Māui	Investment Manager	22 May 2024
Weihao Zhou	YANZ Family Trust	Trustee	18 Nov 2022

DIRECTORS' INSURANCE

Directors Insurance protects directors and officers (managers in senior positions) against allegations of committing wrongful acts in their role as a director or officer. This policy also covers legal expenses the Company/Director may incur in defending claims. The Company also purchased Statutory Liability Insurance that covers fines, penalties (except in the case of the Health & Safety at Work Act 2015) and reparation imposed by the courts for unintentional breaches of most laws in New Zealand, the policy also covers the legal cost of investigation and defending claims. Together these policies generally ensure the Directors and Employees will not suffer any monetary loss as a result of actions undertaken by them in their capacity as Directors or Employees of Waipā Networks.

EMPLOYEE REMUNERATION

Remuneration and other benefits for employees totalling $100,000 or more as follows:

	2025	2024
$460,000 – $470,000	1	1
$360,000 – $370,000	–	–
$350,000 – $360,000	–	1
$290,000 – $300,000	1	–
$280,000 – $290,000	–	1
$250,000 – $260,000	1	–
$230,000 – $240,000	1	–
$220,000 – $230,000	1	–
$210,000 – $220,000	1	1
$200,000 – $210,000	–	1
$180,000 – $190,000	1	1
$170,000 – $180,000	3	2
$160,000 – $170,000	3	4
$150,000 – $160,000	7	3
$140,000 – $150,000	5	6
$130,000 – $140,000	9	4
$120,000 – $130,000	8	5
$110,000 – $120,000	9	5
$100,000 – $110,000	11	13
	62	**48**

BOARD OF DIRECTORS


Jonathan Kay
Chair


Mike Marr
Deputy Chair


Mark Stuart
Director


Jonathan Cameron
Director


Jennifer Kerr
Director


Shane Ellison
Director

SENIOR LEADERSHIP TEAM


Sean Horgan
Chief Executive


Audrey Scheurich
Chief Financial Officer


Anna Watson
General Manager Customer and Community


David Fuller
General Manager People, Safety and Sustainability


Nathan King
General Manager Commercial


Tom Bromfield
General Manager Delivery


Weihao Zhou
General Manager Network


Michelle Walker
Board Secretary

USE OF COMPANY INFORMATION

During the year the Board received no notices from Directors of the Company requesting to use Company information received in their capacity as Directors that would not otherwise have been available to them.

For and on behalf of the Board:

Jonathan Kay
Chair
Waipā Networks

DIRECTORY

Board of Directors

Jonathan Kay – Chair

Mike Marr – Deputy Chair

Mark Stuart

Jonathan Cameron

Jennifer Kerr

Shane Ellison (from 9 May 2024)

Board Subcommittees

Finance, Audit & Investment

J Cameron – Chair

M Marr

J Kay

M Stuart

People Safety & Sustainability

J Kerr – Chair

M Marr

J Kay

S Ellison

Information Services Strategic Plan

M Marr – Chair

M Stuart

J Kay

Asset Management

S Ellison – Chair

J Kay

J Cameron

Management

Sean Horgan – Chief Executive

Audrey Scheurich – Chief Financial Officer

Anna Watson – GM Customer & Community

David Fuller – GM People Safety & Sustainability

Nathan King – GM Commercial

Tom Bromfield – GM Delivery (commenced April 2024)

Weihao Zhou – GM Network

Registered Office

240 Harrison Drive
PO Box 505
Te Awamutu 3840

Telephone: 07 872 0745

Email: info@waipanetworks.co.nz

Website: waipanetworks.co.nz

Bankers

Westpac Banking Corporation
Te Awamutu

Solicitors

Tompkins Wake

Rachel Webster & Associates

Norris Ward

Auditors

KPMG on behalf of the Office of the Auditor General.

WAIPĀ NETWORKS

240 Harrison Drive, Te Awamutu, 3800

waipanetworks.co.nz