NORTHPOWER
ELECTRIC POWER TRUST

Annual Report 2026

Hon Phil Heatley Chair

Sheena McKenzie Deputy Chair

Irene Durham

Sheryl Mai

Craig Parker

Tim Wilson

Paul Yovich

NORTHPOWER ELECTRIC POWER TRUST

+ Annual Report

FOR THE YEAR ENDED 31 MARCH 2026

+ Trustees' Report

Chair and Deputy Chair Report

Northpower Limited is Northland owned, with Trustees owning 100% of the shares in the company on behalf of our consumer beneficiaries - people connected to the grid.

Northpower is highly regarded throughout New Zealand's electricity landscape for providing reliable electricity and fibre infrastructure, construction services and renewable energy delivering good outcomes for communities, households and businesses – in Northland and around the country.

We not only witness this in our roles as Trustees across Kaipara and Whangārei but we observe it in our interactions with the broader electricity sector through the collaborative work we do with Energy Trusts of New Zealand (ETNZ).

ETNZ influence allows our voice to be consistently heard, and recognised, by central government, electricity sector regulators and governing bodies. It is critical we all work together for the greater good of the country.

Consistent contact with industry representatives is backed by the excellent relationship we have with the Northpower Board of Directors and Executive Officers, which means as Trustees, we work on a no surprises basis.

We would like to thank Northpower Chair Mark Trigg for his steady hand, ongoing leadership, along with the efforts of all Northpower Directors.

We would also like to acknowledge the immense impact of Phil Hutchings who retired as a Director of Northpower in July 2025 after serving eight years. We thank Phil for his contribution and welcome Cos Bruyn who joined the Northpower Board of Directors in 2025.

It is with pleasure that we reflect on another strong financial performance over the 2025/2026 financial year.

This is illustrated by the annual Northpower Pricing Discount which totalled $15.8 million in 2025 and $16.8 million in May 2026.

The $1 million increase on last year marks the seventh consecutive year the discount has lifted.

We would like to commend all staff who play a part in enhancing the Northpower electricity network for contributing to very positive outcomes for consumers.

As Trustees, we are constantly made aware by members of the public just how much they appreciate all the work that frontline crews put into keeping the community safe and restoring power in times of major storm outages - day and night.

This is hard work that must be done safely to ensure the wellbeing of crews, while also keeping members of the public safe.

The planning and accuracy of delivery required around network restoration after outages cannot be underestimated. That work impacts every facet of every community in Kaipara and Whangārei.

Over the last financial year, lines crews had to contend with several moderate storms, along with a number of heavy rainstorms in January, February and March of 2026.

Again, we acknowledge and thank all staff involved for their efforts in getting the power back on to consumers.

Trees continue to be the leading cause of outages during bad weather. It is worth remembering that as individual property owners we have an important part to play in supporting the resilience of Northpower's electricity network by ensuring we keep trees well maintained and trimmed near service lines and powerlines.

This not only pays dividends for the safety of ourselves and our family members but also for Northpower staff when they are undertaking general network maintenance, during and after substantial weather events and storms.

Critical to Northpower's success story over the years has been the consistent and significant maintenance investment, plus upgrades to electricity infrastructure. This planning underpins reliability around electricity supply, network and public safety.

We again thank Northpower for continuing to invest in the energy future of Northland. As Trustees, we will continue to represent our consumers with dedication, professionalism, careful stewardship and with a commitment to the communities of Kaipara and Whangārei.

Please refer to the Code of Practice included at the rear of the Annual Report pack. We can report that the Trust had no requests under the Code of Practice in the 12 months from 1 April 2025 to 31 March 2026.

Hon Phil Heatley
Chair, Northpower Electric Power Trust

Sheena McKenzie
Deputy Chair, Northpower Electric Power Trust

+ Trustees' Statement

The Trustees present the annual report of the Northpower Electric Power Trust, incorporating the financial statements for the year ended 31 March 2026.

The full annual report and audited financial statements are available at Northpower's website: www.northpower.com/company/about-us/ownership

Principal activities

The principal business of the Trust is holding shares in Northpower Ltd on behalf of the consumer beneficiaries. The nature of the Trust's business has not changed during the year.

Trustees holding office during the year

The following Trustees held office during the year:

Hon Phil Heatley – Chair
Sheena McKenzie – Deputy Chair
Irene Durham
Sheryl Mai (elected Nov 2025)
Craig Parker (elected Nov 2025)
Timothy Wilson
Paul Yovich

Ercoli Angelo (retired Nov 2025)
Chris Biddles (retired Nov 2025)

Trustee remuneration and meeting fees paid were as follows:

	2026	2025
Phil Heatley	60,158	53,936
Sheena McKenzie	43,664	38,397
Irene Durham	35,008	30,339
Sheryl Mai	11,213	-
Craig Parker	13,649	-
Tim Wilson	34,348	29,899
Paul Yovich	38,766	34,771
Ercoli Angelo	22,695	30,019
Chris Biddles	23,795	30,899
Total	**283,296**	**248,260**

The appointed auditor of the Trust for the year ended 31 March 2026 is BDO Northland.

Consumers will have the opportunity to approve the appointment of BDO Northland as the Trusts' auditors for the year ending 31 March 2027, at the 2026 AGM in Whangarei on 29 July. In accordance with section 101 (3) of the Electricity Industry Act 2010, a motion will be put to the Annual Meeting of beneficiaries authorising the Trust to fix the fees and expenses of the auditors for the ensuing year.

For and on behalf of the Board of Trustees,

Hon Phil Heatley
Chair

+ Trustees' Report continued

Northpower Limited Ownership Review

In late 2026, the Northpower Electric Power Trust (Northpower Trust) will begin the ownership review of Northpower Limited, which will be completed in June 2027.

The review is undertaken every five years with consumers, connected to Northpower's electricity network in Kaipara and Whangārei, able to make submissions on the ownership model of the company.

We will be holding public meetings in early 2027 for consumers to find out more about Northpower's ownership and information on other possible options. We look forward to the support and attendance of our consumers at these meetings.

Watch your local paper and online as we will be communicating at the start of the Northpower ownership review process to consumers in late 2026.

Northpower electricity consumer's 2026 $16.8 million pricing discount

For the seventh consecutive year electricity consumers connected to the Northpower network have benefitted from an increase in the Northpower Pricing Discount.

$16.8 million was distributed to consumers in May 2026, a lift of $1 million from the 2025 payout.

The Pricing Discount is made possible through the support of the Northpower Trust, which owns Northpower on behalf of electricity consumers of Kaipara and Whangārei connected to the Northpower network.

Northpower Chair Mark Trigg announced at the time of the discount payment that the ability to return value to consumers reflects an ongoing focus on business performance.

"We're delighted that Northpower's ongoing success allows us to return this discount to our consumer owners. We understand how meaningful this support is for households and businesses, particularly in the current economic environment," he said.

It is equally satisfying as Northpower Trust Trustees to see the discount directly benefitting local electricity consumers in times of economic uncertainty, with the discount going straight back to people in Kaipara and Whangārei.

Northpower's consumer owners continue to benefit from this longstanding ownership model, which has returned more than $300 million to electricity consumers across Kaipara and Whangārei since 1993.

Consumers own the Northpower business, so this discount provides a direct return from that ownership.

The discount annually appears as a credit on consumers' May or June electricity bills and will benefit more than 60,000 active connections on the Northpower network.

Most residential and commercial consumers connected to the Northpower electricity network received a discount linked to their individual electricity usage.

The amount differs for each consumer and is paid to electricity retailers in May 2026, who then pass it on through consumer bills. A high proportion of Northpower electricity consumers receive a discount near the cap for the discount scheme – $277.10 (plus GST).

To be eligible, consumers must have an active network connection as at 1 May 2026. Full details of the eligibility criteria and how the discount is calculated can be viewed at https:// northpower. nz/for-home/pricing/northpower- pricing-discounts/

+ Trustees' Report continued

2025 Northpower Trust Election

In November 2025 the three-yearly Northpower Trust elections took place. This resulted in Electoral Officer, Dale Ofsoske, announcing that Craig Parker and Sheena McKenzie (Kaipara District), along with Irene Durham, Phil Heatley, Sheryl Mai, Tim Wilson, and Paul Yovich (all Whangārei District) were elected as trustees to the Northpower Trust.

We welcome Sheryl Mai and Craig Parker to the Northpower Trust and thank Chris Biddles for his service as a Kaipara Trustee over two three-year terms.

2025 was also significant for the Northpower Trust, with Erc Angelo stepping down at the elections and retiring as a Northpower Trustee after 32 years – 29 of those as Chair.

We again thank Erc for his contribution, passion and immense dedication.

A renewable future

Northpower continues to invest to enable a renewable future for Northland.

In late 2025, Northpower broke ground at Puna Komaru, a new solar farm at Maungatapere, with a whakawātea held with local hapu Te Parawhau to mark the occasion.

Puna Komaru will have an 18MW capacity and represents a material investment in consumer-owned renewable generation in Northland.

Progress has been rapid since then with construction scheduled to be completed in November 2026. It will provide another consumer owned, constructed and operated renewable generation asset within Northpower's electricity footprint.

It is Northpower's second solar farm following the build of the ~20MWdc Te Puna Mauri ō Omaru solar farm in Ruawai in 2024, which can power over 3,000 homes. It is New Zealand's first large-scale solar farm that is locally built, owned and operated.

Starting this winter, Northpower is working on an upgrade to its 114-year-old Wairua Power Station by modernising this essential hydro asset for Northland's energy resilience. The upgrade will be completed in 2027 and will nearly double renewable energy output, increasing annual generation from 12.5 GWh to 23.5 GWh.

Separately, Northpower is assisting with Mercury's Kaiwaikawe wind farm at Ōmāmari, 12km north-west of Dargaville, part of their commitment to supporting others progressing generation in the region.

Supporting renewable generation is consistent with the organisation's focus on backing growth in the region.

In early 2026, Northpower also started construction on a $21 million project to build a new 34km subtransmission line from Maungaturoto to Mangawhai substation, which will increase security of supply to the fast-growing region.

This project follows the recent completion of the Mangawhai Central zone substation in 2024 and marks the next stage of ensuring residents and visitors to the area benefit from a resilient, reliable, and secure electricity supply.

The organisation's focus extends well beyond new assets. In the past year Northpower joined three of New Zealand's major electricity distribution businesses (EDBs) - the Orion Group, Unison Networks and WEL Networks to work with Google X to develop AI defect recognition capability. This will ultimately improve reliability for more than 510,000 electricity users across the North Island and South Island, representing more than 25% of all electricity consumers nationwide.

Additionally, Northpower's Network and Inspection Solutions teams are working together to transform asset management using new drones and data capture methods. This helps us better plan and understand the condition of our assets.

These are just a few key examples of Northpower's focus on enabling generation, supporting growth in the region, and efficiently managing its existing networks.

> > >

NORTHPOWER
ELECTRIC POWER TRUST

Trustees' Report continued

In the Community

At Northpower's core is people and community, a business model that has underpinned its success and growth through the decades and which is illustrated in numerous sponsorships.

Included in that are the Northland Westpac Rescue Helicopters, of which Northpower has been a principal sponsor since 1988.

Throughout the past financial year Northpower's staff have been out and about in the community, supporting and taking part in A&P Shows, Northland Field Days, Art Beat, the EPro8 STEM Challenge and manning the BBQ for sausage sizzles, helping to raise money for the rescue helicopter with a BBQ fundraiser at Mitre 10 MEGA Whangārei.

Northpower has achieved a significant milestone in helping over 5000 homes save on electricity bills through its Home Energy Education programme.

Northpower provides assessments that put practical energy saving advice directly into the hands of local whānau by providing free, personalised, in-home energy saving advice, helping people save money.

Since launching in 2022, the programme has helped save Northpower consumers over $3.76 million per annum on their electricity bills.

Another aspect of Northpower's commitment to the community is developing workforce talent by sponsoring two undergraduate engineering students who have a connection to Whangārei, Dargaville or surrounding communities.

By providing these scholarships, Northpower enables students to contribute to Northland's energy future by pursuing their studies here in Northland.

Consolidated Financial Statements

FOR THE YEAR ENDED 31 MARCH 2026

+ Profit and Loss - Trust Only

NORTHPOWER ELECTRIC POWER TRUST
For the year ended 31 March 2026

	2026	2025
Income		
Dividend Received	600,000	600,000
Interest Received	45,581	143,730
Total Income	**645,581**	**743,730**
Operating Expenses		
AGM Expense	23,175	22,565
Audit Fees	30,716	27,165
Bank Charges	-	80
Conference Expenses & Travel	19,112	12,618
Consumer Call Centre	663	503
Director Recruitment	18,055	85,459
Distribution Administration Expense	-	508
Election Expense	340,886	-
ETNZ Levy	16,368	-
General Expenses	-	344
Insurance	14,260	13,924
Meeting Expenses	7,560	7,080
Secretarial Expenses	63,077	63,077
Subscriptions	2,789	2,324
Trustee Fees & Allowances	283,296	248,260
Trustee Travel Expenses	8,080	11,661
Total Operating Expenses	**828,037**	**495,568**
Net Profit	**(182,457)**	**248,162**

+ Consolidated Statement of Profit or Loss and Other Comprehensive Income

NORTHPOWER ELECTRIC POWER TRUST
For the year ended 31 March 2026

	Note	2026 $000s	2025 $000s
Revenue from contracts with customers	2	540,290	512,865
Other income		3,938	2,837
Materials and supplies		(216,062)	(223,507)
Employee benefits expense	6	(183,594)	(179,512)
Transmission costs		(19,926)	(18,725)
Other expenses	3	(5,599)	(4,598)
Earnings before interest, tax,depreciation and fair value changes (EBITDAF)		**119,047**	**89,360**
Depreciation and amortisation		(50,643)	(46,839)
Fair value loss on intangibles, property, plant and equipment		(193)	(1,471)
Fair value gain/(loss) on derivatives		1,049	(1,978)
Finance expense	4	(10,360)	(10,209)
Net Profit before tax		**58,900**	**28,863**
Income tax expense	11	(17,947)	(9,578)
Net Profit		**40,953**	**19,285**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	18	52	(7)
Items that will not be reclassified to profit or loss			
Net gain on revaluation of property, plant & equipment, net of tax	14,18	-	25,716
Other comprehensive income for the year, net of tax		**52**	**25,709**
Total comprehensive income for the year attributable to the owners of the parent		**41,005**	**44,994**

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

+ Consolidated Statement of Financial Position

NORTHPOWER ELECTRIC POWER TRUST
As at 31 March 2026

	Note	2026 $000s	2025 $000s
Assets			
Current assets			
Cash and cash equivalents		8,330	7,944
Trade and other receivables	8	73,479	60,323
Contract assets	2,21	39,642	25,365
Tax receivable		101	137
Derivative financial assets	20	66	47
Inventories	5	15,060	13,083
Non-current asset held for sale	9	6,703	1,087
Total current assets		**143,381**	**107,986**
Non-current assets			
Intangible assets	13	39,621	29,217
Derivative financial assets	20	1,503	656
Right of use assets	15	55,863	60,206
Property, plant and equipment	14	708,516	651,747
Total non-current assets		**805,503**	**741,826**
Total assets		**948,884**	**849,812**

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

+ Consolidated Statement of Financial Position continued

NORTHPOWER ELECTRIC POWER TRUST
As at 31 March 2026

	Note	2026 $000s	2025 $000s
Liabilities			
Current liabilities			
Trade and other payables	10	61,288	43,213
Contract liabilities	2	15,577	18,118
Employee benefit liabilities	6	23,152	21,677
Provisions	16	87	812
Provision for tax		1,409	2,276
Borrowings	19	30,100	-
Deferred income	7	247	247
Lease liabilities	15	17,632	17,305
Derivative financial liabilities	20	111	5
Total current liabilities		**149,603**	**103,653**
Non-current liabilities			
Employee entitlements	6	872	764
Provisions	16	600	-
Lease liabilities	15	41,736	46,512
Borrowings	19	169,006	165,029
Deferred income	7	5,929	6,176
Derivative financial liabilities	20	700	994
Deferred tax	12	97,712	84,963
Total non-current liabilities		**316,555**	**304,438**
Total liabilities		**466,158**	**408,091**
Net assets		**482,726**	**441,721**
Equity	**18**	**482,726**	**441,721**

These financial statements are authorised for issue on 16 July 2026, for and on behalf of the Board of Trustees.

Hon Phil Heatley, **Chair**

Sheena McKenzie, **Deputy Chair**

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

NORTHPOWER ELECTRIC POWER TRUST

+ Consolidated Statement of Changes in Equity

NORTHPOWER ELECTRIC POWER TRUST
For the year ended 31 March 2026

	Note	Ordinary shares $000s	Retained earnings $000s	Asset revaluation reserve $000s	Foreign currency translation reserve $000s	Total $000s
Balance as at 1 April 2025		**35,989**	**330,654**	**78,033**	**(2,955)**	**441,721**
Profit for the year		**-**	**40,953**	**-**	**-**	**40,953**
Other comprehensive income for the year		-	-	-	52	52
Total comprehensive income for the year, net of tax		**-**	**40,953**	**-**	**52**	**41,005**
Dividend declared	**24**	**-**	**-**	**-**	**-**	**-**
Balance as at 31 March 2026		**35,989**	**371,607**	**78,033**	**(2,903)**	**482,726**
Balance as at 1 April 2024		35,989	313,573	52,317	(2,948)	398,931
Profit for the year		-	19,285	-	-	19,285
Other comprehensive income/(loss) for the year		-		25,716	(7)	25,709
Total comprehensive income/(loss) for the year, net of tax		-	19,285	25,716	(7)	44,994
Dividend declared		-	(2,204)	-	-	(2,204)
Balance as at 31 March 2025		35,989	330,654	78,033	(2,955)	441,721

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

+ Consolidated Cash Flow Statement

NORTHPOWER ELECTRIC POWER TRUST
For the year ended 31 March 2026

	Note	2026 $000s	2025 $000s
Operating activities			
Receipts from customers		515,275	508,822
Interest received		240	431
Income tax received		95	88
Payments to suppliers		(228,199)	(242,202)
Payments to employees		(182,560)	(177,711)
Interest paid		(11,454)	(12,390)
Income tax paid		(6,928)	(6,878)
Net cash inflows from operating activities	**17**	**86,469**	**70,160**
Investing activities			
Proceeds from sale of property, plant and equipment		2,092	373
Purchase of intangible assets		(1,157)	(2,445)
Purchase of property, plant and equipment		(84,933)	(72,812)
Acquisition of business, net of cash acquired	23	(17,355)	-
Net cash outflows from investing activities		**(101,353)**	**(74,884)**
Financing activities			
Drawdown of borrowings		407,699	412,101
Repayment of borrowings		(374,200)	(385,508)
Principal repaid on lease liability		(18,239)	(17,847)
Dividends paid to owners of the parent (gross of tax)	24	-	(2,204)
Tax on dividends		(42)	(56)
Net cash inflows from financing activities		**15,218**	**6,486**
Net increase in cash and cash equivalents		334	1,762
Net foreign exchange differences		52	(7)
Cash and cash equivalents at the beginning of the year		7,944	6,189
Cash and cash equivalents at the end of the year		**8,330**	**7,944**

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

NORTHPOWER ELECTRIC POWER TRUST

+ Notes to the Consolidated Financial Statements

NORTHPOWER ELECTRIC POWER TRUST
For the year ended 31 March 2026

1. General information and significant matters

General information
The Northpower Electric Power Trust (the Parent) was incorporated in New Zealand and established under the terms of the Trust Deed dated 29 March 1993. The Trust holds the entire share capital of Northpower Limited on behalf of the power consumers within the network area served by Northpower Limited.

Northpower Limited ("the Company") is a profit oriented limited liability company incorporated in New Zealand. The Company was formed under the Energy Companies Act 1992 and registered under the Companies Act 1993. The consolidated financial statements presented are for Northpower Electric Power Trust Group (or "the Group") as at, and for the year ended 31 March 2026. The Group consists of Northpower Limited and its subsidiaries. The principal activities of the Company are electricity distribution and contracting services. The principal activities of the subsidiaries are telecommunications, electricity generation, civil construction and acoustic testing.

Basis of preparation
The consolidated financial statements ("financial statements") comply with New Zealand equivalents to IFRS Accounting Standards ('NZ IFRS'), and IFRS Accounting Standards ('IFRS'), as appropriate for Tier 1 for profit entities.

The financial statements have been prepared on a historical cost basis except for the revaluation of derivatives, distribution system assets, and land and buildings.

The presentation currency is New Zealand dollars (NZD), which is the company's functional currency. All financial information has been rounded to the nearest thousand unless otherwise stated. The consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity are stated exclusive of Goods and Service Tax (GST). All items in the consolidated statement of financial position and consolidated cash flow statement are stated exclusive of GST except for trade receivables, trade payables, receipts from customers, and payments to suppliers which include GST.

Critical Accounting Estimates
The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Revenue from contracts with customers (Note 2)
- Intangible assets (Note 13)
- Property, plant and equipment (Note 14)
- Provisions (Note 16)
- Financial risk management objectives and policies (Note 21)
- Business Combinations (Note 23)

New Accounting Standards

a) New standards, interpretations and amendments adopted
In the current year, the Group adopted all mandatory amendments to NZ IFRS accounting standards issued by the External Reporting Board (XRB) that are effective for accounting period that begins on or after 1 January 2025. None of the adopted new and amended accounting standards have had a material impact on the Group's consolidated financial statements.

b) New standards, interpretations and amendments not yet effective
Certain new standards and interpretations are effective for annual periods beginning on or after 1 April 2026 and earlier application is permitted, however the Group has not early adopted the new or amended standards in preparing these financial statements. The new or amended standards and interpretations are not expected to have a material impact on the Group's consolidated financial statements.

2. Revenue from contracts with customers

	Note	2026 $000s	2025 $000s
Revenue recognised over time			
Electricity distribution	i	92,434	78,972
Electricity generation	ii	4,384	3,939
Fibre telecommunication services	iii	19,534	18,866
Energy Services revenue - electricity industry	iv	400,554	401,316
Contracting revenue - fibre telecommunications industry	v	159	224
Capital contributions	vi	13,696	-
Revenue recognised at a point in time			
Capital contributions	vi	9,529	9,548
Total		**540,290**	**512,865**

i. *Electricity distribution*
The performance obligation is satisfied over time with the delivery of electricity and payment is generally due within 20 to 45 days from delivery. The Group adopts a practical expedient allowed by NZ IFRS 15 and recognises electricity distribution revenue when the right to invoice arises.

Part of the network charges is based on normalisation, where consumption is estimated to the end of the billing period based on historical actual meter readings. Occasionally the meter reading history data is not consistent and subsequent adjustments are made to customers' accounts, where further charges are applied or refunds given. These adjustment amounts are not significant compared with total network revenue.

The revenue disclosed above is net of a posted discount of $16.8 million payable for the year to the consumer owners (2025: $15.8 million), refer to Note 18.

ii. *Electricity generation*
The Group owns and operates a hydro power station at Wairua, Northland and a solar farm at Ruawai, Northland. The performance obligation of the supply of generated electricity is satisfied over time and pricing is based on the final electricity industry spot price, as defined by the Electricity Industry Participation Code. Payment is generally due 20 to 45 days from supply of electricity to the grid.

iii. *Fibre telecommunication services*
The performance obligation is satisfied over time with the provision of fibre internet connectivity and payment is generally due 20 to 45 days from provision of the service. Revenue is recognised as the service is provided.

iv. *Energy Services – electricity industry*
The Energy Services division provides maintenance and construction services under fixed-price and variable price contracts. Revenue from these services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual costs incurred relative to the total expected costs.

The Group determined that the input method is the best method of measuring progress of the services because there is a direct relationship between cost incurred and the transfer of service to the customer.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Defect liability costs are recognised in the period that they are incurred due to the long-term nature of the contracts.

v. *Contracting revenue – fibre telecommunications industry*
Revenue related to services to connect end users to the fibre network is recognised when the connection is complete. Revenue for maintenance services is recognised in the accounting period in which the services are rendered on the basis that the customer receives and uses the benefits simultaneously.

vi. *Capital contributions*
Capital contributions represent third-party contributions towards the construction of distribution system and fibre network assets.

Capital contribution revenue relating to vested assets is recognised in the consolidated statement of profit or loss and other comprehensive income when control of the asset transfers to the Group, typically upon completion of the asset.

Capital contribution revenue also includes capacity charges, which are recognised when the Group has an unconditional right to consideration, generally upon issuance of the invoice.

Capital contributions relating to network upgrades and extensions are recognised over time, as the related performance obligations are satisfied.

Contract assets and contract liabilities
Amounts relating to contract assets are balances due from customers under construction contracts that arise when the performance obligations have been completed but not invoiced. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point of which it is invoiced to the customer. The remaining performance obligations at balance date are part of contracts that are estimated to have a duration of one year or less. Hence the Group applied the practical expedient in NZ IFRS 15 in relation to the disclosure of information about remaining performance obligations at balance date. Contract liabilities are balances due to customers under construction contracts. These arise if a particular milestone payment exceeds the revenue recognised to date under the cost-to-completion method. The revenue recognised during the year includes the contract liabilities balance at the beginning of the reporting period.

3. Other expenses

Profit before income tax includes the following specific expenses:

	2026 $000s	2025 $000s
Fees to Deloitte		
- Audit of financial statements	436	412
- Other audits required by regulators	145	140
Under accrual of prior year audit fees	2	2
Over accrual of prior year other audit fees	(25)	-
Net loss/(gain) on foreign exchange	33	(46)
Directors' fees	663	653
Trust audit fees	31	27
Trustees fees and allowances	283	248
Other trust expenses	514	221
Rental and lease costs	3,767	3,047

The rental and lease costs represent short-term leases, leases of low-value assets and variable lease costs not included in NZ IFRS 16 costs.

4. Net finance expense

	Note	2026 $000s	2025 $000s
Interest income		247	482
Interest expense		(8,846)	(9,905)
Capitalised interest	14	1,136	2,249
Interest on leases	15	(2,897)	(3,035)
Net finance expense		**(10,360)**	**(10,209)**

Interest income and interest expense is recognised using the effective interest method. The gross interest costs of bank facilities excluding the impact of interest rate swaps was $6.6 million (2025: $8.8 million). Eligible borrowing costs were capitalised at an average interest rate of 3.8% (2025: 5.8%).

5. Inventory

Inventory is initially recognised at cost, and subsequently stated at the lower of cost and net realisable value. Inventory comprises of finished goods. The carrying amount of inventory held for distribution is measured on a weighted average cost basis. Inventory issued of $39.8 million was recognised in the profit or loss during the year (2025: $41.6 million). Inventory written off during the year amounted to $0.2 million (2025: $0.1 million). No inventory was pledged as securities for liabilities; however some inventory is subject to retention of title clauses.

6. Employee benefit expense and entitlements

	2026 $000s	2025 $000s
Salaries & wages	178,468	174,532
Defined contribution plan employer contributions	5,126	4,980
Total employee benefit expenses	**183,594**	**179,512**
Employee entitlements are represented by:		
Current		
Accrued salaries and wages	9,363	7,773
Annual leave	12,768	13,022
Sick leave	1,021	882
Total current portion	**23,152**	**21,677**
Non-current		
Retirement and long service leave	872	764
Total non-current portion	**872**	**764**
Balance as at 31 March	**24,024**	**22,441**

The following table reflects the compensation of the Directors and Executives, being the key management personnel of the entity:

	2026 $000s	2025 $000s
Short-term benefits	4,133	4,752
Total compensation of key management personnel	**4,133**	**4,752**

The Group accrues for employee benefits which remain outstanding at balance date, and amounts expected to be paid under bonus and other entitlements. A liability for employee benefits is recognised when it is probable that settlement will be required and the amount is capable of being measured reliably.

7. Deferred income

	2026 $000s	2025 $000s
Balance as at 1 April	6,423	6,678
Granted during the year	-	-
Income recognised during the year	(247)	(255)
Balance as at 31 March	**6,176**	**6,423**
Current	**247**	**247**
Non-current	5,929	6,176
Balance as at 31 March	**6,176**	**6,423**

The Group received an interest-free loan from the Government for the construction of fibre network assets and the loan was recognised at its fair value when received, refer to Note 19. The difference between the amount received and the fair value is recognised as deferred income in accordance with NZ IAS 20. As the loan relates to the construction of property, plant and equipment, it was included in deferred income in the statement of financial position and was recognised in the profit or loss over the periods necessary to match the related depreciation charges, or other expenses of the asset as they are incurred.

8. Trade and other receivables

The Group's exposure to credit risk and impairment losses related to trade receivables are disclosed in Note 21 in these financial statements.

	Note	2026 $000s	2025 $000s
Trade receivables		68,300	56,845
Less provision for expected credit loss	21	(275)	(1,379)
Prepayments		5,454	4,857
Balance as at 31 March		**73,479**	**60,323**

9. Non-current assets held for sale

		2026 $000s	2025 $000s
Freehold land		5,040	-
Freehold buildings		1,611	-
Plant & equipment		52	866
Motor vehicles		-	40
Leasehold improvements		-	181
Balance as at 31 March	**14**	**6,703**	**1,087**

During the year, management approved the sale of certain property, plant and equipment assets, which were accordingly classified as held for sale as balance date.

In accordance with NZ IFRS 5, the assets held for sale are held at lower of carrying amount and fair value less cost to sell.

The assets held for sale as at 31 March 2025 were subsequently sold during the current year. Gain on disposal of these assets was $1 million.

10. Trade and other payables

	2026 $000s	2025 $000s
Trade payables	32,155	29,217
Accrued payables	29,133	13,996
Balance as at 31 March	**61,288**	**43,213**

11. Income tax expense

	2026 $000s	2025 $000s
Profit before income tax	58,900	28,863
At New Zealand's statutory income tax rate of 33% (2025: 33%)	19,437	9,525
Effect of lower tax rate in Company (28%)	(2,984)	(1,461)
Plus/(less) tax effect of:		
- Non-deductible expense	664	632
- Non-taxable income	(21)	(185)
- Tax benefit not recognised	258	102
- Prior period adjustment	58	43
Deferred tax adjustments	535	922
	17,947	**9,578**
The taxation charge is represented by:		
- Current taxation	5,971	7,232
- Deferred taxation	11,918	2,317
- Prior period adjustment relating to current tax	(450)	(34)
- Prior period adjustment relating to deferred tax	508	63
	17,947	**9,578**
Imputation credits available for use in subsequent reporting periods	87,681	82,462

Income tax expense comprises current and deferred tax using tax rates and tax laws that have been enacted or substantively enacted at balance date. Current tax is the income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

From 22 May 2025 the Group has applied the New Zealand Government's Investment Boost incentive, which provides an immediate tax deduction of 20% for qualifying capital expenditure. The tax deduction is recognised in the current tax calculation in the period in which the qualifying expenditure is incurred.

12. Deferred tax

	Property, plant and equipment $000s	Employee entitlements $000s	Provisions and other $000s	Total $000s
Balance as at 1 April 2025	**(88,676)**	**4,674**	**(961)**	**(84,963)**
Charged to profit/(loss)	(8,183)	(17)	(4,226)	(12,426)
Acquired through business combination (Note 23)	-	(31)	(292)	(323)
Balance as at 31 March 2026	**(96,859)**	**4,626**	**(5,479)**	**(97,712)**
Balance as at 1 April 2024	(76,251)	4,123	(1,115)	(73,243)
Charged to profit/(loss)	(3,085)	551	154	(2,380)
Charged directly to equity	(9,340)	-	-	(9,340)
Balance as at 31 March 2025	**(88,676)**	**4,674**	**(961)**	**(84,963)**

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is measured at tax rates that are expected to be applied to the temporary differences when they reverse.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

In accordance with NZ IAS 12, the Group applies the initial recognition exemption and does not recognise deferred tax assets or liabilities on temporary differences arising on the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit.

Accordingly, no deferred tax is recognised on such initial recognition differences.

13. Intangible assets

Intangible assets are initially measured at cost and subsequently carried at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation expense of intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. Easements are deemed to have an indefinite life, are not amortised, and are tested for impairment annually. There is no intangible asset whose title is restricted.

Software costs and Customer relationship assets have a finite useful life and are amortised over a period of expected future benefit of 3 - 10 years on a straight-line basis.

Goodwill arises on the acquisition of subsidiaries and business combinations. Goodwill is allocated to the Group's cash-generating units (CGU), being the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. Goodwill is not amortised but is tested for impairment annually or whenever there is an indicator of impairment.

The recoverable amount was determined using the value in use model. The value in use for all cash-generating units is most sensitive to movements in gross margin, discount rates and growth rates. Gross margins are based on the expected results as per next year's budget and future 10 years' forecasts, which reflects the nature of energy and fibre infrastructure industry. Discount rates are based on the applicable weighted average cost of capital. The estimated recoverable amount of the CGU exceeded its carrying amount, hence there was no impairment loss at balance date.

The Group considered the variability of the key assumptions underlining the carrying amounts for the intangible assets set out above and believe that the range of reasonable variability would not cause a material change in these carrying amounts. For Northpower Fibre Limited goodwill impairment testing, a discount rate of 7.68% (2025:7.31%) and growth rate of 1% (2025:1%) was used. For Northern and Central Energy Services divisions, discount rate of 12% (2025:12%) and growth rate of 2% (2025:2%) was used.

Goodwill arose from the acquisition of Connell Contractors Limited (CCL) on 31 October 2025 and has been allocated to the CCL cash-generating unit. The goodwill balance remains provisional pending completion of the purchase price allocation. No impairment was recognised during the year. Since acquisition, the subsidiary has performed in line with forecasts and the assumptions in the acquisition valuation.

	Goodwill $000s	Software $000s	Easements $000s	Customer relationship $000s	Carbon credits $000s	Other intangible asset $000s	Capital work in progress $000s	Total $000s
Cost								
Balance as at 1 April 2025	16,748	43,497	624	1,725	649	261	437	63,941
Acquired through business combination (Note 23)	12,087	-	-	-	-	-	-	12,087
Additions	-	-	-	-	-	-	1,157	1,157
Transfer between asset categories	-	1,311	6	-	-	100	(958)	459
Disposals	-	(108)	-	-	-	-	-	(108)
Balance as at 31 March 2026	**28,835**	**44,700**	**630**	**1,725**	**649**	**361**	**636**	**77,536**
Accumulated amortisation and impairment								
Balance as at 1 April 2025	(1,745)	(32,599)	-	(345)	-	(35)	-	(34,724)
Amortisation for the year	-	(2,856)	-	(173)	-	(72)	-	(3,101)
Transfer between asset categories	-	-	-	-	-	-	-	-
Revaluation adjustment	-	-	-	-	(193)	-	-	(193)
Disposals	-	103	-	-	-	-	-	103
Balance as at 31 March 2026	**(1,745)**	**(35,352)**	**-**	**(518)**	**(193)**	**(107)**	**-**	**(37,915)**
Net carrying amount as at 31 March 2026	**27,090**	**9,348**	**630**	**1,207**	**456**	**254**	**636**	**39,621**

	Goodwill $000s	Software $000s	Easements $000s	Customer relationship $000s	Carbon credits $000s	Other intangible asset $000s	Capital work in progress $000s	Total $000s
Cost								
Balance as at 1 April 2024	16,748	39,754	545	1,725	656	-	1,719	61,147
Acquisition of business	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	2,020	2,020
Transfer between asset categories	-	3,743	79	-	-	261	(3,302)	781
Disposals	-	-	-	-	(7)	-	-	(7)
Balance as at 31 March 2025	**16,748**	**43,497**	**624**	**1,725**	**649**	**261**	**437**	**63,941**
Accumulated amortisation and impairment								
Balance as at 1 April 2024	(1,745)	(28,820)	-	(173)	-	-	-	(30,738)
Amortisation for the year	-	(3,473)	-	(173)	-	(35)	-	(3,681)
Transfer between asset categories	-	(306)	-	1	-	-	-	(305)
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2025	**(1,745)**	**(32,599)**	**-**	**(345)**	**-**	**(35)**	**-**	**(34,724)**
Net carrying amount as at 31 March 2025	**15,003**	**10,898**	**624**	**1,380**	**649**	**226**	**437**	**29,217**

Allocation of goodwill to cash-generating units

	2026 $000s	2025 $000s
Energy Services - Northern	877	877
Energy Services - Central	5,890	5,890
Connell Contractors Limited (Note 23)	12,087	-
Northpower Fibre Limited	8,236	8,236
Balance as at 31 March	**27,090**	**15,003**

Cloud computing arrangements

Cloud computing arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

If the configuration and customisation were performed by the cloud provider, and if the upfront service is distinct from the cloud computing arrangement, then the related costs may be initially treated as a prepayment and expensed over the term of the cloud computing arrangement. Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets. The Group applies judgement to assess whether the criteria for capitalisation of the configuration and customisation costs, are met.

14. Property, plant and equipment

	Freehold land $000s	Freehold buildings $000s	Distribution systems $000s	Fibre $000s	Generation $000s	Plant & equipment $000s	Motor vehicles $000s	Leasehold improvements $000s	Meters $000s	Capital work in progress $000s	Total $000s
Cost or fair value											
Balance as at 1 April 2025	28,795	20,735	432,266	113,670	40,468	43,114	5,745	3,667	335	31,935	720,730
Acquired through business combination (Note 23)	-	49	-	-	-	2,229	836	21	-	-	3,135
Additions	-	-	-	-	-	-	-	-	-	89,905	89,905
Transfer between asset categories	-	388	41,185	6,384	4,085	7,029	459	102	-	(60,091)	(459)
Transferred to non current asset held for sale	(5,040)	(1,650)	-	-	-	(65)	-	-	-	-	(6,755)
Disposals	-	-	(90)	-	-	(2,247)	(246)	(18)	-	-	(2,601)
Balance as at 31 March 2026	**23,755**	**19,522**	**473,361**	**120,054**	**44,553**	**50,060**	**6,794**	**3,772**	**335**	**61,749**	**803,955**
Accumulated depreciation & impairment											
Balance as at 1 April 2025	-	-	-	(21,208)	(13,223)	(29,768)	(2,757)	(1,918)	(109)	-	(68,983)
Depreciation charge for the year	-	(836)	(14,318)	(5,202)	(2,588)	(5,190)	(642)	(268)	(16)	-	(29,060)
Impairment	-	-	-	-	-	262	-	-	-	-	262
Transfer between asset categories	-	-	-	-	-	-	-	-	-	-	-
Transferred to non current asset held for sale	-	38	-	-	-	14	-	-	-	-	52
Disposals	-	-	5	-	-	2,066	213	6	-	-	2,290
Balance as at 31 March 2026	**-**	**(798)**	**(14,313)**	**(26,410)**	**(15,811)**	**(32,616)**	**(3,186)**	**(2,180)**	**(125)**	**-**	**(95,439)**
Net carrying amount as at 31 March 2026	**23,755**	**18,724**	**459,048**	**93,644**	**28,742**	**17,444**	**3,608**	**1,592**	**210**	**61,749**	**708,516**
Cost or fair value											
Balance as at 1 April 2024	30,118	16,101	399,648	108,186	17,623	46,443	6,411	3,892	311	21,988	650,721
Additions	-	-	-	-	-	-	-	-	-	82,088	82,088
Transfer between asset categories	(2,489)	3,433	39,143	5,507	22,845	2,789	-	108	24	(72,141)	(781)
Revaluation adjustment	1,166	1,201	(6,411)	-	-	-	-	-	-	-	(4,044)
Transferred to non current asset held for sale	-	-	-	-	-	(2,074)	(77)	(280)	-	-	(2,431)
Disposals	-	-	(114)	(23)	-	(4,044)	(589)	(53)	-	-	(4,823)
Balance as at 31 March 2025	**28,795**	**20,735**	**432,266**	**113,670**	**40,468**	**43,114**	**5,745**	**3,667**	**335**	**31,935**	**720,730**
Accumulated depreciation & impairment											
Balance as at 1 April 2024	-	(1,182)	(23,127)	(15,898)	(12,345)	(30,537)	(2,596)	(1,761)	(94)	-	(87,540)
Depreciation charge for the year	-	(686)	(12,570)	(5,317)	(913)	(4,516)	(604)	(294)	(15)	-	(24,915)
Impairment	-	-	34	-	-	16	-	-	-	-	50
Transfer between asset categories	-	-	(17)	-	-	337	(3)	(12)	-	-	305
Revaluation adjustment	-	1,868	35,680	-	-	-	-	-	-	-	37,548
Transferred to non current asset held for sale	-	-	-	-	-	1,208	37	99	-	-	1,344
Disposals	-	-	-	7	35	3,724	409	50	-	-	4,225
Balance as at 31 March 2025	**-**	**-**	**-**	**(21,208)**	**(13,223)**	**(29,768)**	**(2,757)**	**(1,918)**	**(109)**	**-**	**(68,983)**
Net carrying amount as at 31 March 2025	**28,795**	**20,735**	**432,266**	**92,462**	**27,245**	**13,346**	**2,988**	**1,749**	**226**	**31,935**	**651,747**

The carrying value that would have been recognised had the following revalued assets been carried under the cost model would be as follows:

	Freehold land	Freehold buildings	Distribution systems
2026	$000s	$000s	$000s
Property, plant and equipment			
Cost	12,074	22,050	535,325
Accumulated depreciation & impairment	-	(7,572)	(151,139)
Net carrying amount	**12,074**	**14,478**	**384,186**
2026			
Non-current assets held for sale			
Cost	4,353	1,990	-
Accumulated depreciation & impairment	-	(87)	-
Net carrying amount	**4,353**	**1,903**	**-**
2025	$000s	$000s	$000s
Property, plant and equipment			
Cost	16,427	23,735	494,230
Accumulated depreciation & impairment	-	(6,959)	(138,757)
Net carrying amount	**16,427**	**16,776**	**355,473**

Property, plant and equipment, except revalued assets are stated at cost less any subsequent accumulated depreciation and subsequent accumulated impairment loss.

The cost of purchased property, plant and equipment may include the initial purchase price plus it is directly attributable material, labour, finance costs, and other overheads incurred for bringing the assets to the location and condition necessary for their intended use. Finance costs (refer to Note 4) incurred during the course of construction that are attributable to a project are capitalised using the finance rate applicable to the funding. Costs cease to be capitalised as soon as an asset is ready for productive use.

Revalued assets

Distribution system, land and buildings assets are revalued after initial recognition and are presented in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment loss. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance sheet date. Additions between revaluations are recorded at cost. Depreciation on revalued assets is recognised in profit or loss. Land is not depreciated.

Asset revaluation reserve

Any revaluation increment is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. The exception is to the extent that it reverses a revaluation decrement for the same asset previously recognised in the profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss. The exception is to the extent that it offsets a previous revaluation increment for the same asset. In this case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation at the date of the revaluation is transferred to the gross carrying amount of the asset and the asset cost is restated to the revalued amount. When revalued assets are disposed of, the amounts included in the asset revaluation reserve are transferred to retained earnings.

Revaluation

The fair value of the Group's land, and buildings is based on market values, being the price that would be received to sell land and buildings in an orderly transaction between market participants at the measurement date. Changes to market conditions or assumptions made in the estimation of fair value will result in changes to the fair value of the revalued assets.

The most recent valuation for land and buildings was completed on 31 March 2025 by registered independent valuer AON Risk Solutions. The valuation was carried out in accordance with International Valuation Standards. Fair value was determined by direct reference to recent market transactions on arm's length terms. To establish the valuation of properties, the valuer used a combination of income capitalisation, market comparison and depreciated replacement cost approaches. Fair value was assessed with reference to the "highest and best use" being defined as "the most probable use of an asset that is physically possible, appropriately justified, legally permissible, financially feasible and results in the highest value. For the current year, the movement in the fair value of land and buildings was assessed at balance date. Accordingly, the land and buildings asset were not revalued during the year as the carrying value of land and buildings did not differ materially from its fair value.

Electricity distribution network assets are valued by an independent valuer. The revaluation exercise is performed every three years. The most recent valuation to determine the fair value of the electricity distribution network assets was completed on 31 March 2025 by independent registered valuer Price Waterhouse Coopers. As the fair value of the assets was not able to be reliably determined using market-based evidence, the valuation was prepared using a discounted cash flow (DCF) methodology over a 10-year period, with a terminal value based on the estimated regulatory asset base. The assumptions mainly include estimated future revenues, operating costs and capital expenditure. A post tax nominal WACC of 6.3% was used. The posted discount was not included in the valuation cash flows for FY26 - FY35 as it only forms part of the contract price once declared. The valuation was most sensitive to movements in distribution revenue. The impact on the midpoint estimate valuation of a +/-5% movement in distribution revenue is +/-5.80%.

The movement in the fair value of distribution systems was assessed at balance date. Accordingly, valuation movement during the year was not recognised as the carrying value of electricity distribution network assets did not differ materially from its fair value.

The fair value of certain land and buildings and electricity distribution network assets is determined using inputs that are significant and unobservable, the Group categorised these assets as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 Fair value measurement.

Insurance cover

The Group maintains prudent insurance cover, including coverage for material damage to the substations, and other infrastructure within the distribution network. The distribution system network assets spread over a large area are the lines, poles and distribution transformers which are uninsured as either the insurance cover is unavailable or is prohibitively expensive. The Group has prudent insurance cover for the non-network assets and appropriate contracting and liability insurances.

Depreciation

Depreciation is charged on a straight-line basis so as to write off the cost or valuation of the fixed assets to their estimated residual value over their expected economic lives. The estimated economic lives are as follows:

Buildings - freehold	10 - 50 years	Plant & equipment	3 - 20 years
Distribution system	5 - 70 years	Motor vehicles	5 - 15 years
Fibre assets	5 - 50 years	Leasehold improvements	2 - 20 years
Generation	5 - 50 years	Meters	2 - 20 years

The estimation of useful lives of assets has been based on historical experience as well as manufacturers' warranties for plant and equipment, lease terms for leased assets and turnover policies for motor vehicles. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

Gain/loss on disposal of PPE and intangibles
During the year a loss on disposal of PPE and intangibles of $0.3 million (2025: $0.4 million loss) was recognised in the profit or loss within other income.

Impairment of non-financial assets other than inventory and goodwill
At each balance date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where the carrying value of an asset exceeds its recoverable amount, such as the higher of value in use and fair value less costs to sell, the asset is written down accordingly. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets or cash-generating unit to which it belongs for which there are separately identifiable cash flows.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. A reversal of an impairment loss is recognised in the consolidated statement of comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment is treated as a revaluation increase through other comprehensive income.

During the year, no impairment was recognised on intangible assets and property, plant and equipment (2025: nil).

15. Leases

NZ IFRS 16 Leases establishes one sole accounting model for lessees. This is where the amounts in the consolidated statement of financial position are increased by the recognition of right of use assets and the financial liabilities for the future payment obligations relating to leases classified previously as operating leases. The right of use asset is initially measured at cost which is based on the amount of lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease and subsequently at cost less cumulative depreciation and impairment losses; adjustments are made for any new measurement of the lease liability due to the amendment or reassessment of the lease. The right of use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

The lease liability is measured using the present values of future lease payments. When calculating lease liabilities, the Group applied discount rates (incremental rate), depending on the lease terms.

The Group considers a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, the non-cancellable period of the lease agreement and the periods covered by the option to extend the lease are taken into account, if the lessee is reasonably certain that they will exercise this option. Leases entered into and identified by the Group include property leases and vehicle leases.

The Group has also applied the practical expedient available from NZ IFRS 16 and excluded short- term leases and low-value assets. The Group considers leases which has a duration of less than 12 months, unless there is reasonable certainty that they can be extended, as short-term leases.

Right of use assets

	Buildings $000s	Vehicles $000s	Total $000s
Cost			
Balance as at 1 April 2025	**42,095**	**112,491**	**154,586**
Additions	3,064	15,068	18,132
Disposals	(21,884)	(2,767)	(24,651)
Remeasurement	289	46	335
Balance as at 31 March 2026	**23,564**	**124,838**	**148,402**
Accumulated amortisation and impairment			
Balance as at 1 April 2025	**(21,845)**	**(72,535)**	**(94,380)**
Amortisation	(4,147)	(14,335)	(18,482)
Disposals	18,526	1,792	20,318
Other adjustments	-	5	5
Balance as at 31 March 2026	**(7,466)**	**(85,073)**	**(92,539)**
Net book value	**16,098**	**39,765**	**55,863**

Cost			
Balance as at 1 April 2024	**39,088**	**99,055**	**138,143**
Additions	310	13,516	13,826
Disposals	-	(21)	(21)
Remeasurement	2,697	(59)	2,638
Balance as at 31 March 2025	**42,095**	**112,491**	**154,586**
Accumulated amortisation and impairment			
Balance as at 1 April 2024	**(18,701)**	**(58,429)**	**(77,130)**
Amortisation	(4,136)	(14,107)	(18,243)
Impairment	990	-	990
Disposals	-	-	-
Other adjustments	2	1	3
Balance as at 31 March 2025	**(21,845)**	**(72,535)**	**(94,380)**
Net book value	**20,250**	**39,956**	**60,206**

	Note	2026 $000s	2025 $000s
Lease Liabilities			
Balance as at 1 April		63,817	65,218
Additions		18,132	13,826
Interest	4	2,897	3,035
Remeasurement		335	2,619
Termination		(4,634)	(21)
Payments		(21,136)	(20,872)
Other adjustments		(43)	12
Balance as at 31 March		**59,368**	**63,817**

Operating lease income

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of the underlying asset are classified as operating leases.

As lessor in operating leases, the aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2026 $000s	2025 $000s
Non-cancellable operating lease		
Within one year	59	45
After one year but not more than five years	136	114
More than five years	45	62
Balance of non-cancellable operating leases	**240**	**221**

16. Provisions

	2026			2025		
	Onerous Provision $000s	Other $000s	Total $000s	Onerous Provision $000s	Other $000s	Total $000s
Opening balance	-	812	812	6,335	-	6,335
Additional provision during the year	-	118	118	-	812	812
Utilised during the year	-	(243)	(243)	(6,335)	-	(6,335)
Balance as at 31 March	**-**	**687**	**687**	**-**	**812**	**812**
Current	-	87	87	-	812	812
Non-current	-	600	600	-	-	-
Balance as at 31 March	**-**	**687**	**687**	**-**	**812**	**812**

Onerous contract provision is measured as the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on estimated full costs necessary to fulfil the obligations under the contract. Any impairment losses associated with the contract are recognised before the provision for onerous contracts is established.

17. Cash flow statement reconciliation

	2026 $000s	2025 $000s
Reconciliation of net profit after tax to net cash flows from operating activity		
Net profit after income tax	40,953	19,285
Adjustments for:		
- Depreciation & amortisation	50,643	46,839
- Loss on sale of PPE	268	269
- Gain on sale of non-current assets held for sale	(953)	-
- Deferred income release	(247)	(247)
- Non cash capital contribution revenue	(5,746)	(6,215)
- Fair value gains on derivative financial instruments	(1,049)	1,978
- Capitalised interest	(1,136)	(2,249)
- Right of use asset provision	-	(990)
- Non cash interest	287	550
- Carbon credits valuation movement	193	(9)
- Revaluation movements	-	1,521
- Provision for impairment of assets	-	(50)
Changes in assets & liabilities		
- Increase in trade and other payables	15,814	12,876
- (Decrease)/increase in contract liabilities	(2,541)	2,264
- Decrease in provision	(125)	(5,523)
-(Increase)/decrease in contract assets	(13,373)	1,341
- Increase in provision for tax	(1,370)	327
- Increase in trade and other receivables	(6,950)	(6,593)
- (Increase)/decrease in inventory	(1,659)	605
- Increase in deferred tax liabilities	12,426	2,380
- Increase in employee entitlements	1,034	1,801
Net cash from operating activities	**86,469**	**70,160**

The table below sets out an analysis of the Group's liabilities for which cash flows have been, or will be, classified as financing activities in the consolidated cash flow statement.

2026	Cash and cash equivalents $000s	Lease liabilities $000s	Borrowings $000s	Total $000s
Net debt as at 1 April	(7,944)	63,817	171,452	227,325
Cash flows	(334)	(18,239)	33,499	14,926
Non cash movements	(52)	13,790	331	14,069
Net debt as at 31 March	**(8,330)**	**59,368**	**205,282**	**256,320**

2025	Cash and cash equivalents $000s	Lease liabilities $000s	Borrowings $000s	Total $000s
Net debt as at 1 April	(6,189)	65,218	144,556	203,585
Cash flows	(1,762)	(17,847)	26,593	6,984
Non cash movements	7	16,446	303	16,756
Net debt as at 31 March	**(7,944)**	**63,817**	**171,452**	**227,325**

18. Equity

Share capital
The total number of shares authorised and issued is 35,981,848 (2025: 35,981,848). Share capital consists of ordinary shares which are classified as equity. All ordinary shares are issued, fully paid, have no par value and are ranked equally. Fully paid shares carry one vote per share and the right to dividends.

Asset revaluation reserve
The asset revaluation reserve is used to record the increments and decrements in the fair value of property, plant and equipment identified as being carried at valuation. Net revaluation amount recognised in other comprehensive income at balance date was nil (2025: $25.7 million).

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. The Australian subsidiaries' functional currency is Australian dollars which is translated to the presentation currency. Assets and liabilities are translated at exchange rates prevailing at balance date and profit and loss items are translated at average rate during the year. Exchange variations resulting from the translation are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

Capital management
The Company considers shares, reserves and retained earnings as part of its capital. When managing capital, the Board's objective is to ensure the entity continues as a going concern maintaining adequate working capital, ensuring obligations can be met on time, as well as maintaining returns to shareholders as set out in the Statement of Corporate Intent (SCI). The Group met its 2026 SCI financial targets.

The Group's policy, outlined in the SCI, is to return available capital to shareholders subject to applicable solvency requirements, maintaining the required gearing ratio and meeting group's operational and investment needs. The FY26 posted discount of $16.8 million accrued at balance date was paid in full in May 2026. Of the $15.8 million posted discount for FY25, $8 million was paid in November 2024 and remaining was paid in May 2025.

19. Borrowings

	Maturity	2026 $000s	2025 $000s
Current	**Less than 12 months**	**30,100**	**-**
Non Current			
Unsecured loans	Within 1-2 yrs	33,900	43,700
Unsecured loans	Within 2 & 3 yrs	-	47,600
Unsecured loans	Within 3 & 5 yrs	46,000	44,300
Unsecured loans	Beyond 5 years	76,400	17,300
Interest free Crown loan	Beyond 5 years	12,706	12,129
Balance of non current as at 31 March		**169,006**	**165,029**
Total as at 31 March		**199,106**	**165,029**

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The carrying amount of borrowings repayable within one year approximates their fair value.

After initial recognition, borrowings are measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of borrowings.

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

The fair value of the interest-free Crown loan was estimated at $12.7 million (2025: $12.1 million) using prevailing market interest rates at drawdown date for an equivalent loan, ranging between 3.04% and 7.39% (2025:3.04% and 7.39%). During the year, interest charges of $0.6 million (2025: $0.6 million) were recognised on this loan. The difference of $6.2 million (2025: $6.4 million) between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognised as deferred income, refer to Note 7.

At balance date the Group had $244 million of lending facilities with an average rate of interest during the year of 3.8% (2025: 5.8%). Security held by the bank is in the form of a negative pledge deed, where an undertaking has been given that certain actions will not be undertaken and key financial ratios will be maintained. The bank covenants have all been met for the years ended 31 March 2025 and 2026.

20. Derivative financial assets and liabilities

	2026 $000s	2025 $000s
Current asset/(liability)		
Interest rate swaps	-	31
Forward foreign exchange contracts	66	16
Total current asset as at 31 March	**66**	**47**
Interest rate swaps	(98)	(5)
Forward foreign exchange contracts	(13)	-
Total current liabilities as at 31 March	**(111)**	**(5)**
Non-current asset/(liability)		
Interest rate swaps	1,503	656
Interest rate swaps	(700)	(994)

Derivatives are used by the Group in the normal course of business to hedge exposure to fluctuations in interest rates and foreign exchange on purchases of property, plant and equipment.

In accordance with the Group's Treasury Policy, derivatives are only used for economic hedging purposes and not as speculative investments. The Group has elected not to apply hedge accounting.

Derivatives are classified as held for trading for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. The carrying values of the derivatives are the fair values excluding any interest receivable or payable, which is separately presented in the consolidated statement of financial position in other receivables or other payables.

21. Financial risk management objectives and policies

The Group Risk Management Policy approved by the Board provides the basis for overall financial risk management. The Group's Treasury Policy covers specific risk management and mitigation principles for liquidity risk, credit risk, foreign exchange risk, hedging and interest rate risk. The Group Treasury identifies and evaluates financial risks in accordance with the policies approved by the Board. To monitor the existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting covering its business units.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivatives and contract assets	Ageing analysis Credit ratings	Diversification of counter parties, credit limits, performance bonds, prudential arrangements, Board oversight and Treasury Policy limits
Liquidity risk	Borrowings, contract liabilities and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities, Board oversight and Treasury Policy limits
Market risk – interest rate	Floating rate borrowings	Sensitivity analysis	Interest rate swaps, Board oversight and Treasury Policy limits
Market risk – foreign exchange	Future commercial transactions, recognised financial assets and liabilities denominated in foreign currency	Cash flow forecasting Sensitivity analysis	Forward foreign currency forwards, Board oversight and Treasury Policy limits

Foreign currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group has transactional and translational currency exposures. On 31 March 2026 forward foreign exchange contracts outstanding was $7.3 million (2025: $0.6 million).

Interest rate risk
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, hedging positions and the mix of fixed and variable interest rates.

The Group manages its cost of borrowing by limiting the ratio of fixed to floating rate cover held using interest rate swaps. Based on the Group's interest rate risk exposure at balance date, an increase (or decrease) of 1% in the interest rates will likely cause a $3.9 million (2025: $2.0 million) increase (or decrease) in the post-tax profit. There would be no effect on other components of equity. The notional value of the outstanding interest rate swap contracts amounted to $217 million (2025: $88.0 million). The fixed interest rates of interest rate swaps range between 0.9% to 5.5% (2025: 0.9% to 5.5%).

Credit risk
Credit risk is the risk that a third party will default on its contractual obligation resulting in financial loss to the Group. The Group places its cash and short-term deposits with high credit quality financial institutions (A1 or better) and limits the proportion of credit exposure to any one institution in accordance with Company policy. The maximum exposure to credit risk is the fair value of receivables. The Group does not generally require collateral from customers. Trade receivables and contract assets arise from a large number of customers spread across the North Island. The majority of the receivables balance at balance date, was due from three significant customers. A credit evaluation is performed at the onset of material contracts to assess the financial condition of the counterparty, and an ongoing credit evaluation is maintained over the life of the contract to take account of any changes in the risk profile of the counterparty. The Group continuously reviews the accounts receivables and promptly recognises an impairment loss when any indicators arise.

	2026			2025		
	Gross $000s	Impairment $000s	Net $000s	Gross $000s	Impairment $000s	Net $000s
Trade receivables						
Less than 30 days past due	67,417	-	67,417	55,147	(950)	54,197
Past due 31 - 60 days	167	-	167	607	-	607
Past due 61 - 90 days	43	-	43	348	-	348
Past due 91 days plus	673	(275)	398	743	(429)	314
Total	**68,300**	**(275)**	**68,025**	**56,845**	**(1,379)**	**55,466**
Contract assets						
Less than 30 days past due	28,116	-	28,116	12,787	-	12,787
Past due 31 - 60 days	3,489	-	3,489	6,434	-	6,434
Past due 61 - 90 days	2,542	-	2,542	2,864	-	2,864
Past due 91 days plus	5,495	-	5,495	3,280	-	3,280
Total	**39,642**	**-**	**39,642**	**25,365**	**-**	**25,365**

The Group maintains a provision for estimated losses expected to arise from customers being unable to make required payments. This provision factors in known commercial factors impacting specific customer accounts, as well as the overall profile of the debtors' portfolio. Movements in the allowance for expected credit losses of trade receivables and contract assets are as follows:

	2026 $000s	2025 $000s
Balance as at 1 April	1,379	834
Additions	15	996
Bad debts written off	(712)	(57)
Released	(407)	(394)
Balance as at 31 March	**275**	**1,379**

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank funding facilities. The Group has a maximum amount that can be drawn against its lending facilities of $244 million (2025: $201 million). There are no restrictions on the use of the facilities, except for Green Loans, which are specifically designated for renewable projects.

The Group also has in place a credit card facility with a combined credit limit over all cards issued of $1.0 million (2025: $1.0 million).

Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The risk implied from the values shown in the following tables, reflects management's expectation of cash outflows. The amounts disclosed are the contractual undiscounted cash flows.

Contractual cash flow maturity profile

	2026					2025				
$000s	Within 1 year	1-2 years	2-5 years	Beyond 5 years	Total	Within 1 year	1-2 years	2-5 years	Beyond 5 years	Total
Non-derivative financial liabilities										
Trade and other payables	56,430	-	-	-	56,430	38,799	-	-	-	38,799
Lease liabilities	20,374	17,775	25,255	2,451	65,855	20,060	16,646	30,560	3,470	70,736
Interest bearing loans	36,952	39,533	56,955	79,850	213,290	7,535	50,312	100,656	19,128	177,631
Interest free Crown loan	-	-	-	17,093	17,093	-	-	-	17,093	17,093
Derivative financial (assets)/liabilities										
Forward exchange contracts inflow	66		-	-	66	16	-	-	-	16
Forward exchange contracts outflow	(13)	-	-	-	(13)	-	-	-	-	-
Net settled derivatives										
Interest rate swaps	(98)	262	244	297	705	26	(31)	464	(771)	(312)
Total contractual cash flows	113,711	57,570	82,454	99,691	353,426	66,436	66,927	131,680	38,920	303,963

The maturity profile of lease liabilities over the next 2-5 years comprises $14.5 million due within 2-3 years (2025: $13.9 million), $8.2 million due within 3-4 years (2025: $10.6 million), and $2.5 million due within 4-5 years (2025: $6 million).

22. Financial instruments measured at fair value

Financial assets and financial liabilities

The Group classifies its financial assets and financial liabilities into the following categories depending on the purpose for which the asset or liability was acquired.

	2026 $000s	2025 $000s
Financial assets at fair value through profit or loss		
Interest rate swaps	1,503	687
Forward foreign exchange contracts	66	16
Balance of financial assets at fair value through profit or loss	**1,569**	**703**
Financial assets at amortised cost		
Cash and cash equivalents	8,330	7,944
Trade and other receivables	68,025	55,466
Balance of financial assets at amortised cost	**76,355**	**63,410**
Financial liabilities at fair value through profit or loss		
Interest rate swaps	798	999
Forward foreign exchange contracts	13	-
Balance of financial liabilities at fair value through profit or loss	**811**	**999**
Financial liabilities at amortised cost		
Borrowings	199,106	165,029
Lease liabilities	59,368	63,817
Trade and other payables	56,430	38,799
Balance of financial liabilities at amortised cost	**314,904**	**267,645**

Financial assets at amortised cost

Financial assets at amortised cost consist of cash and cash equivalents as well as trade and other receivables. These are initially measured at fair value and subsequently at amortised cost. Cash and cash equivalents at balance date comprise of cash at bank held on call. Due to the short-term nature of these receivables the carrying value of receivables approximates their fair value. Trade and other receivables and contract assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less an allowance for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss consist of derivatives. Derivatives are used to manage exposure to foreign exchange and interest rate risks arising from financing activities.

Derivatives are initially recognised at fair value at the date of the contract and subsequently measured at fair value at each balance date with the resulting gain or loss recognised in the profit or loss. Fair value is calculated as the present value of the estimated future cash flows based on observable interest yield curves. Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZD (the functional currency) using the exchange rates prevailing at the dates of the transactions.

Financial liabilities at amortised cost
Financial liabilities at amortised cost consist of trade and other payables, lease liabilities and borrowings. These are measured initially at fair value and subsequently at amortised cost using effective interest rate (EIR). Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

The fair value is materially similar to amortised cost other than Crown Loan which is disclosed in Note 19. Due to the short-term nature of the payables, no discounting is applied.

Impairment of financial assets
The Group applies the lifetime expected credit loss (ECL) approach to trade receivables and contract assets and recognises a loss allowance to the extent required based on its assessment of ECL. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables. The amount of expected credit losses is updated at each balance date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast of conditions at the balance date, including time value of money where appropriate.

Fair value hierarchy
A number of assets and liabilities included in the Group's financial statements require measurement at fair value and/or disclosure of fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels (the 'fair value hierarchy') based on how observable the inputs used in the valuation technique utilised. The fair value hierarchy includes:

Level 1: Quoted prices in active markets for identical items (unadjusted)
Level 2: Observable direct or indirect inputs other than Level 1 inputs
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. The Group's financial assets and liabilities measured at fair value are classified as Level 2 on the fair value hierarchy unless specified otherwise. The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

There have been no transfers between Level 1 and Level 2 during the year (2025: nil)

Fair value hierarchy of non-financial assets
The Group obtains independent valuations for its electricity distribution network assets and land, and buildings at least every three years. Valuation techniques are based on the following hierarchy.

The following table summarises the fair value measurement hierarchy of the non-financial assets that are recognised and measured at fair value in the financial statements.

	Level 2 $000s	Level 3 $000s	Total $000s
Property, plant & equipment			
Distribution systems	-	459,048	459,048
Freehold land	8,080	15,675	23,755
Freehold buildings	5,165	13,559	18,724
Balance as at 31 March 2026	**13,245**	**488,282**	**501,527**

	Level 2 $000s	Level 3 $000s	Total $000s
Non-current assets held for sale			
Freehold land	-	5,040	5,040
Freehold buildings	-	1,611	1,611
Balance as at 31 March 2026	**-**	**6,651**	**6,651**
Property, plant & equipment			
Distribution systems	-	432,266	432,266
Freehold land	7,864	20,931	28,795
Freehold buildings	6,468	14,267	20,735
Balance as at 31 March 2025	**14,332**	**467,464**	**481,796**

23. Business combinations

On 31 October 2025, the Group acquired a 100% shareholding in the Waikato-based contracting company Connell Contractors Limited for a total consideration of $17.6 million. The acquisition has been accounted for using the acquisition method in accordance with NZ IFRS 3 Business Combinations.

The acquisition accounting values disclosed below are provisional subject to detailed assessment of identifiable assets and liabilities including any intangibles, right of use assets and lease liabilities. Adjustments to these provisional amounts may be made within the measurement period as permitted under NZ IFRS 3.

Provisional fair values recognised on acquisition	2026 $000s
Assets	
Bank	203
Trade receivable	6,207
Contract Assets	904
Inventory	318
Property, plant and equipment (Note 14)	3,135
	10,767
Liabilities	
Trade payable	(3,883)
Employee accruals	(549)
Provision for tax	(541)
Deferred tax liability (Note 12)	(323)
	(5,296)
Total identifiable net assets at fair value	**5,471**

	2026 $000s
Satisfied by:	
Cash consideration	17,558
Net cash outflow on acquisition	
Transaction costs of the acquisition (included in cash flows from operating activities)	1,120
Cash consideration transferred (included in cashflow from investing activities)	17,558
Less cash and cash equivalent balances acquired (included in cashflows from investing activities)	(203)
	18,475
Goodwill recognised on acquisition (Note 13)	12,087

24. Related parties

The Northpower Electric Power Trust, is the Group's ultimate parent entity. During the year fully imputed dividends of $0.6 million (2025: $0.6 million) were declared and $0.6 million (2025: $0.8 million) was paid.

Subsidiaries

Subsidiaries are entities controlled directly or indirectly by the Trust. All subsidiaries have a 31 March balance date and are wholly owned. The Trust holds 100% of the voting rights in all entities reported as subsidiaries. The Trust's investment in subsidiary relates to shares held in Northpower Limited. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Northpower Western Australia Pty Limited and its non-trading wholly owned subsidiary West Coast Energy Pty Limited are incorporated in Western Australia.

Northpower Fibre Limited, Northpower Generation Limited, Te Puna Mauri Ō Omaru Limited and Connell Contractors Limited are incorporated in New Zealand.

The financial statements of subsidiaries are reported in the financial statements using the acquisition method of consolidation. Outstanding balances at balance date are unsecured, interest-free, and are settled either in cash or through non-cash offsetting arrangements for intra-group balances. Intra-group balances and transactions between group companies are eliminated on consolidation.

Transactions between the Company and key management personnel

Certain directors and key management of Northpower Limited are also directors of the subsidiaries.

A summary of material trading activities with related parties is as below:

Key management personnel	Related party	Position	Purchases from related parties $000s		Amounts owing to related parties $000s	
			2026	2025	2026	2025
Paul Yovich - Trustee of Northpower Electric Trust	Busck Prestressed Concrete Limited	Trustee of a shareholder	5,965	3,475	329	-
Josie Boyd - Chief Operating Officer Energy Services	Electricity Engineers' Association	Board member	33	122	-	-
Mike Gibbs - Chief Operating Officer Electricity	Electricity Engineers Association	Executive Committee Member	55	-	-	-
Darren Mason - General Manager - Fibre	NZ Telecommunications Forum	Trustee	-	17	-	-
David Hunt - Director	Accident Compensation Corporation	Deputy Chair	717	696	-	-

25. Guarantees and contingencies

	2026 $000s	2025 $000s
Performance bonds in relation to contract work	26,963	29,825
Balance as at 31 March	**26,963**	**29,825**

Performance bonds relate to guarantees given to customers to guarantee completion of contracting work both in New Zealand and off shore. No liability was recognised in relation to the above guarantees as the fair value is considered immaterial.

26. Commitments

The future aggregate minimum lease payments payable for non-cancellable low value operating leases which are exempted under NZ IFRS 16 Leases are as follows:

	2026 $000s	2025 $000s
Within one year	58	82
After one year but not more than five years	-	2
Balance of non-cancellable operating leases	58	84

Capital commitments contracted at balance date was $34.3 million including software of $0.2 million (2025: $28.6 million including software of $0.1 million).

27. Events after balance date

Subsequent to balance date, the Board approved the refinancing of existing bank facilities totalling $80 million and the establishment of new bank facilities totalling $56 million. The related facility documentation is in the process of being executed. No adjustments have been made to these financial statements in respect of this subsequent event.

There were no other significant events after balance date.

+ Annual Plan and Purpose Statement

1 April 2026 to 31 March 2027

Background

Northpower Electric Power Trust (''the Trust'') was created by deed dated 29 March 1993 (such deed being amended on 24 October 1995 and 20 March 2000) (“the Trust Deed”).

The Trust was established as a Consumer Trust in 1993 to hold the shares in Northpower Limited (“the Company”) on behalf of the consumers of the Kaipara and Whangarei Districts in accordance with the Northpower Establishment Plan. This Plan was developed with extensive public consultation as required by Section 18 of the Energy Companies Act 1992.

There are seven Trustees (two from Kaipara and five from Whangarei) who are elected every three years following the Local Body elections.

The Trustees are required by the Trust Deed and law to:

a. Encourage and facilitate the Company to operate as a successful business.
b. Distribute to consumers in their capacity as owners, the benefits of ownership of the shares of the Company.
c. Appoint Directors to the Company as provided for in the Company constitution.
d. Act as a diligent shareholder and monitor the performance of the Directors.

Trustees are specifically prohibited from participating in the management or operation of the Company.

Trustees must also be aware of the default and mandatory duties set out in the Trusts Act 2019.

In carrying out their responsibilities in accordance with the Trust Deed and the law, the Trustees will specifically:

1. PROTECT THE VALUE OF THE TRUST ASSETS AND ACT AS PRUDENT TRUSTEES

1.1 Seek a fair commercial return from the Trust investment in the Company.

1.2 Seek to minimise the risk of the Trust investments in the Company.

1.3 Manage cash assets including dividends received in a way that maximises the benefit to Trust consumer beneficiaries.

2. AS SHAREHOLDER IN NORTHPOWER LIMITED

2.1 Exercise the rights and responsibilities of diligent shareholders in the Company for the benefit of the Trust and with due regard to the objective of the Company to be a successful business. In doing so, take proper account of the growth of the Company and the impact of the changing economy.

2.2 Advertise publicly that Trustees seek prospective directors for the Company in accordance with clause 9.1 of the Trust Deed and the Constitution of the Company.

2.3 Appoint directors to fill any vacancies in accordance with the provisions of the Trust Deed and the Company’s Constitution.

2.4 Monitor the performance of Directors.

2.5 Agree on the Company’s Statement of Corporate Intent with the directors of the Company and make the completed SCI available to the public.

As 100% owners of the Company, although specifically prohibited from participating in the management of the Company, the Trustees may be ultimately responsible for some of the Company’s actions. The Trustees will require, through the Statement of Corporate Intent, as well as achievement of specific targets for financial and operational performance, assurances from the Directors that effective measures are in place to avoid or minimise financial, operational, and health and safety risks.

2.6 Meet with the Board or its representatives of the Company at least four times a year to consider the performance of the Company in relation to the Statement of Corporate Intent and other matters of ownership.

2.7 Attend the Annual Meeting of the Company and exercise the rights and responsibilities of shareholders at that meeting and at any other general meeting of the Company.

3. INCOME

3.1 Receive dividends from the Company.

3.2 Hold and invest dividends from the Company for at least six months before distribution to satisfy clause 5.3 of the Trust Deed.

3.3 To manage all remaining income received from the Company for the benefit of consumers as provided in the Trust Deed.

3.4 The Trustees reached agreement with the Company Directors to implement a new pricing discount policy that commenced in the 2019-2020 year. Consumers now annually receive a discount on their electric lines charges in place of the direct Trust distribution that had been made in the past. This reduces the dividend received and therefore the direct distribution paid through the Trust, as the consumer shareholder, but ultimately increases the financial return to consumer beneficiaries and, as such, is a mechanism approved by Trustees.

4. ELECT A CHAIRPERSON

The Trustees have elected Phil Heatley as Chairperson in accordance with the Trust Deed for a three year term ending in November 2028.

5. ELECT A DEPUTY CHAIRPERSON

The trustees have elected Sheena McKenzie in accordance with the Trust Deed for a three-year term ending in November 2028.

6. APPOINT A SECRETARY

The Trustees have appointed Plus Chartered Accountants to provide secretarial and accounting services to the Trust.

7. SECURITY OF ELECTRICITY SUPPLY

The Trust will cooperate with the Company and with ETNZ to encourage appropriate grid and network improvements and adequate generation capacity to service Northpower consumers’ needs.

8. ETNZ

The Trust is a member of the Energy Trusts of New Zealand Inc. The Trust will seek efficiency in the ETNZ in its objectives of facilitating the operations of Energy Trusts as significant owners of Energy Companies and in supporting trusteeship of Energy Trusts.

9. COMMUNICATION

The Trust will inform consumers of its activities through the news media and through newsletters as appropriate. Information and Trust reports can be found in the ownership section of the Company website – https://northpower.com/company/about-us/ownership. The Trust will also maintain a free call telephone number 0800 434 100 and an email address nept@plusca.co.nz for the benefit of consumers who wish to contact the Trust. The postal address is PO Box 1609, Whangarei 0140.

10. CODE OF PRACTICE

The Trust has developed and published a ‘Code of Practice’ that describes the way Trustees will provide accountability to, and access to information for the Trust beneficiaries. This was first presented for confirmation at the AGM in July 2003, and will be reviewed at each AGM.

11. TRUSTEE MANUAL

Trustees have developed an online information system to guide Trustees and the Secretariat in the governance and administration of the Trust in accordance with the Trust Deed, the Northpower Establishment Plan, and legislation. The system records the various legislation that affects Energy Trusts and legal advice that provides assistance in understanding the responsibilities of the Trustees.

12. ELECTION OF TRUSTEES

As required by the Trust Deed, the Trust will be holding an election in November 2028 by postal ballot and with an online voting option.

+ Code of Practice

The Northpower Electric Power Trust will seek to achieve "Best Practice" in all its activities. Trustees and officers of the Trust will fulfil all their obligations under the Trust Deed and the law.

Purpose of the Trust

The Northpower Electric Power Trust is established to hold all the shares in Northpower Ltd. [the Company] to appoint Directors to the Company, to agree each year on a Statement of Corporate Intent with the Company, to receive any dividends from the Company and to distribute any income received to the beneficiaries of the Trust in accordance with the Trust Deed or to reinvest it in the Company.

Operation of the Trust

The Trustees meet as required, usually monthly, to deal with Trust business that may include:

correspondence and beneficiary enquiries, finance, monitoring the performance of Northpower Directors and the Company's performance against the Statement of Corporate Intent, dividends and distributions as they arise, ownership and legislative issues, liaison with the Energy Trusts of New Zealand, any other matters affecting the Trust.

Beneficiaries

A legal description of the beneficiaries is contained in the Trust Deed, but they can generally be described as consumers who at any time designated by the Trustees, are persons named in the records of the Company as persons whose premises are connected to the Company's distribution network (ICPs - Installation Control Points).

Entitlement to Information

Trustees will make available to the public any completed Statement of Corporate Intent and the Trust's audited Annual Financial Statements.

In addition, the Trustees will each year prepare an Annual Plan and Purpose Statement describing the intended actions of the Trust for the ensuing year and an Annual Report that describes the activities of the Trust in the last financial year, assesses the performance of the Trust against the last year's Annual Plan and Purpose Statement, and reports the performance of the Company in meeting the targets of the Statement of Corporate intent.

Trustees will ensure that beneficiaries are able to receive in a timely manner the above information and any other information that they are legally entitled to under the Trustee Act 2019, the Northpower Electric Power Trust Deed, and any other rule of law.

Trustees will also from time to time as appropriate, provide general information about the Trust and its activities to beneficiaries through the news media, newsletters, or other media.

Procedures for Requesting Information

Beneficiaries may seek information from the Trust by:

a. A telephone request through the Trust's free call telephone number 0800 434 100

b. Writing to the Secretary of the Trust at PO Box 1609, Whangarei 0140

c. By email to nept@plusca.co.nz

Every request by a beneficiary for information shall be dealt with promptly and in a courteous businesslike manner.

All information that a beneficiary is entitled to will be made available for inspection on https://northpower.nz/about-us/ownership/, at the office of the Trust or such other place that the Trust determines during ordinary office hours - free of charge.

Any beneficiary may seek a review of the way a request for information has been dealt with by making a formal request for review in writing to the Secretary of the Trust.

Any request for review will be recorded and will be placed before the next meeting of Trustees for consideration and a formal response to the beneficiary.

The Annual Report will record the number of reviews sought and the way they have been determined.

Annual Meeting

The Trust will, within four months of the end of each Financial Year, hold an Annual Meeting in the District, that is open to the public in accordance with the Trust Deed.

The Trustees will publish a notice of the Annual Meeting in the news section of at least two separate editions of the *Northern Advocate, Kaipara Lifestyler* and/or *Mangawhai Focus.*

The first notification will be published not less than 14 days before the Annual Meeting and will include advice:

- That financial statements have been prepared and audited and are available to the public
- Of where copies are available.
- That a quorum at the Annual Meeting is 20 beneficiaries
- That every beneficiary has a vote

Rights of Review of Acts and Decisions of Trustees

Trustees will report to the Annual Meeting on the way in which requests for review have been dealt with and on any unresolved requests for review.

Review of Code of Practice

Trustees will review this Code of Practice each year and will provide an opportunity for beneficiaries to comment on it during each Ownership Review. Ownership Reviews must be held at intervals of no more than five years. The last Ownership Review was completed in June 2022 and the next Ownership Review will be in 2027.

BDO

Tel: +64 9 430 0471
northland@bdo.co.nz
www.bdo.co.nz

BDO NORTHLAND
Level 3, BDO Business Centre
15 Porowini Avenue
P O Box 448
Whangarei 0140
NEW ZEALAND

+ Independent Auditor's Report

TO THE SHAREHOLDERS OF NORTHPOWER ELECTRIC POWER TRUST GROUP

Opinion

We have audited the consolidated financial statements of Northpower Electric Power Trust ("the Trust") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 March 2026, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at date, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and IFRS® Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust or any of its subsidiaries.

Other Information

The Trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Trustees' Responsibilities for the Consolidated Financial Statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-7-1/.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Trust's beneficiaries, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's beneficiaries, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Northland

BDO Northland Whangarei
New Zealand
16 July 2026

NORTHPOWER
ELECTRIC POWER TRUST

Freephone 0800 434 100
PO Box 1609, Whangārei 0140
https://northpower.com/company/about-us/ownership

Secretariat
Plus Chartered Accountants Ltd
Brent Martin
09 438 3322
nept@plusca.co.nz