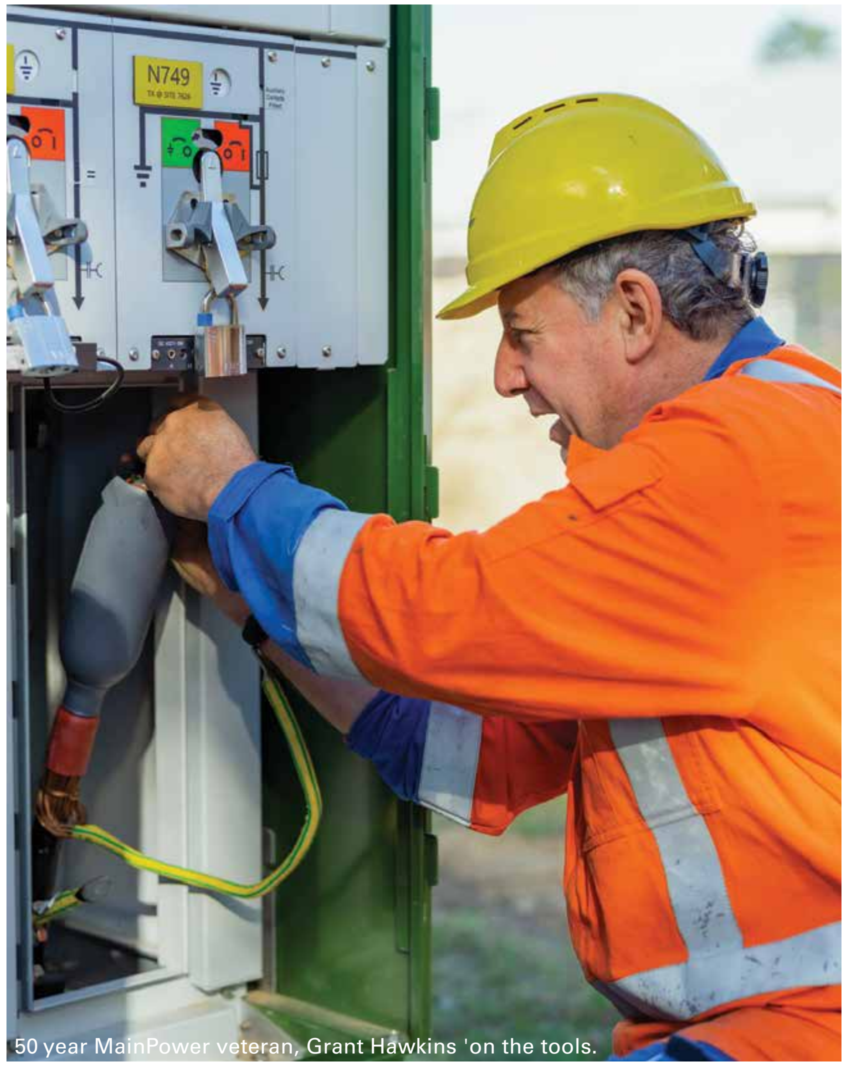
mainpower

ANNUAL REPORT

2024

CONTENTS

ABOUT MAINPOWER NEW ZEALAND



50 year MainPower veteran, Grant Hawkins 'on the tools.

Welcome to MainPower's Annual Report and Financial Statements for the 2023-2024 financial year.

MainPower is the electricity lines company serving the communities of Waimakariri, Hurunui, and Kaikōura. With a century-long legacy, we take great pride in owning, operating, and maintaining the essential infrastructure of poles, wires, and underground cabling that powers homes and businesses throughout our network.

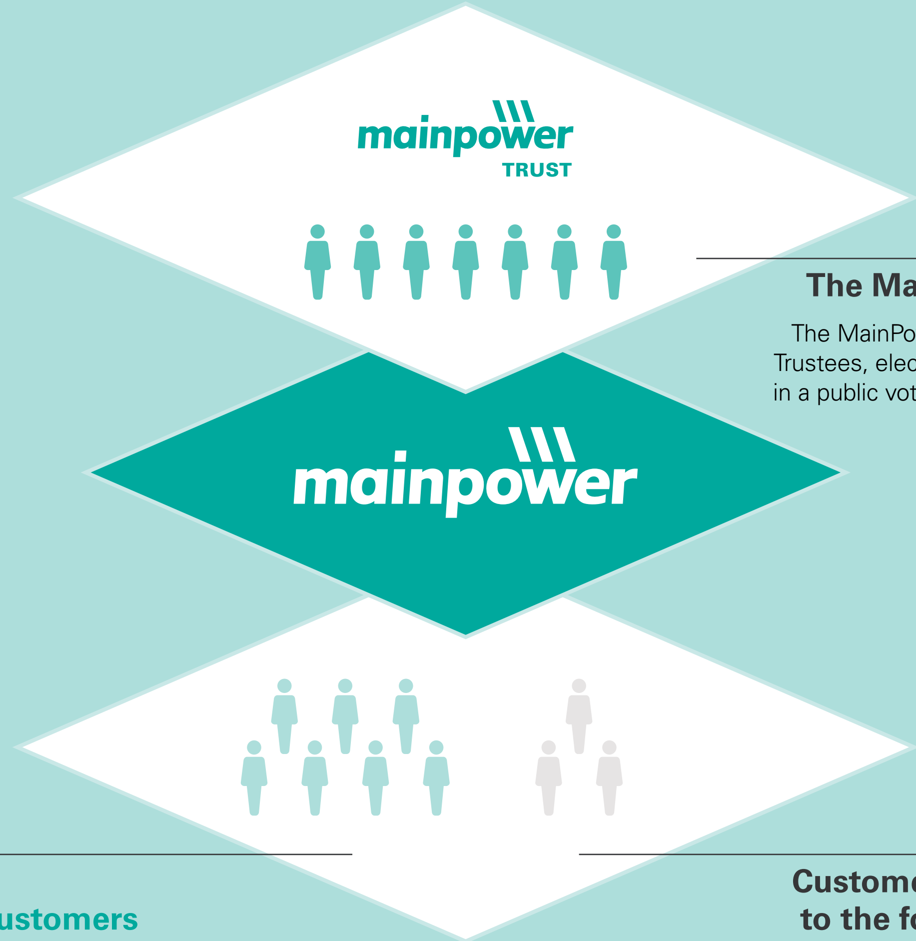
With a commitment to safety and reliability, MainPower ensures a secure electricity supply to over 44,000 connections, positively impacting the lives of the people who call North Canterbury home.

From bustling urban centers like Rangiora and Kaiapoi to the picturesque farmland of Hurunui, the renowned wine country of the Waipara Valley, and the iconic tourist destinations of Hanmer Springs and Kaikōura, MainPower plays a vital role in supporting the diverse needs of our region.

Understanding The MainPower Trust Structure

The MainPower Trust holds the ownership of the ordinary shares of the Company on behalf of its beneficiaries; electricity customers in the Waimakariri, Hurunui and Kaikōura regions.

The MainPower Trust Trustees are responsible for appointing, and regularly meeting with, the MainPower Board of Directors to monitor the Company's performance.



The MainPower Trust

The MainPower Trust has seven Trustees, elected by beneficiaries in a public vote every three years.

Beneficiaries
Qualifying Customers

Except for those connected to the former Kaiapoi Electricity Network, Beneficiaries of the Trust are those who pay an electricity bill in the MainPower network. They are also known as Qualifying Customers.

Qualifying Customers receive a rebate on the cost of MainPower's electricity distribution services, known as network charges. This rebate is passed on via electricity retailers, though it is not always clearly shown on the bill.

Customers connected to the former Kaiapoi Electricity Network
Non-Qualifying Customers

Kaiapoi customers receive a discount on their electricity bills equivalent to the rebate.

This is also passed on via electricity retailers.

CHAIR'S REPORT

Welcome to MainPower's Annual Report for the 2023-24 financial year.

Regional growth and increased demand for energy services have resulted in another year of strong financial performance for MainPower. In addition to a profit before tax of $9.7 million, we are pleased to have supported the beneficiaries of the MainPower Trust with a rebate of $5 million. In addition to this, the business absorbed $2.2 million of costs rather than passing this through to our customers via network pricing. As a community-owned business we are proud to have continued our usual contributions to community organisations, while mitigating the financial impact on our domestic customers. We have nevertheless continued to invest heavily in our network, spending $38.4 million, an increase of 13% over last year.

Our financial results have been influenced by the Government's decision to eliminate tax depreciation on commercial buildings starting April 1, 2024. As such, we have accounted for an increased future tax expense of $2.3 million in this year's results. Additionally, we recognised impairment charges totalling $1.4 million for the Mt Cass project and the Cleardale hydro station. The charges reflect the circumstances as of March 31, particularly those relating to forecast electricity prices and the cost of capital.

Our normalised net profit after tax, that is, without the one-off tax and impairment charges, would be $8.1 million, compared to last year's $7.8 million. This demonstrates MainPower's continued strong performance.

The Board continues to support the Mt Cass Wind Farm, which was proceeding as planned with shareholder and supplier support as of March 31, 2024. Despite one shareholder withdrawing support in May, we remain confident in the project's potential to generate returns and provide long-term community benefits.

Creating an MPowered Future

The future of the electricity industry is very promising; driven by advances in renewable energy, innovative technologies, and the electrification of transportation and industry. To support this evolution, electricity networks must prioritise investments in modernising infrastructure and improving network resilience against climate change. These efforts are essential to ensuring a reliable and sustainable energy supply for future generations.

This year, the MainPower team completed a significant project to redefine our MPowered Future strategy. While our previous strategy remained relevant, new energy technologies and changing consumer behaviours are evolving rapidly, requiring us to adapt our approach to meet the needs of our communities. This will protect the value of our current assets and future proof MainPower, ensuring we continue to provide a positive return and a safe and resilient network for years to come. Our strategic realignment is not just about keeping pace with technological advances; it is also about leading the charge towards a more sustainable and efficient energy future.

The board and executive team worked closely to deliver this important piece of work. As we look ahead to the national target of net zero emissions by 2050, MainPower must make crucial decisions now to support this goal. Our efforts will facilitate the transition of businesses and communities on our network away from greenhouse gas emitting technologies towards electrical alternatives. This transition is a critical component of our broader commitment to sustainability and successful stewardship of the MainPower network.

Planning for the future

With the sustained population growth in our region, we are anticipating like many others across the sector, a period of prolonged increasing capital expenditure requirement.

To meet the expected increase in demand, we are working on several major projects spanning multiple financial years. The projects include line upgrades from Cheviot to Kaikōura, replacing lines into Hanmer Springs, and new overhead lines between Ashley and Coldstream in Rangiora. Over the next five years, we will also be upgrading and relocating the substations in Amberley and Hanmer Springs and building a new substation in Coldstream. These infrastructure enhancements are designed to ensure that our network can handle future demands and continue to provide a reliable service.

Increased housing development and overall electricity demand growth in our area has continued, despite projections it would start to slow. We are bringing forward planned investments as the need is required earlier than we had forecast – a great problem to have.

Our major projects all contribute to our MPowered Future strategic goals by providing a more resilient supply of power to our customers. We are also creating sustainability for North Canterbury and MainPower by developing assets that will power communities and facilitate their growth for many years to come. Additionally, we are committed to integrating smart technologies that enhance our ability to manage the grid efficiently and respond swiftly to any issues, further boosting our resilience and service quality.

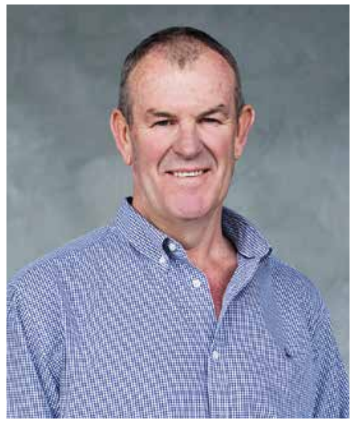
Looking ahead

Under the guidance of the Board and Shareholder, The MainPower Trust, we are well-positioned to face the challenges of the future, embrace the opportunities that the future presents, and play a leading role in delivering on both our MPowered Future strategy and our communities' goals for sustainability and decarbonisation. The proactive steps we are taking now will set the foundation for a sustainable and prosperous future.

The MainPower Board and Executive Team have continued to work closely with the MainPower Trust to achieve the requirements set out in the Letter of Expectations and provide regular updates from a governance and business level. I want to thank my fellow Board members as well as Andy Lester and the Executive Leadership Team, with continued support and commitment from the MainPower Trust. Their dedication and hard work have been instrumental in continuing to drive MainPower forward to create local value.

A C (Tony) King

Chair of Directors
MainPower New Zealand Limited



CHIEF EXECUTIVE REPORT

As our reliance on electricity and the demand for energy continues to increase, MainPower's role in the energy sector has never been more important.

The MainPower network stretches from the Waimakariri River, through the Waimakariri and Hurunui districts to Puhi Puhi, north of Kaikōura, and inland as far as the Boyle Village in the Lewis Pass. We deliver electricity to over 44,000 North Canterbury homes and businesses via 5,248 kilometres of overhead lines and underground cables, across a geographic area of 11,180 square kilometres.

As always, our focus throughout the 2023-24 financial year, has been the continued maintenance and development of a safe and secure network. We've also spent time planning for the future of our network, ensuring MainPower is prepared to provide appropriate services to North Cantabrians for generations to come.

Financial results

Throughout the 2023-24 financial year, MainPower has continued to achieve strong financial results, while remaining committed to providing safe, secure, and resilient electricity network services.

The MainPower Group achieved a profit before tax of $9.7 million in the 2023-24 financial year. Revenue growth was matched by an increase in operating expenses, particularly those directly associated with maintaining our network, with network maintenance spend increasing to $9.2 million.

Population growth and subsequent land development in the region continues to drive an increase to network spend and capital contributions. A total of $11.3 million was spent on network growth projects this year, with an additional $21.8 million invested in capital expenditure for the distribution network, generation assets, and other assets that are directly utilised in supporting the network.

Our results continue to be affected by some challenging circumstances. Supply chain issues and cost increases from suppliers have had an influence on securing materials and equipment, and meeting previously identified cost targets. Weather events have also impacted our year-end results, with windstorms costing more than $1.0 million in repairs to the network, with most of the damage due to trees and vegetation debris. We continue to focus on the responsibility of these costs sitting with the individuals rather than socialising them unfairly across all our customers.

Work has continued on the Mt Cass Wind Farm, as we aim to bring this important project to a conclusion. This project has been a major initiative for MainPower, with recent events highlighting why this type of renewable generation is critical for New Zealand's electricity demand into the future.

Asset management

During the 2023-24 financial year, we successfully delivered Asset Management Plan (AMP) work programs, totalling $9.2 million in network maintenance and $29.2 million in capital works. In alignment with our AMP, we also undertook the replacement of over 800 poles, 17 link boxes, and 37 distribution transformers across the network.

Celebrating our people

MainPower is fortunate to benefit from the collective knowledge of a workforce spanning three generations. With 33 members of our team having worked at MainPower for more than 20 years, this year we celebrated a very special milestone as our underground supervisor, Grant Hawkins surpassed 50 years at MainPower. With half a century of commitment, dedication and expertise, his impact here at MainPower is undeniable, not to mention a few funny stories along the way. Congratulations to Grant on an incredible milestone.

Remembering Mark Appleman

In early 2024, MainPower mourned the sudden and unexpected loss of our General Manager of Network Planning and Strategy, Mark Appleman, who's passing deeply saddened us all. Mark's leadership extended beyond the executive table. He was committed to building meaningful relationships with stakeholders and was known for his genuine care for both his team and the North Canterbury community at large. While we mourn the loss of a colleague and friend, we also celebrate the legacy that Mark leaves behind. His vision, dedication, and impact will continue to inspire us as we carry his work forward.

Thank you

First and foremost, I want to thank the team of MainPower for their contributions to another successful year. A special acknowledgment goes to the Board for their expertise and guidance, the MainPower Trust for their support, and the MainPower Executive Team for their leadership across the organisation.

Additionally, I wish to express my appreciation to the communities of Waimakariri, Hurunui, and Kaikōura. As a community-owned entity, your input drives our decisions and enables us to pave the way for a smarter future, enhancing value for generations to come.

Andy Lester

Chief Executive
MainPower New Zealand Limited

OUR VISION

Create a smarter future to deliver local value.

Harrogate Street, Hanmer Springs

NETWORK FUTURE READINESS

It's an exciting time for electricity networks as the industry experiences changes in electricity demand, and the uptake of technology innovations that have the potential to significantly alter the traditional energy sector.

As a community-owned business, MainPower must ensure that our electricity network meets the needs of our communities, enabling growth and improving resilience. We also need to understand and plan for how future technology and innovations will change the way customers use our network.

Supporting regional growth.

MainPower is preparing for future demands on the electricity network by planning for ongoing growth across North Canterbury.

With the Waimakariri and Kaikōura districts seeing an increase in both commercial and residential developments, and the Hurunui district experiencing ongoing residential expansion, we're already working to adapt to this changing demand.

Our proactive approach to invest and prepare for the future ensures a steady electricity supply to keep up with our growing region. We're laying down the groundwork for a strong and sustainable electricity network that can handle whatever tomorrow throws at it.

Partnering with NIWA to create a resilient network

We've teamed up with NIWA to better understand the impact of major climate events on North Canterbury's electricity network.

This collaboration grants us access to tools, data and expertise that will allow MainPower to gain a deeper understanding of how climate patterns affect our assets, both presently and over the coming decades.

We're particularly interested in understanding the changing frequency, intensity of storms and how we can change our approach to infrastructure management, to provide a more resilient electricity network, capable of managing these climatic challenges.

Planning for a smarter future

MainPower is actively exploring innovative approaches to deliver energy services beyond traditional network solutions. Instead of simply adding more poles and wires, we're looking into smarter ways to manage and develop our network.

With the rising demand for electricity services, we're assessing alternative methods for energy supply and demand management, working in partnership with our traditional electricity infrastructure to better address the evolving needs of our communities. We're looking to balance infrastructure investment, use of new technologies and growing opportunities in flexible solutions, to provide a sustainable electricity network for North Canterbury.

Aerial insights: using drones for asset inspections

MainPower has introduced drone technology for visual inspections of power lines and infrastructure.

The use of drones is enhancing safety by enabling remote inspections of power lines, poles, transformers, and other infrastructure, reducing the need for field workers to climb assets or use machinery for inspections.

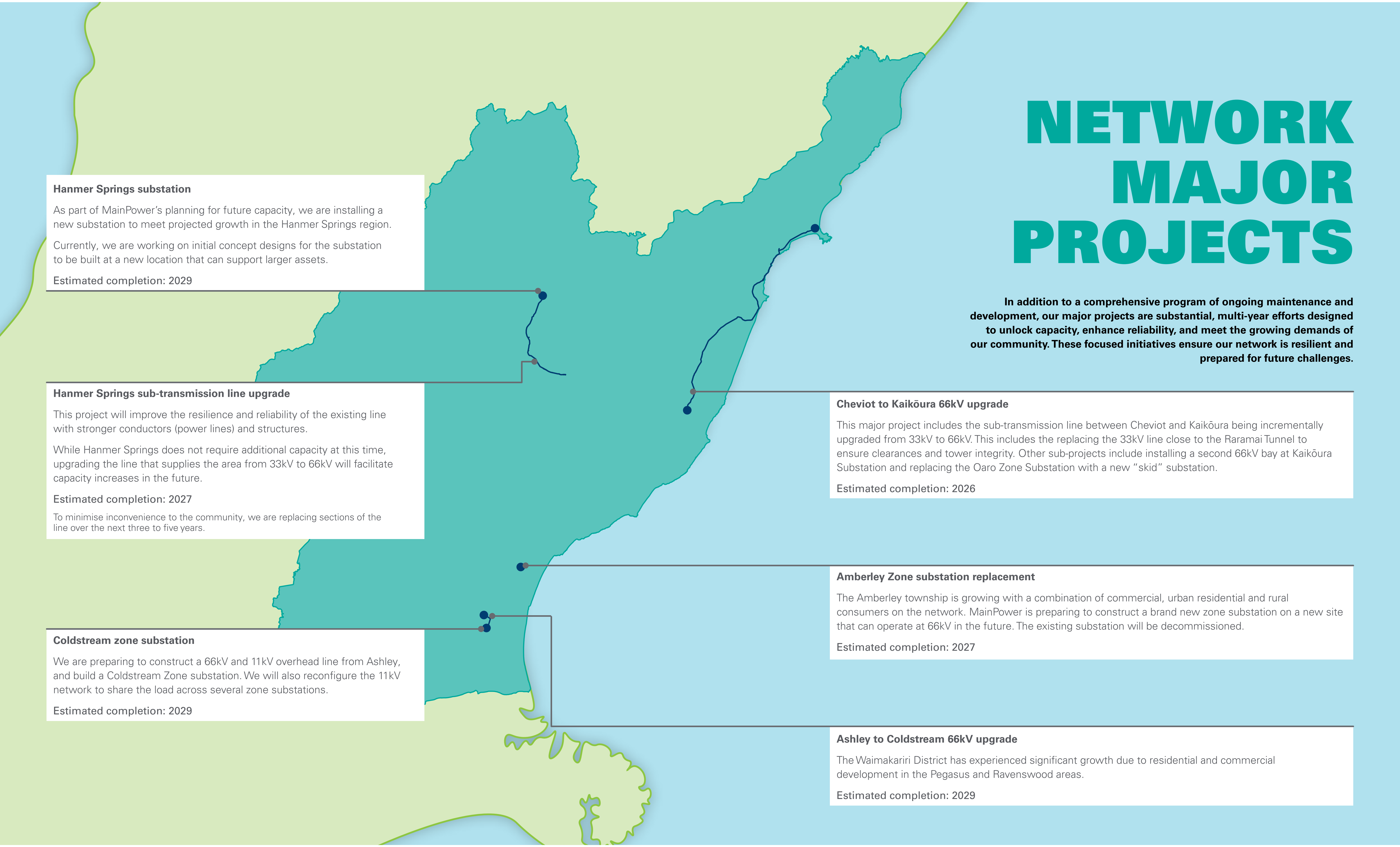
Drone inspections are also proving to be very efficient, significantly reducing the time spent on customer properties. Additionally, drones are equipped with high-definition, thermal imaging cameras that provide improved diagnostic tools, allowing us to detect potential issues earlier and schedule necessary maintenance to prevent power outages.

Operated under the guidelines of the Civil Aviation Authority, drones are flown within the operator's 'line of sight' to capture photo and video footage. Our protocol for traditional asset inspections remains, with field workers obtaining permission from landowners before accessing or flying over their property. Following an inspection, landowners have the option to view any captured content.

MainPower is excited to be embracing this new technology and harnessing its potential to enhance the safety, efficiency, and sustainability of our network.

NETWORK MAJOR PROJECTS

In addition to a comprehensive program of ongoing maintenance and development, our major projects are substantial, multi-year efforts designed to unlock capacity, enhance reliability, and meet the growing demands of our community. These focused initiatives ensure our network is resilient and prepared for future challenges.



Hanmer Springs substation

As part of MainPower's planning for future capacity, we are installing a new substation to meet projected growth in the Hanmer Springs region.

Currently, we are working on initial concept designs for the substation to be built at a new location that can support larger assets.

Estimated completion: 2029

Hanmer Springs sub-transmission line upgrade

This project will improve the resilience and reliability of the existing line with stronger conductors (power lines) and structures.

While Hanmer Springs does not require additional capacity at this time, upgrading the line that supplies the area from 33kV to 66kV will facilitate capacity increases in the future.

Estimated completion: 2027

To minimise inconvenience to the community, we are replacing sections of the line over the next three to five years.

Coldstream zone substation

We are preparing to construct a 66kV and 11kV overhead line from Ashley, and build a Coldstream Zone substation. We will also reconfigure the 11kV network to share the load across several zone substations.

Estimated completion: 2029

Cheviot to Kaikōura 66kV upgrade

This major project includes the sub-transmission line between Cheviot and Kaikōura being incrementally upgraded from 33kV to 66kV. This includes the replacing the 33kV line close to the Raramai Tunnel to ensure clearances and tower integrity. Other sub-projects include installing a second 66kV bay at Kaikōura Substation and replacing the Oaro Zone Substation with a new "skid" substation.

Estimated completion: 2026

Amberley Zone substation replacement

The Amberley township is growing with a combination of commercial, urban residential and rural consumers on the network. MainPower is preparing to construct a brand new zone substation on a new site that can operate at 66kV in the future. The existing substation will be decommissioned.

Estimated completion: 2027

Ashley to Coldstream 66kV upgrade

The Waimakariri District has experienced significant growth due to residential and commercial development in the Pegasus and Ravenswood areas.

Estimated completion: 2029

CUSTOMERS AND COMMUNITIES

We're listening

Customer behaviour is changing. In addition to the uptake of new technologies, our customers are more likely to work from home, and therefore be inconvenienced by outages during our normal working hours. We're actively collecting feedback to understand when they want outages, and how we can support their needs when planning future works.

The introduction of texting customers about planned outages and faults has been positively received, this initiative was brought in after our last round of AMP customer engagement sessions. The texts proved especially useful during the significant windstorm in October 2023 when we had more than 22,000 customers without power at the peak. Customers appreciated the updates and were able to make plans if they knew their power was going to be off overnight.

Customer feedback is driving our decisions. As well as a comprehensive programme of customer surveys and engagement, this year we attended community meetings to improve transparency around our work and learn more about how well our customers are prepared for power outages.

As a community-owned company, our customers are at the heart of MainPower.

Our customer base is growing and developing. Network connections have increased by 1.6%, with a corresponding 2.4% rise in demand since 2023. We regularly engage with customers to understand their perceptions of us and find opportunities to improve our service.

MainPower customer engagement programme

MainPower's annual Customer Pulse Survey showed that, overall, customers have a high awareness of MainPower through the work we do and our community engagement and continue to be satisfied with our services.

Customers are also telling us that they are interested in decarbonisation and sustainability and want MainPower to facilitate their uptake of new technologies such as electric vehicles.

Key insights from our 2023 Customer Pulse survey

- We achieved the highest net positive score of +50 (a measure of customer satisfaction) since this research began.
- 83% rated their electricity as "reliable" or "very reliable".
- 95% recall receiving notice of a planned outage. This is equal to the all-time highest result achieved in 2022.

SUPPORTING OUR COMMUNITIES

MainPower believes in the power of community and the importance of fostering long-term relationships with key organisations that drive positive change.

Our sponsorship portfolio has been curated to assist different causes across the network, while also supporting our MPowered Future strategic goals. We have 10 long-term sponsorship partners, ranging from the world record breaking ElectricAir, community radio station, Compass FM, economic development agency Enterprise North Canterbury, and and regional children's wellbeing education provider, Life Education.

By supporting programs that promote health, education, wellbeing and economic development, we aim to create a sustainable impact that resonates beyond immediate benefits. These partnerships enable us to contribute to the resilience and vibrancy of our communities, ensuring that we are not only a business presence but also a catalyst for creating positive outcomes.

Through these ongoing collaborations, we strive to build stronger, healthier, and more cohesive communities, reflecting our core values to make it happen, make it better, work together and do what's right.

Community Wellbeing North Canterbury Trust

Community Wellbeing North Canterbury Trust offers free social and community services aimed at enhancing the wellbeing of whānau, rangatahi, and tamariki. Our commitment lies in supporting North Canterbury families and communities to thrive, ensuring they have access to essential resources and support.

We have a long-standing relationship with Community Wellbeing North Canterbury, backing many of their initiatives through our MainPower Community Fund. In response to customer feedback in 2023, which expressed a desire for MainPower to engage in more social wellbeing initiatives, we collaborated with local police and social services to identify a significant gap in support for parents. As a result, MainPower provided financial backing to expand the 'Turning into Teens' parenting program across the region. This pilot program aims to support North Canterbury families by offering education and assistance to parents, further strengthening our community.

Rural Support Trust North Canterbury

MainPower operates primarily in rural areas, serving numerous isolated communities. Many of our assets are situated on rural properties, including farms, wineries and dairy operations. The Rural Support Trust North Canterbury, a local branch of a national organisation, offers vital support and services to those facing difficult times, including health and wellbeing assistance, financial aid, employee support, and help during adverse events.

In early 2023, MainPower further assisted the trust with a one-off payment to establish an annual feed coordination service. This program has been crucial in helping farmers locate and sell feed during a particularly challenging drought season. By supporting initiatives like this, we aim to strengthen our rural communities and ensure they have the resources needed to thrive despite adversity.

MainPower WaiSwim Programme

North Canterbury is well-known for its beautiful waterways. Braided rivers, lakes, thermal pools and beaches are highlights of our diverse natural environment.

Kiwis love to get outdoors and enjoy the water, but in order to get the most out of these experiences, it's essential to know how to swim and stay safe around the water. MainPower has been supporting the region's children to learn how to swim and gain potentially lifesaving water safety skills since 2010, through our sponsorship of the WaiSwim programme.

The long-term partnership with the North Canterbury Sport and Recreation Trust ensures that thousands of school students have access to heavily subsidised swimming lessons.

MainPower Matchday

In September 2023, MainPower partnered with the Canterbury Rugby Union to sponsor the 'MainPower Matchday'- a day of family-friendly rugby fun and activities, including six rugby games at the Rangiora Showgrounds

It was a beautiful day, there was food, music, and plenty of rugby. As well as a main sponsor of the event, MainPower also sponsored the North Canterbury Rugby Sub Union team for the season.

The U16, U18, Colts, and Senior Development representative teams from North Canterbury and Ellesmere competed throughout the morning, culminating in the 100th Southbridge Shield match between North Canterbury and Ellesmere. The day concluded with a televised Taranaki vs. Canterbury NPC match.

Cust School students model their new Kapa Haka uniforms, purchased with assistance from the MainPower Community Fund.

COMMUNITY FUNDING

Every year, MainPower provides financial support to numerous community events and initiatives through the MainPower Community Fund.

200+

Since its inception in 2015, the fund has supported more than 200 local community groups and schools, event funding, initiatives, resources and equipment that benefit the communities on our network.

$100,000

$100,000 of funding is available every year, distributed via two rounds of the MainPower Community Fund and two regional biodiversity funds. During the 2023/24 financial year, 56 local groups and schools were recipients of the MainPower Community Fund.

2023/24 MainPower Community Fund Distributions

Academy of Seikokai Karate
All Stars U16 Marching
Amberley Meals on Wheels
Amberley School
Amberley Toy Library
Ashley School
Birdsong Project
Canterbury Sheepdog Trials
Cheviot A&P show
Cheviot Combined Sports Club
Culverden Netball Club
Cust School
Cust Toy Library
Dance Troupe NCSD
Darnley Club
EDuk8
Hurunui College
Hurunui Community Committee
ICE Trampoline
It Takes a Village Hub
Kaiapoi Borough School
Kaiapoi Netball
Kaikōura Community Shed
Kaikōura High School
Leithfield Beach Residents Association
Loburn School
MenzShed Pegasus Woodend
North Canterbury Academy of Music
North Canterbury Basketball
North Canterbury BMX
North Canterbury Pony Club
North Canterbury Rugby Sub Union
NZRT12
Oxford Community MenzShed
Oxford Dark Sky Trust (Oxford School)
Oxford Football Club
Pegasus Bay School
North Canterbury Poultry & Pigeon
R13 Youth Development Trust
Rangiora Bowling Club
Rangiora Community Patrol
Rangiora Cricket Club
Rangiora Volunteer Fire Brigade
Rangiora Squash Club
Ridgeway Ventures- St Anne's Lagoon
Special Olympics North Canterbury
St Johns North Canterbury
St Joseph's Kaikōura
St Patricks School Kaiapoi
Suicide Awareness/Prevention New Zealand
Te Matauru Primary
The Hope Community Trust
Tuahiwi Community Preschool
Waimak Young Farmers
Waimakariri Country Festival
West Eyreton School

2024 FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the Audited Consolidated Financial Statements of MainPower New Zealand Limited and its Subsidiaries for the Year Ended 31 March 2024.

Authorised for issue on 26 June 2024 for and on behalf of the Board of Directors.

For and on behalf of the Board

A C (Tony) King
Chair of Directors
MainPower New Zealand Limited

J E Fredric
Director and Chair of Audit & Risk Committee
MainPower New Zealand Limited

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024.

	Notes	Group 2024 $000	Group 2023 $000
Operating Revenue	2	70,910	66,841
Operating Expenses	3	(39,320)	(35,151)
Depreciation and Amortisation		(17,670)	(17,537)
Net Finance Expenses	4	(4,092)	(2,139)
Share of Post-Tax (Losses) / Profits of Equity- Accounted Joint Venture		(133)	–
		(61,215)	(54,827)
Profit Before Income Tax Expense		**9,695**	**12,014**
Income Tax Expense	5	(5,332)	(4,242)
Profit After Income Tax Expense		**4,363**	**7,772**
Attributable to:			
Equity holders of the parent		4,365	7,776
Non-controlling interests		(2)	(4)
		4,363	**7,772**
Net Gain / (Loss) on cash flow hedges for interest rate swaps		(296)	369
Total Comprehensive Income		**4,067**	**8,141**
Attributable to:			
Equity holders of the parent		4,069	8,145
Non-controlling interests		(2)	(4)
		4,067	**8,141**

The accompanying notes form part of, and should be read in conjunction with, these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024.

	Share Capital $000	Retained Earnings $000	Asset Revaluation Reserve $000	Non-Controlling Interests $000	Cash Flow Hedge Reserve $000	Total Equity $000
Balance at 31 March 2022	**56,774**	**159,688**	**42,761**	**77**	**283**	**259,583**
Profit After Income Tax Expense	–	7,776	–	(4)	–	7,772
Net Gain / (Loss) on Cash Flow Hedges	–	–	–	–	369	369
	–	7,776	–	(4)	369	8,141
Balance at 31 March 2023	**56,774**	**167,464**	**42,761**	**73**	**652**	**267,724**
Profit After Income Tax Expense	–	4,365	–	(2)	–	4,363
Acquisition of Controlled Entity	–	–	–	(71)	–	(71)
Transfer of Revaluation Surplus Disposal to Retained Earnings	–	114	(114)	–	–	–
Net Gain / (Loss) on Cash Flow Hedges	–	–	–	–	(269)	(269)
	–	4,479	(114)	(73)	(296)	3,996
Balance at 31 March 2024	**56,774**	**171,943**	**42,647**	**–**	**356**	**271,720**

The accompanying notes form part of, and should be read in conjunction with, these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024.

	Notes	Group 2024 $000	Group 2023 $000
ASSETS			
Current Assets			
Cash and Cash Equivalents		1,335	1,011
Trade and Other Receivables	7	6,480	6,716
Inventories	8	7,835	7,786
Prepayments		1,646	1,621
Current Tax Asset		361	1,605
Advances Receivable	21	3,795	–
Other Current Financial Assets	9	3,227	3,095
Interest Rate Swaps	26	–	6
Assets Held for Sale	14	8,389	20,593
Total Current Assets		33,068	42,433
Non-Current Assets			
Property, Plant and Equipment	10	327,357	312,218
Capital Works Under Construction	11	18,376	16,736
Advances Receivable	21	8,200	–
Intangible Assets	12	2,753	3,517
Right-of-Use Assets	13	13,659	12,084
Interest Rate Swaps	26	562	832
Total Non-Current Assets		370,907	345,387
Total Assets		**403,975**	**387,820**
EQUITY AND LIABILITIES			
Current Liabilities			
Trade and Other Payables	15	7,566	8,909
Borrowings	17	5,500	–
Lease Liabilities	20	2,339	1,765
Liabilities Directly Associated with Assets Held for Sale	14	–	2,801
Total Current Liabilities		15,405	13,475
Non-Current Liabilities			
Deferred Tax Liabilities	16	53,985	49,812
Borrowings	17	50,000	45,150
Provisions	18	762	801
Other Non-Current Liabilities	19	12,013	10,858
Interest Rate Swaps	26	90	–
Total Non-Current Liabilities		116,850	106,621
Total Liabilities		**132,255**	**120,096**
Equity			
Share Capital	6	56,774	56,774
Reserves		43,003	43,413
Retained Earnings		171,943	167,464
Total Equity attributable to equity holders of the parent		**271,720**	**267,651**
Non-Controlling Interest		–	73
Total Equity		271,720	267,724
Total Equity and Liabilities		**403,975**	**387,820**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024.

	Notes	Group 2024 $000	Group 2023 $000
Cash Flows from Operating Activities			
Receipts from Customers		70,540	65,702
Interest Received		296	69
Payments to Suppliers and Employees		(39,931)	(36,585)
Interest and Other Finance Expenses Paid		(3,167)	(2,281)
Income Tax Received / (Paid)		(79)	16
Net Cash Provided from Operating Activities		27,659	26,921
Cash Flows from Investing Activities			
Acquisition of a Subsidiary		(62)	–
Cash Flows (to) / from Investments		(3,404)	–
Payments for Investments		(132)	(47)
Payments for the Purchase of Property, Plant, Equipment and Capital Works Under Construction		(33,101)	(32,893)
Proceeds from the Sale of Property, Plant and Equipment		158	41
Payments for the Purchase of Intangible Assets		(257)	(1,225)
Net Cash Used in Investing Activities		(36,798)	(34,124)
Cash Flows from Financing Activities			
Repayment of Lease Liabilities		(2,273)	(2,096)
Advances from Third Party		–	1,000
Advances from Non-Controlling Interests		–	39
Drawdown of Borrowings		10,350	9,550
Net Cash from Financing Activities		8,077	8,493
Net Increase / (Decrease) in Cash and Cash Equivalents		(1,602)	1,290
SUMMARY			
Cash and Cash Equivalents at Beginning of Year		2,397	1,107
Net Increase / (Decrease) in Cash and Cash Equivalents		(1,062)	1,290
Cash and Cash Equivalents at End of Year		**1,335**	**2,397**
Represented by:			
Cash and bank balances		1,335	1,011
Cash and bank balances attributable to held for sale operations	14	–	1,386
Cash and Cash Equivalents at End of Year		**1,335**	**2,397**

NOTES

Notes to the Consolidated Financial Statements.

For the year ended 31 March 2024.

Statement of Accounting Policies

Reporting Entity

MainPower New Zealand Limited (the Company) is a profit-oriented company incorporated in New Zealand under the Companies Act 1993 and the Energy Companies Act 1992. The Group consists of the Company, its Subsidiaries, and Joint Venture (refer also to Note 21).

The Group primarily operates in one segment, owning and managing the electricity distribution network throughout North Canterbury.

Statement of Compliance

MainPower New Zealand Limited's parent and ultimate controlling party is the MainPower Trust. These Consolidated Financial Statements comply with the Companies Act 1993 and section 44 of the Energy Companies Act 1992.

The Group has adopted External Reporting Board Standard A1 'Accounting Standards Framework (For-Profit Entities Update)' ('XRB A1'). For the purposes of complying with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), the Group is eligible to apply Tier 2 For-Profit Accounting Standards Standards (New Zealand Equivalents to IFRS Accounting Standards – Reduced Disclosure Regime ('NZ IFRS RDR') on the basis that it does not have public accountability and it is not a large for-profit public sector entity.

Basis of Preparation

The Consolidated Financial Statements have been prepared in accordance with NZ GAAP and NZ IFRS RDR.

These Consolidated Financial Statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments as outlined in Note 1,l. and property, plant and equipment as outlined in Note 1,e.

These Consolidated Financial Statements are presented in New Zealand dollars, rounded to the nearest thousand.

Revenues, expenses, cash flows and assets are recognised net of the amount of Goods and Service Tax (GST), except for receivables and payables which are recognised inclusive of GST. Cash flows in respect of payments to and receipts from Inland Revenue are shown net in the Consolidated Statement of Cash Flows.

Significant Estimates, Assumptions and Judgements

Preparing financial statements to conform with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances and are regularly reviewed by the Group. Actual results may differ from these estimates.

Estimates and judgements have been made in the following areas:

- Electricity distribution network valuation (Note 10)
- Property, plant and equipment useful lives (Note 10)
- Determination of held-for-sale classification (Note 14)

1. Specific Accounting Policies

The following material accounting policies have been applied in the preparation and presentation of these Consolidated Financial Statements.

a. Revenue Recognition

The Group's principal activities are providing electricity distribution services and contracting services for end users of its network. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

i. Electricity Line Revenue

Electricity line revenue is recognised at the fair value of services provided. These revenue streams relate to the provision of electricity distribution services; revenue is recognised over time based on an output method as the service is delivered to match the pattern of consumption.

Pass-through and recoverable cost revenue charged to customers includes transmission costs, statutory levies and utility rates.

ii. Customer Contribution Revenue

Customer contribution revenue is recognised at the fair value of the works completed at a point in time.

iii. Contracting Revenue

Contracting revenue is recognised at the fair value of the works completed or goods provided. For contracts with multiple performance obligations, revenue is recognised at a point in time when the performance obligation is satisfied.

b. Finance Expenses

Finance Expenses are expensed using the effective interest rate method to the Consolidated Statement of Comprehensive Income, unless they directly relate to the construction of qualifying assets, in which case they are capitalised.

c. Distinction between Capital and Revenue Expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that has been incurred in the maintenance and operation of the property, plant and equipment of the Group.

d. Inventories

Inventories are valued at the lower of cost at weighted average cost price or net realisable value.

e. Property, Plant and Equipment

All property, plant and equipment are initially recognised at cost less accumulated depreciation and impairment losses. The cost of purchased property, plant and equipment is the fair value of the consideration given to acquire the assets and the value of other attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and an allowance for overheads.

Land and buildings are valued at fair value as determined on the basis of a periodic independent valuation prepared by external valuers, based on discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in these Consolidated Financial Statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not significantly different from fair value.

The electricity distribution network is valued at fair value as determined on the basis of a periodic independent valuation prepared by external valuers, based on a discounted cash flow methodology. The fair values are recognised in the Consolidated Financial Statements of the Group and are reviewed at the end of each reporting period to ensure that the carrying value of the distribution network is not materially different from fair value. Consideration is given as to whether the distribution network is impaired as detailed in Note 1,h.

Any revaluation increase arising on the revaluation of land and buildings and the distribution network is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the Consolidated Statement of Comprehensive Income to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of land and buildings and the distribution network is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve to a previous revaluation of that asset.

Capital Works Programme

The Group operates an extensive integrated electricity distribution network comprising large numbers of relatively minor individual network asset components. These components are replaced over time as part of an ongoing maintenance/refurbishment programme, consistent with the Group's approved Asset Management Plan. Losses on contracts are taken to the Consolidated Statement of Comprehensive Income in the period in which they are identified. Refer also to Note 10 Property, Plant and Equipment regarding revaluations.

NOTES (CONTINUED)

Notes to the Consolidated Financial Statements.

For the year ended 31 March 2024.

f. Depreciation

Depreciation is charged to the Consolidated Statement of Comprehensive Income on a combination of straight line and diminishing value basis on all tangible assets, with the exception of land, at rates calculated to allocate the assets' fair value, less any residual value, over their useful lives.

Depreciation on revalued buildings and the distribution network is charged to the Consolidated Statement of Comprehensive Income. On the subsequent sale or retirement of a revalued item, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to Retained Earnings.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The main bases for the calculation of depreciation are as follows:

Buildings	6.5 – 100 years
Electricity Distribution Network	1 – 102 years
Plant, Equipment, Vehicles, Furniture and Fittings	2 – 25 years
Generation Assets	1 – 100 years

The carrying amount for an item of property, plant and equipment is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These gains and losses are included in the Consolidated Statement of Comprehensive Income. When revalued assets are sold, the amounts included in the Asset Revaluation Reserve in respect of those assets are transferred to Retained Earnings.

g. Intangible Assets

i. Computer Software

Computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives on a diminishing value basis. Useful lives are generally between three to five years.

Computer software is capitalised only to the extent to which the Group controls the software.

Computer software is capitalised only to the extent to which the Group controls the software.

ii. Research and Development Costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised if future benefits are expected to exceed these costs. Otherwise, development expenditure is recognised as an expense in the period in which it is incurred.

h. Impairment of Non-Financial Assets

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists for an asset, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amounts are the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. A cash generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If a revalued asset is determined to be impaired, then the impairment is firstly applied against the related component of the Asset Revaluation Reserve, with any remaining impairment loss expensed in the Consolidated Statement of Comprehensive Income. If the impairment loss is subsequently reversed, the reversal is firstly applied to the Consolidated Statement of Comprehensive Income to the extent of previously expensed impairment losses relating to that asset, with any further increase taken to the Asset Revaluation Reserve. For assets which are not revalued, an impairment loss is expensed immediately in the Consolidated Statement of Comprehensive Income. Any impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Equity instruments, being shares in subsidiaries, are deemed to be impaired whenever there is a significant or prolonged decline in fair value below the original purchase price. Any subsequent recovery of an impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the Consolidated Statement of Comprehensive Income.

i. Leased Assets

The Group leases certain motor vehicles, plant and equipment, sites, accessways, concessions and electricity distribution equipment. At contract inception all contracts are assessed as to whether they contain a lease. That is, if the contract conveys the right to control the use of the identified asset(s) for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and lease of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-Use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset, as follows:

Sites, Accessways and Concessions	4 – 40 years
Plant, Equipment and Vehicles	3 – 11 years
Electricity Distribution Equipment	16 – 21 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right of use asset is also subject to impairment in accordance with Note 1,h.

ii. Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate (IBR) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Financial Liabilities apportioned into Current and Non-Current terms. (Refer Note 20).

iii. Short-Term and Lease of Low-Value Assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low-value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

j. Income Tax

Income tax expense is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is 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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

NOTES (CONTINUED)

Notes to the Consolidated Financial Statements.

For the year ended 31 March 2024.

k. Employee Benefits

Provisions made in respect of employee benefits expected to be settled within twelve months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within twelve months, such as long service leave, sickness and retiring leave, are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date, taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

l. Financial Instruments

The Group classifies its financial assets and liabilities into one of the categories below depending on the purpose for which the asset was acquired, or the liability was incurred. The Group's accounting policy for each material category is as follows:

i. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits held at call with banks and other short term highly liquid investments.

ii. Financial Assets at Amortised Cost

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

iii. Fair Value through Profit or Loss or Other Comprehensive Income

The Group has certain derivatives which are stated at fair value and the movements are recognised in the Consolidated Statement of Comprehensive Income (refer Note 1,l,vi).

iv. Payables

Trade payables and other accounts payable are recognized when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are recognised at fair value (being cost), and subsequently at amortised cost.

v. Borrowings

Borrowings are recorded initially at fair value, plus transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognized in the Consolidated Statement of Comprehensive Income over the period of the borrowing using the effective interest rate method.

vi. Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risks, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 26. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.
The resulting gain or loss is recognised in Profit or Loss or Other Comprehensive Income depending on the hedge accounting designation of the derivative.

m. Basis of Consolidation

i. Subsidiaries

Subsidiaries are entities controlled either directly or indirectly by the Company. The financial statements of subsidiaries are consolidated into the Group's financial statements. All intergroup balances and transactions are eliminated in full.

ii. Joint Ventures

A joint venture is where the Group shares joint control over an entity and has rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method.

n. Adoption of New and Revised Standards and Interpretations

There were no new or amended accounting standards mandatory for the year ended 31 March 2024 that were considered to have a material impact on the Group.

o. Adoption of New and Revised Standards and Interpretations – Standards and interpretations in Issue not yet Effective

No new accounting standards or interpretations have been adopted during the year that have had a material impact on these Consolidated Financial Statements.

2. Operating Revenue

	Group 2024 $000	Group 2023 $000
Distribution Revenue	54,785	47,602
Pass-through and Recoverable Cost Revenue	10,064	12,991
Customer Rebates	(4,931)	(4,739)
Net Electricity Delivery Services Revenue	59,918	55,854
Capital Contributions Revenue	4,993	6,886
Contracting Revenue	2,685	2,395
Generation Revenue	1,872	1,075
Interest Revenue	156	80
Gain on Sale of Property, Plant and Equipment	124	22
Gain on Purchase of Subsidiary	9	–
Sundry Revenue	1,153	529
	70,910	66,841
Timing of Revenue Recognition		
Over Time	63,099	57,538
At a Point in Time	7,811	9,303
	70,910	66,841

3. Operating Expenses

	Group 2024 $000	Group 2023 $000
Transmission Rental Charges[1]	9,140	10,627
Employee Remuneration and Benefits	5,949	7,779
Network Maintenance	9,223	6,852
Network Operations	4,181	2,336
Generation Production and Operations	1,337	888
Operating Lease Costs	75	79
Community Relationship Expenses	939	772
Audit of the Consolidated Financial Statements	92	81
Other Assurance Services[2]	30	25
Director Fees and Expenses	433	398
Sundry Expenses	5,116	4,737
Bad Debts Written Off	128	53
Loss on Disposal of Property, Plant and Equipment	1,293	524
Impairment Expenses[3]	1,384	–
	39,320	35,151

[1]Transmission Rental Charges and Operating Lease Costs presented above are net of payments relating to lease liabilities and associated right-of-use assets accounted for under NZ IFRS 16. Such payments are presented within Finance Expenses as appropriate.

[2]Commerce Commission Information Disclosure audit.

[3]Refer Note 10 and 14 for further detail on impairment expenses.

NOTES (CONTINUED)

Notes to the Consolidated Financial Statements.

For the year ended 31 March 2024.

4. Finance Expenses

	Group 2024 $000	Group 2023 $000
Interest Expense on Loans	3,435	2,281
Interest Rate Swaps Fair Value Movement	70	(637)
Interest Expense on Lease Liabilities	407	410
Sundry Finance Expenses	180	85
	4,092	2,139

5. Income Tax Expense

	Group 2024 $000	Group 2023 $000
Income Tax Expense comprises:		
Current Income Tax Expense	1,152	1,107
Adjustments to Prior Years	7	771
Temporary Differences	1,862	2,364
Deferred Tax Expense from Removal of Depreciation on Buildings	2,311	–
	5,332	4,242
Reconciliation of Profit Before Income Tax with Income Tax Expense:		
Profit Before Income Tax	9,695	12,014
Prima Facie Income Tax Expense Calculated at 28%	2,715	3,364
Other Permanent Differences	299	107
Deferred Tax Expense from Removal of Depreciation on Buildings	2,311	–
Income Tax Expense	5,325	3,471
(Over) / Under Provision in Previous Year	7	771
	5,332	4,242

In the year to 31 March 2023 the New Zealand Government passed the Taxation (Annual Rates for 2022—23, Platform Economy, and Remedial Matters) Bill (No 2). This bill confirms that the companies applying the network approach to taxation of distribution networks will be required to apply the component approach from 1 April 2024. The legislated change in approach for calculating tax may mean that MainPower will be able to deduct less for its maintenance expenditure for tax purposes than it has previously.

The Group has recognised an additional deferred tax expense of $2.3 million at 31 March 2024 as a result of the Government's removal of tax depreciation on commercial buildings effective from 1 April 2024.

6. Share Capital

		Group 2024 $000	Group 2023 $000
56,773,555	Ordinary Shares	56,774	56,774
42,305	Redeemable Preference Shares	–	–
56,815,860		56,774	56,774

The ordinary shares rank equally in respect of voting rights, entitlements to dividends and distribution on winding up.

The redeemable preference shares confer special rights to participate in a customer rebate scheme, receive notices, attend, and speak, but not vote, at any general meetings of MainPower New Zealand Limited.

Redeemable preference shares held by customers were 42,305 (40,983 at 31 March 2023).

7. Trade and Other Receivables

	Group 2024 $000	Group 2023 $000
Trade Receivables	6,641	6,848
Provision for Doubtful Debts	(178)	(148)
Interest Receivable	17	16
	6,480	6,716

8. Inventories

	Group 2024 $000	Group 2023 $000
Inventory on Hand	7,835	7,786
	7,835	7,786

9. Other Current Financial Assets

	Group 2024 $000	Group 2023 $000
Distribution Network Self-Insurance Fund Investment	3,227	3,095
	3,227	3,095

NOTES (CONTINUED)

Notes to the Consolidated Financial Statements.

For the year ended 31 March 2024.

10. Property, Plant and Equipment

	Freehold Land $000	Buildings $000	Electricity) Distribution) Network $000	Plant, Equipment, Vehicles, Furniture and Fittings $000	Generation Assets $000	Total $000
Gross Carrying Amount						
Balance at 31 March 2022	5,970	16,431	337,268	13,238	15,954	388,861
Additions	–	222	25,809	607	602	27,240
Disposals	–	–	(723)	(490)	(28)	(1,241)
Classified as Assets Held for Sale	–	–	–	–	(8,623)	(8,623)
Balance at 31 March 2023	5,970	16,653	362,354	13,355	7,905	406,237
Additions	1,826	842	27,830	1,011	0	31,509
Disposals	–	(136)	(1,563)	(743)	0	(2,442)
Impairment	–	–	–	–	(1,430)	(1,430)
Balance at 31 March 2024	7,796	17,359	388,621	13,623	6,475	433,874
Accumulated Depreciation and Impairment						
Balance at 31 March 2022	–	–	65,558	10,294	4,153	80,005
Depreciation Expense	–	766	13,255	708	223	14,952
Disposals	–	–	(242)	(462)	–	(704)
Classified as Assets Held for Sale	–	–	–	–	(234)	(234)
Balance at 31 March 2023	–	766	78,571	10,540	4,142	94,019
Depreciation Expense	–	738	12,936	788	237	14,699
Disposals	–	(34)	(444)	(693)	–	(1,171)
Impairment	–	–	–	–	(1,030)	(1,030)
Balance at 31 March 2024	–	1,470	91,063	10,635	3,349	106,517
Net Book Value at 31 March 2023	**5,970**	**15,887**	**283,783**	**2,815**	**3,763**	**312,218**
Net Book Value at 31 March 2024	**7,796**	**15,889**	**297,558**	**2,988**	**3,126**	**327,357**

10. Property, Plant and Equipment (continued)

a. Generation Assets

Generation assets relating to the Mt Cass Wind Farm project continue to be classified as held for sale as at 31 March 2024. Refer Note 14. The balance at 31 March 2024 in Generation Assets largely relates to the Cleardale Hydro Station and solar generation panels.

b. Revaluations and Impairment Review

i. Electricity Distribution Network

A valuation of the Group's electricity distribution network assets was undertaken by Ernst & Young as at 31 March 2020 using the discounted cash flow basis in accordance with NZ IFRS 13 Fair Value Measurement. The Group's electricity network assets were revalued at the time to a fair value of $253.36 million.

The major assumptions in the valuation were reviewed at the reporting date with no changes identified that would have a material impact on the fair value of the assets.

ii. Cleardale Hydro Station

The Cleardale Hydro Station assets were reviewed for impairment at 31 March 2024. The review concluded that assets were impaired. The revised carrying value of the Cleardale assets is $1.3 million resulting in an impairment charge of $0.4 million. This is included in Operating Expenses (refer Note 3).

The major assumptions within the impairment review included:

- Weighted average cost of capital 8.04%;
- Risk-free rate based on the ten-year Government Stock Yield of 4.66%;
- Electricity pricing forecast considering expected supply and demand factors specific to the Cleardale location.
- Forecast cash flow, including operating costs and capital expenditure required to maintain the assets at current operating levels.

iii. Mt Cass Wind Farm project

The Group's Mt Cass assets were reviewed for impairment as at 31 March 2024. The assets subject to review include the held for sale balance of $9.4 million (refer Note 14) and the advances receivable of $12.0 million (refer Note 21).

The review concluded that the Capital Works Under Construction balance of $984k included in the Held for Sale category was fully impaired. The fair value of the remaining assets held for sale of $8.4 million, and the advances receivable of $12.0 million, was not deemed to be materially different to their carrying value.

The Group used a discounted cash flow (DCF) analysis to establish a value-in-use of the Mt Cass project as of 31 March 2024. This analysis was used by the Board to determine an appropriate valuation.

The inputs and assumptions used in the DCF analysis are highly sensitive to change, particularly those made in the calculation of an appropriate discount rate, and those predicting future generation revenues. As such, changes in future prices, or inputs used in deriving the discount rate, could have a material impact on the valuation of the Group's assets associated with the Mt Cass Wind Farm.

The major assumptions within the impairment review included:

- Electricity pricing forecast taking into account expected supply and demand factors specific to the Mt Cass location. This is considered highly sensitive given the compounded effect over several years of a small change in predicted demand or supply. The Group considered a range of possible forecast electricity prices and has opted for an average price path in this valuation;
- Weighted average cost of capital 7.67%. A change in one input used in the calculation of the WACC could have a material impact on the valuation. Where there is some uncertainty in a particular input, the Group has generally opted for the mid-point of a given range;
- Forecast cash flow, including operating costs and capital expenditure for the expected useful life of the assets.

iv. Land and Non-Substation Buildings

The Group's Land and Building assets were revalued to fair value of $22.4 million as at 31 March 2022 in accordance with the independent valuation conducted by FordBaker Limited.

The major assumptions in the valuation were reviewed at the reporting date with no changes identified that would have a material impact on the fair value of the assets.

v. Other

The Group's Plant, Equipment, Vehicles, Furniture and Fittings are carried at cost less accumulated depreciation.

NOTES (CONTINUED)

Notes to the Consolidated Financial Statements.

For the year ended 31 March 2024.

11. Capital Works Under Construction

	Freehold Land $000	Buildings $000	Electricity Distribution Network $000	Plant, Equipment, Vehicles, Furniture and Fittings $000	Generation Assets $000	Total $000
Balance at 31 March 2022	–	–	15,214	194	5,720	21,128
Additions	–	222	27,230	506	4,935	32,893
Transfers	–	(222)	(25,809)	(607)	(602)	(27,240)
Classified as Assets Held for Sale	–	–	–	–	(10,045)	(10,045)
	–	–	1,421	(101)	(5,712)	(4,392)
Balance at 31 March 2023	**–**	**–**	**16,635**	**93**	**8**	**16,736**
Additions	159	73	29,159	302	190	29,883
Transfers	(159)	–	(27,830)	(246)	(8)	(28,243)
	–	73	1,329	56	182	1,640
Balance at 31 March 2024	**–**	**73**	**17,964**	**149**	**190**	**18,376**

Capital Works Under Construction relating to the Mt Cass Wind Farm project have been classified as held for sale and subsequently disposed of as at 31 March 2024. Refer Note 14.

12. Intangible Assets

	Computer Software $000	Development Costs $000	Total $000
Gross Carrying Amount			
Balance at 31 March 2022	6,056	507	6,563
Additions	–	1,225	1,225
Transfers	1,525	(1,525)	–
Disposals	–	–	–
Balance at 31 March 2023	7,581	207	7,788
Additions	6	251	257
Transfers	201	(201)	–
Disposals	(17)	–	(17)
Balance at 31 March 2024	7,771	257	8,028
Accumulated Amortisation and Impairment			
Balance at 31 March 2022	3,573	–	3,573
Amortisation Expense	698	–	698
Disposals	–	–	–
Balance at 31 March 2023	4,271	–	4,271
Amortisation Expense	1,021	–	1,021
Disposals	(17)	–	(17)
Balance at 31 March 2024	5,275	–	5,275
Net Book Value at 31 March 2023	3,310	207	3,517
Net Book Value at 31 March 2024	**2,496**	**257**	**2,753**

NOTES (CONTINUED)

Notes to the Consolidated Financial Statements.

For the year ended 31 March 2024.

13. Right-of-Use Assets at Present Value

	Sites, Accessways and Concessions $000	Plant, Equipment and Vehicles $000	Electricity Distribution Equipment $000	Total $000
Gross Carrying Amount				
Balance at 1 April 2022	1,079	5,458	11,750	18,287
Additions	105	285	1,522	1,912
Modifications	–	(8)	–	(8)
Classified as Assets Held for Sale	(758)	–	–	(758)
Balance at 31 March 2023	426	5,735	13,272	19,433
Additions	458	3,348	1,441	5,247
Modifications	(54)	(5)	(1,441)	(1,500)
Disposals	–	(1,621)	–	(1,621)
Balance at 31 March 2024	830	7,457	13,272	21,559
Accumulated Depreciation				
Balance at 1 April 2022	199	2,726	2,536	5,461
Depreciation Expense	66	943	879	1,888
Disposals	–	–	–	–
Balance at 31 March 2023	265	3,669	3,415	7,349
Depreciation Expense	69	932	949	1,950
Disposals	–	(1,399)	–	(1,399)
Balance at 31 March 2024	344	3,202	4,364	7,900
Net Book Value at 31 March 2023	161	2,066	9,857	12,084
Net Book Value at 31 March 2024	**496**	**4,255**	**8,908**	**13,659**

Right of Use assets relating to the Mt Cass wind farm project have been classified as held for sale and sold. Refer Note 14.

14. Assets Held for Sale

As at 31 March 2023 the Group disclosed $20.6m assets held for sale and $2.8m liabilities related to assets held for sale in respect to its subsidiaries GreenPower New Zealand Limited and Mt Cass Wind Farm Limited. During the reporting period the Group disposed of these subsidiaries, retaining a joint interest through a 50% shareholding in GreenPower New Zealand Limited. Completion of the sale of the remaining "Other Assets Held by the Group" totaling $9.4m, is expected to occur within the next 12 months of the reporting date.

As at 31 March 2024, the Capital Works Under Construction of $984k were deemed to be impaired to their fair value of nil (refer Note 10).

The major classes of assets and liabilities classified as held for sale as at 31 March 2024, are as follows:

	Group 2024 $000	Group 2023 $000
Major Classes of Assets and Liabilities Held for Sale		
Cash	–	1,386
Prepayments	–	16
Property, Plant, and Equipment	8,389	8,389
Capital Works Under Construction	984	10,045
Right of Use Assets	–	758
Impairment	(984)	–
Total Assets Held for Sale	**8,389**	**20,593**
Comprised of:		
All Assets Relating to the Subsidiaries GPNZ and MCWFL	–	11,220
Other Assets Held by the Group	8,389	9,373
	8,389	20,593
Trade and Other Payables	–	(1,021)
Loan from Third Party	–	(1,000)
Lease Liabilities	–	(53)
Other Non-Current Liabilities	–	(727)
Total Liabilities Relating to Assets Held for Sale	**–**	**(2,801)**

15. Trade and Other Payables

	Group 2024 $000	Group 2023 $000
Trade Payables	3,448	4,929
Other Accurals	991	1,301
Employee Entitlements	2,666	2,338
GST Payable	461	302
Advances Payable	–	39
	7,566	**8,909**

NOTES (CONTINUED)

Notes to the Consolidated Financial Statements.

For the year ended 31 March 2024.

16. Deferred Tax Liabilities

	Group 2024 $000	Group 2023 $000
Opening Balance	49,812	47,448
Charged to Profit and Loss:		
– Property, Plant and Equipment	2,034	2,330
– Building Depreciation Removed	2,311	–
– Intangible Assets	(51)	225
– Other Temporary Differences	(121)	(191)
	4,173	2,364
Closing Balance	**53,985**	**49,812**
Represented as:		
Deferred Tax on Property, Plant and Equipment	52,572	50,538
Deferred Tax on Building Depreciation Removed	2,311	–
Deferred Tax on Intangible Assets	455	506
Deferred Tax on Other Temporary Differences	(1,015)	(894)
Deferred Tax on Tax Losses	(338)	(388)
Closing Balance	**53,985**	**49,812**

17. Borrowings

	Group 2024 $000	Group 2023 $000
Current Term Loan	5,500	–
Non-Current Term Loan	50,000	45,150
Total Borrowings	55,500	45,150

The Group has multi-option bilateral credit facilities of $165 million which are unsecured and subject to a negative pledge arrangement.

All tranches were restructured in November 2023. $20 million of the facility is due for renewal by 29 March 2025; of this, $5.5 million has been drawn down as of 31 March 2024 and has been classified as a current liability.

Of the remaining $145 million, $30 million is due for renewal by December 2025 and $115 million due for renewal by November 2026. As at 31 March 2024, $50 million has been drawn down.

During the year no interest was capitalised to MainPower's Generation or Electricity Distribution Network Assets (2023: Nil).

18. Non-Current Provisions

	Employee Entitlements $000
Balance at 31 March 2023	801
Amounts Utilised	(548)
Other Movements	509
Balance at 31 March 2024	**762**

The provision is an actuarial assessment of entitlements to long service, sick and retirement leave that may become due to employees in the future.

The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken.

The movements in the year comprise of the amounts paid out to employees during the year, a reclassification of vested long service leave to current liabilities, movements caused by reassessment of the actuarial assumptions at the reporting date and increases for estimates in sick leave payable to employees due to continued service.

19. Other Non-Current Liabilities

	Group 2024 $000	Group 2023 $000
Rebate Shares at Cost	6	6
Lease Liabilities (refer Note 20)	12,007	10,852
	12,013	**10,858**

Rebate Shares have a nominal value of 10 cents per share. MainPower Trust holds 12,835 rebate shares with the remainder (42,305) relating to unclaimed redemptions from Qualifying Customers who have left the MainPower Network.

647 rebate shares were redeemed during the year at 10 cents each (2023: 587).

NOTES (CONTINUED)

Notes to the Consolidated Financial Statements.

For the year ended 31 March 2024.

20. Lease Liabilities

	Group 2024 $000	Group 2023 $000
Opening Balance at 1 April	12,617	13,179
Additions	5,248	1,912
Modifications	(1,500)	(8)
Disposals	(153)	–
Accretion of Interest	407	410
Payments	(2,273)	(2,096)
Liabilities Directly Attributed to Assets Held for Sale (refer Note 14)	–	(780)
Closing Balance at 31 March	14,346	12,617
Represented as:		
Current	2,339	1,765
Non-Current (refer Note 19)	12,007	10,852
	14,346	**12,617**
The following amounts are represented in the Statement of Comprehensive Income:		
Depreciation Expense on Right-of-Use Assets	1,950	1,888
Interest Expense on Lease Liabilities	407	410
Expenses relating to Short-Term Leases	–	22
Expenses relating to Low-Value Leases	75	58
	2,432	**2,378**

21. Group Structure

Details of the Group's material Subsidiaries and Joint Venture for the year ended 31 March 2024 are as follows:

Name	Principal Activity	Place of Operation	Ownership Interest and Voting Power 2024	Ownership Interest and Voting Power 2023
MPNZ Investments Limited	Provision of growth initiatives outside electricity distribution network.	New Zealand	100%	100%
GreenPower New Zealand Limited	Non-trading 100% owner of Mt Cass Wind Farm Limited	New Zealand	50%	100%
Mt Cass Wind Farm Limited	Construction and operation of wind turbine farm.	New Zealand	50% (as 100% owned by GreenPower New Zealand Limited)	100% (as 100% owned by GreenPower New Zealand Limited)
Kakariki Power Limited	Electricity energy sales operations.	New Zealand	100%	80%

21. Group Structure (continued)

GreenPower and Mt Cass

In May 2023 the Group sold 50% of its shares in GreenPower New Zealand Limited ("GreenPower"). GreenPower wholly owns 100% of Mt Cass Wind Farm Limited ("Mt Cass").

The above-described transaction has resulted in the derecognition by the Group of the GreenPower and Mt Cass subsidiaries and subsequent recognition of an equity-accounted joint venture. The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement and therefore the joint arrangement has been classified as a joint venture.

The change has resulted in the separate recognition of Advances Receivable, $3.8 million current and $8.2 million non-current, being amounts owed by the joint venture to the Group for pre-construction activities for the Mt Cass Wind Farm project. In prior periods, as GreenPower and Mt Cass were recognised as 100% subsidiaries, these advances were eliminated as intragroup balances.

Kakariki Power Ltd

In March 2024 the Group acquired the 20% minority interest in Kakariki Power Limited bringing the Groups' total ownership to 100%. The transaction resulted in a gain on bargain purchase.

22. Commitments

The Group was committed to capital expenditure amounting to $1.6 million (2023: $5.4 million) at the reporting date. The value for last year included $4.1 million for the Mt Cass Wind Farm project.

The Group's capital expenditure commitment in relation to the Mt Cass Wind Farm project is $0.8 million.

The Group is contractually committed to cash outflows relating to several service agreements over the next three years from the reporting date. The total committed operating expenditure for these contracts is $2.2 million (2023: $3.3 million). The largest commitment is for the provision of cloud-based software services ($1.0 million).

23. Contingent Assets and Liabilities

The Group had no significant contingent assets or liabilities as at 31 March 2024 (2023: Nil).

24. Significant Events after Balance Date

In April 2024 the Mt Cass project received notification from one of its shareholders that the funding requested to reach financial close would not be available. The MainPower New Zealand Ltd Board subsequently resolved to support the Mt Cass project's pre-construction activities whilst alternative investment is sought. The future of the project at the date of signing this report is uncertain.

The financial effect on the Group of the withdrawal of one of the joint venture partner's support from the Mt Cass project is unknown at this stage. The carrying value of the assets relating to the Mt Cass project are deemed to be equivalent to their fair value, as detailed in Note 10. The inputs in that fair value assessment have not materially changed as a consequence of the withdrawal of shareholder support. However, the resulting additional delays in reaching financial close are more likely than not to result in further impairment expenses recognised in the next financial year.

25. Related Party Transactions

Group Structure

The Parent is MainPower New Zealand Limited, which is 99.9% owned by the MainPower Trust. There were no related party transactions with the MainPower Trust during the year (2023: Nil).

No provisions were made for doubtful debts relating to the outstanding balances nor any doubtful debts expense was recognised in relation to related parties during the period.

	Group 2024 $000	Group 2023 $000
Key Management Personnel Compensation		
Employee Remuneration and Benefits	2,931	2,746

Executive staff remuneration comprises salary and other short-term benefits. MainPower executives appointed to the Boards of related companies do not receive directors' fees personally.

NOTES (CONTINUED)

Notes to the Consolidated Financial Statements.

For the year ended 31 March 2024.

25. Related Party Transactions (continued)

Other Transactions Involving Related Parties

During the period, Stephen Lewis as a sole trader has provided services to the Network outside of his commitments as a director. This was invoiced monthly, and the total did not exceed $1,000 for any individual transaction.

During the period, Brian Wood as a sole trader has provided services to the Group outside of his commitments as a director. This was invoiced monthly, and the total did not exceed $1,000 for any individual transaction.

The Group may transact on an arm's length basis with companies in which Directors have a disclosed interest. During the period the total did not exceed $1,000 for any individual transaction.

The Group paid Director Fees totaling $403,973 (2023: $378,000).

Key Management Personnel of the Group purchased sundry goods and services from the Group during the period. The Group offers all employees and directors the option of joining its electricity retailer, Kākāriki Power, and some Key Management Personnel have taken this up. Excluding Kākāriki Power all other purchases by Key Management Personnel did not exceed $1,000 for any individual (2023: all less than $1,000). There were no significant outstanding balances with Key Management Personnel at the end of the period (2023: Nil). All transactions were conducted on standard commercial terms.

26. Financial Instruments

The Group has exposure to the following risks in the normal course of the Group's business:

- Liquidity risk
- Interest rate risk
- Credit risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The significant accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied in respect of each class of financial asset, financial liability, and equity instrument are disclosed in Note 1.

Liquidity risk management

Liquidity risk represents the risk that the Group may not be able to meet its contractual obligations.

The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its contractual obligations and it has sufficient funding arrangements in place to cover potential shortfalls.

Unsecured multi option credit facilities as at 31 March 2024 maturing as follows:

$20 million on 29 March 2025
$30 million on 16 December 2025
$115 million on 30 November 2026

	Group 2024 $000	Group 2023 $000
Amount used at Reporting Date	55,500	45,150
Amount unused at Reporting Date	109,500	39,850
	165,000	**85,000**

Interest rate risk management

Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group has interest bearing debt which is subject to interest rate variations in the market.

In accordance with the Group's treasury policy, interest rate swaps are used to manage the Group's interest rate exposure on long term floating rate borrowings within the range of 30% and 70% of borrowings. The Group has entered into interest rate swaps with Westpac New Zealand Limited and annually undertakes a valuation to establish the fair value of those swaps.

Swaps entered into after December 2021 are hedge accounted, meaning that any fair value gain or loss is recognised in the Cash Flow Hedge Reserve through Other Comprehensive Income. Fair value gains or losses on hedges entered into prior to December 2021 are recognised through Profit or Loss.

The following table details outstanding interest rate swaps as at the reporting date.

	Average contracted fixed interest rates	Notional principal swap amounts		Carrying value asset / (liability)	
	%	2024 $000	2023 $000	2024 $000	2023 $000
Swap maturity rates					
30 June 2023	–	–	5,000	–	6
31 March 2024	–	–	5,000	–	27
31 March 2026	3.91	7,000	7,000	116	153
30 June 2025	2.77	5,000	5,000	142	225
30 December 2025	2.84	5,000	5,000	170	245
30 June 2025	2.91	5,000	5,000	134	182
8 March 2029	4.45	10,000	–	(63)	–
10 March 2030 (Forward Start)	4.17	5,000	–	(27)	–
		37,000	**32,000**	**472**	**838**
Disclosed as:					
Current Assets				–	6
Non-Current Assets				562	832
Current Liabilities				–	–
Non-Current Liabilities				(90)	–
				472	**838**

Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group.

The Group manages its exposure to credit risk by:

- Placing cash, short term investments and derivative instruments with registered New Zealand banks with a minimum rating in line with the Group's treasury policy;
- Performing credit evaluations on customers requiring credit wherever practical and monitoring credit exposures to individual customers.

	Group 2024 $000	Group 2023 $000
Cash and Cash Equivalents	1,335	1,011
Trade and Other Receivables (refer Note 7)	6,480	6,716
Other Current Financial Assets (refer Note 9)	3,227	3,095
Trade and Other Payables (refer Note 15)	4,439	6,230

Deloitte.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MainPower New Zealand Limited.

Opinion

We have audited the financial statements of MainPower New Zealand Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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, on pages 26 to 49, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to IFRS Accounting Standards – Reduced Disclosure Regime ('NZ IFRS RDR').

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor and the other assurance engagement in relation to the Commerce Commision disclosure audit and advisory related services, we have no relationship with or interests in the Company or any of its subsidiaries, except that partners and employees of our firm deal with the Company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the Company and its subsidiaries.

Other Information

The directors are responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the financial statements and the audit report.

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

Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, and for such internal control as the directors 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 directors 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 directors 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 and 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 economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 207B of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters 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 Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Christchurch, New Zealand
26 June 2024

This audit report relates to the consolidated financial statements of MainPower New Zealand (the 'Company') for the year ended 31 March 2024 included on the Company's website. The Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 26 June 2024 to confirm the information included in the audited consolidated financial statements presented on this website.

GOVERNANCE

For the year ended 31 March 2024.

Parent Shareholder

The parent company ownership is made up as follows:

Name	Ownership	Share Type
MainPower Trust	99.93%	Ordinary Shares
Various qualifying customers	0.07%	Redeemable Preference Shares
	100%	

The Role of Shareholders

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Each year, the Ordinary Shareholder (MainPower Trust) provides a Letter of Expectations to the Group and in response a Statement of Corporate Intent is developed between the Board and the MainPower Trust. This statement details the Group's intent with respect to:

- Strategic Objectives
- Trust Statement of Expectations
- Business Activities
- Non-core Activities
- Performance
- Distribution to Shareholders
- Rebates
- Corporate Governance

Information is also communicated to shareholders in accordance with an agreed engagement plan and includes the Annual Report, the Interim Report, the Group's website, and at regular formal and informal meetings with the MainPower Trust. The Board encourages full participation of all shareholders at the Annual General Meeting.
The Statement of Corporate Intent is subject to consultation between the Board and the Trust, prior to its adoption.

Company Constitution

The Company's Constitution sets out policies and procedures on the operations of the Board, including the appointment and removal of Directors. The Constitution specifies that the number of Directors will not at any time be more than eight nor less than four, and that one-third of the Directors will retire by rotation each year. Non-Executive Directors of MainPower are elected by the Ordinary Shareholder.
The board currently comprises six Non-Executive Directors. The Directors of the Company currently in office are Anthony Charles King (Chair), Graeme David Abbot (Director), Janice Evelyn Fredric (Director), Brian John Wood (Director), Jan Fraser Jonker (Director) and Stephen Paul Lewis (Director).

The Role of the Board

The Board is responsible for the overall corporate governance of MainPower. The Board guides and monitors the business and affairs of MainPower on behalf of the Ordinary Shareholder, the MainPower Trust to whom it is primarily accountable and the Preference Shareholders of the Company. The Board's primary objective is to satisfy the shareholders' wish of enhancing shareholder value through a commitment to customer service and regional prosperity.

Customer service is measured in terms of:

- financial return;
- ability to deliver excellence in electricity distribution network security and reliability;
- responsiveness to customers;
- quality of service; and
- price competitiveness.

Regional prosperity is measured in terms of MainPower's role in leading and/or supporting regional initiatives for economic development.

The Board also aims to ensure that MainPower is a good employer and corporate citizen.

Board Responsibilities

The Board acts on behalf of and is accountable to the shareholders. The Board seeks to identify the expectations of shareholders, as well as other legislative and ethical expectations and obligations. In addition, the Board ensures areas of significant business risk are identified by management and that arrangements are in place to adequately manage these risks. To this end the Board will:

- Provide leadership in health and safety and will ensure that employee and public safety remains an integral part of MainPower's culture, its values and performance standards;
- Continue to monitor all legislation and regulatory changes impacting on Health and Safety requirements and compliance and will ensure that they are complied with;
- Set the strategic direction of the Company in consultation with management, having regard to rate of return expectations, financial policy and the review of financial performance against strategic objectives;
- Maintain an understanding of the electricity industry, and continue to monitor industry reform, security of supply, industry governance and Government regulations in order to identify the impact on MainPower's business;
- Monitor and understand the expectations and needs of the growing North Canterbury community;
- Remain informed about the Group's affairs in order to exercise judgement about management and its procedures;
- Identify risks and manage those risks by ensuring that the Group has implemented comprehensive systems of internal control together with appropriate monitoring of compliance activities;
- Approve and foster corporate culture which requires all directors, executive and staff to demonstrate the highest level of ethical behavior;
- Appoint, review the performance of, and set the remuneration of the Chief Executive;
- Approve transactions relating to acquisitions and divestment, and capital expenditure above delegated authorities;
- Approve operating and development budgets, review performance against these budgets, and monitor corrective actions by management;
- Ensure the preparation of the Statement of Corporate Intent, Interim and Annual reports;
- Enhance the relationship with all stakeholders.

Board Meetings

The Board generally meets monthly to review, monitor and initiate action in respect of the health and safety, strategic direction, financial and operational performance, risk management and compliance of the Company and subsidiaries. In addition to the scheduled meetings, the Board meets several times each year to consider specific opportunities and other matters of importance to the Company. Annually, the Board takes the opportunity to debate and review its long-term strategic direction. Senior managers and independent experts are regularly involved in Board discussions. Directors may also obtain further information and independent expert advice.

Board Committees

The Board has three standing committees. They provide guidance and assistance to the Board with overseeing certain aspects of the Board's corporate governance. Each committee is empowered to seek any information it requires and to obtain independent legal or other professional advice if it is considered necessary.

i. Audit and Risk Committee (ARC)

The ARC operates under a comprehensive Charter, which outlines the ARC's authority, membership, responsibilities, and activities and which is approved by the Board. The Charter is reviewed annually against best practice and emerging trends.

Three Non-Executive Directors are appointed to the ARC on an annual basis. Current membership of the ARC is Janice Fredric (Chair), Brian Wood and Tony King. The ARC invites the Chief Executive, General Manager Finance & IT with support from other senior management and the external advisors to attend meetings of the Committee from time to time in accordance with the Charter. Following meetings of the Committee, the Chair reports all findings and recommendations to the Board. The activities of the ARC are reported annually.

Along with oversight of risk, the Audit and Risk Committee's primary function is to provide the Board with assurance on the quality and reliability of financial information used by management and the Board on the published Group financial statements issued under the Companies Act 1993 and the Energy Companies Act 1982.

The ARC also monitors the independence of the auditor and approves and reviews those services provided by the auditor other than in its statutory audit role.

Risk Management and Compliance is considered critical to the successful operation of the Group and accordingly is a permanent item on the Board Agenda. The ARC's role in this regard includes monitoring the adequacy and effectiveness of Mainpower's internal control framework and structure, and provide risk management oversight by reviewing the Risk Management Framework and Policy.

GOVERNANCE (CONTINUED)

For the year ended 31 March 2024.

ii. Safety, Health, Wellbeing and Environment Committee (SHWE)

The Board takes an integrated approach to managing health and safety. This is incorporated within the risk management framework. The Board SHWE was historically governed by the Board as a whole but has now moved to a subcommittee to provide a more concentrated focus on safety, health, wellbeing and environment.

Current membership of the SHWE is Stephen Lewis (Chair), Tony King and Graeme Abbot. Meetings are attended by the Chief Executive, General Manager Safety and Business Risk and General Manager People and Culture, with support from other executive and senior managers.

iii. Remuneration Committee

The Remuneration Committee's primary role is to advise the Board on performance reviews, remuneration policies and practices and to make recommendations on remuneration packages and other terms of employment for Non-Executive Directors, the Chief Executive and senior executives which fairly reward individual performance in relation to their contribution to the Company's overall performance. Three Non-Executive Directors are appointed to the Remuneration Committee on an annual basis.

To retain and attract directors and executives of sufficient calibre to facilitate efficient and effective governance and management, the Committee seeks advice of external advisors on remuneration practices.

Current membership of the Remuneration Committee is Janice Fredric (Chair), Stephen Lewis and Tony King. Following meetings of the committee, the Chair reports all findings and recommendations to the Board.

Delegation

The Board delegates the day-to-day responsibility for the operation and administration of MainPower to the Chief Executive. The Chief Executive is responsible for ensuring MainPower achieves its business objectives and values. The Board ensures that the Chief Executive, and through him, the senior management are appropriately qualified, experienced, and remunerated to discharge their responsibilities.

Codes and Standards

All Directors, senior management, and staff of MainPower New Zealand Limited are expected to act with integrity and promote and enhance the Company's reputation with its various stakeholders. Behavioral standards and accountabilities, the use of confidential information, trade practices, health, safety, and environmental management are set out in a range of formal codes, policies, and procedures. These are subject to regular independent review to ensure they remain current and appropriate.

Conflicts of Interest

All Directors and senior management are required to disclose any specific or general interests which could be in conflict with their obligations to MainPower New Zealand Limited and its subsidiaries.

Board Review

The Board will undertake a self-assessment of its performance and the performance of individual Directors at least bi-ennially. A summary of this review will be made available to the MainPower Trust.

Subsidiaries

MainPower's subsidiary companies each have a formally constituted Board of Directors.

The MainPower New Zealand Limited Board receives regular updates on the performance of each active subsidiary company.

Director Remuneration

The Company's remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining, and motivating people of the highest quality.

Details of the nature and the amount of each major element of the emoluments of each Director of the Company and subsidiaries are:

	31 March 2024 $000	31 March 2023 $000
MainPower New Zealand Ltd		
A C King	100	93
G D Abbot	63	63
J E Fredric	65	57
J F Jonker	50	47
S P Lewis	66	64
B J Wood	59	54
	404	**378**
MPNZ Investments Ltd		
A P Lester	–	–
T A Voice	–	–
	–	–
Kakariki Power Ltd		
A P Lester	–	–
T A Voice	–	–
	–	–

MainPower executives appointed to the boards of related companies do not receive director fees.

Director Insurance

During the year MainPower paid insurance premiums for all Directors of the MainPower Group in respect of liability and costs. In accordance with Clause 31, MainPower has agreed to indemnify the Directors against all costs and expenses incurred in defending any action falling within the scope of the indemnity.

Loans to Directors

There were no loans made to Directors.

Director Use of Company Information

During the year the Company received no notices from Directors of MainPower Requesting to use Company information received in their capacity as Directors, which would not otherwise have been available to them.

Group Employee Remuneration

$000	31 March 2024	31 March 2023
100 – 110	21	22
110 – 120	22	15
120 – 130	10	10
130 – 140	6	5
140 – 150	9	10
150 – 160	9	4
160 – 170	4	4
170 – 180	5	1
180 – 190	2	3
190 – 200	3	1
200 – 210	1	–
210 – 220	1	1
220 – 230	–	1
230 – 240	1	1
240 – 250	–	1
250 – 260	1	–
260 – 270	1	1
270 – 280	–	1
290 – 300	2	1
300 – 310	1	1
330 – 340	1	–
510 – 520	–	1
550 – 560	1	–

A number of employees also receive the use of a Company motor vehicle.

GOVERNANCE (CONTINUED)

For the year ended 31 March 2024.

Interests Register

The Group maintains an interests register in which particulars of certain transactions and matters involving the Directors are recorded. These are requirements under the Companies Act 1993. The following entries were recorded in the interests register.

Director Interests

(MainPower New Zealand Limited)

Director	Entity	Position	Appointment / Registration
A C King	Option One Limited	Director	
	RBL Property Limited (formerly Red Bus Limited)	Executive Director	
	Barhill Chertsey Irrigation Limited	Independent Director	
	Greenpower New Zealand Limited	Director	
	Mt Cass Wind Farm Limited	Director	
B J Wood	HWCP Management Limited	Director	
	Invercargill Central Limited	Director	
	Invercargill City Holdings Limited	Chair	
	Greenpower New Zealand Limited	Director	Resigned 12 May 2023
	Mt Cass Wind Farm Limited	Director	Resigned 12 May 2023
G D Abbot	Hanmer Springs Thermal Pools & Spa	General Manager	
	Greenpower New Zealand Limited	Director	Resigned 12 May 2023
	Mt Cass Wind Farm Limited	Director	Resigned 12 May 2023
J E Fredric	Aurora Energy Limited	Director	
	Aviation Security Service	Chair	
	Civil Aviation Authority	Chair	
	Tregynon Charitable Trust	Trustee	
	Lincoln University Council	Member	
	NZ Shipwreck Welfare Trust	Trustee	
	Timaru District Council (Audit and Risk Committee)	Independent Member	
	NIWA	Director	
	NIWA Vessel Management Limited	Director	
	Greenpower New Zealand Limited	Director	Resigned 12 May 2023
	Mt Cass Wind Farm Limited	Director	Resigned 12 May 2023
	NZ Growth Capital Partners Limited	Director / ARC Chair	Appointed 11 September 2023
	Elevate NZ Venture Fund GP Limited	Director	Appointed 11 September 2023
	Aspire NZ Seed Fund Limited	Director	Appointed 11 September 2023

Director Interests (continued)

(MainPower New Zealand Limited)

Director	Entity	Position	Appointment / Registration
J F Jonker	Dairy Creek GP Limited	Director	
	Ecogas GP Limited	Director	
	F & L Investments Limited	Director & Shareholder	
	Influx Energy Data Limited	Director	Resigned July 2023
	Invest South GP Limited	Director	
	Jonker Estate Limited	Director & Shareholder	
	Pioneer Energy Limited	CEO	
	Pulse GP Limited	Director	
	Southern Generation GP Limited	Director	
	The Lines Company	Independent Director	
	Wood Energy NZ GP Limited	Director	Resigned March 2024
	Lochindora Wind GP	Director	Effective November 2023
	Greenpower New Zealand Limited	Director	
	Mt Cass Wind Farm Limited	Director	
S P Lewis	Electricity Invercargill Limited	Director	
	Pylon Limited	Director	
	Aurora Energy Limited	Director	
	Greenpower New Zealand Limited	Director	Resigned 12 May
	Mt Cass Wind Farm Limited	Director	Resigned 12 May

Director Interests

(MPNZ Investments Limited and Kakariki Power Limited)

Director	Entity	Position	Appointment / Registration
A P Lester	Crestwood Partnership	Partner	
	Fuel Cells New Zealand Limited	Director	
	Kakariki Power Limited	Director	
	MainPower Holdings Ltd	Director	
	MainPower New Zealand Limited	Chief Executive	
	MPNZ Investments Limited	Director	
	RuralNet Limited	Director	
	Solar New Zealand	Director	
	Greenpower New Zealand Limited	Director	Appointed 12 May 2023
	Mt Cass Wind Farm Limited	Director	Appointed 12 May 2023
T A Voice	Fuel Cells New Zealand Limited	Director	
	Kakariki Power Limited	Director	
	L.Y.L.T Enterprises Limited	Director & Shareholder	
	Mt Cass Wind Farm Limited	Chief Executive	Appointed 1 June 2023
	MPNZ Investments Limited	Director	
	MainPower Holdings Limited	Director	
	RuralNet Limited	Director	
	Solar New Zealand Limited	Director	
	VF NZ Holdings Limited	Director & Shareholder	
	Voice Family Trust	Trustee & Beneficiary	

FIVE YEAR TRENDS

For the year ended 31 March 2024.

Group Consolidated Financials

	31 March 2024 $000	31 March 2023 $000	31 March 2022 $000	31 March 2021 $000	31 March 2020 $000
Statement of Comprehensive Income					
Gross Operating Revenue	75,841	71,580	68,248	67,793	69,945
Customer Rebates	(4,931)	(4,739)	(6,619)	(8,224)	(10,546)
Net Operating Revenue	70,910	66,841	61,629	59,569	59,399
Total Expenses	(61,215)	(54,827)	(50,999)	(48,653)	(52,693)
Profit Before Income Tax Expense	9,695	12,014	10,630	10,916	6,706
Income Tax Expense	(5,332)	(4,242)	(1,342)	(3,198)	(1,760)
Profit After Income Tax Expense	4,363	7,772	9,288	7,718	4,946
Network Maintenance Expenditure	9,223	6,852	7,367	5,706	5,429
Statement of Financial Position					
Net Working Capital	17,663	28,958	8,965	3,445	8,920
Non-Current Assets	370,907	345,387	346,083	324,855	315,781
Total Assets	403,975	387,820	365,694	340,167	336,551
Non-Current Liabilities	(116,850)	(106,621)	(95,465)	(81,392)	(85,511)
Total Equity	271,720	267,724	259,583	246,908	239,190
Network Capital Development Expenditure	29,159	27,230	28,802	22,934	25,169
Statement of Cash Flows					
Net Cash Provided from Operating Activities	27,659	26,921	20,759	23,940	24,348
Net Cash Used in Investing Activities	(36,798)	(33,124)	(32,399)	(26,703)	(24,986)
Net Cash Used in Financing Activities	8,077	8,493	11,525	(2,049)	(2,121)
Financial Measures					
Profit Before Income Tax Expense / Total Equity	3.57%	4.49%	4.10%	4.42%	2.80%
Profit Before Income Tax Expense and Customer Rebates / Total Equity	5.38%	6.26%	6.64%	7.75%	7.21%
Profit After Income Expense / Total Assets	1.08%	2.00%	2.54%	2.27%	1.47%
Profit After Income Tax Expense / Total Equity	1.61%	2.90%	3.58%	3.13%	2.07%
Total Equity / Total Assets	67.26%	69.03%	71.04%	72.58%	71.07%

Parent Consolidated Financials

	31 March 2024 $000	31 March 2023 $000	31 March 2022 $000	31 March 2021 $000	31 March 2020 $000
Statement of Comprehensive Income					
Gross Operating Revenue	74,262	71,529	68,357	67,860	69,944
Customer Rebates	(4,931)	(4,739)	(6,619)	(8,224)	(10,546)
Net Operating Revenue	69,331	66,790	61,738	59,636	59,398
Total Expenses	(59,884)	(54,610)	(50,944)	(48,651)	(52,811)
Profit Before Income Tax Expense	9,447	12,180	10,794	10,985	6,587
Income Tax Expense	(5,303)	(4,248)	(1,401)	(3,205)	(1,643)
Profit After Income Tax Expense	4,144	7,933	9,393	7,780	4,944
Network Maintenance Expenditure	9,223	6,852	7,367	5,706	5,564
Statement of Financial Position					
Net Working Capital	19,158	10,459	8,745	3,210	5,041
Non-Current Assets	378,256	367,113	344,807	327,983	318,750
Total Assets	406,693	386,368	368,127	324,751	339,708
Non-Current Liabilities	(126,535)	(110,541)	94,823	85,147	(85,526)
Total Equity	270,879	267,030	258,730	246,047	238,265
Network Capital Development Expenditure	29,159	27,230	28,802	22,921	24,350
Statement of Cash Flows					
Net Cash Provided from Operating Activities	28,977	26,308	21,955	23,940	23,307
Net Cash Used in Investing Activities	(36,894)	(33,693)	(37,067)	(26,703)	(23,837)
Net Cash Used in Financing Activities	8,136	7,478	11,481	(2,049)	(2,121)
Financial Measures					
Profit Before Income Tax Expense / Total Equity	3.49%	4.56%	4.17%	4.46%	2.76%
Profit Before Income Tax Expense and Customer Rebates / Total Equity	5.31%	6.34%	6.73%	7.81%	7.19%
Profit After Income Expense / Total Assets	1.02%	2.05%	2.55%	2.27%	1.46%
Profit After Income Tax Expense / Total Equity	1.53%	2.97%	3.63%	3.16%	2.07%
Total Equity / Total Assets	66.61%	69.11%	70.28%	71.79%	70.14%

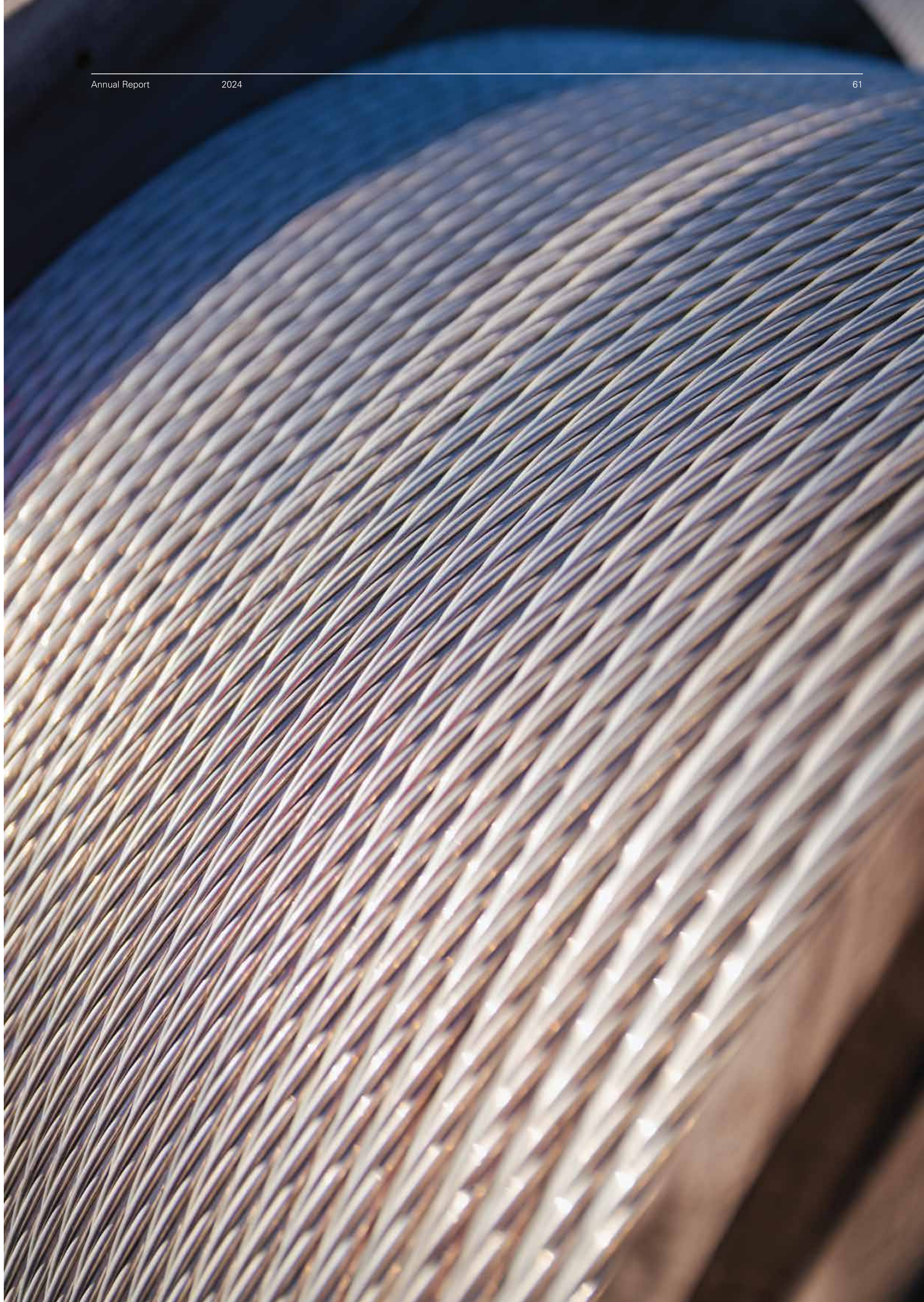
For information on the Parent's future forecasted results please refer to the Statement of Corporate Intent published on the MainPower Trust's website.

FIVE YEAR TRENDS (CONTINUED)

For the year ended 31 March 2024.

	31 March 2024	31 March 2023	31 March 2022	31 March 2021	31 March 2020
Other Measurements					
Quality of Supply					
SAIDI[1]	303.33	292.54	272.60	297.35	343.30
SAIFI[2]	2.05	2.13	2.38	2.17	2.26
Unplanned Faults[3]	20.46	17.10	21.70	14.20	11.70
Other Network Measures					
Number of Customer Connections[4]	44,257	43,526	42,482	41,882	41,112
Electricity Entering the System	677	656	663	666	671
Electricity Delivered to Customers (GWh)	637	622	624	623	634
Electricity Losses (GWh)	41	34	39	43	37
Maximum Coincidental Demand (MW)	116	123	124	126	116
Load Factor (%)	66	61	61	60	66
Total Transformer Capacity (MW)	608	589	588	574	565
Transformer Capacity Utilisation Factor (%)	19.3	19.2	21.0	21.7	20.4
Circuit Length Lines (km)	5,248	5,198	5,170	5,166	5,121
Health, Safety and Risk Measures					
Staff Employed	185	175	177	173	170
Major Non-Conformances from External Certification Audit	–	–	–	–	–
Enforceable Regulatory Notifications	–	–	–	–	–
Leadership Interactions with Employees	119	91	65	109	119
Work Related Accidents Resulting in Lost Time	–	4	6	4	3

[1]SAIDI = Average minutes a customer is without power during the year.
[2]SAIFI = Average supply interruptions per customer during the year.
[3]Unplanned Faults = annual number of faults per 100kms of line.
[4]Customer means a person named in the records of the company as a person whose premises are connected to the company's distribution network and who is liable to the company for the payment of an amount in respect of the use of and connection to the company's distribution network.




MITRE 10

Directors

Anthony Charles King	Chair
Graeme David Abbot	Director
Janice Evelyn Fredric	Director
Jan Fraser Jonker	Director
Stephen Paul Lewis	Director
Brian John Wood	Director

Executive Leadership Team

Andy Lester	Chief Executive
Sarah Barnes	General Manager Finance and Information Technology
Peter Cairney	General Manager Service Delivery
Karen Cameron	General Manager Safety and Business Risk
Penny Kibblewhite	General Manager Customer and Corporate Relations
Sandra O'Donohue	General Manager People and Culture
Sarah Barnes	Acting General Manager Commercial
Todd Voice	Chief Executive Mt Cass Wind Farm Limited

Registered Office

172 Fernside Road
PO Box 346
Rangiora 7440

Principal Solicitor

Duncan Cotterill
Christchurch

Principal Banker

Westpac New Zealand Limited Rangiora

China Construction Bank (New Zealand) Limited

Auditor

Deloitte Limited Christchurch

MainPower New Zealand Limited

172 Fernside Road, RD1, Kaiapoi 7691
PO Box 346, Rangiora 7440

Phone 0800 30 90 80
www.mainpower.co.nz

mainpower

mainpower