

2023

ANNUAL REPORT

MAINPOWER NEW ZEALAND LIMITED





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**MANAAKI WHENUA,
MANAAKI TANGATA,
HAERE WHAKAMUA.**

**IF WE TAKE CARE OF THE EARTH
AND TAKE CARE OF PEOPLE,
WE WILL TAKE CARE OF THE FUTURE.**

POWERING OUR REGION

Welcome to MainPower's Annual Report and Financial Statements for the 2022-23 financial year.

MainPower is the electricity lines company for the Waimakariri, Hurunui, and Kaikōura districts. We own, operate, and maintain the poles, wires and underground cabling that supply homes and businesses across our network with electricity.

We provide a safe and secure electricity supply to over 43,000 connections, impacting the lives of the 79,910 people that call North Canterbury home. This includes urban centres like Rangiora and Kaiapoi, farmland around Hurunui, a renowned wine country in the Waipara Valley, and tourist hotspots like Hanmer Springs and Kaikōura.

MainPower has been part of the region for almost 100 years. We take pride in championing our community with various sponsorships that enable community groups, and not-for-profit organisations to improve the lives in our region.



MAINPOWER TRUST



MainPower is a consumer trust-owned electricity distribution business. The MainPower Trust holds the Company's ownership on behalf of its beneficiaries (electricity customers in the Waimakariri, Hurunui, and Kaikōura regions).

The MainPower Trust has seven Trustees elected by beneficiaries in a public vote every three years. The next election takes place in August this year.

The Trustees are responsible for appointing and regularly meeting with the MainPower Board of Directors, monitoring the Company's performance, and liaising with MainPower to support the delivery of community sponsorship projects.

Who are the Trust's Beneficiaries?

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. The rebate was reduced in the last financial year, and reinvested into the network. This rebate is passed on via electricity retailers, though it is not always clearly shown on the bill.

Kaipoi customers receive a discount on their electricity bills equivalent to the rebate. This is also passed on via electricity retailers.

Qualifying Customers can attend annual general meetings for The Trust and MainPower. They may speak at the meetings but are not entitled to a vote.

Find out more about the MainPower Trust at mainpowertrust.co.nz

THE MAINPOWER TRUST HAS SEVEN TRUSTEES ELECTED BY BENEFICIARIES IN A PUBLIC VOTE EVERY THREE YEARS.

MAINPOWER'S PLACE IN THE ELECTRICITY SECTOR

Generation

Generators produce electricity. Around 32% of your electricity bill goes towards the cost of generating the electricity you use.

Transmission

Transpower is the state-owned enterprise responsible for transmitting electricity produced by generators. Around 10.5% of your electricity bill goes to paying costs involved in the national grid.

Distribution

MainPower is one of 27 electricity distributors, or lines companies, in New Zealand, responsible for the power lines and distribution networks in local areas. Around 27% of your electricity bill goes to paying costs involved in the local distribution of electricity.

Retail

Retailers sell electricity to residential and business customers. Around 30.5% of your electricity bill goes to paying costs involved in the retail sector.



To find out more about MainPower, visit mainpower.co.nz



Culverden



CHAIR'S REVIEW

This year has been positive with the capital and maintenance expenditure on the network of \$34.1m being delivered to plan. We have continued to achieve strong financial results while remaining committed to providing safe, secure, and resilient electricity network services.



Financial Results

The MainPower Group achieved a profit before tax of \$12.0m in the 2022-23 financial year, up \$1.4m on the prior year's profit of \$10.6m.

The year-on-year increase was largely driven by revenue, with operating expenses remaining flat over the prior year. The increase in net revenue from electricity distribution revenue was due to an increase in

customer connections combined with the previously signaled reduction in rebates to \$4.7m. Land development in the region also continues to add to an increase in capital contributions revenue, \$6.9m up \$1.4m on the prior year.

The operating cash flows of the business of \$26.9m have been reinvested back into the business with \$34.1m spent on capital expenditure for the distribution Network and generation.

The Group result also reflects the intention at 31 March to partner with Energy Marlborough for the Mt Cass Wind Farm project, hence the investment in this project has been presented as assets held for sale in the financial statements. The share purchase agreement was signed after the balance date in May 2023.

Asset Management

Our Asset Management Plan (AMP) details how we will continue our journey to improve the way we manage the assets on our network and how we will support New Zealand's decarbonisation goals.

Decarbonisation of the economy continues to develop and MainPower's goal of leading the transition to a smarter network of the future requires us to evolve to meet the changing needs of our customers now, and into the future.

Our customers have again reinforced through our recent AMP customer engagement sessions that it is important to them that MainPower is innovative. Customers expect MainPower to enable choice to ensure they are able to adopt new technologies as and when they are ready.

We understand that the rate of adoption of certain technologies like electric vehicles and solar panels can be highly dependent on the location in which our customers are based, and we are making sure we consider this with our future network planning.

Our customers have shared feedback that reliability is key to their overall satisfaction with MainPower's network performance.

Our SAIDI figures for the financial year of 292.54 minutes are up slightly on the previous year and our target of 280, this is due to an additional 42 planned jobs completed in FYE 31 March 2023. Our SAIFI figures are down to 2.13, lower than 2.38 the previous year, however still above our target of 2.04. This is primarily due to a number of cable termination faults in the Kaiapoi area and a significant number of vehicle accidents across the year.

Strategic Developments and Major projects

Network projects

The construction of a new section of line along the Oaro-Kaikōura coast will deliver several benefits to the region. The increased operating voltage from 33kV to 66kV will support connection growth and power supply from Cheviot to Kaikōura.

MainPower has continued to drive major projects forward such as Tuahiwi Zone substation with the intent to purchase the new land and engagement with Transpower for new 66kV connections between the Ashley GXP, the new Tuahiwi zone substation, and Southbrook GXP.

Amberley's current zone substation is now at end-of-life. MainPower has secured a new site and the project is currently in the design stage. We look forward to seeing this project come to fruition as this will be the first site based on MainPower's standard zone substation template design.

Condition Based Risk Management (CBRM) Project

MainPower has initiated a CBRM project to implement globally recognised models that will allow more effective management of asset risks. This is a positive step forward for MainPower when applying resources which are based on the condition of the asset and allowing us to be more strategic in our risk analysis.

OUR CUSTOMERS HAVE SHARED FEEDBACK THAT RELIABILITY IS KEY TO THEIR OVERALL SATISFACTION WITH MAINPOWER'S NETWORK PERFORMANCE

MPowered Future

MPowered Future is our long-term strategic framework to tackle the changing nature of the electricity sector. Part of this is making sure we have the right resources and skills to undertake new opportunities.

In addition to maintaining our core focus, the electricity distribution network of North Canterbury, the strategic framework lays out how MainPower will assess and engage in new business opportunities systematically, ensuring value is delivered to our consumers and the region.

The MPowered Future is focused on delivering meaningful opportunities across four key business segments; Networks, Investments, Services, and Generation.

These are all aligned to the organisation's key strategic objectives in the AMP, Sustainability Management Plan and Statement of Corporate Intent.

This framework will allow MainPower to continue to prioritise opportunities that will deliver value to the Waimakariri, Hurunui and Kaikōura regions.

Mount Cass Wind Farm

We continue to see progress with the Mount Cass Wind Farm with early works contracts secured, allowing the project to move forward with its important design elements. The next seasonal

opportunity for construction is late 2023. The focus is currently on the civil contractors who are undertaking geotechnical investigations and trial excavations.

Joining the Mount Cass Wind Farm team, we welcome Marlborough Lines, who have taken a 50% financial interest in the project through their subsidiary Energy Marlborough Limited. Both parent companies have a similar ownership structure and strategic goal of delivering value to our shareholders, who are also our customers. MainPower looks forward to continuing our collaboration with Marlborough Lines as we explore other opportunities to create this value.

Thank you

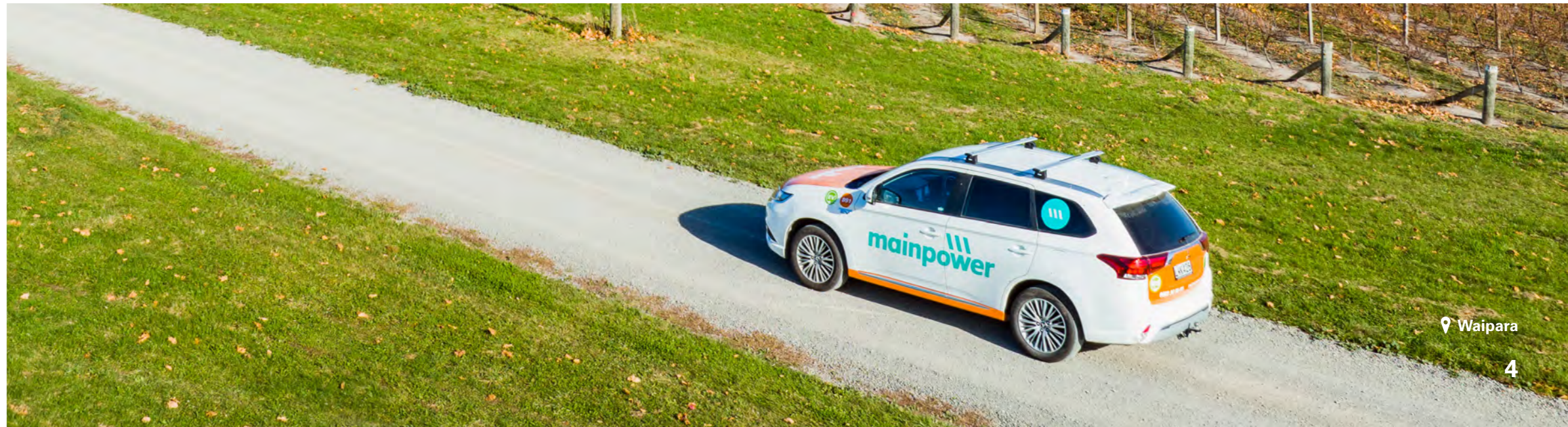
Finally, I would like to extend my gratitude to my colleagues on the MainPower Board, the Executive team and MainPower Trust for helping us to achieve another positive result for the 2022-2023 financial year.

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. We look forward to our continued alignment to create a smarter future to deliver value to our local communities.

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

¹ Network SAIDI figures published on page 73

² Network SAIFI figures published on page 73



Waipara

CHIEF EXECUTIVE'S MESSAGE

Welcome to MainPower's Annual Report for the 2022-23 financial year. This is our opportunity to share a summary of our performance over the previous financial year and our goals for the year ahead.



As a community-owned organisation, MainPower's vision to create a smarter future to deliver local value is at the heart of everything we do. We aim to provide the Waimakariri, Hurunui and Kaikōura regions with the electricity infrastructure that allows them to thrive and grow.

During the 2022-23 financial year, we have been working hard to deliver above-and-beyond business as

usual. MainPower has invested substantial resources into understanding and trialing new energy technologies so that we can better understand how it can benefit our communities now and into the future. We are excited to present our initial findings and ongoing projects with you in this report.

Financial Success

The 2022-23 financial year saw the MainPower team deliver another strong result, up on the prior year based on increasing revenue and cost constraints. A key factor to this pleasing result is the ongoing strong demand for connection services for land development across the region.

Our positive results were still impacted by some challenging circumstances. Specifically, during the last quarter, due to COVID-19 restrictions and illness, many departments were unable to operate at full capacity with many team members working from home or recovering from COVID-19.

Weather also played a part in our year-end results, with the windstorm in September costing more than \$0.5m in repairs to the network due to trees. Additionally, the uncharacteristically wet summer affected irrigation revenue which has not reached its usual peak.

Network

Over the 2022-23 financial year we have achieved another strong work programme, delivering \$6.9m in network maintenance, and \$27.2m in capital works.

To deliver on our Asset Management Plan (AMP), we replaced more than 965 poles across the network, 24 link boxes and 29 distribution transformers. More than 1000 vegetation sites were addressed throughout the year making the network a much safer place, especially in the event of storms where trees and vegetation cause the most damage.

A significant feature of the previous financial year was completing our LiDAR (laser imaging, detection, and ranging) helicopter surveys across the MainPower network. This has delivered value through the ability to monitor the condition of our

assets. This data helps with accurate modelling of our assets, the ability to identify potential issues and to resolve them before any potential harm or outages.

One of the biggest challenges over the last year has been the long lead times experienced when importing network equipment as COVID delays are still impacting shipping times. We have taken the learnings from this year and have placed orders well in advance for the upcoming AMP work.

To ensure that we continue to grow and maintain our network in a way that meets the changing needs of our customers, we continue to examine electricity consumption behaviour. We are also evaluating the future uptake of innovative technologies such as solar and EV's to ensure that we can provide the necessary infrastructure and services needed to facilitate adoption of these new technologies.

The AMP customer engagement sessions held across the region in March provided our teams with fantastic insight into their expectations around the reliability and resilience of the network as well as how open they are to considering new technologies. This year we also asked for feedback around the importance of our local environment. We discovered a significant proportion of customers would prefer investment in new technologies to enable them to make their own decisions that will move the country towards our decarbonisation goals such as installing solar on their own homes or purchasing EVs. Hydrogen vehicles and peer-to-peer trading were also topics of interest with many customers watching keenly for advancements in these areas.

MPowered Future

'MPowered Future' is our strategy to prepare and deliver the future of energy, as well as allowing us and the communities we are owned by, to thrive in the shifting landscape. Our customers are already occupying an increasingly central role in the electricity industry, and MPowered Future is our plan to deliver them the tools they need to enable choice and gain more control over their energy.

MPowered Future will protect the value of our current assets and future-proof our organisation so that we may continue to provide a positive and tangible return for North Canterbury for future generations.

Mt Cass Wind Farm

The Mt Cass Wind Farm project continues to forge ahead and has celebrated some key milestone moments. Early works contracts have been signed with Electronet (electrical), McConnell Dowell (civil) and Siemens Gamesa (turbines). The team also continues to progress with pre-construction and design activities.

The permanent met mast installation, which will measure wind data at the site, is due to be completed mid-2023.



Another exciting development for the project this year was the addition of a new financial partner. Energy Marlborough Limited, owned by Marlborough Lines Limited. We have long enjoyed a strong and collaborative relationship with the team at Marlborough Lines and are looking forward to bringing this project to fruition for the collective benefit of our regions.

Collaboration & Resilience

We recognise the value of collaborating and working closely with our neighbours on a wide range of activities. Over the past 24 months, we have established two key groups that allow our people to work with other like-minded teams across our industry and New Zealand.

MainPower has been working with Marlborough Lines, Westpower and Buller to share ideas and initiatives, as well as identifying areas where we can collaborate and share resources.

Teams across MainPower have been working with their counterparts, including standardising designs, identifying procurement opportunities, and sharing safety advertising collateral. Additionally, teams are working to ensure field staff from each organisation can work unrestricted on other networks when required, for example during severe weather events.

A recent example of this collaboration in action was in August 2022 when MainPower field staff travelled to Marlborough to support power restoration following extensive flooding in the region.

MainPower is also focused on improving the resilience of our network in order to minimise service disruptions caused by climate change. To inform our work in this space, we have formed a group with NIWA, Canterbury Livelines, local councils, and other infrastructure providers. We believe there is great strength in jointly understanding and preparing for regional resilience.

Our People and Our Values

Our ongoing high performance is made possible by the people of MainPower who work tirelessly to deliver a safe and secure network for our communities. It is critical for us to ensure we have the right talent and capabilities to support our Asset management Plan and MPowered Future objectives.

To ensure we attract and retain our people, we are always looking for new ways to recognise and reward our people. As you will see in this report, we continue to improve our staff wellbeing programme to support and empower our people in and out of work. This year we have undertaken several new initiatives to enhance mental health across MainPower and equip our people with the skills and understanding to help themselves and others who need it.

Our values; *Make It Happen, Work Together, Do What's Right and Make It Better* are more relevant now than ever before. MainPower's values guide our teams to deliver our strategic objectives and provide support to the communities we live and work in, as highlighted in this year's Annual Report.

Thank You

I am always incredibly proud of our MainPower team. Collectively, we have achieved a great result for the 2022-23 financial year, and we continue to strengthen our core business and be committed to delivering results to our shareholders.

I wish to thank all of our teams for their passion, commitment, and drive to uphold our values and work together and deliver on behalf of MainPower.

Thank you to the Board for their expertise and guidance, the MainPower Trust for the continued support, and the MainPower Executive team for their leadership across the company.

Finally, I would like to thank the communities of Waimakariri, Hurunui and Kaikōura. As a community-owned organisation, you drive our decisions and help us build a smarter future to increase value for future generations.

Andy Lester
Chief Executive
MainPower New Zealand Limited



OUR VISION:

CREATE A SMARTER FUTURE TO
DELIVER LOCAL VALUE





OUR VALUES AT WORK

MAINPOWER'S VALUES UNDERPIN EVERYTHING WE DO. THEY DEFINE WHO WE ARE AND WHAT WE STRIVE TO ACHIEVE FOR OUR COMMUNITIES.




WORK TOGETHER

A red square containing a white icon of two hands shaking. The text 'WORK TOGETHER' is centered below the icon. A small teal circle with three white horizontal lines is in the top right corner.

MAKE IT HAPPEN

An orange square containing a white icon of a hard hat, a computer monitor, and crossed tools. The text 'MAKE IT HAPPEN' is centered below the icon. A small teal circle with three white horizontal lines is in the top right corner.

MAKE IT BETTER

A green square containing a white icon of three trees. The text 'MAKE IT BETTER' is centered below the icon. A small teal circle with three white horizontal lines is in the top right corner.

DO WHAT'S RIGHT

A dark blue square containing a white icon of a checkmark inside a circle. The text 'DO WHAT'S RIGHT' is centered below the icon. A small teal circle with three white horizontal lines is in the top right corner.

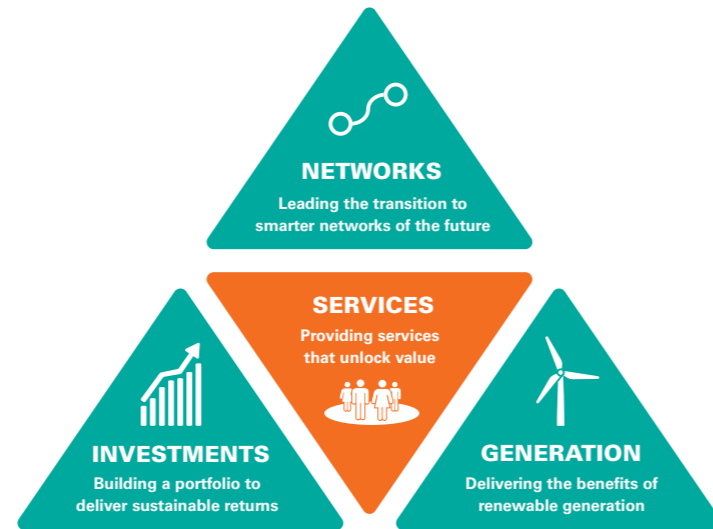


MPOWERED FUTURE

Powering into the future – our customers are already occupying an increasingly central role in the electricity industry, using new innovations such as EVs and solar to gain greater choice and autonomy than ever before.

Rather than just reacting to change, MainPower is actively seeking opportunities to lead change from within the industry and investigating new ways forward. To position our business to be ready to not only meet these changes but to thrive in the shifting landscape they create, we developed our MPowered Future strategy.

An MPowered Future will protect the value of our current assets and future-proof our organisation so that we may continue to provide a positive return for future generations.



NETWORKS



MainPower's core activity is to provide safe, secure, and resilient network services to the people of North Canterbury. MainPower's approach to achieving this is laid out in our Asset Management Plan (AMP).

In addition to maintaining the electricity distribution network, MainPower's goal of *leading the transition to a smarter network of the future* involves examining how our customers will use electricity and network services as new technologies, behind the meter activities and the decarbonisation of the economy continues to develop.

INVESTMENTS



MainPower will build an investment portfolio to deliver sustainable returns. MainPower will look to both create and access new capital through new investment opportunities and partnerships.

Rather than just reacting to change, MainPower is actively seeking opportunities to lead change from within the industry, investigating new ways forward.

GENERATION



MainPower will deliver the benefits of renewable generation through a portfolio of renewable generation options, including, hydro, wind, utility-scale and commercial-scale solar generation.

MainPower already owns and operates a 1MW hydropower station at Cleardale in the Rakaia Gorge, a 300kW solar PV system at our Fernside Road site and is currently developing for construction a 95MW wind farm at Mt Cass, near Waipara, in North Canterbury.

The generation portfolio will provide energy to Kākāriki Power Ltd, MainPower's electricity retail company, to meet the growing customer demand for renewable energy.

Utility-scale solar

Pre-development is underway for the use of suitable land, initially within the MainPower property portfolio, for the development of a pilot utility-scale solar generation site. Mixed ownership models are being explored.

Commercial & Industrial scale solar

In 2022, MainPower installed a solar PV system at its Fernside Road site. The 300kW system produces around 2.25MWh daily, with MainPower using 1.1MWh to run the site and the remainder being exported to the Grid. MainPower will now bring together

the learnings from the installation to determine how it can better enable the uptake of renewable energy solutions for our commercial and industrial customers.

Mt Cass Wind Farm

MainPower also holds resource consent for a wind farm at Mt Cass, near Waipara, North Canterbury.

The wind farm will provide greater security of supply for the South Island, while providing a range of benefits to MainPower customers. The project will pump an estimated \$80m into the local economy and create around 100 jobs during the construction phase alone. When completed, the wind farm will be the largest in the South Island with a maximum generation output of 95MW, enough to power 40,000 homes.

The project will contribute positively to the government's goal of achieving net zero carbon emissions by 2050, by offsetting around 100,000 tonnes of greenhouse CO² per year.

Part of the project includes creating 127 hectares of protected land, including predator free areas of native shrub and forest. Around \$6m will be invested in protecting and enhancing this habitat over the life of the wind farm for future generations to enjoy.

SERVICES



MainPower aims to provide services that unlock value for our customers and other business segments. There are opportunities to leverage the existing investment in our network and expand our operations to include other services in the changing industry environment. Kākāriki Power Ltd, MainPower's electricity retail company, is a primary conduit through which to unlock this value and provide future services.

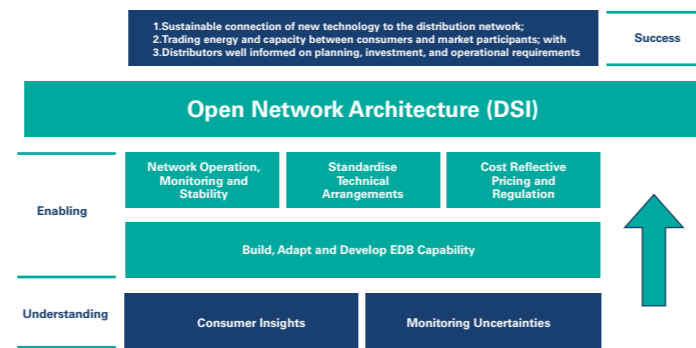
Kākāriki Power

MainPower has operated an electricity retail band called Kākāriki Power since 2018. In 2022, MainPower acquired an electricity retailer that operates on a modern, flexible, and internationally proven platform. At that time, it was renamed Kākāriki Power Ltd. The continued investment in Kākāriki Power has enabled MainPower, initially working through commercial and industrial customers, to investigate and monitor evolving technology and changing customer behaviour in the retail sector.

The generation of renewable energy from the Cleardale hydropower station and, roof-top mounted solar at the MainPower Fernside Road site, is providing renewable energy to Kākāriki Power customers. Growth of Kākāriki Power's customer base and aggregating customer demand will in turn support development of MainPower's renewable generation portfolio.

Kākāriki Power will continue to play a role in supporting growth within our community and enable greater access to renewable energy and development of other services.

Enabling Low Carbon Consumer Choice








These investments and partnerships will, where possible, bring incremental value to the other business segments. Investments provide a mechanism for MainPower to take advantage of emerging technologies, new business models and external expertise.




OUR NETWORK

The MainPower network has been distributing electricity to the Waimakariri, Hurunui and Kaikōura districts for nearly 100 years. We are proud to support the people and businesses of our region.

OUR CUSTOMERS:

| | | |
|---|----------------------------------|----------------|
|  | General (Non-Residential) | 5,952 |
|  | Irrigation | 1,466 |
|  | Large User (incl Daiken) | 42 |
|  | Residential | 36,588 |
|  | Other | 339 |
| GRAND TOTAL | | 44,387* |

*Includes the Kaiapoi Electricity Network customers as of 1 February 2023

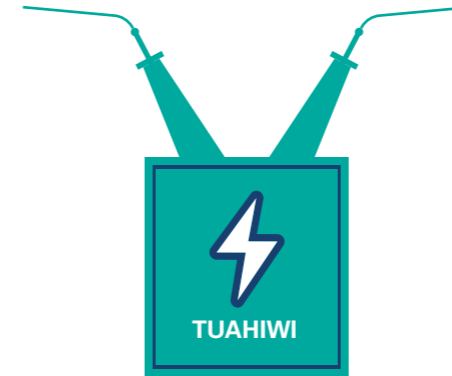
| | | |
|---|--|----------------|
|  | Network made of lines & cables | 5,198km |
|  | Number of poles in our network | 54,331 |
|  | Tree and vegetation fault responses | 79 |

As at financial year ending 31 March 2023

MAINTENANCE PROGRAMME HIGHLIGHTS

Regularly testing, servicing and, where necessary, replacing network assets is an essential part of providing a safe, secure supply of electricity to the region.

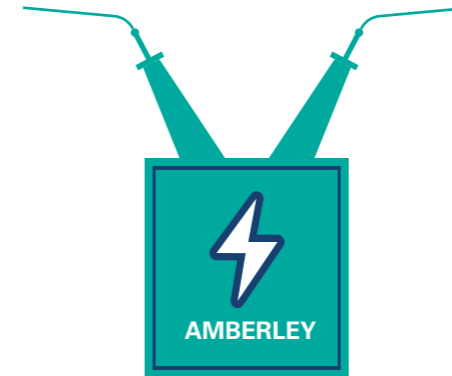
TUAHIWI ZONE SUBSTATION



The Tuahiwi Zone substation project will provide additional sub-transmission and distribution capacity to the Eastern Waimakariri region, including providing additional supply options into Rangiora, Woodend/Pegasus and Kaiapoi.

MainPower is currently working to identify an appropriate location for the new Zone Substation and has engaged Transpower for new 66kV connections between Ashley GXP, the new Tuahiwi zone substation, and Southbrook GXP. The project has been driven by rapid growth in the area and an accelerated development programme is required in response.

AMBERLEY ZONE SUBSTATION



MainPower's Amberley zone sub-station is end-of-life with several key assets requiring replacements (including transformers, switchgear and protection systems).

Due diligence on the new site has been undertaken, including detailed geotechnical investigations and flood resilience modelling.

A full concept design for the new zone substation has also been completed, mapping out the new layout and equipment for the site. The project will improve security of supply to the Amberley region and enable future upgrades to operate the site at 66kV.

CHEVIOT TO KAIKŌURA SUB-TRANSMISSION UPGRADE



This complex project is well underway to investigate, design and construct a new section of line along the Oaro-Kaikōura coast. The project will also lift the operating voltage from 33kV to 66kV from Cheviot to Kaikōura, boosting supply in the northern Cheviot area.

30 YEARS OF MAINPOWER



In 1916, electricity arrived in North Canterbury when the Public Works Department constructed a hydro-electric branch to bring power to the Eyre County.

To manage the growing demand for electricity in the region, in 1928 the North Canterbury Electric Power Board was formed, and charged with two specific tasks:

- To coordinate to the best advantage the differing reticulation systems taken over from the three counties, and from the public works department.
- To extend the electricity supply to the un-reticulated portions of the above three counties and to the Oxford and Ashley counties.

After 65 years serving the Waimakariri, Hurunui and Kaikōura regions, in 1992, the Energy Companies Act required the North Canterbury Electric Power Board to reform into a commercial power company. To achieve this, in March 1992, The North Canterbury Electric Power Board was dissolved and MainPower New Zealand Limited assumed its responsibilities for supplying electricity to North Canterbury.

In 1992, MainPower had three business units- MainPower Network, MainPower Commercial and MainPower Contracting.

MainPower also operated an appliance store selling whiteware in Rangiora, which was eventually purchased by Farmers.

30 years later, MainPower has grown with its communities, delivering a safe and reliable electricity supply to more than 43,500 homes and businesses across a geographic area of over 11,000 square kilometers.

In 2022, we celebrated 30 years of MainPower with the people who make it happen for our network and the communities we serve.

As of 2022, 11 original members of staff still worked at MainPower, an impressive 30 years on.



Rangiora



Rangiora North Substation October 1988

**THE WORLD IS CHANGING,
AND MAINPOWER IS CHANGING
WITH IT.**



Southbrook Zone Substation - 1994



Rangiora North Substation October 1988



MainPower Offices - 1990's

Branding progression:



THEN AND NOW

| | 1992 | 2023 |
|---------------------------|---------|---------|
| Number of employees | 120 | 175 |
| Number of connections | 20,000 | 43,000 |
| Total circuit length (km) | 4,536km | 5,198km |



MainPower advertisement circa 1994



MainPower Offices - 2023

CLIMATE CHANGE ADAPTATION

As the North Canterbury community seeks to reduce its carbon footprint, the Communities Electrical Distribution Network services is going to be a key enabler, supplying a clean electricity energy source. The Electrical Distribution service is vital for the wellbeing of our community.

This drives MainPower to understand the impact of climate change on the Communities Network, ensuring safe reliable and resilient Network services.

Climate change means our community and our Network assets will be exposed to extreme weather events. We need to adapt to this change.

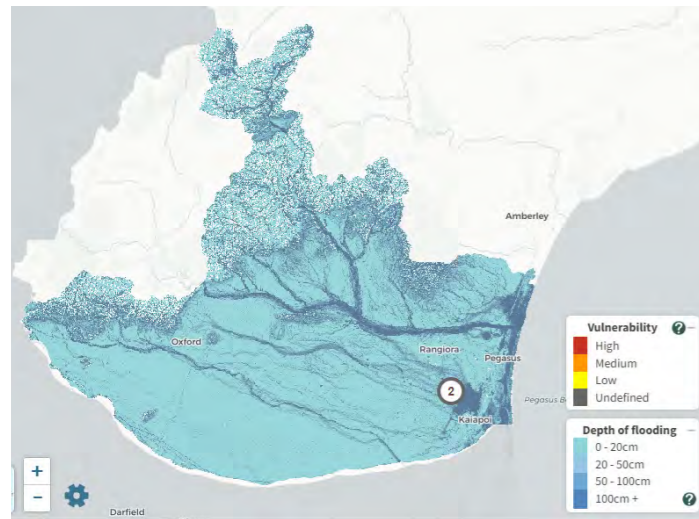
The effects of climate change (Rising Sea Levels, Wildfire, Wind Events, Flooding) are causing MainPower to review network services that enable community Low Carbon Technology choice and the impacts of severe weather on the network.

MAINPOWER RESILIENCY EXPLORER

The explorer modelling shows which MainPower assets will be impacted by river flooding, tsunami and earthquakes – hazards.

It helps us understand which assets are most exposed and vulnerable to these hazards so that we can work with the community to understand the impact to the community and possible future investment required by MainPower as we adapt to climate change.

The explorer also shows expected downtimes of the assets and how potential interventions implemented today can reduce the economic loss following the hazard event.



Electricity Generation - Asset Summary

Two Assets are classed as undefined vulnerability.

RISK AND VULNERABILITY

We need to understand where people, places and things of value will be exposed to hazards, and just how vulnerable they will be. This will help MainPower plan for extreme events more effectively.

Hazards only pose a risk when things we care about are impacted by a hazard. The level of risk is determined by the consequence, say if something of importance was impacted by a hazard.

To understand the consequence, we also need to know how vulnerable our assets are to a hazard. This is achieved by looking at the sensitivity and adaptive capacity of an exposed asset.

Sensitivity

The degree to which an asset is affected by any hazards.

Adaptive capacity

The ability an asset has to respond to a hazard.

Hazards:

- **River flooding** happens when water spills from a river channel onto land that is normally dry. It is usually caused by heavy rainfall, and flooding is the most common natural hazard in Canterbury.
- **Tsunamis** are usually caused by an earthquake under the seafloor. Other triggers include landslides, undersea volcanic eruptions, and meteorite impacts. These sudden disturbances cause the ocean to flow away from the disturbance, creating large tsunami waves at the shoreline.
- **Rising groundwater** can bring the water table close to the ground surface. This wet ground can impact people's health, buildings, infrastructure and how the land can be used. In some cases, groundwater could rise above ground level and cause temporary or permanent ponding of water.

Works continue including collaborating with the community, other EDBs and service providers to enhance the model which may impact future expenditure as our physical Network adapts to climate change.

LiDAR

In June and August 2022, we completed LiDAR helicopter surveys across the MainPower network to give the team a clear understanding of our risks to lines and ensuring we are able to maintain our network to the best standards.

The LiDAR capture uses radar to produce a three-dimensional model, which will assist with the maintenance and design of our network. The model will allow MainPower to monitor the condition of our assets, identify potential issues and resolve them before they cause harm or outages.

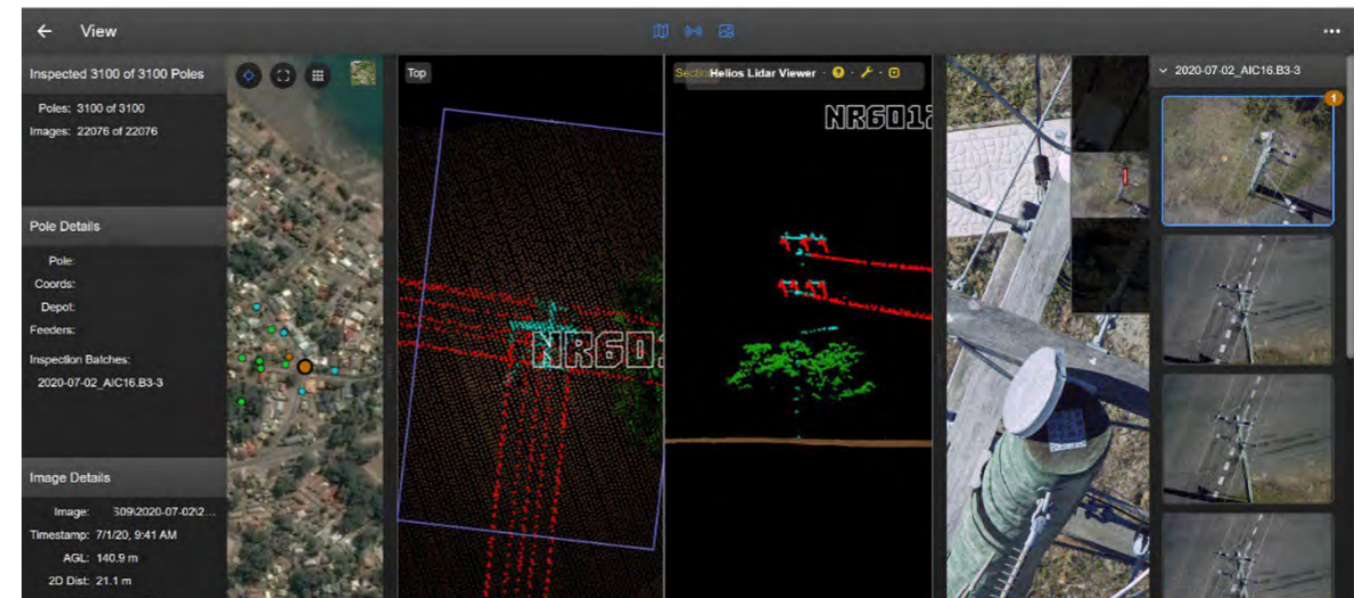
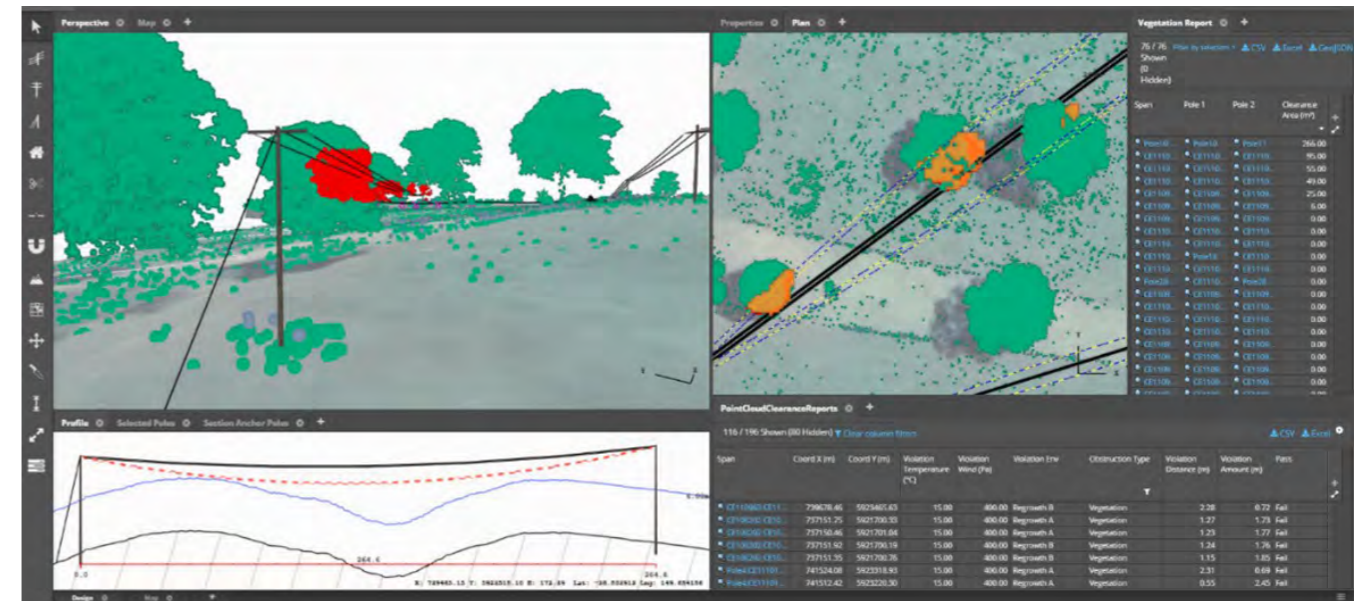
Surveying began in the Kaikōura area and moved down the network until its completion in mid-August 2022.

Surveys were completed using equipment mounted to a Eurocopter EC120 helicopter flying approximately 270 metres above electricity assets. The helicopter flew continuously at

a moderate speed while collecting images of the electricity network assets such as poles and wires.

To keep everyone informed, we carried out a network-wide communications campaign. The MainPower team worked closely with the flight team and the public to minimize disruption to animals, especially horses.

The data gained from these surveys provides MainPower with a clear map and understanding of the areas in our network, where trees and vegetation pose risks to lines. It ensures we maintain an industry standard line height, assisting us with reducing the risk of fires and continued focus on public safety.



SOLAR INSTALLATION - MAINPOWER ENERGY HUB

MainPower is exploring the value of an intelligent energy management system, the "Smart Energy Hub".

This pilot project is to be implemented at the MainPower Fernside Road site in Rangiora and will look at the input/output of electricity generation on a larger business scale.

The MainPower office has installed a 300kW solar PV system which includes 736 solar panels (480 on the workshop and 256 on the Truck Shed). We have already gathered positive information about how it offsets our energy costs and exports surplus energy back into the network. At current generation levels, we will have covered the cost of the system in just six years!

The solar installation is an excellent example of a project that aligns with our MPowered Future Strategy and our Asset Management Plan. Through this we can trial, test and report on our findings and deliver meaningful benefits to our customers, as well as some valuable learnings of how a local generation asset exports into our network.



- 300kW Solar PV System
- 3x100kW Fronius Inverters, 736x 450w Seraphim PV Panels (480 on workshop, 256 on Truck Shed)
- Delivering up to 300kW system peak output (currently daily max 285kW)
- Daily Production ~2,050kWh, daily export to grid ~1MWh
- Daily Self-consumption ~1,075 kWh – providing approximately 45% of total daily consumption 2,390 kWh
- Payback period 6.5 years, asset life 30 years
- MainPower Electricity consumption and generation webpage is live on MainPower's intranet, "The Grid"

AT CURRENT GENERATION LEVELS, WE WILL HAVE COVERED THE COST OF THE SYSTEM IN JUST SIX YEARS!

OUR COMMITMENT TO A SUSTAINABLE FUTURE

The 1987 United Nations Brundtland Commission defined sustainability as, "meeting our own needs without compromising the ability of future generations to meet their needs"

MainPower has aligned our sustainability efforts with this philosophy and is committed to a genuine approach to creating a sustainable future focused on three critical priorities – People, Planet and Prosperity.



**MANAAKI WHENUA,
MANAAKI TANGATA,
HAERE WHAKAMUA.**

**IF WE TAKE CARE OF THE
EARTH AND TAKE CARE OF
PEOPLE, WE WILL TAKE CARE
OF THE FUTURE**



MainPower Offices, Rangiora

A SELECTION OF THE SUSTAINABLE INITIATIVES MAINPOWER IS COMMITTED TO:

- Reducing waste
- Utilising reusable and refillable products
- Rethinking how we do things (changing to more sustainable products)
- Greener supply chain (through prequalification)
- Enabling electrification (LV Monitoring)
- Supporting renewable energy (hydro, wind and solar)
- Prioritising energy efficiency (LEDs)
- Engaging with our community
- Supporting inclusion, diversity, and equity
- Reducing carbon emissions
- Repurposing materials (e.g cable drums and power poles)

CREATING A SAFER WORKPLACE

For over 12 years MainPower has run the Workplace Safety Innovation Award, which calls for new and creative ideas to improve workplace and/or public safety.

Our definition of an innovative idea is seen as 'a new, forward thinking and original idea that when implemented will create a safer, healthier work environment'.

The key success to this award is that it is facilitated and judged by the Health and Safety Committee. One of the many positive outcomes from this award is that it has generated a hub of "good ideas", where our people are constantly developing better ways to build efficiencies and safer work methods.

Three of the many examples below:



A concrete donut weighing in at around 80kg, requiring a two-person lift, was used to steady our pole during install.

MainPower sourced a much lighter item at 23kg and being made from recycled plastic, is better for our people and for our environment.



Historically, the practice to raise a cable for pole termination relied heavily on manual handling techniques.

One of our team came up with a better method of using a block and tackle applying mechanical solutions instead of human power.



One member of our team identified the excavator trailer had a risk of stones and clumps of dirt flicking up on following vehicles.

He not only designed the solution but made the barrier ensuring it was secure and did not present any further risks.

ENVIRONMENTAL

In the 2022-2023 Financial Year, MainPower allocated 32% of its sponsorship budget to environmental projects.

TREE PLANTING

A dedicated MainPower volunteer 'Enviro Group' helped to plant native trees along the Leithfield Beach walk. Tasked with planting approx. 140 trees in three hours, the Enviro team completed this in two and a half hours!

The staff team not only gave back to their local community they fully embraced the MainPower values 'Make it Happen' and 'Work Together' by contributing to a worthwhile project.



BATTERY DONATION

In 2022, MainPower supported the Kaikōura Lions with a financial contribution towards the construction of a helipad.

We were able to further support the Lions with a donation of used batteries no longer required in our business.

MainPower was able to donate four pallets of batteries, and with support of the Kaikōura Lions and their community initiatives, the cost of the batteries were used to help beautify and enhance areas within the Kaikōura community.





TREES & VEGETATION

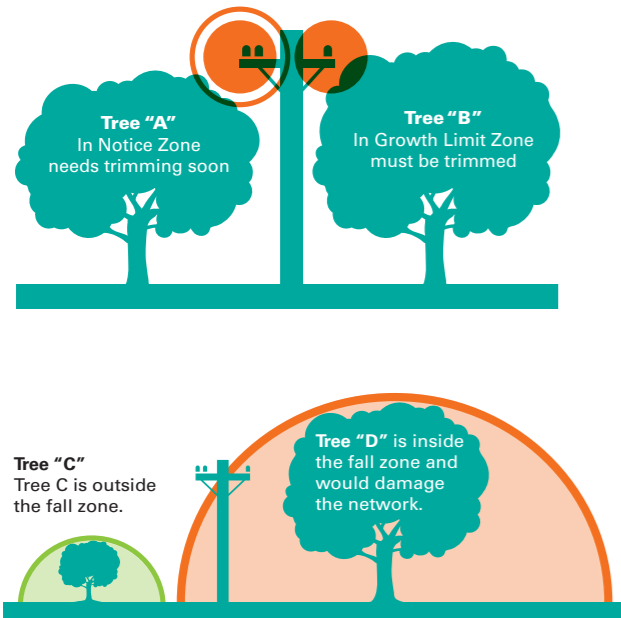
MainPower has a responsibility to educate our customers around the risks and their responsibilities when it comes to maintaining trees and vegetation. Adverts are placed in local newspapers bi-annually to remind and educate the public in our network regions. MainPower also undertakes digital campaigns, flyer drops and engagement events to support our message.

During the more unsettled and colder months, trees too close to power lines are a hazard and a major cause of power failures during bad weather. They have the potential to break power lines and network equipment, resulting in risk of serious injury or death as well as causing widespread power interruptions which can inconvenience farms and households, affects business productivity, and causes damage to customers' electronic equipment and appliances.

Below are some of the key messages featured in the campaign:

Cut / Trim Notice

If your tree is growing within the Notice Zone (**Tree A**) you will receive a legal notice from us saying that it must be trimmed soon because it is growing too close to power lines and equipment. If your tree continues to grow into the Growth Limit Zone (**Tree B**) you will receive a legal notice from us requiring the tree to be trimmed (by a qualified contractor) within a specified time frame. This is because the tree is now too close to power lines and equipment and could cause a power outage and/or harm the public. The notice zones vary depending on the voltage of the power lines.



Tree owners' responsibilities

Tree owners are responsible for their trees; the results of tree damage to power lines can be a significant cost to a tree owner. Please check your trees, hedges or shelter belts regularly. If you are not sure what to look for, please call us so we can help. Remember, trees need to be kept a safe distance away from power lines and other electricity network equipment because:

- Trees and vegetation coming into contact with power lines can cause power outages, not just for the tree owners, but the wider community.
- Children that climb trees close to power lines are at risk of serious injury or death.
- In severe weather conditions, vegetation can become electrically 'live' and may electrocute anyone coming into contact with it.
- In bad weather, trees can topple or branches break away causing damage to power lines resulting in a power outage. In snow or icy conditions, the additional weight on the tree can cause a similar scenario.
- Trees close to lines may cause electrical sparking resulting in fire.
- Tree roots can grow around underground electricity cables, rupturing the insulation and causing power outages.

DURING THE MORE UNSETTLED AND COLDER MONTHS, TREES TOO CLOSE TO POWER LINES ARE A HAZARD AND A MAJOR CAUSE OF POWER FAILURES DURING BAD WEATHER.



Total vegetation expenditure: FY22-23

\$1,313,298.35

FY23 Vegetation Maintenance- scheduled

\$91,174.41

FY23 Vegetation Maintenance- unscheduled

These distances are from the power line, not the power pole.

- These distances are a minimum and apply in all conditions, including high wind or snow.
- In most instances, the power lines that go to a house or building are low voltage power lines.
- Power lines that go down a street may be low or high voltage.

NO POWER PLAN

Power outages can happen at any time. During both planned and unplanned outages, MainPower's priority is to get the power back on as quickly and safely as possible. However, in large-scale events such as an earthquake or windstorm, some customers can be without power for an extended period.

Any power outage can cause an inconvenience. Having an up-to-date No Power Plan helps to minimise this by ensuring our communities are prepared.

In 2022, we re-launched a digital campaign reminding residential and business consumers on the MainPower network to be prepared for planned or unplanned power outages. The messaging also featured in local newspapers and fact sheets distributed by MainPower's customer service representatives.

HAVING AN UP-TO-DATE NO POWER PLAN HELPS TO MINIMISE THIS BY ENSURING OUR COMMUNITIES ARE PREPARED.

'No Power Plan' Ready

Laser Electrical, Rangiora

Laser Electrical, a local business and a MainPower customer has formulated a 'No Power Plan' in case of planned maintenance outages or an unplanned outage, such as an earthquake or strong powerful winds.

Delivering exceptional service to their customers is important to Laser Electrical and continuing their business, where power is essential. Being equipped with generators at their premises and at their home allows flexibility of location, dependent on the reason for the power outage. The business has copper phone networks and mobiles to ensure they are contactable if the business is diverted to their home address. PV solar and solar hot water with a wetback fire is installed to assist them continuing 'business as usual'.



WHAT'S YOUR NO POWER PLAN?



For tips to help you prepare for a power outage visit:

mainpower.co.nz



PEOPLE AND CULTURE

MainPower prioritises the safety and wellbeing of our people. We are always looking for new ways to improve our wellness programme by delivering initiatives and opportunities that equip our staff and their families with the tools to thrive.

OUR CURRENT WELLNESS PROGRAMME OFFERS A RANGE OF BENEFITS INCLUDING:



- Subsidised gym membership
- Life insurance
- Health insurance for staff and discounted premiums for family members
- Free health checks, including eye tests and melanoma checks
- Free vaccinations
- Access to discounted holiday homes
- Flexible working opportunities
- Confidential counselling and support services to staff and their family members.

IN 2022/23 MAINPOWER INTRODUCED THE BELOW TO OUR WELLBEING PROGRAMME:



Resilience at work workshops

25 staff participated in a pilot training programme delivering practical learnings about how to become more resilient, handle difficult situations and deal with change both in and outside of work.



Managing your money workshop

This money management education workshop was offered to staff in February 2023. Providing tips and tricks to help plan for financial responsibilities and needs from a number of perspectives including: budgeting, bank accounts and cash management, taking control of debt, personal goals and financial record keeping.



Workstation assessments

All office staff were offered a face-to-face assessment of their workstations to ensure that they were using an ergonomically correct workstation, in order to prevent discomfort, pain and injury.



Safety Days "Snap Sessions"

Staff attended short information sessions, each equipped with a 'five ways to wellbeing' pack, to use as conversation starters and rotated around presenter tables in small groups. These sessions focussed on how we can protect and preserve our own wellbeing, whilst looking out for each other.



MIKE KING

In September 2022, MainPower invited Mike King to speak with staff and share his experiences with mental health and of his charity, *I am Hope*.

Across two sessions, staff listened to Mike share his powerful, entertaining, and confronting story. Mike also shared advice on how to manage your mental health, and how to support those around you to manage their mental health.

Throughout the sessions, staff also shared their thoughts, stories, and experiences.

Mike's visit complemented MainPower's wellbeing programme, which supports staff mental health. Following the sessions, staff become noticeably more engaged in mental health programmes, with many suggesting new initiatives which could be implemented at MainPower to further improve our mental wellness initiatives.

A message from Mike after the MainPower sessions:

"I love being able to get everyone together, staff and management and help people realise that we are all the same. No one has got life completely together! We all carry around self-doubt and have an inner critic that gives us a hard time.

Helping people realise that collectively in a group/work environment like this is so powerful because it gives everyone a sense that they are not alone. I try to pass on tools that will help these guys look out for one another and feel more comfortable opening those conversations over the smoko table and in the meeting room."

I TRY TO PASS ON TOOLS THAT WILL HELP THESE GUYS LOOK OUT FOR ONE ANOTHER.

I AM HOPE

Mike King is the founding ambassador of *I am Hope*, a charitable organisation, with the goal of delivering positive societal attitudinal change. Its focus is on providing free and timely counselling services to youth.

To find out more, visit iamhope.org.nz





CUSTOMER RESULTS

MainPower is a community owned company, and our customers are at the heart of the business. We are passionate about delivering excellent customer service and continually looking at ways to improve our services.

Our improvement is aided by regular customer engagement where we conduct surveys and focus group sessions to get feedback on our services as well data about trends and changing consumer behaviour within the communities we serve.

AMP Customer Engagement

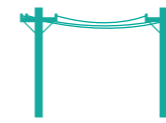
MainPower's Asset Management Plan (AMP) is an integral document which requires a good understanding of our customers to inform our network planning for the next ten years. To do this we run AMP customer engagement sessions in person every two years, followed by a survey to validate the findings from the in-person sessions.

These sessions take place in each of our three regions, Hurunui, Waimakariri and Kaikōura, and include representatives from a range of customer segments including residential, commercial, and rural.

MAINPOWER RUNS AMP CUSTOMER ENGAGEMENT SESSIONS IN PERSON EVERY TWO YEARS.



KEY FEEDBACK RECEIVED FROM CUSTOMER GROUP SESSIONS:



FUTURE NETWORKS

Enabling and supporting customers' adoption of technology, such as electric vehicles and solar energy.



RESILIENCE

Minimising the impact of significant events like storms, earthquakes, and snow events.



RELIABILITY

Reducing the number of/or duration of outages.



ENVIRONMENT & COMMUNITY

Ensuring MainPower prioritises investment in a sustainable future.

FUTURE NETWORKS

- Customers were supportive of the new text message service MainPower launched in 2023.
- Customers were strongly in favour of MainPower being innovative in relation to future technologies, as opposed to being a passive follower.
- Customers want to make sure MainPower enables consumer choice – when they are ready to adopt a technology, they want to know the electricity network will allow them to do so.

RESILIENCE

- Generally, rural customers are more resilient when it comes to being prepared to go without power after a significant event like an earthquake or storm.
- Customer expectations are increasing in regards to getting power back on quicker after a significant event like an earthquake or severe storm.
- Only around 50% of businesses had adequate back-up 'No Power Plans' to enable them to continue operating in the event of a power outage.
- Customers wanted to be told if there was an outage including any changes to planned outages.

RELIABILITY

- Most customers in attendance would be comfortable with around two planned outages per year.
- MainPower's average number of planned outages per ICP for the 2022-2023 financial year is 0.47.
- Long term customers in our network said across 10+ years, reliability had increased for them.

ENVIRONMENT & COMMUNITY

- Concern about local environmental issues was relatively high and customers appreciated having the ability to make positive contributions towards New Zealand's decarbonisation goals through choosing to adopt things like EVs (Electric Vehicles) and solar panels.
- Customers encouraged MainPower to continue supporting environmental initiatives within our sponsorship portfolio.



MainPower Offices, Rangiora

COMMUNITY FUNDING

MainPower supports dozens of community initiatives, events, and activities each year, which include local sport programmes to environmental sustainability efforts. Several long-term partnerships have been forged, providing many years of ongoing support to the region.

MainPower's Community Fund provides all-important funding for individual projects split across two funding rounds each year.

In each funding round in the FY2022-2023, \$30,000 was made available to charitable groups and school projects. Members of the community are invited to nominate and vote as to who receives a share of the funds, giving the decision to the local North Canterbury community.

COMMUNITY SUPPORT PROGRAMME

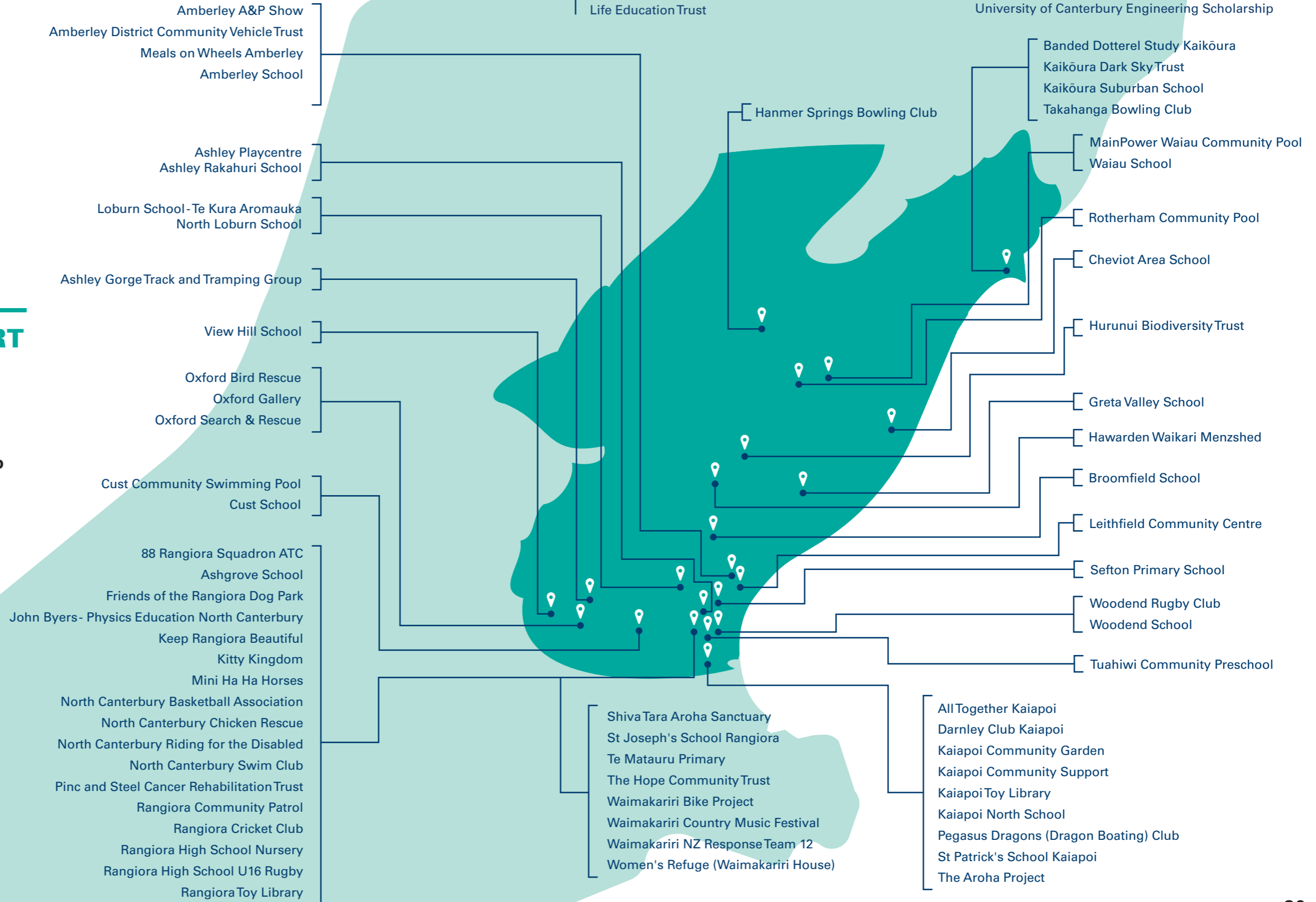
MainPower supported several organisations in 2022-2023 and a selection are highlighted on the map to the right.

In addition, all schools in the region receive annual sponsorship for the MainPower Primary School Citizenship Award and the MainPower Secondary School Prize for Physics and Maths, as well as the opportunity to apply for funding grants through the MainPower Community Fund.

REGIONAL INITIATIVES

- Community Energy Action
- Enterprise North Canterbury
- Empower Energy
- Flight Path (Orange Fronted Kākāriki Conservation)
- Hurunui Natural Environment Award
- Hutton Shearwater Charitable Trust
- Kaikōura Wildlife Centre Trust
- Life Education Trust

- MainPower Primary School Coaching Programme
- MainPower WaiSwim Programme
- MainPower Youth Sport Scholarship
- North Canterbury Radio Trust (Compass FM)
- North Canterbury Sport Recreation Trust
- Satisfy Food Rescue
- Skool Loop
- University of Canterbury Engineering Scholarship



COMMUNITY PARTNERSHIPS

MainPower sponsorships include long-term, ongoing funding for local events and organisations, and one-off donations to support community projects and initiatives.

SATISFY FOOD RESCUE

Established in 2014, Satisfy Food Rescue is a food rescue charity redistributing surpluses from local retailers and growers to community organisations that help those in need.

Satisfy aims to work collaboratively with local communities and charities so that food that was otherwise destined for landfill or animal feed is distributed to those in the community who really need it.

MainPower supports Satisfy Food Rescue through a five year partnership that provides long-term funding to this exceptional community cause.

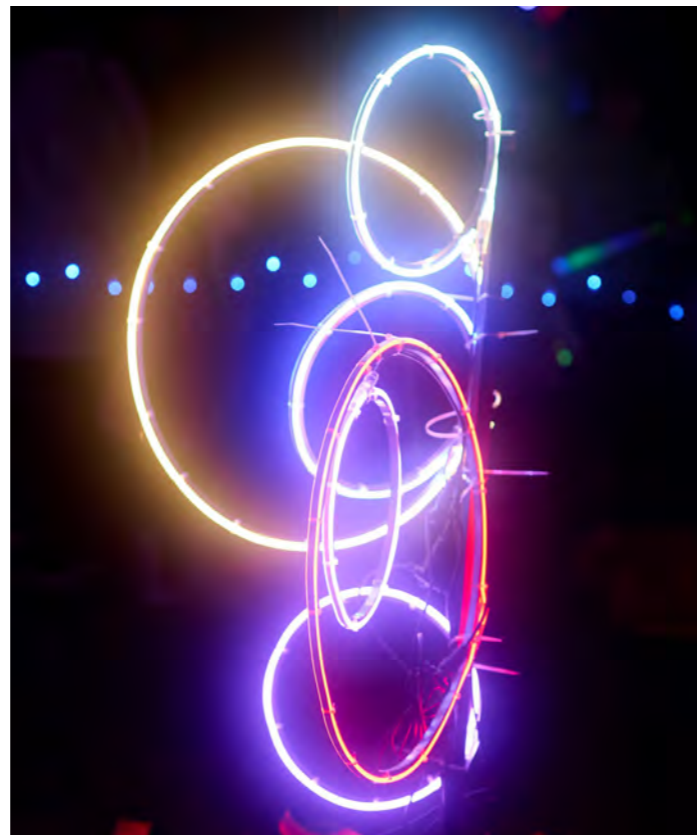


MAINPOWER RANGIORA LIGHT FESTIVAL

The MainPower Rangiora Light Festival took place across several nights in July 2022. The light and sound wonderlands were enjoyed by the local and wider community.

More than 12,000 light goers also enjoyed a fairyland of handpicked light installations from the installers who worked on the Botanic D'Lights in Christchurch. The public were wowed by a variety of laser lights, neon lights, disco lights, interactive lighting displays and glow toys which delighted the crowds.

Light goers also enjoyed food stalls, roving entertainers, kids' activities, and live music, including a dance on a UV dance floor!



KAIKŌURA HELIPAD

In 2022, MainPower had the opportunity to support the Kaikōura community with funding for a much-needed air rescue helipad, situated next to the hospital.

As a community-owned regional electrical distribution network, supporting this project was an obvious choice and funding from MainPower closed the gap to reach the total required to complete the helipad.

MainPower funds community projects throughout our network, and we were privileged to be a part of a project that was pivotal to a local community, especially on stretches of road between Christchurch and Kaikōura.

The project was spearheaded by the Kaikōura Lions Club, who raised much of the sponsorship through multiple fundraising activities. The speeches at the official opening showed the passion and dedication to this project from several organisations and a sense of pride being able to gift the helipad to the Kaikōura community.

The air rescue helipad is a life-saving facility that streamlines patient transport, providing faster access to emergency medical treatment.



HUTTON'S SHEARWATER / KAIKŌURA TĪTĪ SEABIRD

Upon becoming aware of the challenges facing the Hutton's Shearwater / Kaikōura tītī seabird, MainPower identified opportunities to support initiatives that can improve outcomes for the species by supporting the Hutton's Shearwater Charitable Trust.

The Trust was formed in October 2008, to encourage and promote the preservation, conservation, research, public education, and sustainable management of the endangered Hutton's shearwater.

The Hutton's Shearwater Charitable Trust aims to gain greater ecological understanding of the Hutton's shearwater by facilitating research, mitigating threats, securing the two remaining mountain colonies, successfully managing the translocated Kaikōura Peninsula colony, and promoting awareness.

MainPower will continue to look at further sponsorships in the region to protect, rescue and rehabilitate wildlife in the Kaikōura region, with a focus on Hutton's shearwater / Kaikōura tītī-related activities and to support this we are also currently working with the Kaikōura Wildlife Hospital Trust and the Dark Sky Trust.



COMMUNITY FUND RECIPIENT PROFILE

ASHGROVE SCHOOL – AED MACHINE

In October 2022, MainPower had a great opportunity to help and support our local community via our community fund.

Ashgrove School, Rangiora was successful in their community vote to purchase and install a lifesaving defibrillator, to be mounted at the school.

The defibrillator is not only use for the local schools but is also registered to the AED Locator site and app for community use.

MainPower was delighted to be able to support such a worthwhile project and to see it installed and ready for use (although we hope it is not needed on a regular basis!).



WAIAU COMMUNITY POOL

The MainPower Waiau Community Pool, open for daily use over a period of four months, between mid-November through to mid-March.

Hosting several events, activities and classes such as the Summer Holiday Learn to Swim programme, early morning length swimming options along with Aquafitness classes, this community pool is well utilised.

The MainPower Waiau Community Pool provides a place for recreation and education, promoting both mental and physical wellbeing.

The pool is a safe environment for people to socialise and enjoy this popular summer asset.



WAIMAK COUNTRY MUSIC FESTIVAL

February 2023 saw the first ever Waimakariri Country Music Festival in Rangiora. The three-day event featured various artists from around New Zealand.

The event attracted over 70 motorhomes on site at one time!

Described as a weekend boasting excitement, entertainment, and a crowd full of country music lovers enjoying the ambiance and festivities – an enjoyable event.

The event organisers are hoping to bring this successful event back in early 2024.



MAINPOWER AMBERLEY POOL

The MainPower Amberley Pool reopened its doors in the 2022 summer season much to the delight of the local community.

MainPower stepped in to support the local pool by undertaking work to upgrade the pools electricity supply.

The pool offers many options for all the family: lane swimming, regular recreational swimming, or group aqua fitness classes such as: Aqua Deep, Aqua Gentle, Aqua HIIT, and Aqua Jogging throughout the summer.



ORANGE FRONTED KĀKĀRIKI (KĀRIRIKI KARAKA)

MainPower has supported the Department of Conservation (DOC) over the past decade.

MainPower sponsors the Orange-Fronted Kākāriki (kākāriki karaka) Recovery Programme through investigative work for power generation at DOC research hut sites, as well as installation and maintenance of hydro generators and electrical assets.

The bird's distribution has reduced dramatically over the last century and the kākāriki karaka is now our rarest parakeet and forest bird in New Zealand. Since 2003, more than 400 orange-fronted Kākāriki have been released on predator-free islands and back into Canterbury valleys.





2023 FINANCIAL REPORT

MAINPOWER NEW ZEALAND LIMITED

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DIRECTORS' REPORT

The Directors are pleased to present the Audited Consolidated Financial Statements for MainPower New Zealand Limited and its Subsidiaries ("the Group") for the financial year ended 31 March 2023.

The Companies Act 1993 requires Directors to prepare financial statements for the Group for each financial year so as to present fairly, in all material respects, the financial performance and the state of affairs of the Group for that financial year.

The Directors consider that in preparing the Group Consolidated Financial Statements, appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used and all relevant financial reporting standards have been followed.

The Directors have responsibility for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the consolidated financial position of the Group, and which enable them to ensure that the Consolidated Financial Statements comply with the Financial Reporting Act 2013.

The Directors have general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group, to ensure compliance with all statutory and regulatory requirements and to prevent and detect fraud and other irregularities.

The Directors are satisfied that the Company and its Subsidiaries have adequate resources to continue in business for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

Deloitte Limited is the auditor of the Group.

The Group has adopted a policy to ensure that audit independence and integrity is maintained. The provision of non-audit services by the auditor of the Group requires the prior approval of the Audit and Risk Committee to ensure that the auditor's independence is not compromised.

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 2023.

Authorised for issue on 21 June 2023 for and on behalf of the Board of Directors.

For and on behalf of the Board



A C 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 2023

| | Notes | Group 2023 \$000 | Group 2022 \$000 |
|---|-------|------------------------|------------------------|
| Operating Revenue | 2 | 66,841 | 61,629 |
| Operating Expenses | 3 | (35,151) | (35,662) |
| Depreciation and Amortisation | 4 | (17,537) | (15,344) |
| Net Finance Expenses | 5 | (2,139) | 7 |
| | | (54,827) | (50,999) |
| Profit Before Income Tax Expense | | 12,014 | 10,630 |
| Income Tax Expense | 6 | (4,242) | (1,342) |
| Profit After Income Tax Expense | | 7,772 | 9,288 |
| Attributable to: | | | |
| Equity holders of the parent | | 7,776 | 9,291 |
| Non-controlling interests | | (4) | (3) |
| | | 7,772 | 9,288 |
| Net Gain/(Loss) on cash flow hedges for interest rate swaps | | 369 | 283 |
| Gain on Revaluation, Net of Deferred Tax | 12 | - | 3,006 |
| Total Comprehensive Income | | 8,141 | 12,577 |
| Attributable to: | | | |
| Equity holders of the parent | | 8,145 | 12,580 |
| Non-controlling interests | | (4) | (3) |
| | | 8,141 | 12,577 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2023

| | 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 2021 | 56,774 | 150,379 | 39,755 | - | - | 246,908 |
| Profit After Income Tax Expense | - | 9,291 | - | (3) | - | 9,288 |
| Non-controlling interests arising on a business combination | - | 18 | - | 80 | - | 98 |
| Gain on Revaluation, Net of Deferred Tax | - | - | 3,006 | - | - | 3,006 |
| Net Gain/(Loss) on Cash Flow Hedges | - | - | - | - | 283 | 283 |
| | - | 9,309 | 3,006 | 77 | 283 | 12,675 |
| 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 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

| | Notes | Group 2023 \$000 | Group 2022 \$000 |
|--|-------|------------------------|------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 8 | 1,011 | 1,107 |
| Trade and Other Receivables | 9 | 6,716 | 5,689 |
| Inventories | 10 | 7,786 | 4,888 |
| Prepayments | | 1,621 | 1,392 |
| Current Tax Asset | | 1,605 | 3,487 |
| Other Current Financial Assets | 11 | 3,095 | 3,048 |
| Current Interest Rate Swaps | 28 | 6 | - |
| Assets Held for Sale | 16 | 20,593 | - |
| Total Current Assets | | 42,433 | 19,611 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 12 | 312,218 | 308,856 |
| Capital Works Under Construction | 13 | 16,736 | 21,128 |
| Intangible Assets | 14 | 3,517 | 2,990 |
| Right-of-Use Assets | 15 | 12,084 | 12,826 |
| Non-Current Interest Rate Swaps | 28 | 832 | 283 |
| Total Non-Current Assets | | 345,387 | 346,083 |
| Total Assets | | 387,820 | 365,694 |
| EQUITY AND LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 17 | 8,870 | 8,627 |
| Advances Payable | | 39 | - |
| Lease Liabilities | | 1,765 | 1,960 |
| Liabilities Directly Associated with Assets Held for Sale | 16 | 2,801 | - |
| Current Interest Rate Swaps | 28 | - | 59 |
| Total Current Liabilities | | 13,475 | 10,646 |
| Non-Current Liabilities | | | |
| Deferred Tax Liabilities | 18 | 49,812 | 47,448 |
| Non-Current Borrowings | 19 | 45,150 | 35,600 |
| Non-Current Provisions | 20 | 801 | 801 |
| Other Non-Current Liabilities | 21 | 10,858 | 11,225 |
| Non-Current Interest Rate Swaps | 28 | - | 391 |
| Total Non-Current Liabilities | | 106,621 | 95,465 |
| Total Liabilities | | 120,096 | 106,111 |
| Equity | | | |
| Share Capital | 7 | 56,774 | 56,774 |
| Reserves | | 43,413 | 43,044 |
| Retained Earnings | | 167,464 | 159,688 |
| Total Equity attributable to equity holders of the parent | | 267,651 | 259,506 |
| Non-controlling Interest | | 73 | 77 |
| Total Equity | | 267,724 | 259,583 |
| Total Equity and Liabilities | | 387,820 | 365,694 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2023

| | Notes | Group 2023 \$000 | Group 2022 \$000 |
|--|-------|------------------------|------------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from Customers | | 65,702 | 62,411 |
| Interest Received | | 69 | 13 |
| Payments to Suppliers and Employees | | (36,585) | (35,912) |
| Interest and Other Finance Expenses Paid | | (2,281) | (1,498) |
| Income Tax Received/(Paid) | | 16 | (4,459) |
| Net Cash Provided from Operating Activities | | 26,921 | 20,555 |
| Cash Flows from Investing Activities | | | |
| Acquisition of a Subsidiary | | - | (247) |
| Payments for Investments | | (47) | (13) |
| Payments for the Purchase of Property, Plant, Equipment and Capital Works Under Construction | | (32,893) | (31,621) |
| Proceeds from the Sale of Property, Plant and Equipment | | 41 | 400 |
| Payments for the Purchase of Intangible Assets | | (1,225) | (714) |
| Net Cash Used in Investing Activities | | (34,124) | (32,195) |
| Cash Flows from Financing Activities | | | |
| Repayment of Lease Liabilities | | (2,096) | (2,075) |
| Advances from Third Party | | 1,000 | - |
| Advances from Non-controlling Interests | | 39 | - |
| Drawdown of Borrowings | | 9,550 | 13,600 |
| Net Cash from Financing Activities | | 8,493 | 11,525 |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | 1,290 | (115) |
| Summary | | | |
| Cash and Cash Equivalents at Beginning of Year | | 1,107 | 1,222 |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | 1,290 | (115) |
| Cash and Cash Equivalents at End of Year | | 2,397 | 1,107 |
| Represented by: | | | |
| Cash and bank balances | 8 | 1,011 | 1,107 |
| Cash and bank balances attributable to held for sale operations | 16 | 1,386 | - |
| Cash and Cash Equivalents at End of Year | | 2,397 | 1,107 |

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2023

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 and its Subsidiaries (refer also to Note 23).

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 (New Zealand equivalents to International Financial Reporting 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(m) and property, plant and equipment as outlined in Note 1(e). Cost is based on the fair value of the consideration given in exchange for assets.

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

Use of Estimates 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. These estimates and assumptions have formed the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. The Group regularly reviews these estimates and assumptions. Actual results may differ from these estimates.

1. Specific Accounting Policies

The following significant 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.

iv. Generation Revenue

Generation revenue is at the fair value of electricity generation services provided.

v. Revenue from Sale of Assets

Revenue from the sale of an asset is recognised when control of the asset is transferred.

vi. Interest Revenue

Interest revenue is recognised in the Consolidated Statement of Comprehensive Income as it accrues, using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

(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 12 Property, Plant and Equipment regarding revaluations.

(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:

| | Years | | |
|--|-------|----|-----|
| Buildings | 1 | to | 100 |
| Electricity Distribution Network | 1 | to | 102 |
| Plant, Equipment, Vehicles, Furniture and Fittings | 2 | to | 25 |
| Generation Assets | 1 | to | 50 |

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

(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.

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.

Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired; any impairment is recognised immediately in the Consolidated Statement of Comprehensive Income and is not subsequently reversed.

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:

| | Years | |
|------------------------------------|-------|-------|
| Sites, Accessways and Concessions | 3 | to 45 |
| Plant, Equipment and Vehicles | 3 | to 10 |
| Electricity Distribution Equipment | 20 | to 21 |

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

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 22).

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.

Group as Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the Consolidated Statement of Comprehensive Income due to its operating nature. Contingent rents are recognised as revenue in the period in which they are earned.

(j) Goods and Services Tax

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. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense. Cash flows in respect of payments to and receipts from Inland Revenue are shown net in the Consolidated Statement of Cash Flows.

(k) Income Tax

Income tax expense in relation to the surplus for the year comprises current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries, except where the Company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. 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. Current tax and deferred tax are charged or credited to the Consolidated Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in the Consolidated Statement of Changes in Equity.

(l) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

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.

(m) 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 category is as follows:

i. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, investments in money market instruments and bank overdrafts.

ii. Foreign Currency

The functional and presentation currency is New Zealand Dollars. Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction. Foreign currency monetary items at balance date are translated at the exchange rate ruling at that date. Exchange differences are recognised in the Consolidated Statement of Comprehensive Income in the period in which they arise.

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

Accounts receivable are stated at amortised cost less impairment losses. Impairment provisions for trade receivables are based on the simplified approach within NZ IFRS 9 whereby the probability of the non-payment of the trade receivables is assessed based on an expected credit loss (ECL) approach. Trade receivables are reported net of impairment, provisions for impairment are recorded in a separate provision account with the loss being recognised within cost of sales in the Consolidated Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value is written off against this provision. Intergroup balances due from subsidiaries and associates are stated at cost less impairment losses.

iv. 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 to Note 1(m)viii.).

v. Payables

Trade payables and other accounts payable are recognised 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.

vi. 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 recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowing using the effective interest rate method.

vii. Financial Instruments Issued by the Group

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Interest and dividends are classified as expenses or as distributions of profit consistent with the Consolidated Statement of Financial Position classification of the related debt or equity instruments or component parts of compound instruments.

viii. Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and currency swaps. Further details of derivative financial instruments are disclosed in Note 28. 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.

(n) Basis of Consolidation

Subsidiaries are entities controlled by the Company.

The Consolidated Financial Statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being MainPower New Zealand Limited and its subsidiaries. Consistent accounting policies are employed in the preparation and presentation of the Consolidated Financial Statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

of the identifiable net assets acquired exceeds the cost of acquisition, the difference is credited to the Consolidated Statement of Comprehensive Income in the period of acquisition. The Consolidated Financial Statements include the information and results of each subsidiary from the date on which the Group obtains control and until such time as the Group ceases to control the subsidiary. In preparing the Consolidated Financial Statements, all intergroup balances and transactions, and unrealised profits arising within the Group are eliminated in full.

In dealing with acquisitions from entities under common control the assets and liabilities of the entity acquired are included at their pre-acquisition carrying amount. Equity of subsidiaries are shown separately in the Consolidated Statement of Financial Position.

(o) Adoption of New and Revised Standards and Interpretations

In the current year, the Group has adopted all new mandatory and amended standards and interpretations as issued by the External Reporting Board.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

(p) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

| | Group 2023 \$000 | Group 2022 \$000 |
|---|---------------------------------|---------------------------------|
| 2. Operating Revenue | | |
| Distribution Revenue | 47,602 | 46,179 |
| Pass-through and Recoverable Cost Revenue | 12,991 | 12,154 |
| Customer Rebates | (4,739) | (6,619) |
| Net Electricity Delivery Services Revenue | 55,854 | 51,714 |
| Capital Contributions Revenue | 6,886 | 5,460 |
| Contracting Revenue | 2,395 | 2,622 |
| Generation Revenue | 1,075 | 1,293 |
| Interest Revenue | 80 | 15 |
| Gain on Sale of Property, Plant and Equipment | 22 | 145 |
| Gain on Purchase of Subsidiary | - | 53 |
| Sundry Revenue | 529 | 327 |
| | 66,841 | 61,629 |
| Timing of Revenue Recognition | | |
| Over Time | 57,538 | 53,349 |
| At a Point in Time | 9,303 | 8,280 |
| | 66,841 | 61,629 |
| 3. Operating Expenses | Group 2023 \$000 | Group 2022 \$000 |
| Transmission Rental Charges ¹ | 10,627 | 11,140 |
| Employee Remuneration and Benefits | 7,779 | 6,670 |
| Network Maintenance | 6,852 | 7,367 |
| Network Operations | 2,336 | 3,276 |
| Generation Production and Operations | 888 | 1,164 |
| Operating Lease Costs | 79 | 141 |
| Community Relationship Expenses | 772 | 730 |
| Audit of the Consolidated Financial Statements | 81 | 66 |
| Other Assurance Services ² | 25 | 25 |
| Director Fees and Expenses | 398 | 391 |
| Sundry Expenses | 4,737 | 4,217 |
| Bad Debts Written Off | 53 | 59 |
| Loss on Disposal of Property, Plant and Equipment | 524 | 974 |
| Impairment charge/(reversal) on revaluation | - | (558) |
| | 35,151 | 35,662 |

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 Depreciation and Finance Expenses as appropriate.

² Commerce Commission Information Disclosure audit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

| | Group 2023 \$000 | Group 2022 \$000 |
|--|---------------------------------|---------------------------------|
| 4. Depreciation and Amortisation | | |
| Depreciation Expense on Property, Plant and Equipment | 14,952 | 12,788 |
| Amortisation Expense on Intangible Assets | 697 | 666 |
| Depreciation Expense on Right-of-Use Assets | 1,888 | 1,890 |
| | 17,537 | 15,344 |
| 5. Finance Expenses | Group 2023 \$000 | Group 2022 \$000 |
| Interest Expense on Loans | 2,281 | 1,483 |
| Interest Rate Swaps Fair Value Movement | (637) | (1,865) |
| Interest Expense on Lease Liabilities | 410 | 334 |
| Sundry Finance Expenses | 85 | 41 |
| | 2,139 | (7) |
| 6. Income Tax Expense | Group 2023 \$000 | Group 2022 \$000 |
| Income Tax Expense comprises: | | |
| Current Income Tax Expense | 1,107 | 34 |
| Adjustments to Prior Years | 771 | (1,409) |
| Temporary Differences | 2,364 | 2,717 |
| | 4,242 | 1,342 |
| Reconciliation of Profit Before Income Tax with Income Tax Expense: | | |
| Profit Before Income Tax | 12,014 | 10,630 |
| Prima Facie Income Tax Expense Calculated at 28% | 3,364 | 2,976 |
| Other Permanent Differences | 107 | (225) |
| Income Tax Expense | 3,471 | 2,751 |
| (Over) / Under Provision in Previous Year | 771 | (1,409) |
| | 4,242 | 1,342 |

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

| | | Group 2023 \$000 | Group 2022 \$000 |
|-------------------------|------------------------------|------------------------|------------------------|
| 7. Share Capital | | | |
| 56,773,555 | Ordinary Shares | 56,774 | 56,774 |
| 40,983 | Redeemable Preference Shares | - | - |
| 56,814,538 | | 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 40,983 (40,018 at 31 March 2022).

| | | Group 2023 \$000 | Group 2022 \$000 |
|-------------------------------------|--|------------------------|------------------------|
| 8. Cash and Cash Equivalents | | | |
| Current Account | | 1,011 | 1,107 |
| | | 1,011 | 1,107 |

| | | Group 2023 \$000 | Group 2022 \$000 |
|---------------------------------------|--|------------------------|------------------------|
| 9. Trade and Other Receivables | | | |
| Trade Receivables | | 6,848 | 5,817 |
| Provision for Doubtful Debts | | (148) | (131) |
| Interest Receivable | | 16 | 3 |
| | | 6,716 | 5,689 |

| | | Group 2023 \$000 | Group 2022 \$000 |
|------------------------|--|------------------------|------------------------|
| 10. Inventories | | | |
| Inventory on Hand | | 7,786 | 4,888 |
| | | 7,786 | 4,888 |

| | | Group 2023 \$000 | Group 2022 \$000 |
|---|--|------------------------|------------------------|
| 11. Other Current Financial Assets | | | |
| Distribution Network Self-Insurance Fund Investment | | 3,095 | 3,048 |
| | | 3,095 | 3,048 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

| | Freehold Land \$000 | Buildings \$000 | Electricity Distribution Network \$000 | Plant, Equipment, Vehicles, Furniture and Fittings \$000 | Generation Assets \$000 | Total \$000 |
|--|---------------------------|--------------------|---|---|-------------------------------|----------------|
| 12. Property, Plant and Equipment | | | | | | |
| Gross Carrying Amount | | | | | | |
| Balance at 31 March 2021 | 4,195 | 17,922 | 313,121 | 12,836 | 15,992 | 364,066 |
| Additions | - | 136 | 25,963 | 787 | - | 26,886 |
| Acquisition of a subsidiary | - | - | - | 10 | - | 10 |
| Disposals | (54) | (207) | (1,816) | (395) | (38) | (2,510) |
| Revaluations | 1,829 | (1,420) | - | - | - | 409 |
| 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 |
| Accumulated Depreciation and Impairment | | | | | | |
| Balance at 31 March 2021 | - | 4,089 | 55,241 | 9,930 | 3,914 | 73,174 |
| Depreciation Expense | - | 496 | 11,332 | 721 | 239 | 12,788 |
| Disposals | - | (44) | (1,015) | (357) | - | (1,416) |
| Revaluations | - | (4,541) | - | - | - | (4,541) |
| 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 |
| Net Book Value at 31 March 2022 | 5,970 | 16,431 | 271,710 | 2,944 | 11,801 | 308,856 |
| Net Book Value at 31 March 2023 | 5,970 | 15,887 | 283,783 | 2,815 | 3,763 | 312,218 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

12. Property, Plant and Equipment (continued)

a) Generation Assets

Generation assets relating to the Mt Cass wind farm project have been classified as held for sale as at 31 March 2023. Refer to note 16. The balance at 31 March 2023 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 to a fair value of \$253.36m.

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 2023. The review concluded that assets were not impaired.

The major assumptions within the impairment review included:

- Weighted average cost of capital 7.83%;
- Risk-free rate based on the ten-year Government Stock Yield of 4.36%;
- Forecast cash flow, including operating costs and capital expenditure required to maintain the asset at current operating levels.

iii. Mt Cass Wind Farm project

The Group's Mt Cass assets were reviewed for impairment as at 31 March 2023. The review concluded that these assets were not impaired. The major assumptions within the impairment review included:

- Weighted average cost of capital 7.45%;
- Risk-free rate based on the ten-year Government Stock Yield of 4.36%;
- Electricity pricing forecast taking into account expected supply and demand factors;
- Forecast cash flow, including operating costs and capital expenditure. Construction costs have been updated to take into account the worldwide supply chain issues.

iv. Land and non-substation buildings

The Group's Land and Building assets were revalued to fair value of \$22.4m 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 TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

| | Freehold Land \$000 | Buildings \$000 | Electricity Distribution Network \$000 | Plant, Equipment, Vehicles, Furniture and Fittings \$000 | Generation Assets \$000 | Total \$000 |
|---|---------------------|-----------------|--|--|-------------------------|---------------|
| 13. Capital Works Under Construction | | | | | | |
| Balance at 31 March 2021 | - | - | 12,375 | 126 | 3,892 | 16,393 |
| Additions | - | 136 | 28,802 | 855 | 1,828 | 31,621 |
| Transfers | - | (136) | (25,963) | (787) | - | (26,886) |
| | - | - | 2,839 | 68 | 1,828 | 4,735 |
| 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 |

Capital Works Under Construction relating to the Mt Cass wind farm project have been classified as held for sale as at 31 March 2023. Refer to note 16.

| | Computer Software \$000 | Development Costs \$000 | Total \$000 |
|--|-------------------------|-------------------------|--------------|
| 14. Intangible Assets | | | |
| Gross Carrying Amount | | | |
| Balance at 31 March 2021 | 7,403 | - | 7,403 |
| Additions | 3 | 711 | 714 |
| Transfers | 204 | (204) | - |
| Disposals | (1,554) | - | (1,554) |
| 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 |
| Accumulated Amortisation and Impairment | | | |
| Balance at 31 March 2021 | 4,327 | - | 4,327 |
| Amortisation Expense | 666 | - | 666 |
| Disposals | (1,420) | - | (1,420) |
| Balance at 31 March 2022 | 3,573 | - | 3,573 |
| Amortisation Expense | 698 | - | 698 |
| Disposals | - | - | - |
| Balance at 31 March 2023 | 4,271 | - | 4,271 |
| Net Book Value at 31 March 2022 | 2,483 | 507 | 2,990 |
| Net Book Value at 31 March 2023 | 3,310 | 207 | 3,517 |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

| 15. 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 2021 | 978 | 5,363 | 11,804 | 18,145 |
| Additions | 101 | 269 | - | 370 |
| Modifications | - | (3) | (54) | (57) |
| Disposals | - | (171) | - | (171) |
| Balance at 31 March 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 |
| Accumulated Amortisation and Impairment | | | | |
| Balance at 1 April 2021 | 98 | 1,851 | 1,702 | 3,651 |
| Depreciation Expense | 101 | 955 | 834 | 1,890 |
| Disposals | - | (80) | - | (80) |
| Balance at 31 March 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 |
| Net Book Value at 31 March 2022 | 880 | 2,732 | 9,214 | 12,826 |
| Net Book Balance at 31 March 2023 | 161 | 2,066 | 9,857 | 12,084 |

Right of Use assets relating to the Mt Cass wind farm project have been classified as held for sale. Refer to Note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

16. Assets Held for Sale

In March the Group entered into a Heads of Terms agreement with a third party to set the terms for the sale of 50% of its subsidiary GreenPower New Zealand Limited (GPNZ), the holding company of Mt Cass Wind Farm Limited (MCWFL). Additionally, the terms of the agreement confirm the Group's commitment to sell property, plant and equipment, and the capital work-in-progress to Mt Cass Wind Farm Limited. The sale of shares and of assets was expected to be completed within one year of the reporting date. At 31 March 2023, GPNZ and MCWFL, and the assets held by the Group relating to the Mt Cass wind farm project, were classified as a disposal group held for sale.

The share sale transaction was completed in May 2023. The asset sale is expected to be completed within 12 months of the reporting date.

The major classes of assets and liabilities classified as held for sale as at 31 March 2023, are as follows:

| | Group 2023 \$000 | Group 2022 \$000 |
|--|---------------------------------|---------------------------------|
| Major Classes of Assets and Liabilities Held for Sale | | |
| Cash | 1,386 | - |
| Prepayments | 16 | - |
| Property, Plant, and Equipment | 8,389 | - |
| Capital Works Under Construction | 10,045 | - |
| Right of Use Assets | 758 | - |
| Total Assets Held for Sale | 20,593 | - |
| Comprised of: | | |
| All Assets Relating to the Subsidiaries GPNZ and MCWFL | 11,220 | - |
| Other Assets Held by the Group | 9,373 | - |
| | 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) | - |



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

| | Group 2023 \$000 | Group 2022 \$000 |
|-------------------------------------|------------------------|------------------------|
| 17. Trade and Other Payables | | |
| Trade Payables | 4,929 | 4,342 |
| Other Accruals | 1,301 | 1,569 |
| Employee Entitlements | 2,338 | 2,531 |
| GST Payable | 302 | 185 |
| | 8,870 | 8,627 |

| | Group 2023 \$000 | Group 2022 \$000 |
|---|------------------------|------------------------|
| 18. Deferred Tax Liabilities | | |
| Opening Balance | 47,448 | 43,671 |
| Charged to Profit and Loss: | | |
| - Property, Plant and Equipment | 2,330 | 2,604 |
| - Intangible Assets | 225 | 163 |
| - Other Temporary Differences | (191) | (50) |
| | 2,364 | 2,717 |
| Charged to Statement of Comprehensive Income: | | |
| - Property, Plant and Equipment | - | 1,386 |
| | - | 1,386 |
| Deferred taxes acquired during business combinations | | |
| - Tax losses | - | (326) |
| | - | (326) |
| Closing Balance | 49,812 | 47,448 |

Represented as:

| | | |
|---|--------|--------|
| Deferred Tax on Property, Plant and Equipment | 50,538 | 48,208 |
| Deferred Tax on Intangible Assets | 506 | 281 |
| Deferred Tax on Other Temporary Differences | (894) | (715) |
| Deferred Tax on tax losses | (338) | (326) |
| Closing Balance | 49,812 | 47,448 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

| | Group 2023 \$000 | Group 2022 \$000 |
|-----------------------------------|------------------------|------------------------|
| 19. Non-Current Borrowings | | |
| Westpac Term Loan | 45,150 | 35,600 |

MainPower has a multi option credit facility with Westpac New Zealand Limited of \$85m which is unsecured and subject to a negative pledge arrangement. Tranche A of \$30m was renewed in December 2022 and will expire on 16 December 2025, together with a new tranche of \$20m (tranche D).

At 31 March 2023 MainPower had drawn down \$45.2m from tranches A, B and C (2022: \$35.6m), refer Note 28.

During the year no interest was capitalised to MainPower's Generation or Electricity Distribution Network Assets (2022: Nil).

| | Employee Entitlements \$000 |
|-----------------------------------|-----------------------------------|
| 20. Non-Current Provisions | |
| Balance at 31 March 2022 | 801 |
| Amounts Utilised | (656) |
| Other movements | 656 |
| Balance at 31 March 2023 | 801 |

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.

| | Group 2023 \$000 | Group 2022 \$000 |
|--|------------------------|------------------------|
| 21. Other Non-Current Liabilities | | |
| Rebate Shares at Cost | 6 | 6 |
| Lease Liabilities (refer Note 22) | 10,852 | 11,219 |
| | 10,858 | 11,225 |

Rebate Shares have a nominal value of 10 cents per share. MainPower Trust holds 14,804 rebate shares with the remainder (40,983) relating to unclaimed redemptions from Qualifying Customers who have left the MainPower Network.

587 rebate shares were redeemed during the year at 10 cents each (2022: 657).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

| | Group 2023 \$000 | Group 2022 \$000 |
|---|------------------------|------------------------|
| 22. Lease Liabilities | | |
| Opening Balance at 1 April | 13,179 | 14,697 |
| Additions | 1,912 | 370 |
| Modifications | (8) | (57) |
| Disposals | - | (90) |
| Accretion of Interest | 410 | 334 |
| Payments | (2,096) | (2,075) |
| Liabilities Directly Attributed to Assets Held for Sale (refer Note 16) | (780) | - |
| Closing Balance at 31 March | 12,617 | 13,179 |
| <i>Represented as:</i> | | |
| Current | 1,765 | 1,960 |
| Non-Current (refer Note 21) | 10,852 | 11,219 |
| | 12,617 | 13,179 |

The following amounts are represented in the Statement of Comprehensive Income:

| | Group 2023 \$000 | Group 2022 \$000 |
|---|------------------------|------------------------|
| Depreciation Expense on Right-of-Use Assets | 1,888 | 1,890 |
| Interest Expense on Lease Liabilities | 410 | 334 |
| Expenses relating to Short-Term Leases | 22 | 80 |
| Expenses relating to Low-Value Leases | 58 | 61 |
| | 2,378 | 2,365 |

23. Subsidiaries

Details of the Group's material subsidiaries for the year ended 31 March 2023 are as follows:

| Name | Principal Activity | Place of Operation | Ownership Interest and Voting Power | |
|--------------------------------|---|--------------------|---|---|
| | | | 2023 | 2022 |
| 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 | 100% | 100% |
| Mt Cass Wind Farm Limited | Construction and operation of wind turbine farm. | New Zealand | 100% (as 100% owned by GreenPower New Zealand Limited) | 100% (as 100% owned by GreenPower New Zealand Limited) |
| Kākāriki Power Limited | Electricity energy sales operations | New Zealand | 80% | 80% |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

24. Commitments

The Group was committed to capital expenditure amounting to \$5.4m (2022: \$1.1m) at the reporting date of which \$4.1m relates to the Mt Cass wind farm project.

The Group's capital expenditure commitment in relation to the Mt Cass wind farm project was reduced by 50% to \$2.0m on the signing of the sale and purchase agreement as described further in note 26 below.

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 \$3.3m (2022: \$3.5m). The largest commitment is for the provision of cloud-based software services (\$0.9m).

25. Contingent Assets and Liabilities

The Group had no significant contingent assets or liabilities as at 31 March 2023 (2022: Nil).

26. Significant Events after Balance Date

In May 2023 the Group entered in a sale and purchase agreement for the sale of 50% of its equity holding in GreenPower New Zealand Limited (GPNZ) effective 1 April 2023. The result of the transaction is the derecognition of GPNZ and Mt Cass Wind Farm Limited (MCWF) as subsidiaries. Refer to note 16 for further details.

27. 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 (2022: 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 2023 \$000 | Group 2022 \$000 |
|--|------------------------|------------------------|
| Key Management Personnel Compensation | | |
| Employee Remuneration and Benefits | 2,746 | 2,472 |

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 TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

27. 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 \$378,000 (2022: \$376,000).

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 (2022: all less than \$1,000). There were no significant outstanding balances with Key Management Personnel at the end of the period (2022: Nil). All transactions were conducted on standard commercial terms.

28. 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 facility with Westpac New Limited as at 31 March 2023 maturing as follows:

- \$15m on 30 June 2024
- \$20m on 28 March 2025
- \$50m on 31 December 2025

| | Group 2023 \$000 | Group 2022 \$000 |
|---------------------------------|------------------------|------------------------|
| Amount used at Reporting Date | 45,150 | 35,600 |
| Amount unused at Reporting Date | 39,850 | 29,400 |
| | 85,000 | 65,000 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the Year Ended 31 March 2023

28. Financial Instruments (continued)

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.

| Swap maturity dates | Average contracted fixed interest rates | Notional principal swap amounts | | Carrying value (liability)/asset | |
|----------------------------------|---|------------------------------------|---------------|-------------------------------------|---------------|
| | | 2023 \$000 | 2022 \$000 | 2023 \$000 | 2022 \$000 |
| 29 September 2022 | - | - | 5,000 | - | (59) |
| 30 June 2023 | 4.72 | 5,000 | 5,000 | 6 | (110) |
| 31 March 2024 | 4.76 | 5,000 | 5,000 | 27 | (145) |
| 31 March 2026 | 3.91 | 7,000 | 7,000 | 153 | (136) |
| 30 June 2025 | 2.77 | 5,000 | 5,000 | 225 | 106 |
| 30 December 2025 | 2.84 | 5,000 | 5,000 | 245 | 107 |
| 30 June 2025 (future start date) | 2.91 | 5,000 | 5,000 | 182 | 70 |
| | | 32,000 | 37,000 | 838 | (167) |
| Disclosed as: | | | | | |
| Current Assets | | | | 6 | - |
| Non-Current Assets | | | | 832 | 283 |
| Current Liabilities | | | | - | (59) |
| Non-Current Liabilities | | | | - | (391) |
| | | | | 838 | (167) |

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 2023 \$000 | Group 2022 \$000 |
|--|------------------------|------------------------|
| Cash and Cash Equivalents (refer Note 8) | 1,011 | 1,107 |
| Trade and Other Receivables (refer Note 9) | 6,716 | 5,689 |
| Other Current Financial Assets (refer Note 11) | 3,095 | 3,048 |
| Trade and Other Payables (refer Note 17) | 6,230 | 5,911 |



To the Shareholders of MainPower New Zealand Limited

Opinion

We have audited the consolidated financial statements of MainPower New Zealand Limited and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2023, 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 a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 39 to 62, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting 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 Commission 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 consolidated 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 and consider whether it is materially inconsistent with the consolidated 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 consolidated financial statements.

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

<https://www.xrb.govt.nz/assurance-standards/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.

Christchurch, New Zealand
21 June 2023

This audit report relates to the consolidated financial statements of MainPower New Zealand Limited (the 'Company') for the year ended 31 March 2023 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 21 June 2023 to confirm the information included in the audited consolidated financial statements presented on this website.

GOVERNANCE

For the Year Ended 31 March 2023

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 |
| | 100.00% | |

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

GOVERNANCE (CONTINUED)

For the Year Ended 31 March 2023

- 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.

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 the efficient and effective governance and management, the Committee seeks advice of external advisors on remuneration practices.

Current membership of the Remuneration Committee is Graeme Abbot (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.

GOVERNANCE (CONTINUED)

For the Year Ended 31 March 2023

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 2023 \$000 | 31 March 2022 \$000 |
|----------------------------------|------------------------|------------------------|
| MainPower New Zealand Ltd | | |
| A C King | 93 | 91 |
| G D Abbot | 63 | 61 |
| J E Fredric | 57 | 56 |
| J F Jonker | 47 | 46 |
| S P Lewis | 64 | 69 |
| B J Wood | 54 | 53 |
| | 378 | 376 |

MPNZ Investments Ltd

| | 31 March 2023 \$000 | 31 March 2022 \$000 |
|------------|------------------------|------------------------|
| A P Lester | - | - |
| T A Voice | - | - |
| | - | - |

GreenPower New Zealand Ltd

| | 31 March 2023 \$000 | 31 March 2022 \$000 |
|-------------|------------------------|------------------------|
| A C King | - | - |
| G D Abbot | - | - |
| J E Fredric | - | - |
| J F Jonker | - | - |
| S P Lewis | - | - |
| B J Wood | - | - |
| | - | - |

GOVERNANCE (CONTINUED)

For the Year Ended 31 March 2023

| | 31 March 2023 \$000 | 31 March 2022 \$000 | Group Employee Remuneration \$000 | 31 March 2023 | 31 March 2022 |
|------------------------------|------------------------|------------------------|--------------------------------------|---------------|---------------|
| Mt Cass Wind Farm Ltd | | | | | |
| A C King | - | - | 100 – 110 | 22 | 22 |
| G D Abbot | - | - | 110 – 120 | 15 | 13 |
| J E Fredric | - | - | 120 – 130 | 10 | 2 |
| J F Jonker | - | - | 130 – 140 | 5 | 8 |
| S P Lewis | - | - | 140 – 150 | 10 | 4 |
| B J Wood | - | - | 150 – 160 | 4 | 6 |
| | - | - | 160 – 170 | 4 | 3 |
| | | | 170 – 180 | 1 | 2 |
| | | | 180 – 190 | 3 | 2 |
| | | | 190 – 200 | 1 | 2 |
| Kakariki Power Ltd | | | 200 – 210 | - | 2 |
| A P Lester | - | - | 210 – 220 | 1 | - |
| T A Voice | - | - | 220 – 230 | 1 | - |
| | - | - | 230 – 240 | 1 | 2 |
| | | | 240 – 250 | 1 | - |
| | | | 250 – 260 | - | 1 |
| | | | 260 – 270 | 1 | 1 |
| | | | 270 – 280 | 1 | - |
| | | | 290 – 300 | 1 | 1 |
| | | | 300 – 310 | 1 | - |
| | | | 450 – 460 | - | 1 |
| | | | 510 – 520 | 1 | - |

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.

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



GOVERNANCE (CONTINUED)

For the Year Ended 31 March 2023

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.

Directors' Interests (MainPower New Zealand Ltd, GreenPower New Zealand Ltd and Mt Cass Wind Farm Ltd)

| Director | Entity | Position | Appointment / Resignation |
|--------------------|--|------------------------|---------------------------|
| A C King | Option One Ltd | Director | |
| | RBL Property Ltd (formerly Red Bus Ltd) | Executive Director | |
| | Barhill Chertsey Irrigation Ltd | Independent Director | |
| B J Wood | HWCP Management Ltd | Director | |
| | Invercargill Central Ltd | Director | |
| | Invercargill City Holdings Ltd | Chair | |
| | Harrison Grierson Holdings Ltd | Director | Resigned August 22 |
| | E-Spatial Ltd | Director | Resigned August 22 |
| | Delta Utility Services Ltd | Chair | Retired October 22 |
| | Canterbury Linen Services Ltd | Chair | Retired April 22 |
| G D Abbot | Hanmer Springs Thermal Pools & Spa | General Manager | |
| J E Fredric | Aurora Energy Ltd | Director | Appointed July 22 |
| | 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 Ltd | Director | |
| Unity Credit Union | Director | Resigned 28 October 22 | |

GOVERNANCE (CONTINUED)

For the Year Ended 31 March 2023

Directors' Interests (continued) (MainPower New Zealand Ltd, GreenPower New Zealand Ltd and Mt Cass Wind Farm Ltd)

| Director | Entity | Position | Appointment / Resignation |
|-----------------------|------------------------------|------------------------|---------------------------|
| J F Jonker | Dairy Creek GP Ltd | Director | |
| | Ecogas GP Ltd | Director | |
| | F & L Investments Ltd | Director & Shareholder | |
| | Influx Energy Data Ltd | Director | Appointed June 22 |
| | Invest South GP Ltd | Director | |
| | Jonker Estate Ltd | Director & Shareholder | |
| | Pioneer Energy Ltd | CEO | |
| | Pulse GP Ltd | Director | |
| | Southern Generation GP Ltd | Director | |
| | The Lines Company | Independent Director | Effective June 22 |
| Wood Energy NZ GP Ltd | Director | Appointed April 22 | |
| S P Lewis | Electricity Invercargill Ltd | Director | |
| | Pylon Ltd | Director | |
| | Aurora Energy Ltd | Director | |

Management Interests (MPNZ Investments Ltd, MainPower Holdings Ltd, and Kākāriki Power Ltd)

| Director | Entity | Position | Appointment / Resignation |
|--------------------|----------------------------|----------------------------|---------------------------|
| A P Lester | Crestwood Partnership | Partner | |
| | Fuel Cells New Zealand Ltd | Director | |
| | Kākāriki Power Ltd | Director | |
| | MainPower Holdings Ltd | Director | |
| | MainPower New Zealand Ltd | Chief Executive | |
| | MPNZ Investments Ltd | Director | |
| | RuralNet Ltd | Director | |
| | Solar New Zealand Ltd | Director | |
| T A Voice | Fuel Cell New Zealand Ltd | Director | |
| | Kākāriki Power Ltd | Director | |
| | L.Y.L.T Enterprises Ltd | Director & Shareholder | |
| | MainPower New Zealand Ltd | General Manger, Commercial | |
| | MPNZ Investments Ltd | Director | |
| | MainPower Holdings Ltd | Director | |
| | RuralNet Ltd | Director | |
| | Solar New Zealand Ltd | Director | |
| | VF NZ Holdings Ltd | Director & Shareholder | |
| Voice Family Trust | Trustee & Beneficiary | | |

FIVE YEAR TRENDS

For the Year Ended 31 March 2023

Group Consolidated Financials

| | 31 March 2023 \$000 | 31 March 2022 \$000 | 31 March 2021 \$000 | 31 March 2020 \$000 | 31 March 2019 \$000 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Statement of Comprehensive Income | | | | | |
| Gross Operating Revenue | 71,580 | 68,248 | 67,793 | 69,945 | 65,891 |
| Customer Rebates | (4,739) | (6,619) | (8,224) | (10,546) | (9,677) |
| Net Operating Revenue | 66,841 | 61,629 | 59,569 | 59,399 | 56,214 |
| Total Expenses | (54,827) | (50,999) | (48,653) | (52,693) | (53,844) |
| Profit Before Income Tax Expense | 12,014 | 10,630 | 10,916 | 6,706 | 2,370 |
| Income Tax Expense | (4,242) | (1,342) | (3,198) | (1,760) | (809) |
| | 7,772 | 9,288 | 7,718 | 4,946 | 1,561 |
| Loss from Discontinued Operations | - | - | - | - | (913) |
| Profit After Income Tax Expense | 7,772 | 9,288 | 7,718 | 4,946 | 648 |
| Network Maintenance Expenditure | 6,852 | 7,367 | 5,706 | 5,429 | 5,526 |
| Statement of Financial Position | | | | | |
| Net Working Capital | 28,958 | 8,965 | 3,445 | 8,920 | (5,944) |
| Non-Current Assets | 345,387 | 346,083 | 324,855 | 315,781 | 271,729 |
| Total Assets | 387,820 | 365,694 | 340,167 | 336,551 | 303,981 |
| Non-Current Liabilities | (106,621) | (95,465) | (81,392) | (85,511) | (47,327) |
| Total Equity | 267,724 | 259,583 | 246,908 | 239,190 | 228,458 |
| Network Capital Development Expenditure | 27,230 | 28,802 | 22,934 | 25,169 | 10,239 |
| Statement of Cash Flows | | | | | |
| Net Cash Provided from Operating Activities | 26,921 | 20,759 | 23,940 | 24,348 | 12,062 |
| Net Cash Used in Investing Activities | (33,124) | (32,399) | (26,703) | (24,986) | (3,522) |
| Net Cash Used in Financing Activities | 7,493 | 11,525 | (2,049) | (2,121) | (900) |
| Financial Measures | | | | | |
| | % | % | % | % | % |
| Profit Before Income Tax Expense / Total Equity | 4.49 | 4.10 | 4.42 | 2.80 | 1.04 |
| Profit Before Income Tax Expense and Customer Rebates / Total Equity | 6.26 | 6.64 | 7.75 | 7.21 | 5.27 |
| Profit After Income Tax Expense / Total Assets | 2.00 | 2.54 | 2.27 | 1.47 | 0.51 |
| Profit After Income Tax Expense / Total Equity | 2.90 | 3.58 | 3.13 | 2.07 | 0.68 |
| Total Equity / Total Assets | 69.03 | 71.04 | 72.58 | 71.07 | 75.16 |

FIVE YEAR TRENDS (CONTINUED)

For the Year Ended 31 March 2023

Parent Consolidated Financials

| | 31 March 2023 \$000 | 31 March 2022 \$000 | 31 March 2021 \$000 | 31 March 2020 \$000 | 31 March 2019 \$000 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Statement of Comprehensive Income | | | | | |
| Gross Operating Revenue | 71,529 | 68,357 | 67,860 | 69,944 | 65,891 |
| Customer Rebates | (4,739) | (6,619) | (8,224) | (10,546) | (9,677) |
| Net Operating Revenue | 66,790 | 61,738 | 59,636 | 59,398 | 56,214 |
| Total Expenses | (54,610) | (50,944) | (48,651) | (52,811) | (53,892) |
| Net Profit Before Income Tax Expense | 12,180 | 10,794 | 10,985 | 6,587 | 2,322 |
| Taxation | (4,248) | (1,401) | (3,205) | (1,643) | (809) |
| Dividends Received | - | - | - | - | - |
| Net Profit | 7,933 | 9,393 | 7,780 | 4,944 | 1,513 |
| Network Maintenance Expenditure | 6,852 | 7,367 | 5,706 | 5,564 | 5,526 |
| Statement of Financial Position | | | | | |
| Net Working Capital | 10,459 | 8,745 | 3,210 | 5,041 | (6,803) |
| Non-Current Assets | 367,113 | 344,807 | 327,983 | 318,750 | 288,795 |
| Total Assets | 386,368 | 368,127 | 342,751 | 339,708 | 310,305 |
| Non-Current Liabilities | (110,541) | 94,823 | 85,147 | (85,526) | (51,177) |
| Total Equity | 267,030 | 258,730 | 246,047 | 238,265 | 230,815 |
| Network Capital Development Expenditure | 27,230 | 28,802 | 22,921 | 24,350 | 10,239 |
| Statement of Cash Flows | | | | | |
| Net Cash Provided from Operating Activities | 26,308 | 21,955 | 23,940 | 23,307 | 11,970 |
| Net Cash Used in Investing Activities | (33,693) | (37,067) | (26,703) | (23,837) | (6,722) |
| Net Cash Used in Financing Activities | 7,478 | 11,481 | (2,049) | (2,121) | 2,950 |
| Financial Measures | | | | | |
| | % | % | % | % | % |
| Profit Before Income Tax Expense / Total Equity | 4.56 | 4.17 | 4.46 | 2.76 | 1.01 |
| Profit Before Income Tax Expense and Customer Rebates / Total Equity | 6.34 | 6.73 | 7.81 | 7.19 | 5.20 |
| Profit After Income Tax Expenses / Total Assets | 2.05 | 2.55 | 2.27 | 1.46 | 0.66 |
| Profit After Income Tax Expense / Total Equity | 2.97 | 3.63 | 3.16 | 2.07 | 0.66 |
| Total Equity / Total Assets | 69.11 | 70.28 | 71.79 | 70.14 | 74.38 |

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 2023

| Other Measurements | 31 March 2023 | 31 March 2022 | 31 March 2021 | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|---------------|---------------|---------------|
| Quality of Supply | | | | | |
| SAIDI ¹ | 292.54 | 272.60 | 297.35 | 343.30 | 204.00 |
| SAIFI ² | 2.13 | 2.48 | 2.17 | 2.26 | 1.58 |
| Unplanned Faults ³ | 17.10 | 21.70 | 14.20 | 11.70 | 6.63 |
| Other Network Measures | | | | | |
| Number of Customer Connections ⁴ | 43,526 | 43,610 | 41,882 | 41,112 | 40,224 |
| Electricity Entering the System (GWh) | 656 | 662.55 | 666.02 | 670.90 | 633.30 |
| Electricity Delivered to Customers (GWh) | 622 | 623.88 | 622.72 | 634.40 | 594.00 |
| Electricity Losses (GWh) | 34 | 38.67 | 43.30 | 36.50 | 39.30 |
| Electricity Loss Ratio (%) | 5.1 | 5.84 | 6.50 | 5.44 | 6.21 |
| Maximum Coincidental Demand (MW) | 122.7 | 123.50 | 125.70 | 116.20 | 116.40 |
| Load Factor (%) | 61.0 | 61.24 | 60.49 | 65.90 | 62.13 |
| Total Transformer Capacity (MW) | 589 | 588.33 | 574.26 | 564.99 | 562.16 |
| Transformer Capacity Utilisation Factor (%) | 19.2 | 20.99 | 21.70 | 20.40 | 20.50 |
| Circuit Length Lines (km) | 5,198 | 5,170 | 5,166 | 5,121 | 5,071 |
| Health, Safety and Risk Measures | | | | | |
| Staff Employed | 175 | 177 | 173 | 170 | 162 |
| Major Non-Conformances from External Certification Audit | - | - | - | - | - |
| Enforceable Regulatory Notifications | - | - | - | - | - |
| Leadership Interactions with Employees | 91 | 65 | 109 | 119 | 108 |
| Work Related Accidents Resulting in Lost Time | 4 | 6 | 4 | 3 | 2 |

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.

DIRECTORY

For the Year Ended 31 March 2023

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 |
| Mark Appleman | General Manager Network Planning and Strategy |
| 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 |
| Todd Voice | General Manager Commercial |

Registered Office

172 Fernside Road, P O Box 346, Rangiora 7440

Principal Banker

Westpac New Zealand Limited, Rangiora

Principal Solicitor

Duncan Cotterill, Christchurch

Auditor

Deloitte Limited, Christchurch

MainPower New Zealand Limited
 172 Fernside Road, RD1, Kaiapoi 7691
 PO Box 346, Rangiora 7440
 Telephone: 0800 30 90 80
 Website: mainpower.co.nz

