

2023-2026

**STATEMENT OF
CORPORATE INTENT**

MAINPOWER NEW ZEALAND LIMITED



DIRECTORY

MainPower New Zealand Limited

Board of Directors

Tony King	Chair
Graeme Abbot	Director
Janice Fredric	Director
Fraser Jonker	Director
Stephen Lewis	Director
Brian 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

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172 Fernside Road, RD1, Kaiapoi 7691
PO Box 346, Rangiora 7440
Telephone: 0800 30 90 80
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Shareholders

MainPower Trust

The MainPower Trust manages the shareholding of MainPower New Zealand Limited and other assets for the benefit of Qualifying Customers.

Trustees

Kevin Brookfield	Chair
Richard Allison	Deputy Chair
Jo Ashby	Trustee
Allan Berge	Trustee
Quentin de Hamel	Trustee
Andrew Thompson	Trustee
Gary Walton	Trustee

Address

c/o Ms K Hansell, Trust Secretary
MainPower Trust
PO Box 370, Rangiora 7440
Telephone: (03) 313 8103
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**MANAAKI WHENUA,
MANAAKI TANGATA,
HAERE WHAKAMUA.**

**CARE FOR THE LAND,
CARE FOR PEOPLE,
GO FORWARD.**

1. INTRODUCTION

This Statement of Corporate Intent (“SCI”) is submitted to the MainPower Trust (the “Trust”) by the Board of MainPower New Zealand Limited (“MainPower”) (the “Board”).

This SCI is prepared in accordance with clause 3 of MainPower’s Constitution.

The SCI covers the activities of MainPower and its subsidiaries, and sets out MainPower’s intentions and the objectives agreed between the Board and the Trustees for the Financial Year commencing 1 April 2023, and the two succeeding financial years.

The following appendices are made available in support of the SCI:

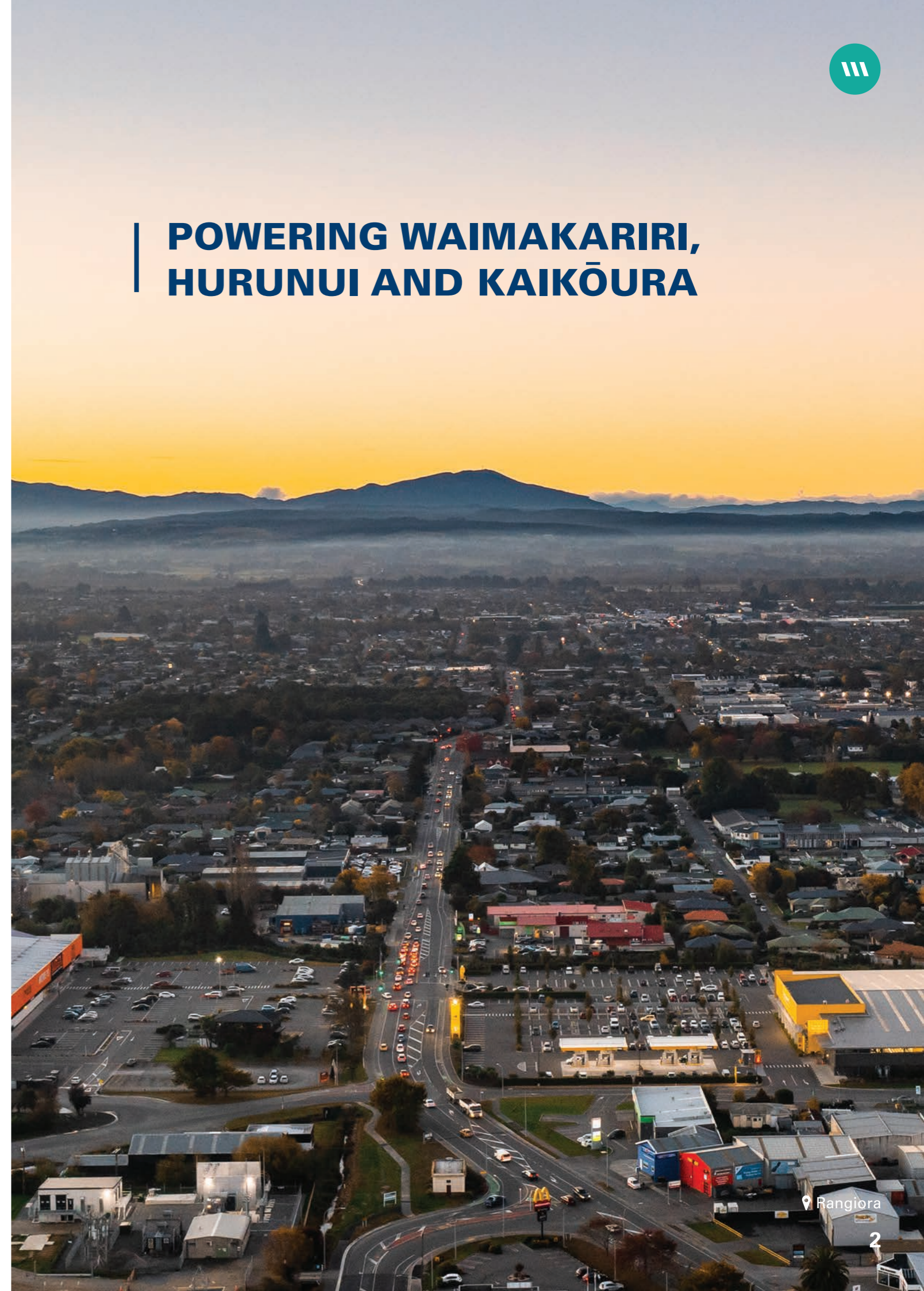
- Corporate Governance Statement
- Statement of Accounting Policies

Clause 3 of MainPower’s Constitution requires the SCI to provide detail on the following:

- (a) the objectives of the group;
- (b) the nature and scope of the activities to be undertaken;
- (c) the ratio of consolidated Shareholders’ funds to total assets and definitions of those terms;
- (d) the accounting policies used in respect of the Statement of Corporate Intent;
- (e) the performance targets and other measures (including the rate of return on Shareholders’ funds after payment of tax) by which the performance of the group may be judged in relation to its objectives;
- (f) an estimate of the amount or proportion of accumulated profits and capital reserves that is intended to be distributed to the Shareholders;
- (g) the kind of information to be provided to the Shareholders by the group during the course of those financial years, including the information to be included in each half-yearly report;
- (h) the procedures to be followed before any members of the group subscribes for, purchases or otherwise acquires shares in any company or other organisation;

- (i) an estimate of the amount of fixed and variable line charge revenue received from “Qualifying Customers” (as defined in the Trust Deed) of the Company during the “Financial Year” (as defined in the Trust Deed) that is to be made available to Qualifying Customers of the Company in the “District” (as defined in the Trust Deed) during the Financial Year or the following Financial Year in the form of “Customer Discounts” (as defined in the Trust Deed) or “Customer Rebates” (as defined in the Trust Deed) and the method for allocation of them;
- (j) a statement of performance relating to “Adjusted Shareholders’ Funds” which will provide:
 - (i) the total value of Adjusted Shareholders’ Funds (as defined in the Trust Deed);
 - (ii) a statement specifying the Directors’ opinion on the optimum, before the payment of tax, weighted average cost of capital for the Company;
 - (iii) a statement of the method applied in (ii); and
 - (iv) the estimated rate of return on total Adjusted Shareholders’ Funds and the estimated shortfall (if any) with respect to (ii) before the payment of tax and before the granting of Customer Rebates; and
- (k) such other matters as are agreed by the Trustees and Directors.

POWERING WAIMAKARIRI, HURUNUI AND KAIKŌURA



2. LETTER OF EXPECTATIONS



Community Benefit & Leadership

MainPower is a critical commercial operation within the North Canterbury and Kaikōura communities. As such, the Trust is proud that the Company is regarded as a good corporate citizen, providing an ongoing leadership role in our region.

MainPower will be a good employer, fostering new staff and encouraging career paths in the electricity supply industry. The intention is to maintain a corporate culture that values each staff member's part in it and where everyone works to a common goal.

Safety remains a cornerstone of the MainPower brand. The Company should prioritise safety for all staff and extend this to all members of the wider community. The Trust expects that the results of the annual Health & Safety audit will continue to be communicated to the Trust.

Investment Strategy

The Trust appreciates the Board communicating their strategic direction. Regular joint meetings will assist the Trustees in assessing the SCI's alignment with those objectives.

The Trust looks forward to the Board continuing to provide updates on all matters pertaining to the Mt Cass Wind Farm project.

The Trust's expectation is that the Company's financial performance relating to its core lines business remains above average when benchmarked against comparable lines companies.

The Board should investigate and, if deemed appropriate, invest in opportunities for core and unrelated business expansion both within and beyond the Company's traditional area of operation.

The Board will, when making investment decisions, take into account the Trustees' obligations under Sections 30 and 59 of the Trusts Act 2019.

Network Performance and Innovation

We expect the Board's ongoing focus to be the development and operation of the electricity network in the North Canterbury and Kaikōura regions.

Reliability of supply remains an essential priority from the Trust's perspective. The Board should ensure that this network performance remains above average, when benchmarked against comparable lines companies.

The Trust acknowledges that the energy industry continues to face rapid technological change, and that traditional methods of energy supply and usage will be increasingly impacted by new developments. Therefore, innovation across all aspects of the business remains essential and the Board is expected to evaluate any new opportunities.

The Trust expects that the Board will ensure customers are given appropriate attention and consideration. The level of customer satisfaction will continue to be measured by regular independent surveys, together with any other measures which are considered relevant.

Ownership of MainPower

Should either the Board or the Trust become aware of any circumstances which could potentially result in a change to the Trust's 100% ownership of the Company, they will notify the other party accordingly.

Environmental

The Board will adopt responsible environmental practices and will provide its services in a manner that is consistent with the Company's commitment to sustainability. The impact of climate change will also be factored into the Board's decision-making.

The Trust again thanks the Directors for their ongoing efforts and looks forward to continuing to work constructively and cooperatively with the MainPower Board.

Yours sincerely,

Kevin Brookfield
Chairman
MainPower Trust



MainPower Stadium, Rangiora



OUR VISION: CREATE A SMARTER FUTURE TO DELIVER LOCAL VALUE.



3. STRATEGIC OBJECTIVES

3.1 Our purpose

MainPower New Zealand Limited (MainPower) is a consumer trust owned electricity distribution business (EDB) that builds, owns, operates and maintains the electricity distribution network in the North Canterbury region.

Covering the Waimakariri, Hurunui and Kaikōura districts, MainPower's network services cover over 43,000 residential and business connections, delivering electricity to a population base of around 80,000 people.

MainPower plays a vital role in supplying the energy needs of our communities, as well as contributing to the growth of a vibrant and prosperous region.

3.2 Our changing role

The energy sector is changing. While MainPower will continue to provide a safe, secure supply of electricity to the region, the impact of new technologies and evolving customer needs will mean a shift in the way our network and related services will be used in the future.

Our customers will occupy an increasingly central role in the electricity industry, making use of new innovations to gain greater choice and autonomy than ever before.

In order to protect the value of our current assets and future-proof our organisation, MainPower must participate in the transformation of the industry, rather than wait for others to lead the charge.

MainPower must partner with our customers and sit alongside them at the heart of the evolving electricity industry.

Our changing role will see us creating a smarter future to deliver local value. In doing so, we will keep pace with the needs of the communities we serve, while providing a positive return for our shareholders.

3.3 MPowered Future

Creating a Smarter Future to Deliver Local Value

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.

3.4 Our vision

As the MPowered Future framework was developed, a new vision emerged that encapsulates the strategic direction of the business - create a smarter future to deliver local value.

Our values

Everything we do at MainPower is built on our values. These values define who we are and give all employees a benchmark for the standards we strive to embody and maintain each day.



The Golden Rules

MainPower's Golden Rules outline the high standard of safety that we live by across the business.

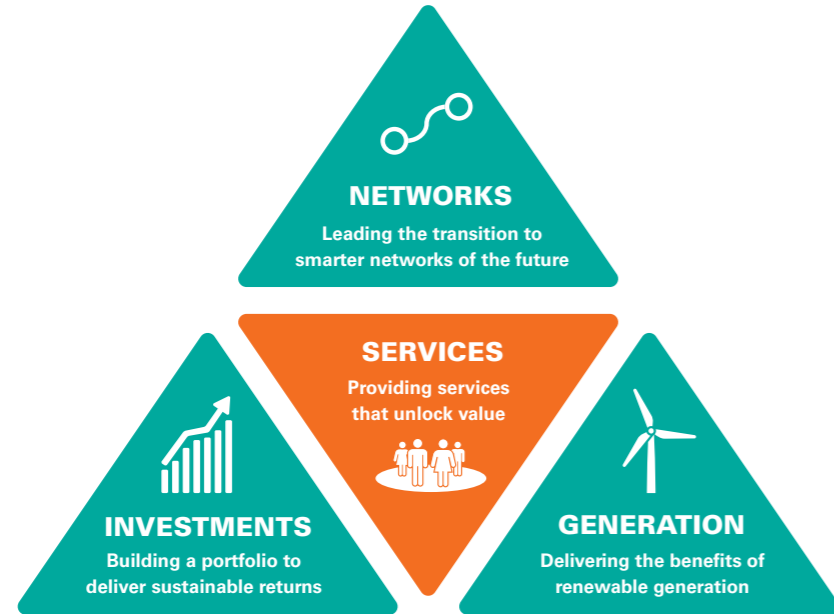


4. MPOWERED FUTURE

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, 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 North Canterbury for years that come.



4.1 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.

Demand Side Management

Development of a Demand Side Management (DSM) strategy is underway. This will assess the future for ripple control and what other flexible demand side responses may be needed at a network level, the investment required and how better outcomes can be delivered for our customers.

4.2 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 1 MW hydropower station at Cleardale in the Rakaia Gorge, a 300kW solar PV

system at its 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 as a whole, 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 95 MW, 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.

4.3 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. 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.

4.4 Services

MainPower aims to provide services that unlock value for our customers and the 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 brand called an Kākāriki Power since 2018. In 2022, MainPower acquired 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 to investigate and monitor evolving technology and changing customer behaviour in the retail electricity 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.

Smart Energy Hub

Connecting devices and appliances via the internet opens-up new possibilities for products and services, potentially saving consumers time and money. 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 Rd site in Rangiora and will look to integrate load management tools and connect end-use devices like EV chargers, solar panels, hot water cylinders, heating and air conditioning systems to support consumers to manage their energy demand requirements.



MainPower Offices, Rangiora

5. SUPPORTING OUR MPOWERED FUTURE



To deliver an MPowered Future, MainPower's core business must be strong.



5.1 Our Customers

In a rapidly changing industry, MainPower must continue to focus on understanding and anticipating our customers' needs, while delivering a high quality service in our day-to-day interactions.

MainPower's customer engagement programme helps to ensure that the views of the communities we serve inform our planning and business decision making processes, and that our service levels are continually improving in the eyes of our customers.

Customer satisfaction and experience is measured regularly to understand the experience of customers, identify opportunities to improve our processes and the overall service experience. We also survey the wider community, our shareholders, to get feedback on issues important to them. These surveys include topics like future technologies, expectations of the network in relation to resilience and reliability, sponsorships, safety messaging, communications and the environment.

Customer engagement workshops are also carried out bi-annually, to gather feedback on a variety of topics related to the industry. These activities are supported by independent, external agencies to ensure the validity of the results.

MainPower continues to develop and further integrate the customer relationship management (CRM) database into business processes to ensure that customer feedback is recorded and managed appropriately. The further integration of the CRM with other business systems, will continue to drive improvements on response times and resolution options, as well as alerting us to areas the business could improve on.

The development of the website outage map displaying live information about faults and planned outages, as well as future outages on our network, has been a huge asset. This allows customers access to information to better understand what is happening on the network in real-time.

Based on customer feedback around communications, we are developing a system that will text (SMS) customers when their properties are impacted by outages. This is expected to be completed in 2023.

MainPower's customers are at the heart of everything we do. Continued efforts will be made to maintain positive relationships with the people of North Canterbury and deliver services that are valued and in line with their expectations.

5.2 Community Leadership

MainPower plays a key role in the North Canterbury community, powering the homes, businesses and schools of the region. Our responsibility extends beyond providing a safe, secure supply of electricity; we are also leaders in our community.

MainPower's sponsorship programme supports a large number of community initiatives, organisations and events each year.

Through this work, MainPower connects with a broad range of community groups and stakeholders, forging strong ties within the community and strengthening our place as a positive part of the region we work in.

5.3 People and Culture

MainPower continues to foster a working environment in which all employees feel valued and invested in the future of the business.

Investing in the future of our people

Learning and development conversations take place twice each year, giving each staff member the opportunity to reflect, explore career options and set goals for the future. From these conversations, training plans are created and opportunities for mentorship and career progression are identified.

Attracting and retaining the best

Offering sought-after employee benefits is one way we attract and retain talented staff, and maintain an enthusiastic and engaged workforce. MainPower continues to provide a range of employee benefits, from subsidised health insurance to a nine-day fortnight flexible working arrangement.

Leadership

Our people also regularly participate in a range of industry groups and conferences, contributing their knowledge and expertise to the wider electricity sector. This is both a way to develop individual members of the MainPower team, and to ensure that the latest in industry best-practice, trends and technology is brought into the business.

In 2022 we introduced our Accelerated Leadership Development Programme (ALDP) to support our MPowered Future strategy. To ensure we have a pipeline of future leaders across all areas of the business, the ALDP programme is designed to drive career development by providing individuals with support and a foundation for developing their leadership and management potential.

5.4 Managing our Risk

MainPower remains focused on ensuring the safety of our people, customers and community as our highest priority. From tailgate talks at work sites, to our far-reaching advertising campaigns, safety is a deeply embedded part of our culture.

Our dedication to safety is supported by our Integrated Management System Policy, which combines and strengthens our commitment to health, safety, environment and quality (HSEQ).

In addition, our Risk Management Plan provides guidance on anticipating and proactively mitigating any risk.

5.5 Environmental Responsibility

MainPower takes an integrated approach to managing, delivering, and continually improving the environmental aspects of our business activities, services and products.



Using the United Nations Sustainable Goals as a foundation, we have identified three key areas where we believe we can make the most difference. They are; prosperity, people, and planet. These strategic areas form the basis of our Sustainability Management Plan.

A selection of the sustainable initiatives MainPower is committed to:

- reducing waste
- 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 (installing LEDs)
- engaging with our community
- supporting inclusion, diversity, and equity
- reducing carbon emissions
- repurposing materials (e.g cable drums and power poles)

Our sustainability strategy considers the energy trilemma of finding balance between energy reliability, affordability and sustainability and its impact on everyday lives. We plan to achieve this by:

- reviewing the implications for the speed and direction of energy transition;
- low carbon energy enabler to drive innovation, economic recovery, and positive image; and
- accelerating digitalisation opportunities in energy and the new challenges of resilience.

6. PERFORMANCE

6.1 Financial Performance

A summary of the expected financial performance and performance statistics for the 2022-2026 financial years for the MainPower Group (Group), and for MainPower New Zealand Limited (Parent) are provided in the tables on pages 12 and 13.

The results for the current and future years show the continued commitment in meeting the goals of our Asset Management Plan through a programme of scheduled maintenance and capital expenditure on the network.

The budget and forecast also show the expected impact of MainPower's investment in the Mt Cass Wind Farm. The Group's expected performance in FY2024 and FY2025 is shown to be negatively impacted during the period of construction as costs are incurred in advance of generation revenue. Furthermore, the accounting treatment of the Mt Cass investment fundamentally changes in the periods presented due to the expected changes in the ownership structure. See below for further discussion and assumptions made.

The summary forecast for the year ended March 2023 compared to the financial budget for that year and the audited financial performance for the year ended March 2022 is also made available.

The Group comprises MainPower New Zealand and its subsidiaries: Mainpower Investments Limited, Kakariki Power Limited, and Mt Cass Wind Farm Limited. Mt Cass is expected to become a joint venture in FY2024 and its impact on the group numbers has been presently separately for clarity

6.2 Budget and Forecast

The FY2024 budget numbers were approved by the MainPower Board in December 2022. The FY2023, FY2025 and FY2026 forecast numbers have been prepared by management and are based on the latest available information, particularly that pertaining to the Mt Cass investment.

Numbers presented have been prepared in accordance with relevant accounting standards where appropriate. The 2023 budget and 2023 forecast for the Group presents Mt Cass as a 100% consolidated subsidiary whereas the 2024 budget, 2025 and 2026 forecasts, show Mt Cass as an equity-accounted joint venture.

The following assumptions have been made when presenting the financial budgets for 2023-2024 and forecasts for subsequent years:

- A 100% equity investment into Mt Cass of c\$85m, mainly funded by debt, was originally budgeted for FY2023. Any investment is now expected to be in the FY2024 financial year therefore this has been removed from the FY2023 forecast.
- Early works on the Mt Cass Wind Farm project are expected to be completed mid- 2023. Mainpower is expected to make an equity contribution of approximately \$80m, mostly funded by debt.

- The FY2024 budget, FY2025 and FY2026 forecasts, assume MainPower invest c\$80m in Mt Cass but as a 50% equity partner. This changes the accounting of Mt Cass from a 100% consolidated subsidiary to an equity-accounted joint venture from FY2024 onwards.
- Rebates will continue to be credited throughout 2023-2026 at a cost of \$5m in 2023-2024 and reduced to \$3m in FY2025 and FY2026. This allows for a balance between returning value to the shareholders and being able to internally fund the AMP.
- Total network maintenance expenditure of \$7.6m has been budgeted for 2023-2024.
- Budgeted network capital expenditure of \$25.1m during the 2024 financial year is to be funded by way of operating cash flows \$22.2m and net borrowings \$2.9m for the Parent.
- Mainpower has Westpac funding for the next 36 months. Tranche A (\$30m) was recently renewed and will mature December 2025, Tranche B (\$15m) will mature June 2024, Tranche C (\$20m) will mature March 2025 and Tranche D (\$20m) will mature December 2025.
- All forecast costs and revenues are based on best estimates using judgments made at the time that they were prepared.

6.3 Service Performance

Service level performance measures our key asset management objectives and include:

- safety
- compliance
- quality of Service - Reliability
- quality of Service - Customer Service
- risk Management
- efficiency and Effectiveness - Asset Utilisation
- efficiency and Effectiveness - Operational Effectiveness
- efficiency and Effectiveness - Financial Efficiency

Actual and planned service level performance is included in our Asset Management Plan, accessible at mainpower.co.nz.

SAIDI, the average minutes a customer is without power during the year and SAIFI, the average number of supply interruptions per customer during the year, continues to be the two key measures of service performance.

Forecast performance is detailed in the table on page 14.

FINANCE

6.3 Performance Statement Financial MainPower – Group

For the year ending March.

	Actual (audited) 2022 \$000	Budget (not audited) 2023 \$000	Forecast* (not audited) 2023 \$000	Budget** (not audited) 2024 \$000	Forecast** (not audited) 2025 \$000	Forecast** (not audited) 2026 \$000
Financial performance						
Operating revenue	68,248	70,510	71,006	74,275	77,523	79,615
Rebates	(6,619)	(5,004)	(4,832)	(5,008)	(3,000)	(3,000)
Net Revenue	61,629	65,506	66,174	69,267	74,523	76,615
Mt Cass net profit/(loss) attributed to the Group	(68)	(474)	(575)	(1,051)	(4,005)	2,759
Profit before tax	10,630	5,818	10,511	3,748	279	15,938
Taxation	(1,342)	(1,762)	(3,104)	(1,049)	(1,633)	(4,124)
Profit after rebates, tax, dividends, and discontinued operations	9,288	4,056	7,407	2,698	(1,354)	11,814
Total network maintenance expenditure	7,367	6,361	7,200	7,584	8,569	8,280
Total capital development expenditure	28,802	24,997	29,459	25,193	28,899	26,820
Financial position						
Net Working Capital	8,965	8,811	18,410	15,301	10,166	10,305
Mt Cass Equity Investment (50% equity-accounted JV)	-	-	-	79,399	75,394	78,153
Mt Cass Assets (100% consolidated until FY2024)	6,075	91,280	8,206	-	-	-
Other Non-Current Assets	340,008	347,345	351,577	363,841	392,158	392,719
Total Assets	365,694	458,528	386,943	469,765	489,302	502,902
Debt for Mt Cass Equity Investment	-	(76,000)	-	(80,000)	(80,000)	(80,000)
Other Liabilities	(106,111)	(125,709)	(119,661)	(120,858)	(147,171)	(148,184)
Equity	259,583	256,819	267,282	268,907	262,131	274,718
Cash Flows from Operations	20,759	21,507	27,691	22,206	30,666	32,376
Cash Flows from Investing Activities	(32,399)	(30,343)	(46,336)	(30,343)	(55,616)	(20,654)
Cash Flows from Financing Activities	11,525	8,215	17,891	8,015	24,950	(11,722)
Financial ratios						
Profit before Tax / Equity	4.10	2.27	3.93	1.39	0.11	5.80
Profit after Tax / Total Assets	2.54	0.88	1.91	0.57	(0.28)	2.35
Profit after Tax / Equity	3.58	1.58	2.77	1.00	(0.52)	4.30
Total Equity / Total Assets	70.98	56.01	69.08	57.24	53.57	54.63

*FY23 Budget and FY23 Forecast both assume 100% ownership of the Mt Cass SPV and therefore Group figures include eliminations for equity and investments.

**FY24 Budget and FY25 and FY26 Forecasts assume Mt Cass SPV is an equity-accounted joint venture therefore Group figures only include share of net assets rather than full consolidation.

6.4 Performance Statement Financial (MainPower New Zealand Limited – Parent)

For the year ending March.

	Actual (audited) 2022 \$000	Budget (not audited) 2023 \$000	Forecast* (not audited) 2023 \$000	Budget** (not audited) 2024 \$000	Forecast** (not audited) 2025 \$000	Forecast** (not audited) 2026 \$000
Financial performance						
Operating Revenue	68,357	70,510	71,006	74,275	77,523	79,615
Rebates	(6,619)	(5,004)	(4,832)	(5,008)	(3,000)	(3,000)
Net Revenue	61,738	65,506	66,174	69,267	74,523	76,615
Profit Before Tax	10,794	6,292	11,086	5,207	4,284	13,179
Taxation	(1,401)	(1,762)	(3,104)	(1,458)	(2,754)	(3,351)
Profit after Rebates, Tax, Dividends, and Discontinued Operations	9,393	4,530	7,982	3,749	1,530	9,828
Interest Cost for Mt Cass Equity Investment (included above)	-	(2,660)	-	(4,000)	(3,436)	(3,222)
Total Network Maintenance Expenditure	7,367	6,361	7,200	7,584	8,569	8,280
Total Capital Development Expenditure	28,802	23,673	25,973	25,193	28,899	26,820
Financial position						
Net Working Capital	8,745	8,801	18,400	15,301	10,166	10,305
Mt Cass Equity Investment	450	84,675	450	80,450	80,450	80,450
Other Non-Current Assets	344,357	347,345	359,333	363,841	392,158	392,719
Total Assets	368,127	451,913	386,933	470,816	494,358	505,199
Debt for Mt Cass Equity Investment	-	(76,000)	-	(80,000)	(80,000)	(80,000)
Other Liabilities	(109,397)	(119,094)	(119,661)	(120,858)	(147,172)	(148,184)
Equity	258,730	256,819	267,272	269,958	267,186	277,015
Cash Flows from Operations	21,955	21,981	28,266	22,206	30,666	32,376
Cash Flows from Investing Activities	(37,067)	(30,343)	(42,850)	(30,343)	(55,616)	(20,654)
Cash Flows from Financing Activities	11,481	8,215	14,405	8,015	24,950	(11,722)
Financial ratios						
Profit before Tax / Equity	4.17	2.45	4.15	1.93	1.60	4.76
Profit after Tax / Total Assets	2.55	1.00	2.06	0.80	0.31	1.95
Profit after Tax / Equity	3.63	1.76	2.99	1.39	0.57	3.55
Equity / Total Assets	70.28	56.83	69.07	57.34	54.05	54.83



6.5 Performance Statement Customer¹ Service Statistics

For the year ending March. These figures are based on network metrics.

	Actual (audited) 2021	Actual (audited) 2022	Forecast (not audited) 2023	Budget (not audited) 2024	Forecast (not audited) 2025
Quality of Supply					
SAIDI ²	297.2	272.6	280.5	272.0	263.0
SAIFI ³	2.18	2.38	2.04	1.98	1.91
Network Performance					
Total Line Service Customers (#)	42,117	43,131	43,934	44,750	45,583
Gigawatthours Delivered to Customers (GWhs)	626	624	636	640	648
Network Maximum Coincidental Demand (MW)	128	124	122	123	124
Circuit Length Lines (kms)	5,165	5,170	5,180	5,210	5,220
Efficiency Performance					
Capital Cost (per km)	\$ 4,437	\$ 5,532	\$ 4,547	\$ 5,161	\$ 5,806
Operating Cost (per km)	981	1,312	1,228	1,554	1,436
Capital Cost (per ICP) ⁴	544	663	536	601	665
Operating Cost (per ICP) ⁴	120	157	145	181	164

Notes:

¹ Customer is defined as 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.

² SAIDI = Average minutes a customer is without power during the year.

³ SAIFI = Average supply interruptions per customer during the year.

⁴ Operating Cost is Network Maintenance OPEX only



7. OTHER MEASURES

7.1 Distributions to the MainPower Trust

The vesting and distributing by the Trust of Redeemable Preference Shares to Qualifying Customers, in accordance with clause 4.11 and Schedule 8 of the Deed provides, the Board with the opportunity to maintain its Rebate Scheme in favour of Qualifying Customers.

This Scheme will remain in place until such time as a Capital Distribution has occurred. The Board will not be recommending any dividend for the current financial year.

The 2022-2023 financial budget provides for \$5m to be credited to Qualifying Customers as Rebates and as discounts to customers connected to the former Kaiapoi Electricity network.

This represents approximately 8.1% of total distribution lines revenue.

7.2 Rebates and Discounts to Customers

The vesting and distributing of Redeemable Preference Shares to Qualifying Customers in accordance with Clause 4.11 and Schedule 8 of the Deed gives the Board the opportunity to provide a Customer Rebate Scheme in favour of Qualifying Customers. The 2022-2023 financial budget provides for \$5m to be credited to Qualifying Customers as rebates and as discounts to customers connected to the former Kaiapoi Electricity network. The rebate/discount is a percentage discount off the fixed charge and this benefit is allocated between customer groups to reflect the Trust Deed.

7.3 Acquisition of Shares in Other Companies

The acquisition of shares in other companies or organisations will only proceed where the Board concludes such an acquisition is in the best interests of MainPower.

The Board will consult the Trust in circumstances where an acquisition is considered to be significant.

The Board will be guided by the Major Transaction Rule in MainPower's Constitution and the Companies Act 1993. A major transaction is defined as the acquisition of, or an agreement to acquire, whether contingent or not, assets equivalent in value to 25 percent or more of the assets of MainPower before the acquisition.

7.4 Return on Investment for the MainPower Regulatory Lines Business

The following information reflects the Return on Investment for the regulatory lines business, after deducting rebates from returns.

MainPower's Return on Investment for the year ended 31 March 2022 was 6.33%, above the Commerce Commission's 75th percentile estimate of 4.2%.

For the 2023 financial year, the after tax Return on Investment of the regulated lines business is expected to be 1.6%.

7.5 Return on Shareholders' Equity for the MainPower Group of Companies (Consolidated)

MainPower's Return on Equity for the Group for the financial year ended 31 March 2022, after rebates and taxation, was \$9.3m, or \$14.1m (5.4%) before rebates and after adjusting for notional tax.

For the 2023 financial year, the forecast Return on Equity for the Group after rebates is expected to be approximately 2.8%.

7.6 Information to be Provided to Shareholders

The following information will be made available to the Trust and, where applicable, to other Shareholders:

- Annual Report
- Interim Report
- Statement of Corporate Intent
- Asset Management Plan
- Electricity Information Disclosures
- Any other information the Board considers should be in the public arena.

The Board will meet with Trustees on a regular basis throughout the year in order to update Trustees on the performance of MainPower and its subsidiaries. The Board will also report to Trustees on significant operational matters, changes to MainPower's company structure and progress on current and new business initiatives.



APPENDIX 1: CORPORATE GOVERNANCE STATEMENT

1. 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 both the Ordinary Shareholder, the MainPower Trust, to whom it is primarily accountable, and the Preference Shareholders of the Company, i.e. the Qualifying Customers in the region.

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 both financial return and MainPower's ability to deliver excellence in electricity distribution system security and reliability, responsiveness to customers, quality 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 aims to ensure that MainPower is a good employer and corporate citizen.

2. 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. These expectations and obligations are set out in the Board Charter, which is reviewed annually.

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 remain at the core of the organisation in order that it remains as an integral part of MainPower's culture, its values and performance standards;
- continue to monitor all legislation and regulatory change 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 particular regard to rate of return expectations, financial policy and the review of performance against strategic objectives;
- maintain an understanding of the electricity industry, and continue to monitor industry reform, security of supply, industry governance and Government intervention 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 Company affairs in order to exercise judgment about management and its procedures;
- identify risks and manage those risks by ensuring that the Company has implemented comprehensive systems of internal control together with appropriate monitoring of compliance activities;

- approve and foster a corporate culture which requires management and every employee to demonstrate the highest level of ethical behaviour;
- appoint, review the performance of, and set the remuneration of the Chief Executive;
- approve transactions relating to acquisitions and divestment, and capital expenditure above delegated authorities;
- approve operating and development budgets, review performance against these budgets, and monitor corrective actions by management;
- ensure the preparation of the Statement of Corporate Intent, Interim and Annual Reports;
- enhance relationships with all stakeholders.

3. 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 them, the senior management are appropriately qualified, experienced and remunerated to discharge their responsibilities.

4. Codes and Standards

All Directors, executives and staff of MainPower New Zealand Limited are expected to act with integrity and to promote and enhance the Company's reputation with its various stakeholders.

Behavioural 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.

5. Conflicts of Interest

All Directors and senior managers 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.

6. Board Review

The Board will undertake a self-assessment of its performance and the performance of individual Directors on at least a biennial basis. The result of this review will be made available to the MainPower Trust.

7. 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 appointed by the Ordinary Shareholder. The Board currently comprises six Non-Executive Directors.

The Directors of the Company currently in office are:

Tony King, Chair

Graeme Abbot, Director

Janice Fredric, Director

Fraser Jonker, Director

Stephen Lewis, Director

Brian Wood, Director

8. Meetings

The Board meets ten times a year to review, monitor, and initiate action in respect of the health and safety, strategic direction, financial performance and compliance of the Company and its subsidiaries.

MainPower's Business Plan details matters which require Board consideration, including long-term strategic direction, operating and capital budgeting, statutory and risk management. 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.

9. Committees

The Board has three committees detailed below.

9.1 Safety, Health, Wellbeing and Environment (SHWE) Committee

The MainPower Board takes an integrated approach to managing health and safety. This is incorporated within the risk management framework. SHWE provides a concentrated focus on these high-priority areas, operating under a comprehensive charter that outlines the Committee's authority, membership, responsibilities, and activities approved by the board.

The committee is made up of three board members being Mr S Lewis, Mr G Abbot and Chair, Mr T King. It is attended by the Chief Executive, General Manager of Safety and Business Risk and General Manager of People and Culture, with support from other executive and senior managers, when required.

The Committee's responsibilities are to:

- review proactively the strategies, policies, initiatives, risk exposure, targets and performance of the Company, and where appropriate of its suppliers and contractors;
- monitor the resources applied by the Company to ensure compliance and drive improvement;
- monitor the demonstration of management commitment to these areas; and
- where appropriate, receive reviews and reports from independent external advisers.

9.2 Audit and Risk Committee

The Audit and Risk Committee operates under a comprehensive Charter, which outlines the Committee's authority, membership, responsibilities and activities approved by the Board.

The Charter is reviewed annually against best practice and emerging trends. The primary function of the Committee is to assist the Board in relation to the Company and its subsidiary companies, with the proper and efficient discharge of its responsibilities, to exercise due care, diligence and skill in relation to the oversight of the:

- appointment and performance of the external auditors;
- integrity of external financial reporting;
- financial management and internal control systems;
- accounting policy and practice;
- risk management framework and the monitoring of compliance within that framework;
- related party transactions;
- compliance with applicable laws, regulations, standards and codes of practice;
- integrity of external regulatory reporting.

The activities of the Audit and Risk Committee are reported annually. From time to time, the Audit and Risk Committee, is attended by the Chief Executive and General Manager of Finance. The General Manager of Safety and Business Risk, other executive, senior managers and external auditors attend meetings when required.

The Audit and Risk Committee also monitors the independence of the auditor and approves and reviews those services provided by the auditor other than in its statutory audit role. In addition, the auditor provides advice to the Audit and Risk Committee of any non-statutory audit service provided to the MainPower Group.

Three Non-Executive Directors are appointed to the Audit and Risk Committee on an annual basis. Current membership of the Audit and Risk Committee is Ms J Fredric, Chair, Mr T King and Mr B Wood.

Following meetings of the Committee, the Chair reports all findings and recommendations to the Board.

APPENDIX 1: CORPORATE GOVERNANCE STATEMENT (CONTINUED)



9.3 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, Executive Directors 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.

In order to retain and attract Directors and executives of sufficient calibre to facilitate the efficient and effective governance and management of the Company's operations, the Remuneration Committee seeks advice of external advisers on remuneration practices.

Current membership of the Remuneration Committee is Mr G Abbot, Chair, Mr T King and Mr S Lewis.

It is attended by the Chief Executive and General Manager of People and Culture when appropriate.

10. Risk Management

The Board puts considerable emphasis on risk management, given the critical nature of this to the Company's operations, and continually monitors the operational, (including health and safety) and financial aspects of the Company's activities and the Company's exposure to risk. "Risk Management and Compliance" is a permanent item on the agenda of the monthly meeting of Directors.

An annual review of the level and appropriateness of the Company's insurance cover and regular reporting by management addressing the major areas of risk supports the Board's risk management process.

To fulfil its responsibility, management maintains appropriate accounting records and systems of internal control.

The Audit and Risk committee oversees the Governance internal audit programme to ensure MainPower meets its statutory and legal requirements. The audit programme covers all levels of safety and business critical risks identified through the risk management framework.

MainPower has developed a comprehensive Business Continuity Plan. This Plan details the criteria and guidelines we apply to cope with a number of crisis scenarios. The Company actively participates with Civil Defence and other relevant agencies in order to test the plan for effectiveness.

11. Non-Executive Directors' Fees

Fees for Non-Executive Directors are based on the nature of their work and responsibilities.

Independent professional advice on the level and structure of Non-Executive Directors' fees is made available to the Board on an annual basis. Any recommendation made to shareholders at the Annual Meeting on a change in directors' fees is in accordance with this independent advice.

12. 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 major shareholder of MainPower, the MainPower Trust, provides the company with a Letter of Expectations from which a Statement of Corporate Intent is developed between the Board and the MainPower Trust.

This Statement details the Company's intent with respect to:

- strategic objectives
- business activities
- non-core activities
- performance
- distributions to shareholders and rebates
- corporate governance

Information is also communicated to shareholders in the Annual Report, Interim Report, on the Company's website, and at regular formal and informal meetings with the MainPower Trust. The Board encourages full participation of all shareholders at the Annual Meeting.

The Statement of Corporate Intent is subject to consultation between the Board and the Trust, prior to its adoption.

13. Customers

MainPower uses a number of communication channels to connect with its customers and the wider community. This includes the publication of Live Lines (advertorial) and related public safety messaging, regular customer surveys, focus group sessions and participation in sponsorships and other community-based initiatives.

The Company also fulfils its regulatory obligations with the publication of the Asset Management Plan, Annual and Interim Reports, Statement of Corporate Intent, Pricing Methodology and annual disclosures. This contributes to the fulfilment of MainPower's corporate objectives in regard to community relations.

14. Subsidiary Companies

MainPower's subsidiary companies each have a formally constituted Board of Directors for trading subsidiaries. The board of Mt Cass Wind Farm Limited meets monthly and reports to the MainPower Board. The MainPower Board receives monthly updates and monitors the performance of other trading subsidiaries.



APPENDIX 2: ACCOUNTING POLICIES

Statement of Compliance

MainPower New Zealand Limited (the Company) is a profit-oriented company incorporated in New Zealand under the Companies Act 1993. The Group consists of MainPower New Zealand Limited and its subsidiaries.

MainPower New Zealand's parent and ultimate controlling entity is the MainPower Trust. These financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). They comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR') and other applicable financial reporting standards as appropriate for profit-oriented entities.

The Group has adopted External Reporting Board Standard A1 'Accounting Standards Framework (For-profit Entities Update)' ('XRB A1'). For the purposes of complying with 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. The Group has elected to report in accordance with NZ IFRS RDR.

Principal Activities of the Group

MainPower was established in accordance with the requirements of the Energy Companies Act 1992 and the Companies Act 1993. The Group owns and manages the electricity distribution network throughout the North Canterbury region.

Greenpower New Zealand Ltd is the holding company for the Mt Cass Wind Farm project which is set up to build a wind farm on the ridge of Mt Cass.

Basis of Financial Statement Preparation

These financial statements are presented in New Zealand dollars, rounded to the nearest thousand.

These financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments and property, plant and equipment. Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies have been selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

- Right-of-Use Assets are measured at the present value of the total lease liabilities.

Critical Judgements, Estimates and Assumptions in Applying the Entity's Accounting Policies

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. Actual results may differ from these estimates.

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions that have had the most significant impact on the amounts recognised in these financial statements.

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 network Asset Management Plan. Any errors in the estimates of such removals are corrected at the next asset revaluation and are not considered to be material on either an annual or a cumulative basis with respect to either reported net profits or carrying values of the network.

The Group invoices its customers (predominantly electricity retailers) monthly for electricity delivery services on the basis of an estimation of usage, adjusted for the latest washed-up data available from the electricity wholesale market and certain metering data from electricity retailers. When determining line revenue, management recognises actual amounts billed during the financial period and, if material, makes an adjustment to recognise the estimated value of unread meters where applicable.

Other areas where judgement has been exercised in preparing these financial statements are in relation to assessing the level of any unrecoverable work in progress and calculating provisions for employee benefits and the carrying value of generation assets.

Basis of Consolidation

Subsidiaries

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 of the identifiable net assets acquired, exceeds the cost of acquisition, the difference is credited to profit or loss 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 is included at their pre-acquisition carrying amount. Equity of subsidiaries are shown separately in the consolidated Statement of Financial Position.

Forecast Information

Forecast financial information has been prepared on the basis of assumptions as to future events reasonably expected to occur and have been compiled on the basis of existing accounting policies.





mainpower

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