Annual Report
FY2025

Alpine ENERGY

Contents

This report reviews Alpine Energy's financial and operational performance for the year ended 31 March 2025.

The financial statements have been prepared in accordance with the appropriate accounting standards and have been independently audited by PwC, as appointed by the OAG.

Care has been taken to ensure all information in this report is accurate, including internal support and confirmation processes and Board endorsement.

Highlights

Thriving communities

Our people and communities are healthy, safe, and thriving

- Customers are satisfied overall with our performance 50% (FY24: 53%)
- 27 nationalities represented across the Alpine Group
- 214 people employed across South Canterbury (full time equivalents)
- 0 serious injury events involving Alpine Group employees, our service providers or the public

Electricity for all

All electricity users can access and use electricity they need

- Quantity of electricity delivered on our network = 826 GWh (FY24: 892 GWh)
- Network maximum demand = 149MW (FY24: 148MW)
- New connections completed = 245 (FY24: 427)
- New distributed generation connections = 156 (FY24: 144)

Resilient and reliable electricity

Our electricity supply is resilient and adaptive in the face of climate change

- Capital expenditure on our network = $30.1M (Network + Customer) (FY24: $27.7 million)

Financial sustainability

Our people and communities are healthy, safe, and thriving

- Network lines revenue = $65.4M* (FY24: $66.0M)
- Customer contributions revenue = $2.5M (FY24: $4.1M)
- EBITDA = $4.7M (FY24: $29.9M)
- Equity changes = -$13.1M (FY24: $3.9M)

* Excludes adjustment for errors in historical Information Disclosures

Chair & CE report

FY25 has been a reset year for Alpine. We have addressed some hard issues, stabilised the business, and focused on delivering safe and reliable services while setting up for the work ahead.

Historical Information Disclosure error

The priority for much of the year has been resolving the historical Information Disclosure error. The Commerce Commission investigation was completed in March 2025. We accepted responsibility and committed to return $16.9 million to customers. We acknowledge this has caused concerns for the community, our staff and shareholders. As a result, it has left us in a situation where we are unable to pay dividends to shareholders, and this will have flow on impacts for our residents and communities. In response, we have strengthened our internal processes and governance to prevent similar issues in the future. We thank our customers for their patience during this time. This entire response and remediation effort is referred to as the Price Path Correction.

We have had the support and cooperation of the electricity retailers, and we thank them for how efficiently they have enabled us to return the money to the community. We are working towards identifying how to spend the fund that has been set aside for community impact projects.

Business performance

Overall operating results reflect the scale of fixing the historical Information Disclosure error, along with the constrained fiscal environment we find ourselves in. Growth in the network has been slower than we anticipated, with a number of projects delayed. Even so, we delivered for our customers, and FY25 saw one of the largest network delivery programmes in our history. This was required as many of our assets are aging. Network investment was crucial, although we deferred some work to manage the financial impacts of the correction. The underlying business remains solid, supported by our people who have stayed focused on getting the work done safely and well.

Customers and communities

This year we placed more emphasis on improving how we engage with customers. Our customer satisfaction results reflect the wider trust challenge following the historical Information Disclosure error, but we remain strong on core service delivery: safety, reliability and outage management. We also supported a range of community initiatives, including Energy Wellbeing forums, EnergyMate delivery, sponsorships, and our engagement with business and industry stakeholders across the region.

Asset management and network delivery

We continued to invest across the network, completing significant projects in Washdyke, Coopers Creek, Timaru township and Mount Cook, among others. These upgrades significantly enhance the network's resilience and capacity, ensuring long-term performance and reliability. Connection activity slowed during the year, reflecting the softer economic conditions, but industrial development has started to lift again. Engagement with business customers has been an important part of ensuring that future demand can be planned for and met.

Amalgamation and brand reset

FY25 was the first full year of operating as a single company following the amalgamation.

The business is now structurally simpler, though there is still work to be done here – we have a comprehensive plan to move to fully integrated operations and systems. The completion of the digital integration work was a key milestone and gives us a stronger platform for future work.

Safety

We remain focused on safety as the foundation of how we operate. Our critical risk programme progresses to embed the right conversations and behaviours. Safety governance and reporting is maturing, and we are seeing better conversations at all levels of the business. The SiteWise Gold certification reflects the strength of the systems in place. The work on culture and safety leadership remains ongoing.

Leadership and governance

Over the past few years, we have lifted the capability of the leadership team markedly. We restructured the team and now have a full complement of the competencies required to take this business forward. New leadership roles have been filled across Assets, Network Delivery, Finance and Digital, giving us the capability we need for the work ahead. We have also developed a leadership framework that sets clear expectations for leadership behaviour at Alpine.

At Board level, we welcomed Tony King, Stephen Lewis, Albert Brantley and Aaron Bethune.

We acknowledge Rebecca Keoghan, who left the Board in 2025. She brought a breadth of experience to the Board and especially contributed to Risk and Health and Safety Management. We will soon be farewelling Karen Coutts, who brings strong local whakapapa links and a principled approach to the Board. Melissa Clark-Reynolds became Chair under difficult circumstances and has led us through the Price Path Correction.

Looking ahead

The Commerce Commission released its DPP4 decision in November 2024 which sets Alpine's revenue and quality levels for the five-year period starting in April 2025. There remains a material gap between the level of expenditure allowed for under DPP4 and the level of investment required over the longer term. We are carefully considering the available regulatory pathways to address this, including whether an application for a Customised Price-quality Path (CPP) may be appropriate to support the prudent investment required. This work will continue into FY26.

We are also progressing an independent review of our capital investment portfolio to ensure there is confidence that the work programme is efficient, targeted, and aligned with good asset management practice. This will support both the Board and shareholders in understanding the level of investment needed and provide assurance to the Commission as part of any regulatory engagement ahead.

At the same time as we work through the regulatory settings, we are continuing to focus on strengthening how the business delivers. Our business plan involves resetting core systems, processes and capability to ensure Alpine is fit for the scale of work ahead. This includes the way we plan and schedule work, manage assets, engage with customers, and run efficient and effective end-to-end delivery across the business. The plan provides a structured pathway to build the maturity and capacity required to support safe, efficient and customer-focused delivery at increasing scale.

What remains clear is that significant network investment will be needed over the coming decade to provide efficient services that maintain safe and reliable supply, replace ageing infrastructure, support industrial growth, and enable electrification. Balancing these pressures will continue to guide both our investment decisions and regulatory engagement as we move into the next phase.

The reset work of FY25 has laid the foundation. FY26 will be about executing the business plan, lifting delivery maturity, and ensuring that Alpine is future fit and positioned to serve its customers and communities well into the future.

Acknowledging our people

Finally, we want to acknowledge and thank the full Alpine team. It has been a year that has asked a lot of our people, with the ongoing work to reset the business, manage the impacts of the historical Information Disclosure error, and continue delivering for customers. Through that, our people have stayed focused, professional, and committed to doing the right thing. As the scale of work grows and the business continues to change, the capability, resilience and engagement of our people remains critical. We are proud of how the team continues to step up and we are confident in the path ahead.

Melissa Clark Reynolds (ONZM)

Chair

Caroline Ovenstone

CEO

Strategic performance overview

In FY25, we continued to progress delivery of our strategy through a period of operational reset, regulatory resolution, and ongoing network investment.

Alpine Strategy

Our purpose: Empowering our vibrant and thriving communities now and for the future

Thriving communities	**Our people and communities are healthy, safe, and thriving**	• Reliable electricity supports thriving families and businesses. • Our people, communities and environment are healthy and safe.
Electricity for all	**All electricity users can access and use electricity they need**	• Electricity is accessible, reliable, and affordable. • Customers engage with us to make informed energy choices and access services that meet their needs.
Resilient and reliable electricity	**Our electricity supply is resilient and adaptive in the face of climate change**	• Resilient and reliable electricity infrastructure and services span the needs of localities and generations. • Our network adapts to, and stands strong in, the face of climate change.
Financial sustainability	**We have the capital and infrastructure to invest and deliver our strategy**	• We have the capital to invest in the future to deliver on our strategy and asset management plan (right place, right time, right solution).

This year's results reflect both the significant one-off impacts of the Price Path Correction and the broader influence of external economic conditions on customer growth, connections activity, and revenue. Across each of our strategic outcomes we have maintained focus on safety, customer service, long-term resilience, financial discipline, and preparing the business to meet the region's future electricity needs.

Thriving communities

Our people and communities are healthy, safe, and thriving

We are committed to ensuring that reliable electricity supports thriving families and businesses. The wellbeing and safety of our people, our customers, and the environment remains at the core of how we operate.

Our programmes this year continued to strengthen safety leadership, improve critical risk management, and build deeper connections with our customers and communities, reflecting our responsibility as both an essential service provider and a partner in regional resilience.

Our safety roadmap

The Safety Roadmap continued to guide our safety journey throughout the year, with a strong focus on our Safety Critical Risks underpinning our approach across the business. Alongside our Stand in the Gap safety cultural programme there has been an uplift in the focus on critical safety controls.

We have further embedded a critical risk approach to all aspects of work planning and delivery. Collaborating with key stakeholders has led to redevelopment of tailgate risk assessment books for use in the field.

A programme to review each of our safety critical risks is underway. So far, four of the 12 critical risks have been reviewed through interactive workshops designed to assess the effectiveness of existing controls and identify improvements where gaps exist. These workshops have deepened understanding of critical risks and controls and empowered our people to take ownership of applying these controls in their daily work.

'Stand in the Gap' - our safety culture programme - remains the cornerstone of fostering a shared responsibility model. Its purpose is to encourage everyone to look out for each other and ensure all return home safely to what they love.

In FY25, we achieved Gold certification with SiteWise, an online prequalification system that assesses and grades health and safety capability. Achieving SiteWise Gold demonstrates we have high-quality health and safety systems in place and listed as a gold-rated business in the database, visible to all PCBUs using SiteWise as a prequalification tool.

Our public safety initiatives continued throughout the year, including targeted advertising campaigns on electricity safety, presentations to local schools, and the establishment of contractor forums that have significantly enhanced safety engagement with businesses working on or near our network. We have also actively participated in community events such as Agricultural Field Days across South Canterbury, promoting electrical safety awareness.

Work has progressed to improve safety governance and reporting. A realigned reporting matrix focusing on positive leading indicators now provides the Board with better insight into how our safety programmes and initiatives impact service delivery and lead to safer outcomes for both our people and the public.

Our annual safety performance results are detailed in the Statement of Performance.

Our people

Our people have navigated a year of challenge in FY25, driven largely from necessary business decisions linked to the impacts of the historical Information Disclosure error. As a result, some elements of our People & Safety Strategy were either not implemented or the implementation was delayed. Unsurprisingly delaying programmes of work which are for the benefit of our people has resulted in lower levels of engagement across the business.

Despite this, we continued to grow the expertise and diverse talents across the businesses by attracting more people to Alpine. Building and developing our employment brand in FY25 has been a key enabler of this. However, to meet the demands of future growth we need to grow existing, and develop new capabilities, so our investment in learning in the coming year is possible by leveraging the full business learning needs analysis completed in quarter 4 of FY25.

Further to the introduction of a holistic wellness programme FullyCharged earlier in 2024, to support our people to be their best: for themselves, their whānau, and the business. We spent time with our people understanding what is important to them when it comes to wellbeing, that led to scoping out this programme with a view to implement in the coming year.

In the latter part of FY25, we worked with people leaders and non-leaders from across our business to explore leadership at Alpine. All this work has fed into the development of our Leadership Framework, providing clarity and a single understanding of Leadership at Alpine. This will be a critical enabler for developing our leaders moving forward, and weaved across our people processes.

FY25 was the second year of conducting the 'Our Voice' survey, which is a full business experience and engagement survey. March 2025 results showed increased participation at 87%, demonstrating our people's commitment to making Alpine a great place to work. Safety again reported strong levels of engagement which is both important and positive to see. Areas of opportunity were identified across Learning & Development and Leadership & Wellbeing. We have worked with our people to understand the results by debriefing results with all our teams and developed action plans to drive improvements at both a department and business level.

AEL Board

5 male directors,
2 female directors

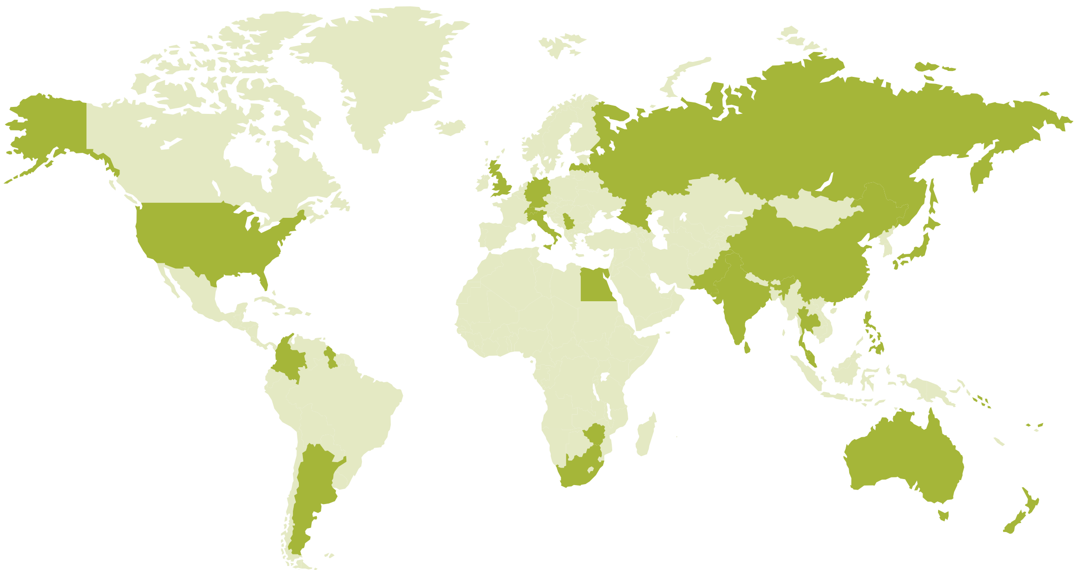
AEL Executive Leadership Team

4 male executives,
3 female executives

AEL Team

162 males,
54 females

Representing 27 countries around the world



Customer engagement

In FY25 we placed greater focus on strengthening relationships and communication with our customers and communities on our work that affects and interests them. Focus areas included pricing, unplanned outages, and disruptions from planned work. Our engagement was informed by customer satisfaction surveys and direct feedback.

Over the past year, we increased our presence at local events, building on the safety focus. Highlights include:

- Hosting a Peel Forest community hui to thank a rural community impacted by major network upgrades in the area.
- Initiating South Canterbury Energy Wellbeing forums to bring together community organisations that help individuals and whānau. We sit on the Timaru Housing First group and participate in the social sector forum for Timaru district.
- Attending South Canterbury sustainability days to provide information about the process for connecting solar and energy efficiency.
- Partnering with external organisations to create resources to support our customer's energy journey towards electrification, energy efficiency, and more affordable power bills.

A focus this year was to improve our community engagement on extended and/or extensive planned power outages. We consulted closely with stakeholders to deliver better outcomes for planned outages, including refreshed processes and guidance on generator use. This has benefits for unplanned outages too. When an unplanned power outage affected the Tekapo and Fairlie regions for 36 hours, they were prepared. Over the year we delivered communication campaigns and events for major projects to keep our customers safe and prepared for planned outages and road closures.

Alongside infrastructure growth, we also continued targeted support for energy wellbeing across vulnerable customers. We funded the EnergyMate programme in Timaru delivered by ERANZ and local community partners. Between January and August 2024, 91 households were approved for in-home energy coaching. Post-visit surveys showed 88% of participants had a better understanding of their energy use.

Deeper engagement with business customers looking to grow or establish industrial processes is critical to ensuring our network planning can support their business needs. We targeted customers in the Washdyke, Timaru, and Timaru Port areas due to the uncertainty and scale of customer growth plans and the scale of network investment to support it. Events with these customers to provide clarity about the planning process and the importance of sharing their future plans and options.

In a separate project, we are collaborating with EECA on a multi-year demonstration project to explore the potential benefits from accessing industrial demand flexibility. Potential outcomes include deferring network investment, incentive/regulatory mechanisms, and use of new technology to enable the coordination.

Sponsorship and community investment

Supporting our communities has long been a fundamental part of who we are. Over the last five years we've proudly contributed to a wide range of events, initiatives, and personal achievements. During FY25 we commenced a re-assessment of priorities and concluded our current sponsorship approach. We honoured our committed sponsorship agreements, supporting 26 community initiatives with a total investment of $137,549.

Customer satisfaction survey

Our customer satisfaction survey stays consistent with previous years at an overall satisfaction score of 50% (2024: 53%).

We continue to increase customer satisfaction with how well we keep them informed about power supply matters as well as strengthening our perception as leaders in safety. Two areas with improvement potential are the value for money and engagement with our rural commercial customers.

These scores provide valuable insights into our customer's evolving expectations for more empowerment, transparency, personalisation and service. With the introduction of CRM, and other process reviews underway, we ensure we are set up to make customer responses easier, faster and more transparent soon. We also streamlined and renewed our complaints process to support a better customer experience for enquiries. We now have dedicated resources and process maps that ensure every complaint is resolved in a timely manner.

Delivering a safe power supply	75% satisfied
Providing a reliable power supply	72% satisfied
Notifying you of planned shutdowns	71% satisfied
Minimising the number of outages	70% satisfied
Overall reliability of power supply	70% satisfied

Best scores: highest percentage of satisfied customers, rating 8-10 on a scale 1-10

Lines charges being good value	20% satisfied
Overall handling of enquiry	20% satisfied
How well we communicate about the things we are doing	19% satisfied
Overall image and reputation	17% satisfied
Dealing with customer issues in a timely manner	17% satisfied

Scores: highest percentage of dissatisfied customers, rating 1-4 on a scale 1-10

Electricity for all

All electricity users can access and use the electricity they need.

We are focused on enabling access to electricity for all who need it, now and into the future. This means investing to support growth, ensuring new connections are available for homes and businesses, and providing pathways for customers to participate in the energy transition through distributed generation, electric vehicle charging, and energy wellbeing initiatives. Our work continues to balance affordability, accessibility, and long-term planning as customer expectations evolve.

Customer activity

The implementation of a Customer Relationship Management (CRM) system this year has provided a framework for building better knowledge and visibility of our customer activities. Customer connection activity reduced from historical levels in the first part of the year due to tough economic conditions, with signs of recovery in the latter part of the year.

New connections decreased to 245 this year, compared with 427 in 2024 due to the economic conditions. Our customer connections expenditure decreased to $1.8 million, and capital contributions and connection fees revenue also declined to $2.9 million; this is noticeably down from previous years. These results reflected the economic downturn in the region and the absence of large new connections or extensions during 2025.

Activity in the commercial/industrial areas is increasing after a slowdown in 2024. In particular the Washdyke area has expanded to the North and East, and development has begun on a number of new sites. Early enquiries have been received about further possible development in these new areas as well as previously developed commercial subdivisions. Ongoing planning and development for large projects, including electrification of process heat, continues.

Smaller residential development activity has reduced, while medium-scale subdivisions have remained steady throughout 2024/25, with notable expansion in Temuka.

Distributed generation

We saw continued growth in the number and capacity of distributed generation (DG) installations across our network this year:

- 156 new solar DG connections (2024: 144)
- 1.05MW additional capacity of solar DG installed (2024: 0.93MW)

This brings total DG connections to 942 with an installed capacity of 5.26MW, mainly comprising rooftop solar arrays. This is approximately 1.5% of our peak network demand.

Residential solar connections on the network are continuing to increase with increasingly larger systems being installed. The average size is approximately 7kW compared to 4kW in 2014 when connections started to grow.

Enquiries from utility-scale solar developers were steady, including re-engagement on initial enquiries made during the Covid period. We have been supporting enquiries for connections of large-scale solar capacity exceeding 30MW.

Electric vehicle charging

Connection activity from providers of commercial electric vehicle (EV) charging has been slow. We connected one new ultra-fast charger at Geraldine, though expect several new high-speed public and commercial charging facilities at multiple points across our network in the coming years.

Resilient and reliable electricity

Our electricity supply is resilient and adaptive in the face of climate change

As the energy system transforms, we continue to invest in building a resilient, reliable network that can adapt to future demand, climate risks, and emerging technologies. Our investment programme strengthens core infrastructure, replaces ageing assets, and integrates data-driven insights to ensure the network remains safe, efficient, and ready to meet both today's and tomorrow's needs across our region.

Network performance

We continued to make solid progress in delivering our programme of work across the network during FY25. Our focus remained on upgrading and replacing critical infrastructure to ensure our network is future-ready. These investments support our customers and communities to make informed energy choices as the energy landscape evolves.

Meeting future energy demands while maintaining a safe and reliable electricity supply is central to our purpose. Our ongoing investment in both the network and our broader business operations ensures we can continue to deliver the dependable service our customers rely on today—and into the future.

We acknowledge that the essential work we carry out can sometimes cause disruption. While we work hard to minimise the impact on our customers, we are grateful for the continued support and understanding shown by our communities as we deliver this important work.

Works programme delivery

In FY25, we invested $30.1 million in network projects, slightly below our budgeted target of $36.3 million. The underspend largely resulted from deferred investment due to a downturn in Customer Initiated Work (CIW) activities. Despite this, FY25 remains one of the highest levels of network investment in our history, reflecting our continued commitment to strengthening and future-proofing our network.

To support the efficient delivery of this growing work programme, we also focused on strengthening internal capability. Enhancements to project management, resource planning, and cross-functional coordination are helping us build a more agile and effective delivery model.

Alongside the following project highlights, we progressed a broad programme of renewal and upgrade works. This included significant investment in overhead line projects, replacement of end-of-life underground substations, upgrades to low-voltage infrastructure such as link and distribution boxes, and the replacement of both overhead and ground-based switchgear.

Project highlights

Washdyke switching station

The $5.83 million Washdyke switching station project involved the construction of a new, sustainably designed 11kV switching station to increase network flexibility and support future upgrades of 11kV and 33kV transformers and cables in the Washdyke industrial area.

The building incorporates a range of sustainable design elements, including recycled hardwood cladding, cross-laminated timber panels for the main structural components, and low-carbon-footprint E-Crete® foundations. Engineered for resilience, the switch-room has been constructed to Importance Level 4 seismic standards and elevated to mitigate flood risk.

As a 'fast follower' in this type of sustainable switch room construction, we were able to draw on the valuable experience of Unison Networks who had implemented a similar design. The switching station is a critical asset in meeting the growing energy demands of South Canterbury's industrial sector –an area increasingly focused on low emission energy– and reflects our commitment to building a resilient and sustainable network for the future.

Timaru overhead line upgrades

The completion of the final stage of this $1.45M project concluded a four-year project to upgrade the overhead line network in Timaru township. This comprehensive upgrade replaced 224 poles and 1,516 crossarms, significantly improving network resilience and capacity. The project has improved reliability for customers by reducing outages caused by aging infrastructure.

Coopers Creek and Arundel projects

The Coopers Creek overhead line project ($1.24M) involved replacing 142 poles, 220 crossarms, seven transformers, and two overhead switches, alongside reconductoring 4.5 kilometres of overhead lines. The Arundel overhead line project ($1.25M) replaced 128 poles, 333 crossarms, 10 transformers, and two overhead switches.

Both projects were delivered concurrently to minimise customer disruption, with support from Network Waitaki crews enhancing field services efficiency. Despite challenges posed by difficult terrain and limited access, strong community cooperation enabled successful delivery. Civil contractors were engaged to accelerate pole installations, optimising use of in-house resources. These upgrades have significantly enhanced network reliability.

St Andrews to Makikihi overhead line upgrade

The St Andrews to Makikihi overhead line upgrade ($650k) replaced 56 poles and 220 crossarms along State Highway 1. This essential work has strengthened the network backbone in this corridor, improving supply reliability and capacity for surrounding communities.

Port Loop ducting project

Completed in partnership with Timaru District Council, the Port Loop ducting project ($990k) involved installing a new ring main unit, 550 metres of four-circuit trefoil ducting, 550 metres of 100mm ducting to support future fibre installations, and 350 metres of 1200mm high-voltage cable.

By closely coordinating with Timaru District Council's industrial load roadway renewal, we strategically aligned works to balance upfront cost efficiency with readiness for future load growth—minimising disruptions and maximising value through a combined infrastructure upgrade programme.

Aoraki Mount Cook equipment installation

This project ($650k) delivered a new ring main unit, transformer, and associated cabling to enhance network reliability and flexibility in this popular tourist area. Completed in close collaboration with the Department of Conservation, this project supports reliable power supply critical to the local economy.

Underground substation replacement

The TE2 underground substation replacement project ($600k) replaced an aging, arc flash risk-prone underground substation located in a confined space. The new substation was relocated above ground following extensive consultation with Timaru District Council and the South Canterbury Museum to avoid impacting nearby heritage sites, including the War Memorial and Historic Church. This upgrade significantly improves network safety and reliability. In addition to TE2, three other complex underground substations were also completed in FY25, further enhancing network safety and resilience.

Bird strike mitigation

The Hayman Road bird strike mitigation project ($150k) replaced nine poles, reconductored lines, and installed bird diverters to reduce outages caused by bird collisions near the Wainono Lagoon. This work will increase the reliability of supply for customers served by this line.

Data and technology

In FY25, we made significant strides in advancing our architectural roadmap, enhancing cyber security and information risk management, and delivering value through a broad range of data-driven initiatives.

Digital amalgamation

A major milestone this year was the successful completion of the Digital Amalgamation project, which unified the Alpine and NETCon domains and systems following our business amalgamation in 2023. This achievement followed six months of meticulous planning and coordination, culminating in a seamless four-day cutover that ensured a smooth transition for our teams.

Architectural roadmap

Building on the successful transformation of our customer and billing systems, we launched a programme to modernise our operating model and supporting systems, with a focus on critical geospatial data that underpins our network and assets. This included the deployment of our first Infrastructure-as-a-Service platform, enabling a best-practice architecture for the Esri ArcGIS Enterprise utility network application. This platform will serve as a future-ready foundation for geospatial asset representation and network connectivity.

We introduced an electronic programme management system, establishing a single source of truth for our work programme. This system has enhanced delivery efficiency and collaboration across the value chain—from project inception through to engineering design, planning, and delivery—with further enhancements planned for FY26.

Additionally, we reached a key milestone in our ERP transformation journey by completing the scoping and selection of a modern, integrated Enterprise Resource Planning (ERP) and Enterprise Asset Management (EAM) system to enable an efficient operating model. Implementation is scheduled to begin in Q2 FY26.

Cyber security programme

Our cyber security capabilities continued to mature with notable improvements in network and firewall security and a major upgrade to our endpoint protection tools. Our Security Operations Centre advanced its automation of threat responses, and we participated in a cyber incident response exercise with Equalise Cyber Security (formerly Vector Technology Services) and three other electricity distribution businesses. This exercise helped refine our incident response plans. We also strengthened our disaster recovery capabilities, demonstrating our ability to maintain services during major disruptions.

Data science, analytics, and innovation

We leveraged data insights to drive improvements across multiple business areas, including customer engagement, works programme delivery, field service productivity, and financial capitalisation.

Key achievements in data-driven asset management included:

- Canterbury lifelines project: Identified critical network assets powering essential community services, enhancing emergency response and community resilience.
- Defect analysis: Provided insights into historical defect rates, priorities, and costs to improve forecasting accuracy for the upcoming financial year.
- Feeder renewal optimisation: Applied analytics to support a more efficient feeder renewal programme.
- Voltage management: Analysed smart meter data to identify and prioritise over- and under-voltage issues.

Our partnership with NIWA progressed with the development of a proof-of-concept project, RiskScape, which uses generative AI and NIWA's supercomputing infrastructure to forecast future risk events. This initiative will provide foresight into operational impacts, economic costs, and mitigation strategies, with delivery expected in FY26.

We also embraced innovation through AI, developing a tool to digitise over 10,000 historical pole inspection records. This initiative provided condition data for 15,000 poles, enabling condition-based asset management decisions for our lifecycle and engineering teams.

Financial sustainability

We have the capital and infrastructure to invest and deliver our strategy

Our long-term financial sustainability underpins our ability to deliver on our purpose. We continue to make the investments required to maintain a safe, reliable network while balancing regulatory compliance, customer affordability, and financial resilience. The decisions taken this year reflect our disciplined approach to managing capital, resetting where needed, and ensuring we are well positioned to deliver for our customers, shareholders, and communities over the long term.

Business performance

FY25 was a challenging financial year for the Group. Our financial results reflect both the successful resolution of the historical Information Disclosure error and the broader impacts of a weaker economic environment on customer activity and revenue.

Lines charge revenue finished slightly below budget at $65.4 million, excluding the adjustment for the errors in historical Information Disclosures. This is primarily due to lower commercial and agricultural consumption. Irrigation volumes, which are sensitive to seasonal weather, were lower than forecast. Other revenue was also below budget, with reduced residential connections and a slowdown in large customer projects contributing to a $3.9 million shortfall.

The adjustment for the errors in historical Information Disclosures resulted in revenue and operating expenses being adjusted by approximately $20 million for customer refunds, former consumers payments, community initiatives, and associated advisory costs. This included returning $16.9 million (excluding GST) to current customers, as well as costs linked to the regulatory investigation and resolution. The remediation process concluded in March 2025.

Operating expenses were below budget. Operating overheads included an $848,000 impairment following the decision to write down the value of the old Alpine Operations Building ahead of investment in a new yard and logistics facility.

While the financial result is materially below budget, some positive outcomes were achieved during the year. Infratec delivered a strong result through the successful completion of the Tonga project. We also invested in system improvements to strengthen our regulatory processes, including a $210,000 project to automate the Regulated Asset Base model.

The Group's net operating loss after tax was $12.1 million.

Capital expenditure was carefully managed to balance network investment needs with the cashflow impacts of the Price Path Correction. Network capital expenditure was delivered within revised budgets at $30.1 million, with some projects shifted into FY26. Non-network capital expenditure was $2.4 million, with several projects deferred, including yard development, vehicle replacements and digital platform investments. These deferred projects remain required and are expected to proceed over the next two years.

The Group's financial structure remains sound, with net external debt finishing below budget at $116.4 million. The Group did not declare dividends in FY25, reflecting the significant capital investment profile required to support network growth and resilience, as well as the cashflow impacts of the remediation.

Despite the financial challenges faced in FY25, the business has reset its regulatory compliance systems, preserved capital flexibility, and remains well positioned to support the significant network investments required over the coming decade.

Investments

We maintain a strategic portfolio of investments that align with our core purpose of delivering reliable, efficient, and future-ready energy solutions. Through joint ventures and wholly owned subsidiaries, we continue to invest in smart technologies, data infrastructure, and sustainable energy solutions that enhance our network capabilities and support long-term value for our customers and stakeholders.

Infratec

$6.7M
Revenue
(FY24: $8.6 million)

$0.6M
Profit after tax
(FY24: $0.4M)

In 2024, Infratec successfully completed its final contract in the Kingdom of Tonga, energising five remote outer islands—Kotu, O'ua, Mo'unga'one, Tungua and Niuafo'ou—with solar and battery microgrids. This milestone concludes a multi-year effort that delivered 1.2 MW of solar generation, 8.7 MWh of battery storage, 18 km of medium-voltage network, and connected 300 new consumers across seven islands. For approximately 1,000 residents in Ha'apai and Niuafo'ou, this marks the first time they have access to 24/7 electricity, unlocking significant social, economic, and health benefits.

On the islands of 'Eua and Vava'u, Infratec's solar and battery projects now supply approximately 28% and 7% of their electricity needs, respectively, reducing diesel consumption by an estimated 2,400 litres annually.

In Indonesia, the New Zealand–Maluku Access to Renewable Energy Support (NZMATES) programme concluded its six-year initiative in 2024. Over the past year, NZMATES played a pivotal role in building capacity within the national utility and educational institutions to support sustainable renewable energy deployment in eastern Indonesia. Following the successful refurbishment of a 75-kW solar and battery microgrid on Pulau Tiga Island, the team continued to monitor performance and assist the utility in embedding sustainable operation and maintenance practices.

NZMATES also advanced its support and development activities with partners, including launching a solar and micro-hydro training lab at the local polytechnic, developing a solar curriculum and business plan support at Pattimura University, and organising the inaugural Maluku Energy Forum. This forum brought together over 200 government and private sector stakeholders, marking a significant step in accelerating the implementation of sustainable energy solutions in Maluku.

These initiatives underscore Infratec's commitment to delivering clean, reliable energy solutions and building local capacity to ensure long-term sustainability in remote island communities.

Pictured above: Pulau Tiga Logistics – community hand-towing genset on wooden rails.
Pictured below: Tungua solar/battery microgrid.

SmartCo

In the past year, SmartCo advanced the commercialisation of its Hiko platform, a low-voltage (LV) data and visualisation solution developed collaboratively with New Zealand electricity distribution businesses (EDBs). Hiko provides enhanced and actionable LV data, enabling EDBs to address network and consumer challenges effectively.

This year, SmartCo secured ScanPower as a customer and conducted successful trials with Northpower and Unison, who are expected to make decisions regarding adoption in FY26. The anticipated increase in scale from these new customers is expected to reduce Hiko costs for all participating EDBs.

Hiko's capabilities have been instrumental in improving network safety, reducing customer inquiries, and enhancing asset efficiency. The platform's continuous development ensures it adapts to evolving needs, assisting New Zealand networks in making informed LV-focused decisions promptly.

As a current user of Hiko, we have integrated its insights into our network planning and operations, leading to more efficient asset utilisation and proactive management of network issues. The platform's user-friendly interface and comprehensive data analytics have empowered our teams to make data-driven decisions, aligning with our commitment to innovation and excellence in service delivery.

Alpine Data Networks

Alpine Data Networks owns and operates three individual backhaul or dark fibre networks, from Rangitata to Glenavy / Waimate, from Tekapo and from Naseby to Clyde / Alexandra. The networks were built between 2011 and 2021 with expected lives of 25 years plus. Annual revenue for FY25 was $908k and customers include Transpower, Chorus and 2degrees.

The Rangitata to Glenavy / Waimate also provides corporate services and SCADA for Alpine using 12 dedicated fibres out of the 96 available fibre-optic cores in the Timaru area.

OnMetering

Alpine Energy holds a 50% shareholding in On Metering Limited (OML), a joint venture with Network Tasman Limited. OML is part of the SmartCo Group and is responsible for the deployment and management of advanced metering infrastructure across parts of our network, including the North Canterbury and Kaikōura regions. These meters support key capabilities such as remote reading, outage detection, and improved power quality monitoring.

Governance and leadership

Board

We welcomed four new Directors to the Alpine Board:

- Tony King joined the Board in November 2024.
- Stephen Lewis joined the Board in November 2024.
- Albert Brantley joined the Board in November 2024.
- Aaron Bethune joined the Board in January 2025.

Melissa Clark-Reynolds, ONZM - Chair

Melissa became a Futurist and Professional Director after 25 years' experience as a technology entrepreneur and CEO of a number of technology companies. Melissa works with companies to understand the future and become resilient, while shaping the kind of world they want. She has a particular focus in sustainable business models and decarbonisation. Melissa received the ONZM for Services to Technology in 2015. She joined the Board in July 2021, became Chair in April 2024. Melissa has now resigned and will leave the Board at the end of August 2025.

Tony King

Tony has held a variety of roles as director and chair over the last 18 years and is a Chartered Member of the IoD. He is currently Chair of MainPower NZ Ltd, a director of RBL Property Ltd and is also an independent director for Barrhill Chertsey Irrigation. Tony has held senior management positions as CEO of Red Bus and Solid Energy and has a particular interest in infrastructure, renewable energy and has a longstanding connection to farming through his wider family. Tony is based in Wellington and joined the Board in November 2024.

Stephen Lewis

Stephen has over 45 experience in the electricity supply industry and is a director and business consultant. He has held governance positions in the commercial and not-for-profit sectors, including the arts sector.

He held executive directorships, senior executive and senior operation and strategic planning roles in the electricity supply industry in the UK, USA, Australia, South America and NZ. Stephen is based in Christchurch and joined the Board in November 2024.

Karen Coutts

Karen is a passionate thought leader and advisor, she brings extensive governance experience gained from working across the public, not-for- profit, and private sectors. With her in-depth expertise, Karen brings a unique combination of skills, most recently in value-add opportunities for New Zealand of Māori economic development, and maximising environmental sustainability and socio-economic inclusion. Karen aspires to a sustainable, long-term future both socially and economically for New Zealand, underpinned by Māori and whānau success. She is committed to best practice governance. She is based in Wellington and joined the Board in July 2022 and has now resigned from the Board effective end of July 2025.

Kevin Winders

Kevin has spent a lot of time in South Canterbury over his executive and governance career and has a good knowledge of the region and its key industries. Kevin has had firsthand experience with Pyne Gould Guinness, Silver Fern Farms, Fonterra, New Zealand Merino Company, and Timaru Port. Experienced within New Zealand's infrastructure and electricity sectors, Kevin was Chief Operating Officer of United Electricity when they were sold to United, where, for two years, he worked on moving retail businesses across from lines companies throughout New Zealand to Contact Energy's retail arm. Kevin is based in Twizel and joined the Board in July 2022.

Albert Brantley

Albert is a trained engineer and geologist who has lead the development of numerous major international oil and gas, mining and power developments, including providing board governance for over 25 years. He is a Chartered Fellow of the Institute of Directors.

In New Zealand he has held Chief Executive roles with Ōtākaro Limited, Genesis Energy, Oceana Gold Ltd and L&M Mining Ltd. Albert now concentrates on governance roles in the primary production, services and transport sectors, and joined the Board in November 2024.

Aaron Bethune

Aaron Is a chartered member of the Institute of Directors, Director on Timaru District Holdings Limited and prior Trustee of the Spirit of Adventure Trust. Aaron is a seasoned commercial, business development, M&A and finance executive, including executive roles at Waipa Networks, Ruakura Energy (Tainui Group Holdings subsidiary) and Balle Bros.

Aaron is based in Cambridge and joined the Board as a TDHL shareholder Director in January 2025.

Executive leadership team

We have welcomed the following to the executive leadership team:

- Chirag Desai as Chief Assets Officer joined in January 2025.
- John Campbell as Chief Network Delivery Officer joined in January 2025.
- Clive Smith as Chief Financial Officer joined in May 2025.
- Jessica McDonald as Acting Chief Digital Officer in March 2025 and appointed Chief Information Officer in June 2025.

Caroline Ovenstone

Chief Executive Officer

Clive Smith

Chief Financial Officer

Andrew Kerr

Chief Customer & Strategy Officer

Susan Lowe

Chief People & Safety Officer

Chirag Desai

Chief Assets Officer

John Campbell

Chief Network Delivery Officer

Jessica McDonald

Chief Information Officer

Alpine Energy Limited
Consolidated Financial Statements

For the Year Ended 31 March 2025

Contents

For the year ended 31 March 2025

Directors' Report

31 March 2025

The Directors present their report, together with the consolidated financial statements of the Group, being the Company and its controlled entities, for the financial year ended 31 March 2025.

Principal activities

Alpine Energy Limited (the Company) owns and operates the electricity distribution network that distributes power to South Cantabrians. The Group, comprising Alpine Energy Limited, its subsidiaries and associated entities, undertakes asset management and electrical contract services.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Information on Directors

The Board is the governing body of Alpine Energy Limited and currently has seven members. The Board is appointed by Shareholders to oversee the management of the Company and is responsible for all corporate governance matters. The Board endeavours to ensure that the activities undertaken are carried out in the best interests of all Shareholders, while respecting the rights of other stakeholders. The Board met thirteen times during the year.

The names of each person who has been a Director during the year and to the date of this report are:

Parent

Melissa Clark-Reynolds (Chair)
Karen Coutts
Kevin Winders
Albert Brantley (appointed on 20 November 2024)
Stephen Lewis (appointed on 20 November 2024)
Tony King (appointed on 20 November 2024)
Aaron Bethune (appointed on 01 January 2025)
Warren McNabb (resigned on 14 April 2024)
Linda Robertson (resigned on 23 May 2024)
Rebecca Keoghan (resigned on 31 December 2024)

Subsidiaries

Infratec Limited and Infratec Renewables (Rarotonga) Limited
Caroline Ovenstone

Joint venture

On Metering Limited
Caroline Ovenstone (appointed on 22 August 2024)
Andrew Stanton
Marisca Mackenzie (resigned on 22 August 2024)

Associates

SmartCo Limited
Garth Dibley
Oliver Kearney
Caroline Ovenstone
Benjamin Kepes (appointed on 17 February 2025)
Rachael Watt (appointed on 02 April 2025)
Jason Franklin (resigned on 02 April 2025)
James Quinn (resigned on 31 March 2025)
Kavinesh Singh (resigned on 17 April 2025)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Operating results

Group operating revenue of $63.869 million was achieved for the year ($80.771 million prior to $16.902 million adjustment regarding errors in the historical Information Disclosures (Price Path Correction), see Note 5 for further details), 26% lower than the previous year.

The Group loss before income tax for the year was $16.783 million, 272% less than the previous year profit.

The loss from operations of the Group amounted to $12.055 million (2024 Profit: $5.254 million)

	2025	2024
	000's	000's
	$	$
Profit/(Loss) before income tax	(16,783)	9,752
Income tax benefit/(expense)	4,728	(4,498)
Profit/(Loss) from operations	(12,055)	5,254

Dividends paid or recommended

- No dividends have or will be paid.

Significant changes in state of affairs

On 6th May 2024, Alpine Energy Limited amalgamated with its subsidiary Power Services 2022 Limited.

The Commerce Commission's investigation regarding the errors in the historical Information Disclosures (Price Path Correction) was completed in March 2025. Remediation costs are included in the FY25 results.

Share capital

Total issued and paid up share capital as at 31 March 2025 was 41,328,017 ordinary fully paid shares. There have been no movements in share capital during the year.

Return on Shareholders' equity and state of affairs

The Group's loss after income tax attributable to the Shareholders for the year ended 31 March 2025 represents -7% (2024: 3% profit) return on average total Shareholders' equity.

The Directors believe, on reasonable grounds, that they have a proper understanding of the Company’s affairs. Having considered the nature of the Company’s business and the classes of business in which it has an interest, they are satisfied that the state of the Company’s affairs is sound and that no circumstances exist which would materially prejudice the Company's ability to continue operating effectively.

Corporate governance

The Group operates under a set of corporate governance principles designed to ensure the Group is effectively managed.

Operation of the Board

Responsibilities

The Board is responsible for the management, supervision and direction of the Company. This incorporates the long-term strategic financial plan, strategic initiatives, budgets and policy framework. The Board has developed and maintains clear policies which define the individual and collective responsibilities of the Board and Management.

Risk Committee

The Risk Committee oversees the identification, assessment, and mitigation of risks across the company’s operations, including market volatility, regulatory changes, environmental hazards, operational disruptions, and cyber threats. It provides strategic guidance to the Board and management, ensuring risks are managed within acceptable levels to support operational stability and long-term sustainability.

Health, Safety & Wellbeing Committee

The Health, Safety & Wellbeing Committee supports the Directors in meeting their health and safety responsibilities, ensuring compliance with governance guidelines and demonstrating a strong commitment to workplace safety.

People Performance & Culture Committee

The People Performance and Culture Committee assists the Board in fulfilling its responsibilities related to remuneration recommendations, performance targets, and the review of the company's superannuation and pension schemes. It also oversees broader people and culture-related matters.

Finance Committee

The Finance Committee oversees the Board's responsibilities for financial reporting, tax planning, regulatory compliance, and treasury management. It also serves as a formal platform for open communication between the Board, Alpine’s internal and external auditors, and management.

Use of Company information

There were no notices from Directors of the Company requesting to use Company information received in their capacity as Directors which would not otherwise have been available to them.

Directors' remuneration and benefits from the Company

No payments or benefits of a pecuniary value were received by any officers of the Company during the financial year.

Management are not compensated through Directors remuneration for Directors roles within the Group.

The following table of benefits and payment details, in respect to the financial year, the components of Directors' remuneration for each Director of the Group:

	Parent	**Total**
2025	$	**$**
Directors		
Warren McNabb	3,981	**3,981**
Linda Robertson	9,952	**9,952**
Melissa Clark-Reynolds	100,468	**100,468**
Rebecca Keoghan	44,310	**44,310**
Karen Coutts	58,112	**58,112**
Kevin Winders	59,139	**59,139**
Albert Brantley	25,136	**25,136**
Stephen Lewis	25,136	**25,136**
Tony King	25,136	**25,136**
Aaron Bethune	14,750	**14,750**
	366,120	**366,120**

Employee Remuneration

Remuneration range	Number of Employees
$100,000 - $109,999	27
$110,000 - $119,999	24
$120,000 - $129,999	17
$130,000 - $139,999	11
$140,000 - $149,999	15
$150,000 - $159,999	10
$160,000 - $169,999	9
$170,000 - $179,999	6
$180,000 - $189,999	11
$190,000 - $199,999	3
$200,000 - $209,999	3
$210,000 - $219,999	1
$300,000 - $309,999	1
$330,000 - $339,999	1
$350,000 - $359,999	2
$610,000 - $619,999	1

In the second half of FY24, NETcon Limited was amalgamated with Alpine Energy Limited, this has required changes to support the new organisation. Across the business a requirement for new skills and capabilities, along with being a larger combined organisation has resulted in the number of roles within remuneration bands. This includes a restructured Executive Leadership Team (ELT), established to lead Alpine through change. New executive roles have been created, sized and benchmarked against market data as per Alpine's Remuneration policy.

As part of these changes, the combined executive leadership structures of both entities were reviewed and restructured, reducing the number of executive roles (including CEOs) from 12 to 7 executives, including a single CEO. The Chief Executive Officer (CEO) role of the new combined organisation was resized in early FY25, and associated backpay was processed.

Remuneration banding is based on actual earnings, and as such may be impacted by overtime worked in response to outages, network maintenance, or project-related activities.

Auditors

In accordance with Section 45 of the Energy Companies Act 1992, the Auditor-General is responsible for the audit of Alpine Energy Limited. In accordance with Section 29 of the Public Finance Act 1977, the Auditor-General has contracted the audit of Alpine Energy Limited to Elizabeth Adriana (Adri) Smit, using the staff and resources of PwC. The audit fee for the consolidated financial statements for the Group for the year ended 31 March 2025 is $285,157 (2024: $247,737).

Directors' and CEO disclosure of interests as at 31 March 2025

Name	Name of Company/Entity	Interest
Melissa Clark-Reynolds	Aofrio Limited	Director
	Future Bees Trust	Trustee
	Lean Meats Limited	Director
	NZ Centre for the Future Limited	Director
	NZ Centre for the Future Limited	Shareholder
	Purple Dragon Limited	Director
	Purple Dragon Limited	Shareholder
	Weta workshop Limited	Director
Karen Coutts	Environmental Protection Authority	HSNO Committee Member
	Financial Advice Code Committee	Member
	New Zealand Parole Board	Member
	Ngai Tahu	Member
	Resource Management Act	Commissioner
	Te Puna Tahua Lottery Grants Board	Board Member
	Te Puawaitanga ki Otautahu Trust	Chair
	Te Runanga o Moeraki	Member
	Te Runanga o Waihao	Member
	Teaching Council	Board Member
	Transparency International NZ	Member
Kevin Winders	NZ Cruise Association	Board Member
	Port Otago Limited	Chief Executive
Aaron Bethune	Bethune Consulting Limited	Director
	Bethune Consulting Limited	Shareholder
	Bethune Family Trust	Trustee
	Ruakura EDB GP Limited (Ruakura Energy)	Business Manager
	Tainui Group Holdings	Ruakura Energy Business Manager
	Timaru District Holdings Limited	Independent Director

Name	Name of Company/Entity	Interest
Albert Brantley	Amethyst Hydro Limited	Director
	Ballance Agri-Nutrients Limited	Independent Director
	ElectroNet Consulting UK Limited	Director
	ElectroNet Services Limited	Director
	ElectroNet Technology Limited	Director
	FarmRight Limited	Chair/Independent Director
	H.W. Richardson Group Limited	Chair/Independent Director
	Local Government New Zealand	Director of Independent Assessment Board
	Mitton ElectroNet Limited	Director
	Waitaha Hydro Limited	Director
	Westpower Limited	Director
Stephen Lewis	Aurora Energy Limited	Director
	Electricity Invercargill Limited	Chair
	Greenpower NZ Limited	Director
	MainPower NZ Limited	Director
	Mount Cass Windfarm Limited	Director
Tony King	Barrhill Chertsey Irrigation Limited	Director
	GreenPower NZ Limited	Director
	MainPower New Zealand Limited	Chair
	Mt Cass Windfarm Limited	Director
	Option One Limited	Director
	Option One Limited	Shareholder
	RBL Property Limited	Chair
Caroline Ovenstone	Infratec Limited	Director
	Infratec Renewables (Rarotonga) Limited	Director
	On Metering Limited	Director
	SmartCo Limited	Director

Indemnification and insurance of Directors and Officers

The Company continues to indemnify all Directors named in this report against any liability to any person other than the Company or a related Company for any act done or omission made in a Director's capacity as a Director of the Company, and all costs incurred in defending or settling any claim or proceedings related to such liability, unless the liability is a criminal liability for breach of Section 131 of the Companies Act 1993.

During the year the Company paid insurance premiums in respect of Directors and Officers liability insurance. The policies do not specify the premium for individual Directors and Officers.

The Directors' and Officers' liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or a related entity) incurred in their position as Director or Officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

Signed in accordance with a resolution of the Board of Directors:

Director: .... Director: ....

Dated this ....27.............. day of ....June.............. 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2025

	Note	2025 000's $	2024 000's $
Revenue and other income		**80,771**	86,108
Price path correction		**(16,902)**	-
Net revenue and other income	5	**63,869**	86,108
Expenses	6		
Transmission costs		**(13,116)**	(12,651)
Depreciation and amortisation		**(14,480)**	(13,647)
Gain/(Loss) on disposal of assets	14	**(969)**	(872)
Reversal of impairment / (Impairment loss)	14,18	**(902)**	(338)
Contract services		**(9,544)**	(15,032)
Employee benefits		**(19,454)**	(16,329)
Other operating expenses	6	**(12,023)**	(11,226)
Price path correction	6	**(3,259)**	-
Total expenses		**(73,747)**	(70,095)
Operating surplus/(loss)		**(9,878)**	16,013
Finance costs	5.2	**(7,000)**	(6,469)
Finance income	5.1	**29**	19
Share of total comprehensive income of equity-accounted joint ventures	17	**66**	189
Profit/(Loss) before income tax		**(16,783)**	9,752
Income tax benefit/(expense)	7	**4,728**	(4,498)
Profit/(Loss) from operations		**(12,055)**	5,254
Other comprehensive income, net of income tax			
Items that will be reclassified to profit or loss when specific conditions are met			
Fair value movements on hedge reserve (net of tax)	30	**(416)**	291
Hedging gains/(losses) reclassified to profit or loss (net of tax)	30	**(409)**	(762)
Fair value movements on foreign currency translation reserve (net of tax)	30	**(265)**	90
Other comprehensive income/(loss) for the year, net of tax		**(1,090)**	(381)
Total comprehensive income/(loss) for the year		**(13,145)**	4,873

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2025

	Note	31 March 2025 000's $	31 March 2024 000's $
Assets			
Current Assets			
Cash and cash equivalents	8	**1,745**	848
Trade and other receivables	9	**11,983**	9,418
Inventories	10	**7,674**	8,569
Derivative instruments in designated hedge accounting relationships	30	**-**	479
Current tax receivable	21	**659**	-
Construction work in progress	12	**680**	3,632
Assets held for sale	13	**-**	1,260
Total Current Assets		**22,741**	24,206
Non-Current Assets			
Property, plant and equipment	14	**340,723**	323,649
Investment property	15	**2,230**	2,230
Investment in joint ventures	17	**1,661**	1,595
Investments in associates		**234**	234
Derivative instruments in designated hedge accounting relationships	30	**188**	1,040
Loans and advances	11	**1,882**	2,307
Intangible assets	18	**1,660**	1,859
Right-of-use assets	19	**5,413**	6,252
Total Non-Current Assets		**353,991**	339,166
Total Assets		**376,732**	363,372
Liabilities			
Current Liabilities			
Trade and other payables	20	**27,926**	10,534
Current tax payable	21	**-**	170
Contract liabilities	22	**340**	477
Lease liabilities	19	**1,076**	1,045
Employee benefits	23	**2,228**	2,114
Derivative instruments in designated hedge accounting relationships	30	**94**	-
Total Current Liabilities		**31,664**	14,340
Non-Current Liabilities			
Borrowings	25	**118,149**	102,860
Deferred tax liabilities	21	**35,933**	41,189
Contract liabilities	22	**1,820**	1,968
Lease liabilities	19	**5,016**	5,868
Derivative instruments in designated hedge accounting relationships	30	**315**	167
Total Non-Current Liabilities		**161,233**	152,052
Total Liabilities		**192,897**	166,392
Net Assets		**183,835**	196,980
Equity			
Issued capital	26	**41,328**	41,328
Reserves		**4,504**	6,839
Retained earnings		**138,003**	148,813
Total equity attributable to equity holders of the Company		**183,835**	196,980
Total Equity		**183,835**	196,980

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

2025

	Note	Ordinary Shares 000's $	Asset Revaluation Reserve 000's $	Foreign Currency Translation Reserve 000's $	Hedging Reserve 000's $	Retained Earnings 000's $	Total 000's $
Balance at 1 April 2024		**41,328**	**5,723**	**263**	**853**	**148,813**	**196,980**
Loss attributable to equity holders of the Company		**-**	**-**	**-**	**-**	**(12,055)**	**(12,055)**
Total other comprehensive income for the year		**-**	**-**	**(265)**	**(825)**	**-**	**(1,090)**
Transfer on disposal of land		**-**	**(1,245)**	**-**	**-**	**1,245**	**-**
Transactions with owners in their capacity as owners							
Dividends paid or provided for	24	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2025		**41,328**	**4,478**	**(2)**	**28**	**138,003**	**183,835**

2024

	Note	Ordinary Shares 000's $	Asset Revaluation Reserve 000's $	Foreign Currency Translation Reserve 000's $	Hedging Reserve 000's $	Retained Earnings 000's $	Total 000's $
Balance at 1 April 2023		41,328	5,723	173	1,324	144,551	193,099
Profit attributable to equity holders of the Company		-	-	-	-	5,254	5,254
Total other comprehensive income for the year		-	-	90	(471)	-	(381)
Transactions with owners in their capacity as owners							
Dividends paid or provided for	24	-	-	-	-	(992)	(992)
Balance at 31 March 2024		41,328	5,723	263	853	148,813	196,980

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Note	2025 000's $	2024 000's $
Cash flows from operating activities:			
Receipts from customers		**81,668**	83,126
Payments to suppliers and employees		**(56,253)**	(55,567)
Interest received		**29**	19
Interest paid		**(6,335)**	(6,355)
Income taxes paid		**(934)**	(2,489)
Net GST (paid)/received		**(1,094)**	33
Net cash provided by operating activities	34	**17,081**	18,767
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		**1,500**	-
Purchase of property, plant and equipment		**(31,807)**	(29,734)
Purchase of intangible assets		**(340)**	(651)
Payment for investment in SmartCo		**-**	(19)
Loans to related parties - proceeds from repayments		**425**	425
Net cash used in investing activities		**(30,222)**	(29,979)
Cash flows from financing activities:			
Net drawdowns from borrowings		**15,289**	14,665
Dividends paid by parent entity		**-**	(1,984)
Payment of lease liabilities		**(1,348)**	(1,471)
Net cash provided by financing activities		**13,941**	11,210
Effect of exchange rate changes		**97**	(118)
Net increase/(decrease) in cash and cash equivalents held		**897**	(120)
Cash and cash equivalents at beginning of year		**848**	968
Cash and cash equivalents at end of financial year	8	**1,745**	848

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2025

1. General information

The consolidated financial report covers Alpine Energy Limited and its controlled entities ('the Group'). Alpine Energy Limited is a limited liability company, incorporated and domiciled in New Zealand.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in New Zealand dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 27 June 2025.

Comparatives are consistent with prior years, unless otherwise stated.

2. Basis of preparation

Alpine Energy Limited is a Company registered under the Companies Act 1993 and an Energy Company under the Energy Companies Act 1992. The financial statements of the Group have been prepared in accordance with the requirements of the Financial Reporting Act 2013, the Energy Companies Act 1992, and the Companies Act 1993. In accordance with the Energy Companies Act 1992, Group financial statements are prepared and presented for Alpine Energy Limited and its subsidiaries. Separate financial statements for Alpine Energy Limited are no longer required to be prepared and presented.

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as applicable for for-profit entities. The consolidated financial statements also comply with International Financial Reporting Standards Accounting Standards ('IFRS Accounting Standards'). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment property, and financial assets and financial liabilities at fair value through profit or loss and fair value through OCI. The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The consolidated financial statements of the Group have been prepared on a going concern basis. The Group is in a net current liability position as at 31 March 25 with $8.923M falling due within the next 12 months. Remediation costs associated with the errors in the historical Information Disclosures (Price Path Correction) have been included in the FY25 results, increasing the current liabilities. With future forecasts and an increase in the borrowing facility (see Note 25 Borrowings) to meet payments as they fall due, the Directors believe there is sufficient funding to support the going concern assumption.

These consolidated financial statements comply with IFRS Accounting Standards as issued by the International Accounting Standards Board.

3. New accounting standards

The following new standard was applied during the year:

- Amendments to NZ IAS 1: The amendments clarify that only covenants required to be met on or before the reporting date impact whether a liability is classified as current or non-current. This holds even if covenant compliance is assessed after the reporting date.

Entities must also disclose more information when their ability to defer settlement for at least 12 months depends on meeting covenants after the reporting date. Required disclosures include:

- the nature and timing of the covenants.
- the carrying amount of related liabilities.
- any indicators of potential non-compliance.

These changes must be applied retrospectively.

- FRS-44: New Zealand Additional Disclosures: As part of the Group's financial reporting practices, FRS-44: New Zealand Additional Disclosures has been applied. FRS-44 sets out the New Zealand-specific disclosure requirements exceeding the IFRS requirements. These additional disclosures include but are not limited to, information about dividends, imputation credits, and audit fees. The application of FRS-44 has not had a material impact on the measurement of figures reported, but it does enhance the presentation and disclosure in the financial statements to ensure compliance with New Zealand-specific requirements.

No other new standards, amendments or interpretations that have been issued and are effective have had a significant impact on the Group in the current consolidated financial statements.

The following new standards are not yet effective:

- NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18) was issued in May 2024 as replacement for NZ IAS 1 Presentation of Financial Statements (NZ IAS 1). Most of the presentation and disclosure requirements would largely remain unchanged together with other disclosures carried forward from NZ IAS 1 (e.g., capital management, debt covenants. etc.)
NZ IFRS 18 primarily introduces the following:

- a defined structure for the statement of profit or loss and other comprehensive income by classifying items into one of the five categories: operating, investing, financing, income taxes and discontinued operations. Entities will also present expenses in the operating category by nature, function, or a mix of both, based on facts and circumstances;
- disclosure of management-defined performance measures (a subset of non-GAAP measures) in a single note together with reconciliation requirements, and
- additional guidance on aggregation and disaggregation principles (applied to all primary financial statements and notes).

NZ IFRS 18 also made limited changes to certain presentation and disclosure requirements in the financial statements, e.g., NZ IAS 7 Statement of Cash Flows; as well as consequential changes to various NZ IFRS Accounting Standards.

NZ IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027 and entities could early adopt this accounting standard. The Group expects to adopt NZ IFRS 18 and relevant consequential changes of other accounting standards in the 2028 consolidated financial statements. The Group is currently assessing the impact and will disclose more detailed assessments in the future.

Summary of material accounting policies

3.1. Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these consolidated financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a March financial year end.

A list of controlled entities is contained in Note 16 to the consolidated financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

The results of subsidiaries acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income (OCI) from the effective date of the transaction.

Joint arrangements

Joint ventures are those joint arrangements which provide the venturer with rights to the net assets of the arrangements. Interests in joint ventures are accounted for using the equity method. Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the venturer’s share of losses of a joint venture equals or exceeds its interest in the joint venture, the venturer discontinues recognising its share of further losses.

The venturer’s share in the joint ventures gains or losses arising from transactions between a venturer and its joint venture are eliminated.

Adjustments are made to the joint ventures' accounting policies where they are different from those of the venturer for the purpose of the consolidated financial statements.

Associates

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with NZ IAS 28 Investments in Associates and Joint Ventures. Under this method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

3.2. Revenue and other income

Revenue from contracts with customers

The core principle of NZ IFRS 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognise revenue as and when control of the performance obligations are transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

No material revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Network lines services

The Group provides network lines services to customers allowing connection to the wider distribution network. Such services are recognised as performance obligations satisfied over time as the customers simultaneously receive and consume the benefits of the service. Revenue is recognised as the service is being provided.

Network lines revenue is determined in line with the requirements of Part 4 of the Commerce Act 1986 and the Default Price Quality Path. Pricing includes a transmission, distribution and pass-through component reflecting the operation of the network. Alpine Energy allocates distribution and transmission costs to load groupings. Prices are reviewed and reset annually, before the start of the financial year, based on the forecast allowable revenue as determined in accordance with the Commerce Commission's Default Price-Quality Path Determination.

Payment is due in respect of the network lines service in the month following the service being provided. A receivable is recognised by the Group reflecting the amount owing for services provided.

A time-based output method is used in measuring revenue which reflects Alpine Energy's performance towards complete satisfaction of the underlying performance obligation of providing network lines services for a contracted period of time.

For large direct use customers where an up-front contribution has been paid in relation to delivery of network services for a dedicated network asset, this is considered to be "prepaid network lines services revenue" for which a contract liability is recognised on a straight-line basis over the estimated useful life of the dedicated commission network asset.

Contracting revenue

Contracting revenue relates to income derived from the design and construction of network infrastructure in New Zealand and the wider Pacific Region. Contracts entered into may be for one or several interlinked pieces of infrastructure.

Such design and construction works are recognised as a single performance obligation satisfied over time using the percentage of completion method. At balance date an assessment is made of the percentage completed and costs associated with the work performed to date relative to the total forecast cost to complete. At the point at which a contract is expected to be loss making, impairment testing will be performed before any onerous provision is recognised.

Warranties relating to design and construction work cannot generally be purchased separately and serve as an assurance that the construction work complies with agreed specifications. Accordingly, warranty considerations are assessed in line with NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Pricing is determined with reference to the time and materials associated with a specific construction contract and is based on the level of activity required for completion. Payment is due in respect of the design and construction works on a percentage completion basis over the contract term. A receivable is recognised by the Group when a contractual milestone is met. If the revenue recognised by the Group exceeds the amount billed, a contract (work in progress) asset is recognised. If the amount billed exceeds the revenue recognised, a contract (work in progress) liability is recognised.

Revenue in relation to variations, such as a change in scope of the contract, are only included in the transaction price when it is approved by both parties to the contract, the variation is enforceable, and the amount becomes highly probable.

Capital contributions

Customer contribution revenue relates to contributions received from customers (other than delivery service customers who are directly contracted) towards network extensions. For standard extensions pricing is fixed and customer contributions are recognised as revenue at the point in time the new extension is connected to the network.

The Group also receives customer contributions for larger network extensions which involve relocation of existing assets and construction of assets specific to the customer's requirements. For these types of contracts the Group recognises revenue over time.

For both types of customer contribution contracts, the customer's supply of electricity is contracted separately, interposed through a retailer. Any subsequent supply of electricity is therefore excluded from the performance obligations of the customer contribution contracts.

Connection fees

The Group provides electrical connection services to customers to support and provide a connection to the wider distribution network. Such contracts are not considered to have an enforceable right to payment for the performance completed until the connection is complete, and recognised as a single performance obligation at a point in time when the electrical connection work is complete.

Pricing is determined with reference to the time and materials associated with a specific contract for electrical work and is based on the level of activity required to enable a connection. Payment is generally based on a 50% deposit and the remainder due at the completion of the connection. A trade receivable is recognised by the Group reflecting the amount owing for services provided.

Meter revenue

Meter revenue for rental of meters is recognised over the period of the rental agreements.

Price path correction

The remediation costs associated with the errors in the historical Information Disclosures (Price Path Correction) have been included in the FY25 results. Refer to note 4.4 for further details.

Consolidated statement of financial position balances relating to revenue recognition

Contract assets and liabilities

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Group presents the contract as a contract asset, unless the Group's rights to that amount of consideration are unconditional, in which case the Group recognises a receivable.

When an amount of consideration is received from or billed to a customer prior to the entity transferring a good or service to the customer, the Group presents the contract as a contract liability.

Construction work in progress

Construction work in progress is the gross unbilled amount expected to be collected from customers for work performed to date.

Construction work in progress is valued at cost, plus profit recognised to date less any provision for expected credit loss due to application of NZ IFRS 15 and NZ IFRS 9. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred revenue in the consolidated statement of financial position.

3.3. Income Tax

Current income tax expense

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) and does not give rise to equal taxable and deductible temporary differences.
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

3.4. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3.5. Goods and services tax (GST)

The income statement has been prepared so that all components are stated exclusive of GST.

All items in the balance sheet are stated net of GST, with the exception of trade receivables and payables, which include GST invoiced.

3.6. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

3.7. Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Assets classified as held for sale and any associated liabilities are presented separately in the consolidated statement of financial position.

3.8. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Land and buildings

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity (at least every 3 years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserves in shareholders' equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and debited against revaluation reserve directly in equity; all other decreases are charged to the profit or loss. The revaluation surplus recognised in the revaluation reserve is transferred directly to retained earnings when the surplus is realised, usually when the asset is de-recognised.

Land is not depreciated.

Property, plant and equipment (excluding land and buildings)

Plant and equipment are measured using the cost model. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

Property, plant and equipment, excluding land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Network reticulation system	0.00% - 28.00%
Meters and relays	2.22% - 8.33%
Plant and equipment	1.43% - 67.00%
Fibre	2.90% - 6.67%
Land and buildings	0.00% - 33.33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

3.9. Investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Fair value is based on valuations performed by registered and qualified independent valuers. Valuations are performed with sufficient regularity (at least every 3 years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Rental income from investment property is recognised as other income over the term of the lease.

3.10. Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise loans and advances, trade and other receivables, and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Group does not currently hold any equity instruments at fair value through other comprehensive income.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments).

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in NZ IFRS 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in expenses. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in NZ IFRS 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

Hedge accounting

The Group chooses to apply hedge accounting for certain derivatives held which meet the following criteria:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;
- the hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exists between the hedged item and the hedging instrument, credit risk does not dominate the fair value changes; and
- the hedge ratio is designated based on actual quantities of the hedged item and hedging instrument.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI - hedge reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item from the inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in OCI.

The Group uses these contracts to lock in the cash flows associated with the cost of non-financial assets and the income / expenses relating to foreign currency transactions.

If a highly probable forecast transaction results in the recognition of a non-monetary asset or where a cash flow hedge of a hedged forecast transaction for a non-financial asset / liability becomes a firm commitment to which fair value hedge accounting is applied, the cumulative loss / gain is added to / subtracted from the cost of the asset acquired (basis adjustment).

In other cases, the cumulative gain or loss recognised in the hedge reserve is reclassified to profit or loss at the same time as the hedged item affects profit or loss.

If a forecast transaction is no longer considered highly probable but the forecast transaction is still expected to occur, the cumulative gain or loss recognised in other comprehensive income to date is recognised in profit or loss as per above. Subsequent changes in the fair value of the derivative are recognised in profit or loss. If the Group closes out its position before the transaction takes place, the cumulative gain or loss is recognised as above if the transaction is expected to take place. If the hedged transaction is no longer expected to occur, then the cumulative gain or loss in the hedge reserve is reclassified to profit or loss immediately.

Fair value hedges

Where derivatives are used to hedge exposure to fair value movements (for example interest rate swaps), then the hedged item is remeasured to take into account the gain or loss attributable to the hedged risk with the gains or losses arising recognised in other comprehensive income. Amounts accumulated in equity are reclassified and recognised within the consolidated statement of profit and loss in the periods when the hedged item affects profit or loss.

3.11. Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless of goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

3.12. Intangibles

Easements

Assets sited on easements will normally be renewed at the end of their economic life in the same location that they are currently housed. On this basis the easement itself has an indefinite life. Easements are recorded at cost and are tested annually for any sign of impairment and whenever there is an indicator of impairment.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of five years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.13. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.14. Leases

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

3.15. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in employee entitlements in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. The liability for employee entitlements is carried at the present value of the estimated future cash flows.

The Group has no post-employment schemes.

3.16. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of Management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used (if applicable) is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount (if applicable) is taken to finance costs in the consolidated statement of profit or loss and other comprehensive income.

3.17. Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- financial assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

3.18. Trade receivables

Trade receivables are amounts due from customers for items sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.19. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

3.20. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

3.21. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

3.22. Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Board.

4. Critical Accounting Estimates and Judgments

The Directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The critical estimates and judgements made have been described below.

4.1. Depreciation of useful lives of network property, plant and equipment

The depreciation rates for network reticulation assets are based on those outlined in the ODV Handbook published by the Commerce Commission in 2004, and are considered a reasonable estimate of their useful lives.

4.2. Fair value of derivatives - interest rate swaps mark to market revaluation

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

4.3. Valuation of investment property and land & buildings

An independent registered valuer is engaged to value investment property and land & buildings every three years. Refer to Note 30 for valuation assumptions and sensitivity analysis.

4.4. Price path correction

The Commerce Commission's investigation of the errors in the historical Information Disclosures (Price Path Correction) was concluded in FY25. Allowable revenue for the 2024 assessment period was overstated resulting in a $10.8 million wash-up entitlement. This has not been recorded as a liability in FY25 as it relates to revenue which will be foregone in future periods. Any wash-up for the 2025 assessment period will follow the same treatment.

An agreement was reached with the Commerce Commission and provisions have been recorded where a reliable estimate of the costs can be made. These costs include credits to current customers, payments to former consumers, community initiatives and execution costs to deliver on the agreed obligations.

Management has determined that the credits to current customers of $16.902 million are considered as variable consideration under NZ IFRS 15 – *Revenue from contracts with customers*, and have been adjusted to Revenue and other income. The provision for payments to former consumers and community initiatives agreed with the Commerce Commission have been recognised as operating expenses as they are not in scope of NZ IFRS 15. Refer to note 20 for further details on the provision.

5. Revenue and other income

Revenue from continuing operations

	2025 000's $	2024 000's $
(a) Revenue from contracts with customers		
Network lines revenue	**65,360**	66,023
Price path correction	**(16,902)**	-
Contracting revenue	**8,388**	11,503
Customer contribution revenue	**2,535**	4,075
Connection fees	**378**	680
Total revenue from contracts with customers	**59,759**	82,281
(b) Revenue from other sources		
Meter revenue	**2,675**	2,620
Fibre revenue	**902**	866
Rental income	**160**	218
Other trading revenue	**118**	122
Gain on disposal of assets held for sale	**255**	-
Dividend received	**-**	1
Total revenue from other source	**4,110**	3,827
Total revenue and other income	**63,869**	86,108

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated into geographic locations and the following table shows this breakdown:

	2025 000's $	2024 000's $
Revenue from contracts with customers by geographic location		
New Zealand	**53,030**	73,709
Pacific Islands	**4,899**	6,981
Asia	**1,830**	1,591
Revenue from contracts with customers	**59,759**	82,281

5.1. Finance income

	2025 000's $	2024 000's $
Interest income		
Bank	**4**	4
Use of money interest	**13**	5
Other interest	**12**	10
Total finance income	**29**	19

5.2. Finance costs

	2025 000's $	2024 000's $
Finance costs		
Current borrowings	**7,205**	7,080
Fair value (gains)/losses on interest rate swaps designated as cash flow hedges - transfer from OCI	**(568)**	(1,058)
Amortisation of held to maturity liabilities	**-**	125
Interest on obligations under leases	**302**	333
Fair value movement of interest rate swaps that do not meet hedge accounting criteria	**59**	(11)
Use of money interest	**2**	-
Total finance costs	**7,000**	6,469

6. Expenses

The result for the year includes the following specific expenses:

	2025 000's $	2024 000's $
Audit fees		
Audit of the consolidated financial statements	**285**	248
Under-accrual of prior year audit fees	**40**	65
Other assurance services		
Information disclosure	**80**	183
Default price-quality path (DPP) compliance	**75**	57
Depreciation assurance engagement (s53ZD)	**21**	-
Quality assurance engagement (s53ZD)	**13**	-
Annual price-setting compliance	**32**	-
Employee benefits		
Directors' fees	**366**	495
Disposal of assets		
Loss on disposal of property, plant and equipment	**969**	872
Other operating expenses		
Bad debts	**131**	198
Community sponsorships	**138**	199
Donations	**12**	13
Price path correction	**3,259**	-
Staff costs*		
Wages and salaries	**26,427**	22,949
Employer superannuation contribution	**724**	663
Total staff costs	**27,151**	23,612

*includes payroll costs capitalised to property, plant and equipment

7. Income Tax Expense

(a) The major components of the tax expense comprise:

	2025 000's $	2024 000's $
Current tax expense		
Local income tax - current period	**158**	1,212
Prior year adjustment	**(54)**	91
Deferred tax expense		
Origination and reversal of temporary differences	**(4,924)**	1,649
Prior year adjustment	**92**	(875)
Removal of tax depreciation on commercial buildings	**-**	2,421
Income tax (benefit)/expense for continuing operations	**(4,728)**	4,498

(b) Reconciliation of income tax to accounting profit:

	2025 000's $	2024 000's $
Profit before income tax	**(16,783)**	9,752
Tax at 28%	**(4,699)**	2,731
Add tax effect of:		
Non assessable income	**(94)**	(42)
Non deductible expenses	**27**	172
Prior period adjustments	**38**	(784)
Effect of removal of tax depreciation on commercial buildings	**-**	2,421
	(4,728)	4,498
Less tax effect of:		
Income tax (benefit)/expense	**(4,728)**	4,498

(c) Income tax relating to each component of other comprehensive income:

	2025			2024		
	Before-tax Amount 000's $	**Tax (Expense) Benefit 000's $**	**Net-of-tax Amount 000's $**	Before-tax Amount 000's $	Tax (Expense) Benefit 000's $	Net-of-tax Amount 000's $
Gain/(loss) on derivatives	**(1,514)**	**424**	**(1,090)**	(527)	146	(381)
	(1,514)	**424**	**(1,090)**	(527)	146	(381)

(d) Imputation credit account balances*

	2025	2024
	000's	000's
	$	$
Parent	8,690	6,704
Subsidiaries	1,415	3,703
	10,105	10,407

* the ICA balance includes a receivable balance recorded on the balance sheet that Alpine expects to be refunded and reduce the ICA balance.

8. Cash and cash equivalents

	2025	2024
	000's	000's
	$	$
Cash at bank and in hand	520	848
Deposits at call	1,225	-
	1,745	848

The carrying amounts of the Group's cash is denominated in the following currencies:

	2025	2024
USD	1	-
NZD	1,744	848
	1,745	848

9. Trade and other receivables

		2025	2024
		000's	000's
	Note	$	$
Trade receivables		9,404	7,827
ECL provision	9.1	(474)	(405)
Trade receivables due by Shareholders' District Councils	33	66	9
Trade receivables due by Other Related Parties	33	490	492
Trade receivables due by Joint Arrangements	33	9	12
Prepayments		1,443	1,075
Other receivables		1,045	408
Total current trade and other receivables		11,983	9,418

The carrying amount of the Group trade receivables is denominated in the following currencies:

	2025	2024
USD	1,027	-
NZD	8,942	8,340
Total current trade receivables	9,969	8,340

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

9.1. Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 March 2025 is determined as follows, the expected credit losses incorporate forward looking information.

31 March 2025	**Current**	**< 30 days overdue**	**< 90 days overdue**	**> 90 days overdue**	**Total**
Gross carrying amount ($'000)	**6,917**	**2,561**	**1**	**490**	**9,969**
ECL provision	**(27)**	**(1)**	**-**	**(446)**	**(474)**
Neither past due nor impaired	**6,890**	**-**	**-**	**-**	**6,890**
Past due and not impaired	**-**	**2,560**	**1**	**44**	**2,605**

31 March 2024	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Gross carrying amount ($'000)	7,485	155	198	502	8,340
ECL provision	(23)	(44)	(156)	(182)	(405)
Neither past due nor impaired	7,462	-	-	-	7,462
Past due and not impaired	-	111	42	320	473

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2025	2024
	000's	000's
	$	$
Balance at beginning of the year	**405**	179
Additional impairment loss recognised	**412**	483
Bad debts	**(76)**	(1)
Unused amounts reversed	**(267)**	(256)
Balance at end of the year	**474**	405

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings or when the trade receivables are over two years past due, whichever occurs first.

9.2. Collateral held as security

The Group does not hold any collateral over any receivables balances.

10. Inventories

	2025	2024
	000's	000's
	$	$
Network inventory	**7,272**	8,093
Smart meters	**402**	476
	7,674	8,569

11. Loans and advances

		2025 000's $	2024 000's $
Non-current			
On Metering Limited	17	1,882	2,307
		1,882	2,307

The above loans are unsecured, interest free and repayable on demand. An agreement has been signed with On Metering Limited confirming that Alpine will not exercise any right to require repayment of any portion of the remaining Shareholder Advance (including any principal or interest component) on or before 31 July 2026.

12. Construction work in progress

	2025 000's $	2024 000's $
Construction work in progress	680	3,632

Contract assets have decreased as the Group has continued their progress on closing out fixed-price contracts in FY2025 and raised invoices for work performed before year end.

13. Assets held for sale

	2025 000's $	2024 000's $
Assets held for sale		
Land	-	1,260

Vacant Land was sold during the year, the transaction completed on 13 September 2024 for an agreed sale price of $1.5 million.

14. Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Network reticulation system 000's $	Land and buildings 000's $	Plant and equipment 000's $	Meters and relays 000's $	Fibre 000's $	Total 000's $
Year ended 31 March 2025						
Opening net book amount	281,807	16,704	9,503	10,982	4,653	323,649
Additions	21,130	25	2,137	468	-	23,760
Change in capital work in progress	7,915	(45)	847	(178)	-	8,539
Disposals	(710)	-	(483)	(3)	-	(1,196)
Depreciation charge	(8,731)	(375)	(1,971)	(1,765)	(285)	(13,127)
Impairment	-	(849)	(53)	-	-	(902)
Balance at the end of the year	301,411	15,460	9,980	9,504	4,368	340,723

	Network reticulation system	Land and buildings	Plant and equipment	Meters and relays	Fibre	Total
	000's	000's	000's	000's	000's	000's
	$	$	$	$	$	$
Year ended 31 March 2024						
Opening net book amount	264,001	16,960	8,369	12,273	4,938	306,541
Additions	25,163	-	3,230	277	-	28,670
Change in capital work in progress	1,395	150	(265)	178	-	1,458
Disposals	(574)	-	(45)	-	-	(619)
Depreciation charge	(8,178)	(406)	(1,786)	(1,746)	(285)	(12,401)
Balance at the end of the year	281,807	16,704	9,503	10,982	4,653	323,649

Revaluation of land and buildings

An independent valuation of the Group's land and buildings is performed by a registered valuer every three years, to determine the fair value of the land and buildings as at the end of the financial year. The revaluation movement net of applicable deferred income taxes is applied to other comprehensive income and is included in "Asset Revaluation Reserves" in equity.

The fair value of land and buildings was determined based on an income capitalisation approach derived from market income and an appropriate yield of income for each particular property. In deriving the valuation, all assumptions are based, where possible, on market based evidence and transactions for similar properties, locations and quality of lease. They are categorised as Level 3 of the fair value hierarchy as unobservable inputs (as described in NZ IFRS 13). The valuations were prepared by an independent and qualified registered valuer. For further information on fair value hierarchy refer to Note 30.

The most recent independent valuation to determine the fair value of the Group's land and buildings was performed as at 31 March 2023. This resulted in a revaluation increase of $1.513 million during the year ended 31 March 2023, and was applied to other comprehensive income and is included in "Asset Revaluation Reserves" in equity. As part of the revaluation $655,919 of impairment that related to Alpine House that was previously recognised in the profit or loss during the year ended 31 March 2019 was reversed. As at 31 March 2025 an impairment of an unused building within the yard was recognised of $848,186 following an independent assessment of the remaining costs associated with Alpine Operations House. The Directors have assessed the current carrying value as appropriate.

Carrying value of property, plant and equipment

	Network reticulation system	**Land and buildings**	**Plant and equipment**	**Meters and relays**	**Fibre**	**Total**
	000's	**000's**	**000's**	**000's**	**000's**	**000's**
At 31 March 2025	**$**	**$**	**$**	**$**	**$**	**$**
Cost	426,689	19,497	28,967	27,995	7,160	510,308
Accumulated depreciation	(125,278)	(4,037)	(18,987)	(18,491)	(2,792)	(169,585)
Net book amount	301,411	15,460	9,980	9,504	4,368	340,723

	Network reticulation system	Land and buildings	Plant and equipment	Meters and relays	Fibre	Total
	000's	000's	000's	000's	000's	000's
	$	$	$	$	$	$
At 31 March 2024						
Cost	398,354	19,496	28,967	27,708 $	7,160	481,685
Accumulated depreciation	(116,547)	(4,037)	(18,987)	(16,726)	(2,507)	(158,804)
Net book amount	281,807	15,459	9,980	10,982 $	4,653	322,881

Capital work in progress

Included in the closing Net book amount is Capital Work in Progress

	2025	2024
	000's	000's
	$	$
Work in Progress	**8,807**	12,879

Historical cost

If land and buildings were stated at historical cost, amounts would be as follows:

	2025	2024
	000's	000's
	$	$
Deemed cost - land	**408**	408
Deemed cost - building	**14,257**	15,474
Accumulated depreciation	**(3,803)**	(3,571)
Net book value	**10,862**	12,311

15. Investment property

Reconciliation of carrying amount

	2025	2024
	000's	000's
	$	$
Balance at 1 April	**2,230**	2,230
Balance at 31 March	**2,230**	2,230

An independent valuation of the Group's investment property is performed by a registered valuer every three years, to determine the fair value of the investment property as at the end of the financial year. The revaluation movement is applied to the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Fair value of investment property was determined on a market comparable approach that reflects recent transaction prices for similar properties and making adjustments for differences between them. In deriving the valuation, all assumptions are based, where possible, on market based evidence and transactions for similar properties, locations and quality of lease. They are categorised as Level 2 of the fair value hierarchy as valuation is derived from observable inputs (as described in NZ IFRS 13). The valuations were prepared by an independent and qualified registered valuer.

The most recent independent valuation to determine the fair value of the Group's investment property was performed as at 31 March 2023. This resulted in a revaluation movement of $952,000 fair value gain during the year ended 31 March 2023, and was applied to the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Directors have assessed the current carrying value as appropriate.

16. Interests in subsidiaries

16.1. Composition of the Group

	Principal place of business / Country of Incorporation	**Percentage Owned (%)* 2025**	Percentage Owned (%)* 2024
Subsidiaries:			
Power Services 2022 Limited	New Zealand	**-**	100
Infratec Limited	New Zealand	**100**	100
Infratec Renewables (Rarotonga) Limited	New Zealand	**100**	100

On 6 May 2024 Power Services 2022 Limited was amalgamated with Alpine Energy Limited.

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

17. Interests in joint arrangements

	Type of joint arrangement	Principal place of business / Country of Incorporation	**Percentage Owned (%)* 2025**	Percentage Owned (%)* 2024
Joint arrangements:				
On Metering Limited	Electricity meter leasing	New Zealand	**50**	50

*The percentage of ownership interest held is equivalent to the percentage voting rights for all joint arrangements.

On Metering Limited

On Metering Limited is a joint venture to install advanced meters in the Mainpower network area in North Canterbury. On Metering is owned by Alpine Energy Limited (50%) and Network Tasman Limited (50%) and formed on 06 June 2013.

Joint Ventures

All joint ventures have the same year end as the parent entity.

There are no significant restrictions on the ability of joint ventures to transfer funds to the Group in the form of cash dividends or to repay loans or advances made by the entity.

Investment in joint ventures

	2025 000's $	2024 000's $
On Metering Limited	**1,661**	1,595

18. Intangible assets

	2025 000's $	2024 000's $
Computer software		
Opening net book amount	**1,694**	1,443
Additions	**863**	241
Change in capital work in progress	**(609)**	377
Disposals	**-**	(3)
Amortisation	**(538)**	(364)
Net carrying value	**1,410**	1,694
At 31 March		
Cost	**9,303**	9,049
Accumulated amortisation	**(7,893)**	(7,355)
Net carrying value	**1,410**	1,694

	2025 000's $	2024 000's $
Easements		
Opening net book amount	**165**	132
Additions	**85**	33
Net carrying value	**250**	165
At 31 March		
Cost	**308**	223
Accumulated impairment	**(58)**	(58)
Net carrying value	**250**	165

	2025 000's $	2024 000's $
Goodwill		
Opening net book amount	**-**	338
Impairment	**-**	(338)
Net carrying value	**-**	-
At 31 March		
Cost	**-**	338
Accumulated impairment	**-**	(338)
Net carrying value	**-**	-
Total intangible assets	**1,660**	1,859

19. Leases

The Group as a lessee

The Group has leases over a range of assets including land and buildings, network grid assets and vehicles.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The leases from Transpower consist of New Investment Agreements, whereby Transpower invests in necessary upgrades to the network and recovers the cost of the investment over a period. NZ IFRS 16 has resulted in these transactions being deemed a lease by nature. The Group deems the Transpower assets as one portfolio of assets, comprising the following contracts:

1. Bells Pond Line and Grid Connection
2. Temuka Additional 33kV Feeders (Lease expired 31 May 2024)
3. Temuka Substation: Additional Feeder TMK1292
4. Temuka Substation: T1 and T2 Transformer Upgrading
5. Timaru 11 kV Switchboard Upgrade and Additional Feeders
6. Timaru 11 kV Supply Transformer Upgrade
7. Timaru Natural Earthing Resistors

No contracts have been identified as part of the transition assessment that may have a non lease component. The plant being leased is of a very specific and highly dependent nature, on this basis each of the new investment arrangement agreements have been deemed to have a single lease component, with no further separation necessary.

Some Transpower leases contain variable payment terms that are linked to Transpower's Weighted Average Cost of Capital (WACC), as determined by the Commerce Commission, while other leases contain variable payment terms that are linked to Transpower's applicable risk free rate. Transpower's WACC changes every Regulatory Control Period (RCP), with the current RCP3 period covering five years from 1 April 2020 to 31 March 2025, while Transpower annually reviews the applicable risk-free rate.

Right-of-use assets

	Buildings 000's $	Plant and Equipment 000's $	Network Reticulation Assets 000's $	Total 000's $
Year ended 31 March 2025				
Balance at beginning of year	**16**	**139**	**6,097**	**6,252**
Additions to right-of-use assets	**-**	**261**	**-**	**261**
Variable payment remeasurement	**-**	**(13)**	**9**	**(4)**
Depreciation charge	**(24)**	**(59)**	**(981)**	**(1,064)**
Reductions in right-of-use assets due to changes in lease liability	**-**	**(32)**	**-**	**(32)**
Balance at end of year	**(8)**	**296**	**5,125**	**5,413**
Year ended 31 March 2024				
Balance at beginning of year	30	109	7,151	7,290
Addition to right-of-use assets	-	129	-	129
Variable payment remeasurement	-	-	21	21
Depreciation charge	(14)	(99)	(1,075)	(1,188)
Balance at end of year	16	139	6,097	6,252

Lease liabilities

	2025 000's $	2024 000's $
Current	**1,076**	1,045
Non-current	**5,016**	5,868
	6,092	6,913

Consolidated Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the consolidated statement of profit or loss and other comprehensive income relating to leases where the Group is a lessee are shown below:

	2025 000's $	2024 000's $
Depreciation	**1,064**	1,188
Interest on obligations under finance leases	**302**	333
Variable lease payments not included in the measurement of lease liabilities	**87**	1
	1,453	1,522

Consolidated Statement of Cash Flows

	2025 000's $	2024 000's $
Total cash outflow for leases	**1,348**	1,471

20. Trade and other payables

	2025 000's $	2024 000's $
Current		
Trade payables	**5,466**	4,941
GST payable	**200**	86
Payroll accruals	**342**	395
Accruals	**2,513**	4,931
Price path correction accruals	**19,075**	-
Due to related entities	**330**	181
	27,926	10,534

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The remediation costs associated with the error in the historical Information Disclosures (Price Path Correction) have been included in the FY25 results.

Price path correction provisions:

	2025 000's $	2024 000's $
Price path correction provision:		
Provision for credits to current customers	**16,902**	-
Provision for community initiatives	**1,500**	-
Provision for execution costs	**573**	-
Provision for payments to former consumers	**100**	-
Total provision	**19,075**	**-**

(i) Information about individual provisions and significant estimates

In accordance with the Commerce Commission settlement agreement we have made the following provisions:

Provision for Credits to current customers

We will return $16.902 million to customers through bill credits to correct the overcharge for current customers. The majority of the credits were made in May 2025.

Provision for Community Initiatives

We will invest $1.5 million to support the local community. The Commerce Commission has provided guidance on permitted initiatives over the next two years.

Provision for Execution costs

External support and sundry costs of $0.573 million are required to develop the framework and processes to deliver the agreed obligations with the Commerce Commission. External support costs have been estimated based on the time required.

Provision for Payments to former consumers

We have commenced payments to former consumers who were on our network during the affected period. A six-month application process for former consumers to apply for a pro-rated refund was launched in April 25. The provision of $0.1 million has been made based on forecasted volumes and payments. Applications are considered on a case-by-case basis.

Price path correction movement in provisions:

	Provision for credits to current customers 000's $	Provision for community initiatives 000's $	Provision for execution costs 000's $	Provision for former consumers 000's $	Total 000's $
Price path correction movement in provisions:					
Provision recognised	16,902	1,500	573	100	19,075
Carrying amount at the end of year	**16,902**	**1,500**	**573**	**100**	**19,075**

21. Tax assets and liabilities

	2025 000's $	2024 000's $
Current tax liabilities/(asset)	**(659)**	170

21.1. Current tax liability (asset)

	2025 000's $	2024 000's $
Opening balance	**170**	1,356
Tax expenses	**1,180**	2,899
Provisional tax paid	**(930)**	(2,489)
Deferred tax	**(1,023)**	(1,687)
Resident withholding tax	**(2)**	-
Prior year adjustment	**(54)**	91
Current tax liabilities/(asset)	**(659)**	170

21.2. Deferred tax

	Opening Balance 000's $	Charged to Income 000's $	Charged directly to Equity 000's $	Closing Balance 000's $
Deferred tax				
Provisions and others	637	50	146	833
Right of use asset	(2,000)	294	-	(1,706)
Lease Liability	2,170	(282)	-	1,888
Tax allowance	(38,947)	(3,257)	-	(42,204)
Balance at 31 March 2024	(38,140)	(3,195)	146	(41,189)
Provisions and others	**833**	**(90)**	**424**	**1,167**
Right of use asset	**(1,706)**	**190**	**-**	**(1,516)**
Lease liability	**1,888**	**(182)**	**-**	**1,706**
Tax losses carried forward	**-**	**5,668**	**-**	**5,668**
Tax allowance	**(42,204)**	**(754)**	**-**	**(42,958)**
Balance at 31 March 2025	**(41,189)**	**4,832**	**424**	**(35,933)**

22. Contract balances

Contract liabilities

The Group has recognised the following contract liabilities from contracts with customers:

	2025 000's $	2024 000's $
Current		
Deferred revenue	**249**	265
Capital contributions	**91**	212
Total current contract liabilities	**340**	477
Non-current		
Contracting capital contributions - large direct customers	**1,306**	1,397
Contracting capital contributions - other customers	**514**	571
Total non-current contract liabilities	**1,820**	1,968

Reconciliation of contract liabilities

Contract liabilities comprise payments received from customers in excess of services rendered.

The following table shows the value of revenue recognised in 2025 that relates to contract liabilities recognised at 2024 and the value of revenue recognised that relates to performance obligations that were also satisfied in the prior year.

	2025 000's $	2024 000's $
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Deferred revenue	**193**	1,600
Revenue recognised from performance obligations satisfied in previous years		
Capital contribution projects	**91**	212
Total	**284**	1,812

Unsatisfied performance obligations

The following table shows the aggregate amount of the transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations resulting from Customer Capital contribution projects.

	2025 000's $	2024 000's $
Contracting deferred revenue	**249**	265
Contracting capital contributions - large direct customers	**1,397**	1,609
Contracting capital contributions - current customers	**514**	571
	2,160	2,445

Management expects that the following percentage of the transaction price allocated to the unsatisfied performance obligations as of 2025 will be recognised as revenue during the next reporting period:

- Capital Contributions 6.97% (2024: 15.15%). The remaining 93.03% is expected to be recognised as revenue on an amortised basis at $0.091 million per annum.

- Deferred revenue 68% (2024: 88%)

23. Employee benefits

	2025 000's $	2024 000's $
Current liabilities		
Long service leave	**466**	378
Provision for holiday pay	**1,762**	1,736
	2,228	2,114

24. Dividends

No dividend was declared or paid in FY25. In FY24 Gross ordinary dividends of 3.33 cents per share amounting to $992,000 were declared with 2.40 cents per share paid net of imputation credits. Imputed dividends declared or paid during FY24 were imputed at the tax rate of 28%.

25. Borrowings

	2025 000's $	2024 000's $
Non-Current Liabilities:		
Bank loans	**118,149**	102,860
Total non-current borrowings	**118,149**	102,860

The parent company has funding facilities with the ANZ. On 7 February 2025 a new facility was agreed with ANZ with increased borrowing capacity of $165M (2024: $110M). The undrawn amount at 31 March 2025 is $46.851M. The termination date of the facility is 7 February 2027.

The facility is subject to a General Security Agreement and requires prior written consent of the Lender before undertaking activities not defined under Permitted activities (Acquisition, Disposal, Financial Accommodation, Financial Indebtedness and Security Interest).

Under the terms of these borrowing facilities, the parent company is required to comply with the following financial covenants:

• the Leverage Ratio* is no greater than 70%.

• the ratio of EBITDA**:Interest costs must be greater than 2.75.

• the aggregate EBITDA** is at least 90% of the Consolidated EBITDA (excluding Infratec Limited and SmartCo Limited).

• the aggregate Total Tangible Assets is at least 90% of the Total Tangible Assets of the Consolidated Group (excluding Infratec Limited and SmartCo Limited).

** Aggregated advances are measured against the value of the Regulatory Asset Base.*

*** excluding price path correction costs.*

The covenants governing the loan have not been breached during the year.

Refer to Note 34 for full details on the Group's total available borrowing facilities.

The Group has entered into the following interest rate swaps:

Effective date	Amount 000's $	Maturity date
21 December 2015	7,000	22 December 2025
20 December 2017	12,000	20 December 2027
20 September 2018	12,000	20 September 2028
20 March 2025	10,000	20 March 2029
20 March 2025	10,000	20 March 2030
22 December 2025	7,000	20 December 2027
20 December 2027	6,000	20 December 2028
20 December 2027	6,000	20 December 2029
20 September 2028	12,000	20 September 2029
	82,000	

The interest rate applied to borrowings against the Flexible Credit Facility is linked to the 90-day bank bill rate. A movement of 100 basis points in this rate would result in a movement of $1.181 million (2024: $1.029 million) in the interest expense for the year.

26. Issued capital

	2025 000's $	2024 000's $
Ordinary shares	**41,328**	41,328

Ordinary shares

There are no unpaid or uncalled shares. All shares rank equally for voting rights and dividend distributions. The Company does not have authorised capital or par value in respect of its shares.

The Company is owned as follows:

	No. of shares	%
Timaru District Holdings Limited	19,630,808	47.50
Waimate District Council	3,116,132	7.54
Mackenzie District Council	2,049,870	4.96
LineTrust South Canterbury	16,531,207	40.00
	41,328,017	**100.00**

There were no changes to shareholdings during the year.

Capital management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity net of debt.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Board monitors a range of financial metrics and gearing ratios. A key objective of the Company's capital risk management is to maintain compliance with the covenants attached to the Company's borrowing facility agreement. Throughout the year, the Company has complied with these covenants.

27. Capital and leasing commitments

Operating leases

	2025 000's $	2024 000's $
Not later than one year	**85**	20
Between one year and five years	**58**	4
	143	24

Contracted commitments

	2025 000's $	2024 000's $
Contracted commitments for:		
Capital	**8,291**	8,619

28. Lessor commitments

The Group leases out its investment property under commercial leases. These non-cancellable leases have terms between 3 and 10 years. All leases include an option for the Group to increase rent to current market rental on an annual basis.

The future minimum lease payments under non-cancellable leases are:

	2025 000's $	2024 000's $
Lease of fibre network		
Not later than one year	**893**	897
Between one and five years	**4,197**	4,177
Later than five years	**4,072**	4,826
Rentals from building lease agreements		
Not later than one year	**77**	72
Between one and five years	**168**	139
Later than five years	**64**	98

29. Financial risk management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group‘s overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instruments used by the Group are:

- Trade receivables
- Cash at bank
- Bank overdraft
- Interest rate swaps
- Trade and other payables
- Lease liabilities
- Floating rate bank loans
- Forward currency contracts

Objectives, policies and processes

The Risk Committee has overall responsibility and delegates responsibility for all financial risk management to the Finance Committee, including the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day financial risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Finance Committee has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Finance and Risk Committees receive reports at each meeting which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group monitors monthly rolling forecasts of the Group's liquidity requirements on the basis of expected cash flow. The Board of Directors approves all new borrowing facilities. Refer Note 25 for borrowing facility details.

Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated statement of financial position due to the effect of discounting.

Consolidated	**Less than 1 year 000's $**	**Between 1 and 2 years 000's $**	**Between 2 and 5 years 000's $**	**Over 5 years 000's $**
As at 31 March 2025				
Trade and other payables	**27,385**	**-**	-	-
Loans	**3,748**	**118,149**	**1,979**	**-**
Lease liability	**1,325**	**1,284**	**3,729**	**628**
Interest rate swaps	**94**	**-**	**315**	**-**
	32,552	**119,433**	**6,023**	**628**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	000's	000's	000's	000's
	$	$	$	$
As at 31 March 2024				
Trade and other payables	10,054	-	-	-
Loans	4,857	103,347	1,188	-
Lease liability	1,329	1,308	3,726	1,554
Interest rate swaps	-	35	132	-
	16,240	104,690	5,046	1,554

Credit risk

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

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Trade receivables and contract assets

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Credit risk associated with trade and other receivables is limited through retailer invoicing for line and metering charges rather than individual consumer invoicing for line and metering charges. Credit is also limited with trade receivables by the requirement of a 50% upfront payment of the customer contribution for new connections before work is started and milestone claims. Credit risk associated with related party loans is low due to the saleable assets held by the related party.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the NZD functional currency of the Group.

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in USD.

To mitigate the Group's exposure to foreign currency risk, non-New Zealand Dollar cash flows are monitored and forward exchange contracts are entered into in accordance with the Group‘s risk management policies. The policy is to hedge 100% of forecast foreign currency cash flows.

Generally, the Group‘s risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Forward exchange contracts are mainly entered into for significant long term foreign currency exposures that are not expected to be offset by other currency transactions.

In order to monitor the effectiveness of this policy, the Board receive a monthly report showing the settlement date of transactions denominated in non-New Zealand Dollar currencies and expected cash reserves in that currency.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

There was no exposure to foreign exchange rates as at 31 March 25 (FY24 $1.589M).

Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates.

The Group's main interest risk arises from long-term borrowings with floating rates, which expose the Group to cash flow interest rate risk. The Group policy is to maintain the following hedging profile:

	Minimum Cover	Maximum Cover
Period	**%**	**%**
Years 1 and 2	30	90.00
Years 3, 4 and 5	20	70.00
Years 6 and 7	-	40.00

	2025	2024
	%	%
Actual cover at year end		
Years 1 and 2	**69**	72
Years 3, 4 and 5	**64**	53
Years 6 and 7	**-**	17

The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

30. Fair value measurement

Fair value hierarchy

NZ IFRS 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Group:

	Level 1	**Level 2**	**Level 3**	**Total**
	000's	**000's**	**000's**	**000's**
31 March 2025	**$**	**$**	**$**	**$**
Recurring fair value measurements				
Land and buildings	**-**	**-**	**15,460**	**15,460**
Investment property	**-**	**2,230**	**-**	**2,230**
Financial assets				
Interest rate swaps	**-**	**188**	**-**	**188**
Financial liabilities				
Interest rate swaps	**-**	**409**	**-**	**409**

31 March 2024	Level 1 000's $	Level 2 000's $	Level 3 000's $	Total 000's $
Recurring fair value measurements				
Land and buildings	-	-	16,704	16,704
Investment property	-	2,230	-	2,230
Financial assets				
Interest rate swaps	-	1,152	-	1,152
Foreign currency forward contracts	-	367	-	367
Financial liabilities				
Interest rate swaps	-	167	-	167
Foreign currency forward contracts	-	-	-	-

There were no transfers between Level 1 and Level 2 during the year.

Level 2 measurements

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The table below shows the financial assets/liabilities by category for the Group:

31 March 2025	**Derivatives used for hedging** **000's** **$**	**Derivatives used for trading** **000's** **$**	**Measured at amortised cost** **000's** **$**	**Total** **000's** **$**
Financial assets				
Loans and advances	**-**	**-**	**1,882**	**1,882**
Trade and other receivables	**-**	**-**	**11,983**	**11,983**
Cash and cash equivalents	**-**	**-**	**1,745**	**1,745**
Interest rate swaps	**188**	**-**	**-**	**188**
	188	**-**	**15,610**	**15,798**
Financial liabilities				
Trade and other payables	**-**	**-**	**27,385**	**27,385**
Interest rate swaps	**315**	**94**	**-**	**409**
Dividend payable	**-**	**-**	**-**	**-**
Long-term borrowings	**-**	**-**	**118,149**	**118,149**
	315	**94**	**145,534**	**145,943**

31 March 2024	Derivatives used for hedging $	Derivatives used for trading 000's $	Measured at amortised cost 000's $	Total 000's $
Financial assets				
Loans and advances	-	-	2,307	2,307
Trade and other receivables	-	-	9,418	9,418
Cash and cash equivalents	-	-	848	848
Interest rate swaps	1,149	3	-	1,152
Foreign currency forward contracts	367	-	-	367
	1,516	3	12,573	14,092
Financial liabilities				
Trade and other payables	-	-	10,054	10,054
Interest rate swaps	132	35	-	167
Long-term borrowings	-	-	102,860	102,860
Foreign currency forward contracts	-	-	-	-
	132	35	112,914	113,081

Specific valuation techniques used to value financial instruments include:

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

Trade receivables, trade payables, related party loans and advances and term loans are disclosed at their carrying value. The carrying value of these assets and liabilities are equivalent to or approximate their fair value.

Investment property

	2025 000's $	2024 **000's $**
Carrying amount at fair value	**2,230**	2,230

The fair value of the investment property was determined based on the market comparable approach that reflects recent transaction prices for similar properties and making adjustments for differences between them.

The fair value of investment property as at 31 March 2025 and 2024 were based on the latest valuations performed in 2023.

Level 3 measurements

Land and buildings

Unobservable inputs and sensitivities

	Carrying amount (at fair value) 2025 000's $	Carrying amount (at fair value) 2024 000's $	**Key unobservable inputs**	**Expected range of input 2025 %**	Expected range of input 2024 %
Land and buildings (Income capitalisation method)	**15,460**	16,704	Capitalisation rate	**7.00**	7.00

The carrying amounts above are sensitive to the inputs used in the income capitalisation valuation model. A sensitivity analysis around key inputs is given in the table below. The numbers used below are based on the last valuation in FY2023 (2024: FY2023).

	Change in capitalisation rate					
		2025			2024	
	-0.25%	**0%**	**+0.25%**	-0.25%	0%	+0.25%
	000's	**000's**	**000's**	000's	000's	000's
	$	**$**	**$**	$	$	$
Land and buildings	**17,599**	**16,960**	**16,367**	17,599	16,960	16,367

Derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments.

	2025	2024
	000's	000's
Cash flow hedge reserve	**$**	$
Balance at beginning of year	**1,116**	1,497
Total gains or losses for the year		
Reclassified from OCI to profit or loss - included in finance costs	**(568)**	(1,058)
Recognised in other comprehensive income	**(946)**	529
Deferred tax	**424**	148
Balance at end of year	**26**	1,116

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instruments match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, there is an economic relationship.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. The current year reflected $0.059M (2024: $0.114M) in finance costs due to the ineffectiveness of blended interest rate swaps.

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

31. Contingencies

Guarantees

The Group had the following guarantees at the end of the reporting period:

$0.73 million (2024: $0.73 million) in the form of performance and import guarantees to cover ongoing project work.

32. Key management personnel remuneration

Key Management personnel remuneration included within employee expenses for the year is shown below:

	2025 000's $	2024 000's $
Short-term employee benefits - 9 employees (FY 2024: 12 employees)	2,259	2,545
KiwiSaver	61	57
	2,320	2,602

33. Related parties

The Group's main related parties are as follows:

Key Management personnel - refer to Note 32.

Joint arrangements - refer to Note 17.

Subsidiaries - refer to Note 16.

Other related parties include:

. Close family members of key Management personnel.

. Entities that are controlled or significantly influenced by key Management personnel or their close family members.

. Joint ventures of the shareholders.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	Purchases 000's $	Sales 000's $	Owed to the Company 000's $	Owed by the Company 000's $
FY2025				
Joint ventures and associates				
SmartCo Limited	1,386	3,040	490	330
On Metering Limited	-	163	1,891	-
Shareholders				
Mackenzie District Council	44	46	15	-
Timaru District Council	208	732	51	21
Timaru District Holdings Limited	12	-	-	-
Waimate District Council	46	-	-	-
Other related parties				
Laser Grafix Limited	5	-	-	-

	Purchases 000's $	Sales 000's $	Owed to the Company 000's $	Owed by the Company 000's $
FY2024				
Joint venture				
SmartCo Limited	1,181	2,971	492	181
On Metering Limited	-	101	2,319	-
Shareholders				
Mackenzie District Council	56	322	1	-
Timaru District Council	185	483	7	3
Timaru District Holdings Limited	2	-	-	-
Waimate District Council	46	35	-	-
Other related parties				
Primeport Timaru	-	82	13	-
Laser Grafix Limited	1	-	-	-

34. Cash Flow information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2025 000's $	2024 000's $
(Loss)/Profit from operations	**(12,055)**	5,254
Interest rate swap movements	**59**	114
Adjustments for:		
- depreciation and amortisation	**14,480**	13,647
- loss on disposal of property, plant and equipment	**1,871**	872
- IFRS 16 lease impact	**302**	332
- gain on disposal of assets held for sale	**(255)**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(1,712)**	1,436
- (increase)/decrease in share of JV profit	**(66)**	(189)
- decrease/(increase) in inventories	**896**	(1,328)
- decrease in contract liabilities	**(285)**	(1,788)
- decrease/(increase) in contract assets and WIP	**2,954**	(2,424)
- increase/(decrease) in trade and other payables	**16,554**	831
- decrease in income taxes payable	**(829)**	(1,187)
- (decrease)/increase in deferred tax liability	**(4,833)**	3,197
Cashflows from operations	**17,081**	18,767

Changes in liabilities arising from financing activities

	2025 000's $	**Cash flows 000's $**	**2024 000's $**
Long-term borrowings	**118,149**	**15,289**	**102,860**
Cash at bank	**(1,745)**	**(897)**	**(848)**
Total liabilities from financing activities	**116,404**	**14,392**	**102,012**

	2024 000's $	Cash flows 000's $	2023 000's $
Long-term borrowings	102,860	14,665	88,195
Short-term borrowings	(848)	120	(968)
Total liabilities from financing activities	102,012	14,785	87,227

Borrowing facilities

The following facilities were available at the end of the reporting period:

	2025 000's $	2024 000's $
Total facilities		
Borrowing Facility (ANZ)	**165,000**	110,000
Performance SBLC/Guarantee/Bond Facility (ANZ)	**250**	3,000
Overdraft Facility (ANZ)	**5,000**	5,000
Financial Guarantee Facility (ANZ)	**1,000**	1,000
Guarantee Facility (BNZ)	**-**	437
	171,250	119,437
Used at reporting date		
Borrowing Facility (ANZ)	**118,149**	102,860
Performance SBLC/Guarantee/Bond Facility (ANZ)	**34**	732
Financial Guarantee Facility (ANZ)	**698**	-
	118,881	103,592
Unused at reporting date		
Borrowing Facility (ANZ)	**46,851**	7,140
Performance SBLC/Guarantee/Bond Facility (ANZ)	**216**	2,268
Overdraft Facility (ANZ)	**5,000**	5,000
Financial Guarantee Facility (ANZ)	**302**	1,000
Guarantee Facility (BNZ)	**-**	437
	52,369	15,845

35. Events occurring after the reporting date

Post year-end, the majority of current customers have received bill credits. These payments have been funded by drawdowns from the borrowing facility.

36. Statutory Information

The registered office & principal place of business of the Company is:

Alpine Energy Limited

24 Elginshire Street

Timaru 7910

Statement of performance

Overview of performance

Performance targets were set in the Statement of Corporate Intent approved by Directors.

Safety

We have a responsibility to keep our people, our contractors and the public safe from serious injury involving any of our equipment and at all our sites. Public safety awareness campaigns help educate our community on the dangers of electricity to ensure everyone is kept safe every day.

Goal: Because we care for our people and our community, ensuring everyone goes home safely every day is our number one priority.

Our Critical Risk and Stand in the Gap have continued to be the cornerstones of our safety programmes. Stand in the gap continues to create a true Alpine work family where we care for each other. Focusing on critical risks and their controls is vital to ensure the work we do every day to ensure the lights stay on for our community can be done safely and without harm.

Historically the reporting tool for safety data and information was a combination of manual spreadsheets, Mango and Damstra. As part of the amalgamation, all reporting is moving to Damstra. This will allow for better insights into trends and safety data.

	FY25 Actual	Full year target	
Business Safety			
Number of serious injury events involving Alpine Group employees or our service providers	0	0	● Target met
Number of lost time injuries	11	0	● Target not met
Number of recordable injuries rate (TRIFR) (TRIFR based on 200,000 hours)	5.93	<3.00	● Target not met
Public Safety			
Number of serious injury events involving the public (excl. 3rd party contact e.g. car vs pole)	0	0	● Target met
Number of public safety awareness campaigns	12	10	● Target met

● Target met ● Target not met

While the number of lost time injuries and TRIFR result are above target, none of these involved a serious harm event. To ensure we prioritise our people and their recovery from any injury, we encourage our workers to take time away from work when required to speed up recovery times and to ensure our workers are not feeling pressured to work through pain and discomfort. We are focusing on a number of leading indicators and proactive programmes that support the management of critical risks to strengthen controls to prevent harm to our people.

Reliability

SAIDI and SAIFI are standard industry measures for network reliability. SAIDI and SAIFI performance measures are calculated in accordance with the Commerce Commission's DPP Determination. The SAIDI and SAIFI limits are set and fixed during each five-year regulatory period, for planned and unplanned outages respectively.

The following results were calculated using information from the Company's non-financial systems which due to the manual recording processes have inherent limitations relating to the completeness of interruption data and the accuracy of installation control point (ICP) numbers included in the SAIDI and SAIFI.

	FY 25		
	Actual (5-year)	**Target (5-year limit)**	
Planned SAIDI	443.70	824.87	●
Planned SAIFI	1.6794	3.4930	●
	Actual (Annual)	**2024/25 (annual limit)**	
Unplanned SAIDI	97.50	124.71	●
Unplanned SAIFI	0.9393	1.1970	●

● Target met ● Target not met

The targets set in our 2025 SCI reflect the five-year limits for planned SAIDI and SAIFI and annual limits for unplanned SAIDI and SAIFI set by the Commerce Commission's Default Price Quality Path Determination 2020 (DPP3). We have complied with these limits.

Group financial performance

	Actual $'000	**Budget $'000**	
Lines charge revenue	65,360	65,514	●
Price Path Correction adjustment to revenue	(16,902)	0	●
Other revenue	15,411	19,272	●
Operating expenses	73,747	77,595	●
Net operating surplus after tax	(12.055)	5,963	●
Capital expenditure on network assets	30,114	36,283	●
Capital expenditure on non-network assets	2,439	7,051	●
Net external debt	116,404	128,036	●

● Favourable to budget ● Unfavourable to budget ● Within 90% of budget

The FY25 results are lower than planned for the following reasons:

Net operating surplus

Lines charge revenue is slightly behind due to commercial and agricultural volumes being lower than budgeted, a key driver being irrigation which fluctuates depending on weather.

Other revenue was reduced due to the economic slowdown affecting residential connection activity and larger scale customer projects.

Historical Information Disclosures error

During the 2023 Information Disclosure audit, we identified and addressed errors in our historical Information Disclosures. Parts of these disclosures were used by the Commerce Commission to set regulated revenues from 2015, and the errors resulted in prices for customers being set too high. A Commerce Commission investigation into the issue commenced in April 2024 and concluded in March 2025. As a result, we undertook a range of measures to address the impact of the errors.

The cost of remediating the historical Information Disclosure error is primarily driven by a requirement to return $16.9 million (excluding GST) to current customers, which has been offset against revenue. This, along with other remediation-related costs, is reflected in the 2025 consolidated financial statements, and collectively referred to as the Price Path Correction.

Tax

Taxation expenses were $6M lower than budgeted due to the inclusion of the Price Path Correction, along with a reduction in Other revenue.

Capital expenditure

Capital expenditure was lower than budget as follows:

- **Network capital expenditure** was completed within revised budgets. Some projects were shifted to FY26 to facilitate the cashflow impacts from the Price Path Correction.
- **Non-network capital expenditure** has been carefully managed. We have deferred some larger projects, including development of a new yard, while limiting vehicle purchases and reducing spend on plant and equipment. This has lowered FY25 non-network capex by approximately $5M, with further deferrals in digital architecture projects adding to these savings. These projects will need to be invested in the next two years.

Capital structure & dividend

	FY25 Actual	FY25 Budget	
Interest cover (target> 4.0 times)	N/A	4.26	🟢
Interest cover (target> 2.75 times) * Excluding Infratec and On Metering	3.40	N/A	🟢
Consolidated shareholders' funds to total assets (target > 45%)	49.8%	53.4%	🟡
Rate of return on consolidated shareholders' funds	-6.6%	2.8%	🔴

🟢 Budget met 🔴 Budget not met 🟡 Target met but not budget

*Excludes impact of the Price Path Correction

- During the year a new bank facility was agreed, and subsequently, the bank covenant for interest cover has changed and therefore we are reporting against the new target.

- The average total shareholders' funds to total assets are under budget, but still above the target of 45%.
- The rate of return on shareholders' funds is behind budget, due to the Price Path Correction and lower than planned financial performance for the year.

During the year the company did not declare dividends. This decision was based on the ability of the company to fund the extent of network investment required over the next 10 years (as detailed in the Asset Management Plan), and the impact of the Price Path Correction.

Directors' declaration

The Directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 31 March 2025 are in accordance with the Financial Reporting Act 2013 and:

    a. comply with Generally Accepted Accounting Practice in New Zealand, which, as stated in basis of preparation Note 2 to the consolidated financial statements, constitutes explicit and unreserved compliance with international Financial Reporting Standards Accounting Standards ('IFRS Accounting Standards') and New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and

    b. presents fairly the financial position and performance of the consolidated Group.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....   Director ....

Dated 27 June 2025

Independent auditor's report

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