Annual Report
FY2026

Alpine ENERGY


ZERO
DANIEL M
Alpine
ENERGY

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This report reviews Alpine Energy's financial and operational performance, including its Statement of Service Performance, for the year ended 31 March 2026.

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 by strategic priority

Thriving communities

Our people and communities are healthy, safe, and thriving for the long-term

- Safety experience score: 77% (target 85%)
- Critical risk reviews completed: 4 (target 4)
- Safety assurance completion: 117% (target 90%)
- Public safety serious injury events: 0 (target 0)
- Public safety awareness campaigns: 20 (target 10)

Electricity for all

All electricity users can access and use the electricity they need

- New connections completed: 249 (FY25: 240)
- New distributed generation connections completed 188 (FY25: 163)
- Total energy delivered 918GWh (FY25: 826GWh)
- Network maximum demand 158MW (FY25: 149MW)

Resilient and reliable electricity

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

- Capital expenditure on our network assets (Network & Customer) $29.7M (target $30.3M)

Financial sustainability

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

- Network lines revenue $82.0M (target $81.7M)
- Customer contributions revenue $2.7M (target $2.8M)
- EBITDA $36.5M (target $31.6M)
- Equity changes $13.7M (last FY-$13.1M)

Chair report

The last year has seen significant activity on the governance front. The final stage of the refreshment of the Board was completed with Dita Ciulacu joining the Board in August bringing significant expertise in complex IT systems. Dita joined a board who were able to make real progress on how we function together including committee structure, leadership and membership.

It was with some relief that we could put the price path correction behind us with the only loose end being the $1.5M community fund which is also nearly resolved.

The last two years saw a forecast big lift in expected capital spend for our network assets, customer-initiated growth and for non-network systems. The company undertook an independent review of the programme which concluded that while the direction and priorities were largely correct, there are opportunities to responsibly defer some investment and to be very clear about what is dependent on specific customer requirements. This saw a material reduction in the early years of the 2026 asset management plan offset by increases in out years.

This understanding has allowed us to model the long-term financial position of the company to allow focus on required regulatory revenue, capex, debt and potential dividends with more clarity. In turn this will allow better informed discussions with our shareholders, banks and regulators.

In the last 6 months of the year, the Board and management engaged with Aurora Energy around the creation of a shared services company. The proposition was that a single entity delivering all operations across both networks would create beneficial economies of scale. A large effort went into exploring this with expert third-party help. In the final analysis the cost effort and risks associated with such a large transition outweighed the benefits and the parties decided not to proceed further.

During the year the Board decided that Alpine should exit all non-core businesses they owned or had a stake in. Netcon, the contracting arm and Infratec have already been subsumed or closed, and the final accounting entries have been dealt with. The sale of the company's EV chargers and a fibre network are in the advanced stages of sale. The remaining assets are smart meters and stakes in the company's SmartCo and On Metering. Pathways for exiting these assets appear to be opening as at the time of writing this report.

The company has also come to grips with the extensive and pervasive requirements for upgrading and transforming the IT systems and associated workflows that the business operates and relies on. A commitment to replace the two legacy ERP systems used in the company has been made while other systems such as a new GIS have already been commissioned.

The financial results for the year are a large improvement on last year with profit before tax of $15.6M. Debt has increased to $126.6M after capex expenditures of $32.7M. The balance sheet with a ratio of debt to equity of 64.08% and committed bank facilities of $170M position the company to continue its growth and investment trajectory.

The year has been very full-on for the board and management. Our CEO and her team have had the doubly demanding task of not just running an already complex business but also tackling the issues referred to above. The board greatly appreciate the commitment and dedication shown.

For the board it has involved a lot of effort beyond business as usual and I thank my colleagues for unstintingly participating in all the regular and special meetings the committee work, and always prepared and open for challenge, debate and ultimately consensus.

For the company and workforce, the business has continued to provide the electrical distribution services that are essential to the well-being of South Canterbury. This is due to the commitment and effort of all the staff at Alpine who deserve our thanks.

Tony King

Chair

CE report

FY26 was a year of putting things right while building the foundations for what comes next.

Alongside running an essential service every day, we resolved the legacy pricing issue that had weighed on both Alpine and our customers, delivered a strong financial and operational result, and made significant progress modernising the business for the future energy system our communities will increasingly depend on.

It has been a year of hard work, difficult decisions, and real progress. I am proud of what our people have achieved and equally clear-eyed about the work still ahead.

Keeping people safe

Safety remains our highest priority. It is the first thing we talk about and the standard I expect us to be judged by.

This year there were no serious harm incidents involving members of the public. We completed four critical risk reviews covering our highest-risk activities and, in the first full year of our Safety Assurance Programme, significantly exceeded our targets for audits, site visits and safety conversations.

While our internal safety experience score remained steady at 77%, it is still below our target of 85%. That tells us there is more work to do to ensure safety is not just measured but genuinely felt and experienced by everyone who works with us. That focus will continue.

Delivering for our customers and communities

Improving the experience of dealing with Alpine has been a key focus through our Customer Shift programme.

We have been making it easier to connect to the network, improving access to information, strengthening our communications, and giving customers greater visibility of outages and planned work. Customer satisfaction reached its highest level in four years at 55%. While there is still a long way to go, it is encouraging evidence that we are moving in the right direction.

Being community-owned means our role extends beyond poles and wires.

During the extended winter outage in Temuka, our community hub provided a warm place for people to gather, charge devices and access information. We delivered Home Energy Toolkits to libraries across the district to help households better understand and manage their energy use, and we continued our work with rural communities on electrical safety.

These are the moments that remind us why we exist: to serve the communities that own us.

A strong result that supports future investment

We delivered a net operating surplus after tax of $11.3 million, more than double our target of $5.1 million.

The result reflects strong demand for new network connections, disciplined management of costs, and the timing of several change initiatives that will now continue into FY27.

Strong financial performance matters because it gives us the ability to keep investing in the network our communities rely on while maintaining a financially sustainable business.

Investing in a safe and reliable network

This year we invested $29.7 million into our network.

Key projects included the commissioning of the Washdyke Switching Station, upgrades across Temuka, undergrounding works between Pages Road and Centennial Park in Timaru, and a significant programme of pole and line renewals.

Our poles remain an area of particular focus. We manage almost 46,000 poles across South Canterbury, many of which were installed in the 1950s and 1960s. During the year we strengthened our inspection methodology to provide a more accurate view of asset condition. As expected, a more rigorous approach identified a greater number of poles requiring attention. That is not a sign of deterioration in our processes; it is a sign that better asset management is doing exactly what it should.

We replaced 575 poles during the year and have more work planned ahead.

Despite severe weather events and wildlife-related faults, network reliability remained within the limits set under the new regulatory period. We are now developing a Strategic Reliability Management Plan to better target investment at the areas where reliability matters most to customers.

Building the business for the future

The electricity sector is changing rapidly. Meeting future customer expectations while maintaining affordability requires us to change how we work today.

Throughout FY26 we progressed a range of initiatives to modernise our systems, improve the quality of our asset and financial information, and make it easier for our people to deliver work efficiently. This included the decision to replace our legacy ERP systems, a significant programme that will continue over the coming years and provide the platform for how Alpine operates in the future.

We also made deliberate decisions about our structure, priorities and investment portfolio to ensure we remain focused on the areas that matter most.

At the centre of all of this are our people.

This year we launched our Elevate Leadership Programme, introduced our Culture Commitment, and continued investing in the systems and capability that support our teams. My ambition is for Alpine to be both a great place to work and a high-performing organisation. We made meaningful progress on both fronts during FY26.

Putting things right for our customers

One of the most important milestones this year was completing the customer refund programme following the pricing error identified in 2024.

Current customers received $16.9 million in credits through their electricity accounts, and we established a discretionary programme to ensure eligible former customers can also receive repayment.

Returning this money directly to the people who paid it was the right outcome and delivering that outcome has been a significant effort across the organisation.

The final component of our commitments is the $1.5 million community fund.

Under our enforceable undertakings with the Commerce Commission, the fund must support access to electricity through initiatives focused on community resilience, energy affordability and energy efficiency. Every dollar will remain within the Timaru, Mackenzie and Waimate districts.

The fund will be directed toward three key areas:

- Supporting households experiencing energy hardship and improving access to assistance for vulnerable and medically dependent customers.
- Helping people improve energy efficiency and reduce energy costs through practical support and education.
- Strengthening community resilience by helping key facilities remain connected, operational and available during significant outage events.

We are working alongside councils, community organisations and local stakeholders to ensure the funding reaches the areas where it can have the greatest impact. We will report openly on how the fund is allocated and the outcomes it delivers.

This is more than a compliance obligation. It is an opportunity to make a lasting contribution to the communities we serve.

Looking ahead

FY27 will be a year focused on delivery.

We will continue progressing our ERP programme, strengthen our approach to network reliability, advance our sustainability roadmap, and prepare the network for increasing electrification and distributed generation across South Canterbury.

We will also complete the deployment of the community fund and continue improving the experience our customers have with Alpine.

The foundations laid this year give me confidence that we are heading in the right direction. There is still much to do, but we are building a safer, more reliable and more capable organisation that will continue serving our communities for generations to come.

Acknowledging our people

My thanks go first to the crews and teams who keep the lights on every day. Whether responding to faults in difficult conditions, delivering projects, supporting customers, or keeping the business running behind the scenes, your work matters and our communities rely on it.

Thank you to the Executive Leadership Team for your commitment through a demanding year, and to our Chair and Board for their support, challenge and guidance.

Most importantly, thank you to the people of South Canterbury. It is a privilege to lead a company that is owned by the communities it serves, and we remain committed to delivering safe, reliable and affordable electricity for the region we all call home.

Caroline Ovenstone

Chief Executive

Strategic performance

Electricity plays a vital role in the daily lives of South Canterbury's households, farms, businesses, and community services.

Customers increasingly expect electricity services to be reliable, easy to access, and simple to interact with. During the year we continued improving how customers connect with us.

At the same time the wider energy sector is undergoing significant change. Electrification, climate-related risks, emerging technologies such as solar generation, battery storage and electric vehicles, along with changing consumption patterns, are reshaping how networks plan and operate.

In this context, our purpose and strategy guide how we invest, operate, and support our people and communities to deliver reliable electricity and enable South Canterbury's growth and wellbeing.

Our strategic performance reflects a balance between maintaining a safe and reliable network today while investing to meet future demand and expectations.

Our purpose is **empowering our vibrant and thriving communities now and for the future** and we are guided by achieving four strategic outcomes:

- Thriving communities - Our people and communities are healthy, safe, and thriving for the long-term.
- Electricity for all - All electricity users can access and use the electricity they need.
- Resilient and reliable electricity - Our electricity supply is resilient and adaptive in the face of climate change.
- Financial sustainability - We have the capital and infrastructure to invest and deliver our strategy.

During the year we continued investing in strengthening the foundations of the business.

This included improving asset information, strengthening inspection and maintenance programmes, modernising several core systems, and enhancing how teams plan and deliver work. These initiatives help ensure we remain well placed to deliver safe, reliable electricity while preparing for future community needs.

We are strengthening capability to respond to evolving system and customer needs and future energy system requirements.

This includes building capability in modern energy solutions, consumer energy resources (CER), data and technology, and strengthening our ability to adapt to regulatory and market change.

To support this, we are continuing to build an organisation that is a great place to work, delivers affordable and reliable electricity across South Canterbury, and supports customers with greater choice and flexibility.

Delivering our strategic transformation programmes

Across the year, we progressed a coordinated programme of organisational improvement initiatives. Together they deliver a more integrated and effective operating model, while ensuring the organisation is well placed to respond to the changing energy environment.

- Empower – strengthening employee engagement, wellbeing, capability
- Customer Shift – improving customer experience and ease of connection
- Operational Efficiency – reducing workflow friction and improving delivery
- Asset Mastery – improving asset data, design standards, and lifecycle planning
- GridView – geospatial visibility and network intelligence
- Fuse – improving cost transparency to support investment decisions
- Governance – strengthening prioritisation and investment oversight
- ERP Transformer – enterprise resource planning (ERP) upgrade programme.

These programmes are improving how we plan, operate, and invest, and support long-term organisational performance.

Thriving communities

Our people and communities are healthy, safe, and thriving for the long-term

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

During FY26, we strengthened safety leadership, advanced our risk management approach, and deepened engagement with our customers and communities, while continuing to build organisational capability and reinforcing our role as an essential service provider and partner in regional resilience.

Strengthening our safety culture and roadmap delivery

	FY26 Actual	Full year target	Target status
Business safety			
Safety experience scores	77%	85%	Target not met
Critical risk reviews	4	4	Target met
Safety assurance completion[1]	117%	90%	Target 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	20	10	Target met

Safety experience scores come from our overall employee experience survey. Measuring how our people experience and feel about safety at Alpine.

Our Safety Roadmap continued to guide our approach throughout FY26, with a strong focus on managing safety critical risks across the business.

Keeping our people safe, ensuring they return home to what matters most, remains our highest priority.

We are proud to report zero serious harm events this year, reflecting our ongoing commitment to Safety First, Always.

We continued to invest in strengthening our safety systems and lifting organisational capability. This included refreshing our *Stand in the Gap* safety culture programme and building the capability of our Health and Safety Representatives to support safe outcomes across our operations.

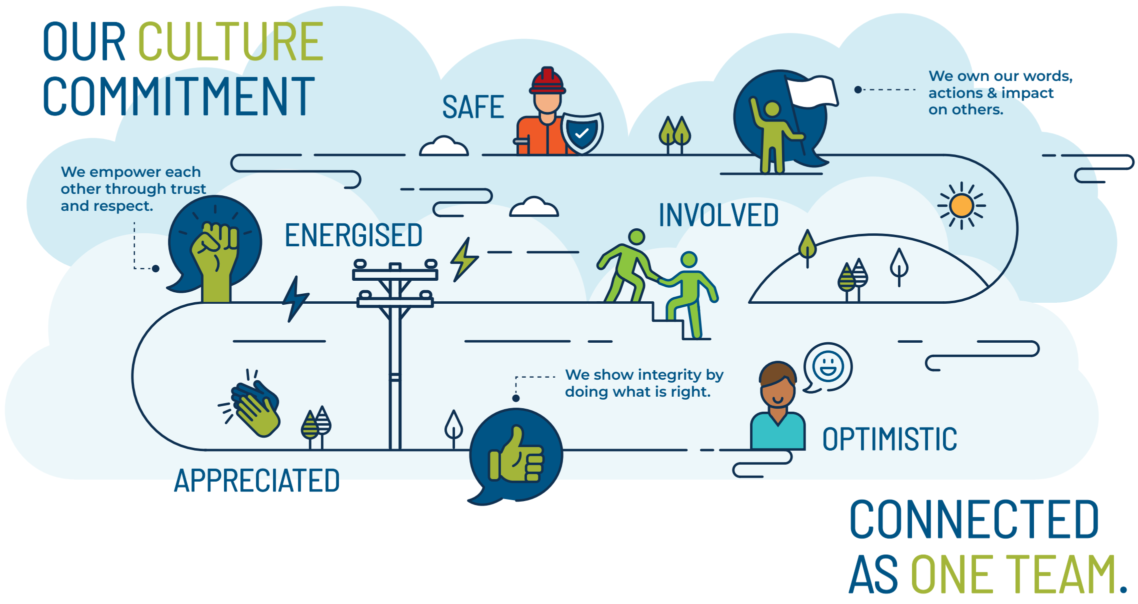
1 This was our first full year of the safety assurance programme, and we over delivered on compliance versus target.

Our Safety Experience score from our employee experience survey was steady on the prior year (+1%) however a miss versus the target set, reinforcing the continued work required to fully embed our safety culture.

We continued to strengthen safety assurance activities across the business, including audits, site visits, safety observations, and safety conversations. This ensured ongoing verification of critical risk controls and supported continuous improvement in safety performance. Managing Safety Critical Risks remains a core focus. This year we completed four critical risk reviews covering Falling Objects, Working at Heights, Plant and Equipment, and Contractor Management. These reviews strengthened our understanding of risk and ensured our controls remain effective, consistent, and continuously improving.

Public safety remained a key focus, with refreshed campaigns delivered across digital, print and community channels to better reach rural and urban customers. Alongside this, we strengthened messaging on working safely near the network—introducing a new “Safe Working Near the Alpine Energy Network” guide and targeted communications for contractors—helping reduce third party damage risks and supporting safer work practices locally and across the wider industry.

Our Public Safety Management System was independently audited by Telarc, with Alpine Energy certified against NZS 7901.



Our people and capability

FY26 delivered meaningful progress across our People and Safety Strategy, with targeted investment in the areas our people told us matter most through the Our Voice employee experience survey.

We strengthened our people systems with the launch of *MyAlpine*, our HR information system, improving the employee experience through streamlined processes and increased self-service.

For the first time, *Enlight* Annual Performance Reviews were delivered through MyAlpine, increasing transparency and supporting greater employee ownership of performance and development.

Building on the Leadership Framework developed in FY25, we moved into implementation in FY26. Our *Elevate Leadership Programme* was launched to upskill and enable our senior leaders, embedding the expectations of leadership across the organisation.

Our *PEAK Learning Calendar* supported the development of all employees, informed by the Learning Needs Analysis completed in FY25.

A significant milestone this year was the co-design of our *Culture Commitment* with our people, defining the culture we are building and how our people want to experience work. This now provides the foundation for our employee experience and will guide how we lead, work, and make decisions across the organisation.

Our wellbeing programme, *FullyCharged*, now in its third year, was recognised as a finalist at the New Zealand HR Awards for Wellbeing Programme of the Year. Reflecting both the strength of the programme and our ongoing commitment to supporting the wellbeing of our people.

Together, these initiatives strengthen our ability to attract, develop, and retain the capability required to deliver our strategy and support sustainable organisational performance.

Our workforce reflects a diverse range of backgrounds and experience, contributing to a stronger and more capable organisation.

Alpine Board
1 female director,
5 male directors

Alpine Executive Leadership Team
2 male executives,
3 female executives

Alpine Team
60 females,
163 males

Strengthening stakeholder and customer relationships

As a community-owned electricity network, strong relationships with our stakeholders are central to how we operate. We continued to strengthen these relationships during the year, with a particular focus on improving customer experience through our Customer Shift programme.

Improving access to information and ease of interaction remained a key priority. We enhanced our new connections web and online forms experience, provided clearer pricing information, and improved consistency of communication throughout the connection process. We also expanded the use of communication channels to ensure information is more accessible and reaches customers in different ways.

We also introduced a Customer Connections Survey for contractors to better understand the connection experience and identify opportunities to improve. Initial results show moderate satisfaction overall, with communication and timeliness emerging as key areas for improvement. This establishes a baseline to measure progress over time.

We strengthened how we communicate with customers about the work that affects them. A key improvement was enhancing planned outage communication to clearly explain why the work is required, the benefits to customers, and the value for money delivered through essential investment in reliability and safety.

During significant network events, including unplanned Transpower outages, we prioritised timely, clear, and consistent communication to keep customers informed and supported.

Our increased use of Facebook significantly extended our reach, with 1.5 million views and 6,300 interactions across the year, reflecting strong community engagement with our updates. This information is mirrored on our website to increase accessibility.

We continued to deepen engagement with our large customers, sharing network plans and gaining insights into their future requirements to support more informed network planning and decision-making.

It's been a real pleasure working with you. Thank you for the courteous, professional and customer-focused way you have conducted yourself.

Justin Riley, Farmers Mill

We maintained a visible presence in the community through both support during events and proactive engagement. During a significant extended outage in the Temuka area during winter, we provided a 'Temuka Hub' as a community support point. This provided a welcoming space for customers to stay warm, access information about the outage and Alpine generally, and connect with our team. We also engaged with rural communities at the Mackenzie A&P Show to promote farm electrical safety awareness.

In partnership with local councils, we delivered Home Energy Toolkits to libraries and selected community groups across South Canterbury, helping households better understand and manage their energy use. Feedback shows strong customer satisfaction and community value.

A commissioning event at the Washdyke Switching Station marked completion of this significant project and recognised the contribution of those involved. Post-event survey feedback indicated 100% satisfaction, along with strong stakeholder engagement and improved understanding of the network and its benefits.

Customer satisfaction has been gradually increasing, having reached a four-year high of 55%. Customers rated staff attitude, reliability, safe supply, and enquiry handling highly, while identifying value for money, trust, and communication as areas for further improvement. These insights are directly informing ongoing improvements to customer experience given Alpine aspires for significantly higher customer satisfaction.

We continued to deliver strong service performance, with all customer complaints, including those referred to Utilities Disputes, resolved within expected timeframes during the year.

Embedding sustainability

Sustainability is central to Alpine's ability to deliver for the South Canterbury community, both now and into the future.

During FY26, we refreshed and completed Alpine's Materiality Assessment, which gathers and analyses stakeholder views to identify the environmental, social and governance (ESG) issues most relevant to our business and stakeholders. This assessment ensures focus on the ESG issues most critical to long-term organisational performance and stakeholder value.

In Q4, we also completed a baseline assessment of our ESG performance, risks and compliance using *EcoVadis*, an internationally recognised framework.

Together, these foundations will inform the development of our future sustainability roadmap in FY27. This builds on initiatives delivered this year, including partnering with local supplier Workwear Recycled, supporting Environment Canterbury with a beach clean-up at Waitarakao Washdyke Lagoon, and donating no-longer-used climbing helmets to Peel Forest Outdoor Centre.

Electricity for all

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

We are committed to ensuring every home, farm, and business across South Canterbury has access to safe and reliable electricity. Delivering electricity efficiently, equitably, and sustainably underpins both community wellbeing and economic growth.

During FY26, our work focused on enabling access to electricity, supporting increasing connection and distributed generation activity, and preparing the network for ongoing electrification, while balancing affordability and long-term planning.

Customer activity more dynamic

Customer activity across distributed energy, electrification, and system planning reflects a continued period of change in how the electricity system is used and developed. Customers are playing a more active role in the energy system, with demand becoming more variable and network planning increasingly informed by data and forward-looking analysis.

Our role is to ensure the network continues to support this change safely and efficiently, while balancing affordability today with the needs of the future. We continued to use customer data to understand how demand is changing across the network and where growth is occurring, helping us plan and respond appropriately.

During FY26, we progressed 1,380 customer connection activities associated with connecting and modifying customer supply. Activity was 15% higher than FY25, with around 30% linked to commercial activity, and peaked at 179 in a single month.

During the year, this resulted in 249 new connections being added to our network, broadly consistent with FY25, and 188 distributed generation connections being completed.

Commercial and industrial enquiries have remained strong throughout the year, with many progressing through to completed projects. Load requirements associated with these developments continue to increase, indicating sustained and significant demand. This growth has been driven by the relocation and expansion of existing businesses, alongside the establishment of several new businesses within the district.

Connecting homes, farms, and businesses remains central to supporting South Canterbury's growth. Demand continues to be driven by residential development, agricultural activity, and commercial investment.

Each connection is carefully assessed and planned to ensure the network can accommodate additional demand while maintaining reliability for existing customers. We continue to work closely with developers, electricians, contractors, and customers to deliver connections safely and efficiently across the region.

Growth in distributed generation and customer energy choice

More customers are choosing to generate their own electricity, particularly through rooftop solar. Distributed generation continues to play a growing role in the energy system, enabling customers to take a more active role in how they use and generate electricity across South Canterbury.

During the year, we supported new generation connections while ensuring the network remains safe, stable, and reliable. We connected 188 solar systems equating to 1.84MW, a 15% increase on 2025.

In total, there are around 1,120 distributed generation customers across the network, with up to 7 MW of installed capacity.

Interest in larger-scale solar continues, with the Lodestone Energy Solar Farm nearing completion and one additional utility-scale project in the final application stage.

As distributed generation grows, ongoing planning and technical assessment remain important to ensure the network can accommodate new generation while maintaining reliability and power quality for all customers.

Public electric vehicle charging connections growing

We continue to support electric vehicle (EV) charging connections, although application volumes remained lower than initially expected.

During the year, we received five applications and completed one installation. While residential uptake has been limited, we are increasingly seeing demand shift toward larger commercial fast-charging installations (300–500 kW). These higher-capacity connections require greater network coordination and control capability to manage demand safely and efficiently. Supporting businesses to make these connections is Alpine's role to enable transport electrification.

This shift aligns with findings from the South Island EV charging study commissioned by DETA, which indicates that future demand will be met by a smaller number of strategically located, high-capacity charging hubs, while also highlighting the scale of infrastructure required across the South Island to support projected EV uptake.

While activity is currently modest, we expect EV-related demand to increase over time as vehicle adoption grows and supporting infrastructure expands across the region.

We continue to monitor emerging demand patterns and incorporate EV uptake scenarios into our broader network planning and investment forecasting.

Partnering with EECA on future network readiness initiatives

As customer demand and electrification increases, we are working with the Energy Efficiency and Conservation Authority (EECA) and our EDB peers on two initiatives that support smarter network planning and prepare for future demand.

The first programme is reshaping how we plan for electrification and growth by working directly with large energy users to better understand future electrification requirements, including opportunities for solar and wider electrification. It provides more detailed customer and network-level insights and supports early consideration of alternatives to traditional network investment.

This includes initial work in assessing non-network options for the Burkes Pass area and development of forecasting models to understand DER uptake in the network. The programme strengthens our ability to understand future demand, enabling more efficient and targeted investment while supporting customer participation in the energy transition.

The second programme, Industrial Flex, is underway. Site evaluations will begin April 2026, starting with a pilot customer. It explores how large industrial customers can temporarily reduce or shift electricity use during periods of peak demand or network constraints. This helps reduce network pressure, defer costly upgrades, and maintain reliable supply for all customers.

Resilient and reliable electricity

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

Providing reliable electricity is Alpine Energy's core responsibility. Homes, farms, businesses, and community services rely on the network every day.

During FY26, we maintained strong network performance while continuing to invest in network resilience, improving asset condition visibility, delivering key infrastructure projects, and enhancing the use of data and technology to support reliability and future network needs.

Maintaining network performance and 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 26		Target status
	Actual (FY26)	**Limit (5-years FY26-30)**	
Planned SAIDI (mins)	84.44	825.77	Target met
Planned SAIFI	0.375	3.144	Target met
	Actual	**FY26 (annual limit)**	
Unplanned SAIDI (mins)	109.37	118.47	Target met
Unplanned SAIFI	1.076	1.1372	Target met

The targets set in our 2026 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 2025 (DPP4). We have complied with these limits.

Network performance remained broadly stable during the year, with planned outages within target levels and unplanned outages slightly above target due to severe weather and wildlife-related events.

Planned outages are required to safely maintain and upgrade the network and are scheduled and communicated in advance to minimise customer impact. Unplanned outages arise from events such as severe weather, vegetation contact, equipment failure, wildlife, and third-party damage. Urgent safety-related work is also undertaken when required, including the immediate replacement of assets such as red-tagged poles where safety risk is identified.

Our teams focus on restoring supply as quickly and safely as possible when outages occur.

We are developing a Strategic Reliability Management Plan (SRMP) to improve how we understand performance across the network and better target future investment and operational improvements.

Unplanned outages during the year were primarily driven by severe weather and lightning events in September and October 2025, along with wildlife-related faults on the Temuka–Geraldine sub-transmission feeder in January 2026. Despite these events, unplanned SAIDI and SAIFI remained within annual limits.

Delivering works programmes and asset renewals

Delivering the network works programme ensures infrastructure continues to meet the needs of South Canterbury, both now and into the future.

Our network is made up of assets of varying age and condition, with a significant proportion built in the 1950s and 1960s. We continue to invest in renewal and strengthening programmes to maintain safety, resilience, and reliability.

Alongside major projects, we continued a broad programme of asset renewal and replacement across the network. This included the replacement and upgrade of key distribution equipment such as switchgear, transformers, and other distribution assets, as well as ongoing defect remediation and condition-based renewals.

During the year we delivered a range of capital and maintenance works, including:

- Renewal of aging overhead and underground assets
- Substation upgrades and targeted risk reduction works
- Network strengthening to support growth and reliability
- Preventative maintenance and inspection programmes.

We completed $21.9M of capital works against a budget of $25.6m. The variance was primarily driven by project timing constraints linked to network access and landowner approvals, and weather events that restricted access or required resources to be redirected to fault response.

Alongside this, we delivered $7.8M of customer-initiated works, reflecting continued customer-driven growth and connection activity across the region. A significant component of this is Lodestone's Clandeboye Solar Farm which is due for commissioning in FY27.

This investment balances ongoing asset renewal requirements with the need to support growth and maintain long-term network resilience.

Improving asset condition visibility and management

We continued to strengthen our understanding of asset condition through targeted inspection and renewal programmes.

We manage 45,886 poles across the network. The FY26 pole inspection programme was designed as a targeted condition assessment approach to identify higher-risk assets and improve asset health visibility.

During the year, we identified elevated condition risk across parts of our pole network and activated a formal Coordinated Incident Management System (CIMS) response to manage the matter with appropriate discipline and urgency. A targeted inspection programme of higher-risk poles was completed, providing a reliable baseline for action; immediate controls were applied to defective assets, including tagging and physical isolation where required, with no safety incidents recorded during inspection activity. The response then moved from inspection into structured analysis, governance and delivery planning, with a sustained focus on public and worker safety, data integrity, and confidence in our defect classification and prioritisation processes. A reset inspection methodology and replacement prioritisation approach were developed and taken through the Asset Management Committee, alongside dedicated Health and Safety Committee oversight of our PCBU obligations, and the implications were reflected in our asset management planning. The Board received regular governance updates throughout the period, and the programme remains under active oversight as replacement and remediation work continues.

A total of 14,712 poles were inspected against a target of 21,084, representing a 176% increase in inspection activity compared to FY25, and identifying 125 red-tag poles requiring priority attention (FY25: 30).

Across the year, 575 poles were replaced through planned and reactive programmes, supporting ongoing renewal and network resilience.

Delivering key network infrastructure projects

These works form part of our ongoing programme to renew and strengthen the network, aligned to our asset management approach and long-term planning. Together, they support safe, reliable, and resilient electricity supply for customers across South Canterbury.

Temuka network upgrades

We invested $4.6m in network upgrades in Temuka to improve network resilience and asset condition, out of which $3.1m of the works were completed in the current financial year and the remaining $1.5m (investment to date) of the work is expected to be completed in the coming financial year. The investment was made to replace, but not limited to, ageing pole infrastructure, upgrading sections of overhead line to improve reliability, and installing two new ring main units (RMUs). These works increase network flexibility and support faster fault restoration across the local area.

Timaru substation conversions

Three underground substations in Timaru were converted to above-ground installations, improving operational safety and making assets easier to access for maintenance and fault response. The work also reduces long-term maintenance requirements and improves the ability to inspect, maintain, and restore supply more efficiently when faults occur.

Overhead line renewal programme

As part of our ongoing asset replacement programme, we completed a range of overhead line renewal projects across the network to replace ageing and defective assets. Key works included Milford–Clandeboye Road ($1.2m), Palmer Road ($0.7m), Flemming Road ($205k), Dog Kennel Road ($85k), Kimbell ($431k), and Te Moana ($0.7m), improving reliability and reducing the risk of unplanned outages across rural and semi-rural areas.

Pages Road to Centennial Avenue undergrounding

We completed staged undergrounding works between Pages Road and Centennial Park in Timaru, removing overhead lines from residential properties and placing them underground. The project involved complex delivery in constrained residential areas, including work in back yards, traffic management, and the use of large lifting equipment such as cranes within a built-up urban environment.

Proactive community engagement and safety communications were carried out throughout construction to keep residents informed and manage disruption. The works improve supply reliability by reducing exposure to external impacts, while also improving the visual amenity of the local area.

Completion and commissioning of the Washdyke Switching Station

The Washdyke Switching Station was completed and commissioned during the year at a cost of $6.4m. The project provides a new switching station at 11kV, improving network flexibility and capacity in the Washdyke area. It has been designed to support future expansion, with additional capacity able to be added over time as demand increases, including future transformation to 33/11kV operation.

The investment strengthens supply security for existing customers and enables further industrial and commercial development in the area.

Image: Brad Reeves Photography

Leveraging data and technology

This year saw continued progress in how we use data and technology to support decision-making, improve operational efficiency, and strengthen the reliability and security of the network.

Our focus has been on building a more connected and modern digital environment, enabling better visibility of network performance, asset condition, and customer activity. This includes ongoing investment in digital capability to support future improvements in efficiency, decision-making, and service delivery.

Implementing digital platforms and transformation

During the year, we delivered Alpine Energy's first Digital Strategy, providing a clear framework for how technology, data, and digital tools support our broader organisational objectives.

We have been progressing the full replacement of our geographic information system. As a core system of record for the network, this underpins how we manage, analyse, and operate our assets, supporting improved planning, operations, and regulatory compliance. The replacement provides a more accurate and connected view of the network, improving how we capture, manage, and use asset and network data.

New field mobility, vegetation management, and outage management tools were also introduced, improving visibility, coordination, and efficiency for field teams.

We continued to modernise our technology environment through system upgrades, improved access management, and the decommissioning of legacy platforms. These changes reduce complexity, improve performance, and ensure alignment with supported technology standards.

Strengthening cyber security and data protection

Cyber security capabilities were further strengthened during the year through system upgrades, improved controls, and independent testing.

A comprehensive penetration testing programme identified no critical vulnerabilities, reflecting the maturity of our security environment. Enhancements were made across network security, access management, and backup and recovery processes, supported by specialist external response capability.

Investment in data and analytics continued to deliver value across the business. We have consolidated reporting into a single, governed environment and supporting more consistent, reliable decision-making across asset management, operations, and customer outcomes.

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.

During FY26, performance reflected strong revenue growth, disciplined cost management, and continued investment in the network, ensuring we remain well placed to deliver for our customers, shareholders, and communities over the long term.

Financial and operational business performance

Net Operating Surplus after tax

Performance for the year was driven primarily by revenue growth, increased capital projects driving higher labour recovery, rigorous cost governance and deferred change project spend.

$0.4M higher customer connections drove greater network usage, whilst customer contributions reflected the uplift in connection activity. $3.5M cost of delivery benefited from favourable recovery to capital projects, and lower-than-expected staffing and contract service costs. $1.8M operating overheads reduction was driven by technology system rationalisation, savings and efficiencies, and lower staffing, consultancy and property costs. $1.3M deferred change project expenditure with rephasing of key strategic programmes toward the second half of the year. These programmes will continue into FY27. $1.5M favourable finance costs reflected lower debt levels and interest rates.

Favourable variances were partially offset by $(0.7) M Divestment and Collaboration costs, driven by consultancy expenditure and industry collaboration costs. Overall, the result reflects strong demand-driven revenue performance and effective cost control, with timing-related delays in expenditure contributing to improved short-term financial outcomes.

Capital investment and delivery

- Network capital expenditure (Network and Customer) of $29.7M was slightly below the $30.3M target, with the majority of planned projects completed on time and within budget. The variance reflects minor timing and delivery phasing differences at year end, rather than any material change in overall programme scope or performance
- Non-network capital expenditure of $3M was below the $5.6M target primarily reflecting revised timeframes for the development of a new yard and the procurement of vehicles, along with lower-than-anticipated investment in meters and relays for non-regulatory assets.

Group financial performance and results

	Actual FY26	Target FY26	Target status
Net lines revenue[2]	66,636	66,234	Target met
Cost of delivery	(7,978)	(11,492)	Target met
Gross profit	**58,658**	**54,742**	Target met
Operating overheads	(19,671)	(21,462)	Target met
EBITDA core business	**38,987**	**33,280**	Target met
Depreciation	(13,522)	(14,418)	Target met
Reversal of impairment	195	-	Target met
EBIT core business	**25,660**	**18,862**	Target met
Customer contributions	2,584	2,393	Target met
Investments	(760)	(301)	Target not met
Change projects	(3,927)	(5,246)	Target met
Divestments & Collaboration[3]	(791)	-	Target not met
Group EBIT	**22,766**	**15,708**	Target met
Finance costs	(7,076)	(8,577)	Target met
Total net operating surplus before tax	**15,690**	**7,131**	Target met
Price Path Correction	(74)	-	Target not met
Taxation	(4,337)	(1,997)	Target not met
Net operating surplus after tax	**11,279**	**5,134**	Target met
Capital Expenditure on network assets	29,683	30,260	Within 90% of budget
Capital Expenditure on non-network as-sets	2,985	5,550	Target not met
Net External Debt	126,189	149,950	Target met

Capital structure

	Actual FY26	Target FY26	Target status
Interest cover (target> 2.75 times)	6.07	4.43	Target met
Debt: RAB ratio (target <70%)	36%	41%	Target met
Guarantor Group Coverage - EBITDA	100%	100%	Target met
Guarantor Group Coverage – Tangible Assets	100%	100%	Target met

Bank Covenants exclude Infratec and SmartCo

2 Net lines revenue less pass-through costs such as transmission, insurance and rates.

3 Divestment costs were incurred in the assessment of investment property and non-core business. A provision was made to to enter into a Heads of Agreement with Aurora to assess opportunities for operational integration.

Financial Position

	Actual FY26	Target FY26	Target status
Net Working Capital	6,485	12,734	Target met
Non – Current Assets	367,869	369,525	Target not met
Non – Current Liabilities	(176,815)	(199,836)	Target met
Total Shareholders' Equity	197,539	182,423	Target met
Cash Flows from Operating Activities	22,544	25,142	Target not met
Cash Flows from Investing Activities	(30,718)	(38,149)	Target not met
Cash Flows from Financing Activities	6,862	12,601	Target not met

Financial ratios and performance indicators

	Actual FY26	Target FY26	Target status
Profit before Tax / Equity	7.91%	3.91%	Target met
Profit after Tax / Total Assets	2.95%	1.33%	Target met
Profit after Tax / Equity*	5.71%	2.81%	Target met
Total Shareholders' Equity / Total Assets	51.61%	47.28%	Target met

**Also known as "rate of return on shareholders' funds after payment of tax"*

Investments

Our investment portfolio supports our core purpose of delivering reliable, efficient, and future-ready energy solutions. Through joint ventures and wholly owned subsidiaries, we invest in selected technologies, partnerships, and platforms that enhance network capability and support safe, reliable, and efficient network operation.

These investments are assessed on their ability to support network performance, improve operational efficiency, and deliver long-term value.

During FY26, we reviewed our portfolio to ensure continued alignment with our core network focus and long-term value.

Final commitments for projects in the Pacific delivered by Infratec have now been completed. These projects provide clean and reliable energy solutions and building local capability in remote island communities. Following this, Infratec will be wound up.

Our investment in SmartCo continues to support network safety, asset efficiency, and data visibility through the Hiko platform. This low-voltage data and visualisation solution improves our ability to identify faults, manage power quality, and restore supply efficiently, while also supporting network planning through better visibility of performance and maintenance needs. Ongoing development across participating electricity distribution businesses supports scale, capability, and cost efficiency.

Advanced metering infrastructure is delivered through On Metering Limited (OML), a 50% joint venture with Network Tasman Limited. This supports remote meter reading, outage detection, and improved monitoring of network performance across parts of our network.

Corporate services and SCADA connectivity are supported by Alpine Data Networks, utilising dedicated fibre capacity in the Timaru area. During FY26, a decision was made to divest these network assets, and work is now underway to transition to an externally provided service model.

We own and operate five public EV charging sites across our network, located in Aoraki Mount Cook, Twizel, Tekapo, Waimate and Orari, with ChargeNet providing service and support. In FY26, we made the decision to transition away from direct ownership of EV charging infrastructure. This included transferring ownership and operation of the Fairlie and Geraldine sites to ChargeNet and progressing the divestment of our remaining five charging assets.

Governance and leadership

Board

The Board provides oversight of strategy, risk, and performance.

FY26 changes:

- Afrodita Ciulacu appointed
- Melissa Clark-Reynolds departed
- Karen Coutts departed

Executive changes:

- Jessica McDonald appointed: CIO
- Clive Smith departed: CFO
- Chirag Desai departed: Chief Assets Officer

The Board is satisfied it retains appropriate skills, experience, and independence to govern effectively.

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.

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.

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.

Albert Brantley

Albert is a trained engineer and geologist who has led 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.

Afrodita Ciulacu

Dita is an accomplished technology and operations executive with over 20 years of experience driving strategic transformation across diverse sectors including healthcare, financial services, government, and the not-for-profit space in New Zealand. As an Independent Director, she brings deep capability in digital innovation, operational excellence, and risk governance, alongside a strong focus on stakeholder engagement and sustainable value creation. Dita holds an MBA from the University of Otago and is certified in IT governance (CGEIT), project management, and agile methodologies. Dita is based in Christchurch and joined the Board in August 2025.

Executive leadership team

The Executive Leadership Team is responsible for the day-to-day management of Alpine Energy and delivery of the organisation's strategy.

Caroline Ovenstone

Chief Executive Officer

Andrew Kerr

Chief Customer & Strategy Officer

John Campbell

Chief Network Delivery Officer

Susan Lowe

Chief People & Safety Officer

Jessica McDonald

Chief Information Officer

Alpine Energy Limited
Consolidated Financial Statements

For the Year Ended 31 March 2026

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Directors' Report

31 March 2026

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 2026.

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 six 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 eleven 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

Tony King (Chair)
Kevin Winders
Albert Brantley
Stephen Lewis
Aaron Bethune
Dita Ciulacu (appointed on 01 August 2025)
Melissa Clark-Reynolds (resigned on 29 August 2025)
Karen Coutts (resigned on 28 July 2025)

Subsidiaries

Infratec Limited and Infratec Renewables (Rarotonga) Limited
Caroline Ovenstone

Joint venture

On Metering Limited
Caroline Ovenstone
Andrew Stanton

Associates

SmartCo Limited
Garth Dibley
Oliver Kearney
Caroline Ovenstone
Benjamin Kepes
Paul Blue (appointed on 06 August 2025)
Andrew Cameron (appointed on 24 March 2026)
Rachael Watt (resigned on 06 August 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 $92.036 million was achieved for the year, 14% higher than the previous year prior to price path correction. FY25 included a provision of $16.902 million in relation to the credits to current customers following the conclusion from Commerce Commission's investigation in FY25. Refer to Note 5 for further details.

The Group profit before income tax for the year was $15.616 million, an increase from last year's loss of $16.783 million.

The profit from operations of the Group amounted to $11.279 million (2025 Loss: $12.055 million)

	2026	2025
	000's	000's
	$	$
Profit/(Loss) before income tax	**15,616**	(16,783)
Income tax benefit/(expense)	**(4,337)**	4,728
Profit/(Loss) from operations	**11,279**	(12,055)

Dividends paid or recommended

- No dividends were paid.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Share capital

Total issued and paid up share capital as at 31 March 2026 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 surplus after income tax attributable to the Shareholders for the year ended 31 March 2026 represents 6% (2025: 7% loss) 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, or relating to, monetary 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:

	Total
2026	**$**
Directors	
Tony King	**88,592**
Melissa Clark-Reynolds	**40,845**
Karen Coutts	**19,667**
Kevin Winders	**65,638**
Albert Brantley	**65,638**
Stephen Lewis	**65,638**
Aaron Bethune	**59,000**
Dita Ciulacu	**43,205**
	448,223

Employee Remuneration

Remuneration range	Number of Employees
$100,000 - $109,999	17
$110,000 - $119,999	20
$120,000 - $129,999	19
$130,000 - $139,999	17
$140,000 - $149,999	14
$150,000 - $159,999	10
$160,000 - $169,999	12
$170,000 - $179,999	4
$180,000 - $189,999	9
$190,000 - $199,999	4
$200,000 - $209,999	3
$210,000 - $219,999	1
$250,000 - $259,999	1
$310,000 - $319,999	1
$320,000 - $329,999	1
$380,000 - $389,999	1*
$390,000 - $399,999	1*
$410,000 - $419,999	1*
$600,000 - $609,999	1

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

*These remuneration actuals include exceptional or prior-period related payments recognised during the year and should not be interpreted as indicative of recurring annual remuneration.

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 2026 is $299,973 (2025: $285,157).

Directors' and CEO disclosure of interests as at 31 March 2026

Name	Name of Company/Entity	Interest	Name	Name of Company/Entity	Interest
Tony King	Barrhill Chertsey Irrigation Limited	Independent Director	**Albert Brantley**	Amethyst Hydro Limited	Director
	Fuel Cells New Zealand Limited	Director		Ballance Agri-Nutrients Limited	Director
	GreenPower NZ Limited	Director		ElectroNet Consulting UK Limited	Director
	Kakariki Power Limited	Director		ElectroNet Services Limited	Director
	MainPower Holdings Limited	Director		FarmRight Limited	Director
	MainPower New Zealand Limited	Chair		Hantt & Co	Member, Advisory Board
	MPNZ Investments Limited	Director		H.W. Richardson Group Limited	Chair
	Option One Limited	Director		Local Government New Zealand	Director of Independent Assessment Board
	Option One Limited	Shareholder		Mitton ElectroNet Limited	Director
	RBL Property Limited	Director		Waitaha Hydro Limited	Director
	Ruralnet Limited	Director		Westpower Limited	Director
	Solar New Zealand Limited	Director			
			Stephen Lewis	Aurora Energy Limited	Director
Aaron Bethune	Bethune Consulting Limited	Director		Electricity Invercargill Limited	Chair
	Bethune Consulting Limited	Shareholder		Greenpower NZ Limited	Director
	Bethune Family Trust	Trustee		MainPower NZ Limited	Director
	Ruakura EDB GP Limited (Ruakura Energy)	Business Manager			
	Tainui Group Holdings	Ruakura Energy Business Manager	**Caroline Ovenstone**	Global Women	Director
	Timaru District Holdings Limited	Independent Director		Infratec Limited	Director
				Infratec Renewables (Rarotonga) Limited	Director
Kevin Winders	Port Otago Limited	Chief Executive		On Metering Limited	Director
	Southern Link Property 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 26 day of June 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2026

	Note	2026 000's $	2025 000's $
Revenue and other income	5	**92,036**	80,771
Price path correction		**-**	(16,902)
Net revenue and other income	5	**92,036**	63,869
Expenses	6		
Transmission costs		**(15,537)**	(13,116)
Depreciation and amortisation		**(15,095)**	(14,480)
(Loss) on disposal of assets	14	**(1,338)**	(969)
Reversal of impairment / (Impairment loss)	14	**195**	(902)
Contract services		**(3,803)**	(8,157)
Employee benefits		**(17,541)**	(19,077)
Other operating expenses	6	**(17,642)**	(13,787)
Price path correction	6	**(74)**	(3,259)
Total expenses		**(70,835)**	(73,747)
Operating surplus/(loss)		**21,201**	(9,878)
Finance costs	5.2	**(5,877)**	(7,000)
Finance income	5.1	**106**	29
Share of total comprehensive income of equity-accounted joint ventures	17	**186**	66
Profit/(Loss) before income tax		**15,616**	(16,783)
Income tax benefit/(expense)	7	**(4,337)**	4,728
Profit/(Loss) from operations		**11,279**	(12,055)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of property, plant and equipment (net of tax)	14	**1,884**	-
Items that will be reclassified to profit or loss when specific conditions are met			
Fair value movements on hedge reserve (net of tax)	30	**322**	(416)
Hedging gains/(losses) reclassified to profit or loss (net of tax)	30	**219**	(409)
Fair value movements on foreign currency translation reserve (net of tax)	30	**-**	(265)
Other comprehensive income/(loss) for the year, net of tax		**2,425**	(1,090)
Total comprehensive income/(loss) for the year		**13,704**	(13,145)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2026

	Note	31 March 2026 000's $	31 March 2025 000's $
Assets			
Current Assets			
Cash and cash equivalents	8	**391**	1,745
Trade and other receivables	9	**10,078**	11,983
Inventories	10	**7,149**	7,674
Current tax receivable	21	**-**	659
Construction work in progress	12	**234**	680
Assets held for sale	13	**4,500**	-
Total Current Assets		**22,352**	22,741
Non-Current Assets			
Property, plant and equipment	14	**355,570**	340,723
Investment property	15	**1,260**	2,230
Investment in joint ventures	17	**1,847**	1,661
Investments in associates		**234**	234
Derivative instruments in designated hedge accounting relationships	30	**764**	188
Loans and advances	11	**1,482**	1,882
Intangible assets	18	**1,107**	1,660
Right-of-use assets	19	**5,605**	5,413
Total Non-Current Assets		**367,869**	353,991
Total Assets		**390,221**	376,732
Liabilities			
Current Liabilities			
Trade and other payables	20	**10,389**	27,926
Current tax payable	21	**172**	-
Contract liabilities	22	**1,144**	340
Lease liabilities	19	**1,264**	1,076
Liabilities associated with assets classified as held for sale	13	**514**	-
Employee benefits	23	**2,384**	2,228
Derivative instruments in designated hedge accounting relationships	30	**-**	94
Total Current Liabilities		**15,867**	31,664
Non-Current Liabilities			
Borrowings	25	**126,580**	118,149
Deferred tax liabilities	21	**41,195**	35,933
Contract liabilities	22	**3,875**	1,820
Lease liabilities	19	**5,025**	5,016
Derivative instruments in designated hedge accounting relationships	30	**140**	315
Total Non-Current Liabilities		**176,815**	161,233
Total Liabilities		**192,682**	192,897
Net Assets		**197,539**	183,835
Equity			
Issued capital	26	**41,328**	41,328
Reserves		**6,416**	4,504
Retained earnings		**149,795**	138,003
Total equity attributable to equity holders of the Company		**197,539**	183,835
Total Equity		**197,539**	183,835

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2026

2026

	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 2025		**41,328**	**4,478**	**(2)**	**28**	**138,003**	**183,835**
Profit attributable to equity holders of the Company		**-**	**-**	**-**	**-**	**11,279**	**11,279**
Total other comprehensive income for the year		**-**	**1,884**	**-**	**541**	**-**	**2,425**
Transfer on disposal of investment property		**-**	**(513)**	**-**	**-**	**513**	**-**
Balance at 31 March 2026		**41,328**	**5,849**	**(2)**	**569**	**149,795**	**197,539**

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	-
Balance at 31 March 2025		41,328	4,478	(2)	28	138,003	183,835

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2026

	Note	2026 000's $	2025 000's $
Cash flows from operating activities:			
Receipts from customers		**97,457**	81,668
Payments to suppliers and employees		**(51,892)**	(56,253)
Interest received		**106**	29
Interest paid		**(5,971)**	(6,335)
Income taxes received/(paid)		**820**	(934)
Net GST (paid)/received		**(435)**	(1,094)
Payments of price path correction		**(17,541)**	-
Net cash provided by operating activities	34	**22,544**	17,081
Cash flows from investing activities:			
Proceeds from sale of plant and equipment		**966**	1,500
Purchase of property, plant and equipment		**(32,026)**	(31,807)
Purchase of intangible assets		**(58)**	(340)
Loans to related parties - proceeds from repayments		**400**	425
Net cash used in investing activities		**(30,718)**	(30,222)
Cash flows from financing activities:			
Net drawdowns from borrowings	34	**8,431**	15,289
Payment of lease liabilities	34	**(1,569)**	(1,348)
Net cash provided by financing activities		**6,862**	13,941
Effect of exchange rate changes		**(42)**	97
Net increase/(decrease) in cash and cash equivalents held		**(1,354)**	897
Cash and cash equivalents at beginning of year		**1,745**	848
Cash and cash equivalents at end of financial year	8	**391**	1,745

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2026

1. General information

The consolidated financial statements 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 26 June 2026.

Comparative balances have been reclassified to conform with changes in presentation and classification adopted in the current year.

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 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.

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

3. New accounting standards

No new standards were applied during the year.

The following new standards have been issued but are not yet effective:

NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18)

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.

Amendments to NZ IFRS 10 and NZ IAS 28 (2024)

Amendments to NZ IFRS 10 and NZ IAS 28 (2024) was issued in May 2024 and defers the mandatory application date of the amendments relating to the sale or contribution of assets between an investor and its associate or joint venture to annual periods beginning on or after 1 January 2028, and entities could early adopt this accounting standard. The Group expects to adopt NZ IFRS 10 and NZ IAS 28 (2024) in the 2029 consolidated financial statements .

The Group does not expect the amendments to have a material impact on the Group's consolidated financial statements.

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 South Canterbury. Infratec contracted in Wellington and Tonga. 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.

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 Consolidated Statement of Profit or Loss and Other Comprehensive Income 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% - 28.57%
Meters and relays	2.22% - 8.50%
Plant and equipment	1.43% - 67.00%
Fibre	2.50% - 5.53%
Land and buildings	0.00% - 10.00%

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 and Other Comprehensive Income 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. Assets held for sale

The fibre and EV Charger assets have been classified as held for sale following a Board-approved decision to divest. The assets are available for immediate sale in their present condition and are being actively marketed through a formal sale process. The expected proceeds from disposal, based on current indicative pricing, are assessed to exceed the carrying amount. Accordingly, no impairment loss has been recognised on classification as held for sale as at 31 March 2026. Management considered these do not meet the criteria to be disclosed as discontinued operations. Refer to Note 13 for further details.

4.5. Capital contributions

In accordance with the accounting policies disclosed in 3.2, revenue from customer contributions for large network extensions are recognised over time.

5. Revenue and other income

Revenue from continuing operations

	2026 000's $	2025 000's $
(a) Revenue from contracts with customers		
Network lines revenue	**82,038**	65,360
Price path correction	**-**	(16,902)
Contracting revenue	**2,661**	8,388
Customer contribution revenue	**2,699**	2,535
Connection fees	**796**	378
Total revenue from contracts with customers	**88,194**	59,759
(b) Other income from other sources		
Meter revenue	**2,668**	2,675
Fibre revenue	**922**	902
Rental income	**148**	160
Other trading revenue	**104**	118
Gain on disposal of assets held for sale	**-**	255
Total other income from other source	**3,842**	4,110
Total revenue and other income	**92,036**	63,869

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:

	2026 000's $	2025 000's $
Revenue from contracts with customers by geographic location		
New Zealand	**87,571**	54,860
Tonga	**623**	4,899
Revenue from contracts with customers	**88,194**	59,759

5.1. Finance income

	2026 000's $	2025 000's $
Interest income		
Bank	**99**	4
Use of money interest	**2**	13
Other interest	**5**	12
Total finance income	**106**	29

5.2. Finance costs

	2026 000's $	2025 000's $
Finance costs		
Current borrowings	**5,347**	7,205
Fair value (gains)/losses on interest rate swaps designated as cash flow hedges - transfer from OCI	**304**	(568)
Interest on lease liabilities	**320**	302
Fair value movement of interest rate swaps that do not meet hedge accounting criteria	**(94)**	59
Use of money interest	**-**	2
Total finance costs	**5,877**	7,000

6. Expenses

The result for the year includes the following specific expenses:

	2026 000's $	2025 000's $
Audit fees		
Audit of the consolidated financial statements	**300**	285
Under-accrual of prior year audit fees	**15**	40
Other assurance services		
Information disclosure	**86**	80
Default price-quality path (DPP) compliance	**69**	75
Depreciation assurance engagement (s53ZD)	**-**	21
Quality assurance engagement (s53ZD)	**-**	13
Annual price-setting compliance	**39**	32
Employee benefits		
Directors' fees	**448**	366
Disposal of assets		
Loss on disposal of property, plant and equipment	**1,338**	969
Other operating expenses		
Bad debts (recovery)/expense	**(147)**	131
Community sponsorships	**-**	138
Consulting fees	**2,846**	1,713
Donations	**11**	12
Technology and system	**5,929**	4,132
Price path correction	**74**	3,259
Staff costs*		
Wages and salaries	**27,899**	26,427
Employer superannuation contribution	**766**	724
Total staff costs	**28,665**	27,151

*includes payroll costs capitalised to property, plant and equipment

7. Income Tax Expense

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

	2026	2025
	000's	000's
	$	$
Current tax expense		
Local income tax - current period	17	158
Prior year adjustment	(3)	(54)
Deferred tax expense		
Origination and reversal of temporary differences	4,581	(4,924)
Provision change in estimate	(258)	92
Income tax (benefit)/expense for continuing operations	4,337	(4,728)

(b) Reconciliation of income tax to accounting profit:

	2026	2025
	000's	000's
	$	$
Profit before income tax	15,616	(16,783)
Tax at 28%	4,372	(4,699)
Add tax effect of:		
Non assessable income	(51)	(94)
Non deductible expenses	260	27
Prior period adjustments	(261)	38
Other	17	-
	4,337	(4,728)
Less tax effect of:		
Income tax (benefit)/expense	4,337	(4,728)

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

	2026			2025		
	Before-tax Amount	Tax (Expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (Expense) Benefit	Net-of-tax Amount
	000's	000's	000's	000's	000's	000's
	$	$	$	$	$	$
Gain on land and buildings revaluation	2,613	(729)	1,884	-	-	-
Gain/(loss) on derivatives	751	(210)	541	(1,514)	424	(1,090)
	3,364	(939)	2,425	(1,514)	424	(1,090)

(d) Imputation credit account balances*

	2026	2025
	000's	000's
	$	$
Parent	8,690	8,690
Subsidiaries	1,426	1,415
	10,116	10,105

* the FY25 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

	2026	2025
	000's	000's
	$	$
Cash at bank and in hand	391	520
Deposits at call	-	1,225
	391	1,745

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

USD	-	1
NZD	391	1,744
	391	1,745

9. Trade and other receivables

		2026	2025
		000's	000's
	Note	$	$
Trade receivables		7,666	9,404
Expected credit losses (ECL) provision	9.1	(225)	(474)
Trade receivables due by Shareholders' District Councils	33	29	66
Trade receivables due by Other Related Parties	33	492	490
Trade receivables due by Joint Arrangements	33	11	9
Prepayments		1,462	1,443
Other receivables		643	1,045
Total current trade and other receivables		10,078	11,983

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

USD	-	1,027
NZD	7,973	8,468
Total current trade receivables	7,973	9,495

The net 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 trade 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 2026 is determined as follows, the expected credit losses incorporate forward looking information.

31 March 2026	**Current**	**< 30 days overdue**	**< 90 days overdue**	**> 90 days overdue**	**Total**
Gross carrying amount ($'000)	**7,705**	**46**	**74**	**373**	**8,198**
ECL provision	**-**	**-**	**-**	**(225)**	**(225)**
Neither past due nor impaired	**7,705**	**-**	**-**	**-**	**7,705**
Past due and not impaired	**-**	**46**	**74**	**148**	**268**
31 March 2025	Current	**< 30 days overdue**	**< 90 days overdue**	**> 90 days overdue**	Total
Gross carrying amount ($'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

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

	2026 000's $	2025 000's $
Balance at beginning of the year	**474**	405
Additional impairment loss recognised	**99**	412
Bad debts written off	**(80)**	(76)
Unused amounts reversed	**(268)**	(267)
Balance at end of the year	**225**	474

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

	2026 000's $	2025 000's $
Network inventory	**6,936**	7,272
Smart meters	**213**	402
	7,149	7,674

11. Loans and advances

	Note	2026 000's $	2025 000's $
Non-current			
On Metering Limited	**17**	**1,482**	1,882
		1,482	1,882

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 on or before 31 August 2027.

12. Construction work in progress

	2026 000's $	2025 000's $
Construction work in progress	**234**	680

Contract assets have decreased as the Group has continued their progress on closing out fixed-price contracts in FY2026.

13. Assets held for sale and Liabilities associated with assets classified as held for sale

	2026 000's $	2025 000's $
Fibre assets	**4,162**	-
EV Charger assets	**283**	-
Fibre intangible assets	**55**	-
Total assets held for sale	**4,500**	-
Fibre liabilities associated with assets classified as held for sale	**514**	-
Total liabilities associated with assets classified as held for sale	**514**	-

The fibre and EV Charger assets have been classified as held for sale following a Board-approved decision. The assets are available for immediate sale in their present condition and are being actively marketed through a formal sale process. Management expects the transaction to be completed within 12 months from 31 March 2026.

The expected proceeds from disposal, based on current indicative pricing, are assessed to exceed the carrying amount. Accordingly, no impairment loss has been recognised on classification as held for sale as at 31 March 2026.

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 2026						
Opening net book amount	**301,411**	**15,460**	**9,980**	**9,504**	**4,368**	**340,723**
Asset Classification Transfer	**-**	**77**	**(53)**	**-**	**-**	**24**
Reclassification - to assets held for sale	**-**	**-**	**(283)**	**-**	**(4,162)**	**(4,445)**
Additions	**19,053**	**14**	**2,334**	**2**	**-**	**21,403**
Change in capital work in progress	**9,736**	**64**	**191**	**454**	**-**	**10,445**
Disposals	**(845)**	**-**	**(932)**	**-**	**-**	**(1,777)**
Depreciation charge	**(9,319)**	**(323)**	**(1,969)**	**(1,794)**	**(206)**	**(13,611)**
Impairment reversal/(impairment loss)	**-**	**195**	**-**	**-**	**-**	**195**
Revaluation	**-**	**2,613**	**-**	**-**	**-**	**2,613**
Balance at the end of the year	**320,036**	**18,100**	**9,268**	**8,166**	**-**	**355,570**

	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 reversal/(impairment loss)	-	(849)	(53)	-	-	(902)
Balance at the end of the year	301,411	15,460	9,980	9,504	4,368	340,723

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. 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 30 January 2026. This resulted in a revaluation increase of $2.613 million during the year ended 31 March 2026, and was applied to other comprehensive income and is included in "Asset Revaluation Reserves" in equity. As part of the revaluation $194,727 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. The Directors have assessed the current carrying value as appropriate.

Carrying value of property, plant and equipment

	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 $
At 31 March 2026						
Cost	454,633	22,460	30,224	28,451	2,997	538,765
Accumulated depreciation and impairment	(134,597)	(4,360)	(20,956)	(20,285)	(2,997)	(183,195)
Net book amount	320,036	18,100	9,268	8,166	-	355,570

	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 $
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

Capital work in progress

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

	2026 000's $	2025 000's $
Work in Progress	**19,940**	8,807

Historical cost

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

	2026 000's $	2025 000's $
Deemed cost - land	**408**	408
Deemed cost - building	**14,271**	14,257
Accumulated depreciation	**(4,125)**	(3,803)
Net book value	**10,554**	10,862

15. Investment property

Reconciliation of carrying amount

	2026 000's $	2025 000's $
Balance at 1 April	**2,230**	2,230
Disposals	**(970)**	-
Balance at 31 March	**1,260**	2,230

We have reviewed our property holdings and disposed of two properties that are no longer required. 269 Hilton Highway, Timaru (Carrying amount $410,000) was sold on 24 September 2025 for a loss of $74,348. 132 Mackenzie Drive, Twizel (Carrying amount $560,000) was sold on 31 October 2025 for a loss of $55,652.

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. 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 30 January 2026. This valuation resulted in no fair value gain or loss for the year ended 31 March 2026, with no revaluation movement recognised in 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 (%)* 2026**	Percentage Owned (%)* 2025
Subsidiaries:			
Infratec Limited	New Zealand	**100**	100
Infratec Renewables (Rarotonga) Limited	New Zealand	**100**	100

*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 (%)* 2026**	**Percentage Owned (%)*** 2025
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

	2026 000's $	**2025** 000's $
On Metering Limited	**1,847**	1,661

18. Intangible assets

	2026 000's $	2025 000's $
Computer software		
Opening net book amount	**1,410**	1,694
Additions	**-**	863
Change in capital work in progress	**57**	(609)
Amortisation	**(531)**	(538)
Net carrying value	**936**	1,410
At 31 March		
Cost	**9,360**	9,303
Accumulated amortisation	**(8,424)**	(7,893)
Net carrying value	**936**	1,410

	2026 000's $	2025 000's $
Easements		
Opening net book amount	**250**	165
Asset Classification Transfer	**(24)**	-
Reclassification - to assets held for sale	**(55)**	-
Additions	**-**	85
Net carrying value	**171**	250
At 31 March		
Cost	**229**	308
Accumulated impairment	**(58)**	(58)
Net carrying value	**171**	250
Total intangible assets	**1,107**	1,660

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 Substation: Additional Feeder TMK1292
3. Temuka Substation: T1 and T2 Transformer Upgrading
4. Timaru 11 kV Switchboard Upgrade and Additional Feeders

5. Timaru 11 kV Supply Transformer Upgrade
6. Timaru Natural Earthing Resistors
7. Tekapo: Additional 2 Feeders

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 RCP4 period covering five years from 1 April 2025 to 31 March 2030, while Transpower annually reviews the applicable risk-free rate.

Right-of-use assets

	Buildings	Plant and Equipment	Network Reticulation Assets	Total
	000's	000's	000's	000's
	$	$	$	$
Year ended 31 March 2026				
Balance at beginning of year	**(8)**	**296**	**5,125**	**5,413**
Reclassification	**42**	**(34)**	**(8)**	**-**
Additions to right-of-use assets	**-**	**-**	**785**	**785**
Variable payment remeasurement	**-**	**7**	**655**	**662**
Depreciation charge	**(24)**	**(53)**	**(1,178)**	**(1,255)**
Balance at end of year	**10**	**216**	**5,379**	**5,605**
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

Lease liabilities

	2026	2025
	000's	000's
	$	$
Current	**1,264**	1,076
Non-current	**5,025**	5,016
	6,289	6,092

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:

	2026	2025
	000's	000's
	$	$
Depreciation	**1,255**	1,064
Interest on lease liabilities	**320**	302
Variable lease payments not included in the measurement of lease liabilities	**96**	87
	1,671	1,453

Consolidated Statement of Cash Flows

	2026	2025
	000's	000's
	$	$
Total cash outflow for leases	**1,569**	1,348

20. Trade and other payables

	2026	2025
	000's	000's
	$	$
Current		
Trade payables	**5,294**	5,466
GST (receivable)/payable	**(411)**	200
Payroll accruals	**408**	342
Accruals	**3,324**	2,513
Price path correction accruals	**1,608**	19,075
Due to related entities	**166**	330
Total Trade and other payables	**10,389**	27,926

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.

Price path correction provisions:

	2026	2025
	000's	000's
	$	$
Price path correction provision:		
Provision for credits to current customers	**28**	16,902
Provision for community initiatives	**1,500**	1,500
Provision for execution costs	**80**	573
Provision for payments to former consumers	**-**	100
Total provision	**1,608**	**19,075**

(i) Information about individual provisions and significant estimates

In accordance with the Commerce Commission settlement agreement, the following provisions were made in FY2025:

Provision for Credits to current customers

$16.874 million has been returned to customers through bill credits to correct the overcharge for current customers.

Provision for Community Initiatives

We will invest $1.5 million to support the local community in FY2027. The Commerce Commission has provided guidance on permitted initiatives.

Provision for Execution costs

$0.493 million of execution costs were paid for external support and sundry costs to develop the framework and processes required to deliver the agreed obligations with the Commerce Commission in FY26.

Provision for Payments to former consumers

$0.174 million has been paid to former consumers who were on our network during the affected period.

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 $**
Year ended 31 March 2026					
Carrying amount at the beginning of the year	**16,902**	**1,500**	**573**	**100**	**19,075**
Provision recognised	**-**	**-**	-	74	74
Amount used during the year	(16,874)	-	(493)	(174)	(17,541)
Carrying amount at the end of year	**28**	**1,500**	**80**	**-**	**1,608**
Year ended 31 March 2025					
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

	2026 000's $	2025 000's $
Current tax liabilities/(asset)	**172**	(659)

21.1. Current tax liability (asset)

	2026 000's $	2025 000's $
Opening balance	**(659)**	170
Tax expenses	**17**	1,180
Tax refunded/(Tax paid)	**820**	(930)
Deferred tax	**-**	(1,023)
Resident withholding tax	**(3)**	(2)
Prior year adjustment	**(3)**	(54)
Current tax liabilities/(asset)	**172**	(659)

21.2. Deferred tax

	Opening Balance	Charged to Income	Charged directly to Equity	Closing Balance
	000's	000's	000's	000's
	$	$	$	$
Provisions and others	**1,167**	**360**	**(210)**	**1,317**
Assets held for sale	**-**	**(305)**	**-**	**(305)**
Right of use asset	**(1,516)**	**1**	**-**	**(1,515)**
Lease Liability	**1,706**	**-**	**-**	**1,706**
Tax losses carried forward	**5,668**	**(3,670)**	**-**	**1,998**
Tax allowance	**(42,958)**	**(709)**	**(729)**	**(44,396)**
Balance at 31 March 2026	**(35,933)**	**(4,323)**	**(939)**	**(41,195)**
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:

	2026	2025
	000's	000's
	$	$
Current		
Deferred revenue	**1,053**	249
Capital contributions	**91**	91
Total current contract liabilities	**1,144**	340
Non-current		
Contracting capital contributions - large direct customers	**3,875**	1,306
Contracting capital contributions - other customers	**-**	514
Total non-current contract liabilities	**3,875**	1,820

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 2026 that relates to contract liabilities recognised at 2025 and the value of revenue recognised that relates to performance obligations that were also satisfied in the prior year.

	2026	2025
	000's	000's
	$	$
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Deferred revenue	**111**	193
Revenue recognised from performance obligations satisfied in previous years		
Capital contribution projects	**91**	91
Total	**202**	284

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.

	2026	2025
	000's	000's
	$	$
Contracting deferred revenue	**1,053**	249
Contracting capital contributions - large direct customers	**3,966**	1,397
Contracting capital contributions - current customers	**-**	514
	5,019	2,160

Management expects that the following percentage of the transaction price allocated to the unsatisfied performance obligations as of 2026 will be recognised as revenue during the next reporting period:

- Capital Contributions 2.35% (2025: 6.97%). The remaining 97.65% is expected to be recognised as revenue on an amortised basis at $0.091 million per annum.

- Deferred revenue 55% (2025: 68%)

23. Employee benefits

	2026	2025
	000's	000's
	$	$
Current liabilities		
Long service leave	**469**	466
Provision for holiday pay	**1,915**	1,762
	2,384	2,228

24. Dividends

No dividend was declared or paid in FY2026 and FY2025.

25. Borrowings

	2026	2025
	000's	000's
	$	$
Non-Current Liabilities:		
Bank loans	**126,580**	118,149
Total non-current borrowings	**126,580**	118,149

The parent company has funding facilities with the ANZ. On 16 March 2026 the facility was amended to extend one additional year with the same borrowing capacity of $165M. The undrawn amount at 31 March 2026 is $38.420M (2025: $46.851M). The revised expiry date of the facility is 7 February 2028.

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
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
20 October 2025	15,000	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
20 March 2029	10,000	20 March 2030
	100,000	

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 $1.266 million (2025: $1.181 million) in the interest expense for the year.

26. Issued capital

	2026 000's $	2025 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

	2026 000's $	2025 000's $
Not later than one year	**48**	85
Between one year and five years	**30**	58
	78	143

Contracted commitments

	2026 000's $	2025 000's $
Contracted commitments for:		
Capital	**12,981**	8,291

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:

	2026 000's $	2025 000's $
Lease of fibre network		
Not later than one year	**863**	893
Between one and five years	**-**	4,197
Later than five years	**-**	4,072
Rentals from building lease agreements		
Not later than one year	**69**	77
Between one and five years	**160**	168
Later than five years	**29**	64

The lease of fibre network is related to fibre which is classified as assets held for sale (refer to Note 13). No future lease payment in relation to the fibre lease is expected later than one year, as Management expects the sale transaction to be completed within 12 months from 31 March 2026.

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 Board 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.

	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
Consolidated	$	$	$	$
As at 31 March 2026				
Trade and other payables	**10,800**	**-**	-	-
Loans	**2,033**	**127,422**	**1,995**	**-**
Lease liability	**1,552**	**1,506**	**3,598**	**540**
Interest rate swaps	**-**	**66**	**74**	**-**
	14,385	**128,994**	**5,667**	**540**

	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 2025				
Trade and other payables	27,727	-	-	-
Loans	3,748	118,149	1,979	-
Lease liability	1,325	1,284	3,729	628
Interest rate swaps	94	-	315	-
	32,894	119,433	6,023	628

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 26 (FY2025: Nil).

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
Years 3, 4 and 5	20	70
Years 6 and 7	-	40

	2026	2025
	%	%
Actual cover at year end		
Years 1 and 2	**79**	69
Years 3, 4 and 5	**64**	64

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:

31 March 2026	Level 1 000's $	Level 2 000's $	Level 3 000's $	Total 000's $
Recurring fair value measurements				
Land and buildings	**-**	**-**	**18,100**	**18,100**
Investment property	**-**	**1,260**	**-**	**1,260**
Financial assets				
Interest rate swaps	**-**	**764**	**-**	**764**
Financial liabilities				
Interest rate swaps	**-**	**140**	**-**	**140**

31 March 2025	Level 1 000's $	Level 2 000's $	Level 3 000's $	Total 000's $
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

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 2026	**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	**-**	**-**	**1,482**	**1,482**
Trade and other receivables	**-**	**-**	**8,616**	**8,616**
Cash and cash equivalents	**-**	**-**	**391**	**391**
Interest rate swaps	**764**	**-**	**-**	**764**
	764	**-**	**10,489**	**11,253**
Financial liabilities				
Trade and other payables	**-**	**-**	**10,800**	**10,800**
Interest rate swaps	**140**	**-**	**-**	**140**
Dividend payable	**-**	**-**	**-**	**-**
Long-term borrowings	**-**	**-**	**126,580**	**126,580**
	140	**-**	**137,380**	**137,520**

31 March 2025	Derivatives used for hedging $	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	-	-	10,540	10,540
Cash and cash equivalents	-	-	1,745	1,745
Interest rate swaps	188	-	-	188
	188	-	14,167	14,355
Financial liabilities				
Trade and other payables	-	-	27,727	27,727
Interest rate swaps	315	94	-	409
Long-term borrowings	-	-	118,149	118,149
Foreign currency forward contracts	-	-	-	-
	315	94	145,876	146,285

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

	2026 000's $	2025 000's $
Carrying amount at fair value	**1,260**	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 the investment property as at 31 March 2026 was based on the latest valuations performed in 2026. The comparative balance as at 31 March 2025 was based on valuations performed in 2023.

Level 3 measurements

Land and buildings

Unobservable inputs and sensitivities

	Carrying amount (at fair value) 2026 000's $	Carrying amount (at fair value) 2025 000's $	**Key unobservable inputs**	**Expected range of input 2026 %**	Expected range of input 2025 %
Land and buildings (Income capitalisation method)	**18,100**	15,460	Capitalisation rate	**7.50**	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 FY2026 (2025: based on valuation performed in FY2023).

	Change in capitalisation rate					
	2026			2025		
	-0.25% 000's $	**0% 000's $**	**+0.25% 000's $**	-0.25% 000's $	0% 000's $	+0.25% 000's $
Land and buildings	**18,687**	**18,100**	**17,466**	17,599	16,960	16,367

Derivatives

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

	2026 000's $	2025 000's $
Cash flow hedge reserve		
Balance at beginning of year	**28**	1,116
Total gains or losses for the year		
Reclassified from OCI to profit or loss - included in finance costs	**304**	(566)
Recognised in other comprehensive income	**447**	(946)
Deferred tax	**(210)**	424
Balance at end of year	**569**	28

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 -$0.094M (2025: $0.059M) 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 nil guarantees at the end of the reporting period (2025: $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:

	2026	**2025**
	000's	000's
	$	$
Short-term employee benefits	**2,633**	2,259
KiwiSaver	**75**	61
	2,708	2,320

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	Sales	Owed to the Company	Owed by the Company
	000's	000's	000's	000's
	$	$	$	$
FY2026				
Joint ventures and associates				
SmartCo Limited	**1,279**	**3,037**	**492**	**166**
On Metering Limited	**-**	**121**	**1,493**	**-**
Shareholders				
Mackenzie District Council	**47**	**6**	**1**	**-**
Timaru District Council	**224**	**176**	**28**	**23**
Timaru District Holdings Limited	**2**	**27**	**-**	**-**
Waimate District Council	**47**	**16**	**-**	**-**
Other related parties				
Laser Grafix Limited	**2**	**-**	**-**	**-**

	Purchases	Sales	Owed to the Company	Owed by the Company
	000's	000's	000's	000's
	$	$	$	$
FY2025				
Joint venture				
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	-	-	-

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:

	2026	2025
	000's	000's
	$	$
(Loss)/Profit from operations	11,279	(12,055)
Interest rate swap movements	(94)	59
Adjustments for:		
- depreciation and amortisation	15,095	14,480
- loss on disposal of property, plant and equipment	1,338	969
- IFRS 16 lease impact	320	302
- gain on disposal of assets held for sale	-	(255)
- impairment loss	-	902
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	1,520	(1,712)
- (increase)/decrease in share of JV profit	(186)	(66)
- decrease/(increase) in inventories	525	896
- decrease in contract liabilities	3,372	(285)
- decrease/(increase) in contract assets and WIP	832	2,954
- increase/(decrease) in trade and other payables	(17,340)	16,554
- decrease in income taxes payable	832	(829)
- (decrease)/increase in deferred tax liability	5,051	(4,833)
Cashflows from operations	22,544	17,081

Changes in liabilities arising from financing activities

	2026	2025
	000's	000's
	$	$
Long-term borrowings		
Opening balance	118,149	102,860
Net drawdowns from borrowings	8,431	15,289
Closing balance	126,580	118,149
Lease liabilities		
Opening balance	6,092	6,913
Payment of lease liabilities	(1,569)	(1,348)
Interest accrual	320	270
New leases	785	261
Remeasurement of lease liabilities	661	(4)
Closing balance	6,289	6,092

Borrowing facilities

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

	2026 000's $	2025 000's $
Total facilities		
Borrowing Facility (ANZ)	**165,000**	165,000
Performance SBLC/Guarantee/Bond Facility (ANZ)	**250**	250
Overdraft Facility (ANZ)	**5,000**	5,000
Financial Guarantee Facility (ANZ)	**1,000**	1,000
	171,250	171,250
Used at reporting date		
Borrowing Facility (ANZ)	**126,580**	118,149
Performance SBLC/Guarantee/Bond Facility (ANZ)	**-**	34
Financial Guarantee Facility (ANZ)	**-**	698
	126,580	118,881
Unused at reporting date		
Borrowing Facility (ANZ)	**38,420**	46,851
Performance SBLC/Guarantee/Bond Facility (ANZ)	**250**	216
Overdraft Facility (ANZ)	**5,000**	5,000
Financial Guarantee Facility (ANZ)	**1,000**	302
Guarantee Facility (BNZ)	**-**	-
	44,670	52,369

35. Events occurring after the reporting date

Shareholders are considering divesting their ownership.

Subsequent to balance date, the Board resolved not to proceed with the proposed integrated operating model with Aurora Energy that had been under consideration.

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

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

Safety

Safety performance remained a core focus across FY26. There were zero serious harm events involving the public, and safety assurance activities exceeded target in the first full year of the programme. Critical risk reviews were completed as planned, strengthening controls across key risk areas including working at heights and contractor management.

Our Safety Experience score remained steady on the prior year but below target, confirming further work is needed to fully embed our safety culture. Investment continued in safety systems, the Stand in the Gap programme and Health and Safety Representative capability. Public safety remained a priority, with expanded awareness campaigns and improved engagement across the region.

	FY26 Actual	Full year target	Target status
Business Safety			
Safety experience scores	77%	85%	Target not met
Critical risk reviews	4	4	Target met
Safety assurance completion	117%	90%	Target 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	20	10	Target met

**FY26 change in definition of public safety awareness campaigns*

Safety experience scores come from our overall employee experience survey. Measuring how our people experience and feel about safety at Alpine.

Reliability

The 2026 SCI targets align with the Commerce Commission's DPP4, which sets five-year and annual limits for planned and unplanned SAIDI and SAIFI.

Planned outages were within target, supporting safe and effective network maintenance. Unplanned outages were influenced by severe weather and wildlife-related events but remained within annual limits. Overall network performance was stable, with continued focus on improving resilience and targeting future investment through the development of a Strategic Reliability Management Plan.

	FY 26		
	Actual (FY26)	**Limit (5-years FY26-30)**	**Target status**
Planned SAIDI (mins)	84.44	825.77	Target met
Planned SAIFI	0.375	3.144	Target met
	Actual	**FY26 (annual limit)**	
Unplanned SAIDI (mins)	109.37	118.47	Target met
Unplanned SAIFI	1.076	1.1372	Target met

Group financial performance

Financial performance for the year was ahead of target, with a net operating surplus after tax of $11.3M compared to a target of $5.1M. This result was driven by stronger revenue, reflecting increased customer connections and network usage, alongside disciplined cost management across both delivery and support functions.

Operating expenditure was below budget, supported by labour timing, improved cost allocation and reduced technology and consultancy costs. These favourable outcomes were partially offset by strategic investment and unbudgeted divestment and collaboration costs.

Capital investment on the network was broadly in line with the planned programme at $29.7M, with most projects delivered on time and within budget. Non-network capital expenditure of $3M was below target due to timing changes in planned projects.

The balance sheet remains strong, with lower-than-forecast debt and continued compliance with all bank covenants. Financial ratios were ahead of target, reflecting improved profitability and a solid equity position.

Note: Figures reported follow regulatory classification

	Actual FY26	Target FY26	Target status
Net lines revenue[4]	66,636	66,234	Target met
Cost of delivery	(7,978)	(11,492)	Target met
Gross profit	**58,658**	**54,742**	Target met
Operating overheads	(19,671)	(21,462)	Target met
EBITDA core business	**38,987**	**33,280**	Target met
Depreciation	(13,522)	(14,418)	Target met
Reversal of impairment	195	-	Target met
EBIT core business	**25,660**	**18,862**	Target met
Customer contributions	2,584	2,393	Target met
Investments	(760)	(301)	Target not met
Change projects	(3,927)	(5,246)	Target met
Divestments & Collaboration[5]	(791)	-	Target not met
Group EBIT	**22,766**	**15,708**	Target met
Finance costs	(7,076)	(8,577)	Target met
Total net operating surplus before tax	**15,690**	**7,131**	Target met
Price Path Correction	(74)	-	Target not met
Taxation	(4,337)	(1,997)	Target not met
Net operating surplus after tax	**11,279**	**5,134**	Target met
Capital Expenditure on network assets	29,683	30,260	Within 90% of budget
Capital Expenditure on non-network assets	2,985	5,550	Target not met
Net External Debt	126,189	149,950	Target met

4 Net lines revenue less pass-through costs such as transmission, insurance and rates.

5 Divestment costs were incurred in the assessment of investment property and non-core business. A provision was made to to enter into a Heads of Agreement with Aurora to assess opportunities for operational integration.

Bank covenant compliance and position

	Actual FY26	Target FY26	Target status
Interest cover (target> 2.75 times)	6.07	4.43	Target met
Debt: RAB ratio (target <70%)	36%	41%	Target met
Guarantor Group Coverage - EBITDA	100%	100%	Target met
Guarantor Group Coverage – Tangible Assets	100%	100%	Target met

Bank Covenants exclude Infratec and SmartCo

Financial Position

	Actual FY26	Target FY26	Target status
Net Working Capital	6,485	12,734	Target met
Non – Current Assets	367,869	369,525	Target not met
Non – Current Liabilities	(176,815)	(199,836)	Target met
Total Shareholders' Equity	197,539	182,423	Target met
Cash Flows from Operating Activities	22,544	25,142	Target not met
Cash Flows from Investing Activities	(30,718)	(38,149)	Target not met
Cash Flows from Financing Activities	6,862	12,601	Target not met

Financial ratios and performance indicators

	Actual FY26	Target FY26	Target status
Profit before Tax / Equity	7.91%	3.91%	Target met
Profit after Tax / Total Assets	2.95%	1.33%	Target met
Profit after Tax / Equity*	5.71%	2.81%	Target met
Total Shareholders' Equity / Total Assets	51.61%	47.28%	Target met

*Also known as "rate of return on shareholders' funds after payment of tax"

Directors' declaration

The Directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 31 March 2026 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 26.06.2026

pwc

Independent auditor's report

To the readers of Alpine Energy Limited's Group Consolidated Financial Statements and Performance Information for the year ended 31 March 2026

Opinion

The Auditor-General is the auditor of Alpine Energy Limited and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Elizabeth Adriana (Adri) Smit, using the staff and resources of PricewaterhouseCoopers, to carry out the audit of the consolidated financial statements and performance information of the Group on his behalf.

We have audited:

- The consolidated financial statements of the Group on pages 37 to 80, that comprise the consolidated statement of financial position as at 31 March 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include material accounting policy information and other explanatory information; and
- the performance information of the Group, that comprise the statement of performance, on pages 81 to 84.

In our opinion:

- the consolidated financial statements of the Group:
    - present fairly, in all material respects:
        - the Group's consolidated financial position as at 31 March 2026; and
        - the consolidated financial performance and consolidated cash flows for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand in accordance with *New Zealand Equivalents to International Financial Reporting Standards*; and
- the performance information of the Group:
    - accurately reports, in all material respects, the Group's achievements measured against the performance targets adopted for the year ended 31 March 2026; and
    - has been prepared, in all material respects, in accordance with section 44 of the Energy Companies Act 1992 (the Act).

Our audit was completed on 29 June 2026. This is the date at which our opinion is expressed.

PricewaterhouseCoopers, PwC Centre, 60 Cashel Street,
PO Box 13-244, Christchurch 8141, New Zealand
+64 3 374 3000

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the consolidated financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing consolidated financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is also responsible on behalf of the Group for preparing performance information in accordance with the Act.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare consolidated financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Act.

Responsibilities of the auditor for the audit of the consolidated financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these consolidated financial statements and performance information.

We did not evaluate the security and controls over the electronic publication of the consolidated financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the consolidated financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Group's readers to judge the actual performance of the Group against the performance targets adopted in its statement of corporate intent.
- We plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the consolidated financial statements and the performance information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report but does not include the consolidated financial statements and the performance information, and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the consolidated financial statements and the performance information or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out assurance engagements in the areas of compliance with the Electricity Distribution Information Disclosure Determination and Electricity Distribution Services Default Price-Quality Path Determination which are compatible with those independence requirements. Other than the audit and these assurance engagements, we have no relationship with or interests in the Group.

Elizabeth Adriana (Adri) Smit
PricewaterhouseCoopers
On behalf of the Auditor-General
Christchurch, New Zealand

24 Elginshire Street, Washdyke, Timaru 7940 **P.** 0800 66 11 77 **www.alpineenergy.co.nz**