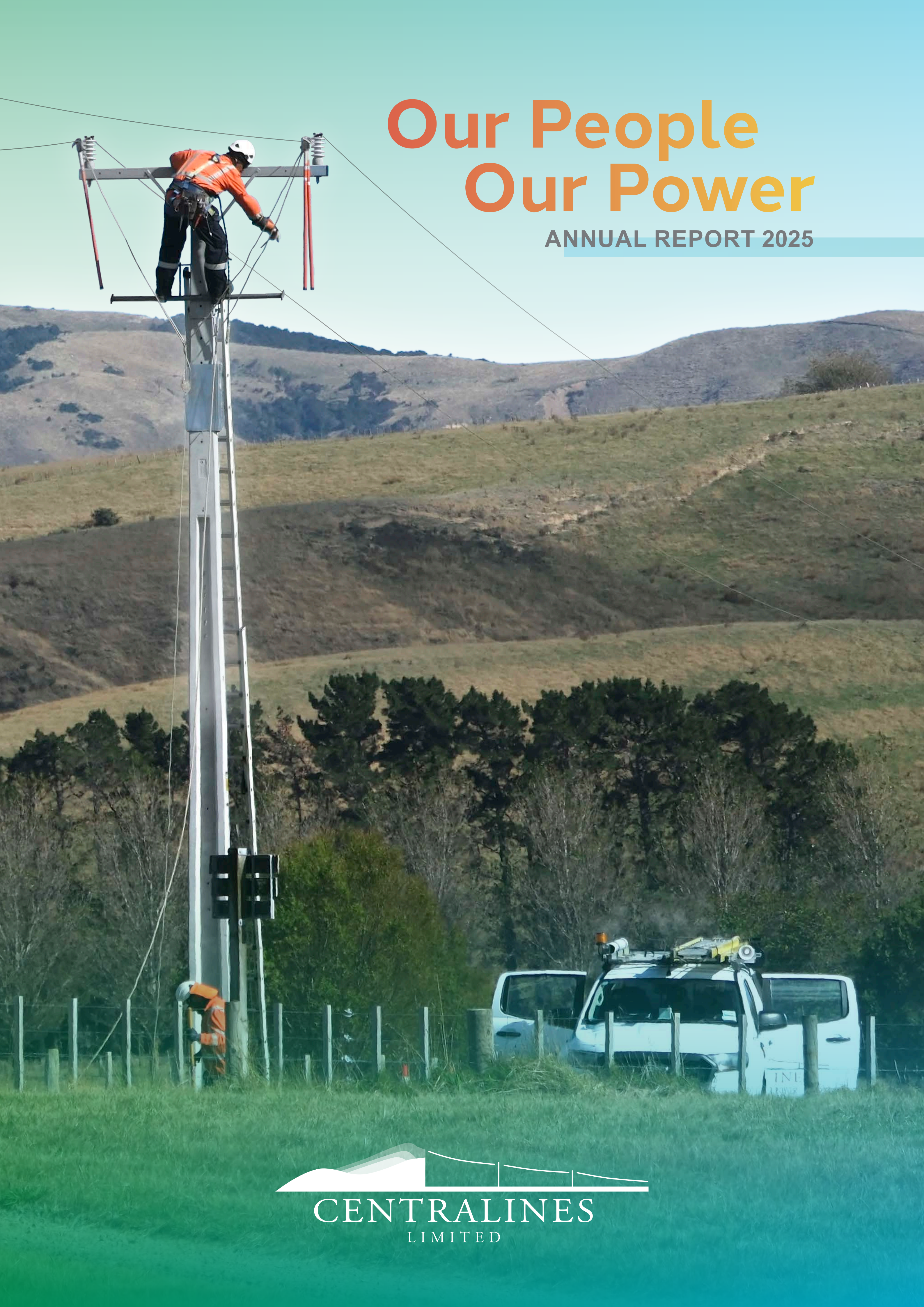
Our People Our Power

ANNUAL REPORT 2025



CENTRALINES LIMITED

Our Purpose

To deliver a reliable and affordable electricity supply to meet our customers' aspirations for wellbeing, growth and sustainability.

Our Vision

A customer-centric partner that enables growth and long-term prosperity for Central Hawke's Bay.

Our Values

Safety
Is part of our lives

- We think before we act
- We have the right mindset and attitude
- We constantly review safety practice, and
- We look out for ourselves, each other and the community.

Teamwork
We are one team

- We share, listen and have trust in each other
- We show respect and support for all our team members, including contractors and the community
- We complement each other's strengths and shortcomings, and
- We regularly plan, review and celebrate together.

Openness
We are approachable

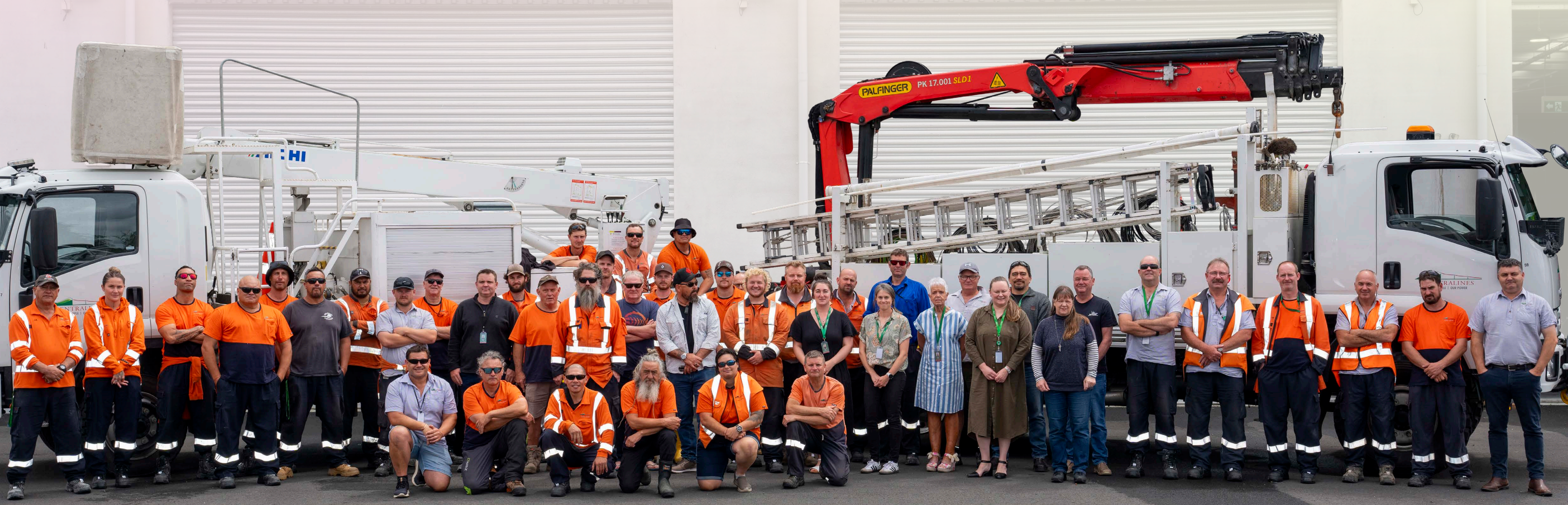
- We actively communicate
- We receive feedback openly
- We confidently express our opinions and share our knowledge, and
- We keep each other and our community well informed.

Passion
In everything we do

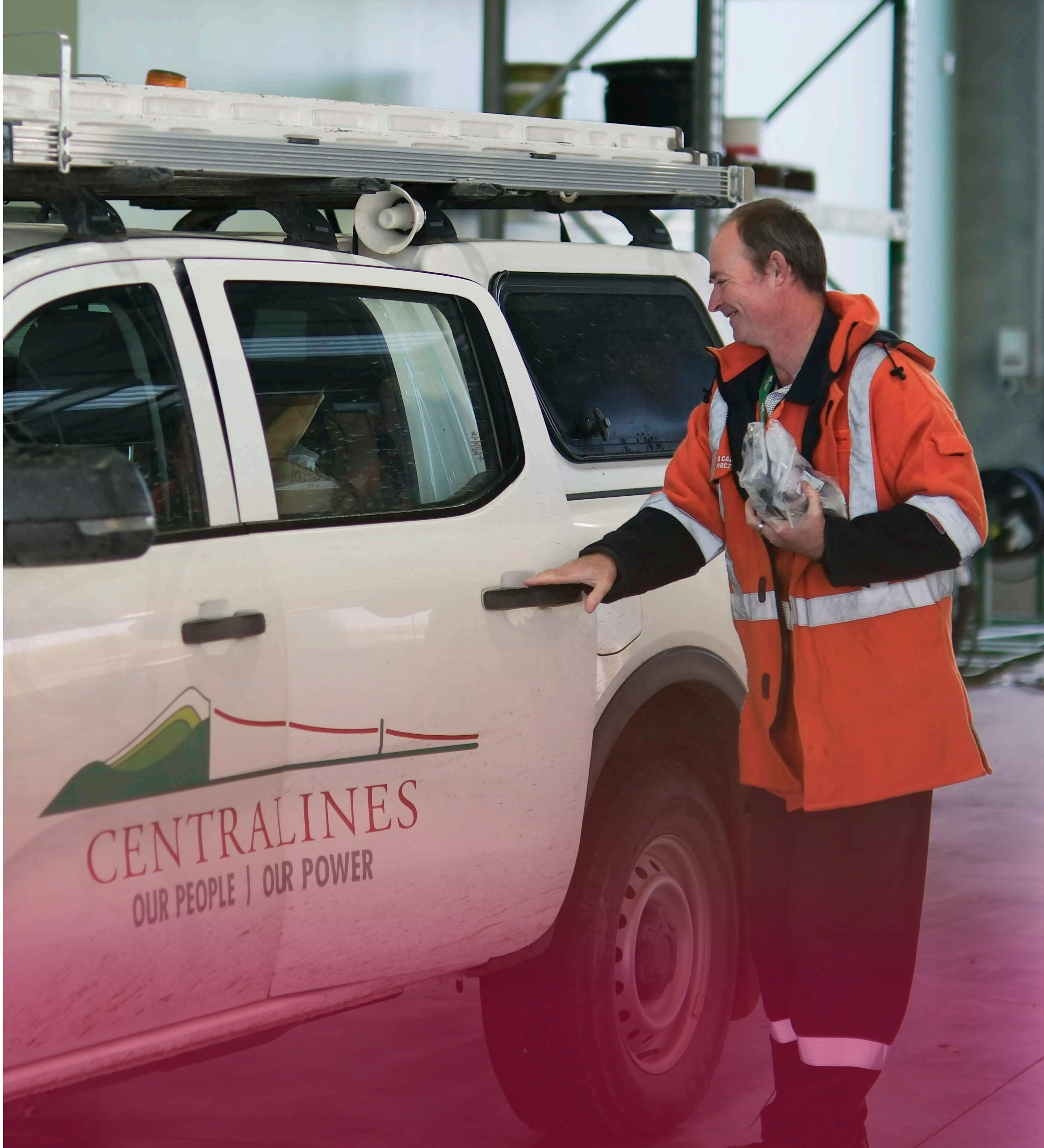
- We strive for constant improvement
- We are success driven
- We have pride and respect for our community, and
- We believe in ourselves and our workmates.

Integrity
Truth, honesty, respect

- We take pride in all our work and ourselves
- We take full responsibility for our actions
- We are reliable and what we say, we do, and
- We communicate directly and solve issues openly.

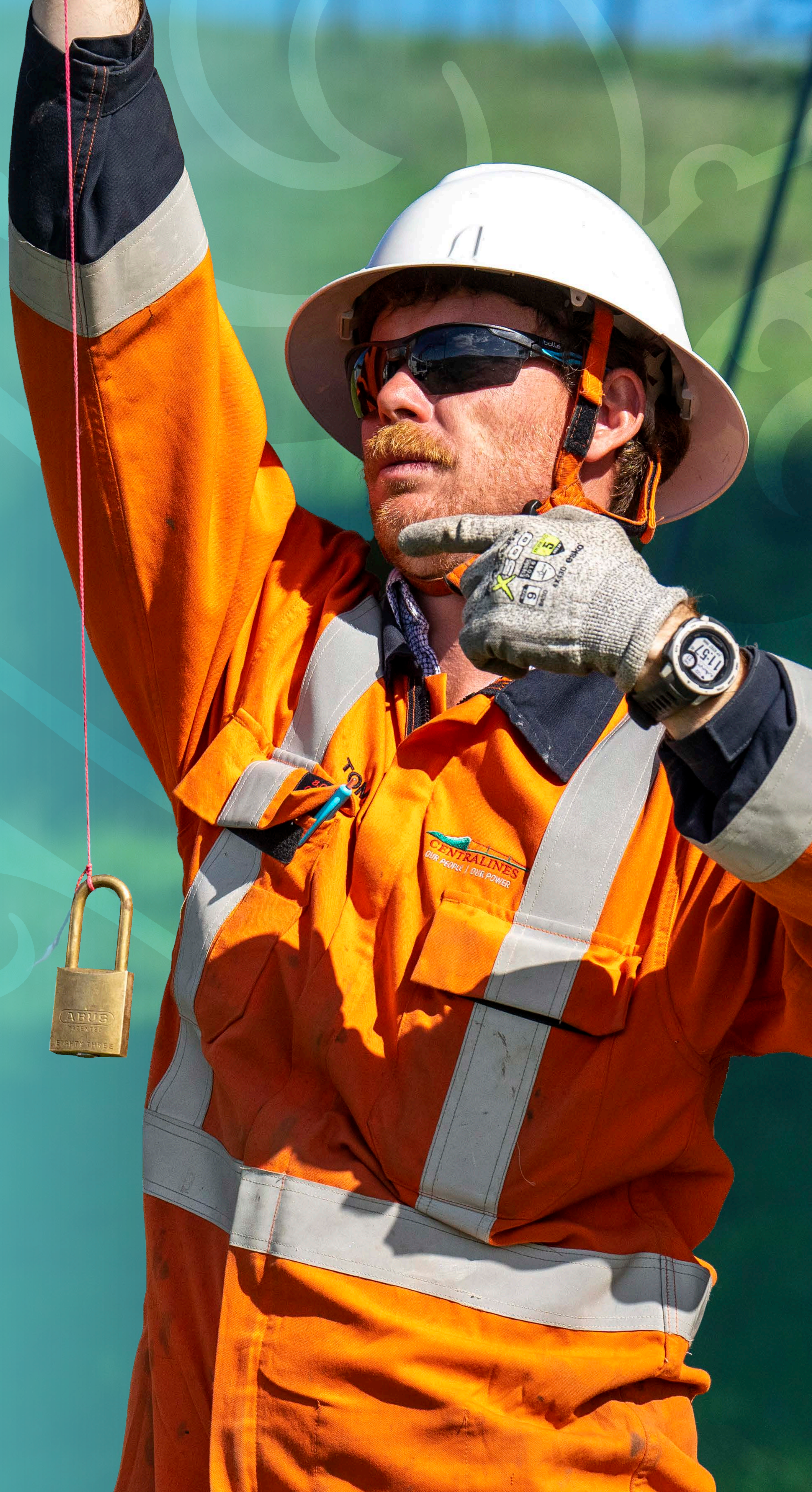


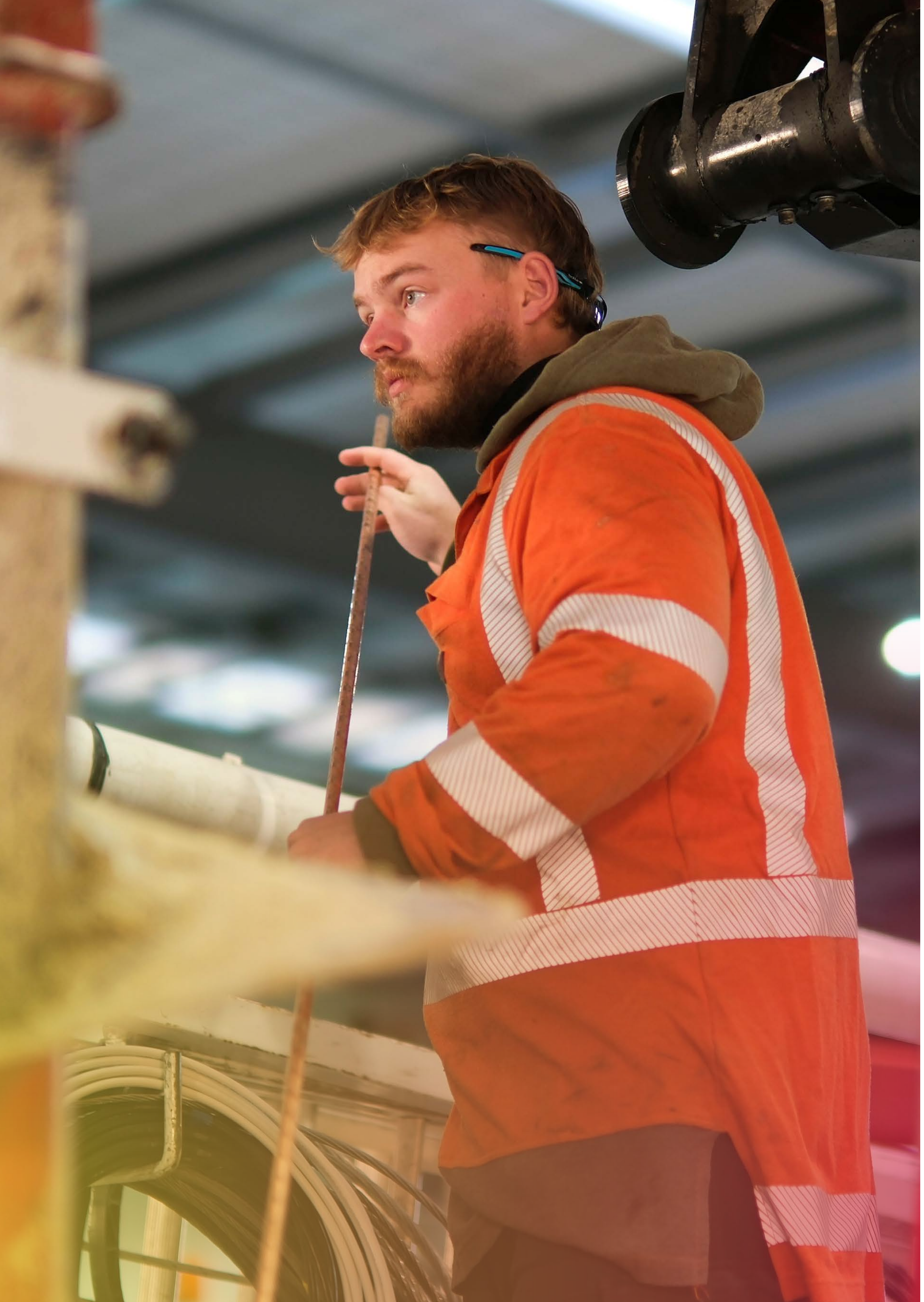
Contents



1

CHAIR & CHIEF EXECUTIVE'S REVIEW





Our work this year reflects a strategic shift towards sustainable network resilience, customer-centric investment, and support for regional decarbonisation.

A Future-Focused Recovery: Resilience, Growth, and Opportunity

The 2024–25 financial year marked a pivotal period for Centralines. As we supported the community's ongoing recovery from Cyclone Gabrielle, our efforts focused on the network investment required to ensure that we continue to provide a safe and reliable electricity distribution service to our consumers. Additionally, we maintained our building programme of future-ready infrastructure that meets the growing needs of Central Hawke's Bay. Guided by our updated Regulatory Asset Management Plan (RAMP), our work this year reflects a strategic shift towards sustainable network resilience, customer-centric investment, and support for regional decarbonisation.

Our team, in collaboration with our managed services partner Unison Networks Limited (Unison), successfully delivered the largest annual works programme in our history. This included critical network resilience upgrades and enhanced vegetation management. These efforts are building a more responsive and reliable network that supports the needs of current and future consumers.

We deepened engagement with industrial and commercial partners to understand their decarbonisation and changing energy needs, ensuring our network is future-ready to meet the new and emerging demands of our consumers.

Supporting a Decarbonised Future

The energy landscape is shifting rapidly, and Centralines is proud to be playing a proactive role in New Zealand's low-emissions future. Building on the aspirations we outlined last year; we took bold steps to accelerate the decarbonisation and electrification of Central Hawke's Bay.

Our updated RAMP identifies decarbonisation as a core priority. This is reflected in targeted investments that enable the integration of Distributed Energy Resources (DERs), electric vehicles (EVs), and low-emission industrial processes. By strengthening our low-voltage network and rolling out smart grid technologies, we are committed to ensuring that the network is both resilient and ready for tomorrow's energy demands.

We are actively working with industrial and commercial partners to enable their transition to electricity from fossil fuels. One major customer began the electrification of heat and refrigeration processes - an early win that sets the tone for wider change. At the same time, our internal operations are reducing their carbon footprint. Our depot, which opened in 2022, runs a solar rooftop array that provides close to half of its energy needs and exports excess energy to the local grid. Over the last 12 months we have produced 142MWh of renewable solar power from the array which supplied the majority of electricity used in our depot, and 50MWh being both taken from and exported back into the grid as excess energy.

Our support for EV adoption includes the installation of charging infrastructure at our facility for our fleet, staff and visitors, and we continue to explore the potential for managed charging and flexible demand response tools in partnership with customers. These are key components of the sector-wide strategy to build a smarter, cleaner energy future.

We also support national decarbonisation efforts through participation in regulatory discussions, alongside our managed services partner Unison, contributing to the development and implementation of emerging policy. With the Commerce Commission and Electricity Authority focused on affordability and distributed energy markets, we are advocating for frameworks that allow us to invest in readiness while ensuring fairness for consumers.

The shift to a decarbonised energy system will not be without challenges. But by investing prudently, engaging with stakeholders, and embedding decarbonisation goals across our planning, we are preparing for a future where Centralines is a key enabler in this.

Network Performance and Resilience

Centralines' asset management approach is now underpinned by ISO 55001-aligned systems delivered through Unison, our managed services partner. This year, our SAIDI and SAIFI performance surpassed our targets, reflecting the benefit of both our reactive and proactive network strategies.

Investments were targeted, data-driven, and based on assessed risk and condition. We advanced major infrastructure projects including commencing construction at the Ruataniwha Substation and its 33kV indoor switchroom, progressing our SCADA digital upgrade programme, and completing priority works aimed at improving fault response and minimising customer disruption.

We have begun investigations into the use of smart, innovative technologies including conductor condition recognition inspection drones to efficiently manage our network. These innovations will help to optimise our investment and reduce unnecessary spending, whilst maintaining safety and service reliability.

Reliability Measures	2024/25 Corporate Intent Targets	2024/2025 Actual
Unplanned system average interruption duration index (SAIDI) SAIDI represents the average number of minutes a consumer was without power in any one year.	75 mins	58.79 mins
Unplanned system average interruption frequency index (SAIFI) SAIFI is the average number of supply interruptions that a consumer experiences in the period including maintenance but excluding transmission (Transpower).	2.48 outages	1.40 outages

> "Investments were targeted, data-driven, and based on assessed risk and condition."

Community Commitment and Governance

Our purpose-built depot is more than just a facility – it's a platform for training, community engagement, and industry collaboration. It supports our staff, accommodates visiting teams, and strengthens Centralines' role in powering the growth of Central Hawke's Bay.

Our sponsorship portfolio continues to grow in alignment with community needs, focusing on initiatives that promote wellbeing, education, and resilience.

We remain committed to strong governance and transparency. The Central Hawke's Bay Consumers Power Trust's ownership review and its annual involvement in developing our Statement of Corporate Intent provide important alignment between consumer expectations and our strategic direction.

We take great pride in supporting the Central Hawke's Bay community and its people through both new and ongoing sponsorship initiatives within our region. Our commitment is especially focused on local educational institutions, such as Central Hawke's Bay College's Technology Department and the Central Hawke's Bay Technology Centre. In addition to providing consistent support to our community through over 60 sponsorships given to local organisations in the past financial year, we've placed additional focus on nurturing the growth of our rangatahi and future leaders in Central Hawke's Bay. This reflects Centralines' deep passion for our community — our people, our power. We are dedicated to continuing this support in the years ahead. From sponsoring sports jerseys and equipment for local clubs, to supporting the Hawke's Bay Rescue Helicopter Trust, we are proud to see our hapori thrive.

As we look toward the future, Centralines is well-positioned to support a growing, electrified, and sustainable Central Hawke's Bay.

Thank you to our staff, trustees, and community for your continued trust and support.

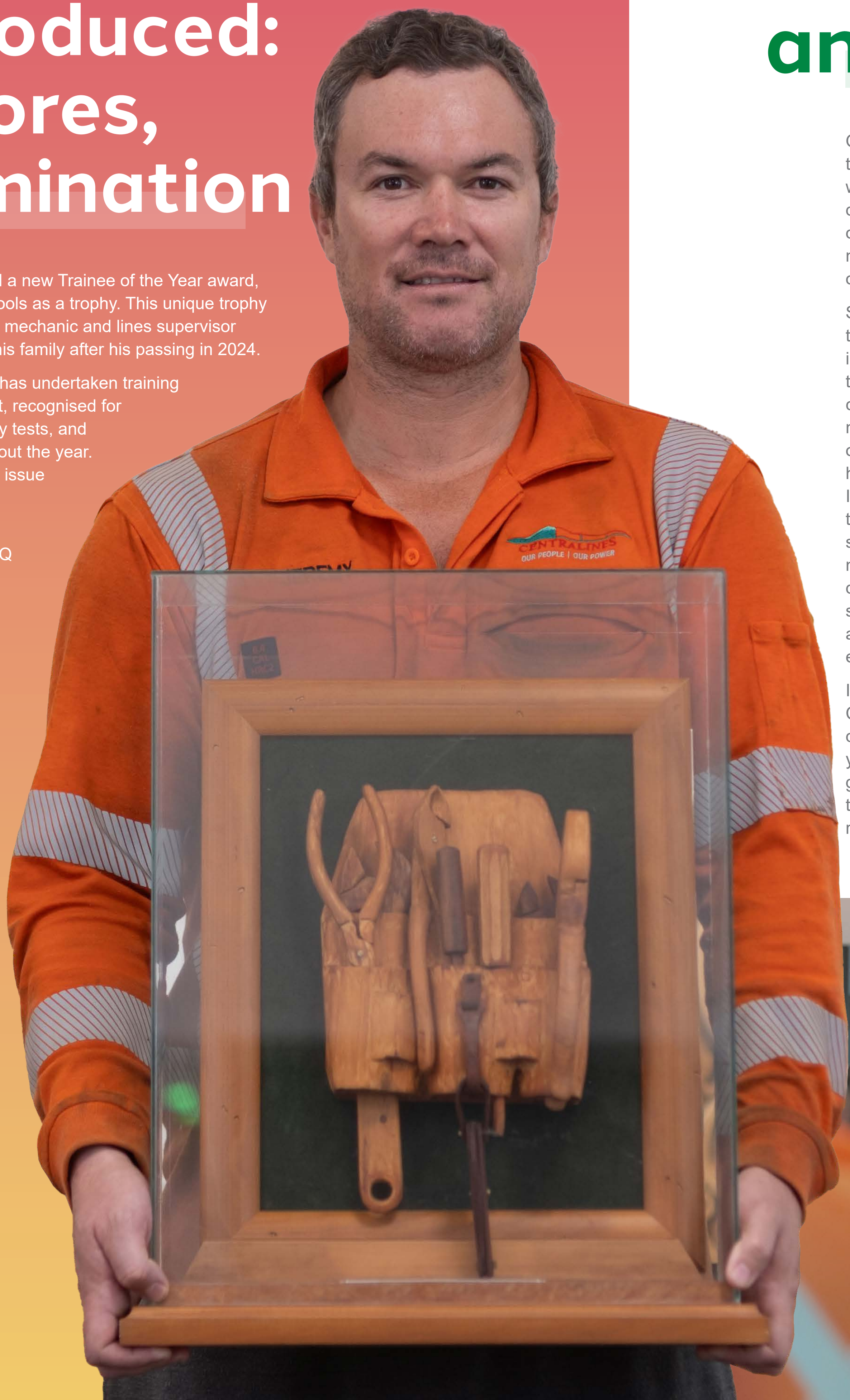
"We take great pride in supporting the Central Hawke's Bay community and its people through both new and ongoing sponsorship initiatives within our region."

Trainee of the Year Award Introduced: Perfect Scores, and Determination

This year the Centralines leadership team introduced a new Trainee of the Year award, using a special carved line mechanics tool belt and tools as a trophy. This unique trophy was originally presented to Colin Slade, a retired line mechanic and lines supervisor (1963-2003), and was gifted back to Centralines by his family after his passing in 2024.

This special award is open to any staff member who has undertaken training during the year. Jeremy Waaka was the first recipient, recognised for his exceptional attitude, perfect scores in finals theory tests, and demonstrating strong leadership capabilities throughout the year. Jeremy also faced a personal setback when a health issue interrupted his training - but in a true display of grit and determination, he didn't let it hold him back.

The award was presented during the end-of-year BBQ celebrations in December 2024.



Jeremy's journey is a testament to the power of resilience and dedication. His strong leadership capabilities have set a new standard for excellence at Centralines. We are proud to honour Jeremy as the first recipient of the Trainee of the Year award, and we look forward to seeing his continued growth and success within our team.

Wayne Withey,
Operations Manager – Centralines

Investing in People and Capability

Our people, customers, and community sit at the heart of everything that we do. In 2024–25, we embedded a holistic approach to workforce development and wellbeing, recognising that our ability to deliver a resilient and sustainable network depends on the capability and care of our people.

Safety remains our top priority. We are pleased to report a continued record of zero lost-time injuries for a second consecutive year, reflecting the strength of our safety and wellbeing culture, and our commitment to proactive risk management. Over half of all reported incidents occurred in three key risk areas — working at heights, with electricity, and around vehicles. In response, we've invested in enhanced safety training, including specialist driver training supported by the implementation of a new fleet management system to further promote positive driving behaviour of our people, and conducted scenario-based risk awareness workshops as we progress the implementation of a new enterprise risk management system.

Investing in our staff is also a top priority at Centralines and that was evident through the different training and initiatives delivered this year. We continue to upskill staff to enable their growth and to ensure they are equipped to thrive in a changing environment with a focus on resilience and innovation.

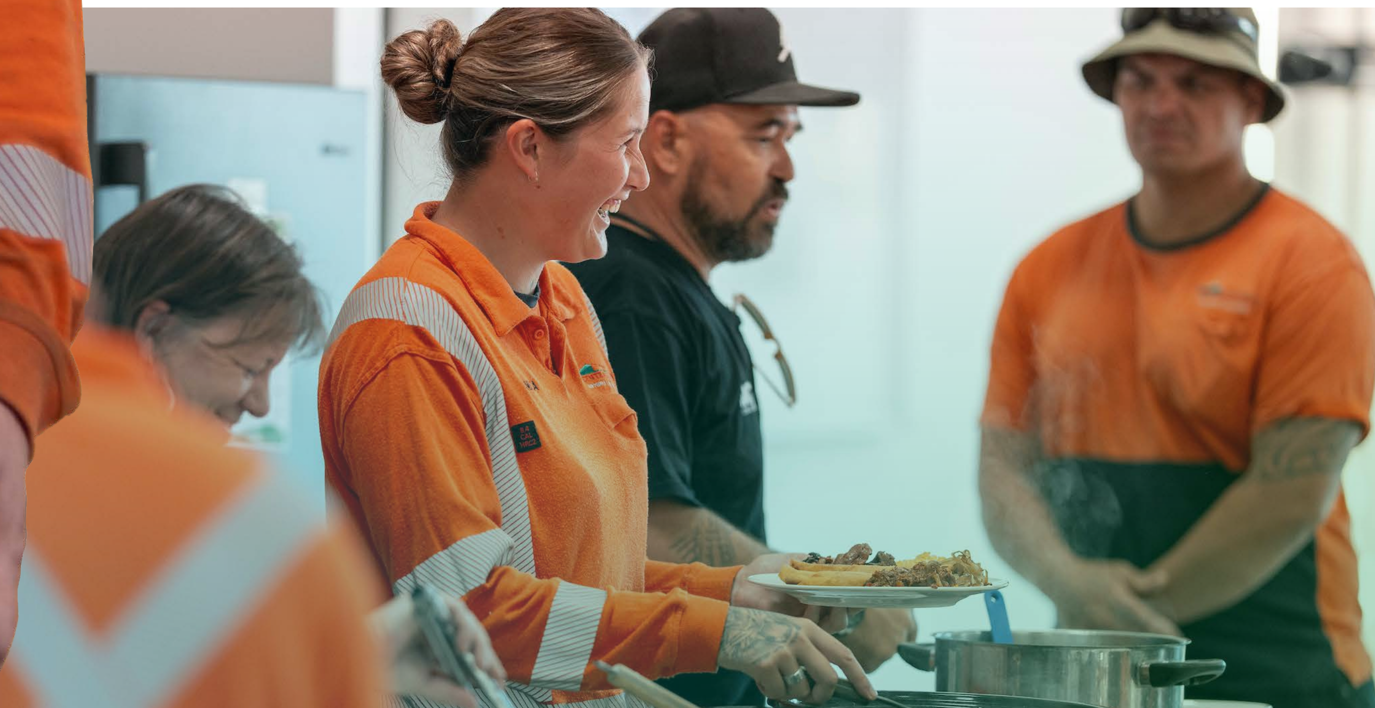
Our wellbeing programme continues to evolve. We provide direct financial support for health-related initiatives through our employee wellbeing allowance and regularly promote mental and physical health awareness campaigns across the organisation.

To address a tightening labour market and support local employment, we've taken a multi-pronged approach:

- Offering work experience opportunities for local Central Hawke's Bay youth, and on-the-job traineeships.
- Seeking skilled workers from outside of the district and internationally.
- Investing in modern equipment, vehicles, and a purpose-built depot to support our operations.
- Partnering with providers such as MITA Consulting to host training programmes for industry-wide upskilling.

This strategy is delivering results and in the last 12 months we have had four new operational roles, hired two traffic management operatives, and recruited a newly established Management Assistant role.

To support our growing work programme, we retained our external contracting partner Powerlines Hawke's Bay, ensuring we had the capacity and flexibility to increase investment in our network.



Financial Performance

Centralines delivered another strong financial result for the year, with an after-tax profit of $3 million. This is after the company returned approximately $1.4 million to its consumers through a discount payment on their electricity bills in July 2024.

At the same time, Centralines continued to invest in its network with a capital spend of $11.1 million.

Despite a more challenging macroeconomic environment, customer-driven work remained strong, with a spend of $0.8 million. This continued high expenditure on our capital programme once again put pressure on our resourcing, and we required external contractors to assist in delivering our network maintenance with an increase in costs as a result.

Backed by a strong balance sheet, even with debt raised to fund the continued investment in the network, the company remains well-positioned to meet the growth and decarbonisation needs of Central Hawke's Bay including relevant future investment opportunities in energy infrastructure.

$3M
AFTER-TAX PROFIT

$11.1M
CAPITAL SPEND

$1.4M
RETURNED TO CUSTOMERS

Total Revenue	$17.2M 2024/25	$16.1M 2023/24
EBITDA[1]	$8.5M 2024/25	$8.3M 2023/24
Net Operating Profit After Tax	$3M 2024/25	$2.7M 2023/24
Capital Expenditure	$11.1M 2024/25	$9.2M 2023/24
Total Discount[2]	$1.4M 2024/25	$1.5M 2023/24

[1] Earnings before interest, tax, depreciation, amortisation and consumer discounts
[2] This is the discount paid out during the financial year

Acknowledgements

Centralines' continued success is a credit to the excellent work and commitment of the Centralines team, the professional leadership of our management partner – Unison Networks Limited – and the support of the Central Hawke's Bay community.

We thank the Trustees for their ongoing confidence, support and for the important role they play in representing the interests of the power consumers of Central Hawke's Bay and our rural communities.

This year we have had two Central Hawke's Bay locals as board observers, appointed by the Central Hawke's Bay Consumers Power Trust as part of its commitment to developing leadership and governance capability in the district. Thomas Good completed his Board Observer term with Centralines in June 2024, and was later elected as a Trustee onto the Trust. We thank Thomas for his time and commitment to the Centralines Board, and look forward to continuing the relationship in his capacity on the Trust.

We welcomed Sarah Tully as the newly appointed Board Observer to replace Thomas in February 2025, and already Sarah has been a strong contributor to the Board table.

We also want to acknowledge Wayne Withey, who retired in April 2025 as the Operations Manager at Centralines. Wayne has contributed a significant amount to the company over a long tenure and we are grateful for his commitment to living the values of Centralines and the growth that has occurred under his management. We wish Wayne all the best with his retirement and the next chapter.

As we continue in this new phase of growth for our region and an era of change in the sector, it is encouraging that Centralines' business and operations are in a strong position to sustainably respond to the future and to contribute to Central Hawke's Bay continuing to thrive.

Fenton Wilson
Chair

Jaun Park
Chief Executive

2

CORPORATE GOVERNANCE STATEMENT & DIRECTOR PROFILES

Role of the Board of Directors

The Board of Directors (the 'Board') is appointed by the shareholders' representatives, the Trustees of the Central Hawke's Bay Consumers Power Trust.

The Board is responsible for setting and monitoring the strategic direction, policies, and control of the company's activities, with day-to-day management delegated to the Chief Executive.

The Board has a formal charter that outlines the responsibilities of the Board and the Chief Executive and provides a code of ethics to guide Directors and the Chief Executive in carrying out their duties and responsibilities.

The Board meets nine times during the financial year, with additional full meetings and sub-committee meetings convened when required.

Board committees

Audit and Risk Committee

Centralines has a formally constituted Audit and Risk Committee, responsible for reviewing the company's accounting policies, financial management, financial statements, management of information systems and systems of internal control, external and internal risk management functions, and the Treasury Policy. The Committee also considers internal risk assessments and external audit reports as well as the appointment of the external auditor, audit relationship matters and fees.

The Committee meets eight times a year, with additional meetings convened when required.

Risk management

The Board oversees a formal risk policy and risk management framework that is consistent with the Australian and New Zealand standard for risk management AS/NZS ISO 31000:2018 Risk Management — Guidelines.

The Board is responsible for reviewing and ratifying the risk management practices and system of internal controls.

The Board monitors the company's risk position and activities, principally through the Audit and Risk Committee, and the Board considers the recommendations and advice of external and internal auditors and other external advisors regarding the risks that the company faces. The Board undertakes worksite visits and engages directly with staff around safe working practices.

The Board ensures that recommendations made by the external and internal auditors and other external advisors are investigated and appropriate action is taken to ensure that Centralines has an effective internal control environment in place to manage the key risks identified.

Statement of Corporate Intent

In accordance with Section 39 of the Energy Companies Act 1992, the Directors annually submit a Statement of Corporate Intent for the coming financial year to the Central Hawke's Bay Consumers Power Trust for endorsement. This document outlines the company's overall objectives, intentions and financial performance targets and is available on the company's website.

Directors' interests register

The company maintains an Interests Register to record particulars of transactions or matters involving Directors. The Register is reviewed at each Board meeting.

Fenton Wilson

Chair

Born in Central Hawke's Bay, Fenton was appointed to the Centralines Board in 2018.

Fenton was previously a Hawke's Bay Regional Councillor/Chairman and has a good grasp of the issues and opportunities in Central Hawke's Bay.

He is a Director of Quality Roading and Services (Wairoa) Limited, the roading business owned by Wairoa District Council and business advisor to the nationally based company 43 South. A professional director for 15 odd years he brings a range of governance skills to the Centralines Board table.

A passionate community advocate, Fenton is a trustee of the Predator Free New Zealand Trust which encourages community scale pest control and enables community groups and schools to increase biodiversity in their communities.

Fenton is optimistic about the future of Centralines with the company playing a key part in enabling the success of the community and providing energy security that will underpin growth going forward.

Anthony (Tony) Gray

Director

Tony was appointed as a director to the Centralines Board in November 2020. He is a Fellow Chartered Member of Chartered Accountants Australia and New Zealand and a Chartered Member of the Institute of Directors.

He is currently a director of several companies including Artemis Nominees Limited, Foodeast GP Limited, Quality Roading and Services (Wairoa) Limited, Ngā Hua O Ngāti Pūkenga Limited, and Chair of Ngāti Pūkenga Investments Limited.

Tony has also been on the boards of various companies including CLEAR Communications, Sky Network Television Limited, subsidiaries of Mighty River Power, EA Networks and the Eastland Group including a period as Interim Chair.

Previously, he was Chief Financial Officer at Hastings District Council and had also held senior finance roles at Te Rūnanga o Ngāi Tahu, Mighty River Power (now Mercury Energy) and TVNZ.

Tony was appointed Officer of the New Zealand Order of Merit in the 2023 King's New Year's Honours list.

Sarah von Dadelszen

Director

Sarah was appointed to the Centralines Board in November 2020.

Sarah is a strong advocate for the local community and the wider agriculture sector. She lives with her husband Sam and three boys near Takapau, where they farm sheep, beef, and dairy.

Currently on the Ballance Agri-Nutrients board and Chair of the FMG board, Sarah's previous roles include being a trustee of agricultural non-profit AGMARDT and an independent director of NZ Young Farmers.

She was a previous chair of the Central Hawke's Bay Consumers Power Trust which enabled her to gain a good understanding of the power industry.

Sarah has attended several governance and leadership forums including the international INSEAD business school governance programme in Singapore and France, along with the Institute of Directors' programme. She also spent time at Stanford University with a New Zealand Primary Industry Leadership Group to gain deeper insight into global agri-business.

Len Gould

Director

Len joined the Centralines Board in November 2020.

He has more than 40 years' experience in the electricity industry, having held senior positions at Unison Networks, Transpower, and also worked at the Electricity Corporation of New Zealand and its predecessor NZED. His knowledge and experience cover power system engineering, smart grids, commercial, transmission and distribution pricing, strategy, business development, mergers and acquisitions.

Len has a New Zealand Certificate in electrical engineering and has been a Registered Engineering Associate since 1986.

Kevin Best

Director

Kevin was appointed to the Centralines Board in July 2022.

He has extensive commercial and financial experience and was a Partner at PricewaterhouseCoopers for a substantial part of his executive career.

He has worked with a broad range of infrastructure intensive businesses, including within the electricity sector. He is a professional director and holds several governance roles including being the Chair of two private companies and a Director of The Skills Organisation.

Kevin has family ties to the King Country but is now based in Auckland. He is a keen boatie and part of the leadership group of the Outboard Boating Club of Auckland which, as well as supporting safe boating, has a strong community and environmental focus.

3

STATUTORY INFORMATION

For the year ended 31 March 2025

The Board of Directors presents their annual report including the financial statements of the company for the year ended 31 March 2025. As required by section 211 of the Companies Act 1993, Centralines discloses the following information:

Nature of business

The Company's activities have not changed during the year under review.

Results

The operating profit before discount, interest and tax for the year was $5.08 million. The annual net profit was $3.04 million after allowance for discount and tax. This compares with an operating profit in 2024 of $5.82 million, a net profit of $0.12 million after allowance for discount and tax.

Directors

The Directors received the following remuneration during the year under review:

F. D. Wilson (Chair)
$60,000 Re-appointed 28 July 2022

A. T. Gray (Director)
$35,000 Re-appointed 27 July 2023

S. J. von Dadelszen (Director)
$31,500 Re-appointed 27 July 2023

L. J. Gould (Director)
$31,500 Re-appointed 25 July 2024

K. R. Best (Director)
$31,500 Re-appointed 25 July 2024

Dividend

There was a dividend of $214,925 declared during the year ended 31 March 2025.

(2024: $Nil).

Auditors

In accordance with Section 45 of the Energy Companies Act 1992, the Auditor-General continues as Auditor.

Audit fees payable by the Company to Audit New Zealand as at 31 March 2025 were $125,351.

(2024: $105,711).

Accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Those new standards and amendments that are relevant to the Company are:

Amendment to NZ IAS 1 Classification of Liabilities as Current or Non-current Liabilities with Covenants

Amendments to FRS-44 Disclosure of Fees for Audit Firms' Services

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Directors' interests

Directors disclosed an interest or cessation of interest in the following entities during the year ended 31 March 2025.

F. D. Wilson

- Centralines Limited – Director/Chair
- OSPRI NZ Limited – Director/Chair (ceased – disclosed March 2025)
- TB Free NZ Limited – Director/Chair (ceased – disclosed March 2025)
- National Animal Identification Traceability (NAIT) Limited – Director/Chair (ceased – disclosed March 2025)
- Oruru Land Company Limited – Director/ Beneficial shareholder
- Predator Free New Zealand Trust – Trustee
- Quality Roading and Services (Wairoa) Limited – Director
- Real Estate Agents Act 2008 – Property Brokers Licensee
- 43 South – Advisory Board Member

A. T. Gray

- Centralines Limited – Director
- Te Turapa Wai Ariki Limited – Chair (ceased – disclosed July 2024)
- Artemis Nominees Limited – Director
- Quality Roading and Services (Wairoa) Limited – Director/Chair of Audit Committee
- Ngā Hua O Ngāti Pūkenga Limited – Director
- Ngāti Pūkenga Investments Limited – Chair
- Foodeast GP Limited – Director
- Local Government Mutual Funds Trustee Limited – Director (ceased – disclosed August 2024)

S. J. von Dadelszen

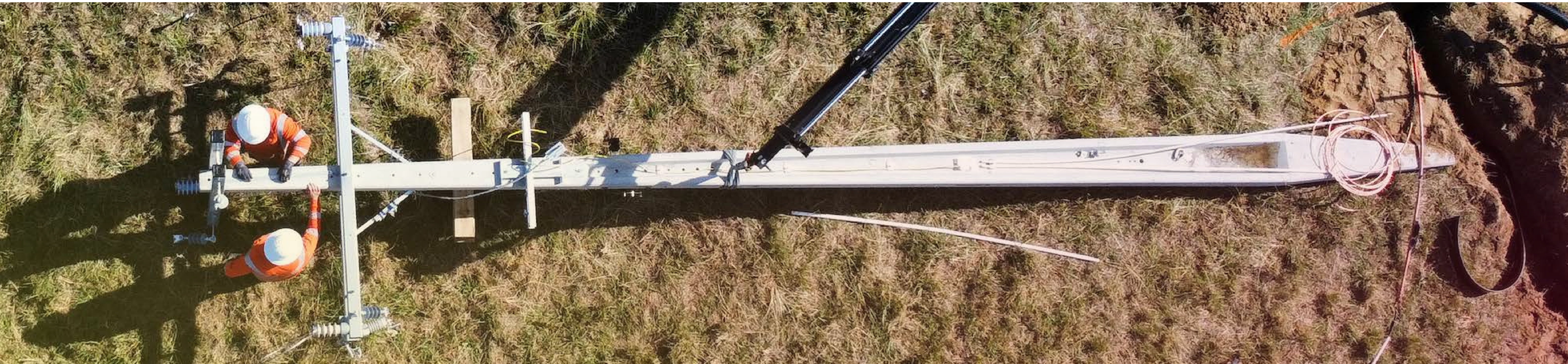
- Centralines Limited – Director
- Centralines Limited – Consumer
- Ballance Agri-Nutrients Limited – Director
- FMG Insurance Limited – Director/Chair
- For Sure Limited – Director
- Hinerangi Station Limited – Director/ Shareholder
- Porangahau and Maharakeke Catchment Group – Committee Member
- Tukituki Water Security Group – Committee Member (ceased – disclosed June 2024)
- Assistance Dogs NZ Trust (ADNZT) – Trustee

L. J. Gould

- Centralines Limited – Director
- Gould Consultancy Limited – Owner & Director

K. R. Best

- Centralines Limited – Director
- Morrison Low Holdings Limited – Chair
- The Skills Organisation Inc – Director
- Prendos New Zealand Limited – Chair



4

TRUSTEES' STATEMENT

Trustees' Statement

The Central Hawke's Bay Consumers Power Trust is the owner of Centralines. There are seven Trustees, who are all consumer elected. The beneficiaries of the Trust are the electricity consumers in the Central Hawke's Bay district.

The Trust had an election in September, and this was the second seven Trustee position election to take place. As a result, the Trust has changed, and we welcome Robby Smith, Rachel Baker, Stuart Ellingham and Thomas Good as new Trustees. We would also like to thank retiring members Alistair Setter, Marcus Peacock, Libby Tosswill and Callum Gray for their service to the Trust. Both Alistair and Marcus gave twelve years of service for many of which Alistair was the Chair.

A core responsibility of the Trust is to oversee the assets that the Trust owns, which is Centralines. It is important to the Trust that the capital held by Centralines is utilised in a manner that protects and grows value. Centralines has a Managed Services Agreement with Unison Networks Limited which provides the business with up-to-date technology and expertise. After twenty years this management agreement has been renegotiated by the Board to bring it into line with today's requirements of the company. The landscape has changed from twenty years ago, but this partnering with Unison has and continues to bring a leading edge to the business.

This year sees the continuance of a new period for Centralines and for many infrastructure companies throughout New Zealand. The period of very high growth in new connections is decreasing and now a period of investing in the core network is required. Economic times are changing also, with the higher cost of capital affecting many, including Centralines. Events like Cyclone Gabrielle bring into focus what is truly important, and for Centralines it is to maintain a robust and future-proof electricity distribution network. This requires a planned investment roadmap and appropriate risk management. For the company to afford this careful consideration of price increases, reductions in discounts and borrowing have been necessary.

Centralines has provided the maximum allowable discount to our consumers. This totalled $1,439,000. To the average residential consumer this meant a discount in the order of $130 which is meaningful and valued by our consumer owners.

Centralines also gave generously sixty-six sponsorships to local organisations for a total of $197,000. These organisations included numerous sports teams, community events, social services, and schools.

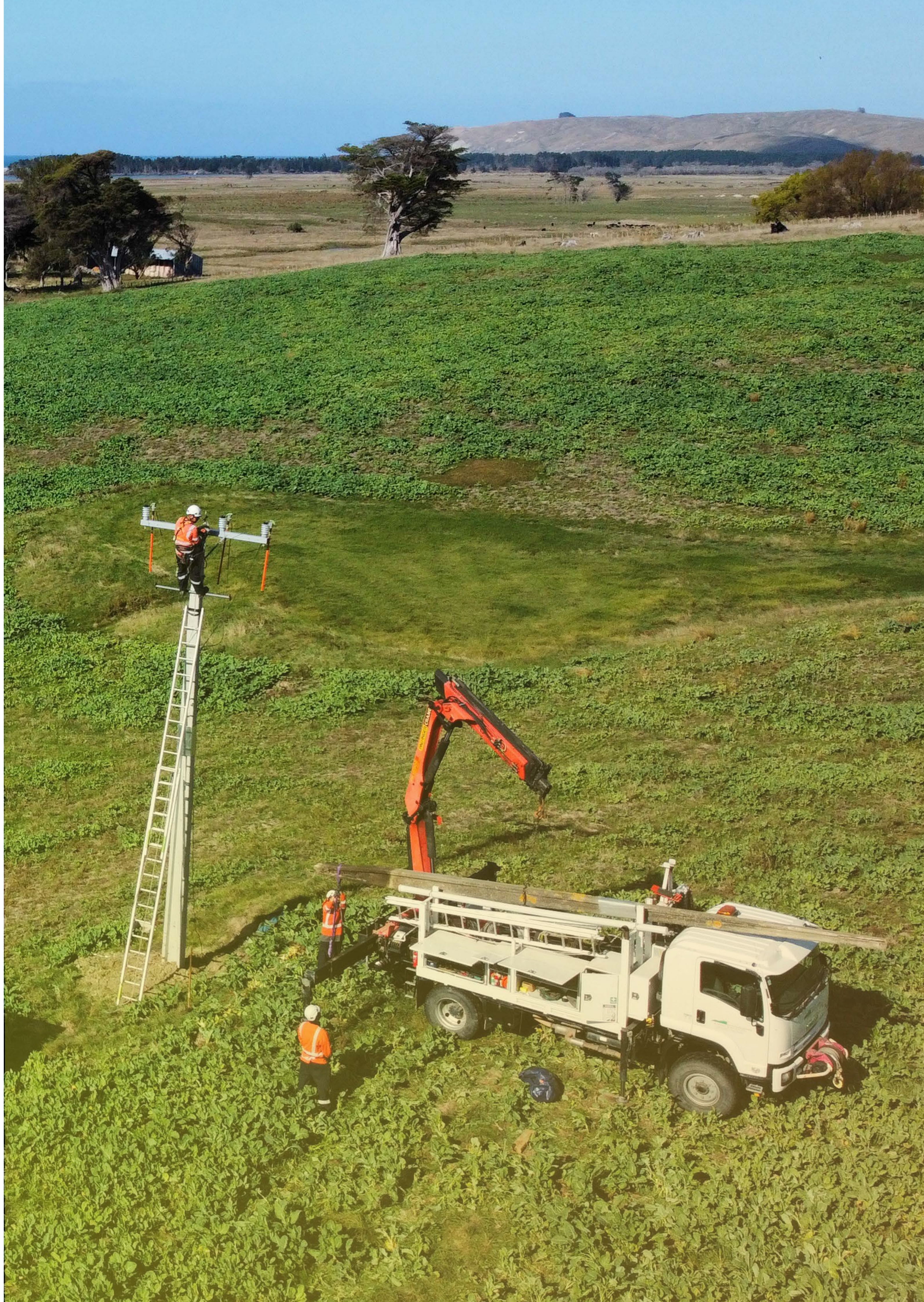
As part of the governance of the organisation, the Trust issues a Letter of Expectation to the Directors of Centralines at the start of each financial year. Included in recent years is the expectation that the Directors focus on growth and on ensuring Centralines is ready for industry changes. The major industry change is decarbonising the economy and providing renewable energy. This places expectations on Centralines that the network will be ready to supply consumers with the energy that is required.

We have confidence that these expectations are being progressed. With change, there are always as many threats as opportunities. Navigating this requires sound judgement and courage to act in a timely manner.

Looking ahead we are optimistic for Centralines and believe that we have the best Directors in place overseeing future challenges and opportunities.

Karen Middelberg

Chair – Central Hawke's Bay Consumers Power Trust



5

FINANCIAL STATEMENTS

Statement of Performance

FOR THE YEAR ENDED 31 MARCH 2025	2025 STATEMENT OF CORPORATE INTENT TARGETS	**2025 ACTUAL**	2024 ACTUAL
Financial Measures			
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) excluding discounts ($millions)	$8.40	**$8.47**	$8.29
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (excluding discounts) as a percentage of Average Assets Employed.	8.25%	**7.37%**	8.19%
Net Profit after tax (adjusted for discounts) as a percentage of Average Shareholders' Funds.	4.98%	**5.61%**	5.39%
Network Operational Costs - $ per ICP (excluding Transmission Costs and Depreciation)	$777	**$767**	$702
Network Operational Costs - $ per kilometre of line (excluding Transmission Costs and Depreciation)	$3,679	**$3,537**	$3,215
Total Planned Electricity Network Capital Expenditure ($millions)	$11.44	**$10.37**	$8.14
Dividend - paid in that year ($000)	$214	**$215**	$-
Discount - paid in that year ($millions)	$1.44	**$1.44**	$1.48
Reliability Measures			
Unplanned System Average Interruption Duration Index (SAIDI) *SAIDI represents the average number of minutes the customer was without power in any one year. Unplanned performance metrics were above historical averages for certain outage categorisations as a few high impact faults skewed this year's performance.*	75.00	**58.79**	80.43
System Average Interruption Frequency Index (SAIFI) *SAIFI is the average number of supply interruptions that a customer experiences in the period including maintenance but excluding transmission (Transpower). The successive interruptions have been treated in the same way for the 2025 financial year as they were for the 2024 financial year. Unplanned SAIFI performance metrics were close to the historical averages across outage categorisations.*	2.48	**1.40**	2.13
**Both 2023/24 and 2024/25 SAIDI and SAIFI targets and actual performance are based on unplanned outages and normalised according to the requirements of the Electricity Distribution Services Default Price-Quality Path Determination 2020.*	-	-	-
An unplanned loss of supply event can, in some circumstances, be followed by restoration of supply to some consumers and then by a successive interruption as a result of isolating the initial cause or making repairs and completing the permanent restoration of supply to all consumers. For the avoidance of doubt, where this occurs, Centralines' reported SAIFI records the initial outage and not any subsequent short duration outages required to effect the restoration of supply. Centralines' reported SAIDI includes the consumer minutes from subsequent short duration outages required to effect the restoration of supply. This recording approach has not changed from Centralines' previous statements.			
Number of major faults *Number of major faults (33kV) which result in interruptions to supply, per 100km of line per year (as per the Electricity Distribution Information Disclosures Determination 2012)*	2	**3**	5
Safety Measures			
Number of lost-time injuries	0	**0**	0

The above statement of performance should be read in conjunction with the accompanying notes

Statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2025	NOTES	**2025 $000**	2024 $000
Revenue			
Revenue from contracts with customers		**18,573**	17,335
Posted discount accrued	2	**(1,686)**	(1,439)
Net revenue from contracts with customers	2	**16,887**	15,896
Other income	2	**307**	159
		17,194	16,055
Expenses			
Transpower charges		**(2,153)**	(2,090)
Network maintenance		**(2,613)**	(2,125)
Employee related expenses		**(1,330)**	(1,469)
Other expenses	3	**(4,195)**	(3,406)
Business development		**(121)**	(113)
Total operating expenses		**(10,412)**	(9,203)
Earnings before interest, taxes, depreciation and amortisation expenses (EBITDA)		**6,782**	6,852
Depreciation and amortisation expense	5,18	**(3,392)**	(2,473)
Finance expenses		**(1,012)**	(885)
Change in fair value of network distribution assets		**-**	188
Profit before income tax		**2,378**	3,682
Income tax	4	**659**	(3,567)
Profit for the year		**3,037**	115
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains/(Losses) on revaluation of Electricity distribution network	5	**-**	13,070
Deferred tax impact		**-**	(3,660)
		-	9,410
Items that may be subsequently reclassified to profit or loss:		**-**	-
		-	-
Other comprehensive income for the year, net of tax		**-**	9,410
Total comprehensive income for the year		**3,037**	9,525

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Balance Sheet

AS AT 31 MARCH 2025	NOTES	2025 $000	2024 $000
Assets			
Current assets			
Cash and cash equivalents	6	**957**	1,304
Trade and other receivables	8	**1,787**	1,813
Inventories	7	**1,874**	2,178
Total current assets		**4,618**	5,295
Non-current assets			
Property, plant and equipment	5	**110,617**	104,701
Intangible assets		**191**	147
Investment property	18	**3,067**	1,164
Total non-current assets		**113,875**	106,012
Total assets		**118,493**	111,307
Liabilities			
Current liabilities			
Trade and other payables		**2,398**	2,119
Interest bearing liabilities	15	**13,367**	5,867
Contract liabilities	2	**1,686**	1,439
Current tax liabilities		**41**	155
Employee provisions		**440**	454
Total current liabilities		**17,932**	10,034
Non-current liabilities			
Interest bearing liabilities	15, 16	**6,000**	9,000
Employee provisions		**55**	54
Derivative financial instruments		**211**	(20)
Deferred tax liabilities	4	**17,060**	17,826
Total non-current liabilities		**23,326**	26,860
Total liabilities		**41,258**	36,894
Net assets		**77,235**	74,413
Equity			
Share capital	10	**8,000**	8,000
Reserves		**9,410**	9,410
Retained earnings		**59,825**	57,003
Total equity		**77,235**	74,413

For and on behalf of the Board of Directors of Centralines Limited, who authorised these financial statements presented on pages 34 to 49 for issue on 27 June 2025.

Fenton Wilson – Chair

Tony Gray – Director

The above balance sheet should be read in conjunction with the accompanying notes

Statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2025	NOTES	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY: SHARE CAPITAL $000	REVALUATION RESERVE $000	RETAINED EARNINGS $000	TOTAL EQUITY $000
Balance as at 1 April 2024		**8,000**	**9,410**	**57,003**	**74,413**
Profit/(loss) for the year		**-**	**-**	**3,037**	**3,037**
Other comprehensive income:					
Revaluation of Electricity distribution network	5	**-**	**-**	**-**	**-**
Deferred tax on revaluation		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**3,037**	**3,037**
Dividends	17	**-**	**-**	**(215)**	**(215)**
Balance as at 31 March 2025		**8,000**	**9,410**	**59,825**	**77,235**
Balance as at 1 April 2023		8,000	-	56,888	64,888
Profit/(loss) for the year		-	-	115	115
Other comprehensive income:					
Revaluation of Electricity distribution network	5	-	13,070	-	13,070
Deferred tax on revaluation		-	(3,660)	-	(3,660)
Total comprehensive income		-	9,410	115	9,525
Dividends		-	-	-	-
Balance as at 31 March 2024		8,000	9,410	57,003	74,413

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows

FOR THE YEAR ENDED 31 MARCH 2025	2025 $000	2024 $000
Cash flows from operating activities		
Receipts from customers	**16,427**	14,846
Contributions for capital works	**816**	1,093
Interest received	**23**	-
Income taxes received	**-**	67
Payments to suppliers and employees	**(9,557)**	(9,759)
Interest paid	**(1,012)**	(885)
Income taxes paid	**(221)**	-
Net cash inflow/(outflow) from operating activities	**6,476**	5,362
Cash flows from investing activities		
Purchase and construction of property, plant and equipment	**(11,503)**	(9,136)
Proceeds from disposal of property, plant and equipment	**395**	85
Net cash inflow/(outflow) from investing activities	**(11,108)**	(9,051)
Cash flows from financing activities		
Proceeds from other borrowings	**4,500**	3,867
Payment of dividends	**(215)**	-
Net cash inflow/(outflow) from financing activities	**4,285**	3,867
Net increase (decrease) in cash and cash equivalents	**(347)**	178
Cash and cash equivalents at the beginning of the financial year	**1,304**	1,126
Cash and cash equivalents at end of year	**957**	1,304

Cash and cash equivalents

Recognition and measurement

For the purpose of presentation in the above statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term deposits, highly liquid investment with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

1. ABOUT THIS REPORT

(a) Entity reporting

Centralines Limited is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 17 Coughlan Rd, Waipukurau, New Zealand. It is registered under the Companies Act 1993 and is an energy company in terms of the Energy Companies Act 1992.

Centralines Limited ('the Company') provides electricity distribution and line function services to consumers and businesses, as well as fibre optic network interconnections and related services throughout the Central Hawke's Bay. The Company also provides vegetation and electrical contracting services.

Centralines Limited is 100% owned by the Central Hawke's Bay Consumers' Power Trust.

These financial statements are presented in New Zealand dollars ($), which is Centralines Limited functional currency, and have been rounded to the nearest thousand unless otherwise stated.

(b) Basis of preparation

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Practice (GAAP). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), and other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS Reduced Disclosure Regime (NZ IFRS RDR).

The Company is eligible and has elected to report in accordance with Tier 2 for profit accounting standards, NZ IFRS RDR on the basis that the Company has no public accountability and is not a large for profit public sector entity. The Company has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment, which are adjusted to fair value through other comprehensive income.

(c) Goods and Services Tax (GST)

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(d) Notes to the financial statements

Information that is considered material and relevant to the users of these financial statements is included within the notes to the financial statements. The assessment of materiality and relevance includes qualitative as well as quantitative factors including the size and nature of the balance and if the balance is important in understanding the Company's current or future performance.

Other relevant accounting information not included in the notes to the accounts is included below.

(e) New and amended standards adopted by the Company

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2024, except for new standards effective as of 1 January 2025. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to NZ IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Amendments to FRS-44- Disclosure of Fees for Audit Firms' Services

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current of future periods. The application of Amendments to NZ IAS 1 - Disclosure of Accounting Policies, did not have any impact on the policies.

Standards issued and not yet effective and not early adopted

NZ IFRS 18 - Presentation and Disclosure in Financial Statements (effective 1 January 2027)

The standard introduces a more structured format for the income statement, including clearly defined subtotals such as Operating Profit and Profit before Financing and Income Taxes. These subtotals must be derived using a prescribed classification of income and expenses into three categories: operating, investing and financing. The standard also requires specific disclosures related to Management-Defined Performance Measures (MPMs) to enhance transparency around non-GAAP performance metrics.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(f) Critical accounting judgements and estimates.

The preparation of financial statements in conformity with NZ IFRS RDR requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In particular, information about significant areas of estimation and critical judgments in applying accounting policies that have a significant effect on the amounts recognised in the financial statements are as follows:

- Valuation of Electrical distribution network (note 5)
- Estimation of useful lives for depreciation (note 5)

2. REVENUE

Revenue streams

The Company generates revenue primarily from electricity distribution and line function services provided to consumers and businesses in the Central Hawke's Bay. Other sources of revenue include electrical contracting services and investment income.

	2025 $000	2024 $000
Net revenue from contracts with customers[1]	**16,887**	15,896
Other income:		
Interest income	**23**	-
Gain on sale of Investment Property	**89**	-
Miscellaneous income	**195**	159
Total revenue	**17,194**	16,055

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines:

	2025 $000	2024 $000
Electricity line revenue[1]	**14,783**	13,995
Capital contributions	**816**	1,093
Contracting revenue	**1,283**	751
Other	**5**	57
	16,887	15,896

[1]Net of the accrued posted discount of $1,686,400 to be paid to consumers connected to the Company's electricity network as at 31 March 2025 and scheduled to be paid to consumers before 30 June 2025.

Contract assets and liabilities

The Company has recognised the following revenue-related contract assets and liabilities:

	2025 $000	2024 $000
Contract liabilities – posted discount payable to consumers	**1,686**	1,439
Total contract liabilities	**1,686**	1,439

Changes in contract assets and liabilities

The Company has recognised a contract liability for the discount to be paid to consumers. The Company will pay a posted discount of $0.020 c/kWh to all consumers registered on its electricity network as at 31 March 2025. The discount is calculated using twelve months of consumption data from 1 April 2024, and is scheduled to be paid to consumers in the month of June 2025. The minimum discount payable to any consumer is $55.00, and the maximum is $5,850.

Accounting policy

(i) Electricity line revenue

The Company owns, manages and operates an electricity distribution network. The Company distributes electrical energy on behalf of electricity retailers that has been brought to points of supply by the National Grid operator or produced by embedded generators, to consumers connected to the Company's electricity distribution network.

Line revenue relates to the provision of electricity distribution services and includes pass-through revenue and recoverable cost revenue. Prices are regulated, and customers are charged through a mix of fixed charges which are recognised on a straight-line basis and variable charges which are recognised based on the volume of distribution services provided. Consistent with NZ IFRS 15 this revenue is recognised over time at the fair value of services provided based on an output method as the service is delivered to match the pattern of consumption. Pass through and recoverable costs include transmission costs, statutory levies and utility rates.

The Company pays a discount to eligible consumers registered on its network as at 31 March each year. The basis of the discount is posted on the Company's Electricity Distribution Delivery Prices disclosure at the start of each financial year, and is paid to consumers via their retailer in the following financial year. The electricity line revenue recognised is net of the discount to be paid to consumers. A contract liability (included in trade and other payables) is recognised for the expected discount payable to consumers in relation to electricity distribution made until the end of the reporting period.

(ii) Capital contributions

Customer contribution revenue relates to contributions received from customers towards the costs of reticulating electricity to new subdivisions, constructing uneconomic lines and relocating existing lines. The revenue recognised is the fair value of the asset being constructed. Revenue is recognised at a point in time when the asset is connected to the network for customers whose supply of electricity is contracted to a retailer. For retailers, this revenue is recognised over time.

(iii) Contracting revenue

Contracting revenue relates to revenue from electrical contracting services provided to third parties and is recognised as the fair value of the service provided or asset being constructed. Where an asset is being constructed for a third party, revenue is recognised over time as a result of control of the asset transferring to the customer over the time. For electrical services revenue is recognised at a point in time when the performance obligation is satisfied.

(iv) Interest income

Interest income is recognised using the effective interest method.

3. OTHER EXPENSES

Other operating expenses are recognised in the statement of comprehensive income as an expense when they are incurred.

	2025 $000	2024 $000
Other expenses		
Bad debt expense	**4**	-
Audit of the annual financial statements – Audit New Zealand	**125**	106
Information disclosure assurance engagement – Audit New Zealand	**61**	52
Directors' fees	**190**	190
Donations	**1**	1
Community sponsorship	**197**	185
Change in fair value of derivative financial instruments	**231**	122
Other operating expenses	**3,386**	2,750
	4,195	3,406

4. TAXATION

(a) Income tax expense	2025 $000	2024 $000
Current tax on profits for the year	**301**	394
Deferred tax associated with timing differences	**(766)**	3,153
Adjustments in respect of prior years	**(194)**	20
Income tax expense	**(659)**	3,567

(b) Reconciliation of income tax expense to prima facie tax payable	2025 $000	2024 $000
Profit from continuing operations before income tax expense	**2,378**	3,682
Income tax @ 28%	**666**	1,031
Tax effects of:		
Income not subject to tax	**(29)**	(87)
Effects of buildings becoming non-depreciable	**(1,167)**	2,603
Expenses not deductible for tax purposes	**65**	-
Prior period current tax adjustment	**(194)**	20
Income tax expense	**(659)**	3,567

(c) Deferred tax liabilities	2025 $000	2024 $000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**17,240**	17,958
Employee provisions	**(107)**	(112)
Derivatives	**(59)**	-
Other provisions	**(14)**	(20)
Total deferred tax liabilities	**17,060**	17,826
Movements:		
Opening balance	**17,826**	11,013
Deferred portion of current year tax expense	**(766)**	3,153
Amounts charged or credited direct to equity	**-**	3,660
Closing balance	**17,060**	17,826

During the year, the tax value of buildings was split into separate components relating to building structure assets and building fit-out assets. This resulted in an increase in tax depreciation deductions in the current and prior years. It also resulted in a reduction in the deferred tax adjustment for buildings, as it increased the amount of future tax deductions.

Accounting policy

Income tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

Non-current assets - Deferred tax assets

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

5. PROPERTY, PLANT & EQUIPMENT

	ELECTRICAL DISTRIBUTION NETWORK $000	FIBRE NETWORK $000	LAND AND BUILDINGS $000	OTHER ASSETS $000	TOTAL $000
Year ended 31 March 2025					
Opening net book amount	**88,779**	**346**	**13,183**	**2,393**	**104,701**
Additions	**10,356**	**-**	**9**	**756**	**11,121**
Disposals	**-**	**-**	**-**	**-**	**-**
Assets classified as investment property	**-**	**-**	**(1,828)**	**-**	**(1,828)**
Depreciation charge	**(2,265)**	**(66)**	**(431)**	**(615)**	**(3,377)**
Revaluation	**-**	**-**	**-**	**-**	**-**
Closing net book amount	**96,870**	**280**	**10,933**	**2,534**	**110,617**
At 31 March 2025					
Cost	**11,744**	**1,398**	**11,762**	**7,581**	**32,485**
Valuation	**87,391**	**-**	**-**	**-**	**87,391**
Accumulated depreciation	**(2,265)**	**(1,118)**	**(829)**	**(5,047)**	**(9,259)**
Net book amount	**96,870**	**280**	**10,933**	**2,534**	**110,617**
Year ended 31 March 2024					
Opening net book amount	69,142	412	13,924	2,167	85,645
Additions	8,138	-	233	783	9,154
Disposals	-	-	-	(12)	(12)
Assets classified as investment property	-	-	(872)	-	(872)
Depreciation charge	(1,760)	(66)	(102)	(545)	(2,473)
Revaluation	13,259	-	-	-	13,259
Closing net book value	88,779	346	13,183	2,393	104,701
At 31 March 2024					
Cost	1,388	1,398	13,581	6,867	23,234
Valuation	87,391	-	-	-	87,391
Accumulated depreciation	-	(1,052)	(398)	(4,474)	(5,924)
Net book amount	88,779	346	13,183	2,393	104,701

(a) Valuations of Electrical distribution network

In 2024 the electricity distribution network was revalued to fair value of $87.391m in accordance with NZ IAS 16- Property, Plant and Equipment, NZ IAS 36 Impairment of Assets, and NZ IFRS 13 – Fair Value Measurement. Including capital work in progress of $1.388m, this resulted in an opening net book value of $88.779m in 2025.

In the absence of an active market for the network, Centralines calculated fair value using significant unobservable inputs (Level 3, as defined in NZ IFRS 13). Centralines used a discounted cash flow (DCF) methodology. Centralines based its cash flow forecasts on the company's short term forecasts and adjusted those forecasts to remove the impacts of expansionary growth on forecast future revenues, operating expenditure and capital expenditure. The Terminal Value of the network is based on the Regulated Asset Base ('RAB') in 10 years post year end.

The current book value of the Electricity distribution network was assessed against the fair value as at 31 March 2025, calculated using the Discounted Cash Flow (DCF) method which showed that there was no material difference of $4.1m. On this basis, the revaluation has not been recognised.

The following key assumptions were applied in the methodology:

- Line Revenue price increase: Centralines became an exempt EDB under the Commerce Act from October 2021 when all Trustees of Centralines became elected. As a result, Centralines has greater discretion to determine its own prices and revenues.

  For the year ending 31 March 2026, forecast revenue assumed the board approved budget for the period. For subsequent years, it was assumed that revenue will increase by 13.2% in 2026, by 10% in 2027, by 7% in 2028 and followed by 5% increases per annum to 2035.
- Cashflows were discounted using a post-tax Weighted Average Cost of Capital (WACC) 6.18%. (2024 6.50%)

A sensitivity analysis of the key assumptions shows that the biggest impact on the NPV of the future cash flows for Centralines' electrical distribution network is the movement in distribution revenue and less sensitive to movements in capital expenditure.

A sensitivity analysis on a number of variables as follows:

- a capital expenditure increase/(decrease) of 5% would decrease/(increase) the network's fair value by $0.3m and ($0.3m) respectively.
- an increase/(decrease) in the discount rate of 0.5% would decrease/(increase) the network's fair value by $5.2m and ($4.9m) respectively.
- an operating expense increase/(decrease) of 5% would decrease/(increase) the network's fair value by $2.3m and ($2.3m) respectively and,
- a distribution revenue increase/(decrease) of 5% would increase/(decrease) the network's fair value by $5.7m and ($5.7m) respectively.

(b) Capital work in progress

Capital work in progress as at 31 March 2025 of $4,496,287 (2024: $1,599,068) of which $4,496,287 is included in Electrical distribution network additions.

(c) Capital commitments

The value of contractual capital commitments as at 31 March 2025 is estimated at $2,260,000 (2024:$Nil).

Accounting policy

Property, plant and equipment

Property, plant and equipment, except the electrical distribution network, is stated at historical cost less depreciation and impairment loss. 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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The electrical distribution network is carried at fair value using a discounted cash flow model. The network is re-valued every five years at a minimum. The carrying amount is tested annually by assessing this value against a discounted cash flow model. Where there is any material variance, the network is revalued to reflect the fair value of the network. Additions are recognised at cost and 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 Company and the cost of the item can be measured reliably.

Depreciation

Depreciation on electrical distribution assets is calculated using the straight-line method to allocate their cost or re-valued amounts over their estimated remaining useful lives.

Any accumulated depreciation on electrical distribution assets as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Depreciation on other assets (other than Land which is not depreciated) is calculated using the straight-line method to allocate their cost over their estimated useful lives.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

• Electrical distribution network	0 – 70 years
• Fibre network	0 – 12 years
• Buildings	5 – 60 years
• Land	
• Other assets:	
– Motor vehicles	5 – 15 years
– Plant and equipment	1 – 12 years
– Office furniture and equipment	1 – 20 years
– Information technology	2 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Impairment of assets

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

6. CASH AND CASH EQUIVALENT

	2025 $000	2024 $000
Cash at bank and in hand	**108**	867
Deposits at call	**849**	437
	957	1,304

(a) Risk exposure

The Company's exposure to credit risk is discussed in note 9,(b). The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(b) Deposits at call

Market fluctuations in interest rates affect the earnings on these investments but Company policy of placing deposits with high credit quality financial institutions minimises the credit exposure.

(c) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

7. INVENTORIES

Inventories are stated at cost. Cost is determined using the average cost method. The cost of work in progress comprises design costs, stock, direct labour, other direct costs and related production overheads.

	2025 $000	2024 $000
Stock	**1,830**	2,052
Work in progress	**44**	126
	1,874	2,178

8. TRADE AND OTHER RECEIVABLES

	2025 $000	2024 $000
Trade receivables	**1,837**	1,886
Provision for doubtful receivables	**(50)**	(73)
	1,787	1,813
Total trade and other receivables	**1,787**	1,813

(a) Impaired receivables

Movements on the provision for impairment of trade receivables are as follows:

At 1 April	2025 $000	2024 $000
Opening balance	**(73)**	(28)
Provision for impairment recognised during the year	**(27)**	(60)
Receivables written off during the year as uncollectible	**28**	-
Amounts recovered during the year	**22**	15
At 31 March	**(50)**	(73)

Accounting policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due within 30 days and therefore are all classified as current. There are no significant financing components.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other expenses' in the statement of comprehensive income.

9. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance.

(a) Fair value estimation

The methods and assumptions used are that carrying amounts in the financial statements reflect the estimated fair value of the financial instruments including receivables, cash and cash equivalents, investments, derivatives and accounts payable.

Financial assets and liabilities:

	2025 $000	2024 $000
Fair value of financial assets at amortised cost		
Cash and cash equivalents	**957**	1,304
Trade and other receivables	**1,787**	1,813
	–	–
	2,744	3,117
Financial assets at fair value through profit or loss		
Derivative financial instruments	**-**	20
	-	20
Fair value of financial liabilities at amortised cost		
Trade and other payables	**2,398**	2,119
Bank Loans	**19,367**	14,867
	21,765	16,986
Financial liabilities at fair value through profit or loss		
Derivative financial instruments	**211**	-
	211	-

Note, the Company only has two classifications of its financial assets.

All cash and cash equivalents and investments are classed as financial assets at amortised cost. Financial assets at amortised cost are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate less any impairment. Amortisation or impairment losses are recognised in the profit or loss.

Derivative financial assets are classed as Fair value through profit or loss. Derivative financial instruments are recognised at fair value. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Investments consist of short term deposits held with registered banks and are classified as current assets if they mature within 12 months, otherwise they are classified as non-current.

Investments are held to collect principal and interest as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Credit risk

In the normal course of its business the Company incurs credit risk from accounts receivable, bank balances and investments. There is no significant concentration of credit risk and the Company has a policy of assessing the credit risk of significant new customers and monitors the credit quality of existing customers. Counterparties to cash and investments are major banks, which are approved by the directors under the Company's Investment Policy. The Company's maximum credit risk exposure is as disclosed in the statement of financial position and collateral or other security is not held.

(c) Liquidity risk

Liquidity risk represents the risk that the Company may not have the financial ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis. Overall the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding in place to cover potential shortfalls.

(d) Derivatives

The Company is exposed to floating interest rate risk due to its bank borrowings. The Company may use interest rate swap contracts to convert certain floating exposures to fixed rate, to provide more certainty around interest expenditure. The swap contracts in place at 31 March 2025 have a notional principal amount of $11.5 million and convert floating rate interest (BKBM) to a fixed rate range of 3.69% to 5.01%.

Accounting policy

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value at the end of each reporting period. Subsequent changes in fair value are recognised through profit or loss in the Statement of Comprehensive Income.

10. SHARE CAPITAL

	2025 SHARES '000	2024 SHARES '000	**2025 $000**	2024 $000
Ordinary shares				
Fully paid (no par value)	**8,000**	8,000	**8,000**	8,000

11. RELATED PARTY TRANSACTIONS

The amounts owing to related parties are paid in accordance with the Company's normal commercial terms of trade. No related party debts have been written off or forgiven during the year. Certain directors of the Company are also directors of other companies with whom the Company transacts. All such transactions are on normal commercial terms.

(a) Key management and personnel compensation

Centralines Limited has a management contract operated by Unison Networks Limited, an electricity lines company based in Hastings. This contract provides for executive, financial and technical managerial services for Centralines Limited. The contract was renewed in October 2024 for a further 4.5 years, with a right to extend by a further 5 years.

Key management includes directors of the Company, and members of the Executive Committee of Unison Networks Limited who provide key management personnel services as part of the management contract with Centralines Limited. There are no employees of the Company who are classified as key management personnel.

The compensation paid or payable to Directors was $189,500 (2024: $189,500).

Transactions with related parties

Related party	Nature of transactions	Relationship with Company	TRANSACTION **2025 $000**	TRANSACTION 2024 $000	YEAR-END **2025 $000**	YEAR-END 2024 $000
Central Hawke's Bay Consumers Power Trust	Dividend	Parent	**215**	-	**-**	-
Unison Networks Limited	Purchases materials, management services and contracting services	Key management personnel	**6,337**	5,383	**584**	352
Farmlands	Retail purchases	Directors' interest	**8**	11	**-**	1

12. COMMITMENTS

(i) Operating lease commitments

Lease payments under operating leases, for short term leases or leases for which the underlying asset is of low value are expenses in the statement of comprehensive income in equal instalments over the lease term.

The expense for the period is $2,400 (2024 $2,599)

The Company has applied NZ IFRS 16.6. No right of use asset has been recognised.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Operating Leases as a Lessee	**2025 $000**	2024 $000
No later than 1 year	**2**	2
Later than 1 year and no later than 5 years	**3**	6
Later than 5 years	**-**	-
Total	**5**	8

The Company leases its investment property in Peel St. The lease has a term of six years with two x two year renewals. The lease rental has an annual CPI adjustment.

Rental income recognised by the Company during the year is $110,000 (2024 $Nil)

Operating Leases as a Lessor	**2025 $000**	2024 $000
No later than 1 year	**110**	110
Later than 1 year and no later than 5 years	**422**	440
Later than 5 years	**-**	92
Total	**532**	642

13. CONTINGENCIES

As at 31 March 2025 the Company had no contingent liabilities or assets (2024: $Nil).

14. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no events to report.

15. CURRENT LIABILITIES - INTEREST BEARING LIABILITIES

(a) Bank Loans

All term borrowings are bank loans and interest rates for these borrowings are based on the bank bill rate plus margin and a line of credit charge. Centralines utilises Wholesale term loan facility arrangements, with a facility limit of $22 million with varying maturity dates. This facility will be routinely renewed on maturity dates, so all borrowing under this facility are reported as term borrowings.

Loan 1, $6 million, maturity 17 August 2025

Loan 2, $6 million, maturity 19 October 2025

Loan 4, $4 million, maturity 11 September 2025

The bank facility is secured by a General Security Agreement over the assets of the Company. The facility (including current and non-current loans) are subject to various covenants including a leverage ratio. Centralines complied with all covenants for the 2025 year.

As at 31 March 2025, certain bank loans were classified as current liabilities. Subsequent to balance date the Company has been actively engaged in refinancing these loans. The refinancing process is well advanced and the Company expects to finalise the new financing arrangement, which will extend the maturity date of these loans and increase the size of the borrowing facilities, shortly after the date of signing these financial statements.

(b) Interest Rate Risk Exposure

Centralines will manage its interest rate risk exposure, as from April 2025 the expected date of full drawdown of debt, by the use of an amortising interest rate SWAP over its wholesale term loan borrowing. The Company's Treasury Policy requires interest rate hedging within prescribed limits, calculated as a percentage of forecast debt.

(c) Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are added to the cost of those assets, until such time as the assets are substantially ready for their intended use for sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

The Company policy is that an asset qualifies when the cost of construction is greater than $500,000 and the construction period is longer than 6 months. Interest on borrowing costs are calculated based on the effective yearly interest rate.

Capitalised Interest recognised in the period is $102,843 (31 March 2024 Nil)

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

	2025 $000	2024 $000
Bank loans	**13,367**	5,867
Total secured current interest bearing borrowings	**13,367**	5,867

16. NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES

(a) Bank Loans

Loan 3, $6 million, maturity 1 September 2026

	2025 $000	2024 $000
Bank loans	**6,000**	9,000
Total non current interest bearing liabilities	**6,000**	9,000

17. DIVIDENDS

During the year a fully imputed dividend of $214,925 ($298,507 inclusive of imputation credits) was paid in respect of the 2024/25 financial year (2024: Nil).

18. INVESTMENT PROPERTY

	2025 $000	2024 $000
Balance at 1 April	**1,163**	292
Transfer from property, plant and equipment	**2,097**	871
Additions	**114**	-
Depreciation	**(15)**	-
Disposals	**(292)**	-
Impairment	**-**	-
Balance at 31 March	**3,067**	1,163
Cost	**3,082**	1,163
Accumulated depreciation	**(15)**	-
Book value	**3,067**	1,163

Accounting Policy

Investment property is measured at cost less depreciation and impairment losses.

The estimated useful lives of investment property are:

Land	Indefinite
Buildings	50 - 100 years

Depreciation on buildings is calculated using the straight-line method to allocate their cost or re-valued amounts over their estimated remaining useful lives.

Investment property 1

The fair value at 31 March 2025 is $3,250,000

The valuation to determine the fair value was performed by Rowan Cambie, a registered valuer from CBRE Ltd, in November 2024. The fair value was determined using sales of comparable properties.

The investment property is a block of bare land purchased with the intention of being developed into a solar farm. The property is held at historical cost.

Investment property 2

The fair value at 31 March 2025 is $1,370,000

The valuation to determine the fair value was performed by Jack Elliott, a registered real estate agent from Colliers, in September 2022. The fair value was determined using sales of comparable properties.

The investment property is a commercial property previously used as the depot for the Company. The property is currently leased. The property is held at historical cost.

Investment property 3

The fair value at 31 March 2025 is $110,000

The valuation used to determine the fair value is the purchase price, the property was purchased in December 2024.

The investment property is a block of bare land purchased with the intention of giving access to the Coughlan Road property, that may be subdivided for sale. The property is held at historical cost.

Independent Auditor's Report

To the readers of Centralines Limited's financial statements and performance information for the year ended 31 March 2025

The Auditor-General is the auditor of Centralines Limited (the company). The Auditor-General has appointed me, Chris Webby, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 35 to 49, that comprise the balance sheet as at 31 March 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information; and
- the performance information of the company on page 34.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 31 March 2025; and
    - its financial performance and 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 Reduced Disclosure Regime; and
- the performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 31 March 2025.

Our audit was completed on 27 June 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

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 financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing 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 company for preparing performance information that is fairly presented.

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

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company'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 company or to cease operations or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Energy Companies Act 1992.

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

Our objectives are to obtain reasonable assurance about whether the 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 financial statements and performance information.

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the company's statement of corporate intent.

We did not evaluate the security and controls over the electronic publication of the 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 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 company'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 evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- 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 company'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 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 company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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 the information included on pages 2 to 30 and 52 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the 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 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 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 company 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) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out engagement in the area of assurance engagement over the electricity information disclosures, which is compatible with those independence requirements. Other than the audit and the engagement, we have no relationship with or interests in the company.

Chris Webby

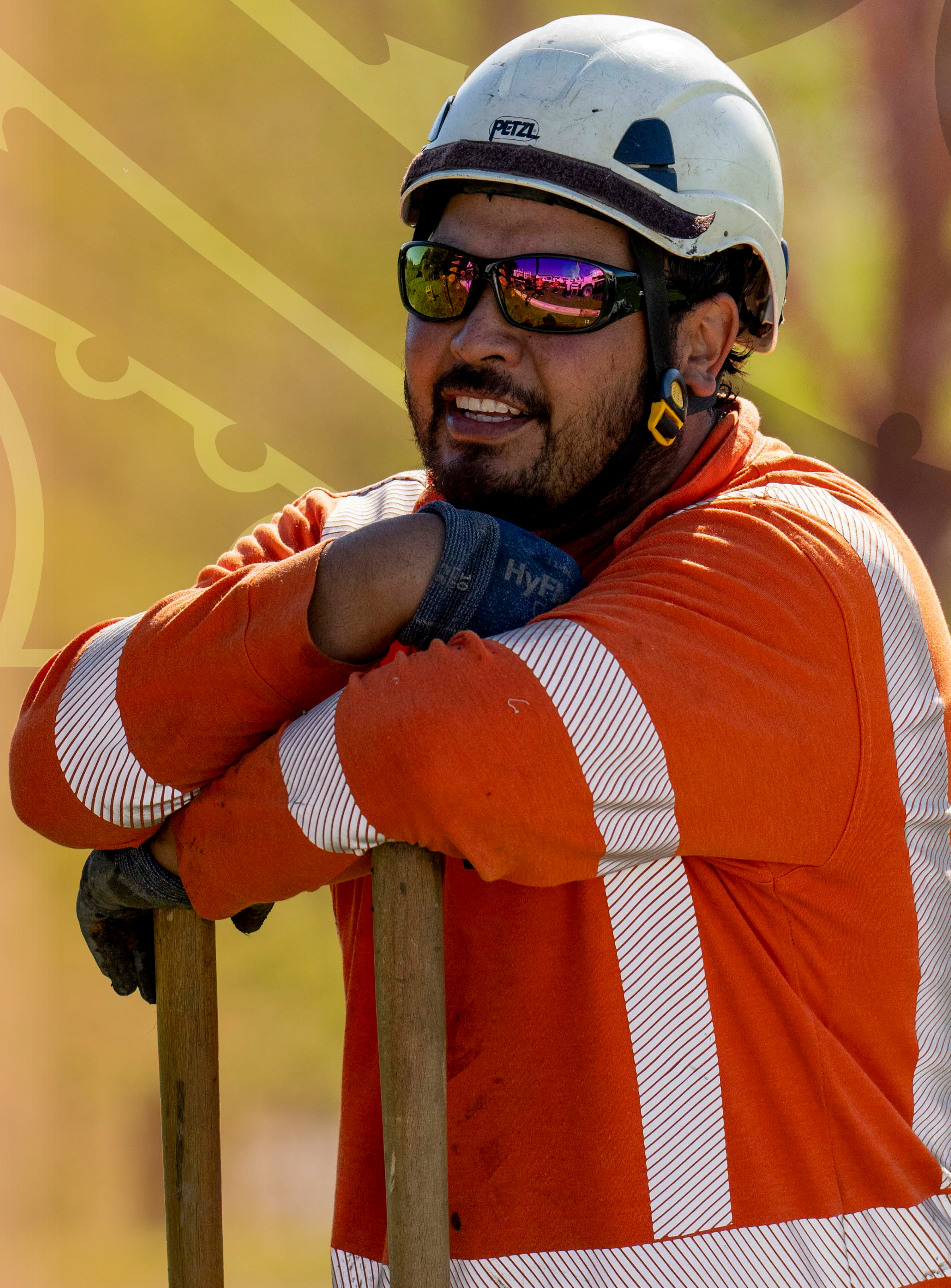
Audit New Zealand

On behalf of the Auditor-General
Palmerston North, New Zealand

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

6

DIRECTORY



Board of Directors

Fenton Wilson, Chair
Tony Gray, Director
Sarah von Dadelszen, Director
Len Gould, Director
Kevin Best, Director

Central Hawke's Bay Consumers Power Trust Trustees

Karen Middelberg, Chair
Rachel Baker, Trustee
Laura Billings, Trustee
Stuart Ellingham, Trustee
Thomas Good, Trustee
Tony Murphy, Trustee
Robby Smith, Trustee

Senior Management

Jaun Park, Chief Executive
Jason Larkin, Group General Manager Customer, Commercial and Regulatory – Unison
Isabelle Crawshaw, General Manager – Centralines
Brent Muggeridge, Company Accountant – Centralines

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