



OUR PEOPLE OUR POWER

Statement of Corporate Intent, 2026/27

Centralines empowers
its community to
prosper by distributing
electricity to homes
and businesses across
Central Hawke’s Bay.

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Introduction

Centralines empowers its community to prosper by distributing electricity to homes and businesses across Central Hawke's Bay. As a vital contributor to the region's social and economic vitality, we're committed to ensuring that one of New Zealand's most sparsely populated networks has access to affordable, sustainable, and reliable electricity. We achieve this by excelling in asset management, making smart investments in network resilience, developing our people, and maintaining close relationships with our customers and stakeholders to support their energy choices and sustainability goals.

As Centralines evolves to meet the changing needs of its stakeholders, it faces significant shifts in the strategic landscape. Climate risks, decarbonisation of industry and transport, and technological advancements are transforming how energy is produced, stored, and consumed.

The broader economic environment also impacts our operations, with inflation and labour shortages along with a downturn in demand for connections shaping our approach. At the same time, we're focused on balancing these challenges with the need to invest in a reliable and resilient network that ensures Central Hawke's Bay's long-term prosperity while keeping affordability front of mind as we plan for the future.

By staying connected to our customers, Centralines will continue to gain valuable insights into their evolving needs. It's equally important that we tap into the diverse talents of our people and the broader community to generate fresh ideas and solutions.

Centralines remains a key player in the region's social and economic development by employing and nurturing a talented team, while investing in resilient infrastructure that

supports the region's growth and sustainability goals. We offer career opportunities that foster a diverse and inclusive workforce and provide training and development to equip our people with the skills needed to excel. Our depot, opened in 2022, enhances our ability to serve the community, providing both a functional hub for our business and a high-quality community asset as the district continues to grow.

We have a clear vision of the future, defining the roles Centralines will play in investing in core infrastructure, enabling local generation, supporting regional economic development, and helping customers find sustainable energy solutions. As we navigate this journey, we recognise the risks, but also the opportunities that lie ahead.

As we look ahead, our strategy encompasses a focus on affordability, customer and employee centricity, network and operational excellence, increased stakeholder and community engagement and drive for efficiency and growth. It's imperative that Centralines understands the needs of the unique and tight-knit community that we live in and that we enable the community to thrive through an efficient, innovative, reliable and sustainable distribution network.

With an intensified focus on growth and playing a larger role in regional energy infrastructure, the Statement of Corporate Intent measures will expand and evolve in the coming years to include outputs from those growth opportunities and business investments.

Ultimately, Centralines will continue to provide a valued service to its customers, fostering growth and resilience for the community.

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Background

This Statement of Corporate Intent (SCI) is submitted to the Central Hawke's Bay Consumers Power Trust (CHBCPT) by the Board of Directors of Centralines Limited. It sets out the Board's overall intentions and objectives for the Company for the financial year ending 31 March 2027, and the two succeeding financial years.

The SCI is submitted in accordance with the provisions of Sections 39 and 40 of the Energy Companies Act 1992.

Centralines is a consumer-owned company. Eight million shares have been issued and are owned by the CHBCPT, the beneficiaries of which are the consumers connected to Centralines' network in Central Hawke's Bay (the company's distribution assets as defined in the Trust Deed).

This statement represents the Directors' intent to ensure that Centralines will operate as a successful business.



9.4k
CONNECTION POINTS

\$103.5M
WORTH OF NETWORK ASSETS

1,868KM
TOTAL LENGTH OF ASSETS

About Centralines

Centralines is one of 29 distribution companies in New Zealand. It distributes electricity to consumers across the Central Hawke's Bay district. The Centralines' network has over \$103.5 million worth of network assets, is 1,868 km in length, and supplies around 9,400 connection points. Centralines is owned by the CHBCPT on behalf of power consumers in Central Hawke's Bay.

Centralines is responsible for distributing electricity from Transpower's national grid to electricity consumers. Electricity supply is provided to Centralines predominantly at 33kV from Transpower's grid exit points and is connected to Centralines' sub-transmission network to zone substations. At zone substations, the voltage is converted to 11kV for distribution. Distribution transformers throughout our network then reduce the voltage to 400V for consumer use.



Purpose, Vision and Values



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

Centralines' staff and management team contribute their ideas and vision to create the positive energy that's behind the Company's processes, procedures and policies. We want our people to feel empowered and confident in their abilities to do their job well and go home safe to their families each day. Our 'acting out' of our company values has helped in the achievement of these goals.

We want to ensure the continuity of our business and the people, planet and prosperity it has an impact on.

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

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



- + 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
- + We regularly plan, review and celebrate together

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

- + 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
- + We communicate directly and solve issues openly

Principal Objectives

Centralines – through a focus on service and recognition of the value of skilled staff – will strive to achieve the following objectives:

Safety

Centralines' objective is to achieve an injury-free workplace by creating a culture where each person truly believes that "safety first" is a core value, and that working safely is part of all employees' everyday activities.

Financial performance

Centralines will deliver sustained financial performance through sound investment policy, efficient and cost-effective services, and strategic growth.

People

Centralines is committed to building an organisation that people want to be a part of. We aim to develop a performance-driven culture that is guided by company values. The business must ensure that it has the appropriate number of skilled and engaged employees to deliver operational success.

Network performance

Centralines aims to sustain the level of network performance to our customers while reducing the impact of electricity outages through improving emergency response and enhancing network security and resilience.

Works delivery

Centralines will deliver its Asset Management Plan commitments to ensure the continued operation of the network meets stakeholder requirements.

Growth

Centralines is committed to exploring growth opportunities and playing a larger role in regional energy and infrastructure that create value for our customers and support Central Hawke's Bay's economic development. An example of this is the construction of the Onga Road Solar Farm in 2026 and coming online in 2027, a joint venture between Centralines and Lodestone Energy.

Further opportunities will be evaluated against Centralines' Investment Policy which includes ensuring risk-return profiles appropriate to the type of investment. Protecting and building shareholder value is central to our approach.

Customer service

Centralines aims to not only meet but to exceed customer expectations through the

provision of an economic electricity network service to consumers, priced at sustainable levels and characterised by delivery that is on time and on budget. A customer-driven approach is coupled with strong network performance to deliver high levels of customer satisfaction.

Community

Centralines aims to be a good corporate citizen by engaging with our customers and community to understand their needs and expectations, and by responding appropriately. As part of our commitment to this we are developing a communication strategy that effectively builds knowledge and engages with the community to understand future consumer needs.

Collaboration

Centralines aims to build and foster strong relationships that support the business to thrive. Working closely with key stakeholders, major customers, Central Hawke's Bay District Council, mana whenua and our shareholder to ensure alignment and understanding of needs to be a valued partner and contributor to their success.

Sustainability

We want to ensure the continuity of our business and the people, planet and prosperity it has an impact on. These are all precious resources that we want to help sustain and improve for all that use them, and for our future generations. We are first focusing on those things we can influence and control. We are doing this through investment in electric vehicles that are economic and reduce our fleet emissions which make up the majority of our carbon footprint. We are also focused on facilitating our customers' sustainable energy choices.

Compliance

Through a culture of compliance, Centralines will deliver against its legal, corporate governance and community obligations.

Risk

Centralines ensures the implications of uncertainty on the business are managed through evaluating all material, strategic, operational and financial decisions against the Board approved Risk Appetite Statement. In addition, all staff at Centralines are responsible for managing day-to-day risks through a structured risk management programme.



Centralines aims to be a good corporate citizen by **engaging** with our customers and community to **understand** their needs and expectations.



Nature and Scope of Activities to be Undertaken

Section 36 of the Energy Companies Act 1992 requires Centralines, as its principal objective, to operate as a successful business.

To achieve this, Centralines is structured to provide the following services:

Network services

This includes the maintenance and operation of the network assets to allow retailers to supply electricity from the national power grid to an end-customer's premises. Centralines welcomes and encourages competition across its network subject to certain credit criteria for retailers.

Electrical contracting

This focuses on meter installation and replacement for retailers and meter equipment providers while also undertaking of a wide range of contracting work for customers within the Centralines area. Opportunities to contract for other electricity distribution companies are also attractive but due to sustained increase in workload from customer projects, we are not pursuing this at the time being.

Our approach

Centralines will undertake these activities in a manner consistent with:

- the safe and effective utilisation of Centralines' physical assets and human resources
- the prudent management of the Company's business risks, and
- in accordance with regulatory requirements.

All activities will be carried out with the objectives of protecting and growing shareholder value. In support of the principal objectives, Centralines will:

- Ensure a positive health and safety culture which encourages compliance with the Health and Safety at Work Act 2015.
- Understand and meet our customers' existing needs in terms of network reliability, resilience and security of supply, and meet our customers' future needs in terms of fit-for-purpose solutions which are also cost effective and timely.
- Explore growth opportunities in energy and infrastructure that benefits Central Hawke's Bay consistent with Centralines' Investment Policy.

Performance Targets and Measures

The performance targets that we will use to measure our financial and service performance over the next three years (ending 31 March 2029).

	2024/2025 Actual	2025/2026 Actual	2026/2027	2027/2028	2028/2029
Safety Measures					
Number of Lost Time Injuries	0	2	0	0	0
Total Financial Return Measures					
(a) Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (excluding discounts)	\$8.47M	\$9.59M	\$11.41M	\$11.40M	\$12.40M
(b) Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (excluding discounts) as a percentage of Average Assets Employed	7.37%	7.75%	8.69%	7.88%	7.81%
(c) Net Profit after tax (adjusted for discounts) as a percentage of Average Shareholders' Funds	5.61%	4.46%	6.30%	5.49%	5.41%
(d) Network Operational Costs - per ICP (Excluding Transmission Costs and Depreciation)	\$767	\$864	\$873	\$901	\$919
(e) Network Operational Costs - per kilometre of line (Excluding Transmission Costs and Depreciation)	\$3,537	\$3,971	\$4,011	\$4,142	\$4,225
(f) Total Planned Electricity Network Capital Expenditure	\$10.37M	\$9.06M	\$9.50M	\$8.27M	\$8.03M
(g) Dividend (These figures include \$150,000 net for the CHB Consumers Power Trust to cover the operating cost of the Trust)	\$215k	\$161k	\$161k	\$215k	\$161k
(h) DISCOUNT - PAID IN THAT YEAR	\$1.44M	\$1.69M	\$0M	\$0M	\$0M
Reliability Measures					
Unplanned System Average Interruption Duration Index SAIDI represents the average number of unplanned minutes the customer was without power in any one year	58.79	52.69	75.0	75.0	75.0
Unplanned System Average Interruption Frequency Index SAIFI is the average number of unplanned supply interruptions that a customer experiences in the period including maintenance but excluding transmission (Transpower)	1.40	1.23	2.48	2.48	2.48
Number of major faults (33kV) which result in interruptions to supply, per 100 km of line per year (as per the Electricity Distribution Information Disclosures Determination 2012)	3	3	2	2	2

Performance Targets and Measures solely relate to Centralines Limited's network business



Commitment to our Shareholder

7.1 Ratio of consolidated shareholders' funds to total assets

The ratio of consolidated shareholders' funds to total assets will be maintained for each year at not less than 60 percent.

"Consolidated shareholders' funds" means the total contributed capital, reserves and retained earnings at the end of the previous financial year.

"Total assets" means all the recorded tangible assets of Centralines as shown in the Statement of Financial Position.

7.2 Accounting policies

Centralines' accounting policies will comply with the legal requirements of the Companies Act 1993 and the Financial Reporting Act 2013 and be consistent with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). Centralines' financial statements will comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards, as appropriate for profit-oriented entities. They will also comply with International Financial Reporting Standards ("IFRS") and IFRIC interpretations. For the purposes of complying with NZ GAAP, Centralines is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ('NZ IFRS RDR')) on the basis that it does not have public accountability and is not a large for-profit public sector entity. Centralines has elected to report in accordance with NZ IFRS RDR and will apply disclosure concessions accordingly.

7.3 Information to be reported to shareholder

In addition to information required by legislation, Centralines will provide sufficient information to the CHBCPT – and where applicable to other shareholders – to enable the shareholder to assess the value and performance of Centralines.

This includes the following information:

Statement of Corporate Intent

Not later than one month after the commencement of the financial year the Directors will deliver a draft Statement of Corporate Intent in accordance with Section 39 of the Energy Companies Act 1992 to the Shareholder. The Directors will make any modifications required, as under Sections 40 and 41 of that Act, and then deliver the SCI to the Shareholder.

Interim report

Within two months after the end of the first half of the financial year of Centralines the Directors will deliver to the Shareholder an unaudited report of Centralines' operations during that half year. This report will include such details as are necessary to permit an informed assessment of Centralines' performance during the reporting period.

Annual report

Within three months after the end of the financial year of Centralines the Directors will deliver to the Shareholder in accordance with Section 44 of the Energy Companies Act 1992.

Operations: A report on the operations of Centralines during the financial year.

Financial Statements: Audited consolidated financial statements for that financial year in respect of Centralines, and

Auditor's Report: The Auditors report on:

- those financial statements, and
- performance targets and other measures by which performance has been judged in relation to the objectives.

Every report will contain such information as is necessary to enable an informed assessment of the operations of Centralines and including a comparison of the performance of Centralines and its subsidiaries with any relevant SCI.

The Chair will provide regular briefings to the Shareholder on all material matters and Centralines will provide further information as the Shareholder may require in order to properly undertake its duties and to act as a diligent trustee shareholder.

7.4 Shareholder return policy

Centralines will distribute to the shareholder, by way of a dividend each financial year, funds surplus to the investment and operating requirements of Centralines as determined by Directors, subject always to:

- the solvency provision of the Companies Act 1993
- any banking or other funding covenants by which Centralines is bound from time to time
- the forecast economic conditions in which Centralines is expected to be operating, and
- Centralines' efficient capital structure and future funding requirements.

The target dividend pay-out for the period is set out in section 6.

In measuring Centralines' performance against the target dividend pay-out, the parties acknowledge that Directors shall seek to maintain a consistent dividend from year-to-year. Any significant variations in profitability, which may be due to one-off gains or losses in individual years, will be taken into consideration in order to minimise the volatility in dividend pay-out between years.

7.5 Extraordinary capital expenditure

Electricity network capital expenditure is commensurate with clause 6 and is not extraordinary by definition. Centralines shall keep the CHBCPT informed of other significant capital expenditure.

7.6 Projections

The financial forecast in the SCI for the period 1 April 2026 to 31 March 2029 has been prepared for the purposes of this document and may not be appropriate for other purposes. The actual results for any period are likely to vary from the information presented.

The Commerce Commission reset the regulated revenue allowance for Centralines for the five-year period beginning 2020/21. During 2021 the High Court approved the variations to the Trust Deed sought by the CHBCPT that exempts Centralines from price-quality regulation by the Commerce Commission. However, for the purpose of preparing the forecasts in this SCI Centralines

is mindful of the expectation given to consumers by the regulated allowance. Actual future revenue projections will depend on prevailing financial market conditions as well as any price adjustments to meet funding requirements and target returns for core network and non-network investments. Accordingly, future revenue projections may vary from the stated SCI targets.

7.7 Discount policy

Centralines' policy is to set its prices at an efficient level to sustain the activities and future funding needs of the business, however discounts are to reward customers for their loyalty, and electricity usage may be used to evaluate the level of discount. When used, discounts will be paid to consumers based on their previous 12 months' electricity usage. The level of any discount to be paid to consumers will be determined by Directors for the year to which the discount will apply, subject to:

- the solvency provisions of the Companies Act 1993
- any banking or other funding covenants by which Centralines is bound from time to time
- the forecast economic conditions in which Centralines is expected to be operating, and
- Centralines' efficient capital structure and future funding requirements.

Where it has been decided by Directors to provide a discount for any year, Centralines will post the discount to be paid from line revenue in its published Distribution Delivery Prices for that year. The discount will be paid to consumers via their retailer in the next financial year. Additional discounts may be posted in advance and paid taking into account the same provisions.

7.8 Acquisition procedure

No acquisition of shares or assets in another company or organisation shall be undertaken by Centralines without prior shareholder approval where the value exceeds five percent of the Total assets of the company, as that term is defined in clause 7.1 (other than in the course of a reorganisation, reconstruction, merger etc as defined in Clause 9.9 of the Trust Deed).

7.9 Disposal of assets

No assets will be disposed of other than in the normal course of business without consultation with the Shareholder. Before any assets are transferred to a subsidiary company the Directors will consult with the Shareholder.

7.10 Borrowings

In accordance with the long-term strategic plan, Centralines has committed to a capital expenditure programme which focuses on affordability, resilience and future fit capability. Additionally, an uplift in customer project demand as well as planned investment in transmission connection assets and a joint venture solar farm project has also increased projected capital requirements.

Borrowings have been made for these and other core network activities within the period of forecast of this statement. Centralines shall keep the CHBCPT informed of borrowing requirements and manage and report these in accordance with the treasury policy.

7.11 Investments

Centralines will make prudent investments in accordance with the company's Risk Appetite Statement having taken provisional advice and in accordance with Centralines' Investment Policy. Centralines shall keep the CHBCPT informed of any potential or planned investments, including the anticipated scope of any proposed investment / investment areas under the Centralines' Investment Policy. Where applicable, shareholder approval will be obtained under clause 7.8.

7.12 Reserves for investment

Centralines will keep the CHBCPT updated on any reserves held for capital projects or major investments.

7.13 Extraordinary dividends

In past years surplus reserves were returned to shareholders as extraordinary dividends. However, recent and projected capital funding requirements associated with investment in the growth of the network and the business mean that no further extraordinary dividends are foreseen within the period of forecast of this statement.

7.14 Community contribution

Centralines' policy is to sponsor community activities in the order of \$200,000. Centralines will provide a list of organisations to which they provide sponsorship as part of the Board's quarterly update to the CHBCPT.

7.15 Central Hawke's Bay Consumers Power Trust

Centralines will make available facilities and resources for the operation of the CHBCPT.

Centralines will supply to the CHBCPT within a reasonable time of receiving a written request, the name and address of each consumer as defined by the Trust Deed.

Centralines will meet with the CHBCPT at not more than six monthly intervals to discuss matters of mutual interest and host an annual strategy session alongside Centralines board.



Fenton Wilson
Chair

Date: 30 June 2026



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
Callum Gray, 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
Stephanie George, Finance Manager – Centralines

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