Hawke's Bay Power Consumers' Trust

CHAIRMAN'S REPORT
and
FINANCIAL STATEMENTS
of the Trust and its Subsidiary

For the year ended 31 March 2025

HAWKE'S BAY POWER CONSUMERS' TRUST

DIRECTORY

Trust's Office:	c/- Brown Webb Richardson Ltd 111 Avenue Road East Hastings Phone: (06) 873 8037 Email: hbpct@bwr.co.nz
Trustees:	Kirsten Westwood (Chair) Barbara Arnott Jeff Farnworth David Pearson Craig Waterhouse
Secretary and Accountant:	Stephen Dine
Bankers:	Westpac - Hastings
Auditors:	Audit New Zealand Palmerston North

TRUSTEES' REPORT

On the operations and financial affairs of the

HAWKE'S BAY POWER CONSUMERS' TRUST
For the year ended 31 March 2025

ANNUAL REPORT TO CONSUMERS

THE TRUST

All of the shares in Unison Networks Limited are held by the Hawke's Bay Power Consumers' Trust on behalf of consumers who are connected to Unison's network in Hawke's Bay.

As the Trust is the majority shareholder, the Trustees are required to prepare a statement, for inclusion in Unison's annual report, commenting on the Company's compliance with the Statement of Corporate Intent.

THE 2025 STATEMENT OF CORPORATE INTENT

Vision Statement

Leading a sustainable energy future to support consumers' changing energy needs, while enabling our communities to prosper for generations to come.

Compliance: *The trading results for 2024-2025 reflect a modest decline in profitability compared to the prior year. Most of Unison's businesses performed strongly, particularly the regulated lines business, which continued to deliver reliable service and operational efficiency. Profitability was impacted by lower earnings from the transformer business – primarily due to reduced sales volumes and higher input costs – as well as the prior year's disposal of Unison Fibre. These were partially offset by insurance income. Group revenue rose to $371 million (from $360 million), while operating expenditure increased to $263 million. Profit after tax was $30 million, slightly up from the $29 million in the prior year, primarily reflecting a lower income tax expense. Operating cash flow increased by $12 million to $79.6 million, reflecting solid cash returns from core operations.*

Shareholders' funds showed an increase of $9 million, increasing to $530 million.

Ratio of Consolidated Shareholders' Funds to Total Assets

- The minimum target ratio of consolidated shareholders' funds to total assets is set at not less than 40%.
- Target goal for 2025 – 47%

Compliance: *The minimum target ratio was achieved and the target goal was slightly behind. The actual ratio was 46%.*

Performance Targets

Unison's 2025 Statement of Corporate Intent sets targets for both financial and network performance.

Compliance: *The Company fell slightly behind its financial performance targets but achieved its network performance targets. The Trustees are satisfied with the financial results and the network performance.*

	Statement of Corporate Intent 2025 Targets	Actual Results 2025
FINANCIAL		
Earnings before interest, taxation, depreciation, amortisation and financial instruments as a percentage of average assets employed	*10.10%*	*9.50%*
Earnings before interest and taxation as a percentage of average assets employed	6.20%	5.60%
Total line operating costs per consumer	$433	$416

	Statement of Corporate Intent 2025 Targets	Actual Results 2025
NETWORK PERFORMANCE		
SAIDI – System Average Interruption Index (Minutes)	<66.62	54.45
SAIFI – System Average Interruption Frequency Index	<1.439	1.271
HEALTH AND SAFETY PERFORMANCE		
· Injuries relating to critical risk	Nil	1
· Number of Public Accidents	Nil	Nil

COMPLIANCE WITH OTHER MATTERS

The Statement of Corporate Intent also details matters relating to the Company's scope of activities, dividend distributions, accounting policies, information to be provided to shareholders and administrative matters relating to procedures and communications with the Trust, as the sole shareholder. We are satisfied that in all these matters the Company has complied with the Statement of Corporate Intent.

SUMMARY

Overall the Trustees believe that the Company's 2024-25 results are solid, given what continues to be a challenging operating environment.

KIRSTEN WESTWOOD
CHAIR

On behalf of the Trustees – Barbara Arnott, David Pearson, Jeff Farnworth and Craig Waterhouse

Hawke’s Bay Power Consumers’ Trust

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 March 2025

	Parent 2025	Parent 2024	Notes	Group 2025 $'000	Group 2024 $'000
Revenue					
Revenue from contracts with customers	**-**	-	3	**358,263**	352,571
Other revenue	**17,642**	16,130	3	**13,432**	7,658
Total revenue	**17,642**	**16,130**		**371,695**	360,229
Expenses					
Electricity transmission charges	**-**	-		**(30,157)**	(29,089)
Network maintenance	**-**	-		**(16,640)**	(16,176)
Raw materials and consumables used	**-**	-		**(82,240)**	(78,108)
Employee related expenses	**-**	-		**(70,357)**	(70,254)
Other expenses	**(692)**	(599)		**(64,256)**	(54,597)
Gain/(loss) on disposal				**(66)**	(2,505)
Total operating expenses	**(692)**	**(599)**		**(263,716)**	**(250,729)**
Earnings before interest, taxes, depreciation, amortisation and financial instrument expenses (EBITDAF)	**16,950**	**15,531**		**107,979**	**109,500**
Depreciation, amortisation and impairment expense	**-**	-	4,5	**(44,497)**	(43,212)
Earnings before interest and tax (EBIT)	**16,950**	**15,531**		**63,482**	**66,288**
Borrowings costs	**-**	-	7	**(25,040)**	(23,698)
Operating profit before income tax	**16,950**	**15,531**		**38,442**	**42,590**
Change in fair value of derivative financial instruments				**(596)**	262
Profit before income tax	**16,950**	**15,531**		**37,846**	**42,852**
Income tax			12	**(7,845)**	(14,444)
Profit from continuing operations	**16,950**	**15,531**		**30,001**	**28,408**
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Gain/(loss) on financial instruments taken to equity	**-**	-		**(6,464)**	(4,079)
Deferred tax impact of gain/(loss) on financial instruments taken to equity	**-**	-		**1,810**	1,142
Currency translation differences	**-**	-		**1,689**	749
Loss on revaluation of land and buildings	**-**	-	4	**(1,280)**	-
Deferred tax impact of loss on revaluation of land and buildings	**-**	-		**536**	-
Other comprehensive income for the year, net of tax	**-**	**-**		**(3,709)**	(2,188)
Total comprehensive income for the year	**16,950**	**15,531**		**26,292**	26,220
Profit is attributable to:					
Hawke's Bay Power Consumers' Trust	**16,950**	15,531		**30,110**	28,432
Non-controlling interest	**-**	-		**(109)**	(24)
	16,950	15,531		**30,001**	28,408
Total comprehensive income for the year is attributable to:					
Hawke's Bay Power Consumers' Trust	**16,950**	15,531		**26,401**	26,244
Non-controlling interest	**-**	-		**(109)**	(24)
	16,950	15,531		**26,292**	26,220

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Hawke's Bay Power Consumers' Trust

Consolidated statement of financial position
As at 31 March 2025

	Parent			Group	
	2025	2024	Notes	**2025**	2024
ASSETS					
Current assets					
Cash and cash equivalents	**962**	709		**13,906**	9,822
Trade and other receivables	**18**	38	8	**60,630**	59,062
Investments	**-**	-		**1,000**	1,500
Other Financial Instruments	**2,313**	2,449		**2,313**	2,449
Derivative financial instruments	**-**	-	15	**1,257**	2,336
Inventories	**-**	-	9	**66,252**	86,196
Current tax receivables	**-**	-	12	**1,312**	-
Total current assets	**3,293**	3,196		**146,670**	161,365
Non-current assets					
Property, plant and equipment	**-**	-	4	**938,616**	887,846
Intangible assets	**-**	-	5	**73,102**	72,815
Investments	**64,000**	64,000		**17,112**	15,251
Derivative financial instruments	**-**	-	15	**13,564**	1,612
Total non-current assets	**64,000**	64,000		**1,042,394**	977,524
Total assets	**67,293**	67,196		**1,189,064**	1,138,889
LIABILITIES					
Current liabilities					
Trade and other payables	**670**	360		**38,770**	39,464
Borrowings	**-**	-	6	**80,000**	-
Current tax liabilities	**-**	-	12	**-**	513
Employee entitlements	**-**	-		**11,768**	11,284
Bank Overdraft	**-**	-	10	**4,687**	5,264
Derivative financial instruments	**-**	-	15	**1,839**	1,247
Deferred income	**-**	-		**12,331**	25,394
Current lease liabilities	**-**	-	11	**4,997**	5,665
Deferred Consideration	**-**	-		**3,789**	-
Total current liabilities	**670**	360		**158,181**	88,831
Non-current liabilities					
Borrowings	**-**	-	6	**351,727**	376,559
Employee entitlements	**-**	-		**1,487**	1,314
Derivative financial instruments	**-**	-	15	**5,488**	2,815
Deferred tax liabilities	**-**	-	12	**108,091**	107,661
Non-current lease liabilities	**-**	-	11	**29,977**	32,999
Deferred consideration	**-**	-		**1,728**	5,454
Total non-current liabilities	**-**	-		**498,498**	526,802
Total liabilities	**670**	360		**656,679**	615,633
Net assets	**66,623**	66,836		**532,385**	523,256
EQUITY					
Share capital	**65,000**	65,000	13	**67,661**	67,661
Reserves	**-**	-		**11,999**	16,353
Retained earnings	**1,623**	1,836		**452,846**	439,358
Equity attributable to equity holders of Unison Networks Limited	**66,623**	66,836		**532,506**	523,372
Non-controlling interest	**-**	-		**(121)**	(116)
Total equity	**66,623**	66,836		**532,385**	523,256

For and on behalf of the Trustees of the Hawke's Bay Power Consumers' Trust.

Trustee

Trustee

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Hawke’s Bay Power Consumers’ Trust
Consolidated statement of cash flows
For the year ended 31 March 2025

	Parent		Group	
	2025	2024	**2025**	2024
	$'000	$'000	**$'000**	$'000
Cash flows from operating activities				
Receipts from customers	**-**	-	**355,552**	361,835
Payments to suppliers and employees	**(711)**	(564)	**(246,736)**	(280,476)
Interest paid	**-**	-	**(24,040)**	(23,293)
Dividend & Interest received	**17,662**	16,116	**1,038**	966
Income taxes paid	**-**	-	**(6,475)**	(6,650)
Insurance proceeds received	**-**	-	**-**	15,000
Net cash inflow from operating activities	**16,951**	**15,552**	**79,339**	**67,382**
Cash flows from investing activities				
Purchase and construction of property, plant and equipment	**-**	-	**(90,694)**	(86,264)
Proceeds from sale of property, plant and equipment	**-**	-	**488**	666
Purchases of intangible assets	**-**	-	**(3,079)**	(3,848)
Purchase of investments	**(22,790)**	(16,970)	**(29,935)**	(20,424)
Proceeds from disposal of investments	**22,927**	16,400	**27,185**	18,900
Payment for acquisition of subsidiary net of cash acquired	**-**	-	**-**	(10,901)
Disposal of subsidiary net of cash disposed of	**-**	-	**-**	23,701
Net cash (outflow) from investing activities	**137**	**- 570**	**(94,035)**	**(78,170)**
Cash flows from financing activities				
Proceeds from borrowings	**-**	-	**41,000**	92,434
Repayments of borrowings	**-**	-	**-**	(70,997)
Dividends paid to owners of the parent	**(16,834)**	(15,744)	**(16,834)**	(15,744)
Payment of principal portion of lease liabilities	**-**	-	**(4,808)**	(6,295)
Net cash inflow / (outflow) from financing activities	**(16,834)**	**(15,744)**	**19,358**	**(602)**
Net increase (decrease) in cash and cash equivalents	**254**	**(762)**	**4,662**	**(11,390)**
Cash and cash equivalents at the beginning of the financial year	**708**	1,470	**4,557**	16,298
Effects of exchange rate changes on cash and cash equivalents	**-**	-	**-**	(351)
Cash and cash equivalents at end of year	**962**	**708**	**9,219**	**4,557**

Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments 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, and bank overdrafts. Cash and cash equivalents in the cash flow statement also includes bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2025	2024	**2025**	**2024**
	$'000	$'000	**$'000**	$'000
Cash and cash equivalents	**962**	708	**13,906**	9,821
Bank overdrafts (note 10)	**-**	-	**(4,687)**	(5,264)
Cash and cash equivalents	**962**	708	**9,219**	4,557

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Hawke's Bay Power Consumers' Trust

Consolidated statement of cash flows

For the year ended 31 March 2025

Reconciliation of profit after income tax to net cash inflow from operating activities

	Parent		Group	
	2025	2024	**2025**	2024
	$'000	$'000	**$'000**	$'000
Profit for the year	**16,950**	**15,531**	**30,001**	28,408
Adjustments for:				
Depreciation and amortisation	-	-	**44,497**	43,212
Net (gain)/loss on sale of property, plant and equipment and disposal of subsidiary	-	-	**66**	2,505
Fair value movement in statement of profit or loss and other comprehensive income	-	-	**596**	(262)
Fair value movment in investments	-	-	**(474)**	-
Capitalised interest	-	-	**(2,669)**	(2,225)
Fair value movement in profit and loss - land and buildings revaluation	-	-	**171**	-
Present value adjustment to deferred consideration via borrowing costs	-	-	**831**	926
Net impact of working capital acquired and disposed of			**-**	152
Change in assets and liabilities:			**-**	-
(Increase)/decrease in receivables, prepayments and inventory	**20**	-	**18,376**	(27,383)
Increase/(decrease) in payables (excluding capital items), accruals and employee entitlements	**(19)**	21	**(10,661)**	15,309
(Decrease)/increase in income taxes payable/receivable	**-**	-	**(1,825)**	217
Increase in deferred tax liabilities	**-**	-	**430**	6,523
Net cash inflow from operating activities	**16,951**	**15,552**	**79,339**	**67,382**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Hawke’s Bay Power Consumers’ Trust

Consolidated statement of changes in equity

For the year ended 31 March 2025

	Attributable to equity holders of the Group						
Group	**Share capital**	**Retained earnings**	**Foreign currency translation reserve**	**Asset revaluation reserve**	**Other reserves**	**Total**	**Non-controlling interest**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 April 2024	67,661	439,358	-310	17,318	-655	523,256	-116
Profit for the year	-	30,110	-	-	-	30,001	(109)
Loss on the revaluation of land and buildings, net of tax	-	-	-	(744)	-	(744)	-
Cash flow hedges, net of tax	-	-	-	-	(4,654)	(4,654)	-
Currency translation differences	-	542	1,043	-	-	1,689	104
Distribution Paid	-	(17,436)	-	-	-	(17,436)	-
Previous distribution money claimed	-	-	-	-	-	-	-
Distribution overprovided and under claimed	-	273	-	-	-	273	-
Total comprehensive income	-	13,489	1,043	(744)	(4,654)	9,129	(5)
Balance as at 31 March 2025	67,661	452,847	733	16,574	(5,309)	532,385	(121)

Group	**Share capital**	**Retained earnings**	**Foreign currency translation reserve**	**Asset revaluation reserve**	**Other reserves**	**Total**	**Non-controlling interest**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 April 2023	67,661	426,519	(1,059)	17,318	2,282	512,713	(8)
Profit for the year	-	28,432	-	-	-	28,408	(24)
Cash flow hedges, net of tax	-	-	-	-	(2,937)	(2,937)	-
Currency translation differences	-	(20)	749	-	-	645	(84)
Distribution Paid	-	(15,999)	-	-	-	(15,999)	-
Previous distribution money claimed	-	(10)	-	-	-	(10)	-
Distribution overprovided and under claimed	-	436	-	-	-	436	-
Total comprehensive income	-	12,839	749	-	(2,937)	10,543	(108)
Balance as at 31 March 2024	67,661	439,358	(310)	17,318	(655)	523,256	(116)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Hawke's Bay Power Consumers' Trust
Consolidated statement of changes in equity
For the year ended 31 March 2025

	Attributable to equity holders of the Parent						
Parent	**Share capital**	**Retained earnings**	**Foreign currency translation reserve**	**Asset revaluation reserve**	**Other reserves**	**Total**	**Non-controlling interest**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 April 2024	65,000	1,836	-	-	-	66,836	-
Profit for the year	-	16,950	-	-	-	16,950	-
Loss on the revaluation of land and buildings, net of tax	-	-	-	-	-	-	-
Cash flow hedges, net of tax	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Distribution Paid	-	(17,436)	-	-	-	(17,436)	-
Previous distribution money claimed	-	-	-	-	-	-	-
Distribution overprovided and under claimed	-	273	-	-	-	273	-
Total comprehensive income	-	(213)	-	-	-	(213)	-
Balance as at 31 March 2025	65,000	1,623	-	-	-	66,623	-

Parent	**Share capital**	**Retained earnings**	**Foreign currency translation reserve**	**Asset revaluation reserve**	**Other reserves**	**Total**	**Non-controlling interest**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 April 2023	65,000	1,878	-	-	-	66,878	-
Profit for the year	-	15,531	-	-	-	15,531	-
Cash flow hedges, net of tax	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Distribution Paid	-	- 15,999	-	-	-	(15,999)	-
Previous distribution money claimed	-	- 10	-	-	-	(10)	-
Distribution overprovided and under claimed		436	-	-	-	436	
Total comprehensive income	-	- 42	-	-	-	(42)	-
Balance as at 31 March 2024	65,000	1,836	-	-	-	66,836	-

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

1 About this report

(a) Entity reporting

The Hawkes Bay Power Consumers Trust ("the Trust") is a Trust, domiciled and registered in New Zealand, and established in accordance with the 1993 Establishment Plan. The Trust has its registered office in Hastings, Hawke's Bay. Under the Establishment Plan, all shares in Unison Networks Limited ("the subsidiary") were vested in the Trust, to be held on behalf of all power consumers who are connected to the subsidiary's electricity lines network in Hawke's Bay. The subsidiary is an energy company in terms of the Energy Companies Act 1992.

The subsidiary and its either 100% owned subsidiaries (Unison Contracting Services Limited, ETEL Limited and its subsidiaries, ETEL Transformers Pty Limited, ETEL Services Limited and Pt Lucky Light Globaldino, RPS Switchgear Limited and its subsidiary, RPS Switchgear Pty Limited, Kirkwall Holdings SA Pty, Unison Fibre Limited, Unison Insurance Limited and Unison Energy Limited) provide electricity distribution and line function services to consumers and businesses, as well as fibre optic network interconnections and related services throughout the Hawke's Bay, Rotorua and Taupo regions. They also provide civil vegetation, electrical and fibre connecting services; manufacture electrical products for the Australian, Pacific and New Zealand markets; and operate a captive insurance company.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Trust and the Group are for-profit entities.

These consolidated financial statements were approved for issue by the Trustees on 28 July 2025.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are the consolidated financial statements of the Trust and its subsidiaries (together referred to as "the Group").

(b) Basis of preparation

i Compliance with NZ IFRS

The financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards, as applicable for profit-oriented entities. The financial statements also comply with International Financial Reporting Standards (IFRS).

The Group is designated as a profit-oriented entity for financial reporting purposes.

The consolidated financial statements have been prepared in accordance with the requirements of the Electricity Act 2010.

The consolidated financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand ($000), except where otherwise indicated.

ii Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss, and certain classes of property, plant and equipment.

(c) New and amended standards adopted by the Group

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2023, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Group has also applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2023 and note these did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendments to NZ IAS 1 – Disclosure of Accounting Policies

Amendments to NZ IAS 8 – Definition of Accounting Estimates

1 About this report (continued)

(d) Standards, amendments and interpretations to existing standards that are not yet effective

Certain new accounting standards and amendments have been issued that are not mandatory for the year ended 31 March 2024 and have not been early adopted. Those new standards and amendments that are relevant to the Group are:

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

The amendments clarify a criterion in NZ IAS 1 for classifying a liability, such as loans, as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also clarify how covenants with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. We have considered the impact of the amendments and assessed that the new standard will not impact the classification of the Group's loans and borrowings as the Company has discretion to rollover drawn bank loans through to the maturity date of the committed bank loan facility.

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

This amendment applies for annual reporting periods beginning on or after 1 January 2024. This amendment updates the required disclosures for fees relating to services provided by an entity's audit or review firm. The amendment aims to ensure that entities disclose these fees consistently. The amendment requires a disclosure of the fees incurred for services received from its audit or review firm for both the audit or review of financial statements and other non-audit and non-review services.

The adoption of these amendments are not expected to have a material impact on the financial statements as the other non-audit and non-review services in the form of regulatory audit and assurance work by Group auditors is already disclosed separately. The Group typically engages other firms that are not engaged with the financial audit to assist with tax, consultancy and advisory related services.

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

(e) Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group. Refer to note 20.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(f) Foreign currency translation

Transactions in foreign currencies are translated at the New Zealand dollar rate of exchange at the date of the transaction. At balance date foreign monetary assets and liabilities not hedged by foreign currency derivative instruments are translated at the closing rate, and exchange variances arising are included in the statement of profit or loss and other comprehensive income.

Monetary assets and liabilities in foreign currencies at balance date hedged by foreign currency derivative instruments are translated at the contract rates.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive

1 About this report (continued)

income.

(g) Goods and Services Tax (GST)

All items in the financial statements have been prepared net of GST, with the exception of receivables and payables, which include GST invoiced.

(h) Notes to the financial statements

Information that is considered material and relevant to the users of these consolidated financial statements is included within the notes to the consolidated 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 Group's current or future performance.

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

Cash and Cash Equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less and bank overdrafts.

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

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid, and are initially measured at fair value, net of any transaction costs. These are subsequently measured at amortised cost using the effective interest rate method. The amounts are unsecured and are usually paid within 30 to 60 days of recognition.

(i) Critical judgements and estimations in applying accounting policies

The preparation of financial statements in conformity with NZ IFRS 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.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

With the exception of the recognition of insurance proceeds income related to progress payments received with respect to Cyclone Gabrielle in February 2023 (refer to note 3), the Directors believe that, as at the date of these consolidated financial statements, there are no significant sources of estimation uncertainty that have not been disclosed in these notes (refer to notes 4 and 5).

(j) Non-current assets held for sale

An asset is held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. On classification as 'Held for Sale', non current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as 'Held for Sale' are included in the statement of financial performance. Refer to Assets Held for Sale note (note 21)

2 Investments in subsidiaries

Accounting policy

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries, as per note 1(e):

Name of entity	Country of incorporation	Class of shares	Equity holding 2025 %	Equity holding 2024 %
Unison Networks Limited	New Zealand	Ordinary	**100**	100
Unison Contracting Services Limited	New Zealand	Ordinary	**100**	100
Unison Fibre Limited*	New Zealand	Ordinary	**-**	100
Unison Insurance Limited	New Zealand	Ordinary	**100**	100
Pringle Beleski and Associates Limited	New Zealand	Ordinary	**100**	100
- Pringle Beleski and Associates (Australia) Pty Limited	Australia	Ordinary	**100**	100
- PBA Consulting Limited	New Zealand	Ordinary	**100**	100
- Magnetic Power Services Australia Pty Limited	Australia	Ordinary	**100**	-
- Magnetic Training and Consultancy Pty Limited	Australia	Ordinary	**100**	-
- Magnetic Training and Consultancy Unit Trust	Australia	Ordinary	**100**	-
ETEL Limited	New Zealand	Ordinary	**100**	100
- ETEL Transformers Pty Limited	Australia	Ordinary	**100**	100
- ETEL Transformers (Singapore) Pte Limited	Singapore	Ordinary	**100**	100
- ETEL Services Limited	New Zealand	Ordinary	**100**	100
- Pt Lucky Light Globalindo	Indonesia	Ordinary	**90**	90
Unison Energy Limited	New Zealand	Ordinary	**100**	100
- RPS Switchgear Limited	New Zealand	Ordinary	**100**	100
- RPS Switchgear Pty Limited	Australia	Ordinary	**100**	100
- Kirkwall Holdings SA Pty Limited	South Africa	Ordinary	**100**	100

* The Company's holding of shares in Unison Fibre Limited was disposed of during the period. Refer note 21 for further information.

(continued)

3 Revenue

	2025 $'000	2024 $'000
Revenue from contracts with customers	**358,263**	352,571
Other Services Income*	**551**	519
Interest received	**1,162**	1,068
Investment income*	**759**	1,767
Grant income received	**25**	124
Recovery of debt previously written off	**20**	92
Insurance recovery income	**10,915**	4,088
Total revenue	**371,695**	360,229

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:

	Revenue recognised at a point in time $'000	Revenue recognised over time $'000	Total $'000
2025			
Electricity distribution			
Line revenue	-	147,773	147,773
Capital contributions	-	18,788	18,788
Sale of manufactured goods	-	129,430	129,430
Electrical contracting services	-	55,652	55,652
Fibre network access services	-	-	-
All other income	-	6,620	6,620
Total revenue from contracts with customers	-	358,263	358,263

	Revenue recognised at a point in time $'000	Revenue recognised over time $'000	Total $'000
2024			
Electricity distribution			
Line revenue	-	145,967	145,967
Capital contributions	-	14,681	14,681
Sale of manufactured goods	-	118,988	118,988
Electrical contracting services	-	64,254	64,254
Fibre network access services	-	2,650	2,650
All other income	3,720	2,311	6,031
Total revenue from contracts with customers	3,720	348,851	352,571

* Prior period "Sale of manufactured goods" and "Electrical contracting services" have been amended to reclassify revenue from sale of switchgear products. For the year ended 31 March 2024, the amount previously disclosed under "Sale of manufactured goods" was" was $118,988,000, while "Electrical contracting services" was $64,254,000.

(i) Electricity line revenue

The Group owns, manages and operates an electricity distribution network. The Group 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 Group's electricity distribution network.

Line revenue relates to the provision of electricity distribution services and includes pass-through revenue and recoverable cost

3 Revenue (continued)

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.

(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. For major works, revenue is recognised over time as a result of there being no alternative use to the asset without significant economic losses and the Group having a right to payment for performance completed to date.

(iii) Sale of manufactured goods

The Group manufactures and sells a range of electricity distribution transformers and switchgear. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.
A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(iv) Electrical contracting services revenue

The Group provides electrical contracting services to third parties. Revenue 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 time. Revenue is recognised using the measure of progress that best reflects the performance in satisfying the performance obligations within the contract over time. Progress is measured using the inputs method, whereby costs incurred to date are compared to the estimated total project costs to determine the percentage complete and therefore the revenue recognised.
Connection fee revenue is recognised at a point in time when the performance obligation is satisfied.

(v) Fibre network access services

The Group owned and operated a fibre optic network until 31 January 2024. Refer note 21 for further details on the sale of Unison Fibre during the year.
Revenue is recognised as fibre optic services are provided to retail service providers. Billing for network access services are made on a monthly basis. Unbilled revenue from the date of connection to the billing cycle date is recognised in the month of service. Revenue is deferred in respect of the portion of the fixed monthly charges that have been billed in advance. Revenue from installations and connections are recognised upon completion of the installation or connection.

(vi) Insurance recovery income recognised

Insurance proceeds are recognised as revenues in these financial statements when it is virtually certain that they will be received under the Company's insurance contracts and the amounts can be reliably measured or estimated. Cash progress payments of $15 million were received during the year ended 31 March 2024 relating to the Cyclone Gabrielle insurance claim. $4.1 million has been recognised as income, and the balance of $10.9 million is included within Deferred Income in the Statement of Financial Position. Refer to note 19(b) for further information.

Revenue above and below maximum allowable revenue
Regulated lines revenue for the 2023/24 financial year was compliant with the Commerce Commission's allowable revenue cap rules. An estimated wash up adjustment of $16.6 million (unaudited) in relation to the 2023/24 financial year will be passed on to consumers via a lines charges increase in the following regulatory periods. The wash up is a result of CPI inflation exceeding the level assumed in the building block model, an increase in allowable revenue granted by the Commission in relation to a major capital project, and the IRIS incentive for capital expenditure.

4 Property, plant and equipment

	Electricity Distribution Network $'000	ROU Building Assets $'000	Land & Buildings $'000	Other Assets $'000	Assets Under Construction* $'000	Total $'000
Year ended 31 March 2025						
Opening net book amount	739,660	23,019	29,251	44,979	50,937	887,846
Revaluation	-	-	(1,450)	-	-	(1,450)
Additions/(Transfers out of Assets Under Construction)*	83,846	1,118	788	13,033	(807)	97,978
Disposals	(1,122)	(37)	-	(2,894)	-	(4,053)
Depreciation charge	(26,187)	(4,355)	(814)	(10,349)	-	(41,705)
Closing net book amount	796,197	19,745	27,775	44,769	50,130	938,616
At 31 March 2025						
Cost	1,171,332	39,264	27,938	133,011	50,130	1,421,675
Accumulated depreciation	(375,135)	(19,519)	(163)	(88,242)	-	(483,059)
Net book amount	796,197	19,745	27,775	44,769	50,130	938,616

	Electricity Distribution Network $'000	ROU Building Assets $'000	Land & buildings $'000	Other Assets $'000	Assets under construction* $'000	Total $'000
Year ended 31 March 2024						
Opening net book amount	682,297	23,604	29,933	42,650	47,188	825,672
Additions/(Transfers out of Assets Under Construction)*	84,149	3,894	120	12,252	3,749	104,164
Disposals	(2,058)	(115)	-	(299)	-	(2,472)
Depreciation charge	(24,728)	(4,364)	(802)	(9,624)	-	(39,518)
Closing net book amount	739,660	23,019	29,251	44,979	50,937	887,846
At 31 March 2024						
Cost	1,089,222	38,382	35,350	125,731	50,937	1,339,622
Accumulated depreciation	(349,562)	(15,363)	(6,099)	(80,752)	-	(451,776)
Net book amount	739,660	23,019	29,251	44,979	50,937	887,846

*Assets under construction includes $62,000 (31 March 2024: $163,000) of intangible work in progress.

(continued)

(a) Valuations of land and buildings

Land and buildings at Omahu Road, Hastings and Fleet Street, Taupo were independently valued by registered valuer CBRE Ltd, as at 31 March 2025.

Non-financial assets carried at fair value may be measured using different valuation methods. The different levels have been defined as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Land and buildings have been valued using level 2 methodology. There were no transfers between levels during the period.

Level 2 fair values of land, office buildings, workshops and warehouse facilities have been derived using the rental capitalisation approach. Market rental and sales data of comparable land and buildings in close proximity are adjusted for differences in key attributes such as building quality, tenant strength (if sold under a sale and leaseback arrangement), and other market factors. The most significant inputs into this valuation approach are price per square metre, and yield.

b) Carrying amounts that would have been recognised if land and buildings were stated at cost:

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2025 **$'000**	2024 $'000
Freehold land & buildings		
Cost	**15,865**	15,085
Accumulated depreciation	**(5,734)**	(5,240)
Net book amount	**10,131**	9,845

Accounting policy

(i) Assets carried at historic cost

The electrical distribution network and other assets are recognised at historical cost less depreciation and impairment. Subsequent 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 Group 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.

Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjustment for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(ii) Assets carried at fair value

Land and buildings are stated at fair value based on periodic, but at least five yearly, valuations determined by an independent registered valuation company, and are adjusted for additions at cost and depreciation at appropriate rates.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

4 Property, plant and equipment (continued)

Increases in the carrying amounts arising on revaluation of land and buildings are credited to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is recognised in profit or loss and otherwise the increase is recognised in other comprehensive income. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to profit or loss.

Assets carried at fair value are assessed annually to ensure there is no material difference between the carrying value and fair value.

(iii) Self-constructed assets

The cost of self-constructed assets includes the cost of all materials used on construction, direct labour on the project, costs of obtaining Resource Management Act consents, financing costs that are directly attributable to the project and an appropriate proportion of variable and fixed overhead. Costs cease to be capitalised as soon as the assets are ready for productive use and do not include any inefficiency costs.

(iv) Assets under construction

The cost of assets under construction includes direct materials, labour, an allocation of overheads that directly relate to the work performed, and financing costs that are directly attributable to the project.

4 Property, plant and equipment (continued)

(v) Disposal of Property, Plant and Equipment

When an item of property, plant or equipment is disposed of, any gain or loss is recognised in the profit or loss and is calculated as the difference between the sale price and the carrying value of the asset. On disposal of an item of property, plant or equipment, any revaluation surplus in respect of that asset is transferred to retained earnings.

(vi) Impairment of property, plant and equipment

The carrying amounts of the Group's property, plant and equipment are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of assets is estimated to determine the extent of any impairment loss. The recoverable amount is the higher of an asset's net selling price and value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income except impairment losses on revalued assets which are first taken to the revaluation reserve if there is a surplus in respect of that asset.

An assessment was carried out which concluded that there were no impairment indicators for the UNL Electricity Distribution Network, Unison Contracting and Unison Insurance.

Depreciation method and useful lives

The Group uses judgement to determine the useful lives of assets, as detailed below:

(i) Electrical Distribution Networks

Assessing the appropriateness of useful life and residual value estimates of network assets requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset, technological advances, regulation and expected disposal proceeds from the future sale of the asset.

(ii) Buildings

The estimated useful lives of buildings are determined by an independent registered valuation company when assessing the periodic valuation of land and buildings.

Depreciation methods and estimated useful lives are as follows:

Asset class	Depreciation method	Useful lives
Electrical Distribution Network	Straight line	5-80 years
Buildings	Straight line	7-80 years
Land	n/a	Indefinite
Other assets (incl.):		
- Plant and equipment	Straight line	2-25 years
- Furniture and fittings	Straight line	2-60 years
- Motor vehicles	Straight line	3-10 years
- Information technology	Diminishing value or straight line	2-10 years
- Leasehold Improvements	Straight line	5 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful life of the improvements, whichever is shorter. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(continued)

5 Intangible assets

	Goodwill $'000	Computer software $'000	Other intangible assets $'000	Total $'000
Year ended 31 March 2025				
Opening net book amount	56,474	10,700	5,641	72,815
Adjustment to opening balance**	(1,178)	-	1,072	(106)
Additions	-	2,904	184	3,088
Exchange differences	187	-	-	187
Disposals	-	(30)	(60)	(90)
Amortisation charge	-	(2,276)	(516)	(2,792)
Closing net book amount	55,483	11,298	6,321	73,102
At 31 March 2025				
Cost	131,371	33,580	7,432	172,383
Accumulated amortisation and impairment	(75,888)	(22,282)	(1,111)	(99,281)
Net book amount	55,483	11,298	6,321	73,102

	Goodwill $'000	Computer software $'000	Other intangible assets $'000	Total $'000
Year ended 31 March 2024				
Opening net book amount	49,008	8,700	1,719	59,427
Exchange differences	(73)	-	-	(73)
Additions	7,539	4,069	4,356	15,964
Disposals	-	(10)	-	(10)
Amortisation charge	-	(2,059)	-434	(2,493)
Closing net book amount	56,474	10,700	5,641	72,815
At 31 March 2024				
Cost	132,362	30,715	5,733	168,810
Accumulated amortisation and impairment	(75,888)	(20,015)	(92)	(95,995)
Net book amount	56,474	10,700	5,641	72,815

*Assets under construction in Note 4 includes $62,000 (31 March 2024: $163,000) of intangible work in progress.
** The adjustments to Goodwill and Other Intangible Assets reflect the finalised purchase price allocation for the acquisition of 100% of Magnetic Training and Consultancy Unit Trust and its corporate trustee Magnetic Training and Consultancy Pty Limited (together 'Magnetic'), by the Company's subsidiary; Pringle Beleski and Associates Limited ('PBA'). For additional detail refer to the business combination disclosure in note 21.

(a) Impairment tests for goodwill

The Group regularly monitors the carrying value of its goodwill and reviews it annually or more regularly if there are indications that goodwill may be impaired.
The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.
There has been a decrease to Goodwill of $1.1 million, relating to the finalised purchase price allocation for Magnetic. The carrying amount of goodwill in ETEL is $28.3 million, ETEL Services $0.6 million, Pringle Beleski and Associates $6.1 million, Magnetic $6.4 million (31 March 2024: $7.5m) and the Taupo/Rotorua network is $14.0 million.

(continued)

(b) Key assumptions used for value-in-use calculations

ETEL Limited

The recoverable amount of this cash generating unit was assessed by reference to a value in use calculation which uses cash flow projections based on financial plans covering a 5 year period, based on the most recent budget and 5-year strategic plan approved by the ETEL Directors.

The value in use calculation uses the following key assumptions:

- Sales Growth Rate that assumes the cumulative average sales growth rate for the next five years (2025 to 2029) is 16.3%.
- Capex: The model uses ETEL's budget capex in their 2024 - 25 business plan and strategic plan for years 2026 to 2029. The FY25 budget has capex of $3.3m.
- A post tax discount rate of 9.9% per annum (2023: 9.4% per annum).

Taupo/Rotorua Network

The recoverable amount of the Taupo/Rotorua Network cash generating unit was assessed by reference to a value in use calculation. The cash flow projections are based on financial forecasts covering a ten year plan as opposed to a five year period (as required by NZ IAS 36) as a longer timeframe is more relevant to infrastructure assets. The model uses the Business Plan as the base year, with network capex and maintenance being based on the most recent Regulatory Asset Management Plan.

The value in use calculation uses the following key assumptions:

- Line Revenue: The impairment test uses the FY25 distribution revenue based on Unison's FY25 budget. The model includes forecast DPP allowable revenue through to FY25 using the current Commerce Commission's revenue cap model as the basis for modelling the revenue forecasts from 1 April 2022 to 31 March 2025 and again from 1 April 2025 through to 31 March 2030. To 31 March 2025 the revenue model uses a vanilla (WACC) 67th percentile of 4.57% (4.23% post tax) based on the Commerce Commission's 1 April 2020 revenue reset calculation. From 1 April 2025 to 31 March 2030 the revenue model uses a vanilla WACC 65th percentile of 7.09% (6.41% post tax), based on an estimate of the Commerce Commission's WACC for the next five year period. Capex and opex forecasts are based on the most recent Regulatory Asset Management Plan.
- a post tax discount rate of 6.62% per annum (2023: 6.44% per annum).

Pringle Beleski and Associates Limited (PBA)

The recoverable amount of this cash generating unit was assessed by reference to a value in use calculation which uses cash flow projections based on financial plans covering a 5 year period, based on the most recent budget and 5 year strategic plan approved by PBA Directors.

The value in use calculation uses the following key assumptions:

- Compound annual growth rate for sales for the next five years (2025 to 2029) of 4.4% per annum (2023: 10.8% per annum over three years.).
- Planned capex of $0.8m for FY25 with a similar level across the four outer years.
- A post tax discount rate of 15.0% per annum (2023: 14.9% per annum).

Magnetic Power Services Australia Pty Limited (Magnetic)

The recoverable amount of this cash generating unit was assessed by reference to a value in use calculation which uses cash flow projections based on financial plans covering a 5 year period, based on the most recent budget and 5 year strategic plan approved by Magnetic Directors.

The value in use calculation uses the following key assumptions:

- Compound annual growth rate for sales for the next five years (2025 to 2029) of 5.8% per annum. (2023: n/a).
- Planned capex of $1.0m for FY25 with diminishing levels across the following four years.
- A post tax discount rate of 13.2% per annum (2023: n/a).

Accounting policy

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Separately recognised goodwill is tested annually for impairment (or more frequently if events or changes in circumstances indicate a potential impairment) and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

The recoverable amount of goodwill is calculated using value in use (the net present value of expected future cash flows) of the cash generating units. Key assumptions used in the value in use model that require the Group's estimation and judgement include revenue forecasts (including volumes and pricing), costs and discount rates.

(ii) Computer software

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives (three to ten years).

Costs associated with developing or maintaining software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

(iii) Other intangible assets

Other intangible assets include brand, customer relationship assets and land easements.

At each balance date, the Group reviews the carrying amounts of its software and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Customer relationships

Customer relationships acquired as part of a business combination are recognised separately from goodwill. Customer contracts have a finite life and are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method based on the timing of projected cash flows of the contracts over their estimated useful lives.

6 Borrowings

	2025 $'000	2024 $'000
Current borrowings		
Bank loans - maturing within 1 year	**80,000**	-
Total current borrowings	**80,000**	-
Term borrowings		
Bank loans - maturing between 1 and 5 years	**138,000**	177,000
US Senior Notes Fixed Rate	**198,953**	198,953
	336,953	375,953
Fair value movement		
US Senior Notes Fixed Rate	**(12,232)**	(15,441)
Foreign currency movement		
US Senior Notes Fixed Rate	**27,006**	16,047
	14,774	606
Total non-current borrowings	**351,727**	376,559
Total interest bearing liabilities	**431,727**	376,559

Borrowings are a combination of:

(i) Bank Loans

The Group utilises multi tranche revolving debt bank facilities totalling $280 million (31 March 2024: $280 million) with maturities between 3 months and 2.7 years (31 March 2024: between 1 months and 3.7 years). Interest rates for all bank loans are floating based on the bank bill rate plus a margin.

(ii) US Senior Notes

In October 2023, the Company issued a further USD59 million tranche of Series D notes to finance the maturity of Series B notes and for general corporate purposes, in addition to the USD70 million of Series C notes issued in October 2021.

A cross currency interest rate swap is in place to hedge the USD foreign currency exposure for all US Senior Notes. This derivative also converts the fixed coupon semi annual interest payments to floating rate NZD payments.

All borrowings are unsecured and are subject to a negative pledge and cross guarantee. The following Group companies are parties to a negative pledge and cross guarantee; Unison Networks Limited; Unison Energy Limited; Unison Contracting Services Limited; ETEL Limited; ETEL Services Limited; Pringle Beleski and Associates Limited and RPS Switchgear Limited.

ETEL, Unison Contracting, RPS Switchgear and Pringle Beleski and Associates have guarantees and liabilities outstanding under credit.

Borrowings are subject to various lending covenants such as limitation on long term indebtedness, leverage and other ratios. The Group has complied with all covenants for the current and prior financial periods.

(a) Interest rate risk exposures

The Group manages interest rate exposure in accordance with its Treasury Management Policy by ensuring the Group's interest rate profile is within the interest rate risk control limits set in the Policy - calculated against projected total debt over a Regulatory Control Period - with interest rate hedge instruments.

While the interest rate hedging limits allow for continuous interest rate risk management, hedging activity is predominantly concentrated within the reset window prior to the start of a five year Regulatory Control Period (regulatory hedge strategy).

(continued)

Exposures arise predominantly from liabilities bearing variable interest rates as the Group intends to hold fixed rate liabilities to maturity.

	Fixed interest rate				
	1 year or less	**Over 1 to 2 years**	**Over 2 to 5 years**	**Over 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
31 March 2025					
Interest rate swaps ($'000)* (note 17)	86,000	30,000	40,000	342,000	498,000
Weighted average interest rate (%)	4.51%	3.82%	4.43%	3.98%	
USD Senior Notes Interest Rate Cross-Currency (USD'000)	-	-	-	129,000	129,000
Weighted average interest rate (%)	- %	- %	- %	4.37%	
31 March 2024					
Interest rate swaps ($'000)* (note 17)	150,000	55,000	70,000	-	275,000
Weighted average interest rate (%)	2.88	4.43%	4.17%	- %	
USD Senior Notes Interest Rate Cross-Currency (USD'000)	-	-	-	129,000	129,000
Weighted average interest rate (%)	- %	- %	- %	4.37%	

** Notional principal amounts*

Accounting policy

All borrowings are measured at amortised cost adjusted for fair value movements in respect of the hedged risk on borrowings designated in fair value hedge relationships and are classified between current and non-current dependent on contractual obligations.

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

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

7 Borrowing costs

	2025	2024
	$'000	$'000
Interest and finance charges paid/payable	**25,842**	24,541
Lease interest expense	**1,867**	1,382
Capitalised interest	**(2,669)**	(2,225)
Total borrowing costs	**25,040**	23,698

Accounting policy

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 or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

The Group 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 of 6.07% (31 March 2024: 6.20%).

Capitalised Interest recognised in the period is $2,669,000 (31 March 2024: $2,225,000).

* The prior period totals for "Interest and finance charges paid/payable" and "Lease interest expense" have been restated to separately disclose lease interest. For the year ended 31 March 2024, the amount previously disclosed under "Interest and finance charges paid/payable" was $25,923,000, while "Lease interest expense" was nil. The total borrowing cost remains consistent with the prior period disclosure

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

8 Trade and other receivables

	Parent		Group	
	2025	2024	**2025**	2024
	$'000	$'000	**$'000**	$'000
Trade receivables	-	-	**41,681**	39,806
Other receivables	18	38	**11,301**	8,999
Provision for impairment of receivables	-	-	**(666)**	(520)
Total trade receivables	18	38	**52,316**	42,285
Related party receivables (note 16)	-	-	**375**	405
Interest receivable	-	-	**4,136**	3,992
Prepayments	-	-	**3,803**	6,380
Total trade and other receivables	18	38	**60,630**	59,062

(a) Bad and doubtful trade receivables

The Group has recognised a loss of $231,000 (2024: $310,000) in respect of bad and doubtful trade receivables during the year ended 31 March 2025. The loss has been included in 'other expenses' in the statement of profit or loss and other comprehensive income.

(b) Foreign exchange and interest rate risk

Refer to note 18(f) for an analysis of Group's exposure to foreign currency risk in relation to trade and other receivables.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

8 Trade and other receivables (continued)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. Refer to note 18(c) for more information on the risk management policy of the Group.

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

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

A provision for impairment of trade receivables is established when there is objective evidence of the Group's customers being unable to make required payments. The Group makes an assessment for doubtful debts where debt is more than 90 days overdue. There have been no significant individual impairment amounts recognised as an expense.

9 Inventories

	2025	2024
	$'000	$'000
Raw materials	**29,790**	34,741
Work in progress	**9,060**	12,603
Finished goods	**21,643**	31,118
Electrical inventories	**7,284**	8,758
Provision for obsolescence	**(1,525)**	(1,024)
Total inventories	**66,252**	86,196

No inventories are pledged as security for liabilities (2024: nil).

Accounting policy

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. Cost is determined using the standard cost method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains or losses on qualifying cash flow hedges for purchases of raw materials.

The cost of purchased electrical related inventory is determined using the average cost method.

The write down from cost to net realisable value is recognised in the statement of profit or loss and other comprehensive income in the period when the write down occurs.

10 Bank overdraft

Note disclosure

The Group has a $7m facility avilable on the New Zeland dollar transaction bank account. The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

	2025	2024
	$'000	$'000
Bank Overdraft	**4,687**	5,264

(continued)

11 Commitments

(a) Capital commitments
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2025	2024
	$'000	$'000
Property, plant and equipment	**6,072**	12,665
Intangible assets	**4**	293
	6,076	12,958

The above balances have been committed in relation to future expenditure on capital projects. Amounts already spent have been included as assets under construction.

(b) Leases

This note provides information for leases where the Group is a lessee.
The Group leases offices, manufacturing and warehouse facilities under non-cancellable operating leases. No operating lease contracts contain options to purchase the leased asset at the expiry of the lease period.
A lease was recognised in the period ending 31 March 2024 for Direct Fibre Access Services for communication and network connectivity purposes. The initial period of the lease is ten years and the Group has an option to extend the lease a further ten years.
The statement of financial position shows the following amounts relating to leases:

	2025	2024
	$'000	$'000
Right-of-use assets*		
Buildings	**19,745**	23,020
Substation Direct Fibre Access	**10,690**	11,257
	30,435	34,277
*included in the line item 'Property, plant and equipment' in the statement of financial position.		
Lease liabilities		
Current	**4,997**	5,665
Non-current	**29,977**	32,999
	34,974	38,664

(i) **Amounts recognised in the statement of profit or loss**
The statement of profit or loss shows the following amounts relating to leases:

	2025	2024
	$'000	$'000
Depreciation charge of right-of-use assets		
Buildings	**4,355**	4,364
Substation Direct Fibre Access	**567**	93
Total lease depreciation	**4,922**	4,457
Interest expense (included in borrowing costs)	**1,867**	1,382
Expense relating to low-value assets and short-term leases (included in other expenses)	**443**	322
Total lease amounts recognised in borrowing costs and other expenses	**2,310**	1,704

11 Commitments (continued)

Total cash outflow for leases was $6.7 million (2024: $6.3million)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, less any accumulated depreciation and impairment losses, and adjustment for any remeasurement of lease liabilities. The cost of right-of-use assets comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight line method. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments, that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Generally, the Group uses its incremental borrowing rate as the discount rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment e.g. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(continued)

12 Taxation

	Parent		Group	
	2025	2024	**2025**	2024
	$'000	$'000	**$'000**	$'000
(a) Income tax expense				
Current tax:				
Current tax on profits for the year	**-**	**-**	**4,951**	7,045
Adjustments in respect of prior years	**-**	**-**	**(48)**	260
Total current tax	**-**	**-**	**4,903**	**7,305**
Deferred tax:				
Deferred tax associated with temporary timing differences	**-**	**-**	**5,620**	7,854
Adjustments in respect of prior years	**-**	**-**	**(2,678)**	(715)
Total deferred tax	**-**	**-**	**2,942**	7,139
Income tax expense	**-**	**-**	**7,845**	14,444

	Parent		Group	
	2025	2024	**2025**	2024
(b) Reconciliation of income tax expense to prima facie tax payable	**$'000**	$'000	**$'000**	$'000
Profit before income tax expense	**16,950**	15,531	**37,846**	42,852
Income tax @ 28% Trust (33%)	**5,594**	5,125	**10,624**	12,023
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
• Income not subject to tax	**-**	-	**(199)**	(744)
• Expenses not deductible for tax purposes	**-**	-	**417**	2,224
Prior period current tax adjustment	**-**	-	**(49)**	260
Prior period deferred tax adjustment	**-**	-	**(2,678)**	(715)
Effect of buildings becoming non depreciable	**-**	-	**-**	1,276
Effect of difference in foreign tax rate	**-**	-	**(424)**	68
Reclassification of assets to Herd for Sale	**-**	-	**-**	-
Other	**-**	-	**97**	-
Unrecognised tax losses	**57**	52	**57**	52
Distribution to beneficiaries	**(5,651)**	(5,177)		
Income tax expense	**-**	**-**	**7,845**	14,444

(continued)

c) Deferred tax liability / (asset)

	Property, plant and equipment and intangibles $'000	**Employee provisions $'000**	**Derivative financial instruments $'000**	**Lease liability $'000**	**Other $'000**	**Total deferred tax liability / (assets) $'000**
Balance at 1 April 2024	111,101	(2,390)	(394)	(766)	110	**107,661**
Recognised in profit or loss	8,931	(759)	140	(3,190)	(2,180)	**2,942**
Charged to other comprehensive income	(536)	-	(1,810)	-	(166)	**(2,512)**
Balance at 31 March 2025	**119,496**	**(3,149)**	**(2,064)**	**(3,956)**	**(2,236)**	**108,091**

	Property, plant and equipment and intangibles $'000	**Employee provisions $'000**	**Derivative financial instruments $'000**	**Lease liability $'000**	**Other $'000**	**Total deferred tax liability / (assets) $'000**
Balance at 1 April 2023	106,425	(2,583)	860	(685)	(1,333)	**102,684**
Recognised in profit or loss	7,373	(164)	(112)	(76)	118	**7,139**
Charged to other comprehensive income	(2,697)	(3)	(1,142)	-	(10)	**(3,852)**
Business combination	-	360	-	(5)	1,335	**1,690**
Balance at 31 March 2024	**111,101**	**(2,390)**	**(394)**	**(766)**	**110**	**107,661**

A deferred tax asset has not been recognised in relation to tax losses of $2,944,404 (2024: $2,671,317) in the trust.

Accounting policy

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, 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.

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.

(continued)

13 Share capital

	Group and Parent			
	2025	2024	**2025**	2024
	Shares	Shares	**$'000**	$'000
Issued and paid up				
67,661 shares (2024: 67,661)	**67,661,000**	67,661,000	**65,000**	65,000

(a) Capital risk management

The Parent entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Parent entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(continued)

14. Related party transactions

(a) Related parties

Related parties of the Group include:
- Hawke's Bay Power Consumers' Trust
- Centralines Limited
- The Group's Directors and key management personnel
- Entities in which Directors had an economic interest

(b) Key management and personnel compensation

Key management personnel compensation for the years ended 31 March 2025 and 31 March 2024 is set out below. The key management personnel are all the directors of the Group and the executives with the greatest authority for the strategic direction and management of the Group.

	2025	2024
	$'000	$'000
Short-term employee benefits and Directors fees	**3,351**	4,788
Short-term employee benefits and Trustees fees	**140**	140
Short-term employee benefits and Secretary fees	**51**	51
	3,542	4,979

The prior period amount of $83,000 previously disclosed under "Post employment benefits" has been reclassified to "Short term employee benefits and Directors' fees" to align with the current treatment of Key Management Personnel compensation. In the prior period, "Post employment benefits" were $83,000 and "Short term employee benefits and Directors' fees" were $4,705,000, with total compensation remaining at $4,788,000.

(c) Transactions with other related parties

The following transactions occurred with related parties other than key management personnel or entities related to them:
- The Hawke's Bay Power Consumers' Trust holds the shares of the Group on behalf of the consumers in their capacity as owners.
- The Group operates a management contract for Centralines Limited, an electricity lines company based in Waipukurau. This contract provides for executive, financial, technical and managerial services for Centralines Limited. For commercial reasons the value of this contract is not disclosed.

(d) Outstanding balances

The following balances are outstanding at the balance date in relation to transactions with related parties other than Directors and key management personnel:

	2025	2024
	$'000	$'000
Current receivables (sales of goods and services)		
Centralines Limited	**375**	405

No provisions for doubtful debts have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

15 Derivative financial instruments

	2025 $'000	2024 $'000
Current assets		
Interest rate swaps - hedged ((a)(ii))	**-**	1,508
Foreign currency forward contracts - hedged ((a)(i))	**1,257**	709
Interest rate swaps - unhedged ((a)(ii))	**-**	119
Total current derivative financial instrument assets	**1,257**	2,336
Non-current assets		
Cross currency interest rate swaps - fair value/cash flow hedged ((a)(iii))	**13,303**	509
Interest rate swaps - hedged ((a)(ii))	**261**	920
Interest rate swaps - unhedged ((a))(ii))	**-**	183
Total non-current derivative financial instrument assets	**13,564**	1,612
Total derivative financial instrument assets	**14,821**	3,948
Current liabilities		
Foreign currency forward contracts - hedged ((a)(i))	**1,404**	1,247
Interest rate swaps - hedged ((a)(ii))	**388**	-
Interest rate swaps - unhedged ((a)(ii))	**47**	-
Total current derivative financial instrument liabilities	**1,839**	1,247
Non-current liabilities		
Cross currency interest rate swaps - fair value/cash flow hedged ((a)(iii))	**-**	1,937
Foreign currency forward contracts - hedged ((a)(i))	**-**	584
Interest rate swaps - hedged ((a)(ii))	**5,488**	294
Total non-current derivative financial instrument liabilities	**5,488**	2,815
Total derivative financial instrument liabilities	**7,327**	4,062
Net derivative financial instrument asset/(liability)	**7,494**	(114)

(a) Instruments used by the Group

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

(i) Forward foreign exchange contracts
The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2025 were $33 million (31 March 2024: $65 million).

(ii) Interest rate swaps
The notional principal amounts of the outstanding interest rate swap contracts at 31 March 2025 is $346 million (31 March 2024: $240 million). The Group has a further $152 million of future dated interest swaps to replace some of the Group's current interest rate swaps when they mature. This provides more certainty around future interest expenditure.

At 31 March 2025, the fixed interest rates (excluding margin) on the interest rate swaps range from 3.52% to 5.31% (31 March 2024: 1.34% to 5.31%), and the main floating rate is BKBM. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 March 2025 will be continuously released to profit or loss within borrowing costs until the repayment of the bank borrowings.

(iii) Cross currency interest rate swap ('CCIRS')
Cross currency interest rate swaps, which are used to manage the combined interest and foreign currency risk on borrowings issued in foreign currency, have been split into two components for the purpose of hedge designation: the hedge of the benchmark interest rate is designated as a fair value hedge; and the hedge of the issuance margin is designated as a cash flow hedge.

Accounting policy

The Group uses derivative financial instruments to reduce its exposure to fluctuations in foreign currency exchange rates and interest rates. The use of hedging instruments is governed by the treasury policy approved by the Board.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
(2) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed below. Movements on the hedging reserve in other comprehensive income are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The Group deems there to be an economic relationship between the hedged item and the hedging instrument if the terms match (i.e. notional amount, maturity, payments and reset dates). The Group has established a ratio of 1:1 for the hedging relationships as the underlying risk of the hedging instrument is identical to the hedged risk component. To test the hedge effectiveness the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk. Hedge ineffectiveness can arise from:

- Differences in timing of cash flows of the hedged item and the hedging instrument.

- Different interest rate curves applied to discount the hedged item and hedging instrument.

- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item.

(i) Fair value hedge
The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. Gains or losses from re-measuring the fair value of the hedging instrument are recognised in profit or loss with any changes in the fair value of the hedged asset or liability.

(ii) Cash flow hedge
For cash flow hedges, the effective portion of gains or losses from re-measuring the fair value of the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve. Accumulated gains or losses are subsequently transferred to profit or loss when the hedged item affects the profit/loss, or when the hedged item is a forecast transaction that is no longer expected to occur. Alternatively, when the hedged item results in a non-financial asset or liability, the accumulated gains and losses are included in the initial measurement of the cost of the asset or liability.

The re-measurement gain or loss on the ineffective portion of a cash flow hedge is recognised immediately in the profit or loss.

(iii) Hedges no longer meeting the criteria for hedge accounting
If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to profit or loss over the period to maturity.

For cross currency interest rate swaps, the movement in the value of currency spreads do not form part of the hedge accounted relationship. Instead these movements are recognised in other comprehensive income and recorded in a cost of hedging reserve.

(iv) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

16 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk management is carried out by a central treasury department (Group treasury) under policies approved by the Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall financial risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

16 Financial risk management (continued)

(a) Financial instruments by category

Financial assets as per statement of financial position	Amortised cost	Assets at fair value through profit or loss	Fair value through OCI	Total
	$'000	$'000	$'000	$'000
At 31 March 2025				
Derivative financial instruments	-	-	14,821	14,821
Trade and other receivables	60,630	-	-	60,630
Investments	-	18,112	-	18,112
Other short term deposits	2,313	-	-	2,313
Cash and cash equivalents	13,906	-	-	13,906
	76,849	18,112	14,821	109,782
At 31 March 2024				
Derivative financial instruments	-	302	3,646	3,948
Trade and other receivables	59,062	-	-	59,062
Investments	-	16,751	-	16,751
Other short term deposits	2,449	-	-	2,449
Cash and cash equivalents *	9,822	-	-	9,822
	71,332	17,053	3,646	92,032

Financial liabilities as per statement of financial position	Liabilities at fair value through profit or loss	Fair value through OCI	Measured at amortised cost	Total
	$'000	$'000	$'000	$'000
At 31 March 2025				
Borrowings	-	14,774	416,953	431,727
Bank overdraft	-	-	4,687	4,687
Derivative financial instruments	47	7,280	-	7,327
Trade and other payables	-	-	38,770	38,770
Lease liabilities	-	-	34,974	34,974
	47	22,054	495,384	517,485
At 31 March 2024				
Borrowings	-	606	375,953	376,559
Bank overdraft *	-	-	5,264	5,264
Derivative financial instruments	-	4,062	-	4,062
Trade and other payables	-	-	39,464	39,464
Lease liabilities	-	-	38,664	38,664
	-	4,668	459,345	464,013

The prior year disclosure has been amended to reflect the current period's change in accounting policy regarding bank overdrafts. Bank overdrafts are now classified under current liabilities instead of being included in cash and cash equivalents. In the prior year, cash and cash equivalents totaled $4,558,000, with no bank overdraft balance.

16 Financial risk management (continued)

(b) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.
The following table presents the Group's financial assets and liabilities that are measured at fair value.

31 March 2025	**Level 1 $'000**	**Level 2 $'000**	**Total balance $'000**
Assets			
Financial assets at fair value through profit or loss			
– Equity securities	12,636	-	12,636
– Debt investments	4,476	-	4,476
– Term deposits	-	1,000	1,000
Fair value through OCI			
– Foreign exchange contracts	-	1,257	1,257
– Interest rate contracts	-	261	261
– Cross currency interest rate swaps	-	13,303	13,303
Total assets	17,112	15,821	32,933
Liabilities			
Financial liabilities at fair value through profit or loss			
– Interest rate contracts	-	47	47
Fair value through OCI			
– Interest rate contracts	-	5,876	5,876
– Foreign exchange contracts	-	1,404	1,404
- Cross currency interest rate swaps	-	-	-
Total liabilities	-	7,327	7,327

31 March 2024	**Level 1 $'000**	**Level 2 $'000**	**Total balance $'000**
Assets			
Financial assets at fair value through profit or loss			
– Equity securities	11,858	-	11,858
– Debt investments	3,393	-	3,393
- Term Deposits	-	1,500	1,500
- Interest rate contracts	-	302	302
Fair value through OCI			
– Interest rate contracts	-	2,428	2,428
– Foreign exchange contracts	-	709	709
– Cross currency interest rate swaps	-	509	509
Total assets	15,251	5,448	20,699
Liabilities			
Financial liabilities at fair value through profit or loss			
– Interest rate contracts	-	-	-
Fair value through OCI			
– Interest rate contracts	-	294	294
– Foreign exchange contracts	-	1,831	1,831
– Cross currency interest rate swaps	-	1,937	1,937
Total liabilities	-	4,062	4,062

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

16 Financial risk management (continued)

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed equity and debt investments classified as trading securities or available for sale.

(ii) Financial instruments in level 2

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance date, with the resulting value discounted back to present value;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(c) Credit risk

Credit risk is the risk that a third party will default on its obligations to the Group, causing it to incur a loss. Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, accounts receivable, derivative financial instruments with unrealised gains and Cross Currency Interest Rates Swaps. No collateral is held on these amounts (2024: nil).

The Group manages credit risk associated with bank balances and derivative financial instruments through the Group's central treasury department under policies approved by the Parent's Board of Directors.

Concentration of Credit Exposure

The Group has exposure to 15 electricity retailers that account for 30% (31 March 2024: 29%) of accounts receivable. To minimise this risk, the Group performs credit evaluations on all energy retailers in conjunction with the contractual requirements contained within the use of system agreements operating with these parties. A loan, bond or bank undertaking may be required where deemed necessary. At balance date bank guarantees of $1.82 million (31 March 2024: $1.96 million) are currently held in respect of three electricity retailers, and cash and bonds of $112k (31 March 2024: $211k) in respect of another two electricity retailers.

The impairment provision has been calculated based on expected losses from the Group's pool of debtors. Expected losses have been determined based on analysis of specific debtors.

16 Financial risk management (continued)

The ageing of the Group's trade receivables is as follows:

	2025 $'000	2024 $'000
Trade receivables		
0 - 30 days	**38,418**	31,485
Past due 31 - 60 days	**1,513**	5,714
Past due more than 60 days	**1,750**	2,607
	41,681	39,806

Financial instruments

Financial instruments which potentially subject the Group to credit risk principally consist of bank balances, term deposits, interest receivable, debt investments and related party receivables. No collateral is held on these amounts (31 March 2024: nil).

The Group minimises its exposure to credit risk by: pre-qualifying the financial institutions or Brokers/Dealers with which the Group will do business. In principle larger investments and those with longer durations will be made in higher quality investments; and diversifying the investment portfolio so that potential losses on individual investments will be minimised.

An analysis of the credit quality of financial assets that are neither past due nor impaired is as follows:

	2025 $'000	2024 $'000
Counterparties with external credit rating (S&P)		
AA-	**9,886**	5,081
A+	**812**	2,898
A	**500**	-
A-	**358**	117
BBB+	**65**	63
BBB	**355**	189
BB+	**150**	248
Unrated	**1,604**	177
	13,730	8,773

The maximum exposure to credit risk at the reporting date is the carrying amount of the investments.

(d) Liquidity risk

Liquidity risk represents the risk that the Group may not have the financial ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. Overall the Group 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.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	2025 $'000	2024 $'000
Expiring within one year (bank overdraft and bill facility)	**2,264**	1,593
Expiring beyond one year (bank loans)	**62,000**	103,000
	64,264	104,593

16 Financial risk management (continued)

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. The unsecured bill acceptance facility may be drawn at any time and is subject to annual review. Subject to the continuance of compliance with debt covenants, the bank loan facilities may be drawn at any time and have an average maturity of 1.5 years (2024: 2.5 years).

Cash flow forecasting is performed in the operating entities of the Group and aggregated by group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The following table analyses the Group's contractual cash flows for financial liabilities into relevant maturity groupings based on the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total contractual cash flows	Carrying Amount liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
31-Mar-25						
Non-derivatives						
Borrowings	83,179	103,448	38,311	213,726	438,664	431,727
Trade and other payables	38,770	-	-	-	38,770	38,770
Lease liabilities	6,299	6,195	6,151	36,138	54,783	34,974
Total non-derivatives	128,248	109,643	44,462	249,864	532,217	505,471
Derivatives						
Interest rate swaps (hedged) - net	1,671	1,494	1,427	2,565	7,157	5,875
Interest rate swaps (unhedged) - net	39	-	-	-	39	47
Forward exchange contracts	1,404	-	-	-	1,404	1,404
Cross currency interest rate swaps - outflows	10,774	10,774	10,774	248,939	281,261	-
Cross currency interest rate swaps - inflows	(8,687)	(8,687)	(8,687)	(242,282)	(268,343)	-
Total derivatives	5,201	3,581	3,514	9,222	21,518	7,326
31-Mar-24						
Non-derivatives						
Borrowings	8,851	96,337	109,431	203,391	418,010	376,559
Trade and other payables	39,464	-	-	-	39,464	39,464
Lease liabilities	6,323	5,340	5,010	38,512	55,185	38,664
Total non-derivatives	54,638	101,677	114,441	241,903	512,659	454,687
Derivatives						
Interest rate swaps (hedged) - net	(367)	(307)	(300)	(252)	(1,226)	294
Forward exchange contracts	1,831	-	-	-	1,831	1,831
Cross currency interest rate swaps - outflows	14,813	14,813	14,813	282,262	326,701	-
Cross currency interest rate swaps - inflows	(8,687)	(8,687)	(8,687)	(250,968)	(277,029)	-
Total derivatives	7,590	5,819	5,826	31,042	50,277	2,125

The gross outflows/(inflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

Foreign currency inflows for cross currency interest rate swaps are translated at the foreign exchange rate used at inception.

For cross currency interest rate swaps, the cash inflows and outflows include cash flows for cross currency interest rate swaps in asset and liability positions.

16 Financial risk management (continued)

(e) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Derivatives and borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. The Group manages its cash flow interest rate risk on borrowings by using floating to fixed interest rate swaps and options. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if the Group borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

In managing interest rate risks the Group aims to reduce the impact of short term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in interest rates will have an impact on profit.

Sensitivity

If interest rates on borrowings at 31 March 2025 had fluctuated by plus or minus 50 basis points, the effect would have been to decrease or increase the profit after tax and equity by $223k (2024: $363k) as a result of a higher or lower interest expense on floating rate borrowings.

(f) Foreign currency risk

Foreign currency risk is the risk that the value of the Group's assets and liabilities or revenues and expenditure will fluctuate due to changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US Dollar, Australian Dollar, Singapore Dollar and the Indonesian Rupiah. Foreign currency risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to require Group companies to manage their foreign currency risk against their functional currency. The Group companies are required to hedge their foreign currency risk exposure. To manage their foreign currency risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts. Foreign currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

As at balance date the Group held the following forward exchange contracts with maturities less than 1 year:

	2025	2024
	$'000	$'000
Buy USD/Sell NZD		
Foreign current amount (FC' 000)	**4,800**	7,000
Contract Value (NZD' 000)	**7,837**	11,285
Average exchange rate	**0.6125**	0.6203
Sell AUD/Buy USD		
Foreign current amount (FC' 000)	**5,400**	6,550
Contract Value (NZD' 000)	**8,043**	9,766
Average exchange rate	**0.6714**	0.6707
Sell SGD/Buy NZD		
Foreign current amount (FC' 000)	**13,950**	23,500
Contract Value (NZD' 000)	**16,970**	28,155
Average exchange rate	**0.8221**	0.8347

16 Financial risk management (continued)

(g) Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of the United States (USD), the currency of Singapore (SGD), the currency of Australia (AUD) and the currency of Indonesia (IDR). The following table details the Group's sensitivity to a 1 cent increase and decrease in the relevant foreign currencies against the New Zealand dollar. Given the volatility of the foreign markets a 1 cent change in foreign currency exchange rates is considered a reasonably possible change. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 1 cent change in foreign currency exchange rates. A positive number indicates an increase in profit and equity.

	2025 $'000	2024 $'000
Assets		
Profit / (loss) - strengthening in NZD	**(753)**	(1,093)
Profit / (loss) - weakening in NZD	**776**	1,123
Liabilities		
Profit / (loss) - strengthening in NZD	**59**	286
Profit / (loss) - weakening in NZD	**(61)**	(295)

(h) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1/04/2024 $'000	**Financing cash flows $'000**	**Fair value adjustments $'000**	**Foreign currency movement $'000**	**31/03/2025 $'000**
Bank loans and US Senior Notes	375,953	41,000	-	-	416,953
US Senior Notes Fair Value and Foreign Currency movement	606	-	3,209	10,959	14,774
Interest rate swaps fair value hedging or economically hedging financing liabilities	197	-	5,678	-	5,875
	376,756	41,000	8,887	10,959	437,602

19 Audit fees

Note disclosure

Auditors' fees

During the year the following fees were paid or payable for services provided by the auditor of the trust and company, and its related practices:

The 31 March 2024 comparative disclosure has been adjusted to include an additional $15,000 in relation to disbursements to be consistent with the current year presentation.

	Group 2025 $'000	Group 2024 $'000
(a) Audit or review of financial statements		
Audit of financial statements by Group auditors - Audit NZ	**422**	373
Audit of financial statements by subsidiary company auditors - KPMG	**123**	115
Other auditor's fees for the audit of subsidiary financial statements in foreign jurisdictions	**187**	47
Total fees for audit or review of the financial statements	**732**	535
(b) Audit or review related services		
Default price path assurance engagement - Audit NZ	**31**	29
Information disclosure assurance engagement - Audit NZ	**61**	57
Agreed upon procedures solvency return under the Insurance Act 2010 - Audit NZ	**8**	7
Notice to supply information assurance engagement - Audit NZ	**31**	-
Total remuneration for audit or review related services	**131**	93
(c) Taxation services		
Taxation return preparation (foreign jurisdiction) - KPMG	**32**	-
(d) Other services		
Compliation services - financial statements - KPMG	**25**	-
Total fees incurred for services provided by the audit firm	**920**	628

	Parent 2025 $'000	Parent 2024 $'000
(a) Audit or review of financial statements		
Audit of financial statements by parent auditors - Audit NZ	**29**	29
Prior year under accrual	**7**	-
Total fees for audit or review of the financial statements	**36**	29

18 Contingencies

Contingent liabilities are subject to uncertainty or cannot be reliably measured and are not provided for. Disclosures as to the nature of any contingent liabilities are set out below. Judgements and estimates are applied to determine the probability that an outflow of resources will be required to settle an obligation. These are made based on a review of the facts and circumstances surrounding the event and advice from both internal and external parties.

(a) Contingent liabilities

The Group is not aware of any material contingent liabilities at balance date (31 March 2024: nil)

(b) Contingent assets

Cyclone Gabrielle Insurance Claim

Cyclone Gabrielle reached the North Island of New Zealand in mid-February 2023, causing significant disruption to Unison's electricity distribution network across Hawke's Bay, Rotorua and Taupo. The impact of the subtropical storm was particularly acute in Hawke's Bay, with strong winds and heavy rain resulting in the flooding of several major rivers and damage to key community infrastructure assets, such as bridges, stop banks and arterial roading links. Mobile networks and other means of communication such as fibre optic links were also damaged or offline for a number of days in the initial period following the cyclone. A major transmission substation located at Redclyffe (owned by grid operator Transpower) was flooded, resulting in a high proportion of Unison's Hawke's Bay customers being left without power for days to weeks. Unison staff worked to progressively restore electricity supply to the region through temporary remediation work, temporary reconfiguration of the network, and through the deployment of third party generation assets.

Unison's substations located in Esk Valley, Awatoto and Tutira sustained varying degrees of damage due to the flooding. Flooding and high winds also caused damage to the wider distribution network. Subsequent to the cyclone, temporary remediation work was carried out to restore power to urban and rural customers, including temporary repairs to the damaged substations and repairing damage to network feeders. Unison has lodged a claim with its material damage insurers for the damage to its insured electricity distribution assets as a result of Cyclone Gabrielle.

The Company had an insurance policy in place that its insurer has confirmed, in principle, will respond to the material damage and business interruption losses of the Company arising from Cyclone Gabrielle, subject to the terms and limitations of the policy. The Group has submitted claims totalling $7.89m to date and intends to submit further claims to the insurer as and when it determines its recoverable losses, as supported by independent assessments from third party engineers. The Company's claims are subject to review and adjustment by the insurer.

Unison has received $15m of cash progress payments to date, of which $15m have now been recognised as insurance revenues as at 31 March 2025 as they can be reliably measured and deemed to be 'virtually certain'. As a result, the amount held in the balance sheet as 'income in advance' at 31 March 2025 is nil (31 March 2024: $10.9m).

Unison has applied to the Commerce Commission under subpart 5 of the Electricity Distribution Services Input Methodologies Determination 2012 - 'Reconsideration of the default price-quality path section 4.5.1 catastrophic event' to recover through future prices, additional net costs relating to unforeseen capital expenditure and operating expenditure relating to the event.

19 Business combinations

Note disclosure

(a) Acquisition of Magnetic Power Services

In April 2023 the Group's subsidiary Pringle Beleski and Associates Limited ('PBA') completed the acquisition of 100% of the units of the Magnetic Training and Consultancy Unit Trust and its corporate trustee Magnetic Training and Consultancy Pty Limited (together 'Magnetic'). PBA completed the acquisition through a newly incorporated Australian holding company, Magnetic Power Services Australia Pty Limited. Total consideration includes deferred consideration with a fair value of up to NZ$1.4 million (2024: NZ$1.9 million) that is contingent on post acquisition performance targets linked to Magnetic's financial performance and staff retention.

Magnetic are a specialist provider of electrical contracting services based in Melbourne, Australia. The acquisition of Magnetic enhances PBA's service offering and increases PBA's exposure to the developing market for distributed energy resources (DER).

The acquisition of Magnetic has been accounted for applying NZ IFRS 3 Business Combinations. The following table summarises the consideration paid for Magnetic, the fair value of assets acquired, and the liabilities assumed at the date of acquisition.

In the year ending 31 March 2025 the acquisition accounting under NZ IFRS 3 Business Combinations was finalised and resulted in a revision to the purchase price, and adjustments to the allocation of the net identifiable assets acquired. The following table summarises the acquisition date fair value of consideration transferred, and the identifiable assets acquired and liabilities assumed, with the residual balance being recognised as Goodwill on consolidation. A current and prior year column have been presented to illustrate the movements between the initial purchase price allocation and the final allocation of the transaction price determined in the year ending 31 March 2025.

	2025 **NZ $'000**	2024 NZ $'000
Cash paid	**10,017**	10,017
Deferred consideration	**1,365**	1,914
Add back net debt	**884**	884
Total purchase consideration	**12,266**	12,815
Recognised amounts of identifiable assets acquired and liabilities assumed		
Trade and other receivables	**2,199**	2,199
Inventories	**425**	425
Property, plant and equipment	**1,701**	1,701
Intangible assets: Customer relationships and Brand	**5,472**	4,400
Trade and other payables	**(1,741)**	(1,741)
Right of use asset	**738**	738
Lease liability	**(738)**	(738)
Deferred tax liabilities	**(2,152)**	(1,708)
Net identifiable assets acquired	**5,904**	5,276
Goodwill recognised	**6,361**	7,539
Net assets acquired	**12,265**	12,815

Acquisition-related costs of NZ$163,000 have been charged to other expenses in the profit and loss component of the statement of comprehensive income and included in operating cash flows in the statement of cash flows for the year ended 31 March 2024.

Property, plant and equipment acquired in the business combination has been revalued to fair value by a registered valuer.

(continued)

Total purchase consideration includes deferred consideration with a fair value of up to NZ$1.4 million (2024: NZ$1.9 million) that is contingent on post acquisition performance targets linked to Magnetic's financial performance and staff retention. The fair value of deferred consideration has been arrived at based on management expectations and forecasts and discounted to a present value based on the three year term of the performance targets. The deferred consideration has a range of zero to NZ$2.4 million (2024: NZ$3.5 million) in nominal terms.

The fair value of the contingent consideration arrangement of NZ$1.4 million (2024: NZ$1.9 million) was estimated using a discount rate equal to the weighted average cost of capital of 12.5% (2024: 21.7%).

Accounting policy

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any deferred consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in the statement of profit or loss as a bargain purchase.

20 Significant events occurring after balance date

Declaration of dividend

A fully imputed dividend of $17.25 million ($24.0 million inclusive of imputation credits), which equates to 27.0 cents per share, in respect of the 2023/24 financial year was declared on 26 June 2024. This dividend will be paid to the Hawke's Bay Power Consumers' Trust on or about 2 August 2024.

There were no other subsequent events.