



WAIPĀ NETWORKS TRUST

Chairpersons Report & Financial Statements for the year ended 31 March 2025



Directory as at 31 March 2025

Trustees

Chairperson	Mrs S J Matthews
Deputy Chairperson	Mr D A McLean
Trustees	Mr R J Milner
	Mr M L Gower
	Mr J C Godfrey
	Mr P T J Coles

Secretary/Treasurer

Mrs K M Heeringa
PO Box 34
Te Awamutu

Bankers

Westpac
Alexandra Street
Te Awamutu

Solicitors

Henry Brandts-Giesen
Kensington Swan
Auckland

Accountants

gfa Chartered Accountants Ltd
242 Bank Street
Te Awamutu

Auditors

KPMG
PO Box 929
Alexandra Street
Hamilton

Chairperson's Report

To the Beneficiaries (Connected Consumers):

It is my privilege to report on the activities of the Waipā Networks Trust for the year ended 31 March 2025.

Waipā Networks Trust

The Trust holds on your behalf 7.2 million shares (100%) in Waipā Networks Limited.

Under this collective form of ownership, only the Trust can sell the shares. However, the advantage to our beneficiaries (the connected consumers of Waipā Networks Limited), is that the Company is directed and controlled to benefit you.

The Trust manages our beneficiaries interests through the Statement of Corporate Intent process (setting and monitoring Key Performance Indicators) and also through Director selection and performance monitoring.

Any surplus Trust funds can only be reinvested in approved investments, distributed to beneficiaries, or used for energy efficiency projects. Trust ownership of our network company ensures the economic benefits and potential stay in the region.

Trust Functions

As the single shareholder, our Trust has some very important functions:

- 1 The Trust appoints the Directors and monitors their performance.
- 2 Each year the Trust determines with the Company a Statement of Corporate Intent that includes a three-year projection of performance indicators.
- 3 At this time of the year the Trust reports, publicly, on the Company's previous year's performance, considering the Statement of Corporate Intent performance 'benchmarks' agreed to a year earlier.

Strategically, the Trustees have an important duty to act as a diligent shareholder.

Our role includes being fully aware of the strategic, long term, likely value of the Company to its shareholders.

Taking this into account, the Trustees can exercise voting powers in respect of any matters proposed by the Company that affect either the level of the shareholding or that propose modifications of the rights of shareholders. For example, the Trustees are required, at intervals of no more than five years, to prepare a report considering proposals and available options for the future ownership of shares; make decisions on merger proposals; and decide upon any other Company recommendations to alter the capital structure.

Other than these powers and duties, the Trustees have no power, authority or discretion to participate in the day-to-day management or operation of the Company.

Trustees of the Waipā Networks Trust

The Trustees of Waipā Networks Trust at 31 March 2025 were Sarah Matthews (Chairperson), David McLean (Deputy Chairperson), Ray Milner, Marcus Gower, Jarrod Godfrey and Philip Coles.

The last triennial Election of Trustees took place in 2024. The next Election of Trustees is scheduled to take place in 2027.

Trust Performance 2024 - 25

Annual Plan 2024 - 2025

The Trust met all its objectives concerning accountability to its Beneficiaries and financial forecasts outlined in the Annual Plan for the 2024-2025 year.

Financial Review of the Trust

The Financial Statements attached to this Report form part of and should be read in conjunction with this Report.

The book value of the 7.2 million shares held by the Trustees at 31 March 2025 based on the shareholders' funds value in the Financial Statements of Waipā Networks Ltd was \$206,680,166.

The audited Financial Statements of Waipā Networks Trust for the year ended 31 March 2025 are available for your inspection on our website www.waipanetworkstrust.co.nz and at the office of the Company (240 Harrison Drive, Te Awamutu).

Guidelines on Access for Beneficiaries to Meetings and Information

The Trust has adopted guidelines on access for Beneficiaries to meetings and information, copies of which are available on our website or upon request to the Trust Secretary.

The Guidelines promote accountability by the Trust to its Beneficiaries and ensure that clear and transparent procedures are in place to enable Beneficiaries to attend Trust meetings, have access to Trust information, and access to a complaints process if they are unhappy.

Dividend

As provided for in the Statement of Corporate Intent for the period 1 April 2024 to 31 March 2025, the policy on apportioning net profits to be distributed to Shareholders will be determined by the Board of Directors from time to time in accordance with future results and considering circumstances, particularly future capital requirements.

No dividend payment will be made without the approval of the Trust (shareholders).

In the past, the Trust have not requested ongoing dividends to cover capital requirements, instead opting to retain excess monies within the Company. This has allowed the Company to utilise all surpluses to increase the value of the network and ultimately the Trust's shareholding in the Company. This strategy has been successful but has also resulted in a reduction of other investments held by the Trust, outside of the Company shareholding.

Going forward, the trust intends to continue to maximise the investment returns and will request dividends only to fund any shortfall between investment returns, operational costs, and inflation proofing of the trust investment fund to ensure the trust's investment fund remains stable, in real terms.

Company Performance 2024/25

Directors of Waipā Networks Ltd

Jonathan Kay retired by rotation and being eligible, offered himself for re-election. The Trustees re-appointed Jonathan to the Board.

The Trustees appointed Shane Ellison as an additional Director to the Board in the 2024/25 financial year.

The Directors of Waipā Networks Limited as at 31 March 2025 were Jonathan Kay (Chairperson), Mike Marr (Deputy Chairperson), Mark Stuart, Jonathan Cameron, Jennifer Kerr and Shane Ellison.

Special Discounts

The Trust, through the Statement of Corporate Intent, agreed to the Company introducing a discount/rebate regime commencing on 1 April 2001.

In the financial year ended 31 March 2025 the Company granted special discounts amounting to \$5,400,000 to Connected Consumers. Special discounts for the period between 1 April 2001 to 31 March 2025 amount to \$109,258,906.

Performance Measures of Waipā Networks Limited

Under Section 44 of the Energy Companies Act 1992, the Company is required to report its performance against targets set out in the Statement of Corporate Intent for the year. The performance of the business for the year ended 31 March 2025 is as follows:

<u>Financial Performance</u>	<u>Target</u>	<u>Actual (2025)</u>	<u>Actual (2024)</u>
Return on total assets			
Profit before share of profit on sale of associate, finance costs and tax as a percentage of total assets	4.47%	6.11%	5.93%
Return on equity (after discounts)			
Profit after tax as a percentage of shareholder funds	4.27%	6.06%	4.98%

Ratio of shareholders to total assets

Shareholders' funds comprise the total issued capital, the balance of undistributed profits and all revenue and capital reserves. Total assets comprise all the recorded tangible and intangible assets of the Company at their current value

>55% 74.97% 78.82%

EBITF

Earnings before interest income, finance costs, tax and net gain/(loss) on investments

\$9.5m \$12.1m \$10m

Distributions

Forecast dividends to be paid to shareholders

\$201k \$201k \$2,363m

Discounts to be paid

\$5.4m \$5.4m \$5.1m

Network Performance**Target****Actual
(2025)****Actual
(2024)****SAIDI (average minutes per customer)**

Planned <126.2 151.3 61.7

Unplanned <109.3 83.3 143.4

SAIFI (average interruptions per customer)

Planned <0.48 0.79 0.42

Unplanned <1.73 0.98 1.55

Customer, Community and Environment

	<u>Measure</u>	<u>Target</u>	<u>2025</u>
Sustainability: Community	Community projects implemented to help alleviate energy hardship and provide education on the efficient use of electricity.	Deliver four Waipā Networks-led business forum events	Complete
		Delivery of community engagement and schools' day at the Annual Connection Competition event.	Complete

		Deliver Winter Warmer Packs to support minimum of 300 people.	Complete	
Sustainability: Environmental	Environmental projects to raise our environmental awareness and actively reduce our environmental footprint.	10% reduction in controllable emissions*.	Not completed	
Sustainability: Cultural	We are embracing Māoritanga and building relationship with mana whenua.	Energy resilience programme completed with five on network marae.	Complete	
Customer satisfaction	<u>Measure</u>	<u>Target</u>	<u>Actual (2025)</u>	<u>Actual (2024)</u>
	We will improve our customer satisfaction results.	>63%	59%	63%
People	<u>Measure</u>	<u>Target</u>	<u>Actual (2025)</u>	<u>Actual (2024)</u>
Nil serious harm injuries*	We will investigate the cause of any injury to mitigate or eliminate future risk.	Nil	Nil	Nil
TRIFR rate	Total Reportable Injury Frequency Rate is declining.	<10	7.1	17.2

Acknowledgements

Kia ora koutou katoa,

It is once again my privilege to report back to our Beneficiaries on the key functions of the Trust, with outcomes that reflect our ongoing commitment to prudent governance and shareholder responsibility. My fellow Trustees and I remain focused on representing our beneficiaries, as owners of our significant community infrastructure.

Our relationship with the Company Board and leadership has remained strong; based on trust, integrity, and sound process. This strong foundation enables us to effectively represent the interests of our Beneficiaries and ensures a consistent flow of high-quality information to the Trust.

Through the Statement of Corporate Intent process, the Trust and the Company formally align our strategic priorities. We advocate for Beneficiaries on all strategic matters, and we are particularly focused on things that are important to our beneficiaries, including reliability of the network and maintaining the value of the annual consumer discount applied to their power accounts.

To maintain an effective Board, your Trustees take the responsibility of Director appointments seriously. Over the past year, we collaborated with the Board to assess its capabilities and initiated the recruitment of a new Director to strengthen expertise in asset management. We are also currently in the process of recruiting for two replacement directors which was well underway at the close of the financial year.

We also acknowledge the evolving opportunities and challenges facing both the sector and Waipā specifically. Strategic issues such as network reliability and resilience, increased weather events, growth, and the electrification of traditionally fossil-fuelled technologies are shaping future demand. The Company is responding with significant investment, including the Hautapu Substation Project, to meet this demand and uphold network reliability. Significant investment is required in upcoming years, particularly in Te Awamutu and the Company are currently planning for this investment.

The Company's performance and delivery against the 2024/25 Key Performance Indicators have been commendable. I extend my sincere thanks to the Company Board and Staff for their dedication and achievements.

I also wish to express my appreciation to our Trust Manager, Kayla Heeringa, for her unwavering commitment and exceptional efforts throughout the year.

Finally, I am grateful for my fellow Trustees and to you, our Beneficiaries. It is a privilege to serve as your Chairperson and contribute to outcomes that benefit our community.

Ngā mihi nui,



SARAH MATTHEWS

CHAIRPERSON

WAIPĀ NETWORKS TRUST