MINUTES OF THE ANNUAL MEETING OF WESCT BENEFICIARIES OF THE WAITOMO ENERGY SERVICES CUSTOMER TRUST HELD ON WEDNESDAY, OCTOBER 15, 2025 commencing at 6:03 p.m. At the Ōtorohanga Croquet Club, 52 Te Kawa Street, Ōtorohanga

WESCT beneficiaries present:

NO.	NAME
1	Beneficiary #1
2	Beneficiary #2
3	Bella Takiari-Brame, (TLC Board Chairperson)
4	Beneficiary #3
5	Bob Strawbridge, McKenzie Strawbridge Palmer
6	Brian Hanna (WESCT Trustee)
7	Beneficiary #4
8	Celina Yapp (Minutes)
9	Beneficiary #5 *(via Zoom)*
10	Beneficiary #6
11	Guy Whitaker (WESCT Trustee) *(via Zoom)*
12	Janette Osborne (WESCT Trustee)
13	Beneficiary #7
14	Beneficiary #8
15	Beneficiary #9 *(via Zoom)*
16	Beneficiary #10 *(via Zoom)*
17	Beneficiary #11
18	Beneficiary #12
19	Beneficiary #13
20	Beneficiary #14
21	Beneficiary #15 *(via Zoom)*
22	Beneficiary #16
23	Beneficiary #17
24	Beneficiary #18 *(via Zoom)*
25	Beneficiary #19
26	Beneficiary #20
27	Beneficiary #21
28	Beneficiary #22
29	Beneficiary #23
30	William Oliver (WESCT Trustee, Chairperson)
31	Yvette Ronaldson (WESCT Trustee) *(via Zoom)*

IN ATTENDANCE: Sophie Coker (TLC Director), Fraser Jonker (TLC Director), Mike Underhill (TLC Director), Todd Spencer (TLC Director), Andrew Johnson (TLC Director), Mike Fox (TLC Chief Executive), Simon Batters (GM People & Safety), Gerhard Buitendach (GM Network), Romay Rundgren (GM Finance), Craig Hackett (GM Digital), Attendee #1, and Attendee #2. Olivia Buckley (WESCT Trustee) attended via Zoom.

WELCOME

W. Oliver, Chair, welcomed all attendees and confirmed that a quorum was present. Several attendees joined the meeting via Zoom due to the inclement weather conditions. Due to the internet bandwidth, those attending via Zoom should be able to see the presentation via a shared screen; however, they were unable to see those attending in person.

B.Hanna opened the meeting with a karakia.

INTRODUCTIONS

The Chair introduced the Trustees to the meeting. B.Takiari-Brame, the Chair of the TLC Board, introduced herself and asked the TLC Directors to stand and introduce themselves. B.Takiari-Brame acknowledged outgoing Director Craig Richardson, who has relocated to Australia. M. Fox, the TLC CE, introduced himself and asked the TLC Senior Leadership Team.

APOLOGIES

Resolved: The meeting accepted an apology from ##. ***W.Oliver/B. Hanna and carried.***

MINUTES OF THE 2024 MEETING

Resolved: To adopt the minutes of the 17 October 2024 meeting as a true and correct record. ***W. Oliver/B. Hanna and carried.***

MATTERS ARISING FROM THE PREVIOUS MEETING

No matters arose from the previous meeting.

CHAIR REPORT

W. Oliver spoke to the Chair about the report presented in the Waitomo Energy Services Customer Trust 2025 Annual Report.

Resolved: To receive the Chair Report. ***W. Oliver/J. Osborne and carried***

OVERVIEW OF FINANCIAL ACCOUNTS

B.Strawbridge (BS) introduced himself and provided an overview of the financial statements to the meeting, which included the following:

McKenzie Strawbridge Palmer prepares the financial accounts for the Trust, performs tax calculations, files income tax returns, and occasionally provides consultancy services. The Trust accounts are required to be consolidated and audited. After McKenzie Strawbridge Palmer's

work, Romay Rundgren and her team at TLC consolidate the accounts and submit them to PricewaterhouseCoopers for audit.

Page 10 is the statement of comprehensive income.

It shows Trust dividend income of $1.4 million, compared to just under $1.3 million last year, operating expenses of $412,000, down from $441,000 the previous year, and some interest income, which has risen to $205,000 from $106,000 last year. On the income side, the Trust sources income from two primary sources: one is the BNZ, where surplus funds are deposited in term investments, generating interest income, and the second source of income is from TLC. From TLC, there are three basic components: a historical debenture of $1 million, from which the Trust received $60,000 in interest this year; the Trust holds shares in TLC; and from time to time, TLC pays a dividend to the Trust, as well as a perpetual loan. There had been a problem over the last five to ten years, where dividend income was received into the Trust, covering the Trust's costs, and leaving little profit left over; as a result, the imputation credits from that were accumulating as losses. TLC started paying a dividend to the Trust, and the Trust reinvested that back into TLC as a perpetual loan. Last year $926,000 was reinvested, and it has grown by an additional $1 million. The Trust has received interest and dividends, exceeding its own cost, and the surplus cash has been reinvested in the form of a perpetual loan to TLC.

For him, the key number is the operating expenses, the size of what the Trust's work is costing beneficiaries. There are $412,000 in costs for the year.

Page 11 is the balance sheet.

This year, there is a bit more cash at the balance date of $235,000, with $130,000 of a tax refund to be received, and there are shares in TLC. Those are held at cost, which amounts to $58 million. Additionally, there is $1 million of debenture and perpetual debt of $1 million. There is a deferred tax asset within the Trust of $335k, which has decreased due to the release of approximately $40k of tax credit through the perpetual loan interest.

On page 5 of the financial statements, there is a good commentary about what has happened to the Trust regarding the increase and decrease in costs. The costs are slightly down for the year but within budget, and these costs can vary depending on the workload and work programme of the Trust. The main movements in operating expenses, which decreased, were beneficiary communications by $17k, consultancy fees by $39k, legal fees by $10k, and conference expenses by $5k. With the Trust Deed review, there were additional costs of $30,000 and extra expenses for subscriptions, licences, and election/poll expenses. About 88% of the total costs for the Trust comprised of trustee fees ($129k), secretarial costs and professional fees.

The consolidated position, which includes TLC’s accounts:

A total revenue of $45.2 million in FY24, increasing to $48.4 million this year. It was around $47 million in FY23, so in FY24, it decreased, but then increased again this year. Within that are the customer discounts, which last year totalled $4.3 million and increased to $5.2 million this year.

Operating expenses were up slightly by $1.4 million. Within that, there is a 4% increase in transmission charges, a 3.6% increase in staff costs, donations made through the Maru Trust, an increase from $400,000 to $832,000, and a 33% increase in the professional fees within the Group, which are up to $2.6 million, and a slight decrease in other costs.

The $13 million in depreciation costs, written off against the assets, is up slightly from last year, and the consolidated profit for the Group is $4.157 million less tax; after tax, it is $3.1 million.

Further down on page 10 of the accounts, there is a revaluation of the hedge reserves, so TLC has some fixed interest contracts on their loans, so as interest rates have fallen, those are probably showing losses, so after tax, an adjustment of $996,000 and overall the comprehensive income for the year was $2.1 million.

Page 11 of the accounts.

The assets of the Group is a $9.5 million worth of cash or cash equivalents, $6.9 million worth of debtors and receivables, some inventory, $18m of current assets, and then the property plant and equipment, and the investment into the network has gone up by $12 million, and also in intangibles or software has gone from $3.5 to $7 million. Overall $338 million worth of assets, which is down on the year before and mainly because there is less cash on hand. The main change is the bank borrowings – TLC still has a facility of $75 million, but its borrowings for the year is only $32 million, which is down $9 million from the previous year. Total liabilities, including $2 million in subordinated debentures and $56 million in deferred tax, amount to $100 million in liabilities. So, the net assets are $238 million, which is about $2 million up from last year.

Deferred tax. When the network is valued from year to year, it is valued based on future income streams, inclusive of taxation, so a pretax income stream. Consequently, there is a liability to offset the future technically deferred tax on that valuation. It does not mean that there is $56 million worth of tax to pay to the IRD.

Overall, there is a trust operating on $412,000 worth of costs, and a Company that has returned a profit and also given $5.2 million back to its beneficiaries. Total assets are $238 million in net equity, and the debt has decreased by $9 million.

B. Strawbridge asked for questions.

Beneficiary #17 asked why TLC spent so much money on IT, as it appeared to be $3-$4 million per year. Over the years, about $94 million of assets have been sold. The balance sheet looks great, but why are they ploughing through so much money?

TLC CE Mike Fox responded. The reality of the world in which TLC operates today is that they need to invest in the technology that supports their business. Traditionally, the industry was designed to generate power in one place and distribute it through a relatively simple arrangement. As you see new technologies evolve, such as solar batteries and electric vehicles, there is a significant increase in complexity in how the grid operates. However, much of the technology has progressed materially in terms of what we want to achieve and how to manage the network to optimise its performance. This requires a significant investment in software to accomplish. It is not unique to TLC if you look across at any other distribution company in NZ or worldwide, that is the change they are having to make to remain current. Otherwise, they will not be able to provide the service the community needs.

Beneficiary #17 said that technology seems to be something that the younger generation cannot live without, but there is no other reason why so much has to be spent, and it must be useless as soon as you buy it. M. Fox said he would challenge anyone to run a distribution company in today's world without having to invest in technology or software. That is just the way life is. It is not unique to TLC as a Company or to the Industry. Beneficiary #17 asked whether TLC was getting into AI, and M. Fox confirmed they were.

Beneficiary #17 inquired about a 5-year trend statement, noting that for FY22, the amount was reduced to $42 million when it should have been $62 million. TLC GM Finance's R. Rundgen said the revenue drop he was referring to was due to the sale of Influx. According to accounting rules, they are required to report it as a discontinued operation in the prior year, which is why the revenue decreased. Unfortunately, this is due to accounting rules.

Resolved: To approve the 2025 Annual Report to WESCT Beneficiaries: *W. Oliver/*Beneficiary #7 *and carried*

APPOINTMENT OF AUDITOR

PricewaterhouseCoopers has provided an estimate for the FY26 audit, totalling $27,000 + GST and disbursements.

Resolved: To accept the estimate provided by PricewaterhouseCoopers to carry out the FY26 audit of $27,000 + GST and disbursements, and appoint them as Auditors to hold office until the next Annual Meeting of WESCT Beneficiaries. *B.Hanna/Beneficiary #25 and carried*

GENERAL BUSINESS - QUESTIONS

Beneficiary #17 asked about the Commerce Commission and whether it was a one-off or ongoing matter. W. Oliver said that ComCom is one of the major legislatures for the Industry, so they will forever be part of the business. M. Fox said they consulted with the wider community last year, and they are in the first full year of that programme. It will take them another two years after this one to work their way through the programme, which will put that previous breach to bed. They also exceeded in FY23, which was the year of Cyclone Gabrielle, and they are expecting to hear back from the Commission on the result early next year. There is a lot of work going on across the team regarding that historic matter, and they are well on track to get it sorted out.

There were no further questions, and the Chair thanked all those present for their attendance.

The formal Annual Meeting of WESCT Beneficiaries concluded at 6:47 p.m. with a karakia.

A presentation followed the meeting by TLC CE M. Fox.