2025 Annual Report to WESCT Beneficiaries

Waitomo Energy Services Customer Trust

Contents

Trustee Review

E ngā mana, e ngā reo, e ngā karangatanga maha, tēnā koutou katoa.

Greetings to all beneficiaries, authorities, members, and affiliations.

As Chair of the Waitomo Energy Services Customer Trust (WESCT), I am privileged to present this report on behalf of WESCT for the year ended the 31st of March 2025 (FY25).

Waitomo Energy Services Customer Trust

The core purpose of WESCT is to hold 11,846,808 shares in the Lines Company Limited (TLC) on behalf of WESCT beneficiaries. As a result of the work of previous Trustees, this represents 100% ownership of TLC.

Because of this ownership, WESCT beneficiaries received a discount from TLC of $5.2m during FY25 ($4.3m during FY24). This sum excludes GST. For those not GST registered and treating the lines cost as a business expense, you would also have received GST on top of that sum.

Trustee Update

The Trustees at the end of FY25 were:

1. William Oliver / Chair
2. Cathy Prendergast / Deputy Chair
3. Janette Osborne
4. Yvette Ronaldson
5. Guy Whitaker
6. Erin Wirihana

Janette Osborne, Yvette Ronaldson, William Oliver, Cathy Prendergast, Guy Whitaker, Erin Wirihana

WESCT Trustees 31 March 2025

The Trustees thank Cathryn Prendergast and Erin Wirihana, whose terms concluded on the 31st March 2025. We need to acknowledge their hard work, dedication and the indelible mark they have left on the Trust. Cathy has been a rock, providing wise counsel and being both thorough and adaptable. Erin has instigated a significant amount of change in the Trust and, consequently, TLC over the last eight years, driven by her passion for the community, which has shaped both her time and thought. We wish you both success, fulfilment, and happiness in your next adventures.

In FY25, the Trust had 16 core meetings, including 11 monthly Trustee meetings, strategy meetings, annual meetings, Director reviews and TLC Board

Trust functions

In FY25, the Trust continued to perform the key functions on behalf of its beneficiaries, which covered:

1. Director review meetings;
2. Director remuneration review;
3. Preparation of a Letter of Expectation for inclusion in the Statement of Corporate Intent;
4. Discussion and acceptance of the 2025/26 Statement of Corporate Intent; and
5. Publicly reporting on both TLC and WESCT performance for the financial year.

In addition to the above, the Trustees completed the work on the Trust Deed review and creating standard operating procedures. The Trustees also continued their work in communicating with beneficiaries and key stakeholders, as well as collaborating with other network trustees across Aotearoa.

TLC Director Update

FY25 saw the TLC Board operate with six Directors: Bella Takiari-Brame (Chair), Andrew Johnson, Craig Richardson, Fraser Jonker, Mike Underhill and Todd Spencer.

At every TLC annual general meeting, one-third of the Directors who have been in office the longest retire by rotation. Retiring Directors, however, are eligible for re-election. At the TLC 2024 annual general meeting, the Trust was pleased to re-elect Fraser Jonker and Todd Spencer, who had both retired by rotation and offered themselves for reappointment.

Financial Performance of the Trust

The Trust's income was $222.4k higher than the previous year at $1.62m, due to:

- Higher dividend paid by TLC (+$124k). The Trust paid $1m back to TLC as perpetual debt.
- Lower interest from TLC on the Debenture(-$14.2k).
- Higher interest from BNZ (+$9.8k)
- Higher interest received from the perpetual debt (+$103k)

The operational expenditure was $412k, which was $28.4k lower than FY24. The overall level of expenditure in FY25 was within the budgeted amount set by the Trust, as expenditure can vary significantly from year to year.

The key areas of the decreased expenditure were:

1. Beneficiary Communications (-$17k)
2. Consultancy Fees (-$39k)
3. Legal Fees (-$10.5k)
4. Secretarial Fees (-$2.5k)
5. Conference Expenses (-$5.5k)

The key areas of increased expenditure were:

- Trust Deed Review (+$30.6k)
- Election/Poll Expenses (+$4.7k)
- Subscriptions & Licences (+9.2k)

WESCT records an FY25 profit before tax of $1,212,666 (compared to a profit of $961,543 in FY24). Net profit after tax was $1,168,393 (FY24 $976,105).

Financial performance of TLC

A return on average equity before the TLC discount paid to WESCT beneficiaries was 3.0% compared to a target of 3.2%. The return is slightly lower than the target due to fault expenditure incurred in the first quarter.

As 100% shareholder, WESCT is pleased to acknowledge that TLC has achieved the following:

- $22 million capital investment into the network
- $0.8 million into community investment
- $5.2 million paid in TLC discounts
- 12% staff turnover
- TRIFR reduced from 3.3 in 2024 to 3.1 in 2025
- 25.5 point improvement in Employee Net Promoter Score (eNPS)
- Gender pay gap reduced from 11% to 7%
- Volunteer Days – 22 staff, 156 hours, $7k value
- Customers were without power for just 153 minutes on average
- Return on equity – 3%
- Big win - Best Community Energy Project – SEANZ
- Big win - Four awards and second place overall at Connexis Line Competition

Statement of Corporate Intent (SCI)

Each year, the SCI is agreed upon with the Directors of TLC. The summary below is TLC's performance against the SCI targets extracted from the TLC annual report.

Key performance Indicator	Achieved	Actual	Target	Comments
Financial Performance				
Return on average non-current assets before customer discount	×	2.2%	2.3%	Returns are lower than targets due to decreased profits compared to target.
Return on average equity before customer discount	×	3.0%	3.2%	Returns are lower than targets due to decreased profits compared to target.
Equity ratio	✓	70.6%	Not Less than 50%	
Company debt (including and perpetual subordinated debentures)	✓	$36.9m	$45.9m	
People First				
Serious harm injuries	✓	Nil	Nil	
Critical risk event rate	✓	Measure established	Establish Baseline measure	
TRIFR - Total recordable injury frequency rate	×	3.1	25% reduction on FY24 result	This was an ambitious target and purposely set to push our continuous improvement in this area.
Employee engagement score	×	3.9	4.0	Although target was not reached we have seen a shift in employee satisfaction.
Genuine Partnerships				
Local sponsorships	✓	$256k	$250k	
Customer satisfaction	×	58%	60%	Customer satisfaction was lower than target but we have seen a 4% improvement from the prior year.
Making a Difference				
Energy hardship funding	✓	$125k	> $100k	
Discount	✓	$5.2m	$5.2m	
Maru Energy Trust funding	✓	$450k	$450k	
Staff solar installations	✓	10	10	
Our Network				
Unplanned SAIDI	✓	152.5 minutes	< 181.5 minutes	
Planned SAIDI	×	130.9 minutes	< 113.6 minutes	An increase in the planned capital works program has driven higher outage minutes.
Unplanned SAIFI	✓	2.40 interruptions	< 3.27 interruptions	
Planned SAIFI	×	0.83 interruptions	< 0.70 interruptions	An increase in the planned capital works program has caused more interruptions than targeted.

WESCT's Influence on TLC's Continued Impact and Strategic Direction

WESCT's focus will continue to ensure that The Lines Company (TLC) remains committed to delivering tangible benefits to our beneficiaries and the wider community, as an economic enabler providing reliable and accessible electricity to businesses and homes, while also generating targeted returns. These include increased discounts and funding initiatives aimed at reducing energy hardship, as well as enabling community development and well-being through local efforts such as the Maru Energy Trust.

As the long-term shareholder of TLC, WESCT has a responsibility to ensure the long-term sustainability of the electricity network for current and future generations. This means advocating for ongoing development that builds resilience while balancing capital investment with affordability.

A resilient network is essential in the face of increasing demand from electrification, the impacts of climate change, and the risk of regulatory penalties. If TLC fails to meet compliance targets, the resulting costs ultimately affect customers and our beneficiaries.

Meeting these challenges requires TLC to excel in asset management—making forward-looking, data-driven decisions. As a shareholder, WESCT plays a key role in influencing and supporting TLC to meet these expectations and deliver outcomes that serve the district now and into the future.

Achieving these goals is only possible through meaningful investment in partnerships and a steadfast commitment to putting people first.

Acknowledgements

First and foremost, I would like to acknowledge our WESCT beneficiaries. If you are reading this report or attending the annual meeting, thank you for your interest in the future of our community and the important roles that both WESCT and TLC play.

I would also like to extend my sincere gratitude to all TLC staff. Your dedication throughout the past financial year—and particularly during the extreme weather events—has been exemplary. Whether working directly on the network, supporting customers, or contributing through operations, finance, regulatory compliance, IT, or other vital functions, your efforts are deeply appreciated. Your commitment to restoring power under challenging conditions does not go unnoticed.

Thank you to the Senior Leadership Team and the Board for your time, insight, and dedication throughout this and previous periods. Your leadership has contributed to strong financial outcomes, positioning TLC and WESCT to address future challenges with confidence. As we continue to pursue meaningful benefits for our beneficiaries while navigating the path to Net Carbon Zero and enhancing network resilience, our goals feel increasingly within reach.

Finally, I would like to thank my fellow Trustees and Celina Yapp for her invaluable support in providing secretarial services to the Trust. A great deal of important work happens behind the scenes, all driven by a shared passion for our community's prosperity and the critical role that affordable, reliable energy plays.

Tēnei te mihi ki a koutou katoa.

Guy Whitaker

Deputy WESCT Chair

Trustees Report

The Trustees present the consolidated annual report of the Waitomo Energy Services Customer Trust for the year ended 31 March 2025, which is signed on behalf of the Trust by:

17 September 2025

Guy Whitaker — Date

Deputy WESCT Chairperson

17 September 2025

Janette Osborne — Date

Trustee

Statements of Comprehensive Income

for the year ended 31 March 2025

	Note	Group 2025 $'000	Group 2024 $'000	Trust 2025 $'000	Trust 2024 $'000
Continuing operations					
Revenue from contracts with customers	1	48,452	45,242	-	-
Dividend income	24	-	-	1,420	1,296
Operating expenses	2	(31,121)	(29,746)	(412)	(441)
Depreciation and amortisation	9 & 10	(13,321)	(12,197)	-	-
Interest income/(costs) (net)	3	147	(176)	205	106
Total expenses		(44,295)	(42,119)	(207)	(335)
Profit before tax		4,157	3,123	1,213	961
Income tax (expense)/income	4	(1,055)	(1,746)	(44)	15
Profit from continuing operations		3,102	1,377	1,169	976
Profit from discontinuing operations	11.1	-	40,823	-	-
Profit after tax		**3,102**	**42,200**	**1,169**	**976**
Profit for the year is attributable to:					
Equity holders of the company		3,102	42,200	1,169	976
1. Profit for the year from continuing operations		3,102	1,377	1,169	976
2. Profit for the year from discontinuing operations		-	40,823	-	-
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of property, plant and equipment		-	18,197	-	-
Deferred tax relating to revalued assets		-	(5,095)	-	-
Other comprehensive income for the year, net of tax		-	13,102	-	-
Items that may be reclassified to profit or loss					
Cash flow hedge reserves	14.2	(1,383)	(1,101)	-	-
Deferred tax relating to cashflow hedges	14.2	387	308	-	-
Other comprehensive loss for the year, net of tax		(996)	(793)	-	-
Total comprehensive income for the year		2,106	54,509	1,169	976
Total comprehensive income is attributable to:					
Equity holders of the company		2,106	54,509	1,169	976
Total comprehensive income from continuing operations		2,106	13,686	1,169	976
Total comprehensive income from discontinuing operations		-	40,823	-	-

The Statements of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

Statements of Financial Position

as at 31 March 2025

		Group		Trust	
	Note	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Current assets					
Cash and cash equivalents	6	9,526	32,872	235	111
Trade and other receivables	7	6,951	5,337	29	23
Contract assets	1	-	292	-	-
Inventories	8	1,235	1,318	-	-
Current tax asset	15	-	-	130	125
Other financial assets	23	102	18	-	-
Investment in term deposits	13.1	309	184	309	184
		18,123	40,021	703	443
Non-current assets					
Property, plant and equipment	9	312,660	300,064	-	-
Intangible assets	10	7,213	3,573	-	-
Investment in shares	13.2	-	-	58,664	58,664
Investment in subordinated debentures	13.3	-	-	1,000	1,000
Investment in perpetual debt	13.4	-	-	1,926	926
Deferred tax asset	16	-	-	335	379
Other financial assets	23	592	2,059	-	-
		320,465	305,696	61,925	60,969
Total assets		**338,588**	**345,717**	**62,628**	**61,412**
Current liabilities					
Trade and other payables	18	6,847	6,115	86	39
Contract liabilities	1	762	282	-	-
Lease liabilities	20	29	32	-	-
Current tax liability	15	69	428	-	-
Accrual for staff entitlements	19	1,897	1,834	-	-
		9,604	8,691	86	39
Non-current liabilities					
Bank borrowings	17	32,000	41,000	-	-
Lease liabilities	20	12	42	-	-
Subordinated debentures	17	2,000	2,000	-	-
Deferred tax liability	17	56,488	57,606	-	-
		90,500	100,648	-	-
Total liabilities		**100,103**	**109,339**	**86**	**39**
Net assets		**238,484**	**236,378**	**62,542**	**61,373**
Equity					
Trust share capital		11,930	11,930	11,930	11,930
Retained earnings		132,263	127,626	11,560	10,391
Cash flow hedge reserves	14.2	499	1,495	-	-
Revaluation reserves	14.3	93,792	95,327	39,052	39,052
Equity attributable to equity holders of the company		**238,484**	**236,378**	**62,542**	**61,373**
Total equity		**238,484**	**236,378**	**62,542**	**61,373**

The Statements in Financial Position should be read in conjunction with the Notes to the Financial Statements

Statements of Changes in Equity

Group	Note	Share Capital $'000	Retained Earnings $'000	Cashflow Hedge Reserves $'000	Revaluation Reserves $'000	Total Equity $'000
Balance at 31 March 2023		**11,930**	**84,191**	**2,288**	**83,460**	**181,869**
Profit for the year		-	42,200	-	-	42,200
Other comprehensive income						
Interest rate swaps		-	-	(793)	-	(793)
Revaluation of property, plant and equipment		-	-	-	13,102	13,102
Total other comprehensive income		-	-	(793)	13,102	12,309
Transfer from retained earning	14.3	-	1,235	-	(1,235)	-
Balance as at 31 March 2024		**11,930**	**127,626**	**1,495**	**95,327**	**236,378**
Profit for the year		-	3,102	-	-	3,102
Other comprehensive income						
Interest rate swaps		-	-	(996)	-	(996)
Total other comprehensive income		-	-	(996)	-	(996)
Transfer from retained earning	14.3	-	1,535	-	(1,535)	-
Balance as at 31 March 2025		11,930	132,263	499	93,792	238,484
Attributable to Equity Holders of the Company		**11,930**	**132,263**	**499**	**93,792**	**238,484**

The Statements of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Statements of Changes in Equity

for the year ended 31 March 2025

Trust	Note	Share Capital $'000	Retained Earnings $'000	Revaluation Reserves $'000	Total Equity $'000
Balance as at 31 March 2023		**11,930**	**9,415**	**39,052**	**60,397**
Profit for the year		-	976	-	976
Balance as at 31 March 2024		**11,930**	**10,391**	**39,052**	**61,373**
Profit for the year		-	1,169	-	1,169
Balance as at 31 March 2025		**11,930**	**11,560**	**39,052**	**62,542**
Attributable to Equity Holders of the Company		**11,930**	**11,560**	**39,052**	**62,542**

The Statements of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

Statements of Cash Flows

for the year ended 31 March 2025

	Note	Group		Trust	
		2025 $'000	2024 $'000	2025 $'000	2024 $'000
Operating activities					
Cash generated from operations	21	16,905	14,557	1,049	839
Interest paid	3	(1,081)	(1,435)	-	-
Interest received	3	753	933	205	106
Income taxes paid	15	(2,145)	(5,603)	(5)	(78)
Net cash inflow from operating activities		**14,432**	**8,511**	**1,249**	**867**
Investing activities					
Purchase of property plant and equipment		(25,806)	(21,556)	-	-
Purchase of intangible assets		(2,930)	(1,446)	-	-
Proceeds on disposal of property, plant and equipment		119	236	-	-
Investment in perpetual debt		-	-	(1,000)	(926)
Investment in term deposits		(125)	(184)	(125)	(184)
Net cash outflow from investing activities		**(28,742)**	**(22,950)**	**(1,125)**	**(1,110)**
Financing activities					
Lease liability paid	20	(36)	(34)	-	-
Bank borrowings repaid		(9,000)	(74,500)	-	-
Bank borrowings advanced	17	-	41,000	-	-
Net cash outflow from financing activities		**(9,036)**	**(33,534)**	**-**	**-**
Net cash inflow from discontinuing operations	11.2	**-**	**77,982**		**-**
Net (decrease)/increase in cash and cash equivalents		(23,346)	30,009	124	(243)
Cash and cash equivalents at the beginning of the year	6	32,872	2,863	111	354
Cash and cash equivalents at the end of the year	6	**9,526**	**32,872**	**235**	**111**

The Statements of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

General Information

The Waitomo Energy Services Customer Trust (the Trust or WESCT) is an Energy Power Trust established under the Energy Companies Act 1992. The Trust's principal activity is investment in the electricity industry. It owns 100% of the shares in The Lines Company Ltd. The Group consists of the Trust and The Lines Company (the Company or TLC) disclosed in Note 12.

The Company's principal activities are the conveyance of electricity through its distribution network and electrical contracting. Those principal activities are substantially carried out in the greater King Country region of New Zealand.

The consolidated financial statements were authorised for issue by the Trustees on 17 September 2025.

Summary of material accounting policies

Basis of preparation

The consolidated financial statements (financial statements) of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and with the requirements of the Companies Act 1993, Financial Reporting Act 2013 and Energy Companies Act 1992.

The Group represents the Trust consolidating TLC and its subsidiaries, and the Trust figures presented represent WESCT standalone.

The Group is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS. The consolidated financial statements also comply with International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

They are prepared on the historical cost basis except for the revaluation of certain non-current assets, assets of a disposal group classified as held for sale and financial instruments measured at fair value.

The presentation currency is the New Zealand Dollar ($). All financial information has been rounded to the nearest thousand, unless otherwise stated.

Estimates and judgements

The Board and management are required to make judgements, estimates and apply assumptions that affect the amounts reported in the financial statements. They are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in the future periods.

Judgements and estimates which are material to the financial statements are found in the following notes:

Note 1	Revenue recognition	Page 18
Note 9	Valuation of network distribution system	Page 25
Note 14.2	Cash flow hedging	Page 31
Note 16	Deferred tax asset recognition	Page 33
Note 23.3	Financial instruments	Page 42

Accounting standards not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory until the next accounting period. These include:

(1) Amendment to IFRS 16 – Leases on sale and leaseback
(2) Amendments to IAS 7 and IFRS 7 – Supplier finance

These are not expected to have any material effect on the annual report. In addition, the Group has not adopted IFRS 18 – Presentation and disclosure in Financial Statement which was issued on 24 May 2024. This standard replaces IAS 1 and will be effective for the period beginning 1 April 2027. The Group has not yet assessed its impact on the financial statements.

Notes to the Financial Statements

for the year ended 31 March 2025

1. Revenue from contracts with customers

	Group 2025 $'000	Group 2024 $'000	Trust 2025 $'000	Trust 2024 $'000
Revenue recognised over time				
Network revenue before discounts	50,577	46,335	-	-
Less network discount	(5,200)	(4,300)	-	-
Network revenue	**45,377**	**42,035**	**-**	**-**
Revenue from electrical contracts which were unsatisfied and included in contract assets and liabilities	786	(315)	-	-
Revenue from completed electrical contracts	2,289	3,522	-	-
Electrical contracting revenue	**3,075**	**3,207**	**-**	**-**
			-	-
Revenue	**48,452**	**45,242**	**-**	**-**

Contract assets and liabilities

The following table reflects the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	Group 2025 $'000	Group 2024 $'000	Trust 2025 $'000	Trust 2024 $'000
Electrical contracts assets due to percentage of completion	-	292	-	-
Contract assets	**-**	**292**	**-**	**-**
Electrical contracts liabilities due to percentage of completion	(494)	-	-	-
Network customer credit balances	(268)	(282)	-	-
Contract liabilities	**(762)**	**(282)**	**-**	**-**

Management expects that 100% (2024: 100%) of the transaction price will be allocated to the unsatisfied contracts to revenue in the next reporting period.

Policies

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and GST. All revenue is earned within New Zealand.

The Group has two streams of revenue:

(3) Network revenue
(4) Electrical contracting revenue

Network revenue results from the conveyance of electricity through its distribution network. The Group directly bills its large and dedicated asset customers. These customers do not have extended terms of payment and can terminate on short notice. The Group bills all other ICP's to retailers directly for the electricity delivered across the region's line network through a time of use pricing methodology. Retailers do not have extended terms of payment. Payment terms are within 30 days.

The Group's obligation is to provide a single performance obligation of continuous service to the end customer which they benefit from over time. Revenue is recognised at the price per kilowatt-hour (kWh) delivered to the customer in that period together with a fixed daily fee. Prices incorporating variable pricing and reflects demand and deduction of discounts.

A network discount is approved annually and paid in December and May.

Electrical contracting revenue relates to the installation of streetlights, lines and network connection for customers. Revenue is recognised based on the stage of completion of the contract applying the cost-to-cost method, i.e., based on the proportion of contract costs incurred to work performed to date relative to the estimated total contract cost. The Directors consider this input method as an appropriate measure of the progress towards complete satisfaction of the performance obligations under IFRS 15, i.e., recognised over time.

General payment terms are that a 50% deposit is paid before work commences and final payment is made on completion of the contract. This may result in a contract asset or liability on the statement of financial position when comparing the payment received and the percentage of completion revenue. Where a contract liability is recognised, it is not considered to be a significant financing component as the period between milestone payments and revenue under the cost-to-cost method is less than a year.

Judgements

Management must apply judgement where:

• Electrical contracting projects percentage of completion is assessed based on percentage of cost basis. Judgement is used for the estimated final cost. Variations to contracts are assessed in the estimated final cost but these are minimal.

2. Operating expenses

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Transmission charges	6,730	6,475	-	-
Total staff cost recognised as expense	12,650	12,206	-	-
Other network related expenditure	4,996	5,229	-	-
Cost of inventories recognised as expense	1,383	1,285	-	-
Low value or short term leases not included in leases (Note 21)	(1)	101	-	-
Donations and sponsorships	832	400	-	-
Professional fees	2,649	1,987	150	162
Property expenses	766	701	2	3
Secretarial fees	84	86	84	86
Trustee fees	129	128	129	128
Directors' fees and expenses	364	336	-	-
Gain on disposal of property, plant and equipment and software intangibles	(112)	(222)	-	-
Other expenses	651	1,034	47	62
Total	**31,121**	**29,746**	**412**	**441**

Policies

Government grants relating to costs are deferred and recognised in profit and loss over the period necessary to match them with the costs that they are intended to compensate.

	Group		Trust	
Fees and expenses paid to auditors	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Audit of the Financial Statements	274	304	31	31
OAG Fees	27	27	-	-
Total	**301**	**331**	**31**	**31**
Assurance procedures on Default Price-Quality Path	66	62	-	-
Assurance procedures on Information Disclosure	69	69	-	-
Assurance procedures on Section 53zd Notices Regulatory – these assurance procedures relate to assurance provided over the depreciation and quality notices as part of the Commerce Commission DPP4 reset.	30	-	-	-
Total	**165**	**131**	**-**	**-**

3. Interest income/(costs) (net)

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Interest costs				
Interest on bank borrowings	(933)	(1,464)	-	-
Capitalised interest	503	389	-	-
Interest on lease liabilities	(3)	(4)	-	-
Interest paid on subordinated debentures and perpetual debt	(99)	(102)	-	-
Other interest expense, principally IRD Use of Money	-	(7)	-	-
Total interest costs	**(532)**	**(1,188)**	**-**	**-**
Interest income				
Interest income	679	1,012	28	18
Interest received on subordinated debentures and perpetual debt	-	-	177	88
Total interest income	**679**	**1,012**	**205**	**106**
Total	**147**	**(176)**	**205**	**106**

The weighted average interest rate on bank borrowings, including interest rate swap derivatives, is 2.69% (2024: 3.82%).

Interest paid per the statement of cash flows

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Total interest costs	532	1,188	-	-
Less interest accrual	49	(138)	-	-
Less lease liability interest	(3)	(4)	-	-
Add capitalised interest	503	389	-	-
Net interest paid per the statement of cash flow	**1,081**	**1,435**	**-**	**-**

Interest received per the statement of cash flows

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Total interest income	679	1,012	205	106
Less interest accrual	74	(79)	-	-
Net interest paid per the statement of cash flow	**753**	**933**	**205**	**106**

Policies

Interest income/expense is recognised as it accrues, using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Borrowing costs not directly attributable to qualifying assets is recognised as interest expense.

4. Income tax expense/(income)

		Group		Trust	
		2025	2024	2025	2024
Reconciliation of income tax expense		$'000	$'000	$'000	$'000
Profit before income tax from continuing operations		4,157	3,123	1,213	961
Profit before income tax from discontinuing operations	11.2	-	41,253	-	-
Profit before tax		4,157	44,376	1,213	961
Income that is non-taxable		-	-	(1,121)	(1,023)
Expenses that are non-deductible		401	400	43	18
Gain on sale of investment		-	(39,271)	-	-
Taxable profit/(loss)		4,558	5,505	135	(44)
Income tax expense at statutory tax rates		1,276	1,541	44	(15)
Change in tax legislation regarding depreciation on building		-	629	-	-
Effect of prior period tax adjustment		(221)	6	-	-
Income tax expense/(income)		**1,055**	**2,176**	**44**	**(15)**
Effective tax rate (being total tax expense divided by profit before tax)		25%	49%	4%	2%
Current tax expense		1,786	2,576	-	-
Deferred tax expense		(731)	(400)	44	(15)
Income tax expense/(income)		1,055	2,176	44	(15)
Attributable to:					
Continuing activities		1,055	1,746	44	(15)
Discontinuing activities		-	430	-	-

Amounts recognised directly in other comprehensive income

Aggregate current and deferred tax arising in the reporting period and not recognised in the net profit and loss component of the statements of comprehensive income but directly debited and credited to other comprehensive income.

	Group 2025	Group 2024	Trust 2025	Trust 2024
Deferred tax – directly to other comprehensive income	(387)	4,787	-	-
Total tax expense for the year recognised in other comprehensive income	(387)	4,787	-	-

Policies

Income tax expense comprises current and deferred tax and is calculated using tax rates enacted or substantively enacted at balance sheet date.

Current and deferred tax is recognised in profit and loss unless the tax relates to items in other comprehensive income, in which case the tax is recognised as an adjustment in other comprehensive income against the item to which it relates.

Imputation credits

The value of imputation credits available for subsequent reporting periods as at 31 March 2025 is $24.3m (2024: $22.9m).

The Parent entity is a Trust and therefore not required to maintain an imputation credit account. Any tax paid by the trust is a final tax on income received.

Change in legislation

In March 2024, the New Zealand Government enacted the Taxation (annual Rates for 2023-24, Multinational Tax and Remedial Matters) Bill. As a result, from 2024-25 income tax year onwards, The Group can no longer claim any tax on depreciation on their buildings with useful lives of 50 years or more in New Zealand. The Group assessed the accounting impact of this change, which resulted in an increased deferred tax liability on property, plant and equipment.

5. Operational profit from continuing operations

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Earnings/(loss) before interest, tax, depreciation and amortisation (EBITDA)				
Network	23,248	21,338	-	-
Network services	1,711	769	-	-
Corporate services	(7,628)	(6,611)	1,008	855
EBITDA [(1)]	**17,331**	**15,496**	**1,008**	**855**
Depreciation and amortisation	(13,321)	(12,197)	-	-
Earnings/(loss) before interest and tax (EBIT)	**4,010**	**3,299**	**1,008**	**855**
Interest (costs)/income (net)	147	(176)	205	106
Profit/(loss) before tax	**4,157**	**3,123**	**1,213**	**961**

1. EBITDA is a non-GAAP measure however due to significant capital expenditure in the Group, it is deemed a relevant measure of the financial performance of the Group for financial users.

6. Cash and cash equivalents

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Cash at bank on hand	1,846	6,812	55	51
Term deposits	7,680	26,060	180	60
Total	**9,526**	**32,872**	**235**	**111**

Policies

For the purpose of presentation in the statement of cash flows, 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. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

7. Trade and other receivables

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Trade receivables				
Trade receivables	3,147	2,355	-	-
Less loss allowance (note 24.2)	(948)	(748)	-	-
Balance at 31 March	2,199	1,607	-	-
Other receivables				
Unbilled network revenue	3,679	2,939	-	-
Sundry receivables	116	-	2	-
Prepayments	957	791	27	23
Balance at 31 March	4,752	3,730	29	23
Total trade and other receivables balance at 31 March	**6,951**	**5,337**	**29**	**23**
Ageing of trade receivables				
Current to 90 days	1,468	1,507	-	-
Greater than 90 days	1,679	848	-	-
Total	**3,147**	**2,355**	**-**	**-**

Policies

Trade and sundry receivables are non-interest-bearing amounts due from customers for services performed in the ordinary course of business. They are generally settled within 30 days and therefore are all classified as current.

Trade and sundry receivables are recognised initially at the amount of consideration that is unconditional. The carrying value of trade and sundry receivables approximates their fair value.

The simplified approach to measuring expected credit losses is applied which uses a lifetime expected loss allowance for all trade and sundry receivables.

A loss allowance is assessed in note 23.2.

8. Inventories

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Network stock	1,235	1,318	-	-
Total	**1,235**	**1,318**	**-**	**-**

Policies

Inventories are stated at average cost. Inventory is valued at the lower of net realisable value or cost.

Cost includes the cost of direct materials and other charges, e.g. freight incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

9. Property, plant and equipment

Group	Land $'000	Buildings $'000	Network Distribution System $'000	Plant & Vehicles $'000	Right of use asset $'000	Total $'000
At 31 March 2023	**1,503**	**3,653**	**354,780**	**12,195**	**189**	**372,320**
Additions	-	196	19,209	2,540	-	21,945
Disposals	-	-	-	(817)	-	(817)
Revaluation	200	55	18,000	-	-	18,255
At 31 March 2024	**1,703**	**3,904**	**391,989**	**13,918**	**189**	**411,703**
Additions	-	154	22,592	2,704	-	25,450
Disposals	-	-	-	(2,419)	-	(2,419)
Revaluation	-	-	(427)	-	-	(427)
At 31 March 2025	**1,703**	**4,058**	**414,154**	**14,203**	**189**	**434,307**
At 31 March 2023	**-**	**310**	**92,102**	**8,587**	**91**	**101,090**
Depreciation charge	-	102	9,798	1,365	29	11,294
Reclassification	-	58	-	-	-	58
Disposals	-	-	-	(803)	-	(803)
At 31 March 2024	**-**	**470**	**101,900**	**9,149**	**120**	**111,639**
Depreciation charge	-	116	10,647	1,630	29	12,422
Revaluation	-	-	-	(2)	2	-
Disposals	-	-	-	(2,414)	-	(2,414)
At 31 March 2025	**-**	**586**	**112,547**	**8,363**	**151**	**121,647**
At 31 March 2023	1,503	3,343	262,678	3,608	98	271,230
At 31 March 2024	**1,703**	**3,434**	**290,089**	**4,769**	**69**	**300,064**
At 31 March 2025	**1,703**	**3,472**	**301,607**	**5,840**	**38**	**312,660**
At 31 March 2024	**159**	**1,150**	**205,680**	**4,769**	**69**	**211,827**
At 31 March 2025	**159**	**1,235**	**221,495**	**5,840**	**38**	**228,767**

The carrying amount (cost model) table represents the carrying amounts that would have arisen had all property, plant and equipment been carried under the cost model.

Estimated network work in progress at the end of the year was $10.0m (2024: $7.8m) included in network distribution system. Estimated building work in progress at the end of the year was $0.34m (2024: $0.32m) included in buildings.

Policies

Property, plant and equipment other than land and buildings and network distribution system are initially measured at cost, and subsequently stated at cost less depreciation and any impairment losses.

Land and buildings and network distribution system are held at their fair value. Fair values are determined based on valuations adjusted for subsequent purchase costs, disposals, depreciation and impairment. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Expenditure is capitalised if the asset is technically and commercially feasible, future economic benefits are probable, and the Group intends to use or sell the asset.

Capitalisation occurs immediately once an asset is acquired or installed.

Depreciation begins once an asset is ready for use.

Depreciation of property, plant and equipment, other than land, is calculated on a straight-line basis and expensed over the life of the asset.

Estimated useful asset lives are as follows:

- Buildings 40 – 100 years
- Network distribution system 5 – 60 years
- Plant & vehicles 1 – 13 years
- Right of use assets associated with lease assets are depreciated over the lease term.

Gain or loss on disposal is recognised in profit and loss. When revalued assets are sold the amounts included in the revaluation reserves are transferred to retained earnings.

Judgements

Land and buildings

The land and buildings of the Group, comprising depots at Waitete Road, Ohakune, Te Kūiti and Te Peka Street, Taumarunui; the residential dwellings at Te Peka Street, Taumarunui and head office at King Street East, Te Kūiti were revalued to $4.5 million at 31 March 2024.

These valuations were prepared by Doyle Valuations Ltd (A.N.Z.I.V, S.N.Z.P.I), an independent valuer with local experience. These valuations were carried out in accordance with API and PINZ Professional Practice and International Valuation Standards. Cost summation, market rate and income approaches were used for the valuations.

The Group has considered the carrying value at year end and concluded that the carrying value materially reflects the estimated fair value at 31 March 2025 based on limited movement in key assumptions since the last valuation.

The fair value measurements above are considered to be Level 2 as per NZ IFRS 13, as they are derived from valuation techniques that include inputs for the assets that are based on observable market data.

Network distribution system

The Group estimates the fair value of the distribution network through independent valuers using the discounted cash flow method every three years or more frequently if there is evidence of a material change in value.

Network distribution system assets were revalued to $290m at 31 March 2024, based on an independent third party valuer, Deloitte.

The Group has updated key inputs and developed an estimated valuation range in the current year of ($299m - $326m) and a midpoint of $312m. Based on the Group's updated estimated valuation range at 31 March 2025, the Group considers that the carrying value of the network of $302m materially reflects the fair value of the network at 31 March 2025.

A summary of the key assumptions including sensitivities to the midpoint from changes to those assumptions are outlines in the table below.

Assumptions	Valuation midpoint assumptions	Low	High	Valuation impact $'000's
Network revenue	-	-5%	-	-$16,357
		-	5%	+$16,357
Discount rate	6.5%	-0.5%	-	+$13,925
		-	0.5%	-$13,251

Consistent with prior years, the valuation has assumed the terminal value equal to forecast Regulatory Asset Base (RAB) based on information disclosures, as it is believed that the terminal value would approximate the RAB value in a steady state regulatory environment. We have considered the impact of climate change in the preparation of the network valuation. A greater level of capital spend has been forecast in the latest Asset Management Plan (AMP) due to the expected load increase arising from decarbonisation and to ensure ongoing reliability of the network. The AMP forms the basis of the capex and opex spend incorporated in the valuation.

The fair valuation measurements above are considered to be Level 3 as per NZ IFRS 13, as they are derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

10. Intangible assets

Group	Software $'000	Land Easements $'000	Total $'000
Cost			
At 31 March 2023	**6,638**	**267**	**6,905**
Additions	1,446	-	1,446
At 31 March 2024	**8,084**	**267**	**8,351**
Additions	4,114	-	4,114
Disposals	(2,763)	-	(2,763)
Transfer from property, plant and equipment	427	-	427
At 31 March 2025	**9,862**	**267**	**10,129**
Accumulated amortisation and impairment			
At 31 March 2023	**3,875**	**-**	**3,875**
Amortisation charge for the year	903	-	903
At 31 March 2024	**4,778**	**-**	**4,778**
Amortisation charge for the year	899	-	899
Disposals	(2,761)	-	(2,761)
At 31 March 2025	**2,916**	**-**	**2,916**
Carrying amount (net book value)			
At March 2023	2,763	267	3,030
At March 2024	**3,306**	**267**	**3,573**
At March 2025	**6,946**	**267**	**7,213**

Estimated work in progress at the end of the year was $1.9m (2024: $0.5m) included in software assets.

Policies

Software is amortised on a straight line basis over their estimated useful life of 1 – 8 years. These include acquired computer software licence agreements which the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets on the basis of the costs incurred to acquired and bring to use the specific software. All other acquired cloud-based computer software licence agreements are treated as service contracts and expensed.

11. Discontinued operations

The final share sale of Influx was completed on the 30 June 2023. Profit from discontinued operations presented below represents the aggregate of the trading results for the three months of ownership during the 2024 financial year and the gain on disposal, net of tax.

11.1 Profit for the year from discontinuing operations

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Revenue	-	5,527	-	-
Operating expenses	-	(1,849)	-	-
EBITDA	**-**	**3,678**	**-**	**-**
Depreciation	-	(1,841)	-	-
EBIT	**-**	**1,837**	**-**	**-**
Gain on sale of investment	-	39,430	-	-
Interest costs	-	(14)	-	-
Profit before tax	**-**	**41,253**	**-**	**-**
Income tax	-	(430)	-	-
Profit for the year from discontinuing operations	**-**	**40,823**	**-**	**-**
Total comprehensive profit from discontinuing operations	**-**	**40,823**	**-**	**-**

11.2 Net cash inflow from discontinuing operations

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Net cash inflow from operating activities	-	1,837	-	-
Net cash inflow from investing activities	-	76,145	-	-
Net cash inflow from discontinuing operations	**-**	**77,982**	**-**	**-**

12. Investments in subsidiaries

Name	Principal activity	Group Ownership Interest 2025	2024
		%	%
The Lines Company Limited	Electricity Distribution Business	100	100

Policies

Subsidiaries are 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.

Intra-Group transactions are eliminated on consolidation.

Balance dates

All subsidiaries have a financial year end of 31 March.

Geography

All subsidiaries are incorporated in New Zealand.

13. Investments

	Group 2025 $'000	Group 2024 $'000	Trust 2025 $'000	Trust 2024 $'000
Investment in term deposits	309	184	309	184
Investment in shares	-	-	58,664	58,664
Investment in subordinated debentures	-	-	1,000	1,000
Investment in perpetual debt	-	-	1,926	926
	309	184	61,899	60,774
Disclosed in the financial statements as:				
Current assets	309	184	309	184
Non-current assets	-	-	61,590	60,590
Total	**309**	**184**	**61,899**	**60,774**

13.1 Investment in term deposits

	Group 2025 $'000	Group 2024 $'000	Trust 2025 $'000	Trust 2024 $'000
Term deposits with BNZ	300	180	300	180
Interest accrued on term deposits	9	4	9	4
Investment in term deposits	**309**	**184**	**309**	**184**

Policies

Term deposits with a maturity greater than three months are recognised as an investment in term deposits. Term deposits are initially recognised as the amount deposited with the bank. After initial recognition, they are recognised at amortised cost.

13.2 Investment in shares

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Investment in 11,846,808 shares in The Lines Company Limited	-	-	58,664	58,664
Investment in shares	**-**	**-**	**58,664**	**58,664**

Policies

Investment in shares is accounted for at deemed cost at the date of transition to IFRS.

13.3 Investment in subordinated debentures

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Subordinated debentures with The Lines Company Limited	-	-	1,000	1,000
Investment in subordinated debentures	**-**	**-**	**1,000**	**1,000**

The TLC debenture has a principal value of $1,000,000 and has a fixed interest of 7.42% per annum (2024: 7.42%).

The subordinated debentures are unsecured and have no specified maturity date. Repayment of the subordinated debentures is not permitted until full repayment of all other borrowings of TLC or until TLC is wound up. While the debentures are perpetual, TLC has a contractual obligation to deliver cash in the form of interest payments, and therefore, the arrangement is recognised as a financial asset.

The interest rate payable on the TLC debenture is reset yearly, by negotiation, having regard to interest paid by other entities who have issued similar debt securities. The fair value of the TLC debenture is not considered to be materially different from its principal value, as the applicable interest rate approximates that of similar debt securities.

There are no specified repayment terms in relation to subordinated debentures.

Policies

The subordinated debentures are stated at their fair values.

13.4 Investment in perpetual debt

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Perpetual debt with The Lines Company Limited	-	-	1,926	926
Investment in perpetual debt	**-**	**-**	**1,926**	**926**

The TLC perpetual debt instrument has a principal value of $1,926,000 (2024: $926,000) and has an average interest rate of 7.06% per annum (2024: 7.66%).

The perpetual debt instrument is unsecured and has no specified maturity date. Repayment of the perpetual debt is not permitted without WESCT's agreement or until TLC is wound up. While the instrument is perpetual, TLC has a contractual obligation to deliver cash in the form of interest payment, and therefore, the arrangement is recognised as a financial asset.

The interest rate payable on the TLC perpetual debt is reset quarterly, based on the 90 day New Zealand bill rate plus a margin of 2%. The fair value of the TLC perpetual debt is not considered to be materially different from its principal value as the applicable interest rate approximates that of similar debt securities.

Policies

The subordinated debentures are stated at their fair values.

14. Reserves

14.1 Trust share capital

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Trust share capital	11,930	11,930	11,930	11,930
Closing net asset	**11,930**	**11,930**	**11,930**	**11,930**

14.2 Hedge reserves

Hedge reserves comprise the cash flow hedge reserve associated within interest rate swaps. These derivative instruments are only used for hedging purposes and not as speculative investments.

Policies

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The accounting for the changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group currently hedges a particular risk associated with the cash flows of recognised assets and liabilities that have highly probable transactions (cash flow hedges). At inception of the hedge relationship, The Group documents the economic relationship between the hedging instrument and hedged item including whether changes in cash flows of the hedging instruments are expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy undertaking its hedged transactions.

The fair values of derivative financial instruments designated in hedging relationships are disclosed in note 23.1. The effective portion in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised on the cash flow hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Upon meeting all the relevant criteria, hedge accounting is applied to mitigate the risk that the hedging instrument materially differs from the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate loans.

Interest rate swaps

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Opening net asset	1,495	2,288	-	-
Changes in fair value of hedging instrument recognised in other comprehensive income (OCI)	(1,383)	(1,101)	-	-
Deferred tax	387	308	-	-
Closing net asset	**499**	**1,495**	**-**	**-**

14.3 Revaluation reserve

Group	Network Distribution System $'000	Land & buildings $'000	Total $'000
Total at 31 March 2023	**82,082**	**1,378**	**83,460**
Transfer from retained earnings	(1,235)	-	(1,235)
Revaluation increases	18,000	197	18,197
Deferred tax on revaluation	(5,040)	(55)	(5,095)
Total at 31 March 2024	**93,807**	**1,520**	**95,327**
Transfer from retained earnings	(1,535)	-	(1,535)
Total at 31 March 2025	**92,272**	**1,520**	**93,792**

Trust	Investment in Subsidiary	Total $'000
Total at 31 March 2025 and 2024	**39,052**	**39,052**

15. Current tax liability/(asset)

	Consolidated		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Opening balance	428	1,171	(125)	(47)
Tax payments and tax credits received	(2,145)	(5,603)	(5)	(78)
Liability transferred to held for sale	-	2,284	-	-
Current tax expense for the year	1,786	2,576	-	-
Closing balance	**69**	**428**	**(130)**	**(125)**

Policies

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

16. Deferred tax liability/(asset)

Group	Property, plant and equipment and intangible assets $'000	Cash flow hedges $'000	Provisions $'000	Assessed loss $'000	Total $'000
At 31 March 2023	**52,720**	**890**	**(27)**	**(364)**	**53,219**
Charged to income	(159)	-	(226)	(15)	(400)
Charged to other comprehensive income	5,095	(308)	-	-	4,787
At 31 March 2024	**57,656**	**582**	**(253)**	**(379)**	**57,606**
Charged to income	(468)	-	(307)	44	(731)
Charged to other comprehensive income	-	(387)	-	-	(387)
At 31 March 2025	**57,188**	**195**	**(560)**	**(335)**	**56,488**

Trust	Assessed loss $'000	Total $'000
At 31 March 2023	**(364)**	**(364)**
Charged to income	(15)	(15)
At 31 March 2024	**(379)**	**(379)**
Charged to income	44	44
At 31 March 2025	**(335)**	**(335)**

Policies

Deferred tax is:

• Recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

• Determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to be applied when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

• Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The deferred tax asset for the Trust arises from historic tax losses. An IRD private binding ruling has been agreed to with regards to interest bearing debt being funded through dividends. This will enable the Trust to utilise the tax losses going forward, and, as such, justifies the recognition of the asset.

17. Bank borrowings and subordinated debentures

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Bank Borrowings	32,000	41,000	-	-
Subordinated debentures:				
North King Country Development Trust	2,000	2,000	-	-
	34,000	43,000	-	-
Disclosed in the financial statements as:				
Current borrowings	-	-	-	-
Non-current borrowings	34,000	43,000	-	-
Total	**34,000**	**43,000**	**-**	**-**

Reconciliation of net debt

Group	Due within 1 year $'000	Due after 1 year $'000	Total $'000
Balance at 1 April 2023	**-**	**76,500**	**76,500**
Facility drawdown	-	41,000	41,000
Repayment of loans	-	(74,500)	(74,500)
Net debt at 31 March 2024	**-**	**43,000**	**43,000**
Facility drawdown	-	-	-
Repayment of loans	-	(9,000)	(9,000)
Net debt as at 31 March 2025	**-**	**34,000**	**34,000**

Policies

Borrowings, subordinated debt and perpetual debt are initially measured at fair value, less transaction costs and are subsequently measured at amortised cost, using the effective interest rate method.

Bank borrowings

The Group has term lending facilities:

	2025 $'000	2024 $'000
Westpac Corporation Limited		
Facilities expiring 31 August 2025	-	18,750
Facilities expiring 31 August 2027	18,750	18,750
Facilities expiring 31 August 2028	18,750	-
China Construction Bank Limited		
Facilities expiring 31 August 2025	-	18,750
Facilities expiring 31 August 2027	18,750	18,750
Facilities expiring 31 August 2028	18,750	-
	75,000	75,000

The facility limits are $75m. They are split equally between Westpac Corporation Limited (Westpac) and China Construction Bank Limited (CCB). During the year, the Group extended the term of the facilities expiring in August 2025 to August 2028.

Westpac and CCB hold a negative pledge deed between TLC. The negative pledge includes all obligations and cross guarantees between the guaranteeing subsidiaries.

The following bank covenants have been agreed to in the negative pledge:

- Leverage ratio (Total indebtedness/EBITDA for the 12 month period ending on that date)
- Coverage ratio – assets
- Coverage rate – EBITDA

These are reported six monthly to the banks. There have been no breaches of the covenants in the financial year (2024: 0).

The Group forecasts to still meet the covenants into the foreseeable future.

The Directors estimate that the fair value of the Group's bank loans approximates their book value, because they are floating rate loans.

Subordinated debentures

The North King Country Development Trust (NKCDT) debenture has a principal value of $2,000,000 and has fixed interest of 5.00% per annum (2024: 5.00%).

The subordinated debentures are unsecured and have no specified maturity date. Repayment of the subordinated debentures is not permitted until full repayment of all other borrowings of the Company, or until the Company is wound up. While the debentures are perpetual, The Company has a contractual obligation to deliver cash in the form of interest payments and therefore the arrangement is recognised as a financial liability.

The fair value of the NKCDT debenture is not considered to be materially different from its principal value as the terms of the debenture are such that comparable instruments would not differ materially in value.

There are no specified repayment terms in relation to subordinated debentures.

18. Trade and other payables

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Trade creditors	3,618	2,919	86	39
Interest accruals	85	60	-	-
TLC discount accrual	2,660	2,161	-	-
Other payables and accruals	484	975	-	-
Total	**6,847**	**6,115**	**86**	**39**

Policies

Trade and other payables:

• Are recognised at fair value when the Group becomes obligated to make future payments resulting from the purchases of goods and services and are subsequently measured at amortised cost using the effective interest rate method.

• Comprise amounts outstanding for trade purchases and ongoing costs.

• Carrying amount approximates to their fair value because the amounts due will be settled within one year's time for their carrying value.

19. Accrual for staff entitlements

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Accrual for staff entitlements	1,897	1,834	-	-
Total	**1,897**	**1,834**	**-**	**-**

Policies

Accrual is made for benefits accruing to employees in respect of wages and salaries and annual leave when it is probable that settlement will be required and they are capable of being measured reliably.

Accruals made which are expected to be settled within 12 months are measured at their amounts expected to be paid using the remuneration rate expected at the time of settlement.

The carrying amount of the accrual for staff entitlements approximates to their fair value as the entitlement is due to be settled within one year.

20. Lease liabilities

	Group		Trust	
	2025 $'000	2024 $,000	2025 $'000	2024 $'000
Lease liabilities				
Current	29	32	-	-
Non-current	12	42	-	-
Total lease liabilities	**41**	**74**	**-**	**-**
Opening balance	74	104	-	-
Interest on lease liabilities (note 3)	3	4	-	-
Cash outflow for leases	(36)	(34)	-	-
Total lease liabilities	**41**	**74**	**-**	**-**

The Group leases various sites. Rental contracts are typically made for fixed periods of 3 years to 6 years but may have extension options. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• Fixed payments (including in-substance fixed payments), less any lease incentives receivable

• Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right of use assets are disclosed in note 9.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an operating expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment. This is disclosed in note 2.

21. Cash generated from operations

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Profit before tax	4,157	3,123	1,213	961
Interest (income)/costs (net)	(147)	176	(205)	(106)
Net profit before interest	4,010	3,299	1,008	855
Adjustments for non-cash items				
Depreciation and amortisation	13,321	12,197	-	-
Gain on disposal of property, plant and equipment and intangible assets	(112)	(222)	-	-
Movement in provision for doubtful debt	200	523	-	-
	17,419	15,797	1,008	-
Changes in net assets and liabilities				
Trade and other receivables	(1,814)	(508)	(6)	(6)
Contract assets and liabilities	772	(219)	-	-
Inventories	83	211	-	-
Trade and other payables	1,032	(1,015)	47	(10)
Accrual for staff entitlements	63	291	-	-
Cash generated from operations	**16,905**	**14,557**	**1,049**	**839**

22. Capital Commitments, contingent assets and liabilities

Capital Commitments

The Group has capital commitments of $3.0m GST inc. (2024: $5.7m GST inc.) relating to network assets.

The Trust has no capital commitments (2024: $0 million).

Contingent assets

The Group and Trust has no contingent assets (2024: $0 million).

Contingent liabilities

In February 2024 the Company entered into an Enforceable Undertaking agreement with the Commerce Commission in relation to historic breaches of quality standards spanning 2018 to 2020. This included a formal warning being issued by the Commerce Commission. The Company has agreed to:

- obtain an independent engineering review;
- develop and deliver a plan driven by the review; and
- publish an annual delivery report for every year covered by the plan summarising progress.

The Company is cooperating fully and considers this undertaking to be achievable within the Commerce Commission's expectation and expects no financial penalties to be imposed providing the Company maintains compliance with the undertaking.

The Group has no other contingent liabilities (2024: $0 million).

23. Financial risk management

Objectives

The Trust's management of financial risks focuses to maintain sufficient liquidity and cash to allow its continued operations for the foreseeable future.

The Group manages financial risks by complying with the policies set by the Board. The risks outlined in the policies include:

- Interest rate risk
- Credit risk
- Capital risk
- Liquidity risk.

Any new risks are referred to the Board for consideration as they become known. Each risk is monitored and reported to the board on a quarterly basis.

23.1 Interest rate risk

The Group's main interest rate risk is through its borrowing activities with variable rates, which expose The Group to cash flow interest rate risk.

The Group's policy with regards to fixing its floating rate is depicted below:

Period	Minimum	Maximum
0-1 year	40%	100%
1-3 years	30%	80%
3-5 years	15%	60%

Generally, The Group enters into long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Group borrowed at fixed rates directly. The Group's borrowings are only in New Zealand dollars.

The Group's borrowings and receivables are carried at amortised cost. The current borrowings are repriced every three months and as such exposed to the risk of future changes in interest rates.

Swaps currently in place cover 100% of the debt at the end of the financial year for 2025 (2024: 100%). The fixed interest rate of the swaps range between 0.79% and 2.06% (2024: 0.75% and 3.25%) and the variable rates of the loans between 3.78% and 4.17% (2024: 5.69% and 5.79%) above the 90-day bank bill rate which at the end of the reporting period was between 1.02% and 0.66% (2024: 1.02% and 0.66%).

The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates do coincide with the dates on which interest is payable on the underlying debt and are thus effective.

Effect of hedge accounting on the financial position and performance:

	2025 $'000	2024 $'000
Interest rate swaps		
Net current other financial asset	102	18
Net non-current other financial asset	592	2,059
Mark to market fair value of interest rate swaps at 31 March	**694**	**2,077**
Notional amount	32,000	41,000
Maturity date	Apr25 to Aug 27	May 24 to Aug 27
Hedge Ratio	1:1	1:1
Net non-current other financial asset attributable to:		
Financial assets	592	2,059
Net current other financial asset attributable to:		
Financial assets	102	18
	694	**2,077**
Change in fair value of outstanding hedging instruments	(1,384)	(1,101)
Change in value of hedge item used to determine hedge effectiveness	1,384	1,101
Weighted average hedged rate for the year	1.54%	1.67%

Sensitivity

Sensitivity analysis is determined based on the exposure to interest rates for both derivatives and non-derivative instruments at balance sheet date.

A 100 basis point increase or decrease is used to assess interest rate and this represents management's assessment of the reasonably possible change in interest rates.

	2025 $'000	2024 $'000
Impact on statement of comprehensive income		
- 1% change in interest rates	-	-
+ 1% change in interest rates	-	-
Impact on statement of financial position		
- 1% change in interest rates	(230)	(295)
+ 1% change in interest rates	230	295

Hedge ineffectiveness is determined at inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedged instrument.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, maturities and notional amount. The Group does not have to hedge at 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective. It is noted in 2025 the loans covered were 100% due to the reduction in loan value following the Influx sale disclosed in Note 11.

Hedged ineffectiveness may occur due to:

- Difference in critical terms between the interest rate swaps and loans; and

- The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan.

There was no ineffectiveness during 2025 or 2024 in relation to interest rate swaps. The hedges are expected to be effective into the foreseeable future, based on forecasted debt levels.

23.2 Credit risk

The Group's principal financial assets are cash and cash equivalents, trade and other receivables, contract assets and related party loans, which represent the Group's maximum exposure to credit risk in relation to financial assets.

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. Thus, the impact on cash and cash equivalents is deemed immaterial.

Impairment of financial assets

The Group applies NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same contract types. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from 31 March 2025 and 31 March 2024 respectively and the corresponding historical credit losses experienced within this period. The Group's customer base is mainly focused in the King Country and as such macroeconomic factors are considered within this particular environment and the credit loss adjusted accordingly when the company billed its customers directly.

On that basis, the loss allowance as at 31 March 2025 and 31 March 2024 was determined as follows for both trade receivables and contracts assets:

Group 31 March 2025	Less than 90 days past due	More than 90 days past due	Total
Expected loss rate	0%	88%	
Gross carrying amount - trade receivables	1,468	1,679	**3,147**
Loss allowance	**-**	**948**	**948**

Group 31 March 2024	Less than 90 days past due	More than 90 days past due	Total
Expected loss rate	0%	76%	
Gross carrying amount - trade receivables	1,507	848	**2,355**
Gross carrying amount – contract assets	292	-	**292**
Loss allowance	**-**	**748**	**748**

The closing loss allowance for trade receivables as at 31 March 2024 reconciles to the opening loss allowances as follows:

Group	2025 $'000	2024 $'000
Opening balance	748	225
Increase in loss allowance recognised in profit and loss	200	523
Receivables written off during the year as uncollectible	-	-
Loss allowance closing balance	**948**	**748**

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 120 days past due.

23.3 Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

• The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices

• The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments

• The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve derived from quoted interest rates for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

• Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group 2025				
Derivative financial assets	-	694	-	694
Group 2024				
Derivative financial assets	-	2,077	-	2,077

There were no transfers between Level 1, 2 and 3 during the year.

Financial instruments by category

Group	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Financial asset/liability at fair value through profit and loss $'000	Total $'000
2025				
Cash and bank balances	9,526	-	-	9,526
Trade and other receivables	5,994	-	-	5,994
Investment in term deposits	309	-	-	309
Other financial assets	-	-	694	694
Total financial assets	**15,829**	**-**	**694**	**16,523**
Trade and other payables	-	6,847	-	6,847
Contract liabilities	-	762	-	762
Lease liabilities	-	41	-	41
Subordinated debentures	-	2,000	-	2,000
Borrowings	-	32,000	-	32,000
Total financial liabilities	**-**	**41,650**	**-**	**41,560**
2024				
Cash and bank balances	32,872	-	-	32,872
Trade and other receivables	4,546	-	-	4,546
Investment in term deposits	184	-	-	184
Other financial assets	-	-	2,077	2,077
Total financial assets	**37,602**	**-**	**2,077**	**39,679**
Trade and other payables	-	6,115	-	6,115
Contract liabilities	-	282	-	282
Lease liabilities	-	74	-	74
Subordinated debentures	-	2,000	-	2,000
Borrowings	-	41,000	-	41,000
Total financial liabilities	**-**	**49,471**	**-**	**49,471**

Trust	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
2025			
Cash and bank balances	235	-	235
Trade and other receivables	2	-	2
Investment in subordinated debentures	1,000	-	1,000
Investment in perpetual debt	1,926	-	1,926
Investment in term deposits	309	-	309
Total financial assets	**3,472**	**-**	**3,472**
Trade and other payables	-	86	86
Total financial liabilities	**-**	**86**	**86**
2024			
Cash and bank balances	111	-	111
Investment in subordinated debentures	1,000	-	1,000
Investment in perpetual debt	926	-	926
Investment in term deposits	184	-	184
Total financial assets	**2,221**	**-**	**2,221**
Trade and other payables	-	39	39
Total financial liabilities	**-**	**39**	**39**

Policies

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The Group's credit risk is primarily attributable to its trade receivables and contract assets.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with AA credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with the largest individual receivable being less than 10% of trade receivables and the remaining exposure being spread over a large number of counterparties and customers.

23.4 Capital risk

During 2025, the Group's strategy, which was unchanged from 2024, was to maintain an equity/assets ratio of not less than 40%.

The ratio at March 2025 and 2024 were as follows:	2025 $'000	2024 $'000
Average equity (including subordinated debentures)	239,431	211,124
Total assets at year end	338,588	345,717
Equity to Assets Ratio	**70.7%**	**61.1%**

Policies

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2024 and is based on risk management strategies and treasury management policies set and monitored by the Board.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and reserves as disclosed in note 13 and statement of changes in equity respectively.

Debt covenants have been complied with during the year and is expected to be complied with in the future. These are disclosed in note 17.

23.5 Liquidity risk

Financial liability maturity analysis

	Less than 1 month $'000	1 month to 1 year $'000	1 to 5 years $'000	Total $'000
Non-interest bearing	6,847	-	-	6,847
Variable interest rate instruments	-	-	32,000	32,000
At 31 March 2025	**6,847**	**-**	**32,000**	**38,847**
Non-interest bearing	6,115	-	-	6,115
Variable interest rate instruments	-	-	41,000	41,000
At 31 March 2024	**6,115**	**-**	**41,000**	**47,115**

The table includes both interest and principal cash flows.

Variable rate instruments include the impact of derivatives.

There are $2.0 million of subordinated debentures (note 17) with no set maturity date.

Interest payable on these is excluded from this analysis.

The Group had access to the following borrowing facilities at the end of the reporting period:

	2025 $'000	2024 $'000
Total facility	75,000	75,000
Undrawn facility	43,000	34,000

The bank facilities may be drawn at any time and expiry dates are split in three tranches, subject to the continuance of satisfactory credit ratings.

	2025 $'000	2024 $'000
Facilities expiring 31 August 2025	-	37,500
Facilities expiring 31 August 2027	37,500	37,500
Facilities expiring 31 August 2028	37,500	-
	75,000	75,000

Policies

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

24. Related party transactions

	Group		Trust	
	2025 $'000	2024 $'000	2025 $'000	2024 $'000
Transactions with The Lines Company Limited				
Dividend income	-	-	1,420	1,296
Interest received on perpetual debt	-	-	117	14
Interest received on subordinated debentures	-	-	60	74
Transaction with Maru Energy Trust				
Donations to Maru Energy Trust	450	200	-	-
Transactions with key management personnel				
Salary and other employee benefits	2,106	2,106	-	-
Directors' fees and expenses	364	336	-	-
Trustee fees	129	128	129	128
Balances with related parties				
Maru Energy Trust Receivable	-	-	-	-
Shares in The Lines Company Limited	-	-	58,664	58,664
Perpetual debt with The Lines Company Limited	-	-	1,926	926
Subordinated debentures with The Lines Company Limited	-	-	1,000	1,000

25. Subsequent events

There were no subsequent events requiring recognition or disclosure.

Statutory Information

1. Trustees' fees

Trustees' fees for the Waitomo Energy Services Customer Trust of $128,632 (2024: $127,779) distributed as follows:

	Appointment Date	Retirement Date	2025	2024
William Oliver (Chair)	1 October 2017		32,835	31,972
Cathy Prendergast (Deputy Chair)	12 March 2020	31 March 2025	21,487	21,388
Janette Osborne	26 October 2017		19,010	19,294
Yvette Ronaldson	1 October 2023		18,721	9,096
Guy Whitaker	1 April 2022		18,721	18,742
Erin Wirihana	1 October 2017	31 March 2025	17,858	18,191
Carolyn Christian	19 October 2020	30 September 2023	-	9,096
			128,632	**127,779**

The Trust maintains a register of Trustees' interest in other entities. In the event of a conflict of interest, the Trustee concerned cannot vote on any resolution relating to that conflict or issue and will not remain in the room or participate in any related discussion without the remaining Trustees' approval.

2. Directors' Remuneration

Directors' remuneration for The Lines Company of $339,472 (2024: $324,001) distributed as follows:

	Appointment Date	Retirement Date	2025	2024
Bella Takiari-Brame (Chair)	01 Dec 2019		96,867	92,571
Andrew Johnson	08 Sept 2018		48,521	46,286
Craig Richardson	01 Oct 2018		48,521	46,286
Fraser Jonker	01 June 2022		48,521	46,286
Mike Underhill	01 May 2021		48,521	46,286
Todd Spencer	01 May 2022		48,521	46,286
			339,472	**324,001**

Each company within the Group maintains a register of its directors' interest in other entities. No director has declared a conflict of interest in respect of their interests in other entities.

Independent auditor's report

To the Beneficiaries of Waitomo Energy Services Customer Trust

Our opinion

In our opinion, the accompanying financial statements of Waitomo Energy Services Customer Trust (the "Trust"), and the consolidated financial statements of the Group, comprising the Trust and its subsidiaries (together the "Group"), present fairly, in all material respects, the financial position of the Trust and Group as at 31 March 2025, their financial performance, and their cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Trust's financial statements and the Group's consolidated financial statements comprise:

- the statements of financial position as at 31 March 2025;
- the statements of comprehensive income for the year then ended;
- the statements of changes in equity for the year then ended;
- the statements of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our capacity as auditor and assurance practitioner, our firm also provides other assurance services. The firm has no other relationship with, or interests in, the Group.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Trust's financial statements, the Group's consolidated financial statements and our auditor's report thereon.

Our opinion on the financial statements of the Trust and the consolidated financial statements of the Group does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements of the Trust and the consolidated financial statements of the Group, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Trust and the consolidated financial statements of the Group or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the financial statements

The Trustees are responsible, on behalf of the Trust and Group, for the preparation and fair presentation of the financial statements of the Trust and the consolidated financial statements of the Group in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Trust and the consolidated financial statements of the Group, the Trustees are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Trust, as a whole, and the consolidated financial statements of the Group, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), the auditor exercises professional judgement and maintains professional scepticism throughout the audit.

The auditor also:

- Identifies and assesses the risks of material misstatement of the financial statements of the Trust and the consolidated financial statements of the Group, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's and Group's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's and Group's ability to continue as a going concern.
- If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements of the Trust and the consolidated financial statements of the Group or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Trust and Group to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the financial statements of the Trust and the consolidated financial statements of the Group, including the disclosures, and whether the financial statements of the Trust and the consolidated financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust and Group to express an opinion on the financial statements of the Trust and the consolidated financial statements of the Group. The auditor is responsible for the direction, supervision and performance of the audit. The auditor remains solely responsible for the audit opinion.

The auditor communicates with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

Who we report to

This report is made solely to the Trust's beneficiaries, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's beneficiaries, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Peter Sharp.

For and on behalf of

PricewaterhouseCoopers

PricewaterhouseCoopers | Hamilton
17 September 2025

Glossary of Terms

Average total assets	(Opening total assets plus closing total assets) divided by 2
Average shareholder funds	(Opening shareholder funds plus closing shareholder funds) divided by 2
Debt to asset ratio	(Total liabilities less deferred tax liabilities) divided by total assets
Capital ratio	Average shareholder funds divided by total assets
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBIT	Earnings before interest and tax
Return on average equity	Profit for the year to equity holders divided by average shareholder funds
Return on average equity before customer discounts	(Profit for the year to equity holders plus customer discounts after tax) divided by average shareholder’s funds
Return on average assets	(EBIT multiplied by the applicable tax rate) divided by average total assets
Return on average assets before customer discount	((EBIT plus customers discount) multiplied by the applicable tax rate) divided average total assets
Return on average non-current assets before customer discount	((EBIT plus customers discount) multiplied by the applicable tax rate) divided by average non-current assets
Net assets	Total assets less total liabilities
Shareholder funds	Total equity plus subordinated debentures
SAIDI	Average interruption duration per connection point served per year measured in minutes
SAIFI	Average outage value per connection point served per year measured in interruptions
LTIFR	Lost Time Frequency Rate measured as lost time hours divided by worked hours
TRIFR	Total recordable injury frequency rate measured as (Number of injuries x 200,000) / (number of hours worked)

Trust Directory
as at 31 March 2025

Waitomo Energy Services Customer Trust

Nature of Business	Customer Electricity Trust
Trustees	William Oliver (Chair) Cathy Prendergast (Deputy Chair) Janette Osborne Yvette Ronaldson Guy Whitaker Erin Wirihana
Secretariat Services	Celina Yapp
Accountant	Bob Strawbridge McKenzie Strawbridge
Auditor	PricewaterhouseCoopers
Postal Address	PO Box 209 Te Kūiti 3941
Telephone	027 PH WESCT (027 74 93728)
Email	info@wesct.org.nz
Website	www.wesct.org.nz

The Lines Company Limited

Directors	B L Takiari-Brame (Chair) A D Johnson C P Richardson J F Jonker M C Underhill J T Spencer