



2026 Annual Report to WESCT Beneficiaries

Waitomo Energy Services Customer Trust

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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 2026 (FY26).

Waitomo Energy Services Customer Trust

The core purpose of WESCT is to hold 11,846,806 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.

As a result of this ownership, WESCT beneficiaries received a \$5.8m discount from TLC during FY26 (\$5.2m during FY25). This sum excludes GST. For those not GST-registered and treating the line costs as a business expense, you would also have received GST on top of that sum.

Trustee Update

The Trustees at the end of FY26 were:

1. William Oliver / Chair
2. Guy Whitaker / Deputy Chair
3. Janette Osborne
4. Yvette Ronaldson
5. Brian Hanna
6. Olivia Buckley



Janette Osborne, Yvette Ronaldson, Guy Whitaker, William Oliver, Brian Hanna, and Olivia Buckley

WESCT Trustees 31 March 2026

In FY26, the Trust had 16 core meetings, including 11 monthly Trustee meetings, strategy meetings, annual meetings, Director reviews and TLC Board quarterly update sessions.

Trust functions

In FY26, 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 2026/27 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 have continued their review of the TLC Constitution and completed work on their 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

FY26 saw the TLC Board operate with six Directors: Bella Takiari-Brame (Chair), Andrew Johnson, Fraser Jonker, Mike Underhill and Todd Spencer. Director Craig Richardson left the Board at the end of September. Craig was instrumental in the success of Influx and the sale; we thank Craig for his contribution and commitment. The Trust appointed Director Sophie Coker from the beginning of October. Sophie brings an entrepreneurial finance skill base to the team and now Chairs Audit and Risk.

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 2025 annual general meeting, the Trust was pleased to re-elect Bella Takiari-Brame and Mike Underhill, both of whom had retired by rotation and offered themselves for reappointment.

Financial Performance of the Trust

The Trust's income was \$4.3k higher than the previous year at \$1.6m, due to:

- Less interest received on the debenture (-\$6.1k)
- Less interest from BNZ (-\$2.4k)
- Higher interest received from the perpetual debt (+\$12.9k)

The operational expenditure was \$373.2k, which was \$38.8k lower than FY25. The overall level of expenditure in FY26 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:

- Election/Poll Expenses (-\$24.5k)
- Subscriptions and Licences (-\$3k)
- Trust Deed Review (-\$47.1k)

The key areas of increased expenditure were:

- Beneficiary Communications (+\$4.9k)
- Legal Fees (+\$3.1k)
- Conference Expenses (+\$15.7k)
- Trustee Fees (+\$6.9k)

WESCT records a FY26 profit before tax of \$1.3m (compared to a profit of \$1.2m in FY25). Net profit after tax was \$1.2m (FY25 \$1.2m).

Financial performance of TLC

A return on average equity before the TLC discount paid to WESCT beneficiaries was 2.9% compared to a target of 3.8%. 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
- \$853k enabling community initiatives
- \$6.7 million (incl GST) in TLC discounts
- 7% staff turnover
- 50th percentile engagement score among utility sector organisations across Australia and New Zealand.
- Volunteer Days – 19 staff, 152 hours, \$10k value
- On average, customers experienced just 175 minutes of unplanned outages
- Return on equity before discount – 2.9%
- One of the best – Two category awards and third place overall at Connexis Annual Connection
- Big win – Winner in the Innovation of the Year award category at the Energy Excellence Awards
- Finalists – placed as finalist for wellbeing at the Energy Excellence Awards

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	✗	2.3%	3.0%	Returns are below target, reflecting increased fault expenditure associated with weather-related network activity and reduced revenue which has reduced profit outcomes
Return on average equity before customer discount	✗	2.9%	3.8%	
Equity ratio	✓	67.8%	Not Less than 50%	
Company debt (including and perpetual subordinated debentures)	✓	\$44.1m	\$61.1m	
People First				
Serious harm injuries	✓	Nil	Nil	
Critical risk event rate	✓	3.1	3.9	
TRIFR - Total recordable injury frequency rate	✗	5.0	3.0	There were two significant time off work events of minor risk, the first was a result of slip, trip and fall, and second for bending and rotating.
Employee engagement score	✓	50 th	40 th percentile	
Genuine Partnerships				
Local sponsorships	✗	\$241k	\$250k	Sponsorship spend is slightly below target, offset by increased investment in energy hardship support.
Customer satisfaction	✗	61%	65%	Customer satisfaction lower than target but we have seen a 3% improvement from the prior year.
Making a Difference				
Energy hardship funding	✓	\$163k	> \$100k	
Discount	✗	\$5.8m	\$6.0m	Discounts are lower than budget, reflecting reduced revenue, as discounts are applied as a proportion of revenue.
Maru Energy Trust funding	✓	\$450k	\$450k	
Energy hardship gifted	✓	\$13k	\$5k	
Our Network				
Unplanned SAIDI	✓	174.5 minutes	< 190.5 minutes	
Planned SAIDI	✓	112.0 minutes	< 128.4 minutes	
Unplanned SAIFI	✓	2.50 interruptions	< 3.28 interruptions	
Planned SAIFI	✗	0.72 interruptions	< 0.70 interruptions	An increase in the planned capital works program has driven higher outage interruptions.

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

WESCT's purpose and focus remain unchanged: to ensure that The Lines Company (TLC) continues to deliver tangible benefits to beneficiaries and the wider community. TLC plays an important role as an economic enabler, providing reliable and accessible electricity to businesses and households while generating targeted returns. These benefits include increased discounts and funding initiatives aimed at reducing energy hardship, alongside support for community development and wellbeing through local initiatives such as the Maru Energy Trust.

As a long-term shareholder in TLC, WESCT has a responsibility to support the ongoing sustainability of the electricity network for current and future generations. This includes advocating for continued network development that strengthens resilience, while ensuring capital investment is balanced with affordability for customers and beneficiaries.

Network resilience is increasingly important amid growing electricity demand, the transition to greater electrification, the impacts of climate change, and the risk of regulatory penalties. Failure to meet compliance targets can create costs that ultimately flow through to customers and beneficiaries.

Responding to these challenges requires strong asset management capabilities, supported by forward-looking, data-informed decision-making. As shareholder, WESCT has an important role in influencing and supporting TLC to meet these expectations and deliver outcomes that serve the district now and into the future.

Achieving these outcomes will require sustained investment, effective partnerships, and an enduring commitment to placing people and communities at the centre of decision-making.

Acknowledgements

First and foremost, we acknowledge WESCT's beneficiaries. To those reading this report or attending the annual meeting, thank you for your ongoing interest in the future of our community and in the important roles that both WESCT and TLC continue to play.

We also extend my sincere gratitude to all TLC staff. Your dedication throughout the past financial year has been greatly valued. Whether working to maintain and develop network infrastructure, support customers, provide corporate support, finance, regulatory compliance, information technology, or other essential functions, your efforts are deeply appreciated.

We thank the Senior Leadership Team and the Board for their time, insight, and dedication throughout this period and in prior years. Your leadership has contributed to strong outcomes, positioning both TLC and WESCT to address future challenges with confidence and meaningful benefits for beneficiaries.

Importantly, we acknowledge the teams who undertake the challenging, sometimes dangerous work of keeping the power on and then repairing damaged infrastructure after extreme storm events. Thank you. And thank you for keeping each other safe with the TLC health and safety protocols.

Finally, thank you to my fellow Trustees and Celina Yapp for her invaluable support in providing secretarial services to the Trust. Much important work is undertaken behind the scenes, underpinned by a shared commitment to our community's prosperity and to the critical role that affordable, reliable energy plays in enabling it.

Tēnei te mihi ki a koutou katoa.



Guy Whitaker

WESCT Acting Chairperson

Trustees Report

The Trustees present the consolidated annual report of the Waitomo Energy Services Customer Trust for the year ended 31 March 2026, which is signed on behalf of the Trust by:



17 September 2026

Guy Whitaker
WESCT Acting Chairperson

Date



17 September 2026

Janette Osborne
Trustee

Date

Statements of Comprehensive Income

for the year ended 31 March 2026

	Note	Group		Trust	
		2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Revenue from contracts with customers	1	56,515	48,452	-	-
Dividend income	23	-	-	1,420	1,420
Operating expenses	2	(37,636)	(31,121)	(373)	(412)
Depreciation and amortisation	9 & 10	(13,951)	(13,321)	-	-
Impairment of property, plant and equipment	9	(273)	-	-	-
Interest (costs)/income (net)	3	(677)	147	209	205
Total expenses		(52,537)	(44,295)	(164)	(207)
Profit before tax		3,978	4,157	1,256	1,213
Income tax (expense)/income	4	(1,185)	(1,055)	(45)	(44)
Profit after tax		2,793	3,102	1,211	1,169
Profit for the year is attributable to:					
Equity holders of the Trust		2,793	3,102	1,211	1,169
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of property, plant and equipment		10,518	-	-	-
Deferred tax relating to revalued assets		(2,945)	-	-	-
Other comprehensive income for the year, net of tax		7,573	-	-	-
Items that may be reclassified to profit or loss					
Cash flow hedge reserves	13.2	121	(1,383)	-	-
Deferred tax relating to cashflow hedges	13.2	(34)	387	-	-
Other comprehensive income/(loss) for the year, net of tax		87	(996)	-	-
Total comprehensive income for the year		10,453	2,106	1,211	1,169
Total comprehensive income is attributable to:					
Equity holders of the Trust		10,453	2,106	1,211	1,169

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 2026

	Note	Group		Trust	
		2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Current assets					
Cash and cash equivalents	6	3,084	9,526	10	235
Trade and other receivables	7	7,218	6,951	26	29
Contract assets	1	898	-	-	-
Inventories	8	1,077	1,235	-	-
Current tax asset	14	1,364	-	-	130
Other financial assets	22.1	5	102	-	-
Investment in term deposits	12.1	610	309	610	309
		14,256	18,123	646	703
Non-current assets					
Property, plant and equipment	9	337,565	312,660	-	-
Intangible assets	10	8,926	7,213	-	-
Investment in shares	12.2	-	-	58,664	58,664
Investment in subordinated debentures	12.3	-	-	1,000	1,000
Investment in perpetual debt	12.4	-	-	3,100	1,926
Investment in term deposits	12.1	94	-	94	-
Deferred tax asset	15	-	-	290	335
Other financial assets	22.1	810	592	-	-
		347,395	320,465	63,148	61,925
Total assets		361,651	338,588	63,794	62,628
Current liabilities					
Trade and other payables	17	9,936	6,847	41	86
Contract liabilities	1	193	762	-	-
Lease liabilities	19	22	29	-	-
Current tax liability	14	-	69	-	-
Accrual for staff entitlements	18	2,300	1,897	-	-
		12,451	9,604	41	86
Non-current liabilities					
Bank borrowings	16	38,000	32,000	-	-
Lease liabilities	19	118	12	-	-
Subordinated debentures	16	2,000	2,000	-	-
Deferred tax liability	15	60,145	56,488	-	-
		100,263	90,500	-	-
Total liabilities		112,714	100,104	41	86
Net assets		248,937	238,484	63,753	62,542
Equity					
Trust share capital		11,930	11,930	11,930	11,930
Retained earnings		136,592	132,263	12,771	11,560
Cash flow hedge reserves	13.2	586	499	-	-
Revaluation reserves	13.3	99,829	93,792	39,052	39,052
Equity attributable to equity holders of the Trust		248,937	238,484	63,753	62,542
Total equity		248,937	238,484	63,753	62,542

The Statements of 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 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	13.3	-	1,535	-	(1,535)	-
Balance as at 31 March 2025		11,930	132,263	499	93,792	238,484
Profit for the year		-	2,793	-	-	2,793
Other comprehensive income						
Interest rate swaps		-	-	87	-	87
Revaluation of property, plant and equipment		-	-	-	7,573	7,573
Total other comprehensive income		-	-	87	7,573	7,660
Transfer from retained earning	13.3	-	1,536	-	(1,536)	-
Balance as at 31 March 2026		11,930	136,592	586	99,829	248,937
Attributable to Equity Holders of the Trust		11,930	136,592	586	99,829	248,937

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 2026

Trust	Note	Share Capital \$'000	Retained Earnings \$'000	Revaluation Reserves \$'000	Total Equity \$'000
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
Profit for the year		-	1,211	-	1,211
Balance as at 31 March 2026		11,930	12,771	39,052	63,753
Attributable to Equity Holders of the Trust		11,930	12,771	39,052	63,753

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 2026

		Group		Trust	
	Note	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Operating activities					
Cash generated from operations	20	20,875	16,905	1,005	1,049
Interest paid	3	(1,118)	(1,081)	-	-
Interest received	3	42	753	209	205
Income taxes paid/(received)	14	(1,940)	(2,145)	130	(5)
Net cash inflow from operating activities		17,859	14,432	1,344	1,249
Investing activities					
Purchase of property plant and equipment		(27,481)	(25,806)	-	-
Purchase of intangible assets		(2,573)	(2,930)	-	-
Proceeds on disposal of property, plant and equipment		182	119	-	-
Investment in perpetual debt		-	-	(1,174)	(1,000)
Investment in term deposits		(395)	(125)	(395)	(125)
Net cash outflow from investing activities		(30,267)	(28,742)	(1,569)	(1,125)
Financing activities					
Lease liability paid	19	(34)	(36)	-	-
Bank borrowings repaid		-	(9,000)	-	-
Bank borrowings advanced	16	6,000	-	-	-
Net cash outflow from financing activities		5,966	(9,036)	-	-
Net (decrease)/increase in cash and cash equivalents		(6,442)	(23,346)	(225)	124
Cash and cash equivalents at the beginning of the year	6	9,526	32,872	235	111
Cash and cash equivalents at the end of the year	6	3,084	9,526	10	235

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 11.

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 2026.

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 Financial Reporting Act 2013.

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 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 13.2	Cash flow hedging	Page 30
Note 15	Deferred tax asset recognition	Page 32
Note 22.3	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.

The group has not adopted IFRS 18 – Presentation and disclosure in Financial Statement which was issued on 24 May 2025. 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 2026

1. Revenue from contracts with customers

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Revenue recognised over time				
Network revenue before discounts	56,772	50,577	-	-
Less network discount	(5,800)	(5,200)	-	-
Network revenue	50,972	45,377	-	-
Electrical contracting revenue	5,543	3,075	-	-
Revenue	56,515	48,452	-	-

Electrical contracting revenue includes revenue recognised on contracts partially completed at reporting date, measured using the cost-to-cost method.

Contract balances

The following table reflects balances about receivables, contract assets and contract liabilities arising from contracts with customers.

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Trade and other receivables	6,022	5,878	-	-
Contract assets	898	-	-	-
Contract liabilities	(193)	(762)	-	-

Contract assets and liabilities

Contract assets represent revenue recognised for work performed on electrical contracting projects where consideration is conditional on completion of contractual milestones.

Contract liabilities represent customer payments received in advance of revenue recognition, including deposits received for electrical contracting work and network-related customer credit balances.

The net movement from a contract liability of \$762k at 31 March 2025 to a contract asset of \$898k at 31 March 2026 reflects the timing of revenue recognition relative to billing milestones on electrical contracting projects.

During the current year, a higher proportion of contracts were in progress at balance date, with revenue recognised on a percentage of completion basis exceeding amounts billed. In the prior year, advance customer billings exceeded work performed at balance date, resulting in a contract liability position.

Revenue of \$762k was recognised during the year that was included in contract liabilities at the beginning of the reporting period.

The Group applies the practical expedient in NZ IFRS 15 and does not disclose the aggregate amount of the transaction price allocated to remaining performance obligations, as the majority of electrical contracting projects have an expected duration of less than one year.

Management expects that substantially all remaining performance obligations at balance date will be recognised as revenue within 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:

- Network revenue
- 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 incorporate 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 over time using the cost-to-cost method, based on the proportion of contract costs incurred relative to total estimated costs. This method reflects the transfer of control of services to the customer as work is performed.

Customer billing typically includes an upfront deposit and a final invoice on completion. Differences between revenue recognised and amounts billed give rise to contract assets or contract liabilities.

Contract liabilities do not include a significant financing component, as the period between receipt of payment and recognition of revenue is less than one year.

Capital contributions relate to customer funded network connection assets that become owned and controlled by the Group upon completion. The Group assumes responsibility for the ongoing operation and maintenance of these assets. Revenue is recognised using the same methodology as electrical contracting revenue.

Judgements

Management applies judgement in determining the stage of completion of electrical contracting projects, including estimating total contract costs and assessing contract variations.

These estimates are reviewed at each reporting date and may impact the timing and amount of revenue recognised.

2. Operating expenses

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Direct network expenditure				
Transmission charges	7,793	6,730	-	-
Network-related industry costs	273	290	-	-
Vegetation management	1,868	1,757	-	-
Fault and emergency response	2,756	2,474	-	-
Maintenance and repairs	2,355	2,324	-	-
	15,045	13,575	-	-
Employee related expenditure				
Total employee remuneration	20,536	18,510	-	-
Capitalised and recovered labour (network activities)	(11,897)	(12,324)	-	-
Other personnel expenditure	1,447	1,304	-	-
	10,086	7,490	-	-
Support and corporate expenditure				
Plant and vehicles	1,269	1,255	-	-
Digital, data and communications	3,349	2,986	1	1
Low value or short term leases not included in leases (Note 19)	108	(1)	-	-
Donations and sponsorships	853	832	-	-
Professional and legal fees	2,817	2,171	38	107
Insurance	921	851	13	11
Audit fees and other related services	442	466	32	31
Property expenses	970	1,057	4	2
Secretarial fees	86	84	86	84
Trustee fees	136	129	136	129
Directors' fees and expenses (Note 23)	364	364	-	-
Gain on disposal of property, plant and equipment and intangible assets	(65)	(112)	-	-
Other expenses/(recoveries)	1,255	(26)	63	47
	12,505	10,056	373	412
Total	37,636	31,121	373	412

Comparative figures have been restated to improve clarity and consistency with the current year presentation.

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	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Fees and expenses paid to auditors				
Audit of the Financial Statements	274	274	32	31
OAG Fees	26	27	-	-
Total	300	301	32	31
Assurance procedures on Default Price-Quality Path	69	66	-	-
Assurance procedures on Information Disclosure	73	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	142	165	-	-

3. Interest (costs)/income (net)

	Group		Trust	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Interest costs				
Interest on bank borrowings	(1,069)	(933)	-	-
Capitalised interest	455	503	-	-
Interest on lease liabilities	(3)	(3)	-	-
Interest paid on subordinated debentures and perpetual debt	(102)	(99)	-	-
Total interest costs	(719)	(532)	-	-
Interest income				
Interest income	42	679	25	28
Interest received on subordinated debentures and perpetual debt	-	-	184	177
Total interest income	42	679	209	205
Total	(677)	147	209	205

The weighted average interest rate on bank borrowings, including interest rate swap derivatives, is 3.16% (2025: 2.69%).

Interest paid per the statement of cash flows

	Group		Trust	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Total interest costs	719	532	-	-
Less interest accrual	(53)	49	-	-
Less lease liability interest	(3)	(3)	-	-
Add capitalised interest	455	503	-	-
Net interest paid per the statement of cash flow	1,118	1,081	-	-

Interest received per the statement of cash flows

	Group		Trust	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Total interest income	42	679	209	205
Less interest accrual	-	74	-	-
Net interest received per the statement of cash flow	42	753	209	205

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	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Reconciliation of income tax expense				
Profit before tax	3,978	4,157	1,256	1,213
Income that is non-taxable	-	-	(1,121)	(1,121)
Expenses that are non-deductible	353	401	2	43
Taxable profit/(loss)	4,331	4,558	137	135
Income tax expense at statutory tax rates	1,219	1,276	45	44
Effect of prior period tax adjustment	(34)	(221)	-	-
Income tax expense/(income)	1,185	1,055	45	44
Effective tax rate (being total tax expense divided by profit before tax)	30%	25%	4%	4%
Current tax expense	507	1,786	1	-
Deferred tax expense	678	(731)	44	44
Income tax expense/(income)	1,185	1,055	45	44

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.

Deferred tax – directly to other comprehensive income	2,979	(387)	-	-
Total tax expense for the year recognised in other comprehensive income	2,979	(387)	-	-

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 2026 is \$25.6m (2025: \$24.3m) for TLC.

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.

5. Operational profit from continuing operations

	Group		Trust	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Earnings/(loss) before interest, tax, depreciation and amortisation (EBITDA)				
Network	26,074	23,248	-	-
Network services	1,482	1,711	-	-
Corporate services	(8,677)	(7,628)	1,047	1,008
EBITDA	18,879	17,331	1,047	1,008
Depreciation and amortisation	(13,951)	(13,321)	-	-
Impairment of property, plant and equipment	(273)	-	-	-
Earnings/(loss) before interest and tax (EBIT)	4,655	4,010	1,047	1,008
Interest (costs)/income (net)	(677)	147	209	205
Profit/(loss) before tax	3,978	4,157	1,256	1,213

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	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Cash at bank on hand	3,084	1,846	10	55
Term deposits	-	7,680	-	180
Total	3,084	9,526	10	235

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	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
Trade receivables	6,525	3,147	-	-
Less loss allowance (note 22.2)	(503)	(948)	-	-
Balance at 31 March	6,022	2,199	-	-
Other receivables				
Unbilled network revenue	-	3,679	-	-
Sundry receivables	115	116	-	2
Prepayments	1,081	957	26	27
Balance at 31 March	1,196	4,752	26	29
Total trade and other receivables balance at 31 March	7,218	6,951	26	29
Ageing of trade receivables				
Current to 90 days	6,199	1,468	-	-
Greater than 90 days	326	1,679	-	-
Total	6,525	3,147	-	-

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 22.2.

8. Inventories

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Network stock	1,077	1,235	-	-
Total	1,077	1,235	-	-

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 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)
Transfers to intangible assets	-	-	(427)	-	-	(427)
At 31 March 2025	1,703	4,058	414,154	14,203	189	434,307
Additions	670	2,512	21,894	2,662	130	27,868
Disposals	-	-	-	(797)	-	(797)
Revaluation/(impairment)	-	(1,451)	11,500	-	-	10,049
At 31 March 2026	2,373	5,119	447,548	16,068	319	471,427
At 31 March 2024	-	470	101,900	9,149	120	111,639
Depreciation charge	-	116	10,647	1,630	29	12,422
Reclassification	-	-	-	(2)	2	-
Disposals	-	-	-	(2,414)	-	(2,414)
At 31 March 2025	-	586	112,547	8,363	151	121,647
Depreciation charge	-	110	11,132	1,821	28	13,091
Revaluation/(impairment)	-	(196)	-	-	-	(196)
Disposals	-	-	-	(680)	-	(680)
At 31 March 2026	-	500	123,679	9,504	179	133,862
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 2026	2,373	4,619	323,869	6,564	140	337,565
At 31 March 2025	159	1,235	221,495	5,840	38	228,767
At 31 March 2026	828	3,450	240,235	6,563	140	251,216

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 \$11.7m (2025: \$10.0m) included in network distribution system. Estimated building work in progress at the end of the year was \$2.2m (2025: \$0.3m) 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, Te Kūiti, Ohakune 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.

During the year, the Group assessed all property, plant and equipment for indicators of impairment in accordance with IAS 36. Following Board approval of the redevelopment of the Waitete site, the existing Waitete building was identified as impaired and reduced to its recoverable amount.

Excluding Waitete, 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 2026 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 \$324m at 31 March 2026.

This value adoption is within the valuation range (\$316m–\$342m), independently prepared by Deloitte and the key assumptions used are shown in the following table. In all cases an element of professional judgement is required. The valuation is based on revenue and cost assumptions applied against a combination of discount rates and distribution revenues.

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

Assumptions	Valuation midpoint assumptions	Low	High	Valuation impact \$'000's
Network revenue	-	-5%	-	-\$15,725
		-	5%	+\$15,725
Discount rate	6.5%	-0.5%	-	+\$13,080
		-	0.5%	-\$12,502

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 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
Additions	2,573	-	2,573
At 31 March 2026	12,435	267	12,702
Accumulated amortisation and impairment			
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
Amortisation charge for the year	860	-	860
At 31 March 2026	3,776	-	3,776
Carrying amount (net book value)			
At March 2024	3,306	267	3,573
At March 2025	6,946	267	7,213
At March 2026	8,659	267	8,926

Estimated work in progress at the end of the year was \$4.1m (2025: \$1.9m) 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 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 acquire and bring to use the specific software. All other acquired cloud-based computer software licence agreements are treated as service contracts and expensed.

11. Investments in subsidiaries

Name	Group Principal activity	Ownership Interest	
		2026	2025
		%	%
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.

12. Investments

	Group		Trust	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Investment in term deposits	704	309	704	309
Investment in shares	-	-	58,664	58,664
Investment in subordinated debentures	-	-	1,000	1,000
Investment in perpetual debt	-	-	3,100	1,926
	704	309	63,468	61,899
Disclosed in the financial statements as:				
Current assets	610	309	610	309
Non-current assets	94	-	62,858	61,590
Total	704	309	63,468	61,899

12.1 Investment in term deposits

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Term deposits with BNZ	697	300	697	300
Interest accrued on term deposits	7	9	7	9
Investment in term deposits	704	309	704	309

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.

12.2 Investment in shares

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Investment in 11,846,806 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.

12.3 Investment in subordinated debentures

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'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 \$1.0m and has a fixed interest of 5.39% per annum (2025: 6.00%).

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 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 measured at amortised cost.

12.4 Investment in perpetual debt

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Perpetual debt with The Lines Company Limited	-	-	3,100	1,926
Investment in perpetual debt	-	-	3,100	1,926

The TLC perpetual debt instrument has a principal value of \$3.1m (2025: \$1.9m) and has an average interest rate of 6.00% per annum (2025: 7.06%).

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 perpetual debt is measured at amortised cost.

13. Reserves

13.1 Trust share capital

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Trust share capital	11,930	11,930	11,930	11,930
Closing net asset	11,930	11,930	11,930	11,930

13.2 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 22.1. 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	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Opening net asset	499	1,495	-	-
Changes in fair value of hedging instrument recognised in other comprehensive income (OCI)	121	(1,383)	-	-
Deferred tax	(34)	387	-	-
Closing net asset	586	499	-	-

13.3 Revaluation reserve

Group	Network Distribution System \$'000	Land & buildings \$'000	Total \$'000
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
Transfer to retained earnings	(1,536)	-	(1,536)
Revaluation/(Impairment)	11,500	(982)	10,518
Deferred tax on revaluation	(3,220)	275	(2,945)
Total at 31 March 2026	99,016	813	99,829

Trust	Investment in Subsidiary	Total \$'000
Total at 31 March 2026 and 2025	39,052	39,052

14. Current tax (asset)/liability

	Consolidated		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Opening balance	69	428	(130)	(125)
Tax payments and tax credits received	(1,940)	(2,145)	130	(5)
Current tax expense for the year	507	1,786	-	-
Closing balance	(1,364)	69	-	(130)

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.

15. Deferred tax liability/(asset)

	Property, plant and equipment and intangible assets	Cash flow hedges	Provisions	Assessed loss	Total
Group	\$'000	\$'000	\$'000	\$'000	\$'000
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
Charged to income	621	-	12	45	678
Charged to other comprehensive income	2,945	34	-	-	2,979
At 31 March 2026	60,754	229	(548)	(290)	60,145

	Assessed loss	Total
Trust	\$'000	\$'000
At 31 March 2024	(379)	(379)
Charged to income	44	44
At 31 March 2025	(335)	(335)
Charged to income	45	45
At 31 March 2026	(290)	(290)

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.

16. Bank borrowings and subordinated debentures

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Bank Borrowings	38,000	32,000	-	-
Subordinated debentures:				
North King Country Development Trust	2,000	2,000	-	-
	40,000	34,000	-	-
Disclosed in the financial statements as:				
Current borrowings	-	-	-	-
Non-current borrowings	40,000	34,000	-	-
Total	40,000	34,000	-	-

Reconciliation of net debt

Group	Due within 1 year \$'000	Due after 1 year \$'000	Total \$'000
Balance at 1 April 2024	-	43,000	43,000
Repayment of loans	-	(9,000)	(9,000)
Net debt at 31 March 2025	-	34,000	34,000
Facility drawdown	-	6,000	6,000
Net debt as at 31 March 2026	-	40,000	40,000

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:

	2026 \$'000	2025 \$'000
Westpac Corporation Limited		
Facilities expiring 31 August 2027	18,750	18,750
Facilities expiring 31 August 2028	18,750	18,750
China Construction Bank Limited		
Facilities expiring 31 August 2027	18,750	18,750
Facilities expiring 31 August 2028	18,750	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).

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 (2025: 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 (2025: 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.

17. Trade and other payables

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Trade creditors	5,971	3,618	40	86
Interest accruals	138	85	-	-
TLC discount accrual	3,039	2,660	-	-
Other payables and accruals	788	484	1	-
Total	9,936	6,847	41	86

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.

18. Accrual for staff entitlements

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Accrual for staff entitlements	2,300	1,897	-	-
Total	2,300	1,897	-	-

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.

19. Lease liabilities

	Group		Trust	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
Lease liabilities				
Current	22	29	-	-
Non-current	118	12	-	-
Total lease liabilities	140	41	-	-
Opening balance	41	74	-	-
New leases entered into during the year	130	-	-	-
Interest on lease liabilities (note 3)	3	3	-	-
Cash outflow for leases	(34)	(36)	-	-
Total lease liabilities	140	41	-	-

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.

20. Cash generated from operations

	Group		Trust	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Profit before tax	3,978	4,157	1,256	1,213
Interest (income)/costs (net)	677	(147)	(209)	(205)
Net profit before interest	4,655	4,010	1,047	1,008
Adjustments for non-cash items				
Depreciation and amortisation	13,951	13,321	-	-
Gain on disposal of property, plant and equipment and intangible assets	(65)	(112)	-	-
Impairment of property, plant and equipment	273	-	-	-
Movement in provision for doubtful debt	(445)	200	-	-
	18,369	17,419	1,047	1,008
Changes in net assets and liabilities				
Trade and other receivables	178	(1,814)	3	(6)
Contract assets and liabilities	(1,467)	772	-	-
Inventories	27	83	-	-
Trade and other payables	3,365	382	(45)	47
Accrual for staff entitlements	403	63	-	-
Cash generated from operations	20,875	16,905	1,005	1,049

21. Capital Commitments, contingent assets and liabilities

Capital Commitments

The Group has capital commitments of \$17.0m GST inc. (2025: \$3.0m GST inc.) relating to network assets.

The Trust has no capital commitments (2025: \$0 million).

Contingent assets

The Group and Trust has no contingent assets (2025: \$0 million).

Contingent liabilities

The Group has no other contingent liabilities (2025: \$0 million).

22. 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.

22.1 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%
5-8 years	0%	40%

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 87% of the debt at the end of the financial year for 2026 (2025: 100%). The fixed interest rate of the swaps range between 1.63% and 3.89% (2025: 0.79% and 2.06%) and the variable rates of the loans between 3.23% and 3.58% (2025: 3.78% and 4.17%) above the 90-day bank bill rate which at the end of the reporting period was between 1.02% and 0.66% (2025: 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:

	2026 \$'000	2025 \$'000
Interest rate swaps		
Net current other financial asset	5	102
Net non-current other financial asset	810	592
Mark to market fair value of interest rate swaps at 31 March	815	694
Notional amount	33,000	32,000
Maturity date	Jun 26 to Sept 30	Apr 25 to Aug 27
Hedge Ratio	1:1	1:1
Net non-current other financial asset attributable to:		
Financial assets	810	592
Net current other financial asset attributable to:		
Financial assets	5	102
	815	694
Change in fair value of outstanding hedging instruments	121	(1,384)
Change in value of hedge item used to determine hedge effectiveness	(121)	1,384
Weighted average hedged rate for the year	0.73%	1.54%

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.

	2026 \$'000	2025 \$'000
Impact on statement of comprehensive income		
- 1% change in interest rates	(36)	-
+ 1% change in interest rates	36	-
Impact on statement of financial position		
- 1% change in interest rates	(418)	(230)
+ 1% change in interest rates	418	230

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.

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 2026 or 2025 in relation to interest rate swaps. The hedges are expected to be effective into the foreseeable future, based on forecasted debt levels.

22.2 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 2026 and 31 March 2025 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 bills its customers directly.

On that basis, the loss allowance as at 31 March 2026 and 31 March 2025 was determined as follows for both trade receivables and contracts assets:

	Less than 90 days past due	More than 90 days past due	Total
Group 31 March 2026			
Expected loss rate	2.5%	100.0%	
Gross carrying amount - trade receivables	6,199	326	6,525
Gross carrying amount – contract assets	898	-	898
Loss allowance	177	326	503

	Less than 90 days past due	More than 90 days past due	Total
Group 31 March 2025			
Expected loss rate	0%	56.5%	
Gross carrying amount - trade receivables	1,468	1,679	3,147
Loss allowance	-	948	948

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

Group	2026 \$'000	2025 \$'000
Opening balance	948	748
Increase in loss allowance recognised in profit and loss	(26)	200
Receivables written off during the year as uncollectible	(419)	-
Loss allowance closing balance	503	948

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.

Net write-offs and recoveries include amounts written off where there is no reasonable expectation of recovery, together with movements arising from collections and reassessment of expected credit losses.

22.3 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 2026				
Derivative financial assets	-	815	-	815
Group 2025				
Derivative financial assets	-	694	-	694

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
2026				
Cash and bank balances	3,084	-	-	3,084
Trade and other receivables	6,137	-	-	6,137
Investment in term deposits	704	-	-	704
Other financial assets	-	-	815	815
Total financial assets	9,925	-	815	10,740
Trade and other payables	-	9,936	-	9,936
Lease liabilities	-	140	-	140
Subordinated debentures	-	2,000	-	2,000
Borrowings	-	38,000	-	38,000
Total financial liabilities	-	50,076	-	50,076
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
Lease liabilities	-	41	-	41
Subordinated debentures	-	2,000	-	2,000
Borrowings	-	32,000	-	32,000
Total financial liabilities	-	40,888	-	40,888

Trust	Financial assets at amortised cost \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
2026			
Cash and bank balances	10	-	10
Investment in subordinated debentures	1,000	-	1,000
Investment in perpetual debt	3,100	-	3,100
Investment in term deposits	704	-	704
Total financial assets	4,814	-	4,814
Trade and other payables	-	41	41
Total financial liabilities	-	41	41
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

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.

22.4 Capital risk

During 2026, the Group's strategy, which was unchanged from 2025, was to maintain an equity/assets ratio of not less than 50%.

The ratio at March 2026 and 2025 were as follows:	2026 \$'000	2025 \$'000
Average equity (including subordinated debentures)	245,711	239,431
Total assets at year end	361,651	338,588
Equity to Assets Ratio	67.9%	70.7%

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 2025 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 16.

22.5 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	9,936	-	-	9,936
Variable interest rate instruments	-	-	38,000	38,000
At 31 March 2026	9,936	-	38,000	47,936
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

The table includes principal cash flows.

Variable rate instruments include the impact of derivatives.

There are \$2.0 million of subordinated debentures (note 16) 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:

	2026 \$'000	2025 \$'000
Total facility	75,000	75,000
Undrawn facility	37,000	43,000

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

	2026 \$'000	2025 \$'000
Facilities expiring 31 August 2027	37,500	37,500
Facilities expiring 31 August 2028	37,500	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.

23. Related party transactions

	Group		Trust	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Transactions with The Lines Company Limited				
Dividend income	-	-	1,420	1,420
Interest received on perpetual debt	-	-	130	117
Interest received on subordinated debentures	-	-	54	60
Transaction with Maru Energy Trust				
Donations to Maru Energy Trust	450	450	-	-
Transactions with key management personnel				
Salary and other employee benefits	2,212	2,106	-	-
Directors' fees and expenses	364	364	-	-
Trustee fees	136	129	136	129
Balances with related parties				
Maru Energy Trust Receivable	30	-	-	-
Shares in The Lines Company Limited	-	-	58,664	58,664
Perpetual debt with The Lines Company Limited	-	-	3,100	1,926
Subordinated debentures with The Lines Company Limited	-	-	1,000	1,000

24. 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 \$135,584 (2025: \$128,632) distributed as follows:

	Appointment Date	Retirement Date	2026	2025
William Oliver (Chair)	1 October 2017		31,370	32,835
Guy Whitaker (Deputy Chair)	1 April 2022		23,125	18,721
Cathy Prendergast (Deputy Chair)	12 March 2020	31 March 2025	-	21,487
Olivia Buckley	1 April 2025		19,829	
Brian Hanna	1 April 2025		21,012	
Janette Osborne	26 October 2017		20,124	19,010
Yvette Ronaldson	1 October 2024		20,124	18,721
Erin Wirihana	1 October 2017	31 March 2025	-	17,858
			135,584	128,632

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 \$352,470 (2025: \$339,472) distributed as follows:

	Appointment Date	Retirement Date	2026	2025
Bella Takiari-Brame (Chair)	01 Dec 2019		100,706	96,867
Andrew Johnson	08 Sept 2018		50,353	48,521
Craig Richardson	01 Oct 2018	30 Sept 2025	25,176	48,521
Fraser Jonker	01 June 2022		50,353	48,521
Mike Underhill	01 May 2021		50,353	48,521
Todd Spencer	01 May 2022		50,353	48,521
Sophie Coker	01 Oct 2025		25,176	
			352,470	339,472

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 subsidiary (together the "Group"), present fairly, in all material respects, the financial position of the Trust and Group as at 31 March 2026, 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 2026;
- 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)* issued by the New Zealand Auditing and Assurance Standards Board (PES 1) and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code). We have also fulfilled our other ethical responsibilities in accordance with PES 1 and the IESBA Code.

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T: +64 7 838 3838

In our capacity as auditor and assurance practitioner, our firm also provides other assurance services. Our firm carries out other assignments in the areas of other services relating to the Information Disclosure and Default Price-Quality Path assurance engagements. 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
17 September 2026

Hamilton

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 2026

Waitomo Energy Services Customer Trust

Nature of Business	Customer Electricity Trust
Trustees	William Oliver (Chair) Guy Whitaker (Deputy Chair) Olivia Buckley Brian Hanna Janette Osborne Yvette Ronaldson
Secretariat Services	Celina Yapp
Accountant	Bob Strawbridge McKenzie Strawbridge Palmer
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 J F Jonker M C Underhill J T Spencer S Coker
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