

WEL Networks Limited

NZBN 9429039416926

Financial Statements - 31 March 2026

WEL Networks Limited

Contents

31 March 2026

Statement of comprehensive income	2
Balance sheet	3
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7
Independent auditor's report to the shareholder of WEL Networks Limited	47

WEL Networks Limited
Statement of comprehensive income
For the year ended 31 March 2026

	Note	Consolidated	
		2026 \$'000	2025 \$'000
Revenue	9	180,292	195,561
Expenses			
Expenses, excluding finance costs	14	(113,177)	(140,385)
Other gains/(losses)	15	4,279	4,765
Earnings before interest, taxes, depreciation and amortisation expenses (EBITDA)		71,394	59,941
Depreciation and amortisation expense	16	(33,285)	(31,941)
Finance expenses	11	(4,981)	(2,789)
Finance income	12	2,348	2,590
Profit before income tax expense		35,476	27,801
Income tax expense	17	(9,991)	(7,716)
Profit after income tax expense for the year	32	25,485	20,085
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax	31	1,220	204
Other comprehensive income for the year, net of tax		1,220	204
Total comprehensive income for the year		26,705	20,289
		Cents	Cents
Earnings per share for profit attributable to the shareholder of WEL Networks Limited			
Basic earnings per share	33	312.6	246.4
Diluted earnings per share	33	312.6	246.4

The above statement of comprehensive income should be read in conjunction with the accompanying notes

WEL Networks Limited
Balance sheet
As at 31 March 2026

	Note	Consolidated 2026 \$'000	2025 \$'000
Assets			
Current assets			
Cash and cash equivalents	19	14,467	17,978
Trade and other receivables	20	22,477	20,699
Contract assets		50	-
Net investment in lease	21	792	1,213
Derivative financial instruments	34	1,025	244
Income tax receivable		744	367
Total current assets		39,555	40,501
Non-current assets			
Property, plant and equipment	7	1,053,899	972,660
Intangibles	8	28,791	29,677
Net investment in lease	21	28,363	29,156
Right-of-use assets	22	10,200	5,553
Derivative financial instruments	34	3,805	-
Total non-current assets		1,125,058	1,037,046
Total assets		1,164,613	1,077,547
Liabilities			
Current liabilities			
Customer discount payable	9	12,814	12,625
Borrowings	10	24,871	47,925
Lease liabilities	23	363	420
Trade and other payables	24	24,894	26,569
Employee benefit obligations	25	5,219	4,789
Contract liabilities	26	8,836	7,232
Total current liabilities		76,997	99,560
Non-current liabilities			
Borrowings	10	113,848	34,921
Deferred tax liabilities	17	131,772	123,051
Deferred revenue	27	710	739
Lease liabilities	23	10,156	5,351
Total non-current liabilities		256,486	164,062
Total liabilities		333,483	263,622
Net assets		831,130	813,925

The above balance sheet should be read in conjunction with the accompanying notes

WEL Networks Limited
 Balance sheet
 As at 31 March 2026

	Note	Consolidated	
		2026 \$'000	2025 \$'000
Equity			
Contributed equity	30	111,142	111,142
Reserves	31	197,439	198,486
Retained earnings	32	522,549	504,297
Equity attributable to the shareholder of WEL Networks Limited		<u>831,130</u>	<u>813,925</u>
Total equity		<u><u>831,130</u></u>	<u><u>813,925</u></u>



Barry Harris
 Chairman



Julian Cook
 Director

28 May 2026

The above balance sheet should be read in conjunction with the accompanying notes

WEL Networks Limited
Statement of changes in equity
For the year ended 31 March 2026

Consolidated	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 April 2024	111,142	200,800	490,994	802,936
Profit after income tax expense for the year	-	-	20,085	20,085
<i>Other comprehensive income for the year, net of tax:</i>				
Movement in revaluation reserve from disposal of distribution network assets	-	(2,518)	2,518	-
Cash flow hedges	-	204	-	204
Total comprehensive income for the year, net of tax	-	(2,314)	22,603	20,289
<i>Transactions with shareholders:</i>				
Dividends paid (note 30)	-	-	(9,300)	(9,300)
Balance at 31 March 2025	111,142	198,486	504,297	813,925

Consolidated	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 April 2025	111,142	198,486	504,297	813,925
Profit after income tax expense for the year	-	-	25,485	25,485
<i>Other comprehensive income for the year, net of tax:</i>				
Movement in revaluation reserve from disposal of distribution network assets	-	(2,267)	2,267	-
Cash flow hedges	-	1,220	-	1,220
Total comprehensive income for the year, net of tax	-	(1,047)	27,752	26,705
<i>Transactions with shareholders:</i>				
Dividends paid (note 30)	-	-	(9,500)	(9,500)
Balance at 31 March 2026	111,142	197,439	522,549	831,130

The above statement of changes in equity should be read in conjunction with the accompanying notes

WEL Networks Limited
Statement of cash flows
For the year ended 31 March 2026

	Note	Consolidated 2026 \$'000	2025 \$'000
Cash flows from operating activities			
Receipts from customers		183,769	191,999
Payments to suppliers and employees		(110,796)	(130,346)
Income taxes paid		(2,121)	(1,837)
Net cash from operating activities	38	<u>70,852</u>	<u>59,816</u>
Cash flows from investing activities			
Proceeds from financial assets at fair value through other comprehensive income		-	6
Proceeds from term deposits		-	5,500
Payments for property, plant and equipment	7	(116,070)	(121,348)
Payments for intangibles	8	(3,480)	(6,304)
Proceeds from disposal of property, plant and equipment		570	897
Interest received		536	715
Interest received on finance leases		1,812	1,875
Payments received for finance leases		1,164	737
Net cash from investing activities		<u>(115,468)</u>	<u>(117,922)</u>
Cash flows from financing activities			
Proceeds from borrowings	10	114,000	83,000
Interest paid		(4,795)	(2,466)
Payments for lease liabilities	23	(436)	(577)
Interest paid on lease liabilities	23	(164)	(181)
Dividends paid	29,30	(9,500)	(9,300)
Repayment of borrowings	10	(58,000)	(11,000)
Net cash from financing activities		<u>41,105</u>	<u>59,476</u>
Net increase/(decrease) in cash and cash equivalents		(3,511)	1,370
Cash and cash equivalents at the beginning of the financial year		<u>17,978</u>	<u>16,608</u>
Cash and cash equivalents at the end of the financial year		<u><u>14,467</u></u>	<u><u>17,978</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

1. General information	8
2. Basis of preparation	8
3. Material accounting policy information	9
4. Critical accounting judgements, estimates and assumptions	10
5. Operating segments	11
6. Interests in subsidiaries and joint ventures	13
7. Property, plant and equipment	14
8. Intangibles	18
9. Revenue	20
10. Borrowings	22
11. Finance expenses	23
12. Finance income	24
13. Net debt reconciliation	24
14. Expenses, excluding finance costs	25
15. Other gains/(losses)	25
16. Depreciation and amortisation expense	26
17. Income tax	26
18. Imputation credit account	28
19. Cash and cash equivalents	28
20. Trade and other receivables	29
21. Net investment in lease	30
22. Right-of-use assets	31
23. Lease liabilities	32
24. Trade and other payables	33
25. Employee benefit obligations	33
26. Contract liabilities	34
27. Deferred revenue	34
28. Key management personnel disclosures	34
29. Related party transactions	35
30. Contributed equity	36
31. Reserves	36
32. Retained earnings	37
33. Earnings per share	37
34. Derivative financial instruments	38
35. Financial instruments	39
36. Contingent liabilities	45
37. Commitments	45
38. Cash flow information	45
39. Events after the reporting period	45
40. Remuneration of auditors	46

1. General information

These financial statements are for WEL Networks Limited ('the Company') and its subsidiaries (together, 'the Group').

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office and principal place of business is 114 Maui Street, Hamilton.

The principal continuing activities of the Group consist of:

- The electricity networks business delivering energy to customers in the Waikato Region;
- The generation and sale of wholesale electricity; and
- Providing project and commercial management in the delivery of innovative energy solutions.

The financial statements were authorised for issue, in accordance with a resolution of Board of Directors, on 28 May 2026. The Board of Directors do not have the power to amend and reissue the financial statements.

2. Basis of preparation

Statutory base

WEL Networks Limited is a Company registered under the Companies Act 1993.

Statement of compliance

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and the requirements of the Companies Act 1993. They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards Accounting Standards ('IFRS Accounting Standards') and other applicable New Zealand accounting standards and authoritative notices, as appropriate for for-profit entities.

These financial statements include non-GAAP financial measures that are not prepared in accordance with NZ IFRS. The Group presents the statement of comprehensive income to include the non-GAAP measure of Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA). The Group believes that this non-GAAP measure provides useful information to readers, as this is a key measure used by the banks, with the Group's debt covenants based on this figure, and also reflects how the Board evaluates and manages the performance of the business, but it should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP measures as reported by the Group may not be comparable to similarly titled amounts reported by other companies.

Historical cost convention

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

Principles of consolidation

Subsidiaries

Subsidiaries are all those entities (including structured 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. Basis of preparation (continued)

Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduces the carrying amount of the investment.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each of the entities operate ('the functional currency'). The consolidated financial statements are presented in 'NZD' (\$000) (unless otherwise stated), which is the Group's functional and presentation currency.

3. Material accounting policy information

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Government Grants

Government grants relating to the purchase of property, plant and equipment are either:

- (i) Grants received from government organisations in relation to the undergrounding of parts of the electricity network which are included in non-current liabilities as deferred income and then credited to profit or loss on a straight-line basis over the expected lives of the related assets; or
- (ii) EECA grants for EV trucks and chargers which are offset against the total cost of the asset at the date of capitalisation.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss component of the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

3. Material accounting policy information (continued)

Financial Liabilities

Other financial liabilities at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current liabilities, except for those with maturities greater than 12 months after the reporting date which are classified as non-current liabilities. Other financial liabilities are classified as 'trade and other payables' in the balance sheet.

Goods and Services Tax ('GST')

The statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Changes in accounting policies

There have been no significant changes in accounting policies during the current year, all accounting policies have been applied on a basis consistent with the prior year.

New Accounting Standards and Interpretations not yet mandatory or early adopted

New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 March 2026. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

IFRS 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 April 2027, and it is expected that there will be a significant change to the layout of the statement of comprehensive income.

4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are set out in the relevant notes as follows:

- Non-current - property, plant and equipment (refer to note 7); and
- Non-current - intangibles (refer to note 8).

5. Operating segments

Identification of reportable operating segments

The Board of Directors (the 'Board') is the Group's chief operating decision maker. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance.

The Board defines the operating segments of the Group based on the below:

- WEL Networks is reviewed from a network perspective and performance of the electricity network business is considered.
- Infratec NZ is reviewed from an EPC (Engineering, Procurement and Construction) project basis and performance of the EPC business including company overhead costs is considered.
- Anything not included in these categories is classified as 'Other' including the generation business, business development projects, and other technology investments such as Smartmeters and We.EV.

The Board assesses the performance of the operating segments based on a measure of EBITDA as defined in note 2. Depreciation and amortisation, finance income and finance expenses are not allocated to segments, as these types of activities are driven by the central treasury function of the Group.

Assets and liabilities, including financial assets, tax and borrowings, that are managed by the central treasury function of the Group are also not allocated to segments.

Sales and purchases are recognised within each individual segment to which they relate and are eliminated on consolidation. The revenue from external parties is measured in a manner consistent with that in the statement of comprehensive income.

Major customers

During the year ended 31 March 2026, the Group derived revenue from four major customers, each of whom accounted for more than 10% of the Group's total revenue. Revenue from these customers amounted to \$48.8M, \$33.3M, \$29.5M and \$18.9M respectively (2025: three major customers with revenue of \$42.4M, \$27.4M and \$23.3M respectively). Revenue from each of these customers was recognised within the Group's electricity network operating segment.

5. Operating segments (continued)

Consolidated - 2026	Electricity Network \$'000	EPC \$'000	Other Segments \$'000	Total \$'000
Revenue				
Segment revenue	156,914	32,933	14,332	204,179
Intersegment sales	(3,106)	(18,994)	(1,787)	(23,887)
Total revenue	<u>153,808</u>	<u>13,939</u>	<u>12,545</u>	<u>180,292</u>
EBITDA				
Depreciation and amortisation	64,571	2,225	4,598	71,394
Finance income				(33,285)
Finance expenses				2,348
Profit before income tax expense				<u>(4,981)</u>
Income tax expense				35,476
Profit after income tax expense				<u>(9,991)</u> <u>25,485</u>
Assets				
Segment assets	1,025,108	6,463	117,831	1,149,402
<i>Unallocated assets:</i>				
Cash and cash equivalents				14,467
Income tax receivable				744
Total assets				<u>1,164,613</u>
Liabilities				
Segment liabilities	44,099	6,591	12,302	62,992
<i>Unallocated liabilities:</i>				
Borrowings				138,719
Deferred tax liabilities				131,772
Total liabilities				<u>333,483</u>

5. Operating segments (continued)

	Electricity Network \$'000	EPC \$'000	Other Segments \$'000	Total \$'000
Consolidated - 2025				
Revenue				
Segment revenue	135,097	59,188	16,288	210,573
Intersegment sales	(198)	(12,342)	(2,472)	(15,012)
Total revenue	134,899	46,846	13,816	195,561
EBITDA				
Depreciation and amortisation	56,441	2,489	1,011	59,941
Finance income				(31,941)
Finance expenses				2,590
Profit before income tax expense				(2,789)
Income tax expense				27,801
Profit after income tax expense				(7,716)
				20,085
Assets				
Segment assets	970,238	9,294	79,670	1,059,202
<i>Unallocated assets:</i>				
Cash and cash equivalents				17,978
Income tax receivable				367
Total assets				1,077,547
Liabilities				
Segment liabilities	42,789	6,399	8,537	57,725
<i>Unallocated liabilities:</i>				
Borrowings				82,846
Deferred tax liabilities				123,051
Total liabilities				263,622

6. Interests in subsidiaries and joint ventures

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2.

Name	Principal place of business / Country of incorporation	Ownership interest	
		2026 %	2025 %
Smartco Limited (joint venture)	New Zealand	17%	17%
NewPower Energy Services Limited	New Zealand	100%	100%
NewPower Energy Limited *	New Zealand	100%	100%
Infratec New Zealand Limited *	New Zealand	100%	100%

* Subsidiaries of NewPower Energy Services Limited

Smartco Limited is accounted for using the equity method, however there is no material impact to the Group.

7. Property, plant and equipment

2025	Electricity network \$'000	Generation assets \$'000	Land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Computer hardware \$'000	Assets under construction * \$'000	Total \$'000
Opening net book amount as at 1 April 2024	784,421	33,255	18,419	29,268	6,655	2,183	9,619	883,820
Additions	79,302	26,119	5,753	2,578	2,604	193	3,825	120,374
Transfers	23	(350)	2,003	3,265	1,399	1,028	(7,334)	34
Disposals	(3,341)	-	-	(665)	(837)	-	-	(4,843)
Depreciation charge	(18,754)	(1,418)	(396)	(3,803)	(1,312)	(1,042)	-	(26,725)
Closing net book amount as at 31 March 2025	<u>841,651</u>	<u>57,606</u>	<u>25,779</u>	<u>30,643</u>	<u>8,509</u>	<u>2,362</u>	<u>6,110</u>	<u>972,660</u>
Cost/valuation	901,699	59,753	28,872	72,830	15,074	8,350	6,110	1,092,688
Accumulated depreciation	(60,048)	(2,147)	(3,093)	(42,187)	(6,565)	(5,988)	-	(120,028)
	<u>841,651</u>	<u>57,606</u>	<u>25,779</u>	<u>30,643</u>	<u>8,509</u>	<u>2,362</u>	<u>6,110</u>	<u>972,660</u>
2026	Electricity network \$'000	Generation assets \$'000	Land and buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Computer hardware \$'000	Assets under construction * \$'000	Total \$'000
Opening net book amount as at 1 April 2025	841,651	57,606	25,779	30,643	8,509	2,362	6,110	972,660
Additions	73,399	33,434	460	2,367	2,456	584	2,174	114,874
Transfers	-	-	1	3,023	242	44	(3,310)	-
Disposals	(3,641)	-	-	(34)	(527)	(2)	-	(4,204)
Depreciation charge	(20,253)	(1,695)	(568)	(3,532)	(1,467)	(939)	-	(28,454)
Impairment loss	-	(977)	-	-	-	-	-	(977)
Closing net book amount as at 31 March 2026	<u>891,156</u>	<u>88,368</u>	<u>25,672</u>	<u>32,467</u>	<u>9,213</u>	<u>2,049</u>	<u>4,974</u>	<u>1,053,899</u>
Cost/valuation	970,462	92,209	29,333	78,005	15,606	8,753	4,974	1,199,342
Accumulated depreciation	(79,306)	(3,841)	(3,661)	(45,538)	(6,393)	(6,704)	-	(145,443)
	<u>891,156</u>	<u>88,368</u>	<u>25,672</u>	<u>32,467</u>	<u>9,213</u>	<u>2,049</u>	<u>4,974</u>	<u>1,053,899</u>

*The Assets under construction category above excludes work in progress relating to the Electricity network and Generation assets.

The net book value of the Electricity network includes an estimated \$37.2M of work in progress as at 31 March 2026 (2025: \$64.9M).
The net book value of the Generation assets includes an estimated \$25.1M of work in progress at 31 March 2026 (2025: \$26.8M).

7. Property, plant and equipment (continued)

The impairment loss of \$0.98M relates to the gas-fired generators. The current gas contract expired on 31 March 2026 and has not been renewed. Sale opportunities are being pursued for the generators, and an impairment loss has been recognised to reflect the current market value.

Borrowing costs

General and specific 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.

The amount of interest capitalised for the year ended 31 March 2026 was \$969,000 (2025: \$453,000).

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

Historical Cost

If measured at cost the carrying values for the revalued assets would be as follows:

	Land and buildings \$'000	Electricity network \$'000
2025		
Cost	18,435	905,782
Accumulated depreciation	(3,244)	(242,671)
Net book amount as at 31 March 2025	<u>15,191</u>	<u>663,111</u>
2026		
Cost	18,895	973,409
Accumulated depreciation	(3,829)	(254,714)
Net book amount at 31 March 2026	<u>15,066</u>	<u>718,695</u>

Critical accounting judgements, estimates and assumptions

Fair value assessments have been undertaken on the Maui Street and the McKee Street land and buildings, included in the land and buildings asset category, by independent valuers SGHU Valuations LP Registered Valuers (SGHU) on 31 March 2026 using a market approach. This is a Level 3 valuation.

Updated key inputs for the Maui Street land and buildings include market rent at \$1,060,000 (2025: \$1,060,000) and a capitalisation rate of between 5.37% and 5.87% (2025: 5.32% and 5.82%), resulting in a valuation range of \$18.1M to \$19.7M (2025: \$18.2M to \$19.9M). Key inputs for the McKee Street land and buildings include market rent at \$250,000 and a capitalisation rate of between 4.75% and 5.25%, resulting in a valuation range of \$4.8M to \$5.3M.

The Directors consider that the current aggregate carrying value of Maui Street and the McKee Street land and buildings of \$24.5M can be retained. The carrying value materially reflects estimated fair value being within the aggregate valuation range of \$22.8M to \$25.0M (2025 carrying value: \$24.7M).

It is the Group's policy to revalue the Electricity Network at least every three years, or more frequently if there is evidence to suggest a significant change in fair value. As such the Group engaged Deloitte, an independent third party valuer, to perform the network valuation for the year ended 31 March 2025. This is a Level 3 valuation. For the purposes of assessing the fair value of the electricity network as at 31 March 2026, the Group engaged Deloitte to perform a fair value assessment of the electricity network using updated key inputs to develop an estimated valuation range and consider the carrying value remains appropriate within the revised valuation range.

7. Property, plant and equipment (continued)

The updated key inputs have resulted in a valuation range for the Electricity Network of \$855.0M to \$923.1M, with a mid-point of \$888.3M (based on sensitivity to WACC low/high estimates). The Directors consider that the current carrying value of the network fixed assets of \$891.2M can be retained, as the carrying value materially reflects estimated fair value (31 March 2025 carrying value: \$841.7M).

The primary valuation method is the discounted cash flow (DCF) methodology, with a terminal value based on the estimated regulatory asset base (RAB) using a multiple of 1.0x. While isolated changes to revenue and expenditure assumptions used in the discounted cash flow model can have a significant impact on the valuation range, as the valuation is prepared under a regulatory framework to earn a regulated return on investment, these assumptions are inter-related and therefore any reasonable changes to these assumptions would not result in a significant change to the valuation range. The valuation is however sensitive to the Weighted Average Cost of Capital (WACC) and the Regulated Asset Base (RAB) multiple used in the valuation as outlined in the table below.

We have considered the potential impact of climate change in the preparation of the electricity network valuation. We are forecasting reduced capital spend compared to last year. This spend continues to enable the network to cope with future increased load expected from electrification, growth, and decarbonisation. Reductions are increasingly enabled by non-network and other innovative approaches, optimising between network needs, customer needs, available solutions, cost, timing, and risk. The resulting updated spend plans have been included in the latest Asset Management Plan, which forms the basis of the assumptions used in the DCF for the network valuation.

The table below shows the sensitivities to the inputs of the valuation, which are represented by the valuation ranges.

2026

	Mid-point for valuation	Sensitivity Range	Valuation Impact of Sensitivity Range from Mid-point
Electricity Network:			
WACC (Weighted Average Cost of Capital)	6.4%	5.9% - 6.9%	+ \$34.8M / - \$33.3M
RAB (Regulatory Asset Base) Multiple for Terminal Value (TV)	1.00x	0.98x - 1.02x	+/- \$13.4M

2025

	Mid-point for valuation	Sensitivity Range	Valuation Impact of Sensitivity Range from Mid-point
Electricity Network:			
WACC (Weighted Average Cost of Capital)	6.5%	6.0% - 7.0%	+ \$39.3M / - \$37.4M
RAB (Regulatory Asset Base) Multiple for Terminal Value (TV)	1.00x	0.98x - 1.02x	+/- \$14.0M

Accounting policy for property, plant and equipment

Land and buildings are recorded at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The electricity distribution network is also measured at fair value on the basis of an independent valuation prepared by expert valuers using a discounted cash flow method. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials and direct labour and an allowance for overheads. Borrowing costs are capitalised in respect of qualifying assets. For the electricity network qualifying assets are deemed to be those valued at \$200,000 or more and which take more than three months to construct.

7. Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss component of the statement of comprehensive income during the financial period in which they are incurred.

Labour is capitalised against network assets. Labour costs are capitalised in the period in which they are incurred and are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Non-network assets under construction include work in progress relating to land and buildings, plant and equipment, motor vehicles and computer hardware.

Increases in the carrying amount arising from the revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income, and depreciation based on the asset's original cost is transferred from other reserves to retained earnings.

Land is not depreciated and assets under construction are not depreciated until the asset is ready for use. Depreciation on other assets is calculated on a straight-line basis to allocate their cost or revalued amounts to their residual values over their estimated useful lives as follows:

Buildings	10-50 years
Electricity network	6-80 years
Generation assets	5-25 years
Computer hardware	2-12 years
Plant and equipment	3-30 years
Motor vehicles	4-20 years

The exception to this is the gas-fired generators (in NewPower) used for generating electricity which are depreciated on a units of use basis using the kWh generated per month as a percentage of total kWh available over the assets life. The estimated useful life for each of the generators is as follows:

Gas-fired generation plant and equipment on a usage basis	82,179,750 kWh	Units of use
---	----------------	--------------

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained earnings.

8. Intangibles

	Internally generated software \$'000	Computer software \$'000	Goodwill \$'000	Easements and consents \$'000	Leasehold interests \$'000	Assets under construction \$'000	Total \$'000
2025							
Opening net book amount as at 1 April 2024	3,994	8,610	3,121	2,926	107	9,209	27,967
Additions	1,551	2,220	-	-	-	2,567	6,338
Transfers	2,685	1,702	-	196	-	(4,617)	(34)
Amortisation charge	(903)	(3,689)	-	(2)	-	-	(4,594)
Closing net book amount as at 31 March 2025	<u>7,327</u>	<u>8,843</u>	<u>3,121</u>	<u>3,120</u>	<u>107</u>	<u>7,159</u>	<u>29,677</u>
Cost	9,607	32,754	3,121	5,721	107	7,159	58,469
Accumulated amortisation and impairment	(2,280)	(23,911)	-	(2,601)	-	-	(28,792)
	<u>7,327</u>	<u>8,843</u>	<u>3,121</u>	<u>3,120</u>	<u>107</u>	<u>7,159</u>	<u>29,677</u>
2026							
Opening net book amount as at 1 April 2025	7,327	8,843	3,121	3,120	107	7,159	29,677
Additions	94	774	-	49	-	2,599	3,516
Disposals	-	(36)	-	-	-	-	(36)
Transfers	244	979	-	306	-	(1,529)	-
Amortisation charge	(1,381)	(2,984)	-	(1)	-	-	(4,366)
Closing net book amount as at 31 March 2026	<u>6,284</u>	<u>7,576</u>	<u>3,121</u>	<u>3,474</u>	<u>107</u>	<u>8,229</u>	<u>28,791</u>
Cost	9,902	28,088	3,121	6,076	107	8,229	55,523
Accumulated amortisation and impairment	(3,618)	(20,512)	-	(2,602)	-	-	(26,732)
	<u>6,284</u>	<u>7,576</u>	<u>3,121</u>	<u>3,474</u>	<u>107</u>	<u>8,229</u>	<u>28,791</u>

Critical accounting judgements, estimates and assumptions

The Group is required to test goodwill and other non-amortising intangible assets at least annually for impairment. Determining the recoverable amount for impairment testing purposes requires the use of judgement and estimation in relation to future forecast performance of the underlying cash generating unit (CGU).

The carrying value of goodwill of \$3.1M relates to Infratec New Zealand Limited as a single cash generating unit (2025 carrying value: \$3.1M).

8. Intangibles (continued)

The recoverable amount was determined using a 5 year discounted cash flow value in use model with key inputs including a discount rate of 27.7% pre-tax (11.6% post-tax) (2025: 24.2% pre-tax and 11.6% post-tax) and a terminal growth rate of -2% (2025: -2%) (accounting for potential competition and the eventual decline in demand for new solar and battery installations). The cash flows are based on the current five-year management forecast (FY27 to FY31), followed by a terminal value. The most sensitive components of the cash flows driving the valuation are the assumptions in the terminal value. These include annual revenue of \$49.6M (2025: \$71.4M), gross margin at 12.0% (2025: 12.0%), and fixed costs of \$4.2M p.a. (2025: \$6.8M p.a.). This results in approximately \$0.9M (2025: \$0.8M) of pre-tax annual cash flows (before discounting) in the terminal value calculation.

The carrying amount of the CGU is \$6.4M (2025: \$5.1M), and the midpoint of the recoverable amount is \$7.0M (2025: \$6.0M).

The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows:

	From	To
2026		
Gross Revenue Terminal Value	\$49.6M	\$48.0M
Gross Margin Terminal Value	12.0%	11.6%
Fixed Costs Terminal Value	\$4.2M	\$4.4M
WACC (pre-tax)	27.7%	33.0%
2025		
Gross Revenue Terminal Value	\$71.4M	\$69.0M
Gross Margin Terminal Value	12.0%	11.6%
Fixed Costs Terminal Value	\$6.8M	\$7.1M
WACC (pre-tax)	24.2%	31.0%

The Directors have completed an impairment assessment as at 31 March 2026 and noted that the recoverable amount for Infratec is greater than the carrying amount by \$0.6M at the midpoint (2025: \$0.9M). Based on this the Directors consider that there are no indicators of impairment and the current carrying value of goodwill can be retained.

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arose on the purchase of assets from Infratec Limited. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of 'value in use' and the 'fair value less costs to sell'. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Accounting policy for infinite life intangibles

Easements

Acquired easement rights are capitalised on the basis of the costs incurred. Where the rights have no expiration date and have an indefinite useful life these costs are not amortised. Impairment reviews for infinite life intangibles are undertaken annually linked to the valuation of the electricity network as the easements give rights for network assets to be physically located on that land.

Where the rights have an expiration date these costs are amortised on a straight-line basis over their estimated useful lives (33 years).

8. Intangibles (continued)

Accounting policy for finite life intangibles

Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured, this includes direct labour costs and relevant overhead costs.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives, which does not exceed seven years.

9. Revenue

	Consolidated	
	2026 \$'000	2025 \$'000
Electricity lines revenue	153,304	132,467
Discount	(12,786)	(12,557)
Net lines revenue	140,518	119,910
Electricity third party contributions	13,290	14,989
Electricity generation, trading and reserves revenue	5,563	6,665
Other income	5,112	5,299
Infratec EPC revenue	13,939	46,846
Smartco metering revenue	1,870	1,852
	180,292	195,561

9. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2026 \$'000	2025 \$'000
<i>Electricity Network</i>		
Electricity line revenue (after deducting discount)	140,518	119,910
Electricity third party contributions	13,290	14,989
	<u>153,808</u>	<u>134,899</u>
<i>Other Income</i>		
Electricity generation, trading and reserves revenue	5,563	6,665
Other income	5,112	5,299
Infratec EPC revenue	13,939	46,846
Smartco metering revenue	1,870	1,852
	<u>26,484</u>	<u>60,662</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	14,076	16,047
Services transferred over time	166,216	179,514
	<u>180,292</u>	<u>195,561</u>

Infratec EPC revenue has decreased from \$46.8M as at 31 March 2025 to \$13.9M as at 31 March 2026. This reduction reflects the inclusion of two major external projects in the prior year, both of which were completed during the current financial year. This is consistent with the reduction in Materials and services expenses in note 14.

Accounting policy for revenue recognition

The Group's revenue recognition point is when specific criteria have been met for each of the Group's activities, as described below.

Electricity lines revenue

The Group invoices its customers (predominately electricity retailers) monthly for electricity delivery services across the region's lines network. Customers do not have extended contract terms and can terminate at short notice. Prices are the same across all customers and regulated under the Commerce Act being the Electricity Distribution Services Information Disclosure Determination 2012. WEL Networks Limited's obligation is to provide a single performance obligation of continuous service to which the customer benefits incrementally and consecutively over time, as the service is delivered. The Company makes use of a practical expedient to record revenue monthly being a distinct period that the Company captures usage and price information at the point at which WEL have a right to invoice. The reported net line revenue includes the provision for the annual customer discounts that are accrued on a monthly basis (over time) in line with usage but only paid to customers once a year. Unclaimed discounts are released against the statement of comprehensive income.

Third party contributions

Third party contributions are charges to the end customer when they request a new or modified connection to the electricity distribution network. Capital contributions are invoiced in advance and held as contract liabilities to be recognised in the statement of comprehensive income when the customer is connected.

9. Revenue (continued)

Infratec EPC (Engineering, Procurement and Construction) revenue

Infratec New Zealand Limited designs and project manages the installation of solar panels as well as carrying out development and consultancy work related to solar projects. These EPC contracts are individually reviewed to determine the revenue recognition treatment. The revenue from the design and construction of a solar project is recognised over time as the asset does not have an alternative use to the entity and there is an enforceable right to payment for work completed to date. Based on the individual contract terms, either the inputs method or the outputs method is used for measuring progress towards completion of the performance obligation. For the inputs method, the revenue is recognised over time on a percentage of completion basis, which is based on costs incurred to date and total expected costs. For the outputs method, the revenue is recognised over time based on the contractual performance completed to date. Certain contracts make use of a practical expedient where the right to consideration from a customer corresponds directly with the value to the customer.

Smartco metering revenue

Smartco uses WEL metering infrastructure for the purposes of providing consumption data and related services to Retailers. WEL Networks Limited's obligation is to provide a single performance obligation of continuous service to which the customer benefits incrementally and consecutively over time, as the service is delivered. The Company makes use of a practical expedient to record revenue monthly being a distinct period that the Company captures usage information at the point at which WEL have a right to invoice.

Electricity generation, trading and reserves revenue

NewPower generates electricity, some of which is purchased by customers, with any excess sold to the wholesale market. There is a single performance obligation being the sale of electricity. Generation revenue is recognised over time when control has transferred to the customer, this takes place when electricity is delivered to the individual customer or the national grid.

NewPower stores electricity in a Battery Energy Storage System (BESS) which is discharged to the national grid typically during high electricity prices or grid demand via bids cleared by the system operator. There is a single performance obligation being the discharge of electricity. Trading revenue is recognised over time when control has transferred to the customer, this takes place when electricity is delivered to the national grid.

The Group also generates reserve revenue by providing instantaneous reserves to the system operator (Transpower) under the New Zealand Electricity Market arrangements. Instantaneous reserves for the Group relate to stored electricity, and available demand reduction (hot water) which are offered to the system operator to respond to sudden supply interruptions. There is a single performance obligation to hold electricity in reserve in accordance with dispatch instructions set by the system operator. Reserve revenue is recognised over time when control has transferred to the customer, this takes place as the reserve period occurs.

For electricity generation, trading and reserves revenue, the Group makes use of a practical expedient to record revenue monthly being a distinct period that NewPower captures usage and price information for invoicing.

10. Borrowings

	Consolidated	
	2026	2025
	\$'000	\$'000
<i>Current liabilities</i>		
Maturing within 1 year	24,871	47,925
Total current borrowings	24,871	47,925
<i>Non-current liabilities</i>		
Maturing between 1 and 2 years	103,858	34,921
Maturing between 4 and 5 years	9,990	-
Total non-current borrowings	113,848	34,921

Refer to note 35 for further information on financial instruments.

10. Borrowings (continued)

Bank loans and debt security interest rate risk, carrying and contractual values

The loans are secured by a negative undertaking of the Group. The Group complied with all covenants during the year (refer to note 30).

The carrying value of interest bearing bank debt is \$138.7M (2025: \$82.8M). The fair value of contractual cash flows is \$141.7M (2025: \$85.7M). Refer to note 35.

The carrying value of interest bearing bank debt includes \$0.28M of unamortised costs (2025: \$0.15M).

The Group entered into additional bank facilities totalling \$105M during the year, and had facilities of \$55M mature in August 2025. Facilities available to the Group as at 31 March 2026 total \$210M, with \$71M remaining available to be drawn. The facilities expire as follows:

Facility expiry date	Facility available \$'000	Total facility \$'000
31 August 2026	30,000	55,000
31 August 2027	-	55,000
14 March 2028	1,000	50,000
31 August 2030	40,000	50,000
	71,000	210,000

Accounting policy for borrowings

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

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

11. Finance expenses

	Consolidated	
	2026 \$'000	2025 \$'000
Interest and finance charges paid/payable	4,817	2,608
Finance expense on leases	164	181
	4,981	2,789

12. Finance income

	Consolidated	
	2026 \$'000	2025 \$'000
Short-term bank deposits	536	715
Finance income on lease	1,812	1,875
	2,348	2,590
	2,348	2,590

13. Net debt reconciliation

	Consolidated	
	2026 \$'000	2025 \$'000
Net debt		
Cash and cash equivalents	14,467	17,978
Borrowings - repayable within one year	(24,871)	(47,925)
Borrowings - repayable after one year	(113,848)	(34,921)
	(124,252)	(64,868)
	(124,252)	(64,868)

	Consolidated	
	2026 \$'000	2025 \$'000
Net debt		
Cash and cash equivalents	14,467	17,978
Gross debt - variable interest rates	(138,719)	(82,846)
	(124,252)	(64,868)
	(124,252)	(64,868)

	Cash and cash equivalents \$'000	Term deposits \$'000	Borrowings due within one year \$'000	Borrowings due after one year \$'000	Total \$'000
Net debt as at 1 April 2024					
Opening balance	16,608	5,500	(10,952)	-	11,156
Cash flows	1,370	(5,500)	(37,000)	(35,000)	(76,130)
Other non-cash movements*	-	-	27	79	106
	17,978	-	(47,925)	(34,921)	(64,868)
Net debt as at 31 March 2025	17,978	-	(47,925)	(34,921)	(64,868)
Net debt as at 1 April 2025					
Opening balance	17,978	-	(47,925)	(34,921)	(64,868)
Cash flows	(3,511)	-	23,000	(79,000)	(59,511)
Other non-cash movements*	-	-	54	73	127
	14,467	-	(24,871)	(113,848)	(124,252)
Net debt as at 31 March 2026	14,467	-	(24,871)	(113,848)	(124,252)

*Non-cash movements relate to the movement in amortised costs offset against borrowings.

14. Expenses, excluding finance costs

	Consolidated	
	2026	2025
	\$'000	\$'000
Transmission costs	26,792	24,165
Employee benefits	56,249	55,287
Capitalised labour	(19,590)	(20,108)
Materials and services	12,024	41,891
Rates	1,451	1,268
Contracting services	11,914	11,540
Consultancy	5,717	8,089
Electricity costs	2,055	2,384
Net loss on disposal of assets	4,904	4,913
Vehicle expenditure	1,877	1,956
Operating leases	136	182
Directors' fees	544	550
Bad debts written off	239	238
Change in provision for impaired receivables	171	17
Other expenses	7,717	8,013
Impairment loss	977	-
	<u>113,177</u>	<u>140,385</u>

Materials and services expenses has decreased from \$41.9M as at 31 March 2025 to \$12.0M as at 31 March 2026. This reduction reflects the inclusion of two major external projects in the prior year, both of which were completed during the current financial year. This is consistent with the reduction in Infratec EPC revenue in note 9.

During the year ended 31 March 2025, the Group undertook an upgrade to SAP S4 HANA. Data migration and integration was undertaken by external consultants, which increased consultancy expenses.

15. Other gains/(losses)

	Consolidated	
	2026	2025
	\$'000	\$'000
Gain/(loss) on electricity price derivatives	4,329	358
Investment income	-	6
Other gain/(loss) *	(50)	4,401
	<u>4,279</u>	<u>4,765</u>

* Other gain/(loss) relates to modifications to the net investment in finance lease. See note 21.

16. Depreciation and amortisation expense

	Consolidated	
	2026 \$'000	2025 \$'000
Depreciation:		
Buildings	568	396
Plant and equipment	3,532	3,803
Generation assets	1,695	1,418
Motor vehicles	1,467	1,312
Distribution network	20,253	18,754
Computer hardware	939	1,042
Amortisation:		
Computer software	2,984	3,689
Internally generated software	1,381	903
Easements and consents	1	2
Right of use assets:		
Land and buildings	325	477
Plant and equipment	140	145
	<u>33,285</u>	<u>31,941</u>

17. Income tax

	Consolidated	
	2026 \$'000	2025 \$'000
<i>Income tax expense</i>		
Current tax	1,744	366
Deferred tax	8,247	7,350
Aggregate income tax expense	<u>9,991</u>	<u>7,716</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	<u>35,476</u>	<u>27,801</u>
Tax at the statutory tax rate of 28%	9,933	7,784
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible expenses	36	14
Non assessable income	-	(12)
	<u>9,969</u>	<u>7,786</u>
Prior period deferred tax adjustment	199	1,528
Prior period tax expense adjustment	(177)	(1,612)
Current year deferred tax movement related to buildings	-	14
Income tax expense	<u>9,991</u>	<u>7,716</u>

17. Income tax (continued)

Deferred tax liabilities/(assets)

	Accelerated tax depreciation / revaluation of assets \$'000	Provisions and other \$'000	Derivative instruments \$'000	Tax losses \$'000	Finance lease \$'000	Right of use assets \$'000	Lease liability \$'000	Total \$'000
As at 1 April 2024	118,351	(1,918)	(11)	(1,423)	663	1,027	(1,067)	115,622
Charged/(credited) to the statement of comprehensive income	6,769	97	-	27	467	540	(550)	7,350
Charged/(credited) directly to equity - derivatives and revaluations	-	-	79	-	-	-	-	79
As at 31 March 2025	<u>125,120</u>	<u>(1,821)</u>	<u>68</u>	<u>(1,396)</u>	<u>1,130</u>	<u>1,567</u>	<u>(1,617)</u>	<u>123,051</u>

	Accelerated tax depreciation / revaluation of assets \$'000	Provisions and other \$'000	Derivative instruments \$'000	Tax losses \$'000	Finance lease \$'000	Right of use assets \$'000	Lease liability \$'000	Total \$'000
As at 1 April 2025	125,120	(1,821)	68	(1,396)	1,130	1,567	(1,617)	123,051
Charged/(credited) to the statement of comprehensive income	11,406	35	-	(3,119)	(83)	169	(161)	8,247
Charged/(credited) directly to equity - derivatives and revaluations	-	-	474	-	-	-	-	474
As at 31 March 2026	<u>136,526</u>	<u>(1,786)</u>	<u>542</u>	<u>(4,515)</u>	<u>1,047</u>	<u>1,736</u>	<u>(1,778)</u>	<u>131,772</u>

Investment Boost

The Group intends to claim the Government's Investment Boost incentive in respect of eligible capital asset additions for the year ended 31 March 2026. The tax effect of this incentive has been reflected in the current and deferred tax calculations, based on the Group's assessment of eligibility under the relevant tax legislation.

17. Income tax (continued)

Accounting policy for income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss component of the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

18. Imputation credit account

	Consolidated	
	2026 \$'000	2025 \$'000
Imputation credits available for subsequent financial years based on a tax rate of 28%	43,148	44,719

The above amounts represent the balance of the imputation credit account as at the end of the financial year, adjusted for:

- Imputation credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- Imputation debits that will arise from the payment of dividends recognised as a liability at the reporting date
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date

19. Cash and cash equivalents

	Consolidated	
	2026 \$'000	2025 \$'000
<i>Current assets</i>		
Cash and bank balances	13,233	16,462
Contract retention bank balances	1,234	1,516
	<u>14,467</u>	<u>17,978</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less and bank overdrafts.

20. Trade and other receivables

	Consolidated	
	2026 \$'000	2025 \$'000
<i>Current assets</i>		
Trade receivables	17,027	13,715
Amounts due from customers for contract work	571	3,027
Less: Allowance for expected credit losses	(685)	(514)
	16,913	16,228
Related party receivable	242	242
Prepayments	5,142	3,038
Other receivables	5	3
Goods and services tax	175	1,188
	5,564	4,471
	22,477	20,699

Allowance for expected credit losses

The Group has recognised a loss of \$171,000 (2025: loss of \$17,000) in profit or loss in respect of the expected credit losses for the year ended 31 March 2026.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Consolidated	
	2026 \$'000	2025 \$'000
Expected credit losses:		
Current 0.6%	84	23
Between one to three months 7.5%	49	3
Over three months 22.5%	552	488
	685	514
	685	514

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2026 \$'000	2025 \$'000
Opening balance	514	497
Increase/(decrease) in provision	171	17
	685	514
Closing balance	685	514

20. Trade and other receivables (continued)

	Consolidated	
	2026 \$'000	2025 \$'000
Trade receivables:		
Current	13,799	14,426
Between one to three months	658	190
Over three months	2,456	1,612
	16,913	16,228

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to note 35 for information on the risk management policy of the Group.

21. Net investment in lease

	Consolidated	
	2026 \$'000	2025 \$'000
<i>Current assets</i>		
Net investment in lease	792	1,213
<i>Non-current assets</i>		
Net investment in lease	28,363	29,156
<i>Undiscounted lease receivable</i>		
Current net investment in lease	2,547	3,030
Maturing between 1 and 2 years	2,511	2,547
Maturing between 2 and 3 years	2,472	2,511
Maturing between 3 and 4 years	2,432	2,472
Maturing between 4 and 5 years	2,390	2,432
Beyond 5 years	47,727	50,117
Less effect of discounting	(30,924)	(32,740)
Net investment in lease (discounted)	29,155	30,369

Accounting policy for net investment in lease

The net investment in the lease is recognised at the commencement of the lease. The net investment is recognised at the present value of lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Income for the finance lease is recognised in finance income in the statement of comprehensive income.

21. Net investment in lease (continued)

Accounting judgements, estimates and assumptions

In October 2010, WEL entered into a sale and lease back agreement for the purposes of WEL providing transmission services to the Te Uku wind farm. Transmission infrastructure was constructed for the agreement, and an annual charge is levied by WEL for the services provided.

Variations to this agreement were subsequently entered into during the financial years ended 31 March 2021 and 31 March 2024 for additional infrastructure added to the wind farm which will allow it to operate more efficiently. These variations meet the definition of lease modifications under NZ IFRS 16 and triggered reassessment of the original agreement, as the terms and conditions of the original agreement have been changed for additional assets and consideration.

As at 1 April 2024 there was an update to the pricing of the Windfarm lease as per the contract which occurs every 5 years. This resulted in a modification to the finance lease of \$4.4M increasing the lease with the gain going through other gains/(losses) in the profit and loss.

This has been classified as a finance lease with consideration given to the following:

- The present value of the lease payments amounts to substantially all of the fair value of the underlying assets;
- The lease term for 25 years with the renewable period of a further 25 years is for a significant part of the estimated economic life of the underlying assets; and
- The underlying asset was specifically designed for the lessee's needs.

On initial recognition of the finance lease \$27.7M was derecognised from property, plant and equipment and recorded as the opening net investment in the lease. The discount rate implicit in the lease of 6.09% was used to discount the lease payments back to present value and is based on the fair value of the assets. This was determined to be \$27.7M based on the current value of the assets in RAB and using a 1.00x multiple to arrive at a fair value. Further modifications have been recognised in February 2021 and November 2023 resulting in a total of \$1.1M being recognised as additions to the net investment in lease at the same discount rate of 6.09%.

22. Right-of-use assets

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 April 2024	3,383	282	3,665
Additions	2,729	25	2,754
Disposals	(186)	-	(186)
Depreciation expense	(535)	(145)	(680)
Balance at 31 March 2025	5,391	162	5,553
Additions	5,159	65	5,224
Depreciation expense	(437)	(140)	(577)
Balance at 31 March 2026	<u>10,113</u>	<u>87</u>	<u>10,200</u>

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

22. Right-of-use assets (continued)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred, with the value being \$91,000 for short term leases and \$41,000 for low value leases for the year ended 31 March 2026 (2025: \$128,000 and \$33,000).

23. Lease liabilities

	Consolidated	
	2026 \$'000	2025 \$'000
<i>Current liabilities</i>		
Lease liability	363	420
<i>Non-current liabilities</i>		
Lease liability	10,156	5,351

Total cash outflow for leases is \$600,000 for 31 March 2026 (2025: \$758,000).

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The Group leases various properties, equipment and network assets. The length of the contracts depends on the underlying assets being utilised. 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, but leased assets may not be used as security for borrowing purposes.

The Group has considered on a lease by lease basis, the extension options available to it under its agreements. For strategic leases, the maximum available term has been used in determining the lease liability and corresponding right-of-use assets.

24. Trade and other payables

	Consolidated	
	2026 \$'000	2025 \$'000
<i>Current liabilities</i>		
Trade payables	15,828	15,657
Interest payable	448	299
Other payables	8,618	10,613
	24,894	26,569
	24,894	26,569

Refer to note 35 for further information on financial instruments.

Accounting policy for trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

25. Employee benefit obligations

	Consolidated	
	2026 \$'000	2025 \$'000
<i>Current liabilities</i>		
Annual leave	3,067	2,960
Employee benefits	2,152	1,829
	5,219	4,789
	5,219	4,789

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to present value. For termination benefits falling due less than 12 months after the reporting date, the carrying value approximates their fair value.

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

26. Contract liabilities

The Group has recognised the following revenue related to contract liabilities:

	Consolidated	
	2026	2025
	\$'000	\$'000
<i>Current liabilities</i>		
Contract liabilities - third party contributions - electricity	8,836	7,098
Contract liabilities - solar	-	134
	8,836	7,232
	8,836	7,232

Management expects that 71% (2025: 77%) of the electricity third party contributions and 100% (2025: 100%) of solar revenue relating to the unsatisfied contracts as at 31 March 2026 will be recognised as revenue in the next reporting period.

	Consolidated	
	2026	2025
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
Third party contributions - electricity	5,036	8,377
Third party contributions - solar	134	397
	5,170	8,774
	5,170	8,774

27. Deferred revenue

	Consolidated	
	2026	2025
	\$'000	\$'000
Deferred revenue	710	739
	710	739

Income received from government organisations to fund the undergrounding of parts of the electricity network is recognised over 45 years which is the life of the assets. Revenue recognised this year of \$29,385 (2025: \$29,385).

28. Key management personnel disclosures

Key management personnel compensation for the years ended 31 March 2026 and 31 March 2025 is set out below. The key management personnel are all the directors of the Group and the executives with the greatest authority for the strategic direction and management of the Group.

Key management personnel

Changes to key management personnel during the 12 months to 31 March 2026 include:

- Paul Connell ceasing as a Director in July 2025
- David Hunt being appointed as a Director in November 2025
- Nick Bibby resigning as GM Infratec New Zealand Limited in September 2025
- Chris Service being appointed as GM Development and Delivery in September 2025

28. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to Board of Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2026 \$'000	2025 \$'000
Short-term employee benefits	6,138	6,189
Termination benefits	-	100
	6,138	6,289
	6,138	6,289

29. Related party transactions

Parent entity

The ultimate parent of WEL Networks Limited is WEL Energy Trust which owns 100% of the shares.

All members of the Group are considered related parties of WEL Networks Limited. This includes the subsidiaries and entities where the Group has significant influence.

Subsidiaries

Interests in subsidiaries are set out in note 6.

Receivable from and payable to related parties

Related party transactions with WEL Energy Trust

WEL Energy Trust is the 100% shareholder of the Group.

Total dividends paid during the period ended 31 March 2026 were \$9.5M net (2025: \$9.3M net).

Related party transactions with Smartco Limited

Smartco Limited is a joint venture of WEL Networks Limited.

	Consolidated	
	2026 \$'000	2025 \$'000
Transactions between WEL & Smartco Limited included in the financial statements:		
Other income	1,870	1,852
Operating expense (contract services expenditure)	(916)	(789)
Balances:		
Advance to related party	242	242

WEL Networks Limited owns 17% (2025: 17%) of Smartco Limited. Smartco Limited is a joint venture company which has been set up to contract with suppliers and electricity retailers to rollout advanced electronic meters across Smartco shareholder networks.

30. Contributed equity

	Consolidated			
	2026 Shares	2025 Shares	2026 \$'000	2025 \$'000
Ordinary shares - fully paid	8,153,000	8,153,000	111,142	111,142

The shares are authorised, issued and fully paid with no par value. Shares carry equal value voting rights.

Dividend distribution

Dividend distribution to the Group's shareholder is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio within pre-defined limits. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The Group is within its pre-defined limits.

The Group is required to ensure that the following financial covenant ratios for unsecured borrowings are achieved during the financial year:

- the ratio of EBITDA to net interest will be greater than or equal to 2.75 times
- the percentage of net debt to net debt plus equity will be less than or equal to 60%
- the Group undertakes to ensure that the Guarantor Group will comprise no less than 85% of EBITDA and no less than 85% of total assets.

Any drawn bank facilities become repayable on demand in the event those covenants are breached or if the Group fails to make interest and principal payments when they fall due. The Group has complied with all covenants and borrowing repayment obligations during the financial year.

Accounting policy for contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

31. Reserves

	Consolidated	
	2026 \$'000	2025 \$'000
Revaluation reserve	196,044	198,311
Cash flow hedge reserve	1,395	175
	<u>197,439</u>	<u>198,486</u>

31. Reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Revaluation reserve \$'000	Hedging reserve \$'000	Total \$'000
Balance at 1 April 2024	200,829	(29)	200,800
Disposal of distribution network assets	(2,518)	-	(2,518)
Forward foreign exchange contract - cash flow hedges	-	283	283
Deferred tax on forward foreign exchange contract - cash flow hedges	-	(79)	(79)
Balance at 31 March 2025	198,311	175	198,486
Disposal of distribution network assets	(2,267)	-	(2,267)
Fair value movement on interest rate swap contracts - cash flow hedges	-	1,396	1,396
Amount recycled to P&L relating to interest rate swap contracts - cash flow hedges	-	367	367
Deferred tax on interest rate swap contracts - cash flow hedges	-	(493)	(493)
Forward foreign exchange contract - cash flow hedges	-	(69)	(69)
Deferred tax on forward foreign exchange contract - cash flow hedges	-	19	19
Balance at 31 March 2026	<u>196,044</u>	<u>1,395</u>	<u>197,439</u>

32. Retained earnings

	Consolidated	
	2026 \$'000	2025 \$'000
Retained earnings at the beginning of the financial year	504,297	490,994
Profit after income tax expense for the year	25,485	20,085
Dividends paid	(9,500)	(9,300)
Disposal of distribution network assets	2,267	2,518
Retained earnings at the end of the financial year	<u>522,549</u>	<u>504,297</u>

33. Earnings per share

Weighted average number of shares used as the denominator

	2026	2025
Weighted average number of ordinary shares in issue	8,153,000	8,153,000

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholder of WEL Networks Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

The Company has no potential ordinary shares that could dilute earnings per share.

34. Derivative financial instruments

	Consolidated	
	2026	2025
	\$'000	\$'000
<i>Current assets</i>		
Forward foreign exchange contracts - cash flow hedges	175	244
Electricity price derivatives	850	-
	1,025	244
<i>Non-current assets</i>		
Interest rate swap contracts - cash flow hedges	1,763	-
Electricity price derivatives	2,042	-
	3,805	-
	4,830	244

Interest rate swap contracts - cash flow hedges

The Group has entered into interest rate swap contracts to hedge the interest rate risk on borrowings. The contracts are designated as hedges for accounting purposes. The notional principal amounts of the outstanding interest rate contracts as at 31 March 2026 are \$125.0M (2025: \$nil) and the fixed interest rates vary from 3.33% to 3.61% (2025: \$nil). Refer to note 35 for further information.

Changes in the fair value of cash flow hedges (net of tax) in other comprehensive income as at 31 March 2026 includes a \$1.3M gain on the fair value of the interest rate swaps (2025: nil). There is no hedge ineffectiveness recognised in profit or loss as at 31 March 2026 (2025: nil).

Forward foreign exchange contracts - cash flow hedges

The Group has entered into USD/NZD FX contracts to hedge the foreign currency risk related to highly probable purchases of solar farm equipment from overseas. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2026 are \$11.1M (2025: USD/NZD and EUR/NZD of \$4.1M).

Changes in the fair value of cash flow hedges (net of tax) in other comprehensive income as at 31 March 2026 includes a \$0.05M loss on the fair value of the foreign forward exchange contracts (2025: \$0.2M gain). There is no hedge ineffectiveness recognised in profit or loss as at 31 March 2026 (2025: nil).

Electricity price derivatives

The Group has also entered into electricity swaps to manage exposure to electricity price risk. The contracts are not designated as hedges for accounting purposes due to their variable volume structures. The contracts are valued based on the contracted volumes, and the difference between the contractual strike price and the relevant forward market price, primarily derived from ASX futures prices. Where market data is not available, fair values are based on management's best estimate of forward pricing for the applicable contract period. A gain on these electricity price derivatives has been recorded in the statement of profit or loss of \$4.3M for 31 March 2026 (2025: \$0.4M). The table below provides an analysis of the total gain/(loss) on electricity price derivatives.

	Consolidated	
	2026	2025
	\$'000	\$'000
Realised net change in fair value of energy price derivatives	1,437	358
Unrealised net change in fair value of energy price derivatives	2,892	-
Total gain/(loss) on electricity price derivatives	4,329	358

34. Derivative financial instruments (continued)

Accounting policy for derivative financial instruments

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 each reporting date. The accounting for subsequent 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 designates certain derivatives as either:

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

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Movements in the hedging reserve in the shareholders' equity are shown in note 31. The full fair value of a hedging derivative is classified as a non-current asset or liability when the maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness at inception and prospectively at each reporting date to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and no longer meets the criteria for hedge accounting, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

35. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial and regulatory risks. Financial risks include market risk (including foreign exchange, interest rate risk and price risks), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's overall financial risk management objectives are to ensure that the Group creates value and maximises returns to its Shareholders as well as ensuring that adequate financial resources are available for the development of the Group's businesses whilst managing its financial risks. It is, and has been throughout the current financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken. The major areas of the financial risks faced by the Group and the information on the management of the related exposures are detailed below:

Market risk

Foreign currency risk

The Directors established a policy to require the Group to manage its foreign exchange risk against its functional currency. The Group is required to hedge all transactions greater than \$250,000. To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Group's functional currency.

35. Financial instruments (continued)

As at 31 March 2026, if the currency had weakened / strengthened by 10% against the US dollar with all other variables held constant, the impact on post-tax profit for the year would have been nil (2025: nil).

Price risk

The Group enters into electricity price derivatives that establish a fixed price at which future specified quantities of electricity are purchased. The electricity price derivatives are periodically settled with any difference between the contract price and the spot market price settled between the parties.

The electricity price derivative valuations are sensitive to changes in electricity forward prices. The table below sets out the sensitivity of profit to changes in prices in respect of these contracts.

Price risk +/- 10%

	Impact on profit		Impact on equity	
	2026 \$000	2025 \$000	2026 \$000	2025 \$000
Electricity forward price increased by 10%	(2,802)	-	-	-
Electricity forward price decreased by 10%	2,787	-	-	-

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Group policy is to maintain within minimum and maximum fixed interest rate cover of its borrowings with fixed rate instruments.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and the prevailing market floating reference rate based on the agreed notional amounts.

As at 31 March 2026, the Group had borrowings with a face value of \$139.0M, of which \$125.0M was hedged through interest rate swaps. The swaps mature between May 2027 and May 2031, and have a weighted average interest rate of 3.41%. The swaps are for the duration of the borrowing term.

The balance of the borrowings subject to variable interest rate risk is \$14.0M. The table below sets out the sensitivity of profit to changes in interest rates in respect of these variable rate borrowings, as well as the impact on equity arising from changes in the fair value of the related derivatives.

Interest rate risk +/- 1%

	Impact on profit		Impact on equity	
	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Interest rates higher by 1%	(180)	-	3,727	-
Interest rates lower by 1%	180	-	(3,885)	-

	Consolidated 2026 \$'000	Consolidated 2025 \$'000
Hedge ratio	1:1	-
Change in fair value of outstanding hedging instruments since 1 April	1,763	-
Change in value of hedge item used to determine hedge effectiveness	(1,763)	-

Credit risk

Credit risk is the potential risk of financial loss arising from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due. The credit risk attributable to receivables is managed and monitored on an ongoing basis via the Group's management reporting procedures and internal credit review procedures.

35. Financial instruments (continued)

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. Refer to note 20 for further information.

The Group has a credit policy which is used to manage this exposure to credit risk. As part of this policy, limits on exposures with counterparties have been set and are monitored on a regular basis.

The Group has 32% (2025: 32%) of its trade debtors owing from the incumbent retailer, Genesis Energy Limited. This debt is subject to a written agreement that requires an investment grade credit rating to be maintained. If the credit rating falls below investment grade, then a bond will be required as collateral.

In the Group's historical experience collection of trade receivables falls within the recorded provisions. Due to these factors, the Directors believe that no additional credit risk beyond amounts provided for in expected credit losses is inherent in the Group's trade receivables.

In respect of the short term fixed deposits, cash and bank balances and derivatives placed with major financial institutions, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Other than as mentioned above, the Group has no significant concentration of credit risk on its financial assets. The maximum exposures to credit risk are represented by the carrying amounts of other financial assets in the balance sheets. Except for the financial guarantees given by the Group (note 36), the Group does not provide any other financial guarantees which would expose the Group to credit risk.

Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants as set out in note 30, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group was in compliance with covenants during the year.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at financial year end to the contractual maturity date. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 March 2025	Less than one year \$'000	Between 1 and 2 years \$'000	Between 2 and 3 years \$'000	Between 3 and 5 years \$'000	5 + years \$'000	Total fair value contractual cash flows \$'000	Carrying amount liabilities \$'000
Non-derivatives							
Borrowings	49,258	36,495	(29)	-	-	85,724	82,846
Trade and other payables	26,569	-	-	-	-	26,569	26,569
Customer discount payable	12,625	-	-	-	-	12,625	12,625
Lease liabilities	793	553	392	727	9,092	11,557	5,771
Total non-derivatives	<u>89,245</u>	<u>37,048</u>	<u>363</u>	<u>727</u>	<u>9,092</u>	<u>136,475</u>	<u>127,811</u>

35. Financial instruments (continued)

31 March 2026	Less than one year \$'000	Between 1 and 2 years \$'000	Between 2 and 3 years \$'000	Between 3 and 5 years \$'000	5 + years \$'000	Total fair value contractual cash flows \$'000	Carrying amount liabilities \$'000
Non-derivatives							
Borrowings	25,380	106,732	(31)	9,617	-	141,698	138,719
Trade and other payables	24,894	-	-	-	-	24,894	24,894
Customer discount payable	12,814	-	-	-	-	12,814	12,814
Lease liabilities	491	806	720	1,415	18,715	22,147	10,519
Total non-derivatives	<u>63,579</u>	<u>107,538</u>	<u>689</u>	<u>11,032</u>	<u>18,715</u>	<u>201,553</u>	<u>186,946</u>
Derivatives							
Interest rate swaps							
- inflow	3,446	4,213	3,505	5,570	286	17,020	1,763
- outflow	(4,030)	(3,674)	(2,783)	(4,307)	(225)	(15,019)	-
	<u>(584)</u>	<u>539</u>	<u>722</u>	<u>1,263</u>	<u>61</u>	<u>2,001</u>	<u>1,763</u>

Accounting policy for financial instruments

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI) or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Recognition

Regular way purchase and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three classifications, amortised cost, FVOCI and FVPL.

Amortised cost assets are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

35. Financial instruments (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Fair value of financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
31 March 2025				
Assets				
Foreign forward exchange contracts	-	244	-	244
31 March 2026				
Assets				
Interest rate contracts	-	1,763	-	1,763
Electricity price derivatives	-	-	2,892	2,892
Foreign forward exchange contracts	-	175	-	175
	-	1,938	2,892	4,830

35. Financial instruments (continued)

	Financial assets and liabilities			Total \$'000
	Financial assets at amortised cost \$'000	at fair value through P&L \$'000	Financial liabilities at amortised cost \$'000	
Consolidated 2025				
<i>Assets</i>				
Cash and cash equivalents	17,978	-	-	17,978
Trade receivables (excluding goods and services tax and prepayments)	16,473	-	-	16,473
Derivative financial instruments	-	244	-	244
Total financial assets	34,451	244	-	34,695
<i>Liabilities</i>				
Trade and other payables	-	-	26,569	26,569
Borrowings	-	-	82,846	82,846
Lease liability	-	-	5,771	5,771
Customer discount payable	-	-	12,625	12,625
Total financial liabilities	-	-	127,811	127,811

	Financial assets and liabilities			Total \$'000
	Financial assets at amortised cost \$'000	at fair value through P&L \$'000	Financial liabilities at amortised cost \$'000	
Consolidated 2026				
<i>Assets</i>				
Cash and cash equivalents	14,467	-	-	14,467
Trade receivables (excluding goods and services tax and prepayments)	17,160	-	-	17,160
Derivative financial instruments	-	4,830	-	4,830
Total financial assets	31,627	4,830	-	36,457
<i>Liabilities</i>				
Trade and other payables	-	-	24,894	24,894
Borrowings	-	-	138,719	138,719
Lease liability	-	-	10,519	10,519
Customer discount payable	-	-	12,814	12,814
Total financial liabilities	-	-	186,946	186,946

36. Contingent liabilities

As at 31 March 2026 the Group had a total of \$3.45M of contingent liabilities to support contracts entered into (2025: \$6.16M).

A breakdown of the contingent liabilities are as follows:

Beneficiary	Amount \$'000	Supporting
Energy Clearing House Limited	1,000	NewPower Electricity Retailing
Eastland Group	198	Infratec Performance Bond
Lodestone Energy Limited	275	Infratec Performance Bond - Kaitaia
Lodestone Solar Limited	395	Infratec Performance Bond - Edgecumbe
Lodestone Solar Limited	632	Infratec Performance Bond - Waiotaha
Lodestone Solar Limited	542	Infratec Performance Bond - Whitianga
Puketapu Limited	405	Infratec Performance Bond - New Plymouth Airport

These contingent liabilities may be called upon in the event of either non-performance or non-payment as defined by the terms of the underlying contract signed with the Beneficiary.

37. Commitments

Capital commitments

As at 31 March 2026, the Group had contracted capital expenditure commitments of \$20.5M (2025: \$1.8M). These commitments primarily relate to the acquisition of major equipment for a solar farm currently in the early stages of construction, as well as electricity network equipment. The majority of these commitments are expected to be settled within the next 12 months.

38. Cash flow information

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

	Consolidated	
	2026 \$'000	2025 \$'000
Profit after income tax expense for the year	25,485	20,085
Adjustments for:		
Depreciation and amortisation	33,285	31,941
Net loss on disposal of property, plant and equipment and impairment loss	5,879	4,924
Financing costs/(income)	2,633	199
Change in the unrealised fair value of electricity price derivatives	(2,892)	-
Investment income	-	(6)
Other losses/(gains)	50	(4,401)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,778)	119
Increase in trade and other payables	320	1,088
Decrease in provision for income tax	(377)	(1,483)
Increase in deferred tax liabilities	8,247	7,350
Net cash from operating activities	<u>70,852</u>	<u>59,816</u>

39. Events after the reporting period

There were no events occurring subsequent to 31 March 2026 which require adjustments to or disclosure in the financial statements.

40. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company, and its network firms:

	Consolidated	
	2026 \$'000	2025 \$'000
<i>Audit services - PwC</i>		
Audit financial statements	353	361
Half year review	67	87
	420	448
<i>Assurance and audit related services* – PwC</i>		
Assurance procedures on disclosure information - current year	75	71

*PwC perform assurance procedures and agreed upon procedures in their capacity as auditors over disclosure information required to be submitted to the Commerce Commission.



Independent auditor's report

To the shareholder of WEL Networks Limited

Our opinion

In our opinion, the accompanying consolidated financial statements (the financial statements) of WEL Networks Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2026, its financial performance, and its 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 Group's financial statements comprise:

- the balance sheet as at 31 March 2026;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement 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), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with PES 1 and the IESBA Code.

PricewaterhouseCoopers, PwC Centre, 109 Ward Street,
PO Box 191, Hamilton 3240, New Zealand
T: +64 7 838 3838

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
<p>Valuation of the Electricity Network</p> <p>The electricity network assets are carried at \$891.2m as at 31 March 2026. Refer to note 7 – Property, plant and equipment, in the consolidated financial statements.</p> <p>Management engaged an independent external valuation expert, to perform an electricity network valuation assessment to determine whether the carrying value of the network materially reflects fair value as at 31 March 2026.</p> <p>The estimated valuation range disclosed by management was \$855.0m to \$923.1m, with the carrying value of \$891.2m falling within that range.</p> <p>The valuation assessment was based on a discounted cash flow methodology incorporating a terminal value based on the regulatory asset base.</p> <p>The valuation of the electricity network involves significant estimates and assumptions including weighted average cost of capital, regulatory asset base for the terminal value, capital expenditure and forecast revenue and operating expenditure, which involve significant judgements about the future.</p> <p>We determined this matter as a key audit matter given the significance of the value of the electricity network and the judgments applied to determine the fair value as at 31 March 2026.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of, and evaluating, management’s processes and controls relating to the valuation of the electricity network; • Reperformed selected calculations within the discounted cash flow model to assess the mathematical accuracy of the valuation model; • Assessing the reasonableness of the inputs to the cash flow forecasts based on our understanding of the business; • Assessing the professional competence, independence and objectivity of the external valuation expert engaged by management; • Considering the accuracy of historical forecasts by performing look back procedures consisting of comparing the current year actual results with those previously budgeted, including delivery of Asset Management Plan (AMP) Capex forecasts; • Engaging our internal industry valuation expert to evaluate whether significant assumptions used in the valuation were reasonable; • Reviewing capital expenditure inputs used in the model by assessing them against the AMP; • Performed procedures over the regulatory asset base (RAB) to assess the reasonableness of the terminal value including: <ul style="list-style-type: none"> - assessing RAB revaluation inputs; - reconciling Capex to the cash flow model; and - Assessing the consistency of depreciation inputs used in determining the terminal value RAB. • Comparing the implied valuation multiples and carrying value against the Group’s disclosed regulatory asset base to assess overall reasonableness; • Evaluating whether the disclosed valuation range appropriately reflected reasonably possible changes in key assumptions. • Performing sensitivity analysis over significant assumptions, including WACC and terminal value assumptions, to evaluate the range of reasonably possible outcomes.; and • Considering the adequacy of the Group’s disclosures.

Our audit approach

Overview



Overall group materiality: \$1,750,000, which represents approximately 5% of profit before tax.

In our view, profit before tax is the benchmark which best reflects the performance of the Group for the year ended 31 March 2026

Following our assessment of the risk of material misstatement, we:

- Perform a full scope audit over the Group's principal business unit being the electricity network distribution business
- Performed specified audit procedures and analytical review procedures on the remaining business units within the group.

As reported above, we have one key audit matter, being:

- Valuation of the Electricity Network.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures, and to evaluate the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors 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, the Directors 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 Directors either intend to liquidate the 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, 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.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-3-1/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholder. 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 Company and the Company's shareholder, 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 Matthew White.

For and on behalf of:



PricewaterhouseCoopers
28 May 2026

Hamilton