

An aerial photograph of a city at dusk. A river flows through the center, with a bridge crossing it. A road with light trails from traffic winds through the city. The sky is a mix of purple and orange, and the city lights are beginning to glow.

Annual Report 2025

WELGroup.



This is the Annual Report of WEL Group

Signed for and on behalf of the Board of Directors

Barry Harris
CHAIR

Carolyn Steele
AUDIT AND RISK COMMITTEE CHAIR





Contents

About WEL Group <i>Mō te Rōpū WEL</i>	4
A Snapshot - WEL Group <i>He whakarāpopototanga - Te Rōpū WEL</i>	5
Group Chair Report <i>Te Pūrongo a te Heamana</i>	7
WEL Networks Chief Executive Report <i>Te Pūrongo a te Pouwhakahaere Matua WEL</i>	9
WEL Networks Sustainability Statement - 2025 <i>Tauākī a te Kāhui Toitū WEL 2025</i>	14
Director Profiles <i>He kīwhaiaro mō ngā Pouwhakahaere</i>	24
Corporate Governance Statement <i>Tauākī Mana Whakahaere</i>	27
Interests Register for the WEL Group <i>Te Rārangi Aro a te rōpū WEL</i>	29
Financial Statements <i>Ko ngā Tauākī Pūtea</i>	34
Notes to the Financial Statements <i>Ngā Kupu Tipoka ki ngā Tauākī Pūtea</i>	42
Independent Auditor's Report <i>Te Pūrongo a te Kaiarotake Motuhake</i>	89
Directors' Report And Statutory Information <i>Te Pūrongo a te Pouwhakahaere me ngā Pārongo Ture</i>	94
Directory <i>Papatohu</i>	97





About WEL Group

Mō te Rōpū WEL

Leading Waikato's Energy Future

WEL Group is proud to support over 102,000 homes and businesses across the Waikato with reliable and sustainable energy services.

As a key part of the region's infrastructure, we play an essential role in helping our communities grow and thrive. Our focus remains on delivering energy that is affordable, dependable, and environmentally responsible.

In an evolving energy sector, innovation and strong partnerships ensure the Group continues to explore new and better ways of doing things.

WELGroup.



NewPower



A Snapshot - WEL Group

He whakarāpopototanga - Te Rōpū WEL

WEL Networks and its subsidiaries (WEL Group) builds, owns and operates over

\$842M

worth of electricity network infrastructure.

WEL Networks connects more than

102,000

residential properties and businesses including 962 commercial/industrial.

WEL Group is

100%

owned by the community through our sole shareholder the WEL Energy Trust.

WEL Networks maintains

6,996

kilometres of lines and cables.

WEL Group has over

380

people who deliver electricity services to our communities.

72,181

homes and businesses currently have one of our smart meters installed which gives us valuable insights into how we can improve our service to customers - by using these insights to enhance reliability, efficiency, and responsiveness.

Over the next decade, we've planned to spend

\$262.8M

on network development projects to support the current and projected growth within our network.

FIND OUT MORE IN OUR 2025 ASSET MANAGEMENT PLAN UPDATE.

From April 2024 to March 2025 across our 39 public EV chargers within our network we've saved

237,000kg of CO2e.

We've aligned our activity to four of the United Nations'

Sustainable Development Goals (SDGs)

where we believe we can make the most impact and generate the most synergy with our strategic direction.

VIEW OUR SUSTAINABILITY SECTION ON PAGE 14.

3 GOOD HEALTH AND WELL-BEING



7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



13 CLIMATE ACTION



Infratec has been a key construction partner for Lodestone Energy since

2022

In FY25, Infratec completed two solar farms with four under construction. Altogether, the six projects will provide a total solar capacity of

150.8MW

WEL Group Chair Report

Te Pūrongo a te Heamana



Barry Harris

The WEL Group delivered a year of strong financial and business performance with an ongoing focus on being sustainable and resilient, providing value to our community. The Group completed a range of strategic and business as usual projects which focused on strengthening the core and ensuring we are well positioned for the future.

Our Community

In alignment with our shareholder the WEL Energy Trust (Trust), WEL continued the discount programme and paid the discount in April 2025 which totalled \$14.5M (including GST). The discount went out to 101,265 customers with an average discount for residential customers of \$135.49 (including GST).

Additionally, WEL paid a \$9.3M dividend to the Trust to enable them to undertake their philanthropic activities.

Health, Safety and Wellbeing

The Board remains committed to supporting a culture of continuous improvement in health and safety and endorses the Company's approach to providing a range of wellbeing activities and benefits for all staff. Directors take an active interest in Health and Safety governance and the management of critical risk to ensure the ongoing safety of our people and the public.

Financial Performance

WEL Networks has had strong financial performance through to March 2025.

Highlights include:

- Revenue of \$196M was a \$16M increase on the prior year largely due to strong growth in customer connections, higher pricing, an uplift in customer contributions for customer-initiated work and growth in revenue from generation as a result of prior investment in this area.
- Additional borrowings of \$72M to fund investment in the network and generation assets, with a net increase in Property, Plant and Equipment from \$884M to \$973M.
- The Group's equity as at 31 March 2025 increased to \$814M, up \$11M from the previous year.

Sustainability

WEL continues to have a comprehensive approach to sustainability and corporate social responsibility as part of its governance framework.

The Company's sustainability framework aligns to selected United Nations' Sustainable Development Goals; SDG3 (Good Health and Wellbeing), SDG7 (Affordable and Clean Energy), SDG9 (Industry, Innovation and Infrastructure) and SDG13 (Climate Action) providing a focus for the delivery of sustainability initiatives.

We remain aligned to the long-term national carbon emission reduction targets while retaining our focus on our people, our community and network resilience.

Strategy

We recognise that the electricity distribution industry is changing from a mature and stable industry to one that is undergoing a period of rapid change and so our strategy is adapting to meet this challenge. This year we developed and introduced our statement of strategic intent, "Leading Waikato's Energy Future", which focusses on the Group's approach to balancing the energy trilemma for the benefit of our communities.

In October WEL was granted an exemption by the Electricity Authority regarding Part 6A of the Electricity Industry Participation Code which allows us to provide a total of 64MW worth of energy that can be generated and stored and released into the market. Encouraging and enabling investment in local electricity generation is critical to building regional resilience. WEL welcomes the Electricity Authority's decision which will support more solar energy generation in the Waikato.

Our subsidiary NewPower holds and maintains WEL's generation assets. These include our 35MWh Battery Energy Storage System (BESS) at Rotohiko and our solar farms - Naumai (4.4MW) in Northland and Taiohi (22.4MW) currently under construction in our network area.

Cultural Capacity

We are committed to honouring the principles of Te Tiriti o Waitangi and working collaboratively with tangata whenua to promote the growth and prosperity of the Waikato region.

We are continuing on our journey to deepen our understanding of tikanga and the history of the Waikato where our organisation is based and operates.

Directors

In June 2024 we welcomed Jim Quinn as a Director. Jim brings a wealth of governance experience from his previous roles as a director, chief executive and executive manager.

In Summary

The Company has had another very positive year with strong business and financial results, including delivering a number of key projects.

I thank the Board, Chief Executive Garth Dibley, the management team and all staff for their ongoing commitment to running a successful business and delivering services that are valued by stakeholders.

WEL Networks Chief Executive Report

Te Pūrongo a te Pouwhakahaere Matua WEL



Garth Dibley

Our business has taken significant steps to be well positioned to meet the evolving energy industry needs. We have developed a new Statement of Strategic Intent with a focus on the energy trilemma to ensure we have the correct vision to move successfully forward while balancing the affordability, reliability and sustainability of our business. We have completed a number of significant projects, implementing or updating key digital and technology platforms. We also built a key new storage and office facility with a purpose-built training room to meet current and future needs. Alongside these projects our team has provided a solid return to our shareholder and safe and reliable essential electricity services to our Waikato communities.

Health & Safety

We have progressed our *Good Work* approach to safety to ensure positive safety outcomes are the result of a planned approach to how we work every day. Our focus during the year has been on working with our teams to ensure the correct critical controls are in place or look for opportunities to build or enhance new controls, to mitigate critical risks. We have also implemented a new incident response approach which ensures we collaborate with our people doing the tasks to understand how improvements can be made.

Promoting safety leadership within our community has remained a key focus through our public safety campaigns. We also continued our work with Fire and Emergency New Zealand to deliver free electric blanket testing to two local communities.

Our Trade and Competency team have supported a large number of our people to achieve their national qualifications and have produced eLearning modules across a range of high-risk tasks to deliver the training and education in a way that is very accessible to all and meets industry best practice.

We have been actively sharing some of the safety related procedures that we have developed with our industry peers to assist with ongoing improvement across the industry. This has included sharing our award-winning Low Voltage (LV) Works Management process and procedures with many other lines companies.

OUR PEOPLE

WELBalanced

Our WELBalanced Programme continues to deliver a range of additional health and wellness initiatives to support our people. Our range of flexible working options remain well utilised and valued by our people. Over the past year we have offered flu vaccinations and mole mapping to all staff with a very strong uptake of both. In support of our commitment to inclusivity and diversity in our workplace we have continued to work towards achieving the requirements of the Gender Tick and have promoted opportunities to gain a greater understanding of the diverse culture of our workplace, a great example of this was supporting a drop-in session for Diwali.

Enhancing our Employee Experience

We ran the Culture Amp engagement and wellbeing survey for the fourth year and improved on last year's outstanding result with a record 93% participation rate. Our overall engagement score was 70% which compares favourably to the New Zealand benchmark of 67%, so a very positive result for the Company.

We utilise the results to direct our efforts to ensure we provide our people a great place to work. We value the feedback provided by our people and actively work to ensure our environment is welcoming, positive and one in which people feel valued, thereby supporting everyone to reach their full potential.

OUR PERFORMANCE

Reliability

WEL has had a consistently reliable network remaining in the lower half of the industry for network interruptions disclosed over the past several years.

However, we acknowledge that climate change has seen us experience more weather events in the past few years than have been seen in a long time and our customers in the Raglan region have been impacted the most. We have started work on improving the reliability of supply out to Raglan by improvements at the Te Uku Substation and cabling work to provide a backup to the overhead structures impacted by vegetation, wind and lightning. This and other work will continue into FY26 with all works ready to be commissioned prior to winter 2026.

CONTINUED

PREPARING OUR BUSINESS FOR THE FUTURE

Regional Growth and Demand

The Waikato region continues to outperform the national average in new customer connections and property value increases. However, the residential market slowdown persists, largely influenced by higher interest rates and weakened market confidence. The region has seen a 19% decline in residential building consents. After several years of strong growth, the commercial sector is cooling, with a notable slowdown in new project pipelines—particularly in office space consents. Interestingly, retail premises consents remain strong, positioning Waikato among the more resilient regions in this sector.

Despite these conditions, many customers are seeking significant load increases and exploring process heat conversions, signalling ongoing investment in infrastructure and energy needs.

To enable and manage the introduction of new customer-owned technology and evolving expectations for electricity availability, WEL continues to invest in Low Voltage (LV) and Distributed Energy Resource Management Systems (DERMS). These investments enhance network visibility and expand operational capabilities, supporting active customer participation in the electricity system. This approach strengthens the pathway to unlocking greater value that can be shared across all participating customers.

The slowdown in electric vehicle (EV) market expansion has been largely attributed to the lack of government subsidies, leading to more cautious consumer adoption. As a result, projections indicate that by 2033, around 30,000 EVs will be navigating Waikato roads. Similarly, the reduced government financial incentives for renewable energy projects have contributed to a 26% decline in applications for Distributed Energy Resources compared to the previous year, highlighting the crucial role policy support plays in accelerating clean energy transitions.

Despite these shifts, peak demand continues to rise, increasing from 309MW to 358MW, highlighting the ongoing need for infrastructure expansion and energy management.

Our Asset Management Plan includes the following key areas of expenditure over the next decade:

- \$896M into our network to support new businesses setting up in the Waikato, electrification of transport and industrial processes, and new housing supply (Network CAPEX).
- \$140M into network maintenance to retain similar levels of reliability and service to meet customer expectations (Network OPEX).
- \$89M (Non-Network CAPEX) and \$333M (Non-Network OPEX) into our systems and capability to efficiently enable growth and new energy opportunities for our customers.

Resilience and Climate Change

Ensuring resilience across our network and operations is essential for maintaining a reliable power supply and meeting regulatory commitments. Accordingly, WEL has recognised the need to elevate resilience planning to a strategic priority, shifting from traditional crisis response to a proactive approach that enables adaptation and growth in a changing environment.

The WEL Resilience Framework is based on six macro trends and two local impact trends:

Trend #1: Climate Change

Trend #2: Deteriorating geopolitical environment and national security

Trend #3: Economic fragmentation (international)

Trend #4: Rapid technological change / New technologies

Trend #5: The worker effect (i.e., the influence of employees and contractors)

Trend #6: Energy sector dynamics

Trend #7: Doing business in Waikato

Trend #8: Sustainability pressures.

Across New Zealand over the past few years, we have experienced a greater frequency of significant weather-related events and expect that the impacts on WEL's network assets from climate related hazards will increase over time due to the changing climate.

We completed both network resilience assessments and climate forecast models to identify areas

at risk throughout the network. A roadmap to prioritise work for at-risk areas has been developed and improvements are factored in our asset management planning. We are looking at both NZ and international examples of good practice to develop our resilience response.

A major resilience improvement project for electricity supply to the Raglan region is underway and detailed design is currently in progress.

Strategy

Our statement of strategic intent is our north star, and we have continued to progress our strategy, ensuring we consider the energy trilemma to guide our approach.

Statement of Strategic Intent

Leading – we enhance the value received from our core network through working efficiently and safely while we boldly explore and expand innovative solutions

Waikato's – we work for the benefit of our Waikato customers and community

Energy Future – we will focus on reliability, affordability and sustainability founded on digital transformation as NZ transitions towards our decarbonised future

Affordable

We gained ISO 55001 accreditation certifying that we have a programme of continuous improvement in Asset Management to continue to deliver efficiencies through our asset management practices.

We had a transformational year with the successful completion of the FY25 digital foundations projects which included:

- SAP – upgraded SAP, our core financial and asset management system, to SAP S/4HANA which unlocks new capabilities for WEL.
- Integration – implemented an integration platform to ensure we have a consistent approach to our digital systems integration.
- Data – implemented a data platform and digitised the delivery of some regulatory disclosure requirements increasing the efficiency of this work.

- GE PowerOn – upgraded our core network management system which is the primary platform for operating oversight and operation of our High Voltage network.
- Purchased Copperleaf – a Decision Analytics Solution that will assist in optimising investment planning and ensure that critical infrastructure plans are aligned with our vision and strategic goals.

Sustainable

Resilience - We developed a multifaceted resilience framework to deliver enhancements across the business using the four sequential treatment phases known as the 4 Rs framework: Reduction, Readiness, Response, and Recovery.

Carbon reduction - We continued to explore ways WEL can reduce its carbon footprint and have an open access network, enabling customers to add Distributed Energy Resources to help them decarbonise and improve their resilience.

Solar Farms - We connected Naumai solar farm (4.4MW) and are currently constructing Taiohi (22.4MW); the first of our Waikato solar farms.

Reliable

Backbone strengthening - Continued reviewing our High Voltage (HV) Network and its ability to adapt to climate change and enable electrification and commenced a major project to enhance the resilience of our Raglan area network.

Substations - We have built our new Kohia substation allowing for future network growth to the north of Hamilton and upgraded our Te Uku substation, adding further resilience to the Raglan area.

LV Visibility - Gridsight and Pi Vision – delivered a tool to the business that gives oversight of our Low Voltage network through our smart meters and enables WEL to have real time visibility.

IN SUMMARY

I'd like to recognise and thank the WEL team for their positive engagement and energy in developing innovative solutions as the electricity industry evolves. I'd also like to acknowledge everyone's dedication to ensuring we remain safe, sustainable and reliable while delivering positive outcomes for our community.



WEL Networks Sustainability Statement - 2025

Tauākī a te Kāhui Toitū WEL 2025

Background

WEL Networks (WEL) is an electricity distribution business fully community owned by the WEL Energy Trust.

The Management and Board of WEL are committed to running the business in a way that is sustainable and embraces the principles of corporate social responsibility because this is the right thing for our staff, our community, our shareholder and our environment.

The wellbeing of our staff and of our community is important to us. We demonstrate this through ensuring strong safety performance for our staff, contractors and for the public, by being a good employer and providing reliable and low-cost electricity to our community.

Throughout its operations, WEL strives to be an environmentally responsible organisation. This year we have continued to deliver sustainability initiatives addressing social and environmental responsibilities within our community.

Our Company's Statement of Strategic Intent 'Leading Waikato's Energy Future' aligns with our overarching E³ Strategy, particularly our focus on sustainability.

Strategic Activity Areas

We remain committed to four of the United Nations' Sustainable Development Goals (SDGs) where we can make the most impact and generate the most synergy with our strategic direction. In this way we believe we will add the greatest value and have the largest impact on business performance. Our alignment with the SDGs helps us achieve a vision that encompasses being:

- an **employer of choice** that embraces diversity and where employees are valued and treated well, ensuring that the attraction and retention of staff does not become an obstacle to running a successful business
- an ethical, values-based business that **recognises our community as a key stakeholder** and implements aspects of the strategy to explicitly **support the community**
- a sought-after commercial partner, recognised for our network resilience and our **innovation** in steering the community into the future, embracing new ways of managing the changing energy market while **providing customer centric and resilient solutions**

The following strategic activity areas support our Company values and are directly related to the activities encompassed in our strategic plan.

Aligned to UN Sustainable Development Goal (SDG 3) Good Health and Wellbeing



To promote a positive workplace for WEL staff through a commitment to best practice employment processes, including:

- Promotion of a positive workplace for WEL staff through a commitment to best practice employment processes
- Implementation of a diverse workforce and inclusive work environment
- Monitor and deliver gender equality
- Deliver ongoing wellbeing initiatives for staff through an overarching wellbeing framework

Health and Safety

WEL's Stop for Safety event in 2024 brought the whole organisation together to think about health and safety and the role everyone plays in keeping themselves, colleagues and members of the public safe. Time was spent on Critical Risk and Critical Controls and how they contribute to positive safety outcomes.

As part of our five-year roadmap, one of the key workstreams focuses on managing critical safety risks – those with any credible potential to result in worker fatalities. The emphasis on critical safety risks is essential given the nature of our high-risk industry. We have conducted over 20 Critical Risk Workshops with our workers, to confirm the key risk controls required to prevent fatal incidents – our Critical Controls. The workshops provided assurance that WEL already has many of these controls in place, reflecting our maturity in safety practices. Where the workshops highlighted opportunities for enhancement, we will work to strengthen and embed improved or new controls.

A major milestone in our safety journey has been implementing a Health and Safety Management platform, ecoPortal. This modern system supports *Good Work* practices, will streamline safety processes and enhance accessibility to vital tools including; action and improvement reporting, injury management, safety conversations, checking controls are in place to manage risk, hazardous substances, safety checklists and inspections with supporting dashboards.

A Safety Start day was held to begin 2025 by switching everyone on to a health and safety mindset both inside and outside of the workplace. There were demonstrations with key themes including driving safety and wellbeing which encompassed safety-based activities. Office-based staff again joined WEL Services to ensure collective ownership of health and safety.



Girls with Hi-Vis event sparks interest in industry

WEL Networks showcased what a career in the electricity distribution industry could look like as part of a Girls with Hi-Vis (GWHV) event run in partnership with Connexis.

Girls with Hi-Vis gives female students the opportunity to gain hands-on experience, hear from inspirational women in the industry and learn what a career in the infrastructure industries and trade sectors can offer.

Last year's event, which is the second event WEL has hosted, was one of 46 GWHV events held across Aotearoa.

19 students from Ngaruawahia High School, Hamilton Girl's High School and Fraser High School, participated in a number of presentations and practical activities that introduced them to Line Mechanic, Cable Joiner, Electrical Fitter and Civil career pathways.

Students were left with a potential career spark ignited thanks to the team of WEL representatives that assisted on the day.

WELBanced Initiatives

Continued hard work has been aimed at ensuring WEL is a diverse and inclusive organisation with a great culture. In support of our commitment to supporting gender initiatives and advocating for gender equality, we have continued to work towards achieving the requirements of the Gender Tick, following the Executive signing a Gender Pledge.

Wellbeing topped all categories in this year's annual Culture AMP engagement survey with all questions scoring over 80%. Overall, WEL's engagement score was 70% which compares well to the New Zealand benchmark of 67%.

As in previous years, WELBanced and social club activities were again important contributors to lifting the engagement, interaction and wellness of staff. New WELBanced initiatives this year included Diwali celebrations, Te Reo sessions for Maori language week and a WEL pentathlon to get into the spirit of the Paris Olympics. These new initiatives further added to a broad suite of existing offerings including; My Everyday Wellbeing partnership, mole mapping, flu vaccinations, bowel cancer screening kits, sports team and Round the Bridges participation, as well as medical, life and income protection insurance.

In addition to WELBanced initiatives, the social club committee organised a range of activities for staff to boost their health and wellbeing, and to foster shared experiences and strengthen relationships. Highlights included the Kelly Tarlton's and Auckland Zoo visits, Tongariro Crossing and fishing trips.



WEL Networks scoops Electricity Engineers' Association Workplace Safety Award

WEL Networks won the Electricity Engineers' Association (EEA) Workplace Safety Award for 2024 for its industry-leading 'Low Voltage Works Management (LVWM) Programme'.

WEL was one of several award category entrants. The accolade recognises excellence in health and safety and initiatives to promote safety excellence within the wider electricity supply industry.

The Programme, which has been developed to improve the safety of work on the low voltage (LV) network, has been shared with the wider industry to ensure workers get home safely to their family, every day.

Collaboration has been key behind the success of the Programme with front-line workers involved all the way through, highlighting a "field-up, rather than office-out" strategy that supports Good Work.

Safety equipment was purchased, pictorial guidelines were developed, and equipment was placed into the field for trials and feedback.

Following trials, a strategic plan was devised, and an iterative process was adopted for implementation using an 'agile' methodology. Assistance was also sought from training partners to approach the instructional design elements of the procedures and for advice on how we could best train our people.

Time was spent in the field to understand and observe current practice; a list of tasks that necessitate specific procedures were provided by field staff and the process was stress-tested during a one-day workshop. This involved field staff, planners, system control and health and safety staff.

To enable diverse learning styles, podcasts featuring front-line workers talking their colleagues through the process have been produced, which also contributed to a significant increase in staff engagement.



SUSTAINABLE COMMUNITY

AFFORDABLE AND
CLEAN ENERGY

Aligned to UN Sustainable Development Goal (SDG 7) Affordable and Clean Energy



- Invest in the future of the local community through the provision of an affordable, reliable, safe supply of electricity through our network including through investment in large scale solar PV and battery support systems
- Reduce the risk of harm in the community from WEL assets through the effective implementation of a public safety management system
- Support the expansion of EV charging infrastructure across the network to encourage the uptake of EVs

Electricity Discount

In early April, in alignment with the WEL Energy Trust, WEL Networks processed a \$14.5M (including GST) customer discount, benefiting over 101,000 customers across the Waikato, with residential customers receiving an average credit of \$135.49 (including GST) on their power bills.

This initiative, reintroduced in 2021, reflects WEL's ongoing commitment to supporting the community.

In addition, WEL paid a \$9.3M dividend to the WEL Energy Trust, enabling the Trust to continue its philanthropic work throughout the region. These funds help support a wide range of community initiatives, reinforcing WEL's role in powering positive change across the Waikato.

The Gift of Giving

Christmas can be a challenging time of year for some people in our communities.

There are several charities within our Waikato communities that work hard to provide families with the essential basics while spreading kindness and joy.

WEL donated a combined total of \$5,000 that was divided between Kids in Need Waikato, St Vincent de Paul, Heart Kids, Women's Refuge and the Salvation Army Foodbank in December.

WEL's Blanket Testing Initiative Continues to Protect Waikato Homes

For the past four years, WEL Networks has offered free electric blanket testing to help keep Waikato communities safe. In March, 241 blankets were tested at Chartwell and Raglan Fire Stations, with 23 found to pose a fire risk and removed – potentially preventing serious house fires.

This year marked the highest failure rate since the initiative began, underscoring the importance of the service. The testing was carried out by WEL Networks and Alpha Electrical, with support from Fire and Emergency New Zealand.

Fire and Emergency praised the initiative, highlighting the strong community spirit and ongoing support from WEL Networks. Now a well-established annual event, the testing is part of WEL's broader commitment to public safety and community education.





Giving Back

As a 100% community-owned organisation, WEL values being able to give back and support the Waikato community in different ways. This year, as part of team building, WEL's Network Utilities and Substations teams supported Hospice Waikato and the Hamilton City Council.

From rubbish removal to painting, general maintenance and gardening – a significant amount of work was completed in a short timeframe at Hospice Waikato; whilst the Network Utilities teams released native trees from dense grass, which helps them to survive until maturity. This is part of the council's plan to return the Waikato to 10 per cent native bush by 2050.



Promoting Electrical Safety Awareness

WEL delivers essential electrical safety training to local businesses and emergency services, focusing on scaffold safety and how to respond to incidents involving vehicles hitting power poles or downed lines.

In addition to training, we're committed to keeping the public safe around our widespread electrical

assets throughout the Waikato. One of the key ways we do this is through ongoing public safety campaigns, which are featured across radio, social media, billboards and print media.

As part of our broader safety leadership focus, we're proud to continue this important work to help build safer, more informed communities.

RESILIENT INFRASTRUCTURE

Aligned to UN Sustainable Development Goal (SDG 9) Industry Innovation and Infrastructure



- Build resilient infrastructure and promote sustainable and innovative development of network assets
- Monitor and reduce SAIDI through provision of a resilient network (SAIDI is a measure of the average duration of a customer outage)
- Develop technical solutions to better monitor and understand the LV network and the impacts of sources of generation
- Install grid scale battery (BESS) and solar in support of network infrastructure and local solar and BESS as part of the WEL offices microgrid solution



Facility Boosts WEL's Network Investments and Sustainability Initiatives

With the significant growth in the Waikato region, a new warehouse and office building has been constructed in Te Rapa.

This essential facility will bolster WEL's ongoing network investments, ensuring that current and future local demands are met as the region continues to expand.

Additionally, it aligns with WEL's strategy to enhance network functionality, including solar farms, battery storage, and electric vehicle infrastructure.

The purpose-built facility, equipped with rooftop solar panels, battery storage, and electric vehicle chargers, also provides WEL staff with a training facility and space for project teams to collaborate.

To support development, an innovation hub is being used to trial emerging technologies and assess their potential to improve outcomes for Distributed Energy Resources (DER) connecting to the network.

Advancing Sustainable Energy and Infrastructure in New Zealand

The 4.4MW Naumai solar farm at Ruawai in Northland has been commissioned.

The build of the 22.4MW Taiohi solar farm at Rangiriri in Waikato commenced in July 2024 and is expected to be completed in 2026. The name 'Taiohi' means youthful and was gifted by mana whenua. This is an important project and one which will continue to position the Waikato Region as a frontrunner in innovation and renewable energy.

Planning is underway for the 10MW Rangimarie solar farm, which is due to be completed in early 2026.

Our efforts are not only focused on building and maintaining our own solar farms but also on supporting New Zealand's transition to a low-carbon future by constructing and operating solar farms for others.

Infratec have been a strategic construction partner for Lodestone Energy since 2022. To-date the following solar farms have been built: 33MW – Kohirā Solar Farm in Kaitaia and 32MW – Rangitaiki Solar Farm in Edgecumbe.

Current solar farm projects include the 42MW - Te Herenga o Te Rā (near Waiotaha), the 32MW - Pāmu Rā ki Whitianga and the 10MW solar farm for Papa Rererangi I Puketapu Ltd at New Plymouth Airport.

These ventures mark another significant step towards a cleaner, more sustainable future for Aotearoa.



Powering Through the Storm: WEL's \$10M Plan to Boost Network Reliability

WEL Networks is making a major investment in Raglan's electricity infrastructure to improve resilience against increasingly severe weather events.

Over \$10M is being spent in the region, including \$4.9M for asset renewal and \$5.3M for a key underground cabling project between Waitetuna Valley Road and the Te Uku Substation. This work is designed to reduce the impact of outages caused by storms, fallen trees, and vehicle collisions with power poles.

The investment is driven by the need to improve reliability for Raglan residents, especially following recent storms like Cyclones Gabrielle and Dovi. WEL has enhanced its storm response by increasing crew availability, using helicopters and drones for faster damage assessment, and deploying high-voltage generators to restore power while permanent repairs are made. New technology is also being introduced to better predict fault locations and speed up restoration times.

The underground cabling project, currently in progress, is expected to significantly reduce unplanned outages and improve long-term network stability for Raglan.

With the Te Uku Substation upgrade and cable installation already underway, these efforts reflect WEL Networks' commitment to building a more resilient and reliable power supply for the Raglan community, ensuring better preparedness for future storms.

ISO 55001 Certification

In April 2024, WEL achieved ISO 55001:2014 certification underscoring our excellence in Asset Management. This international standard certifies our robust processes and asset management, ensuring effective risk management and optimised decision making. This reinforces our commitment to continuous improvement and sustainable asset management practices, enabling delivery to appropriate standards of safety and reliability, while maintaining profitability to benefit our community.

Enhancing Network Reliability and Resilience: Key Projects and Upgrades

Further demonstrating our commitment to improving network reliability and resilience, we have undertaken significant projects to replace aging assets. This proactive approach ensures our network remains robust and capable of meeting future demands.

Chartwell Protection Upgrade

We identified that the Remote Terminal Unit at Chartwell was nearing end of life. During this investigation, we also updated the protection schemes to meet WEL Networks' latest standards. The Protection Upgrade project addressed these issues by replacing transformer and feeder protection relays, communication equipment, and remote SCADA equipment. This upgrade eliminated end of life components, enhanced asset protection and security, and ensured long-term reliability in this critical network area.

Sub-Transmission Network Enhancement

Stage 1 of a crucial project to bolster the resilience of our sub-transmission network in north-east Hamilton (Flagstaff and Rototuna) has been successfully completed. This phase involved undergrounding a significant section of overhead lines, a measure that will improve electricity supply reliability, especially during adverse weather conditions. The increased capacity from this work is essential for supporting Hamilton City's ongoing growth and development.

Distribution Asset Replacement Program

Over the past 12 months, we have replaced more than 2,750 discrete assets within our network. This includes 2,150 crossarms, over 300 poles, and 79 distribution transformers. Our asset replacement programme ensures the network is fit for purpose and that risks are effectively managed.

These efforts highlight our dedication to maintaining a reliable and resilient network, capable of supporting our community's needs now and in the future.



Driving Innovation in Network Intelligence and Resilience

From real-time fault detection to dynamic load control, WEL's Network Innovation and Performance (NIP) team is redefining how engineering, data, technology, and collaboration shape the future of electricity distribution.

The NIP team has played a pivotal role in modernising network planning and operations through data-driven innovation.

One of their key achievements has been transforming voltage management from traditional simulation-based methods to real-time analysis using 5-minute metering data. This shift revealed unexpected high-voltage issues that could have impacted distributed energy resources (DERs), showcasing the superiority of real-world data over theoretical models.

The NIP team has also made significant strides in capacity management and phase balancing. By leveraging real-time data and dynamic load control, they successfully mitigated peak demand at a local school, avoiding costly infrastructure upgrades.

During a major storm event, the team used advanced fault detection and phase identification logic to improve restoration and uncover load imbalances caused by single-phase connections, marking the first use of data science for proactive LV fault management and phase balancing on our network.

Fault detection and predictive maintenance have also seen major advancements. Through metering system analytics, the NIP team identified multiple faults, including a high-impedance connection that could have led to a costly failure. Additionally, during Cyclone Tam, the team supported emergency response efforts by detecting critical network events and helping establish new operational protocols.

Looking ahead, the NIP team is integral to delivering the DSO roadmap and achieving an electrification future which focuses on enhanced network visibility, flexibility management, and integrating innovative technologies.

With a strong focus on distribution system digitisation and flexibility, the NIP team is well-positioned to lead the industry through the challenges of energy affordability, electrification and evolving energy demands.

Te Uku and Kohia Drive Substations Strengthen Waikato's Electricity Supply

The Te Uku Substation project has successfully transitioned to modern indoor switchgear, replacing the previous outdoor switchgear and secondary systems.

This upgrade significantly improved the reliability and security of electricity supply for the Te Uku and Raglan areas. New 33 kV and 11 kV switch rooms have been built to accommodate the advanced equipment, all designed to meet current safety standards. Now fully operational, the substation is actively supporting the region's electricity needs.

Meanwhile, the Kohia Drive Substation - a new facility in the southern part of Northgate Business Park - is nearing completion. Built to meet the rising electricity demands of the Horotiu and Pukete industrial zones, as well as future residential growth in Horotiu, the substation includes seven 33 kV circuits, nine 11 kV feeders, and two 33/11 kV transformers. It is close to being lived in, with electricity supply to local customers expected to commence shortly.

Together, these two substation projects are critical to strengthening Waikato's electricity infrastructure.

WEL Networks continues to invest in these developments to ensure a stable and secure power supply for both current and future customers, reinforcing its commitment to long-term energy reliability and regional growth.

Aligned to UN Sustainable Development Goal (SDG 13) Climate Action



WEL continues to review its greenhouse gas emissions with a view to reducing the relative impact of its emissions over time. The 2018-2019 financial year is the baseline against which future appraisals are compared.

- Assess, measure and report greenhouse gas emissions
- Retain external certification for the WEL Group annual GHG emissions
- Monitor and reduce WEL GHG emissions intensity
- Move vehicles to hybrid technology and EV options when practical, and more efficient vehicle options when full EV options are not yet available

TradeWEL - Enabling Businesses to Support Grid Resilience

WEL Networks' TradeWEL empowers businesses across New Zealand to support the national electricity grid while earning revenue for their energy flexibility. Acting as both a digital platform and an aggregated market-access service, TradeWEL enables commercial and industrial users to offer discretionary loads – such as refrigeration or air conditioning – into the System Operator's Reserves Market. This helps strengthen grid resilience by allowing rapid load reductions during under-frequency events.

Early participants include manufacturers, processors, and warehousing operations. These businesses retain full operational control while benefiting from a revenue share model based on market returns. WEL Networks acts as the aggregator, simplifying participation and coordinating effective responses during periods of grid stress.

As the first step in WEL's broader flexibility services roadmap, TradeWEL is unlocking new value by turning flexible load into a tradable asset. The platform supports a smarter, more responsive energy system for Aotearoa, and continues to grow as more businesses with discretionary load express interest. TradeWEL offers a practical, rewarding way for businesses to contribute to system resilience – making it a shared effort with tangible benefits.

We.EV and TradeWEL - Transforming EV Charging with BESS Integration

We.EV, in collaboration with WEL Networks' TradeWEL platform, is launching a new public EV charging site that integrates a Battery Energy Storage System (BESS). This innovative setup enables faster, more cost-effective deployment of EV infrastructure by avoiding the need for major network upgrades. The site will feature a high-powered DC charger capable of charging four vehicles at once, with dynamic load management to ensure optimal performance. By leveraging TradeWEL, the system can also participate in energy markets, generating additional revenue through dynamic charging and discharging.

The project is supported by the Energy Efficiency and Conservation Authority (EECA), which is funding 50% of the costs. Prior to launch, the system is undergoing testing at WEL Networks' Te Rapa office to fine-tune integration with solar generation, EV charging, and site load management – aiming to reduce overall energy costs while validating system performance.



We.EV - Recent Expansion of Charger Network

We.EV has also been rapidly expanding its public charging network across New Zealand. Recent milestones include new sites in Matamata, Morrinsville, Raglan, Hikuai, Rotorua, New Plymouth, and Wellington, with high-powered 180kW chargers introduced at several locations. To enhance user convenience, PayWave has been rolled out at all high-powered sites, with plans to extend this feature across the network.



Director Profiles

He kīwhaiaro mō ngā Pouwhakahaere

As at 31 March 2025

Barry Harris



Chair

Barry has extensive governance and executive experience. He is currently Chair of NIWA, McFall Fuel Limited, Waikato Regional Airport Limited and Titanium Park Limited.

Throughout his career, Barry has held a number of chief executive roles, including Environment Waikato, Greater Wellington Regional Council and Hamilton City Council. He was also a senior executive with Fonterra for five years. Some of Barry's previous directorships include CentrePort, RD1, International Nutritionals, Hamilton Riverside Hotels, Local Authority Shared Services, OSPRI, DairyNZ, Food Innovation Waikato and Wintec. Barry lives in the Waikato. He joined the Board of WEL Networks Limited in October 2014 and was appointed Chair in June 2022.

Jackie Colliar



Director, People and Culture Committee Member

Ko Taupiri te Maunga, ko Waikato te Awa, ko Tainui te Waka, ko Waikato te Iwi, ko Ngaati Mahuta te Haapu, ko Taniwha raua ko Waahi o nga Marae.

An experienced governor and director, Jackie is a trustee for Taniwha Marae and serves as the Deputy Chair of the executive board (Te Arataura) for Te Whakakitenga o Waikato, the iwi organisation for Waikato-Tainui. She is also a Trustee of Nga Muka Development Trust and Director of City Care Group. She is the Waikato Tainui representative for the Waikato River Authority and the Waikato River Clean Up Trust. Professionally, Jackie is an Environmental Engineer, Researcher and Infrastructure Strategist with over 20 years' experience working for and with communities, local authorities, iwi and the private sector. Jackie's work currently focuses on three-waters infrastructure strategic planning and development in the wider Waikato-Hamilton Metro Area and Waikato River Catchment. Jackie was appointed to the Board of WEL Networks Limited in June 2021.

CONTINUED

Paul Connell



Director, Audit and Risk Committee Member

Paul is an experienced Director and Chair with over 40 years of commercial, governance and financial experience, including over 25 years as a professional Director of listed and private companies, community-owned companies and Crown Entities.

He was a Director of lines company Unison Networks for nine years and has been a Director of technology and telecommunications companies. He currently chairs Telarc Limited and is Acting Chair of The Environmental Protection Authority. He is a Director of ETEL Limited, The New Zealand Institute for Plant and Food Research Limited and WorkSafe New Zealand. He is a Fellow of Chartered Accountants Australia and New Zealand and Chartered Fellow of the Institute of Directors. He is an Independent Member of the Risk and Assurance Committee for Waikato Regional Council and the Independent Chair of the Audit and Risk Committee of Auckland Council. Paul was appointed to the Board of WEL Networks Limited in September 2019.

Julian Cook



Director, Audit and Risk Committee Member

Julian has 20 years' investment banking and senior management experience. He is currently Chair of Sky City Entertainment Group Limited and a Director of Winton Property Limited and Deakin TopCo Pty Limited (trading as Levande).

He started his career with 11 years working in the investment banking division of Macquarie Bank. In this time he covered a number of sectors and worked on a number of transactions in the electricity distribution and generation / retail sectors. Following this he spent three years as the CFO of Summerset which is New Zealand's second largest retirement village and aged care operator. During this time he worked on the initial public offering of Summerset on the NZX. He then spent 7 years as the CEO of Summerset, stepping down in early 2021. Julian was appointed to the board of WEL Networks Limited in June 2021.

Geoff Lawrie



Director, People and Culture Committee Chair, Audit and Risk Committee Member

Geoff has 36 years of executive experience in the technology industry in New Zealand and overseas. He is currently the Chair of Auror Limited and Ingenium NZ Limited.

He is a Director of Enable Networks Limited. Geoff has previously held directorships with Ngai Tahu Farming, Obex and Pivot Software Limited, and was the first elected Chairman of the industry body, NZ Tech. Geoff was appointed to the Board of WEL Networks Limited in June 2018.

Jim Quinn



Director

Jim is an experienced director, chief executive and executive manager. He is currently Chair at Payments New Zealand, ComplyPro and SmartCo Limited. He is Chair and Acting CEO for Shape Energy Limited and Shape Technology Limited.

He is a director at Ngāti Whātua Ōrākei Whai Rawa Limited and Brosnan Limited and has been a director of Eastland Group and Tubman Heating. His governance experience also includes MCom, Lyttleton Port, Ngai Tahu Tanui GoBus, Ubiquitome and Intilecta, while he is also a partner in QLG Advisory. His executive career included being the inaugural CEO of KiwiRail, Chief of Strategy at Auckland Council and CEO of Express Couriers joint venture between New Zealand Post and DHL. He has had General Management roles in New Zealand Post, Advantage Group (EFTPOS Industry), WEL Energy, QED Software and New Zealand Couriers. Jim was appointed to the Board of WEL Networks Limited in June 2024.

Carolyn Steele



Director, Audit and Risk Committee Chair

Carolyn has substantial experience in capital markets, mergers and acquisitions and investment management.

She is currently a Director of Green Cross Health Limited, Oriens Capital GP2 Limited, Vulcan Steel Limited and Property for Industry Limited. She is a trustee of the Halberg Foundation. Carolyn has previously worked as a Portfolio Manager at Guardians of New Zealand Superannuation and in investment banking at Forsyth Barr and Credit Suisse/First NZ Capital. Carolyn was appointed to the Board of WEL Networks Limited in June 2017.

Corporate Governance Statement

Tauākī Mana Whakahaere

Board of Directors

The WEL Networks Board is appointed by the shareholder, the WEL Energy Trust, and is responsible for setting and monitoring the direction of the Company and its subsidiaries (collectively the Group). It delegates day to day management of the Company to the WEL Chief Executive.

The Board operates in accordance with the WEL Networks Corporate Governance Charter. Adopted initially by WEL in October 2005, the Charter was most recently amended in March 2025 after a full review by the Board to capture the current governance regime for the Company. Additionally, the Board endorses the principles set out in the IoD Code of Practice for Directors and the NZX Corporate Governance Code. The Board receives monthly reports from management and meets at least six times during each financial year.

The Board runs two operating committees: (a) The People and Culture Committee; assists the Board to develop the Company's remuneration policy, sets the remuneration package of the Chief Executive and their direct reports. The Committee also oversees all other matters relevant to ensuring a committed and competent workforce; (b) The Audit and Risk Committee; oversees the Company's compliance with legal and regulatory requirements, financial statements, treasury policy, preparation of the annual report, appoints and liaises with the external auditors to review internal and external controls relevant to financial reporting, risk management and associated matters, operating under a charter approved by the Board.

Additionally, the WEL Networks Board appoints Directors for its subsidiary companies being NewPower Energy Services Limited, NewPower Energy Limited and Infratec New Zealand Limited.

Risk Management

The Audit and Risk Committee oversees the Company's risk management programme. The Group has risk management processes in place which ensure that risks are identified and mitigated, where possible, and that all policies and procedures consider risk when drafted. Detailed risk reports are provided to the Audit and Risk Committee of the Board on a six-monthly basis. Reporting is immediate in the case of extreme residual risks. In addition to normal risk management practices, key controls are reviewed as part of the Group's internal audit programme to ensure they are effective in managing or mitigating known risks.

Compliance

The Company has processes in place to review compliance on an ongoing basis across all aspects of its business. The internal audit programme provides assurance across business activities, including compliance. The eighteen-month programme commencing in April 2025 comprises external reviews of: Resilience Management Maturity Verification, including assurance regarding WEL's Resilience Management Maturity Assessment Tool (RMMAT); Third Party Cyber Risk Vulnerabilities; Detailed Financial Transactions; Safety in Design; Supply Chain - assessment of the current model.

Health and Safety, Resilience, Sustainability and the Environment

The Board recognises the importance of a strong focus on health and safety, sustainability and the environment. They are committed to the highest levels of performance in all areas of the Group. Health and safety and environmental management programmes have been implemented by the Group and a Sustainable Business Plan with key targets to 2030 is in place. A broader corporate Resilience Plan which is based on eight key drivers has been developed: Climate Change; Deteriorating Geopolitical Environment and National Security; Economic Fragmentation; Rapid Technological Change / New Technologies; The Worker Effect; Energy Sector Dynamics; Doing Business in the Waikato and Sustainability. The Group also seeks to continuously improve its performance in these areas and requires the adoption of similar standards by its suppliers and contractors.

Indemnification and Insurance of Officers and Directors

The Company is entitled to indemnify Directors and Officers and to effect insurance for them in respect of certain liabilities arising from their positions (excluding any indemnity or insurance forbidden by section 162 of the Companies Act 1993 such as claims by the Company or a related party of the Company). The indemnities and insurances must be given and effected in accordance with the Constitution and the Companies Act.

Information Used by Directors

Information relating to items to be discussed by the Directors at a meeting is provided to Directors prior to the meeting. Directors must not use information received in their capacity as Director, which would not otherwise be available to them, without the prior consent of the Board. Directors are entitled to seek independent professional advice to assist them to meet their responsibilities.

Interests Registers

Directors must identify any potential conflict of interest they may have in dealing with the affairs of the Company. Where a conflict arises, a Director may still attend a Directors' meeting, but may not be counted in the quorum, partake in the debate or vote on a resolution or sign any document in which they are interested. The Company maintains an Interests Register to record particulars of transactions or matters involving Directors together with an Interests Register for Executive and Senior Managers to record potential conflicts of interest.



Interests Register for the WEL Group

Te Rārangi Aro a te rōpū WEL

As at 31 March 2025

Directors

Harris, Barry Spence

Entity	Position
McFall Fuel Limited	Chair
National Institute of Water and Atmospheric Research (NIWA)	Chair
Waikato Regional Airport Limited	Chair
Titanium Park Limited	Chair
NewPower Energy Limited	Chair
NewPower Energy Services Limited	Chair
Infratec New Zealand Limited	Chair

Steele, Carolyn Mary

Entity	Position
Halberg Foundation	Trustee
Green Cross Health Limited	Director and Chair of the Audit and Risk Committee
Forsyth Barr Limited	Husband is an employee and <0.2% shareholder
Steele Family Trust	Trustee
Oriens Capital GP2 Limited	Director and Investment Committee Member
Vulcan Steel Limited	Director and Chair of the Audit and Risk Committee
Property for Industry Limited	Director and Chair of the Audit and Risk Committee
NewPower Energy Limited	Director
NewPower Energy Services Limited	Director
Infratec New Zealand Limited	Director

Lawrie, Geoffrey (Geoff) Alastair

Entity	Position
Auror Limited	Chair
Ingenium NZ Limited	Chair
Enable Networks Limited	Director
NewPower Energy Limited	Director
NewPower Energy Services Limited	Director
Infratec New Zealand Limited	Director

Connell, Paul

Entity	Position
ETEL Limited	Director
Telarc Limited	Chair
The Environmental Protection Authority	Acting Chair (from 9 September 2024) and Chair of the Audit and Risk Committee
Connell and Associates Limited	Director and Shareholder
Waikato Regional Council	Independent Member of the Risk and Assurance Committee
Auckland Council	Independent Chair of the Audit and Risk Committee
NewPower Energy Limited	Director
NewPower Energy Services Limited	Director
Infratec New Zealand Limited	Director
The New Zealand Institute for Plant and Food Research Limited	Director
WorkSafe New Zealand	Director

CONTINUED

Colliar, Jacqueline (Jackie) Maree

Entity	Position
Hamilton City Council	Employee
Taniwha Marae Trust	Trustee
Te Whakakitenga o Waikato	Elected Representative for Taniwha Marae, Te Arataura Member (Deputy Chair) and associated positions
Ngaa Muka Development Trust	Trustee
City Care Group	Director
NewPower Energy Limited	Director
NewPower Energy Services Limited	Director
Infratec New Zealand Limited	Director
Waikato River Authority	Waikato Tainui Representative
Waikato River Clean Up Trust	Waikato Tainui Representative

Cook, Julian Bradwell

Entity	Position
Sky City Entertainment Group Limited	Chair
Flaxmill Orchard Limited Partnership	Director
Motutapu Investments Limited	Director
Winton Property Limited	Director
Deakin TopCo Pty Limited (trading as Levande) (Australia)	Director
NewPower Energy Limited	Director
NewPower Energy Services Limited	Director
Infratec New Zealand Limited	Director

Quinn, James (Jim) Gerard

Entity	Position
ComplyPro Software Limited & associated companies	Chair
Shape Energy Limited	Chair and Acting CEO
Shape Technology Limited	Chair
SmartCo Limited	Chair
Ngāti Whātua Ōrākei Whai Rawa Ltd & associated companies	Director
Brosnan Limited & associated companies	Director
Eastland Group Limited & associated companies	Director
QLG Advisory Limited	Partner
Q Services Limited	Director/owner
Clive Cooper-Smith Trustee Limited	Director (a trustee company)
Holly Properties Limited	Director/owner
NewPower Energy Limited	Director
NewPower Energy Services Limited	Director
Infratec New Zealand Limited	Director

EXECUTIVE MANAGEMENT

Dibley, Garth

Entity	Position
SmartCo Limited	Director





WEL Networks Limited

NZBN 9429039416926

Financial Statements - 31 March 2025

Ko ngā Tauākī Pūtea

Contents

Statement of comprehensive income	36
Balance sheet	37
Statement of changes in equity	39
Statement of cash flows	40
Notes to the financial statements	42
Independent auditor's report to the shareholder of WEL Networks Limited	89

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	Note	Consolidated	
		2025 \$'000	2024 \$'000
Revenue	9	195,561	180,034
Expenses			
Expenses, excluding finance costs	14	(140,385)	(124,504)
Other gains/(losses)	15	4,765	(400)
Earnings before interest, taxes, depreciation and amortisation expenses (EBITDA)		59,941	55,130
Depreciation and amortisation expense	16	(31,941)	(27,474)
Finance expenses	11	(2,789)	(4,030)
Finance income	12	2,590	5,585
Profit before income tax expense		27,801	29,211
Income tax expense	17	(7,716)	(9,911)
Profit after income tax expense for the year	33	20,085	19,300
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain/(loss) on the revaluation of land and buildings, net of tax	32	-	(1,121)
Change in the fair value of equity investments at fair value through other comprehensive income	32	-	805
<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	32	204	(89)
Other comprehensive income for the year, net of tax		204	(405)
Total comprehensive income for the year		20,289	18,895
		Cents	Cents
Earnings per share for profit attributable to the shareholder of WEL Networks Limited			
Basic earnings per share	34	246.4	236.7
Diluted earnings per share	34	246.4	236.7

WEL Networks Limited
BALANCE SHEET
AS AT 31 MARCH 2025

	Note	Consolidated	
		2025 \$'000	2024 \$'000
Assets			
Current assets			
Cash and cash equivalents	19	17,978	16,608
Trade and other receivables	20	20,699	20,818
Contract assets	21	-	458
Net investment in lease	22	1,213	610
Derivative financial instruments	35	244	-
Income tax receivable		367	-
Term deposits		-	5,500
Total current assets		40,501	43,994
Non-current assets			
Property, plant and equipment	7	972,660	883,820
Intangibles	8	29,677	27,967
Net investment in lease	22	29,156	26,095
Right-of-use assets	23	5,553	3,665
Total non-current assets		1,037,046	941,547
Total assets		1,077,547	985,541
Liabilities			
Current liabilities			
Customer discount payable	9	12,625	12,450
Borrowings	10	47,925	10,952
Income tax payable		-	1,105
Lease liabilities	24	420	610
Trade and other payables	25	26,569	22,286
Employee benefit obligations	26	4,789	4,299
Contract liabilities	27	7,232	11,273
Derivative financial instruments	35	-	40
Total current liabilities		99,560	63,015
Non-current liabilities			
Borrowings	10	34,921	-
Deferred tax liabilities	17	123,051	115,622
Deferred revenue	28	739	768
Lease liabilities	24	5,351	3,200
Total non-current liabilities		164,062	119,590
Total liabilities		263,622	182,605
Net assets		813,925	802,936

WEL Networks Limited
BALANCE SHEET
 AS AT 31 MARCH 2025

	Note	Consolidated	
		2025 \$'000	2024 \$'000
Equity			
Contributed equity	31	111,142	111,142
Reserves	32	198,486	200,800
Retained earnings	33	504,297	490,994
Equity attributable to the shareholder of WEL Networks Limited		<u>813,925</u>	<u>802,936</u>
Total equity		<u><u>813,925</u></u>	<u><u>802,936</u></u>



Barry Harris
 CHAIR

29 May 2025



Carolyn Steele
 DIRECTOR

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025**

Consolidated	Share Capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 April 2023	111,142	197,375	481,524	790,041
Profit after income tax expense for the year	-	-	19,300	19,300
Movement in equity investments at fair value through other comprehensive income	-	805	-	805
Movement in revaluation reserve from disposal of distribution network assets	-	(1,617)	1,617	-
Cashflow hedges (net of tax)	-	(89)	-	(89)
Assets revaluation (net of tax)	-	(1,121)	-	(1,121)
Movement in revaluation reserve from disposal of equity investments	-	5,447	(5,447)	-
Total comprehensive income for the year	-	3,425	15,470	18,895
<i>Transactions with shareholders:</i>				
Dividend paid (note 31)	-	-	(6,000)	(6,000)
Balance at 31 March 2024	111,142	200,800	490,994	802,936

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
Movement in revaluation reserve from disposal of distribution network assets	-	(2,518)	2,518	-
Cashflow hedges (net of tax)	-	204	-	204
Total comprehensive income for the year	-	(2,314)	22,603	20,289
<i>Transactions with shareholders:</i>				
Dividends paid (note 31)	-	-	(9,300)	(9,300)
Balance at 31 March 2025	111,142	198,486	504,297	813,925

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2025**

	Note	Consolidated	
		2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts from customers		191,999	181,419
Payments to suppliers and employees		(130,346)	(119,036)
Income taxes paid		(1,837)	(2,555)
Net cash from operating activities	39	59,816	59,828
Cash flows from investing activities			
Proceeds from financial assets at fair value through other comprehensive income		6	77,940
Proceeds from/(transfers to) term deposits		5,500	77,905
Payments for property, plant and equipment	7	(121,348)	(103,049)
Payments for intangibles	8	(6,304)	(10,986)
Proceeds from disposal of property, plant and equipment		897	115
Interest received		715	3,952
Interest received on finance leases		1,875	1,633
Payments received for finance leases		737	181
Net cash from/(used in) investing activities		(117,922)	47,691
Cash flows from financing activities			
Proceeds from borrowings	10	83,000	11,000
Interest paid		(2,466)	(4,472)
Payments for lease liabilities	24	(577)	(621)
Interest paid on lease liabilities	24	(181)	(180)
Dividends paid	30,31	(9,300)	(6,000)
Repayment of borrowings	10	(11,000)	(150,000)
Net cash from/(used in) financing activities		59,476	(150,273)
Net increase/(decrease) in cash and cash equivalents		1,370	(42,754)
Cash and cash equivalents at the beginning of the financial year		16,608	59,362
Cash and cash equivalents at the end of the financial year		17,978	16,608





Notes to the Financial Statements

Ngā Kupu Tīpoka ki ngā Tauākī Pūtea



Contents

1. General information	45	23. Right-of-use assets	71
2. Basis of preparation	45	24. Lease liabilities.	72
3. Material accounting policy information	46	25. Trade and other payables	72
4. Critical accounting judgements, estimates and assumptions	48	26. Employee benefit obligations	73
5. Operating segments	48	27. Contract liabilities	74
6. Interests in subsidiaries and joint ventures	51	28. Deferred revenue	74
7. Property, plant and equipment	52	29. Key management personnel disclosures	75
8. Intangibles	56	30. Related party transactions	75
9. Revenue.	58	31. Contributed equity	76
10. Borrowings	60	32. Reserves	77
11. Finance expenses	61	33. Retained earnings	78
12. Finance income	62	34. Earnings per share	78
13. Net debt reconciliation	62	35. Derivative financial instruments	78
14. Expenses, excluding finance costs	63	36. Financial instruments	80
15. Other gains/(losses)	64	37. Contingent liabilities	86
16. Depreciation and amortisation expense	64	38. Commitments	86
17. Income tax.	65	39. Cash flow information	86
18. Imputation credit account	67	40. Events after the reporting period	87
19. Cash and cash equivalents	67	41. Remuneration of auditors	87
20. Trade and other receivables.	68		
21. Contract assets	69		
22. Net investment in lease	70		

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 29 May 2025. 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) ECCA 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

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2025 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact, therefore the Group has not assessed any impact beyond the annual reporting period ended 31 March 2025.

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 a 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.

During the year ended 31 March 2025, there has been a change in the structure of the NewPower Energy Services Limited Group which has led to a change in the composition of the Group's operating segments. Previously many of the Group costs were held within the Infratec NZ company and now Group costs are held within the holding company NewPower Energy Services Limited and charged out to each company accordingly. The Board reviews the EPC business from a EPC project basis including Infratec NZ company overheads which is now reflected in the EPC operating segment. 2024 comparatives have been restated to reflect this change.

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.

5. Operating segments (continued)

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

5. Operating segments (continued)

Consolidated 2024 Restated	Electricity Network \$'000	EPC \$'000	Other Segments \$'000	Total \$'000
Revenue				
Segment revenue	124,306	51,270	13,363	188,939
Intersegment sales	(468)	(5,699)	(2,738)	(8,905)
Total revenue	123,838	45,571	10,625	180,034
EBITDA				
	53,239	1,290	601	55,130
Depreciation and amortisation				(27,474)
Finance income				5,585
Finance expenses				(4,030)
Profit before income tax expense				29,211
Income tax expense				(9,911)
Profit after income tax expense				19,300
Assets				
Segment assets	900,096	12,196	51,141	963,433
<i>Unallocated assets:</i>				
Cash and cash equivalents				16,608
Financial assets at fair value through other comprehensive income				5,500
Total assets				985,541
Liabilities				
Segment liabilities	44,884	7,685	2,357	54,926
<i>Unallocated liabilities:</i>				
Income tax				1,105
Borrowings				10,952
Deferred tax liabilities				115,622
Total liabilities				182,605

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	
		2025 %	2024 %
OurPower Limited*	New Zealand	-	100%
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%

* Amalgamated into NewPower Energy Limited on 4 April 2024

** Subsidiary 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

2024	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 2023	723,181	22,515	20,088	31,181	6,279	1,761	5,085	810,090
Additions	82,567	10,873	-	680	1,564	1,156	6,899	103,739
Revaluation	-	-	(1,319)	-	-	-	-	(1,319)
Transfers	-	-	2	1,556	739	68	(2,365)	-
Disposals	(4,152)	-	-	(292)	(194)	(1)	-	(4,639)
Depreciation charge	(17,175)	(133)	(352)	(3,857)	(1,733)	(801)	-	(24,051)
Closing net book amount as at 31 March 2024	784,421	33,255	18,419	29,268	6,655	2,183	9,619	883,820
Cost/valuation	826,311	33,984	21,117	67,680	14,419	7,193	9,619	980,323
Accumulated depreciation	(41,890)	(729)	(2,698)	(38,412)	(7,764)	(5,010)	-	(96,503)
	784,421	33,255	18,419	29,268	6,655	2,183	9,619	883,820
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
Revaluation	-	-	-	-	-	-	-	-
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	841,651	57,606	25,779	30,643	8,509	2,362	6,110	972,660
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)
	841,651	57,606	25,779	30,643	8,509	2,362	6,110	972,660

* 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 \$64.9M of work in progress as at 31 March 2025 (2024: \$77.8M).

The net book value of the Generation assets includes an estimated \$26.8M of work in progress at 31 March 2025 (2024: \$31.2M).

7. Property, plant and equipment (continued)

Under paragraph 51 of NZ IAS 16, the useful life of assets shall be reviewed at least annually. As the useful life of an asset is an estimate, there is a requirement to demonstrate the rationale and appropriateness of the estimate. A review of useful lives of motor vehicle assets was completed during the year ended 31 March 2024 based on the current vehicle strategy for the company. This resulted in the accounting useful lives being revised down for the heavy vehicle fleet from up to 20 years to 8 years with an appropriate residual 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 2025 was \$453,000 (2024: nil).

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:

2024	Land and buildings \$'000	Electricity network \$'000
Cost	11,029	830,869
Accumulated depreciation	(2,827)	(231,775)
Net book amount as at 31 March 2024	8,202	599,094
<hr/>		
2025	Land and buildings \$'000	Electricity network \$'000
Cost	18,435	905,782
Accumulated depreciation	(3,244)	(242,671)
Net book amount at 31 March 2025	15,191	663,111

Critical accounting judgements, estimates and assumptions

A fair value assessment has been undertaken on the Maui St land and buildings, included in the land and buildings asset category, by independent valuers SGHU Valuations LP Registered Valuers (SGHU) on 31 March 2025 using a market approach. This is a Level 3 valuation. Updated key inputs include market rent at \$1,060,000 (2024: \$1,020,000) and a capitalisation rate of between 5.32% and 5.82% (2024: 5.75% and 6.25%), resulting in a valuation range of \$18.2M to \$19.9M (2024: \$16.3M to \$17.7M). The Directors consider that the current carrying value of \$18.3M can be retained, as the carrying value materially reflects estimated fair value (2024 carrying value: \$16.5M).

It is the Group's policy to revalue the Electricity Network 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. As such the Group engaged Deloitte, an independent third party valuer, to perform the electricity network assets valuation for the year ended 31 March 2025. This is a Level 3 valuation.

The updated key inputs have resulted in a valuation range for the Electricity Network of \$832.5M to \$909.3M, with a mid-point of \$869.9M (based on sensitivity to WACC low/high estimates). The Directors consider that the current carrying value of the network fixed assets of \$841.7M can be retained, as the carrying value materially reflects estimated fair value (2024 carrying value: \$784.4M).

7. Property, plant and equipment (continued)

The primary valuation method is the discounted cash flow (DCF) methodology, over a 10 year period, 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 a greater capital spend to enable the network to cope with future increased load expected from electrification, growth, and decarbonisation. The impact of this has 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.

2025

Electricity Network:	Mid-point for valuation	Sensitivity Range	Valuation Impact of Sensitivity Range from Mid-point
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

2024

Electricity Network:	Mid-point for valuation	Sensitivity Range	Valuation Impact of Sensitivity Range from Mid-point
WACC (Weighted Average Cost of Capital)	6.6%	6.1% - 7.1%	+ \$38.5M / - \$36.6M
RAB (Regulatory Asset Base) Multiple for Terminal Value (TV)	1.00x	0.98 - 1.02x	+/- \$13.0M

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.

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.

7. Property, plant and equipment (continued)

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
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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

2024	Internally generated software \$'000	Computer software \$'000	Goodwill \$'000	Easements and consents \$'000	Leasehold interests \$'000	Assets under construction \$'000	Total \$'000
Opening net book amount as at 1 April 2023	91	4,038	3,121	2,666	107	10,188	20,211
Additions	986	4,132	-	11	-	5,398	10,527
Transfers	3,511	2,614	-	252	-	(6,377)	-
Amortisation charge	(594)	(2,174)	-	(3)	-	-	(2,771)
Closing net book amount as at 31 March 2024	3,994	8,610	3,121	2,926	107	9,209	27,967
Cost	5,371	28,831	3,121	5,525	107	9,209	52,164
Accumulated amortisation and impairment	(1,377)	(20,221)	-	(2,599)	-	-	(24,197)
	3,994	8,610	3,121	2,926	107	9,209	27,967
2025	Internally generated software \$'000	Computer software \$'000	Goodwill \$'000	Easements and consents \$'000	Leasehold interests \$'000	Assets under construction \$'000	Total \$'000
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	7,327	8,843	3,121	3,120	107	7,159	29,677
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)
	7,327	8,843	3,121	3,120	107	7,159	29,677

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 (2024 carrying value: \$3.1M).

8. Intangibles (continued)

The recoverable amount was determined using a 5 year discounted cashflow value in use model with key inputs including a discount rate of 24.2% pre-tax (11.6% post-tax) (2024: 26.3% pre-tax and 12.6% post-tax) and a terminal growth rate of -2% (2024: -2%) (accounting for potential competition and the eventual decline in demand new solar and battery installations). The cash flows are based on the current five-year management forecast (FY26 to FY30), followed by a terminal value (2024: based on the current three-year management forecast (FY25 to FY29), 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 \$71.4M (2024: \$71.4M), gross margin at 12.0% (2024: 12.0%), and fixed costs of \$6.8M p.a (2024: \$6.2M p.a). This results in approximately \$0.8M (2024: \$0.9M) of pre-tax annual cash flows (before discounting) in the terminal value calculation.

The carrying amount of the CGU is \$5.1M (2024: \$3.7M), and the midpoint of the recoverable amount is \$6.0M (2024: \$7.6M).

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

2025	From	To
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%
2024	From	To
Gross Revenue Terminal Value	\$71.4M	\$59.9M
Gross Margin Terminal Value	12.0%	10.1%
Fixed Costs Terminal Value	\$6.2M	\$7.6M
WACC (pre-tax)	26.3%	69.5%

The Directors have completed an impairment assessment as at 31 March 2025 and noted that the recoverable amount for Infratec is greater than the carrying amount by \$0.9M at the midpoint (2024: \$3.9M). 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.

8. Intangibles (continued)

*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.

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

*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	
	2025	2024
	\$'000	\$'000
Electricity lines revenue	132,467	123,504
Discount	(12,557)	(12,428)
Net lines revenue	119,910	111,076
Electricity third party contributions	14,989	12,762
Electricity generation, trading and reserves revenue	6,665	2,871
Other income	5,299	5,025
OurPower electricity retail revenue	-	919
Infratec EPC revenue	46,846	45,571
Smartco metering revenue	1,852	1,810
Revenue	195,561	180,034

9. Revenue (continued)

Disaggregation of revenue

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

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Electricity Network</i>		
Electricity line revenue (after deducting discount)	119,910	111,076
Electricity third party contributions	14,989	12,762
	134,899	123,838
<i>Other Income</i>		
Electricity generation, trading and reserves revenue	6,665	2,871
Other income	5,299	5,025
OurPower electricity retail revenue	-	919
Infratec EPC revenue	46,846	45,571
Smartco metering revenue	1,852	1,810
	60,662	56,196
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	16,047	13,445
Services transferred over time	179,514	166,589
	195,561	180,034

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.

OurPower electricity retail revenue

OurPower invoices its customers weekly for consumption of electricity. Customers do not have extended contract terms and can terminate at short notice. Prices are the same across all customers. OurPower'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. OurPower makes use of a practical expedient to record revenue weekly being a distinct period that OurPower captures usage and price information for invoicing. Retail customers were transferred to another retailer on 1 June 2023, and OurPower exited the retail business.

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 which is purchased by one customer and any excess electricity is 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	
	2025 \$'000	2024 \$'000
Current liabilities		
Maturing within 1 year	47,925	10,952
Non-current liabilities		
Maturing between 1 and 2 years	34,921	-

Refer to note 36 for further information on financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2025

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 31.)

The carrying value of interest bearing bank debt is \$82.8M (2024: \$11.0M). The fair value of contractual cash flows is \$85.7M (2024: \$11.7M). Refer to note 36.

The Group entered into additional bank facilities totalling \$110M during the year, and had facilities of \$35M mature in August 2024. Facilities available to the Group as at 31 March 2025 total \$160M, with \$77M remaining available to be drawn. The facilities expire as follows:

Facility expiry date	Facility available \$'000	Total facility \$'000
31 August 2025	3,000	15,000
31 August 2025	1,000	20,000
31 August 2025	3,000	20,000
31 August 2026	-	10,000
31 August 2026	20,000	20,000
31 August 2026	-	25,000
14 March 2028	30,000	30,000
14 March 2028	20,000	20,000
	77,000	160,000

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	
	2025 \$'000	2024 \$'000
Interest and finance charges paid/payable	2,608	3,850
Finance expense on leases	181	180
	2,789	4,030

12. Finance income

	Consolidated	
	2025 \$'000	2024 \$'000
Short-term bank deposits	715	3,952
Finance income on lease	1,875	1,633
	<u>2,590</u>	<u>5,585</u>

13. Net debt reconciliation

	Consolidated	
	2025 \$'000	2024 \$'000
Net debt		
Cash and cash equivalents	17,978	16,608
Term deposits	-	5,500
Borrowings - repayable within one year	(47,925)	(10,952)
Borrowings - repayable after one year	(34,921)	-
	<u>(64,868)</u>	<u>11,156</u>

	Consolidated	
	2025 \$'000	2024 \$'000
Net debt		
Cash and cash equivalents	17,978	16,608
Term deposits	-	5,500
Gross debt - variable interest rates	(82,846)	(10,952)
	<u>(64,868)</u>	<u>11,156</u>

13. Net debt reconciliation (continued)

	Cash and cash equivalents \$'000	Term deposits \$'000	Borrowings due within one year \$'000	Borrowings due within one year \$'000	Total \$'000
Net debt as at 1 April 2023					
Opening balance	59,362	83,405	(148,838)	-	(6,071)
Cash flows	(42,754)	(77,905)	139,000	-	18,341
Other non-cash movements*	-	-	(1,114)	-	(1,114)
Net debt as at 31 March 2024	16,608	5,500	(10,952)	-	11,156
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
Net debt as at 31 March 2025	17,978	-	(47,925)	(34,921)	(64,868)

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

14. Expenses, excluding finance costs

	Consolidated	
	2025 \$'000	2024 \$'000
Transmission costs	24,165	23,399
Employee benefits	55,287	50,878
Capitalised labour	(20,108)	(20,174)
Materials and services	41,891	42,522
Rates	1,268	1,204
Contracting services	11,540	8,372
Consultancy	8,089	2,920
Electricity costs	2,384	1,382
Net loss on disposal of assets	4,913	4,293
Vehicle expenditure	1,956	1,910
Operating leases	182	97
Directors' fees	550	567
Bad debts written off	238	285
Change in provision for impaired receivables	17	(24)
Other expenses	8,013	6,873
	140,385	124,504

During the year ended 31 March 2025, the Group has undertaken an upgrade to SAP S4 HANA. Data migration and integration has been undertaken by external consultants which has resulted in an increase in consultancy expenses in the current year. Ongoing software as a service charges will be recognised in contracting services.

15. Other gains/(losses)

	Consolidated	
	2025 \$'000	2024 \$'000
Gain/(loss) on electricity price derivatives	358	(590)
Investment income	6	190
Other gain/(loss) *	4,401	-
	4,765	(400)

* Other gain/(loss) relates to the modification gain on the net investment in finance lease. See note 22 for further details.

16. Depreciation and amortisation expense

	Consolidated	
	2025 \$'000	2024 \$'000
Depreciation:		
Buildings	396	352
Plant and equipment	3,803	3,857
Generation assets	1,418	133
Motor vehicles	1,312	1,733
Distribution network	18,754	17,175
Computer hardware	1,042	801
Amortisation:		
Computer software	3,689	2,174
Internally generated software	903	594
Easements and consents	2	3
Right of use assets:		
Land and buildings	477	516
Plant and equipment	145	136
	31,941	27,474

17. Income Tax

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Income tax expense</i>		
Current tax	366	4,596
Deferred tax	7,350	5,315
Aggregate income tax expense	<u>7,716</u>	<u>9,911</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	<u>27,801</u>	<u>29,211</u>
Tax at the statutory tax rate of 28%	7,784	8,179
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non deductible expenses	14	(9)
Non assessable income	(12)	-
Foreign investment fund income	-	197
	<u>7,786</u>	<u>8,367</u>
Prior period deferred tax adjustment	1,528	219
Prior period tax expense adjustment	(1,612)	(73)
Current year deferred tax movement related to buildings*	<u>14</u>	<u>1,398</u>
Income tax expense	<u><u>7,716</u></u>	<u><u>9,911</u></u>

*Current year deferred tax movements relate to the initial recognition of deferred tax on new buildings. Prior year relates to a one off impact due to the tax law changes in 2024 where the Group can no longer claim tax depreciation on buildings going forward.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2025

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 2023	112,695	(1,418)	394	(1,778)	679	965	(997)	110,540
Charged/(credited) to the statement of comprehensive income	5,854	(500)	(370)	355	(16)	62	(70)	5,315
Charged/(credited) directly to equity - derivatives and revaluations	(198)	-	(35)	-	-	-	-	(233)
As at 31 March 2024	118,351	(1,918)	(11)	(1,423)	663	1,027	(1,067)	115,622
	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	125,120	(1,821)	68	(1,396)	1,130	1,567	(1,617)	123,051

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	
	2025 \$'000	2024 \$'000
Imputation credits available for subsequent financial years based on a tax rate of 28%	44,719	47,308

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	
	2025 \$'000	2024 \$'000
Current assets		
Cash and bank balances	16,462	15,554
Contract retention bank balances	1,516	1,054
	17,978	16,608

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	
	2025 \$'000	2024 \$'000
<i>Current assets</i>		
Trade receivables	13,715	12,684
Amounts due from customers for contract work	3,027	4,790
Less: Allowance for expected credit losses	(514)	(497)
	16,228	16,977
Related party receivable	242	242
Prepayments	3,038	3,183
Other receivables	3	3
Goods and services tax	1,188	413
	4,471	3,841
	20,699	20,818

Allowance for expected credit losses

The Group has recognised a loss of \$17,000 (2024: gain of \$24,000) in profit or loss in respect of the expected credit losses for the year ended 31 March 2025.

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

	Consolidated	
	2025 \$'000	2024 \$'000
Expected credit losses:		
Current 0.2%	23	46
Between one to three months 1.6%	3	3
Over three months 30.3%	488	448
	514	497

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

	Consolidated	
	2025 \$'000	2024 \$'000
Opening balance	497	521
Increase/(decrease) in provision	17	(24)
Closing balance	514	497

20. Trade and other receivables (continued)

	Consolidated	
	2025 \$'000	2024 \$'000
Trade receivables:		
Current	14,426	15,645
Between one to three months	190	97
Over three months	1,612	1,235
	16,228	16,977

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 36 for information on the risk management policy of the Group.

21. Contract assets

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Current assets</i>		
Contract assets - at cost	-	458

22. Net investment in lease

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Current assets</i>		
Net investment in lease	1,213	610
<i>Non-current assets</i>		
Net investment in lease	29,156	26,095
<i>Undiscounted lease receivable:</i>		
Current net investment in lease	3,030	2,220
Maturing between 1 and 2 years	2,547	2,199
Maturing between 2 and 3 years	2,511	2,175
Maturing between 3 and 4 years	2,472	2,150
Maturing between 4 and 5 years	2,432	2,121
Beyond 5 years	50,117	46,773
Less effect of discounting	(32,740)	(30,933)
Net investment in lease (discounted)	30,369	26,705

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.

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 has 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.

20. Net investment in lease (continued)

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 investments in the finance lease at the same discount rate of 6.09%.

23. 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 2023	2,994	451	3,445
Additions	905	180	1,085
Disposals	-	(213)	(213)
Depreciation expense	(516)	(136)	(652)
Balance at 31 March 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

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.

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 \$128,000 for short term leases and \$33,000 for low value leases for the year ended 31 March 2025 (2024: \$45,000 and \$26,000).

24. Lease liabilities

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Current liabilities</i>		
Lease liability	420	610
<i>Non-current liabilities</i>		
Lease liability	5,351	3,200

Total cash outflow for leases is \$758,000 for 31 March 2025 (2024: \$801,000).

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.

25. Trade and other payables

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Current liabilities</i>		
Trade payables	15,657	15,924
Interest payable	299	51
Other payables	10,613	6,311
	26,569	22,286

Refer to note 36 for further information on financial instruments.

25. Trade and other payables (continued)**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.

26. Employee benefit obligations

	Consolidated	
	2025 \$'000	2024 \$'000
Current liabilities		
Annual leave	2,960	2,765
Employee benefits	1,829	1,534
	4,789	4,299

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.

Bonuses

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created constructive obligation.

27. Contract liabilities

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

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Current liabilities</i>		
Contract liabilities - third party contributions - electricity	7,098	10,876
Contract liabilities - solar	134	397
	<u>7,232</u>	<u>11,273</u>

Management expects that 77% (2024: 74%) of the electricity third party contributions and 100% (2024: 100%) of solar revenue relating to the unsatisfied contracts as at 31 March 2025 will be recognised as revenue in the next reporting period.

	Consolidated	
	2025 \$'000	2024 \$'000
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
Third party contributions - electricity	8,377	7,173
Third party contributions - solar	397	26
	<u>8,774</u>	<u>7,199</u>

28. Deferred revenue

	Consolidated	
	2025 \$'000	2024 \$'000
Deferred revenue	<u>739</u>	<u>768</u>

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 (2024: \$29,385).

29. Key management personnel disclosures

Key management personnel compensation for the years ended 31 March 2025 and 31 March 2024 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 2025 include:

- H Archer appointed as Chief Digital Officer on 29 May 2024
- M O'Neill resigned as GM Asset Management and K Green appointed to GM Asset Management on 16 September 2024 (previous GM Energy Services)
- D Wiles appointed to GM Energy Services on 16 September 2024
- G Smith resigned as CEO for NewPower Group and D Barnett (CFO) appointed as Acting CEO from 1 February 2025
- E Elliott appointed to Acting CFO from 1 February 2025

Compensation

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

	Consolidated	
	2025 \$'000	2024 \$'000
Short-term employee benefits	6,189	5,597
Termination benefits	100	-
	6,289	5,597

30. 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 2025 were \$9.3M net (2024: \$6.0M net).

30. Related party transactions (continued)*Related party transactions with SmartCo Limited*

SmartCo Limited is a joint venture of WEL Networks Limited.

	Consolidated	
	2025 \$'000	2024 \$'000
Transactions between WEL & Smartco included in the financial statements:		
Other income	1,852	1,810
Operating expense (contract services expenditure)	(789)	(727)
Balances:		
Advance to related party	242	242

WEL Networks Limited owns 17% (2024: 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.

31. Contributed equity

	Consolidated			
	2025 Shares	2024 Shares	2025 \$'000	2024 \$'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.

31. Contributed equity (continued)

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.

32. Reserves

	Consolidated	
	2025 \$'000	2024 \$'000
Revaluation reserve	198,311	200,829
Cashflow hedge reserve	175	(29)
	198,486	200,800

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 2023	197,315	60	197,375
Revaluation of land and buildings - gross	(1,319)	-	(1,319)
Deferred tax on revaluation of land and buildings	198	-	198
Disposal of distribution network assets	(1,617)	-	(1,617)
Equity investments at fair value through other comprehensive income	805	-	805
Disposal of equity investments at fair value through other comprehensive income	5,447	-	5,447
Forward foreign exchange contract - cash flow hedges	-	(124)	(124)
Deferred tax on forward foreign exchange contract - cash flow hedges	-	35	35
Balance at 31 March 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

A gain of \$0.8M has been recognised in other comprehensive income due to the movements in the fair value of the equity investments for the year ended 31 March 2024.

33. Retained earnings

	Consolidated	
	2025 \$'000	2024 \$'000
Retained earnings at the beginning of the financial year	490,994	481,524
Profit after income tax expense for the year	20,085	19,300
Dividends paid	(9,300)	(6,000)
Disposal of distribution network assets	2,518	1,617
Disposal of equity investments	-	(5,447)
Retained earnings at the end of the financial year	504,297	490,994

34. Earnings per share

Weighted average number of shares used as the denominator

	2025	2024
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.

35. Derivative financial instruments

	Consolidated	
	2025 \$'000	2024 \$'000
Current assets		
Forward foreign exchange contracts - cash flow hedges	244	-
Current liabilities		
Forward foreign exchange contracts - cash flow hedges	-	(40)
	244	(40)

The Group had number of contracts to hedge wholesale electricity price risk which were closed out in May 2023. These electricity contracts were not designated as hedges for accounting purposes. The hedges were valued based on the volume traded and the difference between the contract price and the last trade price on the ASX futures market for the relevant contract period. A loss of \$0.6M on these electricity price derivatives had been recorded in the statement of comprehensive income for both realised and unrealised losses for 31 March 2024.

The Group has entered in USD/NZD and EUR/NZD FX contracts to hedge the foreign currency risk related to highly probably purchases of solar farm equipment from overseas. The notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2025 are \$4.1M (2024: \$2.8M).

35. 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 32. 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. Trading derivatives are classified as a current asset or liability.

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.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the statement of comprehensive income within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the statement of comprehensive income within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Hedges of a net investment

Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

36. 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' set up 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.

As at 31 March 2025, 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 (2024: 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 Group also has exposure to equity securities price risk from investment funds classified in the balance sheet as fair value through other comprehensive income (FVOCI). To manage the price risk arising on the investment funds, the Group diversifies the portfolio through managed funds.

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.

36. Financial instruments (continued)

2024 Consolidated	Maturity Date	Face value \$'000	Unamortised costs \$'000	Adjustment on hedged risk \$'000	Carrying value \$'000
Bank facilities (variable rates)	Aug 24	11,000	(48)	-	10,952

2025 Consolidated	Maturity Date	Face value \$'000	Unamortised costs \$'000	Adjustment on hedged risk \$'000	Carrying value \$'000
Bank facilities (variable rates)	Various	83,000	(154)	-	82,846

	Consolidated 2024 \$'000
Hedge ratio	1:1
Change in fair value of outstanding hedging instruments since 1 April	(932)
Change in value of hedge item used to determine hedge effectiveness	932

The interest rate swaps were terminated during the year ended 31 March 2024.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk.

Interest rate risk +/- 1%	Carrying amount \$'000	Profit \$'000	Equity \$'000
31 March 2024			
<i>Financial assets:</i>			
Cash and cash equivalents	16,608	166	-
Trade and other receivables	17,222	-	-
<i>Financial liabilities:</i>			
Trade and other payables	22,286	-	-
Interest bearing liabilities	10,952	110	-
Derivative financial instruments	40	-	-
Customer discount payable	12,450	-	-
Lease liabilities	3,810	38	-
Total increase/ (decrease)		314	-

36. Financial instruments (continued)

	Carrying amount	Profit	Equity
31 March 2025	\$'000	\$'000	\$'000
<i>Financial assets:</i>			
Cash and cash equivalents	17,978	180	-
Trade and other receivables	16,473	-	-
Derivative financial instruments	244	-	-
<i>Financial liabilities:</i>			
Trade and other payables	26,569	-	-
Interest bearing liabilities	82,846	828	-
Customer discount payable	12,625	-	-
Lease liabilities	5,771	58	-
Total increase/ (decrease)		1,066	-

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.

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% (2024: 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 37), 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 31, 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.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2025

36. Financial instruments (continued)

31 March 2024	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 - current	11,268	(13)	(2)	-	-	11,253	10,952
Trade and other payables	22,286	-	-	-	-	22,286	22,286
Customer discount payable	12,450	-	-	-	-	12,450	12,450
Lease liabilities	774	587	349	354	4,163	6,227	3,810
Total non-derivatives	46,778	574	347	354	4,163	52,216	49,498

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	89,245	37,048	363	727	9,092	136,475	127,811

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.

36. Financial instruments (continued)*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.

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).

31 March 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
Liabilities				
Foreign forward exchange contracts	-	(40)	-	(40)
<hr/>				
31 March 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
Assets				
Foreign forward exchange contracts	-	244	-	244

36. Financial instruments (continued)

Consolidated 2024	Financial assets at amortised cost \$'000	Financial assets and liabilities at fair value through OCI \$'000	Financial assets and liabilities at fair value through P&L \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
<i>Assets</i>					
Cash and cash equivalents	16,608	-	-	-	16,608
Trade receivables	17,222	-	-	-	17,222
Total financial assets	33,830	-	-	-	33,830
<i>Liabilities</i>					
Trade and other payables	-	-	-	22,286	22,286
Borrowings - current	-	-	-	10,952	10,952
Lease liability	-	-	-	3,810	3,810
Customer discount payable	-	-	-	12,450	12,450
Derivative financial instruments	-	40	-	-	40
Total financial liabilities	-	40	-	49,498	49,538
Consolidated 2025	Financial assets at amortised cost \$'000	Financial assets and liabilities at fair value through OCI \$'000	Financial assets and liabilities at fair value through P&L \$'000	Financial liabilities at amortised cost \$'000	Total \$'000
<i>Assets</i>					
Cash and cash equivalents	17,978	-	-	-	17,978
Trade receivables	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

37. Contingent liabilities

As at 31 March 2025 the Group had a total of \$6.16M of contingent liabilities to support contracts entered into (2024: \$4.23M).

A breakdown of the contingent liabilities are as follows:

Beneficiary	Amount \$'000	Supporting
Energy Clearing House Limited	1,000	NewPower Electricity Retailing
Eastland Group	400	Infratec Performance Bond
Lodestone Energy Limited	270	Infratec Performance Bond - Kaitaia
Lodestone Solar Limited	530	Infratec Performance Bond - Edgcumbe
Lodestone Solar Limited	1,260	Infratec Performance Bond - Waiotaha
Lodestone Solar Limited	1,080	Infratec Performance Bond - Whitianga
Puketapu Limited	1,620	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.

38. Commitments

Capital commitments

There is \$1.8M committed capital expenditure relating to solar farm and electricity network equipment as at 31 March 2025 (2024: \$0.7M relating to network equipment).

39. Cash flow information

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

	Consolidated	
	2025 \$'000	2024 \$'000
Profit after income tax expense for the year	20,085	19,300
Adjustments for:		
Depreciation and amortisation	31,941	27,474
Net loss on disposal of property, plant and equipment	4,924	4,293
Financing costs/(income)	199	(1,555)
Other losses/(gains)	(4,401)	-
Investment income	(6)	(190)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	119	(2,070)
Increase in trade and other payables	1,088	5,220
Increase/(decrease) in provision for income tax	(1,483)	2,041
Increase in deferred tax liabilities	7,350	5,315
Net cash from operating activities	59,816	59,828

40. Events after the reporting period

There were no events occurring subsequent to 31 March 2025 which require adjustments to or disclosure in the financial statements.

41. Remuneration of auditors

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

	Consolidated	
	2025 \$'000	2024 \$'000
<i>Audit services - PwC</i>		
Audit financial statements	361	347
Half year review	87	85
	448	432
<i>Assurance and audit related services* - PwC</i>		
Assurance procedures on disclosure information - current year	71	68
	-	2
<i>Other services - PwC</i>		
Training costs - PwC Academy Subscription Fees and Corporate Treasury Management Course	-	2

*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 2025, 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 2025;
- 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)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our capacity as auditor and assurance practitioner, our firm 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 \$841.7m as at 31 March 2025 as disclosed in note 7 to the financial statements.</p> <p>The Directors engaged an expert to assess whether the carrying value of the network continues to materially reflect its estimated fair value as at 31 March 2025.</p> <p>The Directors have determined that no revaluation is required at balance date as the carrying value of the electricity network is within the estimated valuation range.</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 2025.</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; ● Testing the mathematical accuracy of the 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 Group's external valuation expert; ● 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 the capital expenditure used in the model by assessing against the AMP; ● Performed procedures over 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 – re-calculating expected depreciation ● Performing a cross check against the Group's RAB to assess the overall appropriateness of the valuation; ● Assessing the suitability of the disclosed valuation range that has been used by considering reasonably possible changes to key assumptions. ● Performing sensitivity analysis on the significant assumptions; and ● Considering the adequacy of the Group's disclosures.

Our audit approach

Overview



Overall group materiality: \$1,340,000, 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 2025

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 consolidated 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 consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

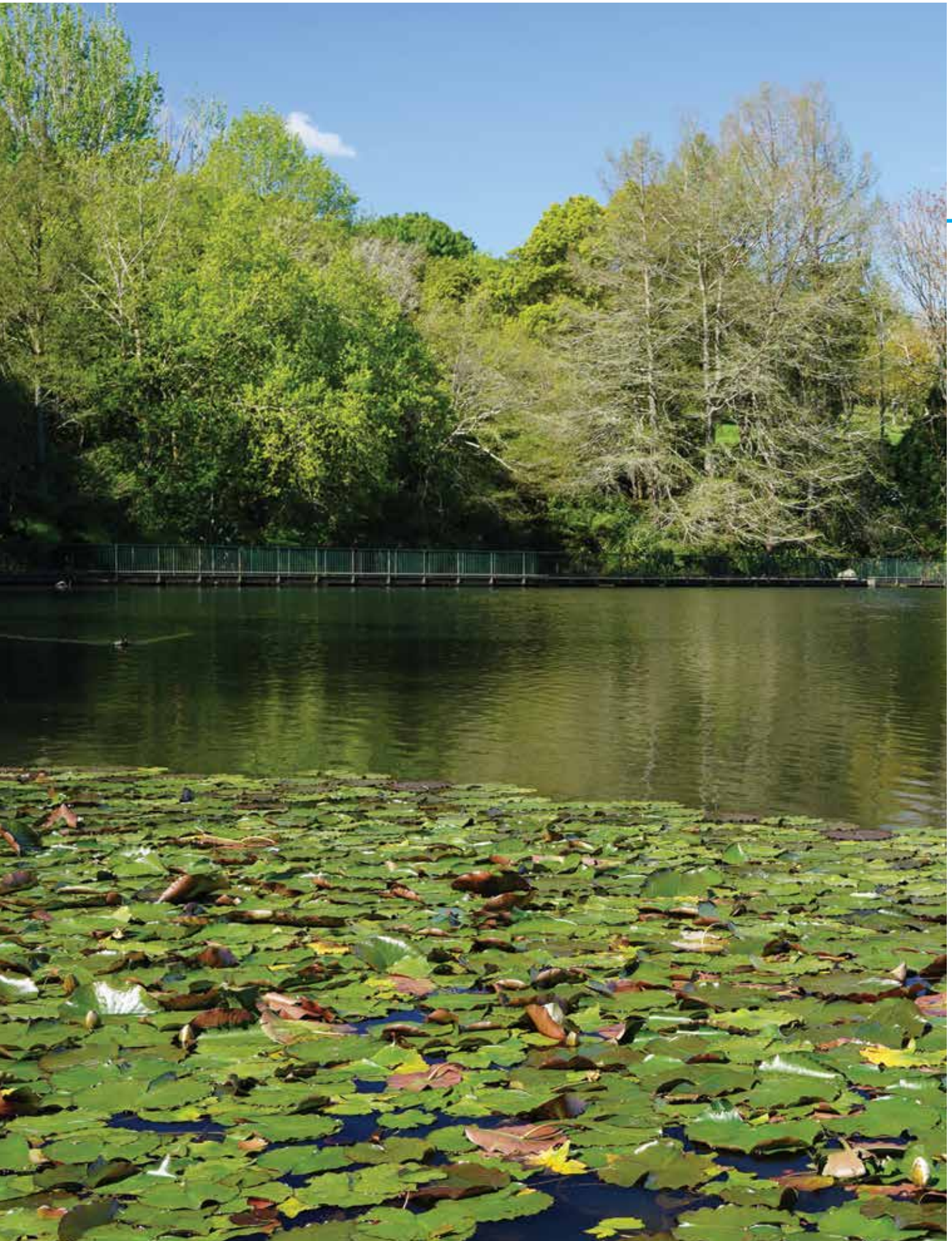
The engagement partner on the audit resulting in this independent auditor's report is Matthew White.

For and behalf of

A handwritten signature in black ink, appearing to read 'Matthew White', written in a cursive style.

PricewaterhouseCoopers
29 May 2025

Hamilton



Directors' Report and Statutory Information

Te Pūrongo a te Pouwhakahaere me ngā Pārongo Ture

1. DIRECTORS' REMUNERATION

	Annual Remuneration	Committee Fees	Total Remuneration	Reimbursement of Expenditure
Barry Harris	\$120,000	-	\$120,000	\$1,642
Carolyn Steele	\$70,000	\$12,000	\$82,000	-
Geoff Lawrie	\$70,000	\$7,500	\$77,500	\$1,195
Paul Connell	\$70,000	-	\$70,000	\$478
Julian Cook	\$70,000	-	\$70,000	\$2,294
Jacqueline Colliar	\$70,000	-	\$70,000	-
Jim Quinn	\$54,703	-	\$54,703	\$570
Total	\$524,703	\$19,500	\$544,203	\$6,180

2. DIRECTORS' INDEMNITIES AND INSURANCE

The Deeds of Indemnity given by the Company in favour of those Directors who held office at the beginning of the financial year to which this report relates, and to Directors appointed since the beginning of the financial year and who still hold office as Directors of the Company, remain in full force and effect on the same terms and conditions under which they were given. As permitted by the Company's Constitution, the Company has effected insurance for Directors which, together with the Deeds of Indemnity, generally ensure that the Directors will not incur any monetary loss as a result of actions undertaken by them as Directors for those liabilities and costs which may be indemnified or insured against under section 162 of the Companies Act 1993 (Indemnity and insurance). The Directors' and officers' insurance comprises a primary layer of \$25 million and an excess layer of \$10 million for defence costs.

Statutory liability insurance with a limit of \$1,000,000 per claim and in the aggregate has also been effected.

3. DIRECTORS' TRANSACTIONS

All transactions in entities in which Directors disclosed an interest have been conducted on an 'arm's length' basis in the normal course of business.

CONTINUED

4. EMPLOYEE REMUNERATION

The number of employees (excluding Directors) whose income was within specified bands is as follows:

Year Ended 31 March 2025				
\$ Band	WEL Continuing Employees	WEL Discontinued Employees	NewPower Continuing Employees	NewPower Discontinued Employees
800,000-859,999	1			
620,000-629,000				1
370,000-379,999	1			
340,000-349,999	3			
330,000-339,999	2			
320,000-329,999	1			
310,000-319,999			1	
290,000-299,999	1			
280,000-289,999			1	
270,000-279,999			1	
250,000-259,999	2	1	1	
240,000-249,999	4			
230,000-239,999	2		1	
200,000-209,999	2			
190,000-199,999	4		1	
180,000-189,999	11			
170,000-179,999	5	1	2	
160,000-169,999	17		6	
150,000-159,999	32	3	5	
140,000-149,999	31	2	2	
130,000-139,999	37	1	4	
120,000-129,999	30	1	2	
110,000-119,999	25		1	
100,000-109,999	25	2	1	2

WEL Networks Limited Chief Executive Remuneration for the year ended 31 March 2025

Base Salary	Short Term Incentives	Other Benefits	Total Remuneration
\$834,890	-	\$25,046	\$859,936
Kiwisaver Employer			

5. SHAREHOLDERS

As at 31 March 2025, the Company's shareholder was

	No. of shares
WEL Energy Trust	8,153,000
Total Shares on Issue:	8,153,000

Gender composition of the Group's Directors and Officers

As at 31 March 2025:

	2025		2024	
	Female	Male	Female	Male
Board of Directors	2	5	2	4
Officers	3	7	2	8

Directory

Papatohu

Registered Office

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Hamilton 3240
New Zealand
Telephone 64-7-850 3100

Facsimile 64-7-850 3210
Website www.wel.co.nz
Email connect@wel.co.nz

Directors Holding Office

Barry S Harris – Chair
Jacqueline (Jackie) M Colliar
Paul A Connell
Julian B Cook

Geoffrey (Geoff) A Lawrie
James (Jim) Gerard Quinn
Carolyn M Steele

Chief Executive

Garth W Dibley NZCE, BE, MBA

Auditors

PricewaterhouseCoopers, Hamilton

Lawyers

Tompkins Wake, Hamilton

Russell McVeagh, Wellington



