

WEL Networks Limited

NZBN 9429039416926

Interim Financial Statements - 30 September 2025

WEL Networks Limited
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30 September 2025

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WEL Networks Limited
Statement of comprehensive income
For the half-year ended 30 September 2025

		Consolidated	
		30 September 2025	30 September 2024
	Note	Unaudited \$'000	Unaudited \$'000
Revenue	7	100,045	105,775
Expenses			
Expenses, excluding finance costs	10	(59,142)	(70,117)
Other gains/(losses)	11	493	4,407
Earnings before interest, taxes, depreciation and amortisation expenses (EBITDA)		41,396	40,065
Depreciation and amortisation expense		(16,118)	(14,676)
Finance expenses	12	(2,303)	(1,319)
Finance income	13	1,314	1,414
Profit before income tax expense		24,289	25,484
Income tax expense		(5,177)	(5,775)
Profit after income tax expense for the half-year		19,112	19,709
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax		(890)	348
Other comprehensive income for the half-year, net of tax		(890)	348
Total comprehensive income for the half-year		18,222	20,057
		Cents	Cents
Earnings per share for profit attributable to the shareholder of WEL Networks Limited			
Basic earnings per share		234.42	241.74
Diluted earnings per share		234.42	241.74

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

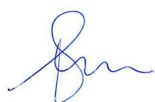
WEL Networks Limited
Balance sheet
As at 30 September 2025

		Consolidated	
		30 September 2025	31 March 2025
	Note	Unaudited \$'000	Audited \$'000
Assets			
Current assets			
Cash and cash equivalents		20,944	17,978
Trade and other receivables		21,157	20,699
Net investment in lease	8	1,006	1,213
Derivative financial instruments	14	127	244
Income tax receivable		-	367
Total current assets		43,234	40,501
Non-current assets			
Property, plant and equipment	5	1,013,664	972,660
Intangibles	6	29,900	29,677
Net investment in lease	8	28,765	29,156
Right-of-use assets		6,493	5,553
Total non-current assets		1,078,822	1,037,046
Total assets		1,122,056	1,077,547
Liabilities			
Current liabilities			
Customer discount payable		6,800	12,625
Borrowings	9	24,859	47,925
Lease liabilities		430	420
Trade and other payables		18,183	26,569
Employee benefit obligations		5,895	4,789
Contract liabilities		9,675	7,232
Income tax payable		3,795	-
Total current liabilities		69,637	99,560
Non-current liabilities			
Borrowings	9	98,804	34,921
Deferred tax liabilities		122,766	123,051
Lease liabilities		6,325	5,351
Derivative financial instruments	14	1,153	-
Deferred revenue		724	739
Total non-current liabilities		229,772	164,062
Total liabilities		299,409	263,622
Net assets		822,647	813,925

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

WEL Networks Limited
 Balance sheet
 As at 30 September 2025

	Note	Consolidated	
		30 September 2025 Unaudited \$'000	31 March 2025 Audited \$'000
Equity			
Contributed equity		111,142	111,142
Reserves		196,641	198,486
Retained earnings		514,864	504,297
Equity attributable to the shareholder of WEL Networks Limited		822,647	813,925
Total equity		822,647	813,925



Barry Harris
 Chairman



Julian Cook
 Director

27 November 2025

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

WEL Networks Limited
Statement of changes in equity
For the half-year ended 30 September 2025

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 half-year	-	-	19,709	19,709
<i>Other comprehensive income for the half-year, net of tax</i>				
Movement in revaluation from disposal of distribution network assets (net of tax)	-	(1,132)	1,132	-
Cashflow hedges (net of tax)	-	(348)	-	(348)
Total comprehensive income for the half-year	-	(1,480)	20,841	19,361
<i>Transactions with owners:</i>				
Dividends paid (note 16)	-	-	(9,300)	(9,300)
Balance at 30 September 2024	111,142	199,320	502,535	812,997

Consolidated	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 April 2025	111,142	198,486	504,297	813,925
Profit after income tax expense for the half-year	-	-	19,112	19,112
<i>Other comprehensive income for the half-year, net of tax</i>				
Movement in revaluation from disposal of distribution network assets (net of tax)	-	(955)	955	-
Cashflow hedges (net of tax)	-	(890)	-	(890)
Total comprehensive income for the half-year	-	(1,845)	20,067	18,222
<i>Transactions with owners:</i>				
Dividends paid (note 16)	-	-	(9,500)	(9,500)
Balance at 30 September 2025	111,142	196,641	514,864	822,647

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

WEL Networks Limited
Statement of cash flows
For the half-year ended 30 September 2025

		Consolidated	
		30 September 2025	30 September 2024
	Note	Unaudited \$'000	Unaudited \$'000
Cash flows from operating activities			
Receipts from customers		96,417	94,662
Payments to suppliers and employees		(63,839)	(72,258)
Income taxes paid		(920)	(905)
		<u>31,658</u>	<u>21,499</u>
Cash flows from investing activities			
Proceeds from financial assets at fair value through other comprehensive income		-	6
Payments for property, plant and equipment	5	(57,428)	(51,090)
Payments for intangibles	6	(2,503)	(2,889)
Proceeds from disposal of property, plant and equipment		405	545
Interest received		396	471
Interest received on finance leases		918	943
Payments received for finance leases		598	363
Proceeds from/(transfers to) term deposits		-	5,500
		<u>(57,614)</u>	<u>(46,151)</u>
Cash flows from financing activities			
Proceeds from/(repayment of) borrowings		41,000	34,000
Interest paid		(2,285)	(1,240)
Interest paid on lease liabilities		(78)	(141)
Dividends paid	16	(9,500)	(9,300)
Payments for lease liabilities		(215)	(323)
		<u>28,922</u>	<u>22,996</u>
Net increase/(decrease) in cash and cash equivalents		2,966	(1,656)
Cash and cash equivalents at the beginning of the financial half-year		17,978	16,608
Cash and cash equivalents at the end of the financial half-year		<u><u>20,944</u></u>	<u><u>14,952</u></u>

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

Note 1. Summary of significant accounting policies

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 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.

These financial statements have been approved for issue by the Board of Directors on 27 November 2025.

The interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 March 2025 and any public announcements made by WEL Networks Limited during the interim reporting period. The same accounting policies and methods of computation have been applied in preparation of these financial statements as were applied in the most recent set of annual financial statements for the year ended 31 March 2025. Where relevant, further information has been either set out below or in the relevant note. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of preparation of financial statements

The interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. The interim financial statements comply with New Zealand Equivalents to International Accounting Standards NZ IAS 34 Interim Financial Reporting.

WEL Networks Limited is designated as a profit-oriented entity for financial reporting purposes.

These interim 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.

The revenue for the electricity network segment is subject to seasonality due to the seasonal differences in the demand for electricity.

These consolidated 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.

Significant changes and disclosures in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the six months to 30 September 2025:

- Dividend payment to WEL Energy Trust of \$9.5M (refer to note 16).
- During May 2025 and August 2025, WEL transacted a total of \$100M of floating to fixed interest rate swaps.

Note 2. 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 below or in the relevant notes as follows:

- Property, plant and equipment (refer to note 5); and
- Intangibles (refer to note 6).

Note 3. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 September 2025 Unaudited %	31 March 2025 Audited %
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%

* Subsidiary of NewPower Energy Services Limited.

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

Note 4. 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 was 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. September 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 1. 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.

Note 4. Operating segments (continued)

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.

Operating segment information

Consolidated - 30 September 2025 Unaudited	Electricity Network \$'000	EPC \$'000	Other Segments \$'000	Total \$'000
Revenue				
Segment revenue	82,310	20,255	7,445	110,010
Intersegment sales	(105)	(8,695)	(1,165)	(9,965)
Total revenue	<u>82,205</u>	<u>11,560</u>	<u>6,280</u>	<u>100,045</u>
EBITDA				
Depreciation and amortisation	38,382	1,452	1,562	41,396
Finance income				(16,118)
Finance expenses				1,314
Profit before income tax expense				<u>(2,303)</u>
Income tax expense				24,289
Profit after income tax expense				<u>(5,177)</u>
				19,112
Assets				
Segment assets	1,000,836	7,034	93,242	1,101,112
<i>Unallocated assets:</i>				
Cash and cash equivalents				20,944
Total assets				<u>1,122,056</u>
Liabilities				
Segment liabilities	38,919	3,890	6,376	49,185
<i>Unallocated liabilities:</i>				
Income tax				3,795
Borrowings				123,663
Deferred tax liabilities				122,766
Total liabilities				<u>299,409</u>

Note 4. Operating segments (continued)

	Electricity Network \$'000	EPC \$'000	Other Segments \$'000	Total \$'000
Consolidated - 30 September 2024 Unaudited (Restated)				
Revenue				
Segment revenue	74,635	24,893	8,916	108,444
Intersegment sales	(114)	(1,755)	(800)	(2,669)
Total revenue	74,521	23,138	8,116	105,775
EBITDA				
Depreciation and amortisation	37,654	1,569	842	40,065
Finance income				(14,676)
Finance expenses				1,414
Profit before income tax expense				(1,319)
Income tax expense				25,484
Profit after income tax expense				(5,775)
				19,709
Consolidated - 31 March 2025 Audited				
Assets				
Segment assets	970,238	9,294	79,670	1,059,202
<i>Unallocated assets:</i>				
Cash and cash equivalents				17,978
Income tax receivable				367
Total assets				1,077,547
Liabilities				
Segment liabilities	42,789	6,399	8,537	57,725
<i>Unallocated liabilities:</i>				
Borrowings				82,846
Deferred tax liabilities				123,051
Total liabilities				263,622

Note 5. Property, plant and equipment

	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
Consolidated								
Opening net book amount as at 1 April 2025	841,651	57,606	25,779	30,643	8,509	2,362	6,110	972,660
Additions	37,703	14,767	-	252	1,693	190	2,172	56,777
Revaluations	-	-	-	-	-	-	-	-
Transfers	-	-	-	3,003	242	17	(3,263)	(1)
Disposals	(1,637)	-	-	(9)	(518)	(1)	-	(2,165)
Depreciation charge	(9,635)	(801)	(283)	(1,744)	(688)	(456)	-	(13,607)
Closing net book amount as at 30 September 2025	868,082	71,572	25,496	32,145	9,238	2,112	5,019	1,013,664
Cost/valuation	937,525	74,520	28,873	76,029	15,660	8,432	5,019	1,146,058
Accumulated depreciation	(69,443)	(2,948)	(3,377)	(43,884)	(6,422)	(6,320)	-	(132,394)
	868,082	71,572	25,496	32,145	9,238	2,112	5,019	1,013,664

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 \$76.2M of work in progress as at 30 September 2025 (31 March 2025: \$64.9M). The net book value of Generation assets includes an estimated \$41.5M of work in progress as at 30 September 2025 (31 March 2025: \$26.8M).

Critical accounting judgements, estimates and assumptions

A fair value assessment has been undertaken on the Maui Street land and buildings, included in the land and buildings asset category, by independent valuers SGHU Valuations LP Registered Valuers (SGHU) on 30 September 2025 using a market approach. This is a Level 3 valuation. Updated key inputs include market rent at \$1,060,000 (31 March 2025: \$1,060,000) and a capitalisation rate of between 5.37% and 5.87% (31 March 2025: 5.32% and 5.82%), resulting in a valuation range of \$18.1M to \$19.7M (31 March 2025: \$18.2M to \$19.9M). The Directors consider that the current carrying value of \$18.2M can be retained, as the carrying value materially reflects estimated fair value (31 March 2025: \$18.3M).

For the McKee Street land and buildings, as this was completed within six months of 30 September 2025 and completed under budget, management have considered holding this at cost reflects fair value as at 30 September 2025. A full valuation for the McKee Street land and buildings will be obtained as at 31 March 2026.

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. As at 31 March 2025, the valuation indicated headroom of \$27.2M at the midpoint.

As at 30 September 2025 an analysis has been completed, by performing a RAB multiple approach, to support the carrying value of the Electricity Network. This was completed by rolling forward the 31 March 2025 RAB (including WIP) to 30 September 2025 (with Capex, Depreciation, Revaluations, etc), applying the implied RAB multiples derived from the 31 March 2025 valuation and comparing these to the 30 September 2025 net book value of the Network (including WIP); shown in the table below.

Note 5. Property, plant and equipment (continued)

	Low	Mid	High
RAB Multiple March 2025	1.00	1.04	1.08
RAB September 2025 (incl WIP)	\$917.4M	\$917.4M	\$917.4M
Enterprise Value (RAB Value x Multiple)	\$917.4M	\$954.1M	\$990.8M
less Non-Network Assets	-\$52.5M	-\$52.5M	-\$52.5M
Network Value (incl WIP)	\$864.9M	\$901.6M	\$938.3M
Book Value of the Electricity Network as at 30 September 2025	\$868.1M	\$868.1M	\$868.1M
Headroom	-\$3.2M	\$33.5M	\$70.2M

With headroom of \$33.5M at the midpoint (and within the valuation range), this supports retaining the current carrying value of the Electricity Network of \$868.1M (incl WIP) in the financial statements.

Note 6. Intangibles

	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 2025	7,327	8,843	3,121	3,120	107	7,159	29,677
Additions	97	-	-	-	-	2,442	2,539
Transfers	-	-	-	201	-	(201)	-
Disposals	-	(35)	-	-	-	-	(35)
Amortisation charge	(669)	(1,611)	-	(1)	-	-	(2,281)
Closing net book amount as at 30 September 2025	6,755	7,197	3,121	3,320	107	9,400	29,900
Cost	9,661	26,336	3,121	5,922	107	9,400	54,547
Accumulated amortisation and impairment	(2,906)	(19,139)	-	(2,602)	-	-	(24,647)
	6,755	7,197	3,121	3,320	107	9,400	29,900

Critical accounting judgements, estimates and assumptions for intangibles

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 (31 March 2025: \$3.1M). The goodwill was assessed for impairment as at 31 March 2025 with headroom of \$0.9M at the midpoint.

As at 30 September 2025, management have reviewed the underlying assumptions used in the impairment assessment as at 31 March 2025. Revenue, margin, expenses, and Capex assumptions have been assessed for any material changes since March. While there have been delays in some projects, impacting revenue and offsetting cost of sales, this is partly offset by reduced expenditure and Capex, and the timing of the projects shifting out. There have also been no material changes to the WACC rate with market interest rates now 0.4% lower than in March. Based on this, no indicators of impairment have been identified.

Note 7. Revenue

	Consolidated	
	30 September 2025	30 September 2024
	Unaudited \$'000	Unaudited \$'000
Electricity lines revenue	82,348	71,445
Discount	(6,772)	(6,663)
Net lines revenue	75,576	64,782
Electricity third party contributions	6,628	9,739
Electricity generation, trading and reserves revenue	2,844	4,436
Other income	2,510	2,753
Infratec EPC revenue	11,560	23,138
Smartco metering revenue	927	927
Revenue	100,045	105,775

Disaggregation of revenue

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

	Consolidated	
	30 September 2025	30 September 2024
	Unaudited \$'000	Unaudited \$'000
<i>Electricity Network</i>		
Electricity line revenue	75,576	64,782
Third party contributions	6,628	9,739
	82,204	74,521
<i>Other Income</i>		
Electricity generation, trading and reserves revenue	2,844	4,436
Other income	2,510	2,753
Infratec EPC revenue	11,560	23,138
Smartco metering revenue	927	927
	17,841	31,254
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	7,006	9,982
Services transferred over time	93,039	95,793
Revenue from contracts with customers	100,045	105,775

Infratec EPC revenue has decreased from \$23.1M as at 30 September 2024 to \$11.6M as at 30 September 2025. This decrease is due to the value of internal EPC revenue generated during the six month periods which is eliminated in the Group accounts. As at 30 September 2024, \$1.8M was eliminated for internal projects, compared to \$8.7M as at 30 September 2025. The corresponding decrease in expenses has also been reflected in materials and services (see note 10), resulting in a similar EDITDA for the EPC segment between the half year periods (see note 4).

Note 8. Net investment in lease

	Consolidated	
	30 September 2025 Unaudited \$'000	31 March 2025 Audited \$'000
Net investment in lease - current	1,006	1,213
Net investment in lease - non-current	28,765	29,156
	29,771	30,369
	Consolidated	
	30 September 2025 Unaudited \$'000	31 March 2025 Audited \$'000
Undiscounted lease receivable:		
Current net investment in lease	2,789	3,030
Maturing between 1 and 2 years	2,529	2,547
Maturing between 2 and 3 years	2,492	2,511
Maturing between 3 and 4 years	2,452	2,472
Maturing between 4 and 5 years	2,411	2,432
Beyond 5 years	48,922	50,117
Less effect of discounting	(31,824)	(32,740)
Net investment in lease (discounted)	29,771	30,369

As at 1 April 2024 there was an update to the pricing of the Windfarm lease as per the contract which occurs every 5 years. This resulted in a modification to the finance lease of \$4.4M increasing the lease with the gain going through other (gains)/losses in the profit and loss for the period ending 30 September 2024.

Note 9. Borrowings

	Consolidated	
	30 September 2025 Unaudited \$'000	31 March 2025 Audited \$'000
<i>Current liabilities</i>		
Maturing within 1 year	24,859	47,925
<i>Non-current liabilities</i>		
Maturing between 1 and 2 years	54,901	34,921
Maturing between 2 and 3 years	43,903	-
	98,804	34,921
	123,663	82,846

Refer to note 15 for further information on financial instruments.

Note 9. Borrowings (continued)

During the period total bank facilities increased to \$210M of which \$86M remains available to the Group to be drawn as at 30 September 2025. The facilities expire as follows:

Facility expiry date	Facility available \$'000	Total facility \$'000
31 August 2026	10,000	10,000
31 August 2026	20,000	20,000
31 August 2026	-	25,000
31 August 2027	-	40,000
31 August 2027	-	15,000
14 March 2028	-	30,000
14 March 2028	6,000	20,000
31 August 2030	50,000	50,000
	86,000	210,000

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

The carrying value of interest-bearing bank debt is \$123.7M (31 March 2025: \$82.8M). The fair value of contractual cash flows is \$126.1M (31 March 2025: \$85.7M).

Note 10. Expenses, excluding finance costs

	Consolidated 30 September 2025 Unaudited \$'000	30 September 2024 Unaudited \$'000
Transmission costs	13,540	12,122
Employee benefits	28,988	28,001
Capitalised labour	(10,144)	(10,721)
Materials and services	9,347	21,284
Rates	734	593
Contracting services	5,329	5,306
Consultancy	2,506	4,256
Electricity costs	1,214	1,728
Net loss on disposal of assets	2,441	1,934
Vehicle expenditure	872	1,016
Operating leases	71	88
Directors' fees	266	254
Bad debts written off	74	108
Change in provision for impaired receivables	123	-
Other expenses	3,781	4,148
	59,142	70,117

Note 11. Other gains/(losses)

	Consolidated	
	30 September 2025	30 September 2024
	Unaudited \$'000	Unaudited \$'000
Investment income	-	6
Other gain/(loss) *	-	4,401
Gain/(loss) on electricity price derivatives	493	-
	493	4,407

* Other gain/(loss) relates to a modification gain on the net investment in finance lease. See note 8 for further details.

Note 12. Finance expenses

	Consolidated	
	30 September 2025	30 September 2024
	Unaudited \$'000	Unaudited \$'000
Interest and finance charges paid/payable	2,225	1,178
Finance expense on leases	78	141
	2,303	1,319

Note 13. Finance income

	Consolidated	
	30 September 2025	30 September 2024
	Unaudited \$'000	Unaudited \$'000
Short-term bank deposits	396	471
Finance income on lease	918	943
	1,314	1,414

Note 14. Derivative financial instruments

	Consolidated	
	30 September 2025 Unaudited \$'000	31 March 2025 Audited \$'000
<i>Current assets</i>		
Forward foreign exchange contracts - cash flow hedges	40	244
Electricity price derivatives - cash flow hedges	87	-
	127	244
<i>Non-current liabilities</i>		
Interest rate swap contracts - cash flow hedges	(1,153)	-
	(1,026)	244

Refer to note 15 for further information on financial instruments.

Changes in the fair value of cash flow hedges in other comprehensive income as at 30 September 2025 relates to a \$0.83M loss on the fair value of the interest rate swaps, a \$0.15M loss on the fair value of the foreign forward exchange contracts, and a \$0.09M gain on the fair value of the electricity price derivatives (30 September 2024: \$0.35M gain on the fair value of the foreign forward exchange contracts). There is no hedge ineffectiveness recognised in profit or loss as at 30 September 2025 (30 September 2024: Nil).

The Group enters USD/NZD and EUR/NZD FX contracts to hedge the foreign currency risk related to highly probable purchases of solar farm equipment from overseas. The notional principal amounts of the outstanding forward foreign exchange contracts at 30 September 2025 are \$0.4M (31 March 2025: \$4.1M)

The Group has entered into an electricity swap to hedge electricity price risk. The contract is designated as a hedge for accounting purposes. The hedge is valued based on the volume traded and the difference between the contract strike price and the market forward price on the ASX futures market for the relevant contract trading period.

Note 15. Financial instruments

Market risk

Cash flow and fair value interest rate risk

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

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

30 September 2025

Consolidated	Maturity Date	Face value \$'000	Unamortised costs \$'000	Adjustment on hedged risk \$'000	Carrying value \$'000
Bank facilities (variable rates)	Various	124,000	(337)	-	123,663
Interest rate swaps (3.36%)	May 27 - Aug 30	(100,000)	-	-	-
		24,000	(337)	-	123,663

Note 15. Financial instruments (continued)

31 March 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

Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants 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.

30 September 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	25,384	56,473	44,286	(49)	-	126,094	123,663
Trade and other payables (excl GST payable)	17,658	-	-	-	-	17,658	17,658
Customer discount payable	6,800	-	-	-	-	6,800	6,800
Lease liabilities	757	555	455	885	10,781	13,433	6,755
Total non-derivatives	50,599	57,028	44,741	836	10,781	163,985	154,876
Derivatives							
Interest rate swaps							
- inflow	2,688	2,526	2,128	3,641	-	10,983	-
- outflow	(3,382)	(3,146)	(2,317)	(3,331)	-	(12,176)	(1,153)
	(694)	(620)	(189)	310	-	(1,193)	(1,153)

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

Note 15. Financial instruments (continued)

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).

30 September 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
Assets				
Electricity price contracts	-	87	-	87
Foreign forward exchange contracts	-	40	-	40
	<u>-</u>	<u>127</u>	<u>-</u>	<u>127</u>
Liabilities				
Interest rate contracts	-	(1,153)	-	(1,153)
	<u>-</u>	<u>(1,026)</u>	<u>-</u>	<u>(1,026)</u>
31 March 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
Assets				
Foreign forward exchange contracts	-	244	-	244
	<u>-</u>	<u>244</u>	<u>-</u>	<u>244</u>

Note 16. Related party transactions

Significant transactions with other related parties

Related party transactions with WEL Energy Trust

Total dividends paid during the period ended 30 September 2025 were \$9.5M net (30 September 2024: \$9.3M net).

Note 17. Commitments

Capital commitments

There is \$0.4M committed capital expenditure relating to solar farm equipment as at 30 September 2025 (31 March 2025: \$1.8M relating to solar farm and electricity network equipment).

Note 18. Events after the reporting period

There were no events occurring subsequent to 30 September 2025 which require adjustments to or disclosure in the financial statements.



Independent auditor's review report

To the Directors of WEL Networks Limited

Report on the interim financial statements

Our conclusion

We have reviewed the interim financial statements of WEL Network Limited (the Company) and its controlled entities (the Group), which comprise the balance sheet as at 30 September 2025, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the six month period ended on that date, and notes, comprising material accounting policy information and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2025, and its financial performance and cash flows for the six months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial statements* section of our report.

We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

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

Responsibilities of Directors for the interim financial statements

The Directors of the Company are responsible on behalf of the Company for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34.

A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Who we report to

This report is made solely to the Company's Directors, as a body. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review 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 Directors as a body, for our review procedures, for this report or for the conclusion we have formed.

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

For and on behalf of:



PricewaterhouseCoopers
27 November 2025

Hamilton