

Z ENERGY LIMITED AND SUBSIDIARIES

FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED 30 JUNE 2024

Statement of comprehensive income
for the 6 months ended 30 June 2024

	Note	Unaudited 6 months ended 30 June 2024 \$m	Unaudited 6 months ended 30 June 2023 \$m
Revenue		3,719	3,624
Expenses			
Purchases of product and electricity		2,531	2,633
Excise, carbon and other taxes		859	699
Operating expenses		186	222
Depreciation and amortisation		47	52
Net financing expense		15	8
Impairment expense/(reversal)		(2)	8
Lease depreciation		14	13
Lease interest expense		5	8
Fair value (gain)/loss on interest rate and commodity derivatives		(40)	46
Gain on sale of property, plant and equipment		(2)	(2)
Decrease in decommissioning and restoration provision		(11)	(1)
Total expenses		3,602	3,686
Net profit/(loss) before tax		117	(62)
Tax expense/(benefit)	3	47	(18)
Net profit/(loss) for the period		70	(44)
Net profit/(loss) attributable to the owners of the company		66	(46)
Net profit attributable to non-controlling interest		4	2
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investment revaluation		2	1
Decrease/(increase) in decommissioning and restoration provision		(1)	-
Total items that will not be reclassified to profit or loss		1	1
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge and cost of hedging		-	(1)
Other comprehensive income net of tax		1	-
Total comprehensive income after tax		71	(44)
Total comprehensive income/(loss) attributable to owners of the Company		67	(46)
Total comprehensive income attributable to non-controlling interest		4	2

The accompanying notes form part of these financial statements.

Statement of changes in equity
for the 6 months ended 30 June 2024

	Capital \$m	Retained earnings \$m	Investment revaluation reserve \$m	Hedging reserve \$m	Asset revaluation reserve \$m	Non- controlling interest \$m	Total equity \$m
Balance at 1 January 2023	766	66	(45)	1	457	135	1,380
Net loss for the period	-	(46)	-	-	-	2	(44)
Other comprehensive income/(loss)	-	-	1	(1)	-	-	-
Total comprehensive income/(loss) for the period	-	(46)	1	(1)	-	2	(44)
Disposal of revalued assets	-	1	-	-	(1)	-	-
Change in ownership of Flick non- controlling interest	-	-	-	-	-	(2)	(2)
Distributions paid to Partner	-	-	-	-	-	(3)	(3)
Unaudited balance at 30 June 2023	766	21	(44)	-	456	132	1,331
Balance at 1 January 2024	766	49	(31)	-	476	133	1,393
Net profit for the period	-	66	-	-	-	4	70
Other comprehensive income/(loss)	-	-	2	-	(1)	-	1
Total comprehensive income/(loss) for the period	-	66	2	-	(1)	4	71
Dividends to equity holders	-	(29)	-	-	-	-	(29)
Distributions paid to Partner	-	-	-	-	-	(4)	(4)
Unaudited balance at 30 June 2024	766	86	(29)	-	475	133	1,431

The accompanying notes form part of these financial statements.

Statement of financial position
at 30 June 2024

	Notes	Unaudited 30 June 2024 \$m	Audited 31 December 2023 \$m
Shareholders' equity			
Equity attributable to owners of the Company		1,298	1,260
Non-controlling interest		133	133
Total equity		1,431	1,393
Represented by:			
Current assets			
Cash and cash equivalents		18	21
Accounts receivable and prepayments		498	514
Related party receivable	7	18	10
Inventories		392	386
Income tax receivable		25	22
Derivative financial instruments		7	29
Other current assets		2	3
Total current assets		960	985
Non-current assets			
Property, plant and equipment	4	1,006	1,009
Right of use assets		266	265
Intangible assets		402	582
Goodwill		158	158
Investments		160	145
Derivative financial instruments		104	45
Other non-current assets		13	12
Total non-current assets		2,109	2,216
Total assets		3,069	3,201
Current liabilities			
Accounts payable, accruals and other liabilities		675	970
Related party payable	7	103	103
Short-term borrowings	5	125	125
Lease liabilities		23	23
Provisions		9	16
Total current liabilities		935	1,237
Non-current liabilities			
Provisions		58	61
Deferred tax	3	97	66
Long-term borrowings	5	268	162
Lease liabilities		271	270
Derivative financial instruments		8	10
Other liabilities		1	2
Total non-current liabilities		703	571
Total liabilities		1,638	1,808
Net assets		1,431	1,393

Approved on behalf of the Board on 23 August 2024.



Gregory David Barnes
Chair



Nigel Lindis Jones
Director

The accompanying notes form part of these financial statements.

Statement of cash flows
for the 6 months ended 30 June 2024

	Unaudited 6 months ended 30 June 2024 \$m	Unaudited 6 months ended 30 June 2023 \$m
Cash flows from operating activities		
Receipts from customers	3,739	3,732
Dividends received	4	3
Interest received	8	10
Payments to suppliers and employees	(3,241)	(2,764)
Excise, carbon and other taxes paid	(514)	(481)
Interest paid	(26)	(30)
Tax paid	(19)	(75)
Net cash (outflow)/inflow from operating activities	(49)	395
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	4	-
Lease payments received from leases	1	-
Purchase of software intangible assets	(7)	(8)
Purchase of investments	(12)	(13)
Purchase of property, plant and equipment	(31)	(24)
Proceeds from assets held for sale	-	3
Net cash outflow from investing activities	(45)	(42)
Cash flows from financing activities		
Proceeds from related party borrowings	2,491	450
Repayments of related party borrowings	(2,385)	(417)
Distributions paid to Partner	(3)	(4)
Payment of lease liabilities	(12)	(10)
Net proceeds from bank facility	-	(397)
Net cash inflow/(outflow) from financing activities	91	(378)
Net decrease in cash	(3)	(25)
Cash balance at beginning of period	21	66
Cash balance at end of period	18	41

The accompanying notes form part of these financial statements.

Notes to the financial statements for the 6 months ended 30 June 2024

(1) Basis of accounting

Reporting entity

Z Energy Limited is a profit-orientated company registered in New Zealand under the Companies Act 1993 and an FMC Reporting Entity for the purposes of the Financial Markets Conduct Act 2013. Z Energy Limited has bonds quoted on the NZX debt market.

The interim Group financial statements for the six months ended 30 June 2024 presented are those of Z Energy Limited (the “Company”) together with its subsidiaries, interests in associates, and jointly controlled operations (Z or “the Group”).

Basis of preparation

These interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and part 7 of the Financial Markets Conduct Act 2013.

The financial statements comply with New Zealand International Accounting Standards (NZ IAS) 34: *Interim Financial Reporting* and International Accounting Standards (IAS) 34: *Interim Financial Reporting*. They do not include all the information required in annual financial statements and should be read in conjunction with the Group financial statements for the year ended 31 December 2023. Z is a Tier 1 entity under the External Reporting Board (XRB) Accounting Standards Framework.

The functional and reporting currency used in the preparation of the financial statements is New Zealand dollars (NZD), rounded to the nearest million (\$m) unless otherwise stated. The financial statements have been prepared on a GST-exclusive basis excepted billed receivables and payables, which include GST.

Accounting policies and standards

The accounting policies set out in the 31 December 2023 financial statements have been applied consistently to all periods presented in these interim financial statements. Where items have been re-presented in the financial statements, the related comparative disclosures have been adjusted to provide a like-for-like comparison.

Basis of consolidation

Consistent accounting policies are employed in preparing and presenting the interim financial statements. Intra-group balances and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the interim financial statements.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The Group’s significant areas of estimation and critical judgements in these interim financial statements are the same as those contained in the Group financial statements for the year ended 31 December 2023.

Notes to the financial statements for the 6 months ended 30 June 2024

(2) Replacement cost reconciliation

Replacement cost (RC) is a non-GAAP measure used by the downstream fuel industry to report earnings. RC removes the impact of changes in refined product prices on the value of inventory imported and held by Z. Z manages the Group's performance based on RC. The difference between Historic cost (HC) earnings and RC earnings is a cost of sales adjustment (COSA), foreign exchange, commodity gains and losses and the associated tax impact.

Income statement on RC basis

	Unaudited 6 months ended 30 June 2024 \$m	Unaudited 6 months ended 30 June 2023 \$m
Revenue	3,719	3,624
Expenses		
Purchases of product and electricity	2,525	2,535
Excise, carbon and other taxes	859	699
Operating expenses (net of foreign exchange and commodity gains/losses on fuel purchases)	195	215
Total expenses	3,579	3,449
RC EBITDAF*	140	175
Below RC EBITDAF expenses		
Depreciation and amortisation	47	52
Net financing expense	15	8
Impairment expense/(reversal)	(2)	8
Lease depreciation	14	13
Lease interest expense	5	8
Fair value movements in interest rate and commodity derivatives	(40)	46
Gain on sale of property, plant and equipment	(2)	(2)
Decrease in decommissioning and restoration provision	(11)	(1)
Total below RC EBITDAF expenses	26	132
RC net profit before tax	114	43
Tax expense	49	9
RC net profit after tax	65	34

*Earnings, before interest, tax, depreciation (including gains and (losses) on sale of fixed assets), amortisation, impairment, fair value movements in interest rate and commodity derivatives and movements in decommissioning and restoration provision (EBITDAF).

Reconciliation from statutory net profit after tax to RC net profit after tax

	Unaudited 6 months ended 30 June 2024 \$m	Unaudited 6 months ended 30 June 2023 \$m
Statutory net profit/(loss) after tax	70	(44)
COSA	6	98
Net foreign exchange and commodity (gains)/losses on fuel purchases	(9)	7
Tax expense on COSA	(2)	(27)
RC net profit after tax	65	34

Notes to the financial statements for the 6 months ended 30 June 2024

(3) Tax

In March 2024 the New Zealand Government issued amended tax legislation to remove the tax depreciation deduction for commercial and industrial buildings with application for the 2024/25 income year. The impact of this has led to an effective tax rate of 40% for the period.

(4) Property, plant and equipment

During the period the Group recognised additions of \$31m to buildings, land and improvements, and plant and equipment (six months ended 30 June 2023: \$19m).

(5) Financing arrangements

The Group's debt includes bank facilities, bonds, and related party borrowings. The arrangements require Z to maintain securities and operate within defined performance and gearing ratios. The arrangements also include restrictions over the sale or disposal of certain assets without lender agreement. The Group has complied with all debt covenant requirements imposed by lenders for the six months ended 30 June 2024.

Banking facilities

Banking facilities comprise a \$1m working capital facility, maturing in September 2024. Interest rates are determined by reference to prevailing money market rates at the time of draw-down, plus a margin. The facility was not drawn down during the six months ending 30 June 2024.

	Unaudited 30 June 2024 \$m	Audited 31 December 2023 \$m
Secured bank facilities available	1	1
Closing balance (facilities drawn down)	-	-

Bonds

At 30 June 2024, \$125m of bonds are classified as current and will be repaid on 3 September 2024.

Related party borrowings

	Unaudited 30 June 2024 \$m	Audited 31 December 2023 \$m
Opening balance	162	397
Proceeds from related party	2,491	2,456
Repayments to related party	(2,385)	(2,691)
Closing balance	268	162

Recognition of financial arrangements

All products are level 2 and accounted for at fair value through the Statement of comprehensive income, except for the electricity price hedges which are classified using fair value hierarchy levels 1, 2 and 3.

The fair value of interest rate swaps excludes accrued interest. All other derivatives do not contain interest components.

(6) Distributions

	Cents per share	\$m
Dividends		
30 June 2024 Interim dividend (non-cash)	5.6	29

Notes to the financial statements
for the 6 months ended 30 June 2024

(7) Related parties

	Unaudited 6 months ended 30 June 2024 \$m	Unaudited 6 months ended 30 June 2023 \$m
Transactions with related parties received/(paid)		
Key management personnel		
- Short-term employee benefits	(6)	(10)
- Termination benefits	-	(1)
Other related party transactions		
Investments		
Processing fees and terminal services		
- Channel Infrastructure NZ Limited and subsidiaries	(21)	(20)
Purchase of goods and services		
- Kwetta Limited (formerly Red Phase Technologies Limited)	(3)	-
Associates		
Sale of goods and services, and on-charging		
- Loyalty New Zealand Limited	1	1
Purchase of goods and services		
- Wiri Oil Services Limited	(4)	(5)
- Loyalty New Zealand Limited	(4)	(2)
Ampol Limited group of companies		
- Sale of goods and services	3	27
- Purchases of goods and services	(2,081)	(972)
- Purchase of intangible assets	(195)	-
- Dividends paid	(29)	-
- Interest paid	(11)	(10)
- Operating expenses	(2)	(4)
	Unaudited 30 June 2024 \$m	Audited 31 December 2023 \$m
Balances at the end of period receivable/(payable)		
Investments		
- Channel Infrastructure NZ Limited - terminal services	(5)	(4)
Ampol Limited group of companies		
- Trade receivables	17	-
- Advance to Parent Company	1	10
- Trade payables	(103)	(103)
- Interest payable	(2)	(1)
- Commodity hedge asset	4	6
- Foreign exchange derivatives asset/(liability)	1	(1)
- Long-term borrowings	(268)	(162)

Notes to the financial statements for the 6 months ended 30 June 2024

(8) Commitments

At 30 June 2024 the Group had commitments relating to property, plant and equipment of \$25m, Forest Partner Limited Partnership of \$20m, and Ampol Energy (Wholesale Trading) Pty Ltd of \$205m. At 31 December 2023 the Group had commitments relating to property, plant and equipment of \$20m, Forest Partner Limited Partnership of \$33m, Shell Eastern Trading (PTE) Ltd of \$35m and Vitol Asia Pte Ltd of \$14m.

(9) Contingent assets and liabilities

Z currently guarantees a total potential exposure relating to Flick Energy Limited of up to \$35m as per the table below.

	Unaudited 30 June 2024 \$m	Audited 31 December 2023 \$m
NZ Wind Farms	1	1
Meridian	1	1
Mercuria	2	1
Genesis	3	3
Westpac	9	9
Eastland	9	9
Mercury	10	10
Total exposure	35	34

At 30 June 2024, the Group has no other guarantees (2023: nil).

(10) Events after balance date

There are no events after balance date as at 30 June 2024.

Company directory

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Chief Executive Officer
Pou Matua

Nicola Law
Chief Financial Officer
Pou Tiaki Pūtea

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General Manager, Customer
Pou Kiritaki

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Pou Punakora

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