MANAWA ENERGY

MARKET ANNOUNCEMENT

16 May 2025

FY25 Results

Key metrics

For the year ending 31 March 2025	FY25	FY24	Change
Profit after tax ($M)[2]	0.3	24.1	*(99%)*
EBITDAF ($M)[1,2]	84.3	145.0	*(42%)*
Normalised EBITDAF ($M)[2,3]	91.3	145.0	*(37%)*
Underlying earnings ($M)[4]	31.5	66.0	*(52%)*
Capital Expenditure ($M)	52.5	69.5	*(25%)*
Generation production volume (GWh)	1,620	1,901	*(15%)*
Employees (FTE)	217	224	*(3%)*

Independent power producer and renewables developer Manawa Energy ('Manawa') has today released its Annual Report and full year financial result for the 12 months to 31 March 2025. The result reflects a very challenging year as Manawa experienced unprecedented market and hydrological conditions.

During a tough trading environment, Manawa's assets performed well and showed strong operational resilience and reliability. Solid progress was made across the generation asset upgrade programme and the renewable development pipeline whilst maintaining strong safety and environmental performance.

Key points:

- Profit after tax[2] of $0.3m, down from $24.1m in FY24, driven by extremely challenging market conditions, a material bad debt expense, and a $30.0m non-cash fair value loss on financial instruments;
- Normalised EBITDAF[2,3] fell $53.7m to $91.3m, and underlying earnings[4] fell $34.5m to $31.5m;
- Manawa's total production volumes were 281GWh (15%) lower than the pcp, driven primarily by two prolonged periods of very low hydro inflows. Wind offtake volumes were 60GWh lower than expected, with total production including planned outages and changes in storage and purchased wind volumes 384GWh (20%) below long-run expectations;
- Significant milestones were reached on the major asset refurbishment and enhancement programme during the year including the commissioning of two new turbines at Matahina, completion of the generator replacement project at Waipori, completion of the Highbank 'pumps as turbines' project,

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[1] EBITDAF (earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, and asset impairments) is a non-GAAP financial measure. For more detail, please refer to Manawa Energy's FY25 Annual Report.

[2] From continuing operations

[3] Normalised EBITDAF (earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, and asset impairments) is a non-GAAP measure. Normalised EBITDAF excludes transaction costs (for the proposed acquisition of Manawa by Contact Energy). For more detail, please refer to the FY25 annual results presentation.

[4] 'Underlying earnings' is a non-GAAP financial measure. For more detail, please refer to Manawa Energy's FY25 Annual Report.

completion of significant dam safety works at Arnold, restoration of both Esk scheme stations, Bream Bay station capacity restoration to 8MW (from 4.5MW), and commencement of the Highbank complete unit replacement project;

- Two key new development projects and two existing asset reconsenting projects were included in the Fast Track Approvals Act schedule, and the proposed Argyle Solar Farm was fully consented; and
- The Commerce Commission has now cleared the proposed acquisition of Manawa by Contact Energy via a Scheme of Arrangement.

Commerce Commission clearance of proposed acquisition

On 11 September 2024, Manawa announced it had entered into a Scheme Implementation Agreement ('SIA') with Contact Energy Limited ('Contact") under which Contact agreed to acquire all of Manawa's shares through a Scheme of Arrangement ('Scheme').

The New Zealand Commerce Commission has since granted clearance for the acquisition and as a result, Manawa will now proceed to hold a shareholder meeting for shareholders to vote on the Scheme. Manawa currently anticipates that the scheme booklet (containing a notice of meeting, explanatory information, and an independent adviser's report on the merits of the Scheme) will be released to NZX prior to the end of May (although this is subject to change).

Given that Manawa's two largest shareholders, which hold in aggregate 77.9% of Manawa's shares, have agreed to vote in favour of the Scheme, Manawa expects that the necessary shareholder approvals for the Scheme will be obtained at the shareholder meeting.

Subject to satisfying the remaining conditions as set out in the SIA, Manawa expects that the Scheme will be implemented in July 2025.

"The acquisition by Contact delivers compelling value for shareholders and is strong recognition of the work by the Manawa team to present a unique, high performing generation asset base, tailored asset management capability, and a quality development pipeline," said Chair Deion Campbell. "The Board thanks the whole team for their efforts this year, especially with the uncertainty created by the transaction, and looks forward to seeing the assets continue to perform under Contact's stewardship".

A year of extremely challenging market conditions

FY25 was characterised by an extremely challenging environment for Manawa, with unprecedented market and hydrological conditions for most of the year.

Extreme fuel shortages across the winter period of 2024 drove wholesale electricity spot prices to record levels. Manawa was, at times, exposed to these spot prices given the relatively fixed nature of its contractual sales volumes. These shortages (which were driven by very low national inflows, below-average wind generation, and gas shortages) quickly reversed as inflows and wind generation returned to more normal levels, and gas availability dramatically increased.

The sudden and rapid increase in available fuel saw spot electricity prices fall dramatically across most of the period from September 2024 through to the end of the calendar year.

From January 2025 through to the end of the financial year, another extreme dry sequence was experienced, with the lowest inflow sequences in over 70 years of reliable hydrological data for Manawa observed across most of Manawa's assets, and across the sector as a whole, which was once again combined with below average levels of wind generation.

Manawa's total FY25 generation and acquired wind volume was 384GWh lower than long-run expectations, approximately 324GWh of which was across its hydro assets and 60GWh associated with purchased wind volumes.

The unprecedented conditions of winter 2024 resulted in a further adverse impact on the business with an independent electricity retailer, for whom Manawa acted as a wholesale intermediary, defaulting on its payment obligations. Manawa has recovered a significant portion of the original debt, but as a result of the default, Manawa has incurred a bad debt write-off in FY25 of $6.8m.

Financial results reflective of conditions

The challenging conditions throughout most of FY25 materially impacted Manawa's financial results. Normalised EBITDAF from continuing operations of $91.3m was down $53.7m on FY24 – driven by a $48.8m unfavourable net energy margin and a $6.8m bad debt expense (referred to above). Total operating costs (excluding bad debt expense and new development investment) were $3.1m favourable compared to the prior period, reflecting prudent cost management and project reprioritisation.

Profit after tax of $0.3m (down $23.8m from FY24) was impacted by the reduction in EBITDAF noted above, as well as a $30.0m non-cash fair value loss on financial instruments. Total capital expenditure for the period of $52.5m was reflective of the ongoing investment in major asset refurbishment and enhancement projects across the portfolio. Whilst still elevated, this was $17.0m lower than the prior period.

Net Debt as of 31 March 2025 of $501.1m is $49.1m higher than the same time last year – reflecting the reduction in earnings and ongoing elevated capital investment.

Given the Board's expectation that the Scheme will be implemented in July 2025, it has decided not to declare a final dividend for FY25 or provide earnings guidance for FY26.

Another year of strong asset performance and delivery

Despite the challenges faced throughout FY25, Manawa's generation assets performed reliably and significant progress was made on both the major asset refurbishment programme and routine asset works.

Unplanned outages fell 15% year-on-year, machine starting performance improved to 99.7%, and lost energy from unplanned outages fell 40% compared to FY24.

Manawa is well advanced with the most significant capital investment program in its history. During the year the team achieved a significant number of milestones across a number of projects, completion of the generator replacement project at Waipori, two turbine replacements at Matahina, completion of the Arnold dam strengthening project, the commencement of the Highbank unit replacement and advancing the design and procurement for the upgrade of three units at the Coleridge Power Station (with site works for the first unit replacement commencing in Q1 FY26).

"These are once-in-a-generation projects that enhance reliability, boost capacity and generation production volumes and extend asset life," said CEO Clayton Delmarter "They're also making an essential contribution to New Zealand's energy mix where every unit of additional energy we can extract from existing assets and infrastructure makes a real difference."

During the year, the team also restored the Esk Hydro Scheme in Hawkes Bay to full service, following significant damage due to Cyclone Gabrielle in early 2023.

New development pipeline continues to progress

Manawa has built a significant pipeline of quality new development projects that have continued to progress across FY25, including receiving all resource consents for the Argyle Solar Farm. The Argyle Solar Farm presents an attractive opportunity in the Marlborough region with a potential capacity of 65MWac, operating adjacent to the Argyle and Wairau hydro stations and providing operational efficiencies and synergies with existing infrastructure.

FY25 also saw good progress on site-specific technical and environmental assessments and connection activities, as well as the securing of accretive land access options at existing sites, and additional options at new sites. Transpower connection teams were established for the Argyle and Kaipara Dairies solar projects and Huriwaka and Kaihiku wind projects.

As at the end of FY25, Manawa holds secured wind and solar development options totalling ~4,600GWh p.a. of potential generation, with a further ~3,000GWh p.a. of wind and solar opportunities in advanced discussions. These options are diverse in both technology and location across the country.

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MORE INFORMATION

1/ Annual results webcast
Chief Executive Clayton Delmarter and Chief Financial Officer Phil Wiltshire will present the results to investors and analysts via a webcast at 10:30am (NZ time) today. To pre-register for the webcast please click here. The webcast will also be recorded and uploaded to the investor section of our website.

2/ About Manawa Energy Limited

Manawa Energy is Aotearoa New Zealand's largest independent electricity generator and renewables developer. We have 26 power schemes throughout Aotearoa New Zealand and a total installed capacity of 512 megawatts, generating an average of 1,944 gigawatt hours of electricity per year. We supply around 550 commercial and industrial customers.

Manawa (meaning 'heart') acknowledges our heritage establishing electricity generation on the Omanawa River in the Kaimai area during the early 1900s. Our name was gifted by Ngāti Hangarau hapū, mana whenua of the area where our Kaimai hydro-electric power scheme is located.