



MANAWA ENERGY

Delivering tomorrow's energy

Annual Report 2022





A big difference requires a big call.

For Aotearoa New Zealand to realise its goals for decarbonisation, something has to change. That's why we're keeping the best of the past as we forge our ambitious path for the future. We are stepping up to the challenge by focusing our business on delivering more renewable electricity to meet tomorrow's energy needs, and realise value for our shareholders.

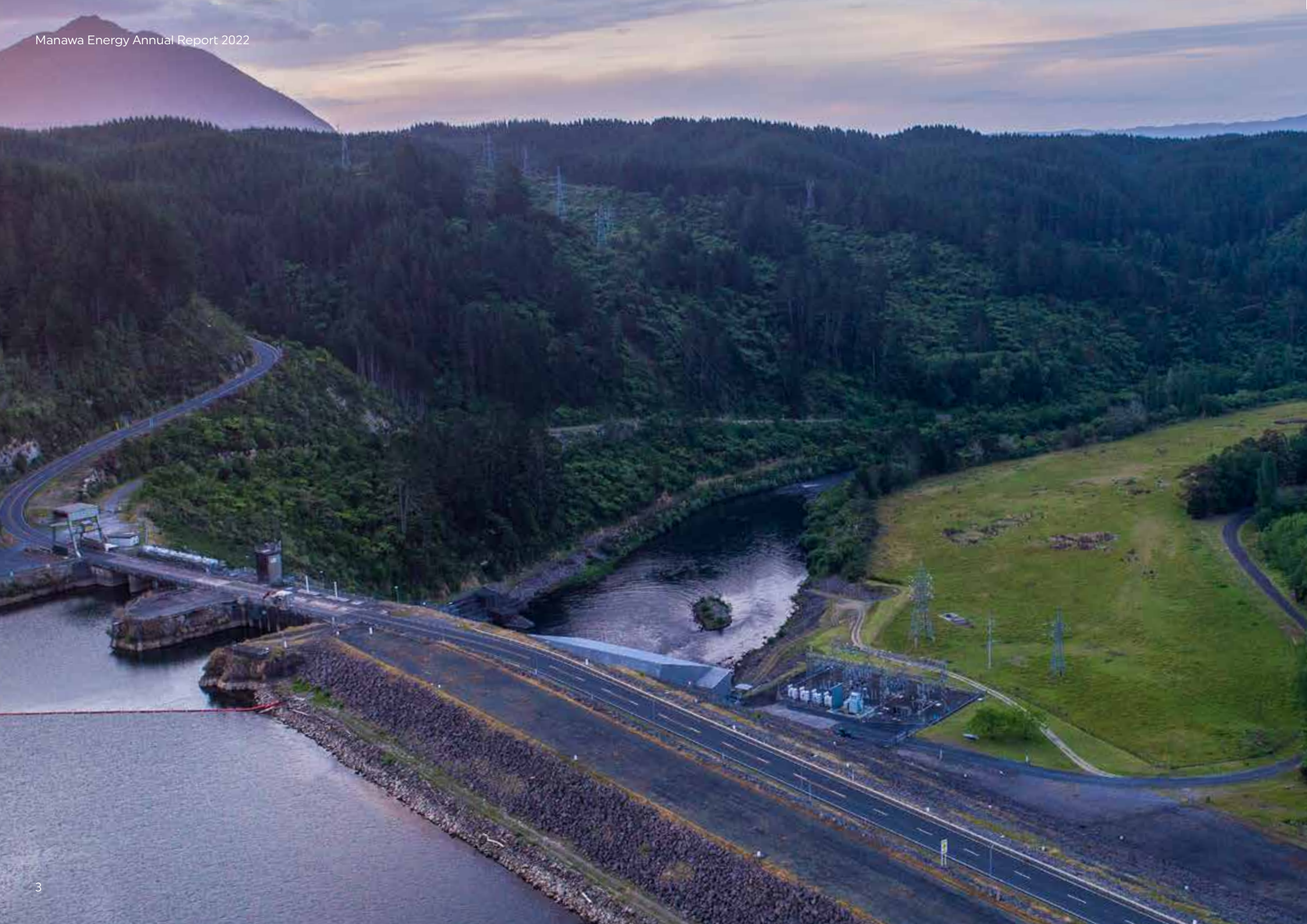
With a century of expertise in generation, and a diverse fleet of energy assets across the country, we have set a course that's good for the environment, the economy, and every New Zealander.

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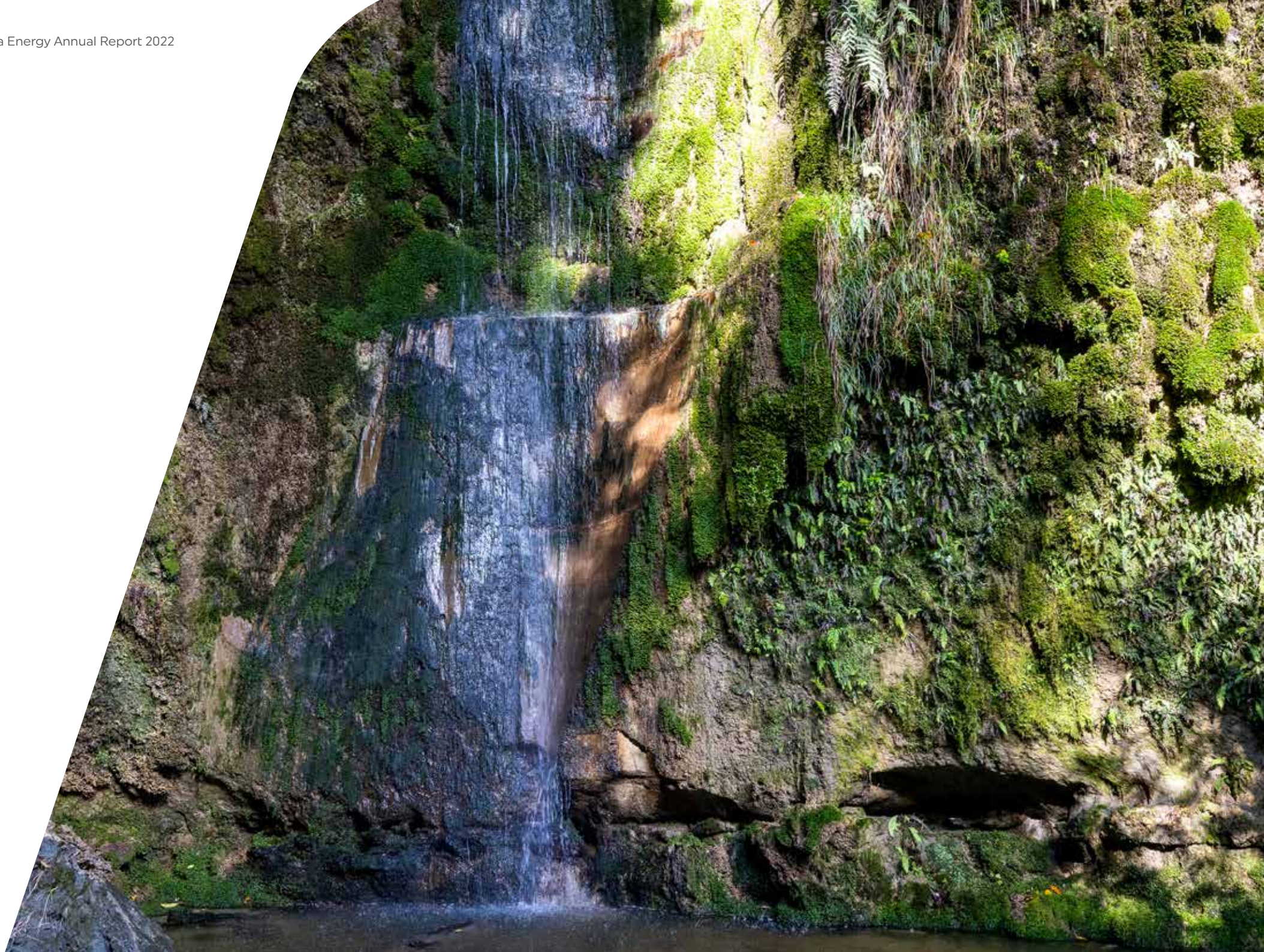
Read the Annual Report online at
manawaenergy.co.nz/investor-publications





Speaking our language

Cumec	A cubic metre per second, as a unit of water.	Mana whenua	A Te Reo Māori word meaning authority over land or territory.
EBITDAF	Earnings Before Interest, Tax, Depreciation, Amortisation, Fair value movements of financial instruments, investment costs, realisations and impairments. EBITDAF is a non-GAAP (Generally Accepted Accounting Principles) financial measure commonly used within the electricity industry.	MW	Megawatt, a unit of energy representing one million watts.
FY	The financial year ended 31 March of the stated year.	NPAT	Net Profit After Tax.
The Group	Manawa Energy Limited, Manawa Energy Generation Limited, King Country Energy Holdings Limited, King Country Energy Limited, Manawa Energy Insurance Limited and Manawa Energy Metering Limited.	NZX	New Zealand's Exchange.
GWh	Gigawatt hour, a unit of energy representing one billion watt hours or one million kilowatt hours.	Scheme	The infrastructure on a body of water used to generate electricity, which may include one or multiple power stations.
Hapū	A Te Reo Māori word meaning a subtribe of an iwi.	Tangata whenua	A Te Reo Māori word meaning people of the land or indigenous people, often used as a collective term for Māori.
<IR>	The Integrated Reporting Framework is a principles-based framework for corporate reporting.	TCFD	The Task Force for Climate-related Financial Disclosures.
		TPM	Transmission Pricing Methodology.



FY22 Snapshot

\$119.8
million

Group NPAT
up 290.0%

\$204.2
million

Total EBITDAF up 2.0%
(continuing and
discontinuing operations)

\$88.5
million

Group underlying
earnings down 2.6%

\$159.7
million

Continuing Operations
EBITDAF up 2.0%

\$44.5
million

Discontinued Operations
EBITDAF up 2.3%

1,760
GWh

Generation Volume
up 3.0%

37.4c

Earnings per share
up 244.0%

Final ordinary dividend of

16.0c

Per share
bringing full year dividend
to 33 cents per share

\$467.4
million

Sale of mass market
retail business (incl.
estimated working capital)

35.0c
per share
(unimputed)

Special dividend declared

0.93

Total Recordable
Injury Frequency Rate
up from 0.60 in FY21

7

Non-compliant incidents
across 3,500 resource
consent conditions

About our Annual Report

Integrated Reporting

This report has been developed using the principles-based approach of the Integrated Reporting Framework (<IR>).

We adopted this approach in FY20 and intend to improve on it each year. An integrated approach recognises the dynamic complexity of the system we operate in (both natural and man-made), and promotes reporting on tangible and non-tangible assets that create value for a business and its shareholders.

Report sections

This report covers our activities during FY22 and our future prospects and intentions. Material issues have been reported.

- The introductory sections highlight who we are and our key performance metrics for the financial year.
- In the past year, we have updated our material issues following engagement with our team

and external stakeholders, and intend to develop this further in the coming year.

- We share our change of direction and growth strategy under the new Manawa Energy framework.
- We show how Manawa Energy creates value through our value-creation model and through our six capital areas, guided by the Integrated Reporting Framework.
- This report also discusses sustainability in relation to strategy and includes our commitments to the Task Force on Climate-related Financial Disclosures (TCFD) Framework. We are prepared for the Government's implementation of mandatory climate-related disclosures from the 2023 financial year and already share much of the information that we expect will be required by the new legislation.
- This report ends with all relevant audited financial information and statutory disclosures required as an NZX listed company.

Our goal is a sustainable business that contributes to the people and places of Aotearoa New Zealand.

Becoming Manawa Energy

This report was published shortly after the launch of Manawa Energy, with the sale of our retail business and the Trustpower brand completed on 1 May 2022. As such, this report finds us at both the end of an era and the start of a new journey. With the retail sale now complete, we focus on implementing our strategy, developing our values and identifying the targets that will guide us in our goal of delivering tomorrow's energy.

The Board of Directors is committed to sound governance. Curiosity, open debate and constructive feedback characterise our discussions and move us towards quality outcomes for the business. We have strong relationships with management and engage often with employees and external stakeholders.

Our goal is a sustainable business that contributes to the people and places of Aotearoa New Zealand. We strive to continuously improve, knowing that an integrated approach helps us to achieve good outcomes for our shareholders, our people, and our communities.

Assurance

PricewaterhouseCoopers (PwC), our external auditor, has audited the financial statements included in this report.

Responsibilities for this Annual Report

This report was prepared under the supervision of Chief Executive David Prentice, General Manager Regulatory and Risk Catherine Thompson, and General Manager Corporate Services Phil Wiltshire. The Board is ultimately responsible for ensuring the integrity of this Report, assisted by our external auditors PwC and supported by our Executive Team.

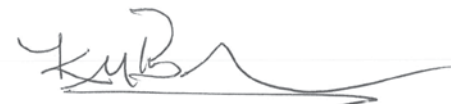
This report adheres to annual obligations under the NZX Listing Rules, Companies Act 1993 and Financial Markets Conduct Act 2013, and it follows the Integrated Reporting Framework <IR> and principles.

We welcome your feedback and comments around any information in this report.

Please send these through to:
comms@manawaenergy.co.nz



Paul Ridley-Smith
Chair



Kevin Baker
Director

Date: 13 May 2022.

Chair & Chief Executive's review



It is with pride and optimism that we report on a transformative year for our company.

Introduction

It is with pride and optimism that we report on a transformative year for our company. Amid the ongoing challenges of COVID-19, persistent below-average inflows, and sustained regulatory uncertainty, we successfully separated over a quarter of a century of integrated operations to complete the sale of our mass market retail business and achieve the vision we set out over a year ago – to transition to a standalone, substantially renewable generation and commercial and industrial electricity business that



is optimally positioned to deliver on the growing energy needs of tomorrow.

Importantly, we did it while still delivering a strong result. Net profit after tax (NPAT) climbed to \$120 million in FY22 – a significant increase on the \$30.7 million for FY21. This was largely due to a non-cash fair value gain on financial instruments in addition to increases in generation production and wholesale prices.

Earnings Before Interest, Tax, Depreciation, Amortisation and Fair value movements in financial instruments (EBITDAF) was \$204.2 million (including our discontinued retail operations), up from \$200.2 million last year. Underlying earnings after tax is consistent with previous years at \$89 million.

Operating performance improvements

Generation production volumes across both the North and South Islands were 1,760 GWh – an increase of three percent on last year. Inflows were up on last year's record low, although they remain materially lower than average. However, our work on asset investment delivered additional output which also contributed to the 52 GWh gain on last year.

Our asset management team again negotiated the challenges of COVID-19 to safely deliver scheme upgrades including major maintenance and asset renewals at Waipori, installing a new generating unit runner at Coleridge, and a new infiltration gallery intake at Branch River that will yield an additional 10 GWh a year.

High spot prices continue to be a feature of the market. Our wholesale team have used their considerable experience to manage our exposure, while our operations team have worked to maximise our returns through production optimisation.

Our FY22 operations in retail, of which the mass market component has now been sold, contributed EBITDAF of \$49 million up four percent from FY21 which reflects the ongoing strong performance of the retail operation. While contending with COVID-19, the sale process to Mercury and the subsequent separation activity, our mass market retail operation gained a net 1,903 new customers in FY22 and maintained customer retention rates above market average. The multi-product position continues to be attractive with a five percent

In order to support people through the retail business sale process we provided regular opportunities for open dialogue and introduced targeted wellbeing initiatives.

increase in customers with two or more products and a 93 percent increase in mobile connections.

Retail sale a success

On 1 May 2022 we completed the sale of our mass market retail business to Mercury. Many years of work have gone into setting our retail business up for a bright future and this was reflected in the sale price. Our retail operations were in strong shape to hand over, thanks to the significant efforts of our people to maintain momentum in growth and customer service through this transition.

We are proud to pass on a successful retail business, comprising of circa 238,000 customers nationwide who enjoy a diversified portfolio of services including electricity, gas, broadband and mobile.

Manawa Energy retains our valued commercial and industrial customers, and we look forward to continuing to partner with them to deliver their energy requirements.

Our people are our strength

Through a year of fundamental change, we've continued to focus on our people.

In order to support people through the retail business sale process we provided regular opportunities for open dialogue and introduced targeted wellbeing initiatives. Our approach was recognised in February with an Excellence Award in the Health and Wellbeing category of the HRD Awards, Aotearoa New Zealand's leading independent awards programme for the human resources profession. In April this year, we were also confirmed as a finalist in the Wellbeing Category of the NZ Energy Excellence Awards with the winner to be announced in June 2022.

Our people responded positively to the challenge of separating our generation and retail businesses while maintaining existing operations and navigating personal uncertainty. It was a significant undertaking with many technology changes required in addition to the more visible separation of offices and changes to branding and signage.

Over 500 roles shifted to Mercury with the sale of the retail business, reducing the Manawa Energy workforce to around 240 full time equivalent employees. In FY23 we will focus on creating an environment that brings out the best in all of our people and ensuring alignment across the entire organisation with our new strategy and values.

Business continuity through COVID-19

COVID-19 has continued to disrupt the day-to-day lives of our customers, our suppliers, and our people, and as a result, our business. We are an essential service and continuity of our critical processes is a top priority, so it was important that our business continuity planning continued to serve us well.

The technology, systems, and processes that we have implemented and improved since the pandemic started, have enabled us to keep adapting to rapid change and uncertainty, resulting in minimal disruption to our operations and continued delivery of reliability improvements and enhancement projects at our schemes.

We put in place business continuity measures such as working bubbles, social distancing and routine rapid antigen testing to minimise the impact of positive COVID-19 cases. This has enabled us to keep supplying electricity throughout the pandemic, while also delivering uninterrupted services to our customers.

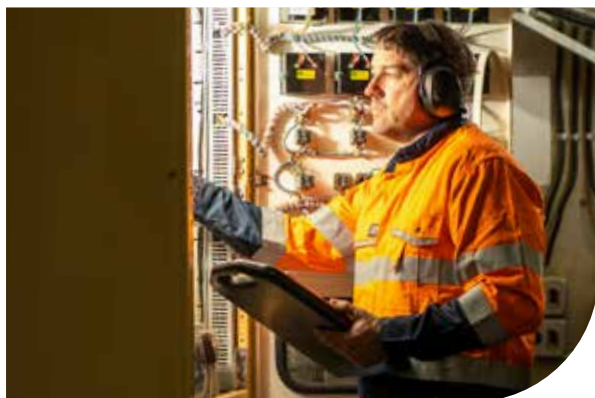
We will continue to monitor and adapt to the pandemic and its impact on our operations, our people and our communities.

Focus on safety and wellbeing

We prioritise the safety and wellbeing of our people and the people we interact with. This year we reviewed and improved our public safety and contractor management systems.

We carried out a safety and wellbeing culture audit to assess our processes, systems, mindsets and behaviors against best practice. The audit identified many positive aspects of our culture that support the safety and wellbeing of our people and confirmed that we have an engaged workforce with a good understanding of risk. It highlighted the opportunity to use digital tools to make reporting easier, and to track trends and emerging patterns for identified risks. We will use the findings to continually review and improve our safety and wellbeing culture.

We continued our schedule of Director site visits, with a focus on site safety. Directors



visited sites in Taranaki, the Bay of Plenty, Otago, Manawatū, Canterbury, Taupō and the West Coast, and there are plans to extend to all sites. These visits allow the Board to get a feel for the safety culture on our sites, focus on risk identification and mitigation, and offer more independent assurance that the systems and controls at each site are working. The ongoing response to COVID-19 in the second half of the financial year required a number of these visits to be rescheduled and activity will resume as restrictions ease.

We have a comprehensive programme to capture, assess and prioritise safety improvements across our dam portfolio. Over the last year, we have increased the internal engineering resources working on dam safety. As part of this programme, we have progressed stability assessments on several dams, and progressed designs for remedial works and dam safety improvements.

Protecting the public

Given the footprint of our generation assets, public safety around those assets is always a priority. We have been looking at ways to reassess and reduce risk, and during FY22 we reviewed our public safety management practices. We set up a cross functional team to lead the delivery of improvements identified by the review, and to ensure improvements are enduring and embedded in the business.

Our focus is on risks to the public, both from our assets and how we operate. This includes assessing the likelihood and consequences

of different events, understanding our public, how often they visit and their exposure to risks, and the visibility or prominence of our sites, so we can develop targeted and effective ways to both communicate and minimise the risks. Many of our generation assets are on public or conservation land, and people also use that land and the associated waterways or lakes for their own leisure purposes. We welcome that access and use, but wish to take all prudent steps to ensure the use is safe.

Contributing to our communities

People are at the heart of our business, and we aim to make a positive contribution to the communities where we operate.

During our retail sale process and the transition to Manawa Energy, we engaged with investors, shareholders, and iwi. We have spent time understanding the needs and aspirations of our communities, our customers, and our people. In addition to the support and sponsorships we provide to local communities and environmental groups associated with our generation assets, we are committed to deepening our bicultural maturity.

Our commitment to more meaningful iwi partnerships begins with our relationship with Ngāti Hangarau. We have been consulting with Ngāti Hangarau for many years, and in our transition to our new identity, we have begun to build a more mutually beneficial relationship based on our shared heritage and our mutual desire for Manawa Energy to develop greater cultural awareness and capability.

Climate change and new renewable generation

He Pou a Rangi Climate Change Commission finalised its first advice to the Government this year on the paths Aotearoa New Zealand can take to meet its climate targets. The resulting first Emissions Reduction Plan will provide an important framework for Manawa Energy to grow renewable generation to support a low-emissions future.

Looking ahead, we anticipate a continued focus from the Government and industry regulators on ensuring that the energy system provides a platform for achieving Aotearoa New Zealand's ambitions of a thriving, low-emissions and climate-resilient future.

There is an expectation that most of the emissions reductions will be enabled by the energy sector – primarily through electrification of transport and industrial process heat, with support from increasing renewable electricity generation. The development of the Government's National Energy Strategy during the second half of 2022 will be important for establishing the roadmap for a just transition of the energy sector towards meeting these ambitions in a way that ensures security, reliability and affordability of supply.

Manawa Energy is committed to helping Aotearoa New Zealand meet its climate change targets. We've reimagined our business to focus our resources and expertise on increasing renewable generation capacity. Over 99 percent of our annual power production comes from renewable resources and moving forward our growth focus is currently on solar and wind projects.

We note the Government's acknowledgement that its target of 100 percent renewable electricity by 2030 is aspirational, and its intention to review this target in 2025. We maintain the view that a 100 percent renewable electricity supply will be excessively costly and counter-productive to reducing overall emissions, and that growing renewable generation, supported by a smaller thermal generation fleet, is a more appropriate and prudent focus.

We note the Government's work on the NZ Battery Project continues. We reiterate our view that Lake Onslow is a poor option, both in providing dry year resilience and reducing carbon emissions. The as yet unknown billions of dollars required to construct the Lake Onslow scheme would be better spent on increasing the overall stock of renewable generation and improving the distribution and transmission networks. Manawa Energy is confident that, provided regulatory settings remain stable and balanced, private sector capital will support these new projects.

Technology advances in grid scale solar, wind generation, a better understanding of the roles of hydrogen and biomass powered thermal generation, and further investment by others in our industry in geothermal, are all positive steps to accelerate decarbonisation.

The Government has signaled its intent to make climate related financial disclosures mandatory by 2023 and we continue to develop and expand our reporting in readiness for this.

Government and regulatory landscape

In October the High Court heard our judicial review case into the Electricity Authority's process to develop the revised Transmission Pricing Methodology (TPM) Guidelines. We remain opposed to the proposal and concerned around the implications of these reforms. Our view is that the direction of TPM reform will not support the necessary investment across the supply chain required to meet Aotearoa New Zealand's electrification requirements and broader climate change ambitions. The decision by the High Court has been reserved.

More broadly, our team continue to work alongside industry and sector groups to help the Government and industry regulators understand the risks arising from policy on energy security, affordability, and sustainability. Depending on the nature and magnitude of the specific changes, these have the potential to negatively impact the energy industry and Aotearoa New Zealand. We are advocating for appropriate balance to mitigate any downside to these reforms.

Executive and Board changes

The sale of our retail business marked a natural time to transition to new opportunities for several members of our Executive Team who have been integral to the development of our business. We would like to thank each of them for the contributions they have made to our business.

Special mention must be made of Peter Calderwood, whose career with Manawa Energy spans 35 years. Peter has seen immense growth in the business in that time and provided continuity through change and development. We also farewell Kevin Palmer after 15 years. Kevin's commitment and leadership as Chief Financial Officer over the last six years, and particularly through the sale of our retail business, has ensured an excellent outcome for both employees and shareholders.

We acknowledge Fiona Smith and Paul Bacon, who transition to Mercury, and whose professionalism and expertise will lead the Trustpower retail business to continued success. A special thanks also goes to Sara Broadhurst and Matt van Deventer, who joined the Executive Team and stepped into pivotal leadership roles at a challenging time to help guide our people through the workforce and technology separation streams.



We have taken the opportunity to shape an Executive Team at Manawa Energy that has the capability and experience to deliver for all stakeholders. You can read their profiles on page 24.

There were a number of Board Director changes this financial year. David Prentice retired as a Director but remains as Chief Executive. Susan Peterson, Keith Turner and David Gibson retired as Directors. We extend our thanks to them for their valued contribution. Joanna Breare, Sheridan Broadbent and Michael Smith joined the Board as new Directors during the year. You can read our Directors' profiles on page 22.

Launching Manawa Energy

Manawa Energy is New Zealand's largest independent* electricity generator and renewables developer, representing about five percent of the country's existing generation capacity.

As a substantial independent renewable generator and developer, we are uniquely positioned with a portfolio of existing renewable generation assets and development capability, which will allow us to deliver renewable generation solutions to major industrial energy users.

We are focused on leveraging our capability and experience to grow renewable generation to support the expected 50 to 70 percent demand growth over the next 30 years from electrification of transport and industry.

The name Manawa, meaning heart, was gifted to us by Ngāti Hangarau hapū, mana whenua of the area

*By independent we mean without an integrated mass-market retail business.

Manawa Energy
is committed to
helping Aotearoa
New Zealand meet
its climate change
targets.

where our Kaimai scheme is located. It acknowledges our shared connection to the Omanawa River – a place of significance to Ngāti Hangarau and the origin of our business from its beginnings, when electricity generation was established on the Omanawa River in the early 1900s.

Strategy and growth

Our strategy is focused on two key pillars – growth and operational excellence.

We pioneered wind development in Aotearoa New Zealand and Australia, including the Tararua and Mahinerangi projects in Aotearoa New Zealand (197 MW capacity) and Snowtown 1 & 2 in Australia (370 MW capacity). Our current growth focus is on a range of solar and wind projects in both the North and South Islands, with a number of opportunities at various stages in the development pipeline.

With the transition of the past year behind us, we are now poised to realise the opportunities that an increased demand for renewable generation will create.

We will work closely with customers as we look to grow and develop our relationships, and explore innovative solutions and channels to deliver low-carbon energy.

We will continue to deliver operational excellence across our hydro fleet, including undertaking value-adding enhancements to our existing schemes, looking for opportunities to optimise our portfolio, and driving efficiency and improvement.

We know these goals cannot be achieved in isolation, and we are developing the critical enablers necessary to succeed: embedding a digital mindset; using data and automation to enhance decision making; creating an

environment that brings out the best in our people; and workforce planning to ensure our internal capability aligns with our goals.

Financial outlook and capital structure

Development of new generation and enhancement of our existing schemes is expected to provide incremental earnings growth over the medium term. In the near term we will see increased capital expenditure due to the accelerated spend on developing a pipeline of potential new generation projects; a continuation of the hydro enhancement programme; timing of asset lifecycle maintenance; and a renewed focus on preventative works to increase reliability.

Manawa Energy's capital structure has been designed to balance the need for sufficient capital retention and flexibility to execute opportunities at pace, as well as regular dividend flows.

Most of our new generation projects are still at an early (pre-feasibility) stage and the exact timing and quantum of capital investment remains uncertain, however, to deliver on Manawa Energy's growth strategy it is expected that gearing levels will increase from FY24. Based on current assumptions, our capital structure targets a leverage ratio (Net Debt to EBITDAF) of 3.0 to 3.5 times, with flexibility to extend to 4.0 times to fund growth.

Dividends

Following a strong end to the financial year and the sale of the retail business, the Board has declared

a fully imputed final dividend of 16 cents per share as well as a one-off unimputed special dividend of 35 cents per share. In determining the special dividend, the Board carefully considered the balance between rewarding shareholders and reserving some capital to enable growth and generate longer term returns.

Looking ahead with confidence

It's an exciting time for Manawa Energy. With the transition of the past year behind us, we are now poised to realise the opportunities that an increased demand for renewable generation will create.

There is significant potential for regulatory change in the energy sector moving forward, and the possibility of market developments to manage affordability and supply. At the same time, new technologies continue to evolve and mature into commercial viability, making it an optimal time to be geared for new investment.



We plan to be flexible in our approach to funding and developing new generation projects. We will develop some projects ourselves and will look for commercially attractive partnership opportunities that can provide faster development timelines and risk sharing for other projects.

We are currently assessing multiple projects at varying levels of maturity, including four projects at the feasibility and consenting stage.

We remain on track to deliver more than our original goal of 67 GWh a year of enhancement uplifts from our existing assets, with 55 GWh a year worth of enhancements either completed or due to be completed by the end of FY25, and an additional 54 GWh a year of enhancements currently being scoped.

As our undertakings over the past year have shown, we enjoy a challenge, and we're confident in charting new territory. For us the future is clear. The future is delivering tomorrow's energy, with Manawa Energy.



Paul Ridley-Smith
Chair



David Prentice
Chief Executive



End of an era for our retail business

The recent sale of our retail business and the transition to a generation and commercial and industrial electricity business, Manawa Energy, heralds a new era for our people and our investors.

We have put significant effort into separation activities to ensure we set Trustpower up as a standalone retail brand that is well positioned for future success.

Trustpower's origins began in 1923, almost a century ago, serving the greater Tauranga area as the Tauranga Electric Power Board. Fast forward to 2022 and the business has transformed from a provincial electricity retailer to one of Aotearoa New Zealand's leading multi-utility providers delivering gas, telecommunications, broadband and electricity.

In an intensely competitive energy market, bundling utility services was a key ingredient in Trustpower's retail success. We recognised this opportunity early on, launching a subsidiary, Kinect, in 2006 that offered customers internet and phone services alongside electricity. We strengthened this offering in 2007, purchasing Oamaru-based telecommunications service provider, CallSouth,

to acquire 16,000 more customers receiving bundled services. We successfully added mobile services to the bundling mix in 2020, at the beginning of the pandemic, and we now have more than 10,000 mobile connections.

Trustpower retail customers choose their combination of power, gas, phone and broadband, with one bill. Bundling utility products like this has been attractive to customers, and our business has benefitted from customers spending more and staying with us for longer. All key metrics in the retail business, including fibre and mobile connections, products per customer and digital uptake, have continued to show positive momentum despite COVID-19 disruption.

We have also focused on delivering exceptional customer service despite the challenges of COVID-19. Trustpower managed a seamless move to customer service agents working from home and the customer services team worked tirelessly making outbound calls to vulnerable customers during lockdowns. Proactively engaging with customers has also meant customer debt rates were in line with pre COVID-19 levels.

We have put significant effort into separation activities to ensure we set Trustpower up as a standalone retail brand that is well positioned for future success.

With more than 400,000 accounts across the country, as of April 2022, we believe our retail business was in great shape to hand over and feel confident that with Mercury, our retail customers will be in good hands.

Key Metrics

Electricity
Connections

267,000

Telecommunication
(incl. mobile) Connections

117,000

Gas
Connections

47,000

Customer
Number Growth

1%

Mass Market
Sales GWh

1,819

Half-Hourly
Metered Sales GWh

1,219

Automated Contacts
% of Total

86%

Satisfaction of
App Interactions

87%

Customers With Two
or More Services

129,000

Trustpower Annualised Customer
Churn Rate (electricity)

17%

Total Market Annualised Customer
Churn Rate (electricity)

18%

From strong foundations...

Timeline of the Trustpower retail business

1923



The first Tauranga Electric Power Board is elected to serve the greater Tauranga area.

1993–1994



Tauranga Electric Power Board becomes Trustpower and is listed on the New Zealand Stock Exchange. The company serves 40,000 customers.

An electricity centre opens in central Tauranga to serve customers directly.

Infratil Limited becomes a major shareholder in Trustpower.

1995–1996



Trustpower is now Aotearoa New Zealand's fourth largest power company with 89,000 customers.

Trustpower's customer call centre opens and soon records very high levels of customer satisfaction.

1998



Under electricity reforms, power boards must choose how they'll be managed. Trustpower sells its lines network and invests in its retail business.

In six months, Trustpower grows from 90,000 customers to over 200,000.

2001



Trustpower continues to grow with 266,000 customers.

2006

The National Business Review names Trustpower one of the top performing NZX (New Zealand Stock Exchange) companies for the 10 years to 2006.

Trustpower launches subsidiary Kinect, offering customers internet and phone services in addition to power.

Trustpower buys two businesses in Oamaru, Pulse, a contact service centre, and CallSouth, a telecommunications service provider with 16,000 customers receiving fixed line, tolls, internet and broadband services.

...to bold new opportunities

2009



Trustpower invests in its own Internet Service Provider (ISP) network.

2010



Trustpower wins the Energy Retailer of the Year Award at the Deloitte Energy Excellence Awards.

Trustpower wins the prestigious Hewitt, Fortune, RBL Group Top Companies for Leaders Award – Asia Pacific Region.

2012–2013



Trustpower starts to offer Ultra Fast Broadband (UFB) over Aotearoa New Zealand's rapidly expanding fibre network. The first UFB customer is connected mid-year.

Trustpower rebrands subsidiary Kinect to Trustpower Phone & Internet and starts offering customers reticulated (piped) and bottled gas.

2020



Amidst the beginning of the COVID-19 pandemic and lockdowns, Trustpower launches its mobile offering.

2021



Trustpower announces the conditional sale of its gas, telecommunications, and retail electricity supply business to Mercury NZ Limited.

The sale completed on 1 May 2022.



Trustpower announces new name of its generation and commercial and industrial electricity business as Manawa Energy Limited.

Board of Directors

Paul Ridley-Smith

Board Chair & Non-Independent Director



Paul joined the Board in 2016 as Chair. He is a senior executive at Morrison & Co (the manager of Manawa Energy's largest shareholder, Infratil). Paul joined Morrison & Co in 1998, re-joining in 2015 after four years as general counsel at Contact Energy. He has been a director of various Infratil group companies, including Wellington International Airport and iSite Media. He is currently an independent director of listed rest home operator, Arvida Group.

Paul has a Bachelor of Laws from Victoria University and a Master of Business Administration from Columbia University.

Joanna Breare

Independent Director



Joanna joined the Board in 2021 after retiring as Chief Executive of Todd Energy, Chair of the Petroleum Exploration and Production Association of New Zealand, and Chair of the Taranaki 2050 Lead Group working towards a low emission economy. She has worked for BP, Shell, Shell Todd Oil Services and Fletcher Challenge Energy. Joanna oversaw the expansion of the onshore Mangahewa natural gas field, the acquisition of the onshore Kapuni natural gas field from Shell and the Kapuni Gas Treatment plant from Vector. She is currently the Chair of Venture Taranaki.

Joanna holds a Bachelor of Science (Hons) and a PhD in Geology from the University of London.

Kevin Baker

Non-Independent Director



Kevin joined the Board in 2018. Kevin has held CFO roles for Morrison & Co, Infratil, and Natural Gas Corporation Holdings Limited. He is a director of Infratil Infrastructure Property and was a director of Lumo Energy/Infratil Energy Australia, Metlifecare, CDC Data Centres and Wellington International Airport.

Kevin was a member of the New Zealand Market Disciplinary Tribunal from 2012 to 2018. He has a Bachelor of Management Studies from University of Waikato and is a member of the Institute of Directors New Zealand, Institute of Chartered Accountants Australia and New Zealand, and Institute of Financial Professionals NZ.

Sheridan Broadbent

Independent Director



Sheridan is Chair Elect of Pipeline and Civil Ltd (effective 1 May), Chair of Kordia and director of safety technology provider Cloudsource (SaferMe). She is Deputy Chair of the New Zealand Business Leaders' Health and Safety Forum, a member of the Australian Institute of Company Directors, Global Women Inc., Te Runanga o te Ngāti Maru, and the Institute of Directors New Zealand.

Sheridan was Chief Executive of Counties Power, held executive roles with Genesis Energy and Downer Group and was a director of Transpower Limited. Sheridan holds a Bachelor of Commerce from the University of Auckland and is a graduate of the Harvard Business School Advanced Management Program.

Peter Coman

Non-Independent Director



Peter is head of social infrastructure investing at Morrison & Co and a member of the Morrison & Co Management Committee. He is currently Chair of RetireAustralia, Pacific Radiology, Infratil Infrastructure Property Limited and a director at Wellington International Airport Limited. His career background is in infrastructure and property investment management with 25 years' experience in Aotearoa New Zealand and the United Kingdom.

Peter has a Bachelor of Arts and Bachelor of Property Administration from Auckland University and a Masters in Investment Management from Cass Business School in London.

Michael Smith

Non-Independent Director



Michael brings extensive governance experience in both private and listed entities. He chairs Craigs Investment Partners Superannuation Management Limited and was a director of Port of Tauranga Limited for 16 years during its growth to Aotearoa New Zealand's preeminent port. Michael holds a Bachelor of Laws from Victoria University of Wellington and has practised as a commercial lawyer since 1985. He was a partner at Tauranga law firm Holland Beckett Solicitors from 1985, becoming a consultant in 1995 to pursue external business opportunities.

Michael is a fellow of the Institute of Directors New Zealand.

Executive Team

David Prentice

Chief Executive



David held several roles with global infrastructure company, Opus International Consultants, before being appointed Chief Executive in 2010. In 2018, David was named Chair of the Interim Committee for Climate Change – an independent organisation tasked with providing analysis and recommendations to Government regarding emissions from agriculture and electricity generation. In 2019, David became Chair of consultancy firm Martin Jenkins.

David is a member of the Institute of Directors and is a Fellow of Engineering New Zealand. He graduated from the University of Edinburgh with a Bachelor of Engineering (Honours) and a PhD in Engineering.

Catherine Thompson

General Manager Regulatory and Risk



Catherine leads our strategy, risk, corporate reputation, health, safety and wellbeing, environmental, stakeholder, regulatory and government relations, legal and company secretarial functions. She previously held the role of Chief Corporate Affairs Officer and General Counsel at Contact Energy. Prior to joining Contact Energy, Catherine worked as a lawyer for the Ministry for the Environment and worked in private and in-house legal teams in London, with a focus on energy projects.

Catherine holds a Bachelor of Law (Honours) and a Bachelor of Commerce from the University of Otago.

Phil Wiltshire

General Manager Corporate Services



Phil leads our finance, people, technology and business performance functions. Phil brings more than 20 years' experience in CFO roles for companies representing household names like Tip Top, Mainland, Vogels and Healtheries. His achievements include leading Mainland through substantial changes in the dairy industry in the early 2000s and the successful listing of Vitaco Health Group on the ASX in 2015.

Phil is a member of Institute of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce from the University of Auckland.

NOTE: Matt van Deventer continues as General Manager Technology and Delivery to enable the transition of this department to Phil Wiltshire.

Stephen Fraser

General Manager Generation



Stephen has led our generation business since 2017. Before this, he worked for Shell International where he held management roles in both their upstream and downstream businesses and was involved in a number of major greenfield capital projects. Stephen was the Service Delivery Manager (electricity networks) for a New Zealand lines company.

Stephen holds qualifications in Chemical and Process Engineering (Honours) from the University of Canterbury, a Master of Business Administration from the University of Western Australia, and a Master of Business Law from the University of Sydney Law School.

Rob Buchanan

General Manager Growth and Trading



Rob leads our energy trading, customer, and new development portfolios. He brings 18 years' experience in investment banking, most recently as Head of M&A at Forsyth Barr. He has advised on and managed a range of high-profile energy sector transactions, including the sale of Manawa Energy's Australian hydro generation portfolio in 2017 and the retail business this year.

Rob graduated from the University of Otago with a Bachelor of Commerce and a Master of Business and has an Executive Certificate in Management and Leadership from Massachusetts Institute of Technology.

What matters most

A year of considerable change for our business has created many opportunities for us to learn more about what's important to our stakeholders, and to us. This has helped lay the foundations for the Manawa Energy business, and our environmental, social and governance commitments.

In developing our new brand, we conducted in-depth research into the needs and aspirations of our customers, our people and our communities. We engaged with our shareholders through the sale of our retail business and the development of our new strategy.

As part of a strategic review of our retail business, we sought advice from a range of experts to comprehensively assess the current market, future trends, and stakeholder expectations, and to ensure the best outcomes for our shareholders in the context of the market and regulatory environment in which we operate.

We know that rapid change has an impact on our people. In order to capture and respond to their needs in a timely way, we replaced our bi-annual employee engagement survey with a six-weekly 'pulse check' for the duration of the strategic review.

Based on our engagement, research, and insights we've identified the following material opportunities for Manawa Energy.

Leadership, transparency, and performance

Articulating a clear vision and purpose and adapting and leading with integrity through times of change; managing risks, pricing fairly, communicating effectively and generating returns for shareholders.

Care of natural resources

Careful use of and respect for natural resources, minimising environmental impacts; contributing to carbon reduction and the restoration of waterways and respecting culturally significant places and practices.

Security of sustainable electricity supply

Ensuring an affordable, secure and sustainable supply of electricity to meet Aotearoa New Zealand's increasing needs today and in the future, with a commitment to growing electricity supply from renewable generation sources and to climate change adaptation.

Community, wellbeing and contribution

Fostering a diverse, inclusive and positive workplace culture, putting wellbeing, health and safety first; and proactively contributing to communities through education, employment and development opportunities.

We've engaged with our shareholders through the sale of our retail business and the development of our new strategy.

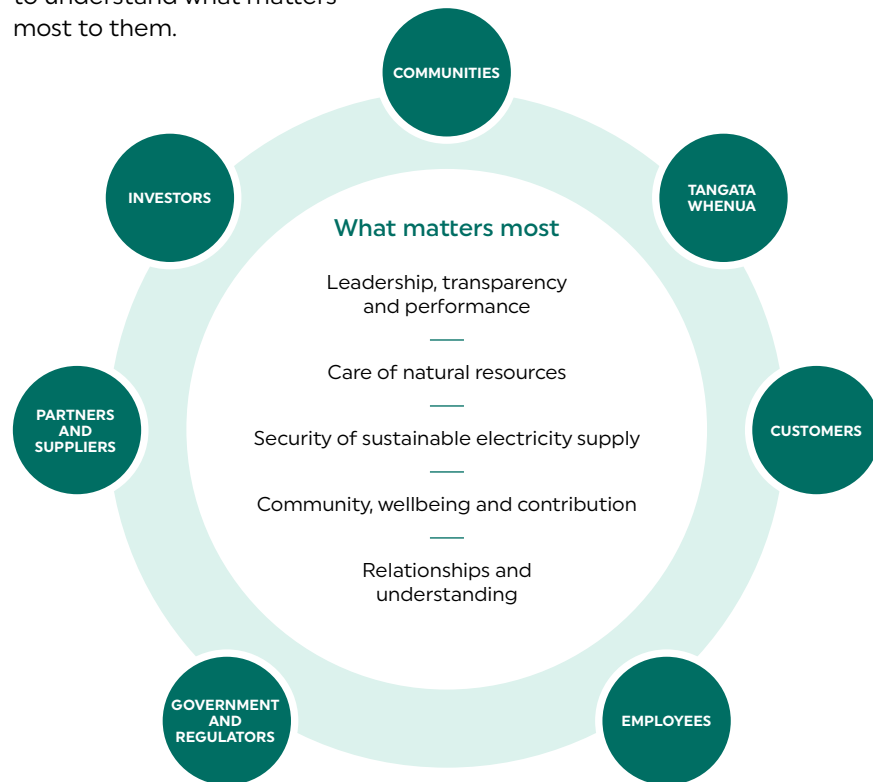
Relationships and understanding

Working alongside customers and suppliers to deliver sustainable and tailored commercial and industrial products and services, and further building relationships with tangata whenua, advancing our understanding and practice of te reo and tikanga Māori.

These material sustainability opportunities are integral to our strategic aspirations and intended outcomes, and progress towards these goals is discussed throughout this report.

Our stakeholders

We work with our stakeholders to understand what matters most to them.



Strategic plan overview

Growth



Generation

Develop a large portfolio of options.
Pursue partnerships with established participants.
Focus on areas we can lead the market, such as solar and wind development.



Market channels

Develop long-term relationships with customers through enhanced product offerings.
Utilise relationships with customers to support generation investment.
Investigate opportunities at grid-edge.

Operational Excellence



Generation

Deliver on our established value protection and enhancement strategies.
Optimise our existing portfolio through improved decision-making capability.



Market channels

Plan and optimise our wholesale risk position in the long-term.
Identify the highest value customers for our energy portfolio.

Critical Enablers



Technology and innovation

Embed a digital mindset in the business.
Optimise our systems following retail sale.
Use data and automation to enhance our decision-making and create value.



Culture and capability

Create an environment that brings out the best in our people.
Plan for the future to ensure we have the capability we need to succeed.

Baseline Excellence

Sustainability – Health, Safety and Wellbeing – Reputation and Brand – Iwi Relationships – Business Performance and Financial Management.

How we create value

What we value: Whakapapa (heritage), Kaitiakitanga (guardianship), Community and Partnership

INPUTS >	OUR BUSINESS >	OUTPUTS >	OUTCOMES >
 <p>Our relationships Iwi and external stakeholder relationships that are important to us, and essential to the operation and reputational management of our business, including community, customers, partners, suppliers, regulators, local council and Government.</p>	<p>Origin Established in 1923 as the Tauranga Electric Power Board.</p>	 <p>1,942 GWh Production of 1,942 GWh per year on average</p>	 <p>Our customers and community are valued We value and understand our customers and they trust us to help their businesses thrive. We make a positive contribution to the communities we operate in and are invested in their long-term success.</p>
 <p>Our environment Natural resources or environment (water, land, climate) that are fundamental to our business operations, and our role as guardians for future generations.</p>	<p>NZX listing Listed as Trustpower Limited on the New Zealand Stock Exchange in 1994 (now Manawa Energy Limited).</p>	 <p>16.6% Total Shareholder Return on average over five years</p>	 <p>Focus on renewable generation We are committed to helping Aotearoa New Zealand achieve its climate change aspirations through continued investment in renewable energy, attention to risk, reduction of our impact, and encouraging our partners and suppliers to do the same.</p>
 <p>Our skills & expertise Knowledge, capabilities, insights, intellectual property and brand held by Manawa Energy and our employees.</p>	<p>Renewable hydroelectricity More than 99% of our power is sustainably generated through renewable hydroelectricity. We have 26 generation schemes throughout Aotearoa New Zealand.</p>	 <p>678,000 We generate enough electricity to power 678,000 electric vehicles each year (traveling 20,000 kms each year at 7 kms per kWh)</p>	 <p>Collaboration with our partners and suppliers We are trusted and respected for our authenticity, knowledge and expertise, and we leverage these relationships to create mutual and sustainable value.</p>
 <p>Our people Our employees and contractors, including our leadership skills, capabilities and the experience held within this group.</p>	<p>Shareholders Approximately 12,000 shareholders, with our major shareholders being Infratil (51%) and TECT Holdings Limited (26.8%).</p>	 <p>\$204.2M total EBITDAF in FY22 (continuing and discontinuing operations)</p>	 <p>Our people are valued and cared for We play to the strengths of our high-performing and diverse workforce. Our people thrive in a fast-moving and hard-to-predict world, adapting to change and courageously challenging the status quo. Our people are our competitive advantage.</p>
 <p>Our assets & infrastructure Physical assets like our generation schemes and service-oriented assets like our customer platforms enable our business.</p>	<p>Generation capacity Installed generation capacity of 498 MW per year, mostly from hydro generation.</p>		 <p>Respect for our environment We understand the importance of kaitiakitanga, and we continuously improve our practices to ensure the long-term sustainability of our assets and services, and their interaction with taonga (treasured or valued objects or possessions).</p>
 <p>Our financials Our access to financial capital.</p>	<p>Customers Approximately 680 commercial and industrial customers.</p> <p>Employees Approximately 240 full time equivalent employees.</p>		 <p>Our financials We are a high-performing NZX50 company, driving sustained growth through smart and courageous investments.</p>

Managing our risks

Manawa Energy's Board of Directors sets the company's approach to risk management. We have identified our top risks as a company and discuss our approach to managing these in relevant sections through this report.

The company will be reviewing the approach to risk management post the sale of the mass market retail business.

Failure of a generation structure: Failure (or near failure) of a structure caused by operator error, inadequate maintenance/monitoring, age and/or inadequate design/construction (excludes natural disaster as a catalyst), results in unplanned outage, lost revenue, reputational damage and/or cost to repair property/environmental damage.

See pages 62-67 for our asset management programme, page 70 for our expertise in operation, and page 74 for our use of technology in asset management.

Regulatory change:

Change or lack of changes to the regulatory/policy environment which results in a material loss of profit; or growth opportunity; or an additional compliance burden.

See the Chair and Chief Executive's review for Government and regulatory changes, pages 54-55 for resource and freshwater management, and page 61 for climate change policy.

Staff and contractor health and safety:

An accident or health event affecting our staff or contractors, whilst undertaking business for Manawa Energy, as a person conducting a business or undertaking (PCBU), results in a fatality or serious harm.

See the Chair and Chief Executive's Review, page 46 and page 81 for our approach to safety and wellbeing.

Loss of value through reconsenting: Results in loss of value/profit, lost opportunity, and/or additional compliance burden.

See page 51-57 for our approach to compliance and environment.

Growth strategy risk:

Risk that Manawa Energy does not identify and then deliver growth initiatives.

See the Chair and Chief Executive's review, and pages 70-71 for how we are leveraging our capabilities.

Trading risk:

Volatility of income caused by changes to the markets (pricing), weather, contracted sales and purchases, hedges and plant availability.

See pages 60 and 78 for current and future trends in the electricity wholesale market, and how we are managing them.



Operating sustainably across Aotearoa New Zealand

Manawa Energy is proud to generate more than 99% of our annual power production sustainably through renewable hydroelectricity. We have 26 generation schemes throughout Aotearoa New Zealand. Our workforce is spread throughout these schemes, as well as at offices in Auckland, Tauranga, Wellington, Christchurch and Darfield.

North Island

- Auckland Office
- Tauranga Office
- Wellington Office

South Island

- Darfield Office
- Christchurch Office

● HYDRO

Hinemaiaia	Wheao/Flaxy
Kuratau	Mangorei
Mokauti	Motukawa
Piriaka	Patea
Wairere Falls	Mangahao
Kaimai	Esk
Matahina	

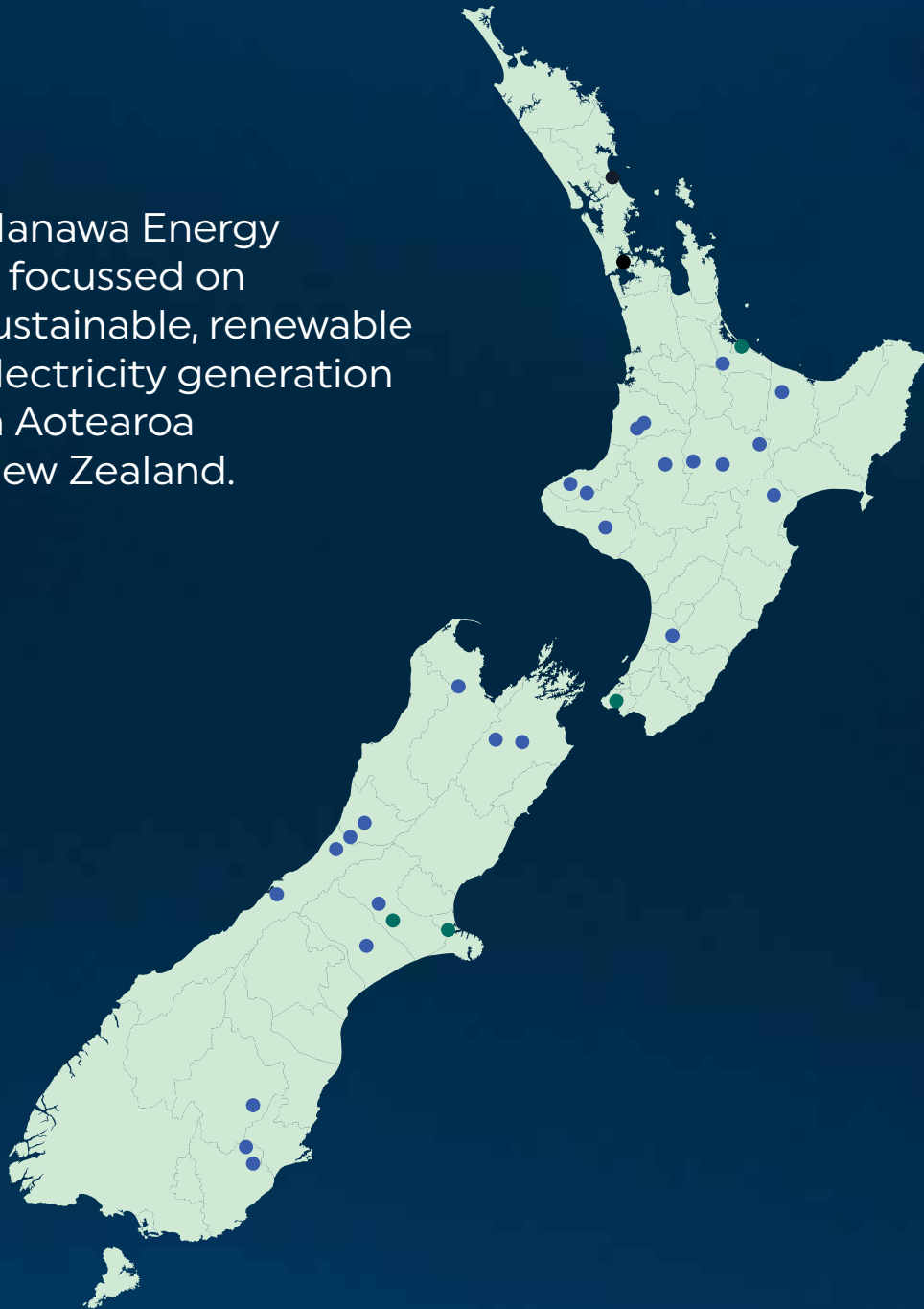
● HYDRO

Cobb	Waihopai
Arnold	Paerau/Patearoa
Kaniere Forks/ McKays Creek	Waipori
Kumara/Dillmans/ Duffers	Deep Stream
Wahapo	Coleridge
Branch	Highbank/ Montalto

● DIESEL PEAKER

Bream Bay

Manawa Energy
is focussed on
sustainable, renewable
electricity generation
in Aotearoa
New Zealand.





Capital #1
Our relationships

Partnerships at heart

We succeed when we collaborate with partners to realise mutually beneficial opportunities, meaning our customers are happy and our community is cared for.

Koro Nicholas, Ngāti Hangarau.





Introduction

With energy assets and customers the length and breadth of Aotearoa New Zealand, the communities that we are part of take many forms. The common threads that bind us are the desire to see our natural environments flourish through careful use of resources and proactive conservation, and communities prospering through recreational, employment, educational, and cultural opportunities.

Relationship with Ngāti Hangarau

One of our commitments to more meaningful iwi partnerships centres on our special relationship with Ngāti Hangarau. Our partnership with Ngāti Hangarau is essential to our heritage, intrinsic to our new identity, and will continue to support and inform our business and community objectives.

We have been consulting with Ngāti Hangarau for many years, and in our transition to our

new identity, our goal has been to build a more mutually beneficial relationship that is embedded into our DNA.

In April 2021, Ngāti Hangarau hosted the Manawa Energy team at Waitaia Lodge, a marae-like facility in the Kaimai Ranges. The lodge, which is overseen by Ngamanawa Incorporation, is nestled amongst numerous sites of significance to Ngāti Hangarau and sits alongside Lake Mangaonui, which forms part of the Kaimai hydroelectric power scheme.

The visit was an opportunity for people from across the business to learn the history of hydro generation in the Kaimai Ranges and to better understand the deep connections that Ngāti Hangarau hold to this land as mana whenua.

As we step into our new era as Manawa Energy, we will proudly carry these learnings into our internal and external operations, with a continued focus on connecting more meaningfully with tangata whenua.

Future focus

- Building on our genuine relationships and actively participating in the communities surrounding our generation schemes and office locations.
- Growing our capability in te ao and tikanga Māori and engaging meaningfully with tangata whenua.
- Developing mutually beneficial partnerships, leveraging combined skills to achieve common goals.
- Developing new approaches and long-term relationships to meet our customers' needs.

Building futures

As part of our commitment to our communities, Manawa Energy is a proud partner of The Growth Project – Whakaahu Whakamua, a Marketing Association programme endorsed by Te Puni Kōkiri (Ministry of Māori Development).

The programme supports the development of Māori to achieve their full potential in the workplace, share their tikanga and progress into leadership roles in marketing, an industry which has lacked diversity in Aotearoa New Zealand.

In 2021, Summer Bennett participated in Whakaahu Whakamua. Summer is from Ngāi Te Rangi, Ngāti Ranginui (two of our local iwi in Tauranga Moana) and was one of 16 talented individuals sponsored by New Zealand businesses from more than 250 applicants. After completing a week of intensive workshops in Auckland to learn foundation skills, Summer joined us at our head office to work on an in-house marketing project that formed her assessment for a course marked by the University of Canterbury.

Summer was a welcome and wonderful addition to our communications and community engagement team and we were thrilled to be a part of this initiative.



West Coast Wilderness Trail.

More than a supplier

Manawa Energy will continue to service around 680 commercial and industrial customers at more than 14,000 electricity connections nationally. Our dedicated account management team offers a single point of contact for these businesses and works with them to understand their energy and service needs.

Working alongside customers, we have developed a range of tools to help them make informed decisions about their energy consumption and cost, including customised online reports that drill down to individual sites, and text messages when the forecasted spot price exceeds its limit, so businesses can choose to manage their load.

In FY22 we supplied 1,219 GWhs of electricity to commercial and industrial customers, over 65 percent of which was supplied at the wholesale spot price. This represents an opportunity to meet more of this demand from our own generation portfolio, providing a significant path to market.

The commercial and industrial customer segment shows strong potential for growth. We anticipate increased demand for renewable energy from new industry as well as further development in existing industry as businesses look to decarbonise through electrification from alternative energy sources, which aligns with Manawa Energy's renewable energy growth objectives.

Community involvement

We focus our community contributions on activities that benefit the people and environments near our schemes, offices, and development sites. We prioritise initiatives that will improve biodiversity outcomes or contribute to the health and wellbeing of waterways that our operations depend on.

In 2021, Summer Bennett participated in Whakaahu Whakamua. Summer is from Ngāi Te Rangi, Ngāti Ranginui, and was one of 16 talented individuals sponsored by Aotearoa New Zealand businesses from more than 250 applicants.

Each year we provide funding to support educational scholarships, community group sponsorships, and environmental funds or trusts, totalling around \$250,000. Our team also contributes time to support these groups.

Severe weather events hit the communities around our South Island schemes hard last winter. We donated to Mayoral Relief Funds in the Buller and Ashburton districts to help families near our West Coast and Canterbury power schemes get back on their feet.

Our three Community Funds (Tauranga, Oamaru and the Heartland Community Fund in the King Country) continued to make a difference for the people and places around our offices and the King Country Energy power stations we operate, allocating funding to 59 groups in 2021.



Barbeque hosted for the Mount College Polar Plunge.

Our community support this year included donations to:

- Homes of Hope, to purchase playground equipment for vulnerable children.
- Whareroa Village Trapping Project, to help protect native birds from predators.
- Menzshed, to purchase equipment to set up a men's community group in Oamaru.
- Ōropi School, to implement a compost and worm farm system as part of the school's sustainability focus.
- Ngamanawa Incorporation and the Department of Conservation, to conduct surveys and predator control in the areas surrounding the Kaimai hydroelectric power scheme, to help ensure kiwi and kōkako will flourish. About 970 hectares was protected over the 2021-22 season.
- The West Coast Wilderness Trail, supporting a walk and cycle trail from Greymouth to Ross, which passes two of Manawa Energy's hydroelectric power schemes – Kumara Dillmans and Kaniere Forks/McKay's Creek.

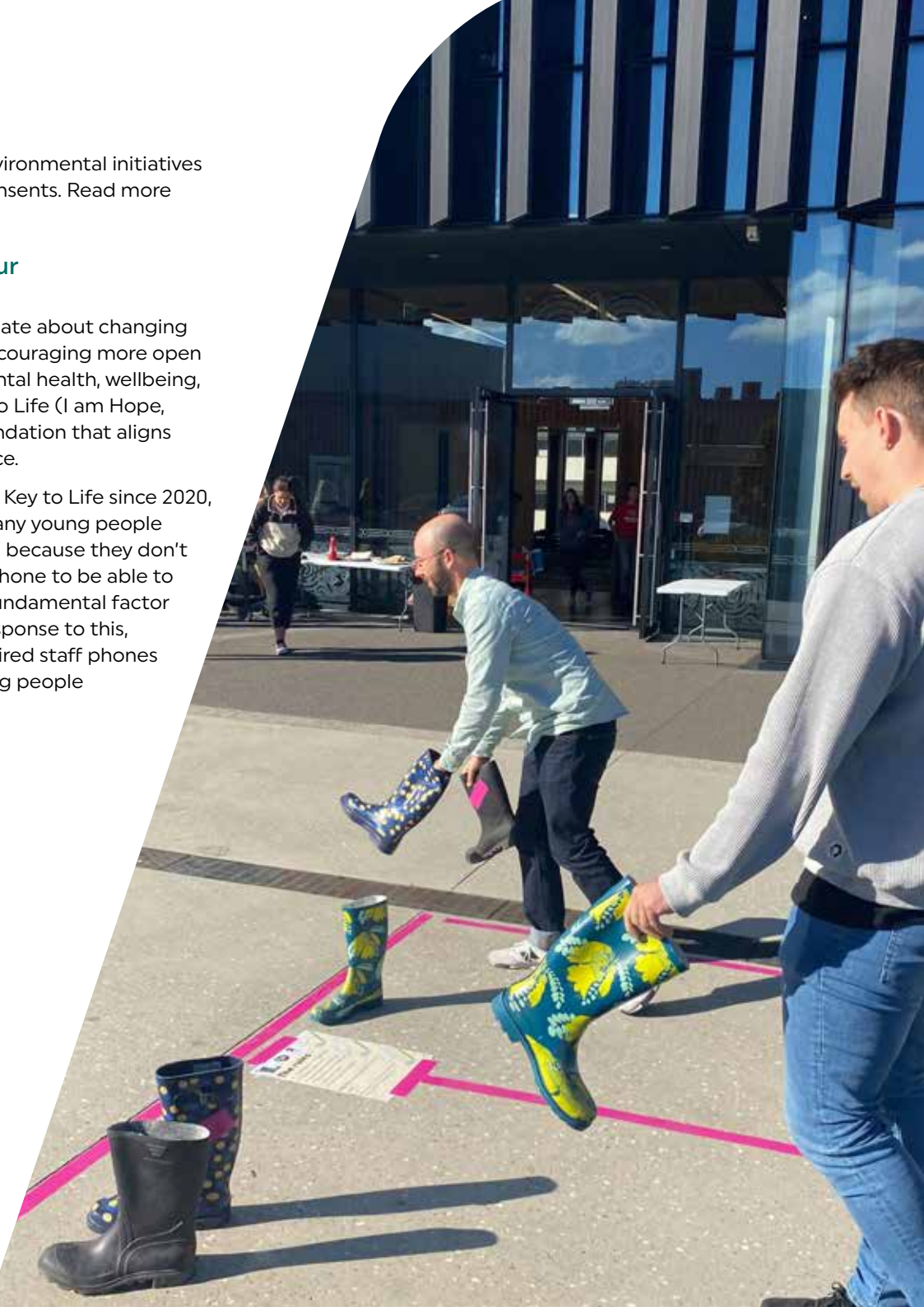
We also support other environmental initiatives as part of our resource consents. Read more on page 54 of this report.

Going mobile with our community support

Manawa Energy is passionate about changing attitudes towards, and encouraging more open conversations around mental health, wellbeing, anxiety, and suicide. Key to Life (I am Hope, Gumboot Friday) is a foundation that aligns with our goals in that space.

We have been supporting Key to Life since 2020, when they told us that many young people cannot access counselling because they don't have private access to a phone to be able to speak confidentially – a fundamental factor in effective support. In response to this, Manawa Energy sends retired staff phones to schools to enable young people to access these services.

Our people take part in Gumboot Friday.





Feature story

Growing with Fletcher Building

The test of time

When Leigh Douglas moved from South Africa to Aotearoa New Zealand in the early 90s, he quickly found work with the Manawa Energy account management team. Not long in, Leigh established a relationship with Laminex in Taupō, a subsidiary of Fletcher Building.

In following years, as Fletcher Building grew, Manawa Energy did too – adapting to the needs of Fletcher’s expanding portfolio, 9,000 plus staff base, and the complexities of its diverse business model. Today, Manawa Energy is the sole electricity provider for Fletcher’s sites and 18 plus business units across the country.

Ralph Dupper, Fletcher Building (left), and Leigh Douglas (right).



As for Leigh, he is in his 28th year with Manawa Energy and has maintained his strong relationship with Fletcher – now as a major account manager. "Leigh is part of the furniture here," said Ralph Dupper, Procurement Manager at Fletcher Building. "Manawa Energy has worked with us

for over 20 years. They are flexible and transparent and Leigh and the team are always on call and ready to help.

"Every year Manawa Energy provides a five-year electricity estimate for all our business operations, including specific splits for some of our larger sites. Their familiarity with our sites and extensive database saves us the time and resource of having to do this from scratch annually."

Leigh believes it is those key factors that have kept the relationship going for so many years and will do into the future with Manawa Energy. He adds, "at the time we were doing something that other energy providers were not – consolidating billing and consistently offering a good product at a reasonable and transparent price.

"Manawa Energy has worked with us for over 20 years. They are flexible and transparent and Leigh and the team are always on call ready to help."

"Those are the values that we continue to stand by today. We make an effort to really get to know each business so that we can always put customers first with a bespoke service. Running a business is complex and ever changing, so we aim to be the easy part."

Feature story

Manawa: More than a name

It is a privilege to have been gifted our new name, Manawa, by Ngāti Hangarau hapū. In taking on our new identity, it is important that we acknowledge its origin and express our sincere gratitude to those who gifted it to us.

The name acknowledges our shared whakapapa in the Tauranga region and our shared interests in the sustainability of our generation, and the rivers on which we operate, particularly the Omanawa River.

Koro Nicholas of Ngāti Hangarau, mana whenua where our Kaimai power scheme is situated, said, "it was an honour to have been asked and to be part of the naming and branding of Manawa Energy. In its most simplistic definition, Manawa means heart, referring to the heartland from which Manawa Energy's generation assets originate.

"The history of the Kaimai power scheme is inextricably linked to the history of Manawa Energy, a history that is also shared with Ngāti Hangarau. The name has very special significance to Tauranga,

to the origins of the power generation in this area, and it is also a name that can be carried forward into the future. A name which means at its core, heart, principle, strength, and vitality.

"The first power station in the Tauranga district was built on the Omanawa River, in a place now known as Omanawa Falls. These falls have a special significance to Ngāti Hangarau, known to be a place of healing, of rejuvenation and of good omens. When the power station was built here in the early 1900s it fed electricity to the Tauranga township. No matter how far and wide Manawa Energy grows, the whakapapa to this heartland will always be a part of its identity."

By recognising these connections to the land, the people and the history, Manawa Energy will be able to carry on the unique nature of these relationships throughout all levels of the organisation – stakeholders, partners, customers and communities.





Manawa: He Kaupapa Hōhonu

Nō mātou te whiwhi kua tākoha mai te hapū o Ngāti Hangarau i tō mātou ingoa hou ā Manawa. E tika ana ki te mihi atu ki a rātou i whāngai i tēnei tuakiri hou ki a mātou, ā, me whakanuia hoki te takenga mai me te whakapapa o tēnei tāonga.

Ka whakanuia tēnei ingoa i ō tātou ko Ngāti Hangarau whakapapa ki roto i te rohe o Tauranga Moana. Ka kitea hoki te aronga nui ki te oranga tonutanga me te toitūtanga o te taiao, o ngā awa, ā, o te awa o Ōmanawa.

E ai kia Koro Nicholas o Ngāti Hangarau, nō rātou te mana whenua o te takiwā o te punahiko o Kaimai "Nō

mātou hoki te hōnore ki te hīkoi tahi i te ara e tapa ai te ingoa o Manawa Energy. Ko te manawa o te whenua tēra o te whenua ka takea mai ngā mahinga pūngao.

"Ka hono tahi ngā kōrero me ngā hītori o te Kaimai ki ngā kōrero o Manawa Energy, he hononga hoki tō ēnei ki ngā kōrero o Ngāti Hangarau. He mana nui tō te ingoa ki roto o Tauranga Moana, ki te takenga mai o ngā mahi ahu pūngao o konei, ā, ki ngā mahi ka kawea ki te āpōpō. Ko te ingoa nei he pūmanawa, he oranga, he kaha, he whatumanawa.

"Nō te awa o Omanawa te whare hanga hiko tuatahi o tēnei rohe, kei te wāhi e kī nei ko te

rere i Omanawa. E ai kia Ngāti Hangarau, he wāhi rongoā, he wāhi mō ngā tohu pai o te taiao. Ka hanga te whare hiko i ngā tau 1900, ka whāngai te taone o Tauranga. Ahakoa tipu haere, whātoro haere a Manawa Energy ki te ao, ka mau tonu tēnei hononga ki tēnei whenua hei tuakiri mōna.

Mā te aro ki ngā hononga ki te whenua, ki ngā iwi, me ngā kōrero hītori a te whānau o Manawa Energy e hāpai tonu i ēnei whanaungatanga ki ngā taumata whakahaere katoa – ngā hoa, ngā kaiwhaipānga, ngā kiritaki me ō rātou whānau."

Feature story

Making a difference in Murupara

We are committed to supporting the communities surrounding our sites.

For the people of Murupara, near our Wheao/Flaxy Power Scheme on the Rangitāiki River, we have helped to remove barriers to training and employment in an area with consistently high unemployment.

The community centre at the heart of Murupara is led by local iwi, Ngāti Manawa, and houses the Work For Life centre, offering training, pastoral care and wrap-around services to support locals in looking for employment. This includes providing access to computers and digital classes and supporting people to get a driver's licence. In the last year, the centre helped 150 residents gain employment.

Despite the success of this initiative, the digital divide is still very real in Murupara. Work For Life Centre Manager, Gloria Newton, says most of their 250 clients don't have internet access outside

of the centre. Employment prospects in the town are slim, so most of Murupara's workforce need to travel to neighbouring towns to find work, and need a driver's licence.

This year we donated 20 decommissioned laptops, which will be used to help more people learn CV writing skills, practice and sit driver's license theory tests, and work on numeracy and literacy skills. With access to marae-based pre-employment training courses, participants will also gain qualifications in workplace health and safety, construction, site-safety, traffic management, forklift operations, chainsaw operation and scaffolding.

We also funded licensing fees and travel costs for 20 locals to travel to Rotorua and sit their full license. We hope this will remove some of the barriers to further education and employment in the Murupara community, and we are committed to continuing our work with Ngāti Manawa and the Work For Life centre.

This year, we donated 20 decommissioned laptops, which will be used to help more people learn CV writing skills, practice and sit driver's license theory tests, and work on numeracy and literacy skills.



Annie Tangata, Gloria Newton (Work for Life Centre Manager), Lisa Mead, Caleb Sjardin and Abi Collins meet at the Manawa Tū community centre in Murupara.



Capital #2
Our people

Our success is in our people

Our business is built on our people, our ability to collaborate and our curiosity.



Blake Cheesman, Hydro Technician

Introduction

In an environment of accelerating change and ambiguity, we've focused on ensuring we have open communication that supports the wellbeing of our people.

Thriving through change

During the transition to separate the generation and retail businesses, we've ensured our people are well supported.

We prioritised open and regular communication, including giving people opportunities to provide feedback in ways that best suited them. Bi-monthly anonymous 'pulse' surveys gave a good indication of the overall wellness of employees and satisfaction with our communication, allowing us to adapt to the needs of our people. Employees consistently said they felt informed, knew where to get further information and expected that Manawa Energy would continue to support them through the transition. Consistently high scores on these questions over all of the pulse surveys

reinforced the decision to invest in continuous, open and transparent engagement with our people.

We offered a wide range of resources that met a broad range of needs, to reduce stress, build morale, and maintain the wellbeing of our teams. Ongoing free services included access to a counsellor located onsite most days, health checks, onsite vaccinations, flexible working, and changing storage facilities for those commuting to work using active modes of transport or working out in their lunch break.

We hosted workshops and events to promote mental wellness, including a visit and talk from mental health advocate, Mike King.

One of our wellness highlights was Kotahi – an employee-led initiative which organises regular opportunities for connection and holistic wellbeing, mental health awareness and resources including the Hauora podcast series. Created by our people, the podcast featured employees sharing their own mental health journeys and advice.

Future focus

- Connect our people to the strategy so they can see how they make a difference in executing the strategy.
- Work collaboratively with our people to identify Manawa Energy's core values.
- Identify what core capabilities we need to strengthen to deliver on our strategy.
- Develop and implement a performance management framework to track delivery against our goals.

Our Code of Ethics is an important means of communicating in a clear and consistent way the expectations of our people and directors.

Cultivating our culture

Manawa Energy has a unique opportunity to grow and shape our culture and capabilities to best support our strategic direction.

With a tight knit team of around 240 employees, we are focussed on growing sustainable, renewable electricity generation in Aotearoa New Zealand.

We have started the process to develop our values and create the environment that will support us to achieve success.

The aim is to create a supportive environment for our people, where we all know what success looks like and how we can develop and grow to deliver results.

A place for our people

The Manawa Energy team is moving to a new head office to better meet the needs of our people and demonstrate our commitment to the people of Tauranga. The new building at 93 Cameron Road, will sit in the heart of Tauranga's CBD.

The purpose-built head office will be designed for activity-based working, which will require diverse spaces to accommodate different work needs, whether it's group collaboration or individually focused tasks. The building is being developed by Wallace Development Company and is on track for completion in mid-2023.

Code of Ethics

At Manawa Energy we are committed to high ethical standards and behaviours. Our Code of Ethics is an important means of communicating in a clear and consistent way the expectations of our people and directors. It commits all of our people to the same standards and promotes a workplace culture of transparency. This year we updated our Code of Ethics to comply with the NZX Corporate Governance Code and to underpin our employment relationships, removing the need for a separate Code of Conduct. We adopted more user-friendly language on the basis that this Code helps our people with their decision making, so it needs to be easy to understand.

Following this update, in October 2021, independent body The Ethics Conversation released its first report assessing the Codes of Ethics of NZX50 companies using methodology developed by the Institute of Business Ethics, recognising our Code of Ethics in its top tier.

Safety and wellbeing at all our sites

Senior leadership have engagement across our generation sites through scheduled visits, and receive monthly reports on health and safety performance, and initiative and improvement projects. Our teams engage through health and safety committees to identify trends or patterns occurring and look for common solutions.

Through our planning and review cycle we identify risks and review controls that are put in place, ensuring that we have the right resourcing in the right place to create healthy and safe workplaces. If incidents do occur, our safety and wellbeing team supports business units to ensure appropriate investigations are completed and lessons learned are communicated throughout the organisation.



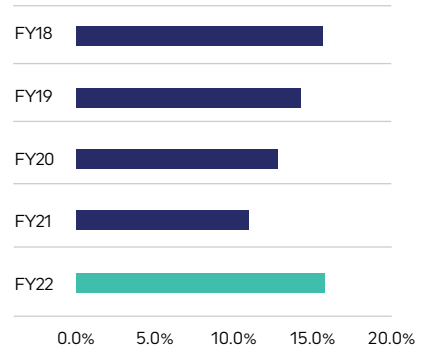
Jo Grilli, John and Brenda Swadling, and Alissa Cleaver at John's retirement celebration.



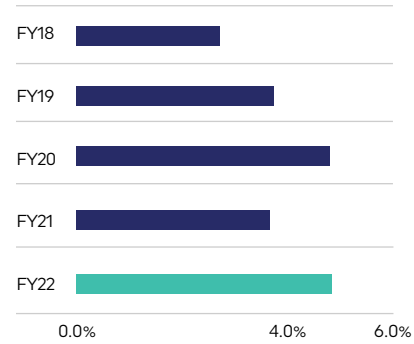
Chief Executive David Prentice addresses the team following the move into Manawa Energy's temporary office space.

Key People Metrics

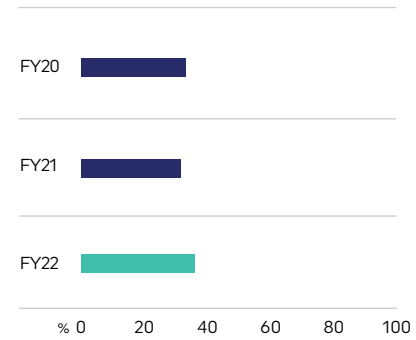
12 month voluntary full and part time turnover



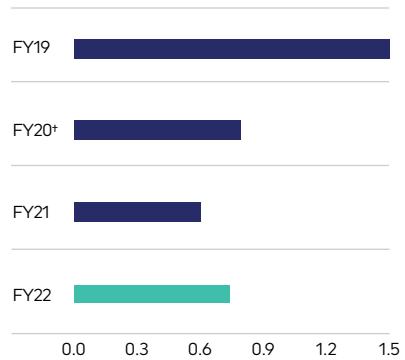
Unscheduled absences: as at March 2021



Percentage of roles filled by internal candidates

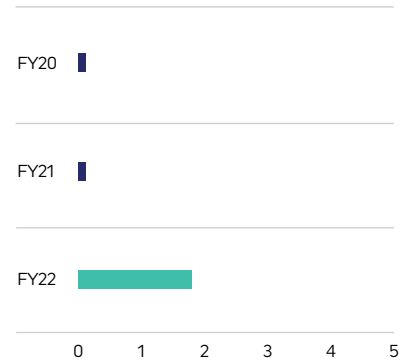


Total Recordable Injury Frequency Rate (TRIFR)



*A FY20 incident has since been recategorised, changing FY21's reporting of 0.72 to 0.79
 Number of lost time and medical treatment injuries, per 200,000 hours worked*.

Lost Time Injuries (LTI)



LTI incidents were low consequence with no systemic issues highlighted.

Zero Lost Time Injuries in FY20 and FY21.

* Note: Injuries to our staff and contractors working under our safety management system are recorded, those of outsourced contractors (e.g. meter readers) are not.

Feature story

Flexibility

Some people manage to do it all, and Les Neame, a longstanding Manawa Energy employee, is one of those people. He is a full-time hydro technician, grandfather of ten, motorcycle fanatic and on top of that, a volunteer firefighter.

Of the tight-knit team of seven managing our West Coast schemes, two are volunteer firefighters. "If they've got to go, they've got to go," said Tim Brownlee, Generation Site Leader. "They are a vital part of our community service, so it's no questions asked if they get called out in an emergency. Any one of the team would step in."

Tim says the same ethos is applied if Les is called out to a fire late at night. "He knows that if he needs a sleep in or a rest the next day, we'll make that work."

Les began his industry journey as an apprentice in 1977, and has never left, having been onsite since the Kumara Power Station was built. He is now due for retirement, but has no immediate plans of slowing down at work or in his service – in fact, Les recently received a gold star honour for 25 years as a firefighter.

Les says he is able to keep volunteering thanks to the flexibility of both Manawa Energy and his family. "Work has been really supportive, it's never a problem". When Les does have time to himself, he takes advantage of his surroundings as an avid motorcyclist, adding "the best motorcycling in the country is right here on the West Coast. I've convinced almost all of the grandkids to take up the sport too."

Les takes a measurement for scheme maintenance.





Capital #3
Our environment

Taking care for tomorrow

Manawa Energy is dedicated to understanding the environmental and cultural risks and impacts of our operations and taking action to ensure we operate in an environmentally sustainable and legally compliant way.





Introduction

Our greatest interface with our environment occurs at our hydroelectric power schemes. We rely on the natural environment to create electricity to keep lights on, businesses bustling and houses warm throughout Aotearoa New Zealand. The environment is our largest asset, and we have a responsibility to look after it for generations to come.

Doing the right thing

Manawa Energy's hydroelectric power schemes operate within the constraints of hundreds of resource consents authorising their operation and maintenance. These resource consents contain conditions that govern operation, monitoring and maintenance to demonstrate we are operating in an environmentally sustainable and legally compliant way.

In the past year, 23 environmental incidents or near misses were investigated, resulting in seven non-compliant incidents. This represents a 99% compliance rate across approximately 3,500 consent conditions. All the incidents were classified as low impact based on a ranking system that considers the environmental, reputational and legal effects of an incident. No material incidents were recorded.

Last year we comprehensively reviewed our oil containment risk in response to environmental incidents. Following the review we have replaced high risk ageing equipment, installed modern monitoring instruments to alert us to potential issues, and are upgrading interceptor systems to ensure any accidental spills are contained before entering the lakes and rivers we operate in. This work is addressing our highest risks as a priority, and we will continue to manage all risk in this space to as low as reasonably practicable.

Future focus

- Continue to engage with key stakeholders including mana whenua, at the community level at all our catchments, to better understand fresh water and biodiversity aspirations in their catchment and deliver environmental and social outcomes.
- Engage with Government to ensure Resource Management reforms and new legislation protect existing and future generation.
- Continue to minimise the impacts of our operations on the environment and work with our communities to enable multiple uses of the water resource.
- Progress our asset management programme to capitalise on strategic growth and efficiencies.
- Continue our journey to zero material environmental incidents. We will reduce our highest risks relating to oil discharge by 2025.
- Meet all TCFD mandatory requirements when required.

Our generation teams often participate in weed removal, predator trapping and introducing native fish migration programmes at our schemes across the country.

We acknowledge iwi aspirations and interests in water resources and we are committed to working with mana whenua in the locations of our generation assets. We have made great progress with mana whenua working alongside us with native fish programmes.

Last year we carried out new programmes for both upstream and downstream migrations of native eels (tuna), and also the salvage and relocation of native fish from our canals and lakes during maintenance activities.

Looking after our lakes, rivers and streams

Our lakes, rivers and streams not only provide the capability for us to generate renewable electricity, they are important to our communities for recreation and hold great cultural significance for tangata whenua.

We ensure we use water as efficiently as possible. We have thousands of hydrological instruments in the field, recording water measurements at sites throughout our schemes. Data gathered is used to inform operations and meet our resource consent and compliance obligations. This data is also useful for enhancement and engineering work, and can be helpful to the community, showing lake levels at boat ramps, for example.

We recognise the importance of water quality and habitat. Our generation teams often participate in invasive weed removal, predator trapping and introducing native fish migration programmes at our schemes.

We work with communities associated with the catchments that supply our generation schemes and support a range of recreational groups in different ways, from water release for white-water kayakers, to providing and maintaining facilities used by boating clubs and fishing enthusiasts, and supporting local events on or alongside the water.





We advocate for regulatory arrangements that provide for investment certainty as we strive to support Aotearoa New Zealand to attain its climate change goals.

Supporting our environment

In addition to our community funding outlined on pages 36 and 37 of this report, we undertake several initiatives to support our environment as part of operating our generation assets.

- The Rangitaiki River Environmental Fund was established in 2015 as a result of the resource consent renewal for Manawa Energy's Matahina hydroelectric power scheme in the Bay of Plenty. The fund, a partnership between Manawa Energy, the Rangitaiki Hapu Coalition, Te Runanga o Ngati Awa and Fonterra, has funded numerous local projects including improvements to local marae, wetland restoration, native flora planting and Edgecumbe town beautification.

- We are part of the Coleridge Habitat Enhancement Trust, seeking to improve the habitat of Lake Coleridge and its surrounds – to safeguard the life-supporting capacity of the Harper, Acheron, Wilberforce, and Rakaia Rivers and Lake Coleridge. Recently our team was involved in conducting a bird survey at Lake Coleridge and surrounding lakes.
- Through the Rakaia Catchment Environmental Enhancement Society we supported community projects restoring native vegetation, weed removal to enhance native biodiversity, pest control for the benefit of native birds, and school group native planting programmes.

Legislative reform

We advocate for regulatory arrangements that provide for investment certainty as we strive to support Aotearoa New Zealand to attain its climate change goals. Where fundamental changes to regulatory arrangements are being considered, it is vital these are rigorously assessed to ensure that the changes are well justified and will produce real benefits for Aotearoa New Zealand.

Resource management reform

In February 2021, the Government announced that it would repeal the Resource Management Act 1991 and replace it with three new Acts to reform Aotearoa New Zealand's resource management system. In June 2021, an exposure draft of the Natural and Built Environments Act (NBA) was released and referred to the Select Committee for consideration.

Of key interest for us is the Act's purpose and extent to which climate change related matters are integrated. Our main aim through our involvement in the process has been to ensure that the NBA can deliver on the once in a generation opportunity to decarbonise Aotearoa New Zealand's economy.

Manawa Energy will continue to work collaboratively with the environmental policy teams of other large electricity generators in seeking an environmental statutory framework that prioritises the response to climate change, and supporting electrification of the country's economy through clear, enabling and coherent policy.

We will continue to engage with relevant Government officials, with a particular focus on assisting with drafting the national direction for renewable electricity generation, ahead of the full Bill being introduced.



Southbridge School planting day.



Freshwater management

Recent freshwater management reforms under the RMA have placed greater requirements on improving the state of water quality in rivers and lakes throughout Aotearoa New Zealand.

In preparation for upcoming regional planning processes, Manawa Energy continues to investigate and understand water quality at our hydro-electric power schemes. We are collaborating with Regional Councils on catchment modelling to ensure the reform process is well informed. We will continue to advocate for our existing renewable electricity generation activities to ensure they are protected and provided for at a regional level.



Feature story

Protecting taonga species

We have been working alongside Ngāti Hangarau to develop a native fish transfer programme for our Kaimai generation scheme, which will reduce the impact of hydro generation on taonga species like freshwater eels (tuna).

To keep people safe before installing any equipment, our hydrology team and representatives of Ngāti Hangarau first braved



Caleb working with Tapa, a consultant for Ngāti Hangarau, to install the trap at Mangakarengorengo Ford.

the cold waters of the Kaituna River themselves for swift water training with rescue safety experts, Rescue 3 New Zealand. Following their efforts, two new temporary fish traps were installed at our Kaimai scheme to catch baby tuna (known as elver) during their upstream migration season (from October to March).

Native to Aotearoa New Zealand, tuna are spawned in deep ocean trenches in the Pacific. As tiny larvae, they drift on ocean currents before entering estuaries along our coast, where they make their way upstream as elver. After living for up to 60 years in our lakes and rivers, they migrate back downstream to return to the Pacific spawning ground where they complete their life cycle.

While elver are great climbers, structures relating to hydro-generation can block their pathway. This can affect the upstream migration of elver and other species. By catching elver, we can understand the effect our structures have on their

Native to Aotearoa New Zealand, tuna are spawned in deep ocean trenches in the Pacific.

migration, and where to focus our efforts for any longer-term trap and transfer efforts. Many of our hydro generation schemes already have fish trap and transfer programmes in operation, enabling the natural life cycle of tuna and other species.

Caleb Sjardin, our lead advisor who is a trained ecologist and a bit of a handy-man, made the traps in his garage. At our Kaimai scheme, two trial traps were set up – one below the Ruahihi Power Station and the other below Mangakarengorengo Ford. Once the elver have been trapped, we record the numbers, relative sizes and species, and then release them further upstream.

So far, we have caught and released 622 elver, alongside over 2,000 galaxiid (our native whitebait species), and about half as many native freshwater shrimp. This shows our traps are working and helps

us to understand what other species are migrating upstream. We expect to significantly increase these numbers with the learnings achieved during the pilot phase.

Although the Kaimai trial traps are still in their infancy, our team has enjoyed working closely with Ngāti Hangarau in the great outdoors.



Des Heke, a consultant for Ngāti Hangarau, catching galaxiid species during data collection.



Galaxiid species climbing a bucket after being collected from the trap. The species include banded kōkopu and kōaro.

Spotlight on climate change

Global momentum on tackling climate change continues to build. Investors and stakeholders are becoming increasingly interested in what companies are doing to adapt and mitigate in the drive towards a low emissions future. Manawa Energy's major shareholder, Infratil Ltd, has stipulated climate related criteria for its investment decisions, which clearly signal its expectations of its investee companies. The shift towards decarbonisation is a significant opportunity to grow our renewable generation business.

To achieve our climate action aspirations, we are focusing on:

- Investing in a renewable future
- Reducing Manawa Energy's own greenhouse gas emissions
- Working to understand and address the risks and opportunities associated with climate change on our business
- Collaborating with business, stakeholders, Government and suppliers to achieve mutual climate change aspirations through policy, partnership and advocacy.

Physical risk

More extreme weather patterns resulting from climate change could increase the risk of damage to our assets and impact hydro generation revenue. Drought frequency and intensity could reduce inflows feeding Aotearoa New Zealand's hydroelectric power schemes, potentially increasing energy prices and the use of alternative energy production, like diesel, to meet energy demands. Extreme weather events and storms are also likely to increase, with flooding, high winds and heat waves (impacting cooling systems) posing a risk to our assets.

There is no doubt our changing climate will shape the way we operate in the medium to long term. We have a number of initiatives and measures in place to help us mitigate the climate risks, as well as capitalise on opportunities.

- We consider short and long-term risks through our Enterprise Risk Management framework, and incorporate climate assessment and hydrology measures to help predict and understand the effects of climate change at our schemes.





- Climate change is carefully considered when upgrading and maintaining our plants to better manage extreme flows and extended dry periods. For example, the new runner installed at Matahina means we can operate to lower flows more efficiently, and our new infiltration gallery at Branch will allow us to continue to operate in higher flow events.
- Manawa Energy, together with other large generators, is participating in a hydrology working group on climate change. The aim is to understand the impact of climate change on large floods and to update the methodology on maximum flood probability. This will ensure a consistent approach and enhance our understanding in this field.
- Where experts predict increased rainfall, for example at our West Coast and Taranaki hydro schemes, this provides an opportunity to increase generation output. We have made generation enhancements that increase the capacity and efficiency of our intakes within consents.



- This improves our ability to use the water more effectively through flood harvesting and adapt to increased volatility. Changing weather patterns may also increase opportunities for new wind and solar generation.
- Regular droughts and lower rainfall in other areas could lead to higher demand for access to stored water for uses such as drinking water supply, industrial purposes, irrigation and/or hydro generation. This presents an opportunity for alternative uses of Manawa Energy's hydro storage capacity and may add value to our schemes that have this capability.
- We manage the associated dam safety risks through five-yearly comprehensive reviews of our high and medium Potential Impact Category (PIC) hydro schemes, and ten-yearly comprehensive reviews of our low PIC schemes. These reviews allow us to plan remediations and upgrades, helping identify any potential hydrological changes that feed into discussions with councils and communities. This approach will be enhanced once the results of the hydrology generators working group can be incorporated into flood assessments.
- We regularly collaborate on, and contribute hydrological data towards, science and studies on climate resilience in Aotearoa New Zealand.

Electricity wholesale market

The drive towards a low carbon future is expected to increase Aotearoa New Zealand's reliance on intermittent power generation (primarily wind and solar in the short to medium term) with a decrease in controlled thermal generation. We anticipate this may increase the volatility of wholesale prices,

As we transition to a low carbon future, we are likely to see more competition come into the market. For example, solar providers could become grid electricity retailers, as has occurred in some overseas markets.

increasing the value of storage and controllable generation. We maintain a balance between uncontrolled generation (run-of-the-river), and controlled hydro with storage, and we look to enhance our overall market exposure with a range of risk management products.

We have a proven track record of delivering new products in a tight market and will continue to do so. Increased electricity demand due to the electrification of transport and industrial heat means there will be opportunity for increased revenue. We are actively looking to grow our renewable generation portfolio to support the transition from other forms of energy to electricity.

Technology

Significant research and development into renewable electricity sources and associated technologies has led to a rapid decline in the cost of decentralised electricity generation like solar and batteries. While COVID-19 has produced some headwinds in this space, this is expected to pass with time. We continue to monitor new technologies that will best position our business to participate in Aotearoa New Zealand's transition to a low carbon future. Through this research, we continue to create strong partnerships with stakeholders and intend to develop commercial opportunities as the technology develops.

Regulatory

Policy and legislative changes have the potential to significantly impact Manawa Energy's business. This last year saw the Climate Change Commission finalise its advice to the Government on Aotearoa New Zealand's first three emissions budgets. When published, the resulting Emissions Reduction Plan will provide a positive framework for Manawa Energy to grow renewables to support a low-emissions Aotearoa.

Our work is ongoing alongside industry and sector groups to help the Government understand the risks arising from policy on energy security, affordability, and sustainability. Depending on the nature and magnitude of the specific changes, these have the potential to negatively impact customers, the industry and Aotearoa New Zealand and we are advocating for appropriate balance to mitigate any downside to these reforms.



Metrics and targets

To ensure Manawa Energy is on top of changes and understands its climate-related risks and opportunities, we measure and monitor the following:

- Frequency and intensity of extreme rainfall events and extended dry periods.

- Electricity demand.
- Price volatility.
- Probable Maximum Flood (PMF) assessments.
- Greenhouse gas (GHG) emissions.

Our target is to meet all TCFD mandatory requirements. You can find out more about our Task Force on Climate-related Financial Disclosures and Greenhouse Gas Disclosures on page 131 of this report.



Capital #4
Our assets and infrastructure

Generating renewable energy

Manawa Energy sees future investment opportunities in renewable generation and is actively looking for development partners to meet increasing national demand. These developments will build on our core competency of owning and operating small-mid scale renewable generation, with a focus on local communities.





Creating tomorrow's energy

Manawa Energy has a substantial portfolio of hydroelectric power schemes across Aotearoa New Zealand. We have a strategy to enhance the value of existing generation assets using an established robust screening and investment prioritisation process. We remain on track to deliver more than our original goal of 67 GWh a year of enhancement uplifts from our existing assets, with 55 GWh a year worth of enhancements either completed or due to be completed by the end of FY25. There is an additional 54 GWh a year of enhancements currently being scoped, which if undertaken will be completed by the end of FY27.

The shorter-term focus is to deliver 15 GWh a year of enhancement growth in 2023, with 10 GWh a year from our Branch intake enhancement project (to be completed in May this year), 2 GWh a year from the Cobb G5 and G6 generator upgrade (to be completed in January 2023), along with the completion of Waipori's Deepstream Phase Two project (3 GWh a year).

Future focus

- Completing the major projects underway to lock in the future performance of our assets and protect our license to operate.
- Continuing to refine our asset management framework, undertaking routine and preventative maintenance at schemes and improving reliability and performance of our plants.
- Continuing to explore high value asset enhancement opportunities across our existing assets.
- Deploying new systems and technology to capture and analyse information on the condition and health of assets, improving efficiency and effectiveness.



Unpacking new stator, the stationary part of a rotary system, at Waipori 4 station

Some of the enhancements are completed alongside lifecycle maintenance projects and some are completed as stand-alone enhancements. While these enhancements increase capital expenditure requirements over the short to medium term, they all provide a strong return on investment with returns on stand-alone enhancements generally in excess of 10 percent.

These enhancements provide an internal rate of return over the life of the asset substantially more than many new generation development opportunities, with less execution risk – demonstrating our focus on investing capital to optimise the value of our own assets as well as investing in attractive greenfields developments.

Asset investment

In addition to planned routine and preventative maintenance outage work across our schemes we have made major plant investments at our Waipori, Coleridge and Branch schemes.

Equipment renewals included new runners and power generation equipment, as well as new cranes for our Cobb and Waipori 4 station powerhouses. New generation equipment for upgrades is often custom manufactured overseas before being shipped to Aotearoa New Zealand for installation.

Alongside asset upgrades we have continued to enhance our generation performance with ongoing training and process improvements. We have focused on better understanding the health and condition of our assets, and prioritising our projects based on a risk ranking. This ensures we are putting our efforts where they are needed most to ensure the safe and efficient operation of our sites.

Waipori scheme maintenance and upgrades

During the year we undertook a full outage at our Waipori power scheme to carry out major maintenance and asset renewals, inspections, and repairs as part of our ongoing strategy for reliability and performance of this scheme. This work included dam safety improvements to automate the intake structures, providing the ability to operate the dam remotely.

An upgrade of Waipori 4 station to install a new generator is underway, scheduled for completion in July 2022, and will be followed with an upgrade of Waipori 3 station in 2023. Despite manufacturing and supply chain challenges we successfully procured equipment from Europe and China by planning well in advance.

These generators are at the end of their economic life and the new units will help ensure continued safe, efficient, and reliable generation over a 40-year life.

Coleridge scheme

The Coleridge units are essential for securing generation revenues and fulfilling our irrigation obligations. In addition to generation, the Coleridge units are only one of two Manawa Energy schemes (the other being Highbank) that provide water to our irrigation customers, adding resilience and security of supply to their businesses. A new Coleridge generating unit runner and associated electrical equipment was installed and commissioned ahead of schedule this year, despite supply chain challenges due to COVID-19. This was part of our remedial works to units 1, 2 and 3 ahead of ongoing scoping work for a potential major enhancement to this scheme, which is currently being evaluated.

Asset management

Maximising profitability, ensuring efficiencies and operational excellence remain key focus areas. Throughout the year we delivered improved asset reliability through targeted planned routine maintenance and longer-term asset investments.



Waipori station maintenance underway

Our focus is to execute planned maintenance in a timely way, resulting in less lost energy and revenue from unplanned maintenance outages.

One way we can measure the outcome of our investments and upgrades is by monitoring the reliability and availability of our plants, alongside our planned versus unplanned outages. We generally plan our outages over summer, so our schemes are running at maximum capacity in the middle of winter to meet demand. Availability and reliability monitoring are showing some early signs of improvements because of our investment programme, and we expect this to improve in coming years as we implement our maintenance schedule.

We also continue to monitor our dams through our dam safety management system. Climate change has the potential to impact our catchments and dams, and we have been reviewing hydrology patterns to understand if we need to build more resilience to higher flows into our dams and improve safety in response to climate change scenarios.

Planning ahead

We have progressed plans for several significant projects, including a major life extension at Highbank power station which recently gained Board approval, and will be delivered by 2026.

We are also preparing to install new generators into Cobb G5 and G6, ultimately increasing the output of this scheme by 4 MW of peaking capacity and 2 GWh a year.





Feature story

Branch enhancements driving efficiency

A new infiltration gallery intake has been constructed at the Branch scheme, located on the Branch River in Marlborough. This will increase the intake's capacity, enabling the scheme to use its full consented take and operate when the Branch River is in flood.

Completed in May 2022, the intake is expected to bring in 10 GWh a year of additional generation and provide resilience and flexibility to the intake system, minimising outage times.

Project Manager
Andy Richards says
making full use
of our assets is key
to the performance
of our sites.

Project Manager Andy Richards says making full use of our assets is key to the performance of our sites.

"This infiltration gallery enhancement is believed to be a first of its kind within a river scheme, which not only increases the intake capacity and protects from high flow scenarios, but has positive environmental impacts too," says Andy.

"The Branch intake operates a weir system with a current capacity of 21 cumec, however our consented capacity is 29 cumec. High flow events can cause blockages within the weir system, causing the intake to be shut down while blockages are removed, which can disturb the river. At times the intake is unable to operate at all during high flow events."

The new infiltration gallery system is buried under the river and will bypass and complement the weir to supply up to 10 cumec of water, and can be operated during high flow conditions.

"This will mean less blockages as we will no longer need to take from the weir system in high flow conditions, which also means less disturbance of the river," says Andy.

Andy said key stakeholders including iwi, Department of Conservation, landowners and Fish and Game have been supportive of the project.

Other environmental benefits include the removal of old infrastructure from the river which is no longer needed, cleaning up the natural landscape.

This enhancement work follows maintenance and improvements at the scheme completed last summer to repair screen bars and plates and improve health, safety, and environmental outcomes.





Capital #5
Our skills and expertise

Building on our strengths

The skills and expertise, organisational processes and structures, and the collective knowledge held by our people are the intangible assets that contribute to Manawa Energy's success.





Introduction

With a century of electricity generation experience behind us, we have a deep understanding of energy production, transmission, distribution, and trading. We leverage insights, technology, partnerships and capability to realise our full potential and succeed in a rapidly changing environment.

Manawa Energy has the capacity and capabilities to provide long term operating and maintenance services and market dispatch operations for multiple parties in addition to the generation we own. We have a 24/7 operations centre controlling and monitoring our assets and we provide these services to third parties. We also provide metering management and reconciliation services for third party generators.

Future focus

- Build a portfolio of new development options.
- Pursue partnerships and invest in our capability to lead renewables development in Aotearoa New Zealand.
- Utilise our relationships with our customers to support generation investment.
- Embed a digital mindset in the business.
- Continue to use data and automation to enhance our decision-making and create value.
- Build the capabilities and supporting structures that meet the needs of our strategy.
- Grow our strategic decision-making capability, focusing on building improved understanding of when to intervene on our existing generation assets.
- Using capital allocation and cost management discipline we will maintain and develop our existing assets to provide the best possible platform for growth.

Our strength in numbers

One of Manawa Energy's strengths is our expertise in operating our geographically dispersed generation assets. By comparison with other generation businesses, these are typically smaller assets, however they collectively generate about five percent of Aotearoa New Zealand's total energy market.

All of these assets are operated remotely from our operations centre in Durham Street, Tauranga. The assets are managed around the clock with the team rotating through on shifts. This allows for the remote operation of all sites, working alongside local maintenance crews who undertake regular checks.

The operations centre is responsible for Manawa Energy's 26 generation schemes, which comprise 43 hydro stations (including stations operated for King Country Energy) and one diesel generator station, as well as the Tararua and Mahinerangi windfarms, which were formerly owned by Manawa Energy.



As the engine room for our operations, the operations centre provides coordination and oversight to ensure we are getting the best return for our available plant and that checks are in place for any issues such as a machine overheating or rainfall hitting trigger levels.

Dynamic real-time decision making is a big aspect of the role, with factors such as the amount of water stored and where, cost to run each plant, market pricing, and electricity demand contributing to how the team plans to run each plant to drive maximum value.

Having such diverse assets around Aotearoa New Zealand gives us the ability to get maximum benefit from the market, as we can ultimately pick and choose which assets to use and when.

Leveraging our capabilities to grow

We have a history of entering into long term commercial relationships of a strategic nature. This includes a track record of being willing to look beyond the procurement and development of large sole ownership assets, to consider smaller options and joint ventures and seek out new ways to build our portfolio of energy assets.

We have the ability, expertise, and proven experience to manage the investigation, development and operation of renewable energy projects in Aotearoa New Zealand. As we look to expand into more renewable generation options including wind and solar we can leverage our cross functional capabilities to fast track our success. This includes 100 years of experience working in and with small communities, pioneering and

We have the ability, expertise, and proven experience to manage the investigation, development and operation of renewable energy projects in Aotearoa New Zealand.

operating windfarm generation in Aotearoa New Zealand for two decades, and owning the most geographically dispersed asset portfolio in Aotearoa New Zealand's domestic energy sector.

Following the demerger of our wind assets in 2016 to form Tilt Renewables, we have retained skills and experience in consenting, system connections, landowner negotiations, economic modelling, procurement, community engagement, construction, operations and monitoring management.

Our development team includes people with a proven history of bringing renewable generation assets to market, and is well on the way towards securing options to meet our strategic growth aspirations.

Joint Venture with Hawke's Bay Airport

We have signed a Memorandum of Understanding with Hawke's Bay Airport Limited (HBAL) to progress the development of a 24 MW solar farm.

The development is planned for airport land which otherwise would go unused due to strict height limitations for structures next to the runway and makes use of the Hawke's Bay region's sunshine hours, which are among the highest in the country.

The solar farm will power most of the airport's operations and will also generate revenue by providing electricity to other users in the area. The solar farm will be capable of generating up to 36,000 megawatt hours a year, which is the equivalent of powering 5,000 to 6,000 homes.

The next stage of the development will be to seek a resource consent and formalise a Joint Venture Agreement between Manawa Energy and HBAL.

The project will be the first new development for Manawa Energy and affirms our commitment to developing new renewable generation capacity as Aotearoa New Zealand moves towards a decarbonised future.

Artist's impression of Hawke's Bay Airport Limited's proposed solar farm.



Feature story

Making the most of our assets

Our ultimate responsibility lies as guardians of the land and waterways.

Manawa Energy supports rural businesses in Canterbury by providing water storage and pumping services using our existing generation infrastructure at Coleridge and Highbank power stations.

We store water at Lake Coleridge in mid-Canterbury for our local generation scheme. We recognise that water is a precious resource, and in 2010, we identified an opportunity to improve the efficiency of the use of water within the Rakaia River catchment and the security of water supply to downstream water users.

This involves storing untaken water allocated to consented water users during times of high river flow. During the irrigation season when natural

supplies of water are low, water stored in Lake Coleridge is released into the Rakaia River through our Coleridge Power Station, generating electricity on its way through. From there, it flows down the Rakaia River where it is used by customers near the river.

We also use our Highbank pumping facility to transfer the released water through our Highbank Power Station infrastructure to the Rangitata Diversion Race. Manawa Energy is a shareholder of the Rangitata Diversion Race business, which provides irrigation to farmers during the summer and makes water available for generation at our Highbank and Montalto schemes in the winter.

This valuable storage service provides certainty of water supply for food producers, enabling them to farm more efficiently and confidently, using only the water they need as they know they can access it when they need it, and makes use of alpine fed water instead of drawing from underground water planes.

Our ultimate responsibility lies as guardians of the land and waterways, and we recognise the complexity of the Rakaia River catchment hydrology and how we operate in response.

We fully cooperate with regulators across the country to ensure compliance, sharing our monitoring data and operating within our consent conditions, and most importantly, to protect Aotearoa New Zealand's waterways for future generations.

Our stored water service not only provides revenue diversification for Manawa Energy during summer months, it plays a key role in supporting agri-business in Canterbury, and leverages our core competencies in accessing, storing and conveying water through canals and other large infrastructure.





Feature story

Smart use of technology

A key focus for us has been the use of technology and innovation to improve asset visualisation and inform our decision making.

We operate 43 hydro power stations across 25 hydro electric schemes throughout the North and South Islands and we continually look for ways to better protect, upgrade and enhance these assets. A key focus has been to use technology and innovation to improve asset visualisation and inform our decision making.

Dam safety engineer, Philip Winter, and civil engineer, Joshua Aplin, are two of our talented

people who have been making excellent use of drone technology and software to improve problem solving in managing our assets.

Recognising the value of drones to survey and map our assets, Philip and Joshua made a business case to introduce a new drone software platform that is now being used to reduce costs and risks associated with managing our hydro electric schemes.

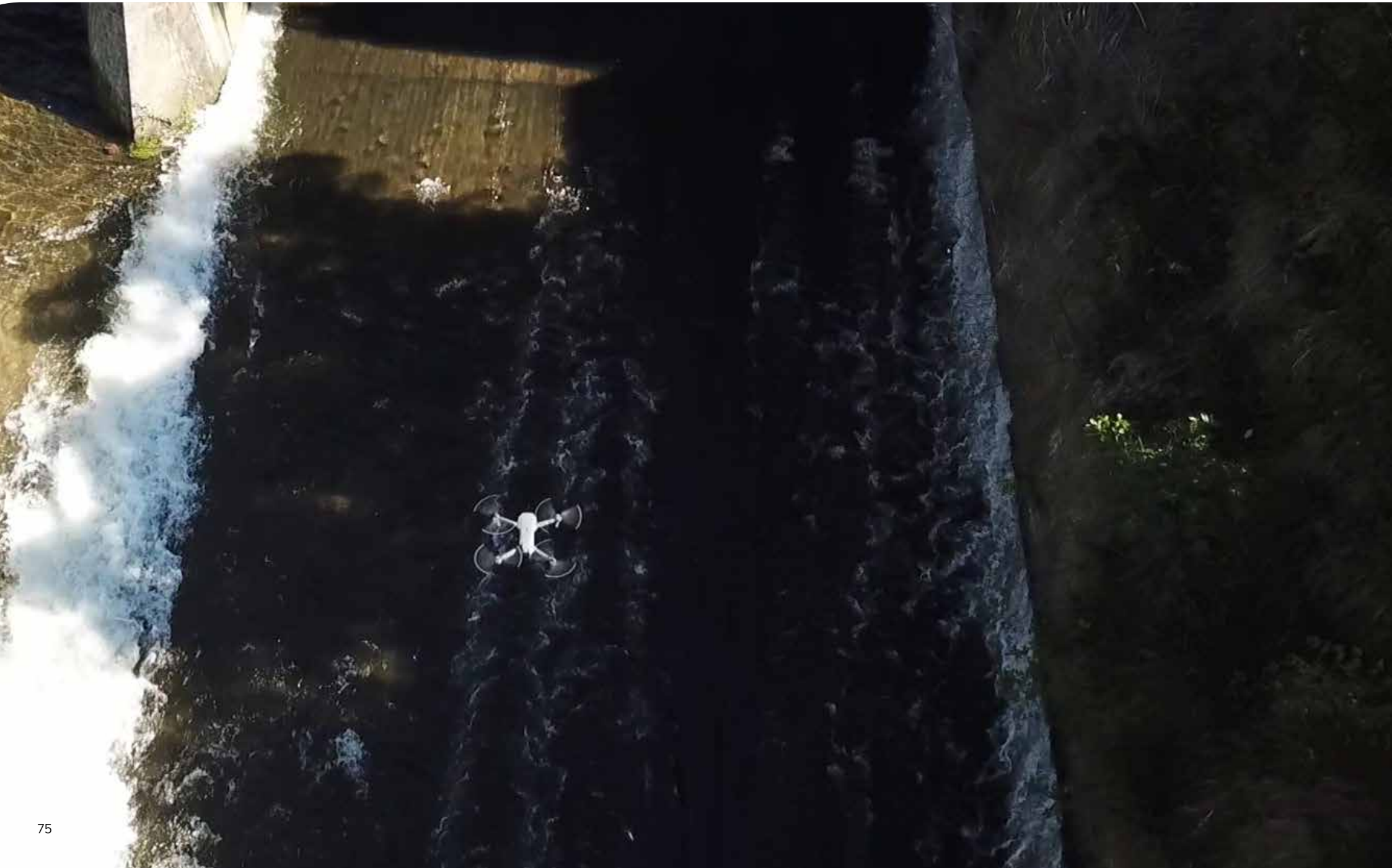
Using drones, our engineers can pre-plan a site visit, creating a flight plan with GPS coordinates located at our dams and schemes. A drone then autonomously flies via these coordinates, taking photographs along the way. Captured images are uploaded to software where a 3D computer model is created. The generated models are then used to plan and discuss projects, pinpoint issues and inform decisions – everything from routine maintenance to remediating storm damage, monitoring erosion, infrastructure upgrades and future planning.

More recently, Philip introduced a remotely operated submersible drone with lighting and a camera that can be used at underwater locations that are dangerous or hard to reach. We now have three in use that allow our engineers and site staff to quickly inspect and assess under-water assets

without requiring outages for dive teams or drawdown of canals or lakes.

Inspections can also safely occur while units are generating, reducing production losses and the risk to people who would otherwise perform these inspections. The work previously required to reduce water levels and set up safe access equipment to investigate an issue could take three days or more. Using the submersible drone it takes far less time and, has already saved over \$100,000 in diving costs alone. The submersible drones are also being used in the consenting process to help ecologists understand the health of our water.







Capital #6
Our financials

Delivering for our investors

Our financial strength comes from prudent use of funds to provide long-term, stable returns. Our financial intent is clear, strategic and thought through.





Debt Profile

As at 31 March 2022, net debt was \$739.4 million, up 1% from \$730.3 million the year before. On 2 May 2022, Manawa Energy received \$467.4 million (including estimated working capital) from Mercury NZ Limited on completion of the sale of its mass market retail business. An unimputed special dividend of 35 cents per share and a fully imputed final ordinary dividend of 16 cents per share have been declared.

Manawa Energy uses net debt/EBITDAF as the metric to measure the company's ability to repay debt. Manawa Energy is targeting a level of 3.0-3.5 times over the medium term accounting for the retail sale proceeds and dividends declared, with flexibility to extend to 4.0 times to fund growth.

Future focus

- Target a rolling three-year stakeholder return in the top quartile of our peers.
- Secure options to grow our generation business in line with national growth in electricity demand.
- Set profit growth targets for the business that focus on sustainable long term growth.

As a standalone generation and commercial and industrial electricity business, we are ideally positioned to invest significant focus and capital into the development of new renewable generation and the optimisation of our existing fleet, while leveraging our customer base.

Manawa Energy is focused on climate policy settings, implementation of resource management reforms and wholesale market developments.

Policies to Benefit all New Zealanders

Government policy settings continue to steer the economy towards increased electrification. The Climate Change Response (Zero Carbon) Amendment Act, and the associated establishment of the Climate Commission and setting of carbon reduction goals are aimed at encouraging consumers to choose clean energy over fossil fuels. We continue to fully participate in the Government's policy development process with a preference for market mechanisms that facilitate innovation, open access for participants and suitable social policy protections of disadvantaged communities. Manawa Energy is focused on climate policy settings, implementation of resource management reforms and wholesale market developments.

Positioned for Growth

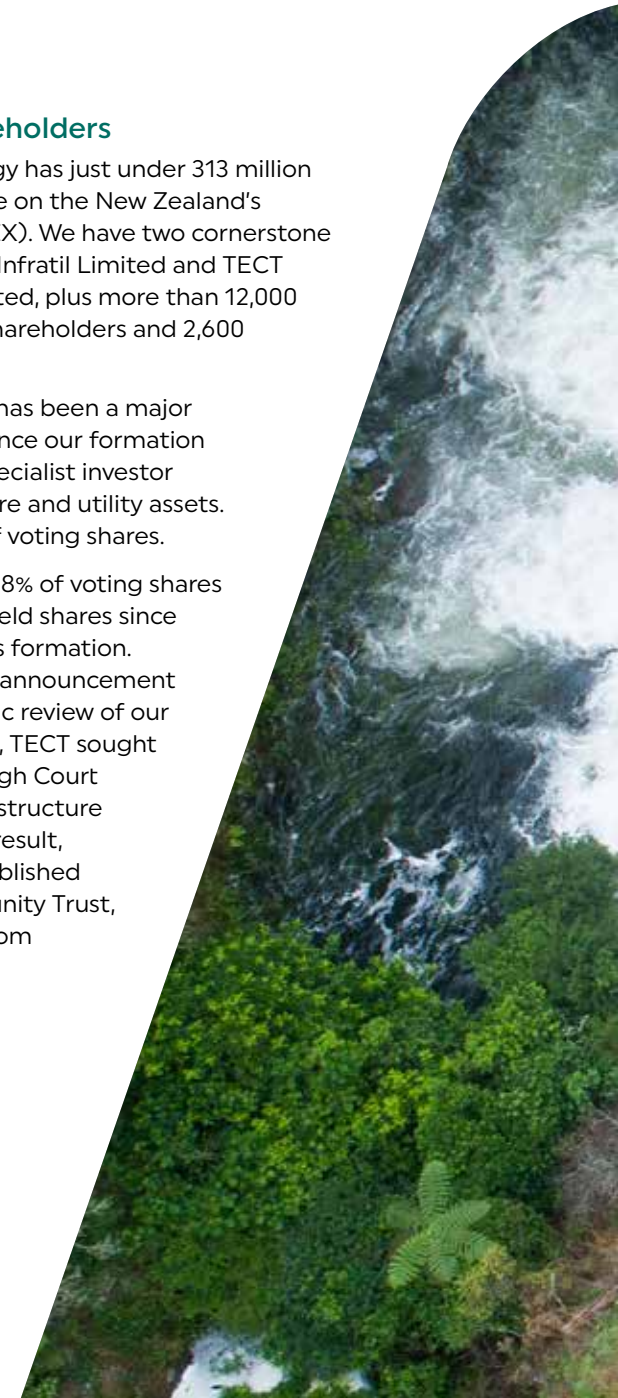
In recent years, we have sharpened our focus to be able to benefit from the decarbonisation of our economy and the associated increase in demand for electrification this creates. This work has culminated in the sale of our mass market retail business in May 2022. As a standalone generation and commercial and industrial electricity business, we are ideally positioned to invest significant focus and capital into the development of new renewable generation and the optimisation of our existing fleet, while leveraging our customer base.

Major Shareholders

Manawa Energy has just under 313 million shares on issue on the New Zealand's Exchange (NZX). We have two cornerstone shareholders: Infratil Limited and TECT Holdings Limited, plus more than 12,000 small parcel shareholders and 2,600 bond holders.

Infratil, which has been a major shareholder since our formation in 1994, is a specialist investor in infrastructure and utility assets. It holds 51% of voting shares.

TECT owns 26.8% of voting shares and has also held shares since the company's formation. Following the announcement of the strategic review of our retail business, TECT sought and gained High Court approval to restructure its Trust. As a result, TECT has established a new Community Trust, operational from 1 April 2022.





Corporate Governance

Manawa Energy is committed to sound corporate governance that will ensure the company operates effectively and with accountability and transparency.

The Board of Directors are elected by the shareholders and are responsible to shareholders for the performance of Manawa Energy. The Board draws on best practice corporate governance principles to assist with their oversight of the business.

This is a summary of Manawa Energy's Corporate Governance Statement, as of 13 May 2022. A full copy of the statement and other policy documents, including committee charters, are available at manawaenergy.co.nz/governance-documents

Manawa Energy is committed to maintaining the highest standards of honesty, integrity and ethical conduct. Any divergence from the recommendations in the NZX Corporate Governance Code is explained in this Annual Report and on our website.

Ethics

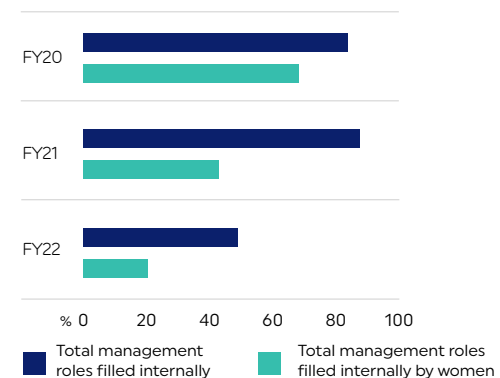
We have recently refreshed our Code of Ethics, reflecting the high ethical standards and behaviours acceptable from our Board and employees. More details can be found in Our People (page 46). This code works alongside our Protected Disclosures (Whistleblowing) and Financial Product Dealing (Insider Trading) policies.

Diversity and Inclusion

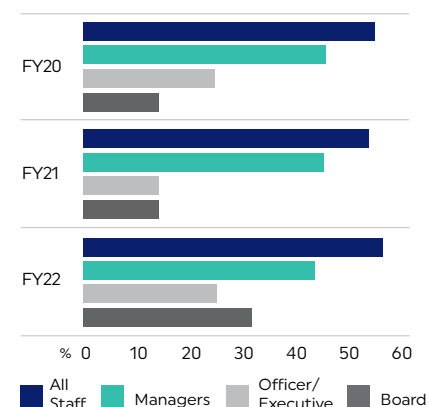
Manawa Energy's Diversity and Inclusion Policy is available on our website. We are committed to eliminating barriers and providing a workplace environment that promotes diversity and inclusion. We endeavour to ensure our workplaces are free of discrimination and other unlawful behaviours. This intent is explained in full in our Diversity and Inclusion Policy.

Throughout the year, the Board has reviewed progress on the initiatives set out in our Diversity and Inclusion Policy designed to work towards Manawa Energy's goal of increased diversity and inclusion. This area will continue to have a renewed focus in light of the new structure of the organisation following the sale of the mass market retail business.

Percentage of management roles filled by women through internal promotion



Percentage of women at Board, officer, manager and all staff levels**



** Note: In 2021, we introduced a 'gender diverse' category as part of our Diversity and Inclusion work. This change influences the comparison of FY20 and FY21 results.

Gender diversity at Board and officer levels**

		2022	2021	2020
Board	Male	4	6	6
	Female	2	1	1
	Gender diverse	-	-	-
Officer	Male	6	6	6
	Female	2	1	2
	Gender diverse	-	1	-

** Note: In 2021, we introduced a 'gender diverse' category as part of our Diversity and Inclusion work. This change influences the comparison of FY20 and FY21 results. Figures correct as at 31 March 2022.

Safety and Wellbeing

Manawa Energy is committed to establishing and maintaining a safe and healthy workplace for our people (employees, contractors) and members of the public. We take a managed approach to working towards meeting the requirements outlined in the Health and Safety at Work Act 2015 and associated regulations; the approved codes of practice, guidelines and rules developed by WorkSafe, the Electricity Engineers' Association and StayLive; and safety of the public by accreditation to NZS7901: Public Safety around Electricity Generation Assets. Health and Safety risks, performance and management are included within this report in the Chair & Chief Executive Report (see page 13).

Board of Directors

Our Directors are elected by shareholders and responsible for the performance and management of Manawa Energy. The Board operates to a charter which outlines its responsibilities and commitments.

The Constitution provides for a maximum of seven directors and the NZX Listing Rules require that at least two directors must be independent directors. The Board has determined that Joanna Breare and Sheridan Broadbent are independent directors and that each of Paul Ridley-Smith, Peter Coman and Kevin Baker (by being associated with Infratil Limited) and Michael Smith (by being associated with Tauranga Energy Consumer Trust) are non-independent directors.

TECT Holdings Limited, owned by Tauranga Energy Consumer Trust, exercised its power of appointment under clause 25.3 (b) of Manawa Energy's constitution in appointing Michael Smith to the Board.

Recommendation 2.8 of the NZX Corporate Governance Code is that a majority of the Board should be independent directors. Manawa Energy has not adopted Recommendation 2.8. Manawa Energy has four non-independent directors (determined as noted above) and two independent directors. This reflects that Manawa Energy is a subsidiary of Infratil Limited, and the Tauranga Energy Consumer Trust has exercised its right under Manawa Energy's constitution to appoint one director.

Recommendation 2.9 of the NZX Corporate Governance Code is that an issuer should have an independent Chair of the Board or, if the Chair is not independent, the chair and the Chief Executive Officer should be different people. Manawa Energy is compliant with Recommendation 2.9 in that the Chair and the Chief Executive Officer are different people. At the request of majority shareholder Infratil Limited, which request the Board has accepted, a nominee of Infratil Limited (currently Paul Ridley-Smith) is Chair of the Board.

Board Committees

Manawa Energy has four standing Board committees – the Audit and Risk Committee, the Governance and Nominations Committee, the People and Remuneration Committee and an Independent Directors Committee. Each committee is summarised on pages 83 and 84 of this report, with committee charters and comprehensive coverage of roles and responsibilities available in our Governance Documents in our investor centre.

Reporting and Disclosure

Manawa Energy has a Continuous Disclosure Policy to ensure that all of Manawa Energy's shareholders have the same access to material information about the company and its prospects in a timely manner.

Remuneration

The Board has established coherent people and remuneration strategies, policies and practices to ensure Manawa Energy has the appropriate level of capability, culture, leadership and diversity within its workforce to meet its current and future requirements.

Managing Risk and Auditing

Manawa Energy operates a comprehensive, enterprise-wide risk management framework to identify and mitigate risk. Our Executive Team regularly report to the Audit and Risk Committee and the Board on Manawa Energy's risks and our treatment of those risks. The Enterprise Risk Management framework encourages risk-based decision making and is supported by a Risk and Assurance Policy and Guidelines document, all working to ensure risks are considered and acted upon accordingly. Risk management is embedded into all business activities and risks are analysed based on financial, reputation, business disruption consequences and the likelihood of consequence.

Management of Manawa Energy's energy market exposure and the associated trading activities it undertakes are critical parts of Manawa Energy's operation. The Board has approved a comprehensive Energy Trading Policy which establishes the framework in which Manawa Energy's trading activities are governed, managed and reported on. This was most recently reviewed and approved by the Board on 13 May 2022.

We have established an internal audit function for monitoring Manawa Energy and the Group's system of internal financial control and the integrity of the financial information reported to the Board. Internal audit operates independently from the Board and reports its findings directly to the Audit

and Risk Committee. The Board has engaged PricewaterhouseCoopers to act as external auditor.

In addition to the risks identified on page 30, cyber attacks and the loss of corporate IT are identified and managed as key risks.

- Cyber attack on a Manawa Energy network or system: Major security breach or attack of Manawa Energy's IT, OT, or ISP networks and/or systems caused by a malicious cyber-attack.
- Loss of corporate IT systems: Significant or sustained loss of IT (Information Technology) systems caused by physical damage, hardware or software failure, human error, incorrect/unauthorised operation (but excludes cyber-attack).

Energy Trading

We have adopted an Energy Trading Policy to manage the risk relating to the purchasing of electricity and gas from wholesale energy markets and the trading of carbon related products.

Treasury Policy

We have a Board-approved Treasury Policy to manage finance, interest rate, foreign exchange and foreign investment risks.

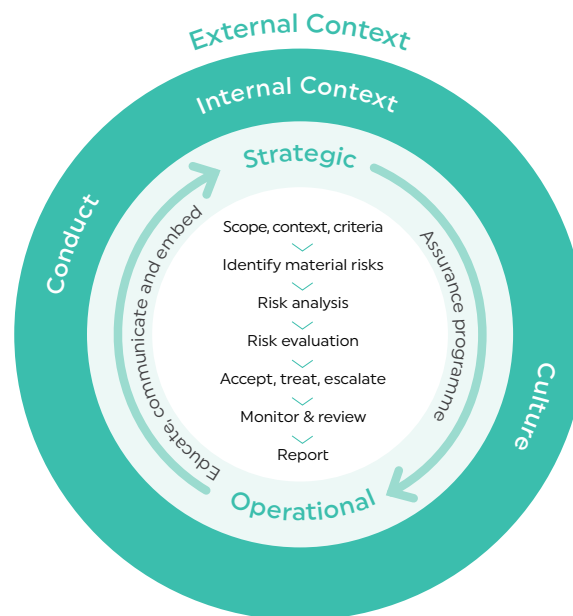
Environment

We recognise the importance of environmental issues and are committed to the highest levels of performance. To help meet this objective we have developed and implemented both environmental policies and a comprehensive environmental management system. Taskforce on Climate-Related Financial Disclosure reporting has also been included within this annual report.

Risk Authorities, Responsibilities and Accountabilities



Risk Management Framework



Shareholder Engagement

Manawa Energy keeps shareholders informed of all major developments affecting the Group's state of affairs. The Board encourages full participation of shareholders at the annual meeting to ensure a high level of accountability and identification with the Group's strategies and goals.

Other Corporate Policies

The Group has other policies covering but not limited to human resource activities, health and safety, buildings and security, business continuity and major incident planning. These policies are regularly reviewed and approved by senior management and, where required, the Board.

Our Board Committees

The Board has established four standing subcommittees; the Audit & Risk Committee, the Governance & Nominations Committee, the People & Remuneration Committee and an Independent Directors Committee. The committees assist the Board in carrying out its responsibilities in key areas.

Audit & Risk Committee

A standing Audit & Risk Committee assists the Board to fulfil its responsibilities in relation to risk management, external financial reporting, and internal and external audit functions.

Quarterly risk reporting to this Committee ensures, amongst regular review of current and emerging risks (including climate change) in the context of our risk profile, our strategic aspirations and changing external conditions.

Audit & Risk Committee Members

Kevin Baker (Chair)

Sheridan Broadbent

Joanna Breare

Recommendation 3.1 of the NZX Corporate Governance Code is that the Chair of the audit committee should be an independent director. Prior to her resignation from the Board,

Susan Peterson (an independent director) was head of the Audit & Risk Committee. Following Susan Peterson's resignation in September 2021, Kevin Baker was appointed as Chair of the Audit & Risk Committee. Kevin Baker is not an independent director. The Board considers this is appropriate given the current composition of the Board. Manawa Energy is compliant with the other aspects of recommendation 3.1.

Governance & Nominations Committee

The Board has established a Governance and Nominations Committee to assist Manawa Energy with:

- ensuring Manawa Energy has good corporate governance and a process in place to promote continuous improvement in corporate governance;
- ensuring the Board has an appropriate balance of skills, experience, knowledge, judgement, and diversity to govern Manawa Energy appropriately; and
- selection and retention of directors based on merit, the collective needs of the Board and Manawa Energy's strategic objectives.

Governance & Nominations Committee Members

Sheridan Broadbent (Chair)

Peter Coman

Paul Ridley-Smith

Michael Smith

Recommendation 3.4 of the NZX Corporate Governance Code is that a majority of an issuer's nomination committee should be independent directors. Manawa Energy has not adopted Recommendation 3.4. The Governance and Nominations Committee comprises one independent director and three non-independent directors. The Board considers this is appropriate given the current composition of the Board.

People & Remuneration Committee

To govern our remuneration and people policies, the Board has established a People and Remuneration Committee. The primary purpose for this Committee is to establish coherent remuneration strategies, policies and practices for our people.

Responsibilities for the Committee include reviewing and recommending: remuneration levels and packages for directors and the Chief Executive and their direct reports; aggregate remuneration levels for non-executive staff; diversity and inclusion, code of ethics and protected disclosure policies; and key measurable objectives of diversity and inclusion. They also monitor our key people risks including compliance with employment law and regulations.

People & Remuneration Committee Members

Joanna Breare (Chair)

Paul Ridley-Smith

Michael Smith

Recommendation 3.3 of the NZX Corporate Governance Code is that a majority of an issuer's remuneration committee should be independent directors. Manawa Energy has not adopted Recommendation 3.3. The People and Remuneration Committee comprises one independent director and two non-independent directors. The Board considers this is appropriate given the current composition of the Board.

The Independent Directors Committee

The Board has established an Independent Directors Committee which is activated from time to time as a conflict arises which is required to be considered by the Independent Directors Committee. The standing members of the Independent Directors Committee are Manawa Energy's independent directors. Additional directors can be invited to join the Independent Directors Committee to consider specific conflict matters where that director does not have a conflict or interest in relation to the matter.

Independent Directors Committee Members

Sheridan Broadbent (Chair)

Joanna Breare

• A full statement of roles and responsibilities for each committee, and their charters, can be found in our governance documents within our Investor Centre on the Manawa Energy website <https://www.manawaenergy.co.nz/governance-documents>

Results



Explaining the Financial Statements

Generation earnings

Generation volumes, while an increase from the previous year, were below long term averages as a result of low inflows across our portfolio. This was offset, to some extent by high wholesale prices.

Balance sheet/dividend

Manawa Energy's balance sheet remains in a strong position, despite net debt that was driven higher by market prudential requirements due to high wholesale prices and our net position in the market. The sale of the mass market retail business after balance date has allowed Manawa Energy to repay all of its bank debt. It has also declared a 35 cent per share special dividend alongside a 16 cent per share final ordinary dividend.

Impact of mass market retail sale subsequent to balance date

Note 2 to the financial statements provides a detailed explanation of the accounting for this sale. The business has been treated as a discontinued operation. The most significant impact of this classification is to separate the results of the mass market retail business from the rest of the operations in the income statement and the statement of cash flows. In the balance sheet, all assets and liabilities sold are reclassified as held for sale assets and held for sale liabilities.

In the income statement, the results from the mass market retail business are included at a profit after tax level at the bottom of the statement. While this is the correct accounting treatment, one consequence is that EBITDAF, as shown in the income statement, excludes the mass market retail business.

Manawa Energy, along with the rest of the electricity industry, considers EBITDAF to be the key profitability measure and this measure is used to communicate earnings guidance to the market.

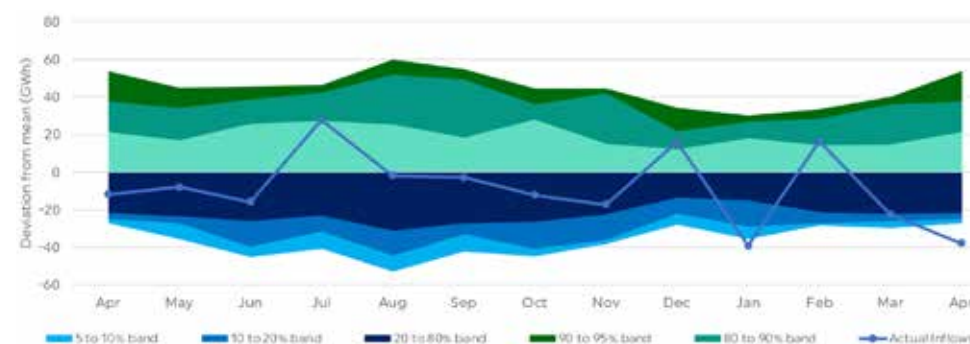
The table below shows how total EBITDAF of \$204.2 million reconciles to the \$159.7 million in the income statement.

	\$ millions
EBITDAF per the income statement	159.7
EBITDAF of the discontinued operation per note 2	44.5
Total EBITDAF	204.2

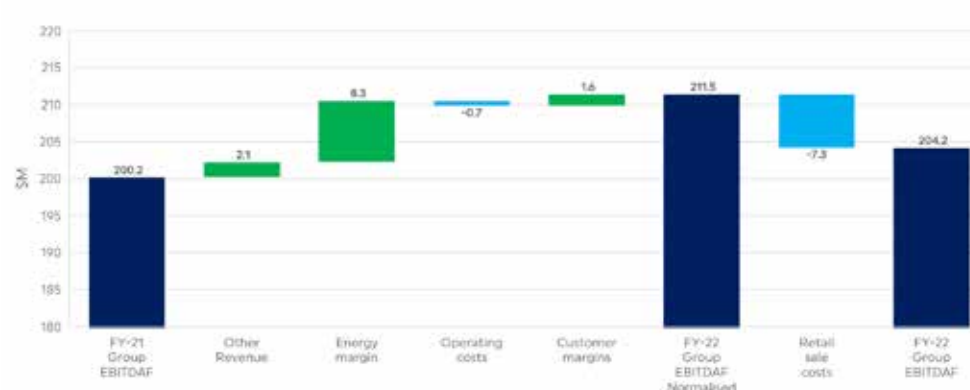
Weekly average prices (\$/MWh)



Monthly inflows for all Manawa Energy hydro schemes



Total Group EBITDAF - FY21 to FY22



Group consists of Manawa Energy Limited and its subsidiaries.

EBITDAF is a non-GAAP measure refer to Note A2 for a reconciliation of EBITDAF to statutory profit measures.

Financial Statements

Manawa Energy is pleased to present its audited financial statements.

The notes to the financial statements are grouped into the broad categories the Directors consider the most relevant when evaluating the performance of Manawa Energy. The sections are:

Retail	Notes 4 – 5
Generation	Notes 6 – 10
Funding	Notes 11 – 16
Tax, Related Parties & Other Notes	Notes 17 – 21

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There is also an appendix, from notes A1 to A25 which contains additional detailed disclosure readers may wish to use to supplement the disclosures in the primary sections of notes listed on this page.

Note 3 contains segment profitability analysis for the Retail and Generation segments.

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Accounting policies can be found throughout the notes to the financial statements and are denoted by a box surrounding them. Policies are placed within the note that is the most relevant, however the policy applies to all financial statements and notes.

Key Metrics

	2022	2021	2020	2019	2018
Net Profit after Tax (\$M)	120	31	98	93	114
Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements of Financial Instruments and Asset Impairments (EBITDAF)* excluding discontinued operations (\$M)	160	157	–	–	–
Total EBITDAF* (\$M)	204	200	186	222	243
Underlying earnings after tax* (\$M)	89	91	78	105	136
Basic earnings per share (cents per share)	37.4	10.9	30.4	29.0	40.9
Underlying earnings per share (cents per share)	27.7	30.1	24.1	32.8	43.1
Dividends paid during the year (cents per share)	35.5	32.5	49	59	34
Net debt to EBITDAF (includes discontinued operations)	3.6	3.6	3.3	2.5	1.9
Net tangible assets per share (dollars per share)	3.25	3.14	3.12	3.61	4.21
Customers, Sales and Service					
Electricity connections (000s)	267	265	266	267	273
Telecommunication connections (000s)	117	112	104	96	87
Gas connections (000s)	47	44	41	39	37
Total utility accounts (000s)	431	421	411	402	397
Customers with two or more services (000s)	129	123	116	107	100
Mass market sales – fixed price (GWh)	1,819	1,824	1,817	1,823	1,784
Time of use sales – fixed price (GWh)	407	483	826	902	945
Time of use sales – spot price (GWh)	812	826	972	1,028	1,086
Total customer sales (GWh)	3,038	3,133	3,615	3,753	3,815
Average spot price of electricity purchased (\$/MWh)	176	147	109	131	91
Gas Sales (TJ)	1,047	1,039	986	1,006	1,012
Annualised customer churn rate	17%	17%	17%	20%	19%
Annualised customer churn rate – total market	18%	19%	20%	22%	21%
Generation Production and Procurement					
North Island generation production (GWh)	824	777	849	1,010	1,209
South Island generation production (GWh)	936	931	910	984	1,026
Total New Zealand generation production (GWh)	1,760	1,708	1,759	1,994	2,235
Average spot price of electricity generated (\$/MWh)	166	144	107	125	88
Net third party fixed price volume purchased (GWh)	932	959	1,512	1,463	1,539
Other Information					
Resource consent non-compliance events	7	10	21	10	5
Staff numbers (full time equivalents)	777	801	809	818	803

*EBITDAF and Underlying Earnings are non-GAAP measures. Refer to note A2 for more information.

Directors' Responsibility Statement

The Directors are pleased to present the financial statements of Manawa Energy Limited and its subsidiaries for the year ended 31 March 2022.

The Directors are responsible for ensuring that the financial statements fairly present the financial position of the Group as at 31 March 2022 and the financial performance and cash flows for the year ended on that date. Manawa Energy Limited was previously named Trustpower Limited and was renamed on 2 May 2022 following the sale of its mass market retail business (see note 2 for more details).

The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

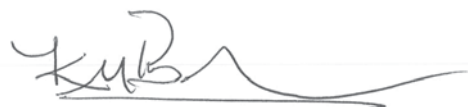
The Directors believe that proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

The owners of Manawa Energy do not have the power to amend these financial statements after they are issued.



Paul Ridley-Smith
Chair



Kevin Baker
Director

Company Registration Number
565426

Dated: 16 May 2022

The company changed its name from Trustpower Limited to Manawa Energy Limited on 2 May 2022. The company's New Zealand Business Number (NZBN) is 9429038917912.

Independent auditor's report

To the shareholders of Manawa Energy Limited

Our opinion

In our opinion, the accompanying financial statements of Manawa Energy Limited (formerly known as Trustpower Limited) (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2022, 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 (IFRS).

What we have audited

The Group's financial statements comprise:

- the statement of financial position as at 31 March 2022;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include significant accounting policies 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.

Our firm carries out other services for the Group in the area of tax compliance, specifically the review of income tax returns and tax related correspondence. We are also engaged to provide general tax advisory services and to provide other assurance engagements related to the Manawa Energy Insurance Limited solvency return and the telecommunications development levy. Additionally we performed an agreed upon procedures engagement over the financial information for King Country Energy Limited. The provision of these other services has not impaired our independence as auditor of 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>Accounting for the sale of the mass market retail business and the electricity price contract for difference</p> <p>As disclosed in note 2 to the financial statements, on 21 June 2021 the Company announced a conditional sale of its mass market retail business to Mercury NZ Limited for \$441 million, subject to Commerce Commission approval, shareholder approval and the successful restructure of the Tauranga Energy Consumer Trust (TECT) trust deed.</p> <p>The restructure of TECT was completed after balance date and announced on 4 April 2022. Settlement occurred on 2 May 2022 and the Company received \$467 million.</p> <p>The Directors have therefore determined that the sale should be accounted for as a discontinued operation at balance date.</p> <p>Note 2(b) and note 20 of the financial statements also indicate that on 2 May 2022, Manawa Energy and Mercury NZ Limited entered into an electricity price contract for difference resulting in a loss of approximately \$530 million after balance date.</p> <p>Due to the significance of the transaction to the users of the financial statements and the judgement exercised in determining when the conditions of sale were substantively met, together with the judgements required regarding the key assumptions in calculating the fair value of the electricity price contract for difference, this is considered to be a key audit matter.</p>	<p>Our procedures to assess the classification of retail business assets as a discontinued operation included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the timing of events relating to the sale of the mass market retail business and challenging the Directors' judgment about when the substantive conditions were fulfilled. Our work included: <ul style="list-style-type: none"> – Reading the sale and purchase agreement to obtain an understanding of the key terms and conditions; – Examining the Board minutes, supporting papers of the Company and details of the latest timetable relating to the sale; – Considering documents on the TECT website evidencing the completion of their proposed restructure; – Having discussions with management and the Directors both pre and post balance date on the status of the transaction; and – Reading of correspondence between Mercury NZ Limited and the Company to corroborate that the substantive condition had not yet been satisfied at 31 March 2022. • Assessing management's paper on the accounting treatment as at 31 March 2022 against the criteria of the accounting standard; • Testing the allocation of assets and liabilities and their values to the discontinued operation; • Confirming that the disposal group asset values were subsequently fully recovered by the sale proceeds received by Manawa Energy in its bank account; and • Reviewing the disclosures in the financial statements outlining the significant judgements in relation to the potential sale. <p>In relation to the fair value of the electricity price contract for difference, our audit procedures included:</p> <ul style="list-style-type: none"> • Reading the electricity price contract for differences and understanding its key terms; and • With the assistance of our valuation specialists, independently recalculating the fair value on inception. <p>We had no matters to report as a result of our procedures.</p>



Description of the key audit matter	How our audit addressed the key audit matter
<p>Carrying value of generation assets</p> <p>As described in notes 7 and 8 of the financial statements, generation assets are recorded at fair value and revalued every three years or more frequently if there is evidence of a significant change in value to ensure that at each reporting date the carrying value is within a reasonable range of estimated fair values. Fair value is determined using a discounted cash flow methodology.</p> <p>The valuation of generation assets involves a number of significant assumptions including forward electricity prices, the weighted average cost of capital used to discount future cash flows, estimated avoided cost of transmission (ACOT) revenues, the inflation rate, and operational inputs such as future generation volumes, operating costs and capital expenditure. All these assumptions involve judgements about the future. This is therefore considered to be a key audit matter.</p> <p>Due to the finalisation of ACOT revenue, elevated short term future pricing and continued low interest rates, Management, with the assistance of independent valuers, have estimated a valuation range at 31 March 2022 and concluded that the current carrying value materially represents fair value. The Directors therefore concluded that a revaluation is not required.</p>	<p>Utilising our energy sector valuation specialist we have challenged the key assumptions used to independently determine an estimated valuation range. Our procedures have included:</p> <ul style="list-style-type: none"> • Comparing the forward electricity price path to current externally derived market forecast data and our independent estimate of the price path; • Comparing the weighted average cost of capital against our independently calculated rate reflecting current market conditions; • Assessing the appropriateness of ACOT revenues in light of the latest Electricity Authority announcements; and • Comparing the inflation rate used to the Reserve Bank of New Zealand forecast. <p>We assessed the appropriateness of the operational inputs and assumptions for generation volumes and costs by:</p> <ul style="list-style-type: none"> • Comparing forecast generation volumes to actual realised volumes over time; and • Assessing forecasted operating and capital expenditure by understanding and evaluating the reasons for any significant changes between the costs included in the last revaluation and the current forecast, and agreeing forecasts to supporting documentation including the Asset Management Plan. <p>Additionally we:</p> <ul style="list-style-type: none"> • Assessed the competence, independence and objectivity of the Group's valuation specialists; • Met with the independent valuer to discuss the assumptions and judgements used to determine their valuation range estimate; • Assessed the overall appropriateness of the valuation range; and • Considered the adequacy of the related financial statement disclosures. <p>We had no matters to report as a result of our procedures.</p>

Our audit approach

Overview

<p>Overall group materiality: \$6.8 million, which represents 5% of profit before tax including discontinued operations, adjusted to exclude fair value gains on financial instruments used to manage electricity price risk.</p> <p>Given the impact of volatility in electricity pricing on profit before tax, we excluded fair value gains on financial instruments used to manage electricity price risk. In our view, adjusted profit as determined above is the benchmark which best reflects the performance of the Group for the year ended 31 March 2022, which included a full year of the discontinued mass market retail business results.</p>
<p>Following our assessment of the risk of material misstatement, we performed:</p> <ul style="list-style-type: none"> • A full scope audit for Manawa Energy Limited • Specified audit procedures and analytical review procedures on material balances in the remaining entities within the Group.
<p>As reported above, we have two key audit matters, being:</p> <ul style="list-style-type: none"> • Accounting for the sale of the mass market retail business and the electricity price contract for difference • Carrying value of generation assets

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 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 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 industry in which the Group operates.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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, 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/assurance-standards/auditors-responsibilities/audit-report-1/>

This description forms part of our auditor's report.



Who we report to

This report is made solely to the Company's shareholders, as a body. 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 shareholders, as a body, 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 Philippa (Pip) Cameron.

For and on behalf of:

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

Chartered Accountants

16 May 2022

Auckland

Income Statement

For the year ended 31 March 2022	Note	2022 \$000	2021 \$000
Continuing Operations			
Operating Revenue			
Electricity revenue	4, 6	298,126	283,638
Other operating revenue		24,697	18,326
		322,823	301,964
Operating Expenses			
Line costs	4	59,538	62,455
Electricity costs		13,098	2,193
Generation asset maintenance costs	6	26,508	21,753
Employee benefits		36,943	36,551
Other operating expenses	A5	27,015	22,349
		163,102	145,301
Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements of Financial Instruments and Asset Impairments (EBITDAF)*			
	A2	159,721	156,663
Net fair value (gains) / losses on financial instruments	A9	(43,442)	83,508
Amortisation of intangible assets	5	2,776	5,134
Depreciation	7, A25	17,748	17,988
Interest paid	12	28,904	29,562
Interest received	12	(330)	(541)
Net finance costs		28,574	29,021
Profit Before Income Tax		154,065	21,012
Income tax expense	17	45,999	4,675
Profit From Continuing Operations		108,066	16,337
Profit from Discontinued Operations	2	11,747	14,400
Profit After Tax		119,813	30,737

For the year ended 31 March 2022	Note	2022 \$000	2021 \$000
Profit after tax attributable to the shareholders of the Company		117,206	34,123
Profit after tax attributable to non-controlling interests		2,607	(3,386)
Basic and diluted earnings per share from continuing operations (cents per share)		33.7	6.3
Basic and diluted earnings per share from discontinued operations (cents per share)		3.8	4.6
	A3	37.4	10.9

*EBITDAF is a non-GAAP measure. Refer to note A2 for more information.

Statement of Comprehensive Income

For the year ended 31 March 2022	Note	2022 \$000	2021 \$000
Profit after tax		119,813	30,737
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss:			
Fair value (losses)/gains on cash flow hedges	A10	(68,828)	85,092
Tax effect of the following:			
Fair value losses/(gains) on cash flow hedges	A10	19,157	(23,826)
Total Other Comprehensive (Loss)/Gain		(49,671)	61,266
Total Comprehensive Income		70,142	92,003
Attributable to shareholders of the Company		67,535	95,389
Attributable to non-controlling interests		2,607	(3,386)
Total comprehensive income attributable to shareholders of the Company arises from:			
Continuing operations		55,788	80,989
Discontinued operations		11,747	14,400

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 31 March 2022	Note	Share capital \$000	Revaluation reserve \$000	Cash flow hedge reserve \$000	Retained earnings \$000	Total Shareholders' Equity \$000	Non- controlling interest \$000	Total Equity \$000
Opening balance as at 1 April 2020		2	732,898	7,987	335,340	1,076,227	23,787	1,100,014
Profit after tax attributable to the shareholders of the Company		-	-	-	34,123	34,123	(3,386)	30,737
Other comprehensive income – items that may be reclassified to the profit or loss								
Fair value losses on cash flow hedges								
Realised		-	-	(869)	-	(869)	-	(869)
Unrealised		-	-	85,962	-	85,962	-	85,962
Tax effect of the following:								
Fair value losses on cash flow hedges		-	-	(23,826)	-	(23,826)	-	(23,826)
Total other comprehensive income		-	-	61,267	-	61,267	-	61,267
Transactions with owners recorded directly in equity								
Dividends paid	14	-	-	-	(101,991)	(101,991)	(3,123)	(105,114)
Total transactions with owners recorded directly in equity		-	-	-	(101,991)	(101,991)	(3,123)	(105,114)
Closing balance as at 31 March 2021		2	732,898	69,254	267,472	1,069,626	17,278	1,086,904
For the year ended 31 March 2022	Note	Share capital \$000	Revaluation reserve \$000	Cash flow hedge reserve \$000	Retained earnings \$000	Total Shareholders' Equity \$000	Non- controlling interest \$000	Total Equity \$000
Opening balance as at 1 April 2021		2	732,898	69,254	267,472	1,069,626	17,278	1,086,904
Profit after tax attributable to the shareholders of the Company		-	-	-	117,206	117,206	2,607	119,813
Other comprehensive income – items that may be reclassified to the profit or loss								
Fair value gains/(losses) on cash flow hedges								
Realised		-	-	(51,054)	-	(51,054)	-	(51,054)
Unrealised		-	-	(17,774)	-	(17,774)	-	(17,774)
Tax effect of the following:								
Fair value gains/(losses) on cash flow hedges		-	-	19,157	-	19,157	-	19,157
Total other comprehensive income		-	-	(49,671)	-	(49,671)	-	(49,671)
Transactions with owners recorded directly in equity								
Dividends paid	14	-	-	-	(111,105)	(111,105)	(3,372)	(114,477)
Total transactions with owners recorded directly in equity		-	-	-	(111,105)	(111,105)	(3,372)	(114,477)
Closing balance as at 31 March 2022		2	732,898	19,583	273,573	1,026,056	16,513	1,042,569

The accompanying notes form part of these financial statements

Statement of Financial Position

For the year ended 31 March 2022	Note	2022 \$000	2021 \$000
Equity			
<i>Capital and reserves attributable to shareholders of the Company</i>			
Share capital	13	2	2
Revaluation reserve		732,898	732,898
Retained earnings		273,573	267,472
Cash flow hedge reserve	A10	19,583	69,254
Non-controlling interests		16,513	17,278
Total Equity		1,042,569	1,086,904
<i>Represented by:</i>			
Current Assets			
Cash at bank		9,382	6,091
Electricity market security deposits	A19	64,826	95,899
Accounts receivable and prepayments	2, A7	60,422	102,943
Assets Held for Sale	2	181,597	-
Emission units held for trading	6	15,370	7,363
Capitalised customer acquisition costs	2, A21	-	34,959
Derivative financial instruments	A11	64,937	75,994
Taxation receivable		5,632	17,618
		402,166	340,867
Non-Current Assets			
Property, plant and equipment	7	1,836,943	1,839,150
Right-of-use assets	2, A25	-	32,248
Capitalised customer acquisition costs	2, A21	-	13,496
Derivative financial instruments	A11	44,529	73,830
Loan receivable		-	7,333
Intangible assets	2, 5	4,973	35,466
		1,886,445	2,001,523
Total Assets		2,288,611	2,342,390

For the year ended 31 March 2022	Note	2022 \$000	2021 \$000
Current Liabilities			
Accounts payable and accruals	A8	109,857	109,636
Liabilities held for sale	2	50,224	-
Unsecured senior bonds	11	127,734	83,046
Unsecured bank loans	11	180,107	30,126
Lease liabilities	2, A25	-	7,669
Derivative financial instruments	A11	47,547	87,111
		515,469	317,588
Non-Current Liabilities			
Unsecured bank loans	11	217,900	273,168
Unsecured senior bonds	11	223,023	350,003
Lease liabilities	2, A25	-	25,703
Derivative financial instruments	A11	68,099	54,377
Deferred tax liability	18	221,551	234,647
		730,573	937,898
Total Liabilities		1,246,042	1,255,486
Net Assets		1,042,569	1,086,904

Cash Flow Statement

For the year ended 31 March 2022	Note	2022 \$000	2021 \$000
Cash Flows from Operating Activities			
<i>Cash was provided from:</i>			
Receipts from customers		316,377	282,582
		316,377	282,582
<i>Cash was applied to:</i>			
Payments to suppliers and employees		159,825	132,430
Taxation paid		27,203	37,222
		187,028	169,652
Net cash flow from operating activities generated by discontinued operation		32,633	48,392
Net Cash from Operating Activities	A13	161,982	161,322
Cash Flows from Investing Activities			
<i>Cash was provided from:</i>			
Repayment of loan receivable		7,333	667
Return of electricity market security deposits		192,679	127,550
Interest received		330	541
		200,342	128,758
<i>Cash was applied to:</i>			
Lodgement of electricity market security deposits		172,465	222,908
Purchase of property, plant and equipment		31,806	13,083
Purchase of intangible assets		1,517	4,287
		205,788	240,278
Net cash flow to investing activities generated by discontinued operation		(13,150)	(18,155)
Net Cash used in Investing Activities		(18,596)	(129,675)

For the year ended 31 March 2022	Note	2022 \$000	2021 \$000
Cash Flows from Financing Activities			
<i>Cash was provided from:</i>			
Bank loan proceeds		277,713	245,404
		277,713	245,404
<i>Cash was applied to:</i>			
Repayment of bank loans		183,000	135,800
Repayment of senior bonds	11	83,046	-
Interest paid		27,741	28,758
Dividends paid to owners of the Company		111,106	101,990
Dividends paid to non-controlling shareholders in subsidiary companies		3,372	3,123
		408,265	269,671
Net cash flow to financing activities generated by discontinued operation		(9,543)	(9,951)
Net Cash used in Financing Activities		(140,095)	(34,218)
Net Increase in Cash and Cash Equivalents		3,291	(2,571)
Cash and Cash equivalents at beginning of the year		6,091	8,662
Cash and Cash Equivalents at End of the Year		9,382	6,091

Notes to the Financial Statements

Note 1: Basis of preparation

Reporting entity

The reporting entity is the consolidated group comprising Manawa Energy Limited and its subsidiaries together referred to as Manawa Energy. Manawa Energy Limited is a limited liability company incorporated and domiciled in New Zealand. The principal activities of Manawa Energy are the ownership and operation of electricity generation facilities from renewable energy sources and the retail sale of electricity to its customers. Manawa Energy was known as Trustpower Limited prior to the sale of its mass market retail business on 2 May 2022. See Note 2 for more details.

Manawa Energy Limited is registered under the Companies Act 1993, and is listed on the New Zealand Stock Exchange (NZX). It is an FMC Reporting Entity under the Financial Markets Conducts Act 2013.

The financial statements are presented for the year ended 31 March 2022.

Basis of preparation

The financial statements are prepared in accordance with:

- the Financial Markets Conduct Act 2013, and NZX Main Board listing rules.
- Generally Accepted Accounting Practice (GAAP).
- New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS) and other applicable New Zealand accounting standards and authoritative notices, as appropriate for for-profit entities.

The financial statements have been prepared as follows:

- all transactions at the actual amount incurred (historical cost convention), except for generation assets, emission units held for trading and derivatives which have been revalued to fair value.
- all figures have been reported in New Zealand Dollars (NZD) and reported to the nearest thousand.

An index to all of the significant accounting policies is available in note A1. Any changes to accounting policies and standards are shown in note A20.

Estimates and judgements made in preparing the financial statements are frequently evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Manawa Energy makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

Critical accounting estimates and judgements

The areas involving a higher degree of judgement or complexity are disclosed below:

- fair value of Manawa Energy's generation assets (Note 8).
- useful lives of generation assets for depreciation (Note 7).
- fair value of derivatives and other financial instruments (Note A17).
- the assessment of the mass market retail business as held for sale at balance date (Note 2).

Restatement of comparative financial information

Included in the statement of financial position is emission units held for trading. In the prior year, these were incorrectly classified as other accounts receivable in the accounts receivable and prepayments financial statement line item. Please refer to note 6 for the accounting policy adopted for emissions units held for trading. The result of this classification is as follows:

	As presented at 31 March 2021 \$000	Restated \$000	As presented at 31 March 2020 \$000	Restated \$000
Accounts receivable and prepayments	110,306	102,943	90,777	85,118
Note A7: Other receivables	15,719	8,356	15,719	10,060
Emission units held for trading	–	7,363	–	5,659

Note 2: Assets held for sale/discontinued operation

Description

On 21 June 2021, Manawa Energy announced a conditional sale of its mass market retail business to Mercury NZ Limited for \$441million, subject to Commerce Commission approval, Manawa Energy shareholder approval and the successful restructure of the Tauranga Energy Consumer Trust (TECT) trust deed.

Prior to 31 March 2022, Commerce Commission approval, High Court approval of the restructure of the TECT trust deed (although the full restructure had not been completed) and Manawa Energy shareholder approval had been granted. Settlement occurred on 2 May 2022 with the receipt of \$467,438,000.

Subsequent to balance date the TECT trust deed was successfully restructured and the purchaser's condition was satisfied. This was announced by both Manawa Energy and Mercury NZ Limited on 4 April 2022. As a result, the sale went unconditional and completed effective 1 May 2022. As the transaction occurred after balance date, the gain on sale has not been recognised in the financial statements. Details of the indicative effect of the sale are shown in note 2(b).

The mass market retail business meets the definition of a discontinued operation under NZ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* as it represents a major component of the business and there is a signed sale and purchase agreement and only the formal restructure of the TECT trust deed remained unsatisfied at 31 March 2022.

NZ IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* requires that where a non-current asset is classified as held for sale that asset must be carried at the lower of cost or the amount expected to be recovered on sale. The profit and cash flows must also be presented separately as discontinued operations.

Note 2: Assets held for sale/discontinued operation (continued)

(a) Financial performance and cash flow information

The financial performance and cash flow information for the discontinued operations is presented below for the years ended 31 March 2022 and 31 March 2021.

	2022 \$000	2021 \$000
Operating Revenue		
Electricity revenue	502,046	477,260
Gas revenue	34,890	29,842
Telecommunications revenue	116,468	105,234
Revenue allocated to customer incentives	28,605	27,543
Other operating revenue	14,090	10,946
	696,099	650,825
Operating Expenses		
Electricity costs	202,015	187,534
Line costs	190,986	180,254
Telecommunications cost of sales	75,182	67,199
Employee benefits	38,891	39,146
Meter rental costs	25,588	25,753
Gas cost of sales	31,951	26,865
Market fees and costs	9,266	8,764
Marketing and acquisition costs	11,829	11,581
Customer incentives	21,601	20,742
Bad debts	2,816	3,198
Other operating expenses*	41,483	36,285
	651,608	607,321
EBITDAF	44,491	43,504
Amortisation of intangible assets	11,565	7,535
Depreciation	15,391	14,685

	2022 \$000	2021 \$000
Net finance costs	1,220	1,284
Profit Before Income Tax	16,315	20,000
Income tax expense	4,568	5,600
Profit after income tax of discontinued operation	11,747	14,400

*Included within other operating expenses are \$3,049,000 of disposal costs (2021: nil).

(b) Details of the indicative financial effect of the sale of the mass market retail business

	2022 \$000
Consideration received or receivable	
Sale price (including estimated working capital)	467,438
Carrying amount of net assets sold	131,373
Indicative gain on sale before transaction costs	336,065
Costs of disposal	3,049
Indicative gain on sale	333,016

The indicative gain on sale calculated above reflects the working capital that would be included as part of the sale if settlement was 31 March 2022.

Manawa Energy is retaining the accounts payable, other than employee entitlements, relating to the mass market retail business on settlement. This working capital adjustment will differ based on the working capital transferred on the actual completion date. Due to the proximity of the sale date to the issue of these financial statements, final working capital and asset values and the resultant gain on sale have not yet been determined.

Mercury NZ Limited and Manawa Energy signed a pre-agreed electricity price contract for difference on 2 May 2022 which approximates the volume used by the mass market retail business until 2025 before reducing each year until it matures in 2031. This contract for difference was taken into account when the sale and purchase agreement was negotiated and was transferred at \$1 in that agreement. Immediately following the completion of the sale, the fair value of this contract for difference resulted in a loss of approximately \$530,000,000. The key assumptions used in determining this value are consistent with those described for electricity price derivatives in note A17. The only difference being the discount rate reflects the 10 year tenor of this instrument.

Note 2: Assets held for sale/discontinued operation (continued)

The carrying amounts of assets and liabilities, which are classified as current assets and liabilities, as at 31 March 2022 are:

	2022 \$000
Property, plant and equipment	17,803
Intangible assets	22,217
Capitalised customer acquisition costs	47,151
Right of use assets	27,573
Inventory	3,289
Accounts receivable and prepayments	63,564
Total assets	181,597
Employee entitlements	3,255
Other accounts payable (customer accounts in credit)	17,235
Deferred tax liability	749
Lease liability	28,985
Total liabilities	50,224
Net assets	131,373

The above values of assets and liabilities have been recovered upon completion and settlement of the transaction on 1 May 2022. The sale does not have a material impact on income tax expense.

Note 3: Segment Information

For internal reporting purposes, Manawa Energy is organised into two segments. The main activities of each segment are:

Retail The retail sale of electricity services to commercial and industrial customers in New Zealand. The mass market portion of Retail previously shown in this segment has now been discontinued. See note 2 for more details.

Generation The generation of renewable electricity by hydro power schemes across New Zealand.

Generation also includes the supply of water to Canterbury irrigators. There is also an Other segment that exists to include any unallocated revenues and expenses. This relates mostly to unallocated corporate functions.

The segment results for the year ended 31 March 2022 are as follows:

	Retail \$000	Generation \$000	Other \$000	Total \$000
Total segment revenue	253,060	246,646	4,485	504,191
Inter-segment revenue	–	(178,199)	(3,169)	(181,368)
Revenue from external customers	253,060	68,447	1,316	322,823
Total segment operating costs	248,909	85,528	10,093	344,530
Inter-segment operating costs	(171,373)	(6,826)	(3,229)	(181,428)
External operating costs	77,536	78,702	6,864	163,102
EBITDAF (excluding discontinued operations)	4,151	161,118	(5,608)	159,661
Amortisation of intangible assets	108	–	2,668	2,776
Depreciation	–	16,618	1,130	17,748
Capital expenditure	–	34,355	12,854	47,209

The segment results for the year ended 31 March 2021 are as follows:

	Retail \$000	Generation \$000	Other \$000	Total \$000
Total segment revenue	237,236	227,286	549	465,071
Inter-segment revenue	–	(162,908)	(199)	(163,107)
Revenue from external customers	237,236	64,378	350	301,964
Total segment operating costs	233,757	73,142	1,509	308,408
Inter-segment operating costs	(164,538)	1,630	(199)	(163,107)
External operating costs	69,219	74,772	1,310	145,301
EBITDAF (excluding discontinued operations)	3,479	154,144	(960)	156,663
Amortisation of intangible assets	–	–	5,134	5,134
Depreciation	–	16,311	1,677	17,988
Capital expenditure	–	22,062	14,182	36,244

Transactions between segments (Inter-segment) are entered into under normal commercial terms and conditions that would also be available to unrelated third parties. The most significant inter-segment transaction is the sale of electricity hedges by Generation to Retail. See the retail note 4 for more information. Accounting policies have been consistently applied to all operating segments. The Other segment includes \$4,180,000 of costs related to the establishment of Manawa Energy Limited and the separation of the mass market retail business, excluding direct costs of disposal (see note 2 for details).

Retail

This section details the retail operations of Manawa Energy.

Manawa Energy is an electricity retailer to commercial and industrial customers. The retail sale of electricity, telecommunications and gas to mass market customers is a discontinued operation (refer note 2 for more details).

A retail profitability analysis is included in Note 4. This disclosure provides a detailed breakdown of the performance of Manawa Energy's retail operations.

This section includes the following notes:

Note 4: Retail Segment Profitability Analysis

Note 5: Intangible Assets

Note 4: Retail segment profitability analysis

	2022 \$000	2022 \$000	2021 \$000	2021 \$000
Operating Revenue				
Electricity revenue				
Commercial & industrial – fixed price	66,058		73,099	
Commercial & industrial – spot price	187,002	253,060	164,137	237,236
		253,060		237,236
Operating Expenses				
Electricity costs		181,875		164,135
Line costs		59,538		62,455
Employee benefits		1,856		1,500
Meter rental costs		2,581		2,669
Market fees and costs		2,175		2,190
Other operating expenses*		884		808
		248,909		233,757
EBITDAF		4,151		3,479
The analysis above includes the following transactions with the Generation segment:				
Electricity costs		168,777		161,942
Other operating expenses		2,596		2,596
		171,373		164,538

*Other operating expenses includes an allocation of computing and corporate costs.

Note 5: Intangible assets

All the computer software assets of Manawa Energy are shown in the table below. Although not all software assets are used exclusively by the Retail segment, most are, and so for simplicity all computer software assets have been disclosed in this section of the report.

	Customer Base Assets \$000	Computer Software \$000	Indefinite Life Goodwill \$000	Total \$000
Opening balance as at 1 April 2020				
Cost	83,336	110,491	4,171	197,998
Accumulated amortisation	(74,351)	(84,932)	-	(159,283)
	8,985	25,559	4,171	38,715
Additions at cost	-	9,917	-	9,917
Amortisation	(1,464)	(11,205)	-	(12,669)
Impairment	-	-	-	-
Disposals at net book value	-	-	-	-
Transfers	-	(497)	-	(497)
Closing balance as at 31 March 2021				
Cost	83,336	118,677	4,171	206,184
Accumulated amortisation	(75,815)	(94,903)	-	(170,718)
	7,521	23,774	4,171	35,466
Additions at cost	-	6,425	-	6,425
Amortisation	(1,392)	(12,949)	-	(14,341)
Impairment	-	-	-	-
Disposals at net book value	-	(347)	-	(347)
Transfers	-	(14)	-	(14)
Transferred to held for sale asset	(6,129)	(11,917)	(4,171)	(22,217)
Closing balance as at 31 March 2022				
Cost	77,207	9,895	-	87,102
Accumulated amortisation	(77,207)	(4,922)	-	(82,129)
	-	4,973	-	4,973

	2022 \$000	2021 \$000
Amortisation expense is attributable to:		
Continuing operations	2,776	5,134
Discontinued operations	11,565	7,535
	14,341	12,669

There are no individually material intangible assets.

Computer software

Manawa Energy capitalises the cost when it acquires a software licence or develops software which is expected to provide benefit over a number of years. Costs of bringing the software into operation are also capitalised. These costs can include employee costs and some overheads.

These costs are amortised evenly over the number of years it is expected the software will keep providing benefits. Generally this is three years but major billing software applications are spread over up to seven years.

Generation

This section details the generation operations of Manawa Energy.

Manawa Energy owns 445MW of mainly hydro generation assets throughout New Zealand. The Generation segment also includes irrigation assets as well as Manawa Energy's energy trading function. Manawa Energy also holds a 75% (2021: 75%) controlling interest in King Country Energy Limited, which owns an additional 53MW of hydro generation assets.

A generation profitability analysis is included in Note 6. This disclosure provides a detailed breakdown of the performance of Manawa Energy's generation operations.

This section includes the following notes:

- Note 6:** Generation Segment Profitability Analysis
- Note 7:** Property, Plant and Equipment
- Note 8:** Generation Critical Accounting Estimates and Judgements
- Note 9:** Generation Financial Risk Management
- Note 10:** Generation Commitments

Note 6: Generation segment profitability analysis

	2022 \$000	2021 \$000
Operating Revenue		
Electricity revenue	220,669	206,715
Irrigation revenue	11,873	12,949
Carbon revenue	8,545	3,142
Other operating revenue	5,559	4,480
	246,646	227,286
Operating Expenses		
Generation asset maintenance costs	26,508	21,753
Employee benefits	17,222	17,279
Other operating expenses including electricity hedge settlements	41,798	34,110
	85,528	73,142
EBITDAF	161,118	154,144
The analysis above includes the following transactions with the Retail segment:		
Electricity revenue	175,603	160,312
Electricity hedge settlements	(6,826)	1,630
Other operating revenue	2,596	2,596
	171,373	164,538

Generation development

An ongoing part of Manawa Energy's business is the development of new generation assets. All costs incurred prior to the commitment to build a new asset are expensed, including exploration, evaluation and consenting costs. In line with the recognition criteria set out in NZ IAS 16 Property, Plant and Equipment, all costs from the point of commitment are capitalised if appropriate (see note A5 for further details).

Emission units held for trading

Manawa Energy trades emission units for profit. Fair value movements in its trading inventory of emission units are recognised as Carbon revenue in the Income Statement. Manawa Energy meets the definition of a broker-trader, with regards to emission units, as defined in NZ IAS 2 Inventories because the units it has purchased were purchased with the intent to sell for a profit. Emissions units held for trading are measured at fair value. Changes in the fair value are recognised in the income statement within other revenue.

Manawa Energy's emission unit trading inventory of \$15,364,000 (2021: \$7,363,000) comprises 202,000 NZU emission units (2021: 199,000) valued at a closing market price of \$75.90 per unit (2021: \$37.00 per unit). The fair values were calculated based on the number of emissions units held for trading multiplied by the spot rate as at 31 March 2022. They are classified as level 1 fair values in the fair value hierarchy as emission units are traded in an active market and are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by Manawa Energy is the current fair value.

Note 7: Property, plant and equipment

While not all property, plant and equipment relates to Generation, almost all does and, for simplicity, all property, plant and equipment for Manawa Energy are included in this note.

	Generation Assets \$000	Other Land and Buildings \$000	Metering Equipment \$000	Other Plant and Equipment \$000	Total \$000
Opening balance as at 1 April 2020					
Fair Value	1,770,128	-	-	-	1,770,128
Cost	-	28,523	61	54,920	83,504
Capital work in progress	14,872	-	93	6,180	21,145
Accumulated depreciation	-	(1,388)	(55)	(36,922)	(38,365)
	1,785,000	27,135	99	24,178	1,836,412
Additions at cost					
Depreciation	(15,749)	(237)	(5)	(7,504)	(23,495)
Disposals at net book value	(143)	(148)	-	(122)	(413)
Revaluations	-	-	-	-	-
Transfers/impairments	(93)	150	(86)	348	319
Closing balance as at 31 March 2021					
Fair value	1,770,214	-	-	-	1,770,214
Cost	592	28,534	152	62,303	91,581
Capital work in progress	33,948	-	2	4,651	38,601
Accumulated depreciation	(16,381)	(1,624)	(60)	(43,181)	(61,246)
	1,788,373	26,910	94	23,773	1,839,150
Additions at cost					
Depreciation	(15,997)	(229)	(5)	(8,302)	(24,533)
Disposals at net book value	40	(56)	-	(181)	(197)
Revaluations	-	-	-	-	-
Transfers/impairments	517	(149)	3	(829)	(458)
Transferred to held for sale asset	-	(8,767)	-	(9,036)	(17,803)
Closing balance as at 31 March 2022					
Fair value	1,770,287	-	-	-	1,770,287
Cost	10,960	22,158	154	17,322	50,594
Capital work in progress	53,554	-	-	3,529	57,083
Accumulated depreciation	(32,297)	(799)	(65)	(7,860)	(41,021)
	1,802,504	21,359	89	12,991	1,836,943

	2022 \$000	2021 \$000
Depreciation expense is attributable to:		
Continuing operations	17,748	17,748
Discontinued operations	6,785	5,507
	24,533	23,255

Generation assets include land and buildings which are not separately identifiable from other generation assets. Generation assets were independently revalued, using a discounted cash flow methodology, as at 31 March 2020, to their estimated market value as assessed by Deloitte Corporate Finance. See note 8 for a description of the inputs used. See note A15 for historical cost information.

Property, Plant and Equipment

Generation assets are revalued, by independent external valuers, every three years or more frequently if there is evidence of a significant change in value. All other property, plant and equipment is stated at its original cost less depreciation and impairment.

Land is not depreciated. Depreciation on all other property, plant and equipment is calculated using the straight-line method at the following rates:

Freehold buildings	2%	Generation assets	0.5-8%
Metering equipment	5-15%	Plant and equipment	10-33%

Note 8: Generation critical accounting estimates and judgements

Fair value of generation property, plant and equipment

The valuation of Manawa Energy's generation assets is sensitive to the inputs used in the discounted cash flow valuation model. A sensitivity analysis around some key inputs is given in the table below. The valuation is based on a combination of values that are generally at the midpoint of the range. The valuation impact is calculated as the movement in the fair value as a result of the change in the assumption and keeping all other valuation inputs constant. At 31 March 2020, the overall valuation range was determined to be \$1,568,900,000 to \$2,001,000,000 and, while the mid-point is selected for revaluation purposes, any value within this range would be considered appropriate. The sensitivities around weighted average cost of capital and avoided cost of transmission have been used to create this overall range.

Note 8: Generation critical accounting estimates and judgements (continued)

Assumptions as at 31 March 2020	Low	High	Valuation Impact of Low/High Change in Assumption
Forward electricity price path	Decreasing in real terms from \$100/MWh to \$76/MWh by 2024. Thereafter held constant.	Decreasing in real terms from \$100/MWh to \$86/MWh by 2024. Thereafter held constant.	-/+ \$250,000,000
Inflation	1.0%	3.0%	-\$136,000,000 / +\$147,000,000
Generation volume	1,668GWh	2,205GWh	-/+ \$370,000,000
Avoided Cost of Transmission	70% reduction in revenue from 2025	30% reduction in revenue from 2025	-\$62,000,000 / +\$18,000,000
Operating costs	\$60,000,000 p.a.	\$73,000,000 p.a.	+/- \$123,000,000
Weighted average cost of capital	6.50%	7.50%	+\$196,000,000 / -\$160,000,000

Since the previous generation asset valuation at 31 March 2020 the Electricity Authority has announced its final Transmission Pricing Guidelines which would end Manawa Energy's avoided cost of transmission (ACOT) revenue from 1 April 2024. However elevated short term electricity future pricing and continued low interest rates are positive to value. Manawa Energy has conducted a detailed review of the carrying value of these assets in light of this new data and is comfortable that it sits within a reasonable fair value range. This review included the use of independent experts, who provided a revision of the forward price of electricity and Manawa Energy's weighted average cost of capital.

The net impact of the changes to the forward electricity price path (including the impact of higher, short term electricity future prices) is not material. The impacts of the removal of avoided cost of transmission revenue and a reduction in the weighted average cost of capital have materially offset each other. The assessed fair value range at 31 March 2022 is slightly narrower, and largely within the 31 March 2020 valuation range described above.

Some of these inputs are not based on inputs observable in the market, and so under NZ IFRS they are classified within level 3 of the fair value hierarchy. See note A17 for more information on the NZ IFRS fair value hierarchy.

Depreciation expense

Management judgement is involved in determining the useful lives of Manawa Energy's generation assets based on engineering knowledge and expertise. Longer life assets are subject to a greater degree of judgement.

Sensitivity analysis

If the estimated useful lives of generation assets were 10% higher/lower, operating profit for the year would have increased/(decreased) by \$1,454,000/\$(1,777,000) (2021: \$1,432,000/\$(1,750,000)).

Note 9: Generation financial risk management

Electricity Price Risk

Exposure to electricity price risk in New Zealand is largely mitigated by selling electricity to the retail segment. See note A23 for more detail. This risk management strategy assumes that the electricity wholesale market that currently operates in New Zealand will continue to do so in the future. There is a possibility that future regulatory intervention may fundamentally alter the structure of this market. The likelihood and potential impact of such a change is unquantifiable. However, such an occurrence would likely necessitate a change to Manawa Energy's electricity price risk management policies and require a review of assets and liabilities held at fair value where electricity price is a key assumption in their value.

Volume Risk

Over 99% of Manawa Energy's electricity generation is from renewable sources and, as such, varies due to weather. This risk is mitigated somewhat by operating in different regions of the country.

Damage to Generation Assets Risk

There is potential for Manawa Energy to sustain major losses through damage to its generation plant and the resulting loss of earnings. The major portion of this risk has been mitigated by taking out appropriate insurance policies with insurers of high creditworthiness. This insurance covers both the repair and or replacement of the plant as well as the lost earnings.

Climate Change Risk

Changing weather patterns due to climate change could increase the three risks listed above. The mitigations noted will still be the primary mitigations if this does occur. Yearly inflows are not expected to change significantly by 2050 but seasonal patterns may become more pronounced in the South Island. North Island inflows are not expected to change materially.

Note 10: Generation commitments

	2022 \$000	2021 \$000
Capital commitments	16,751	19,022

The capital commitments figure above is comprised of a number of capital projects across Manawa Energy's generation schemes. None of these projects is individually material.

Funding

This section explains how Manawa Energy is funded.

Manawa Energy is listed on the New Zealand Stock Exchange under the code MNW. Manawa Energy has over 12,000 shareholders, the two largest being Infratil Limited (51.0%) and TECT Holdings Limited (26.8%). Manawa Energy's debt comprises a combination of bank facilities and senior bonds that are listed on the New Zealand Stock Exchange.

This section includes the following notes:

- Note 11:** Borrowings
- Note 12:** Finance Income And Costs
- Note 13:** Share Capital
- Note 14:** Dividends On Ordinary Shares
- Note 15:** Imputation Credit Account
- Note 16:** Funding Financial Risk Management

Note 11: Borrowings

Senior bonds rank equally with bank loans.

Manawa Energy borrows under a negative pledge arrangement, which with limited exceptions does not permit Manawa Energy to grant any security interest over its assets. The negative pledge deed requires Manawa Energy to maintain certain levels of shareholders' funds and operate within defined performance and debt gearing ratios. The banking arrangements may also create restrictions over the sale or disposal of certain assets unless the bank loans are repaid or renegotiated. Throughout the period Manawa Energy has complied with all debt covenant requirements in these agreements. Certain Group companies, which represent over 90% of the Group's assets, form a guaranteeing group under the negative pledge arrangement where every member of the guaranteeing group guarantees the debt of every other member.

	2022	
	Unsecured Bank Loans \$000	Senior Bonds \$000
<i>Repayment terms:</i>		
Less than one year	185,107	127,734
One to two years	177,000	-
Two to five years	35,900	125,000
Over five years	-	100,000
Bond issue costs	-	(1,977)
	398,007	350,757
Current portion	180,107	127,734
Non-current portion	217,900	223,023
	398,007	350,757
<i>Undrawn facilities</i>		
Less than one year	55,000	-
One to two years	3,000	-
Two to five years	9,100	-
Over five years	-	-
	67,100	-
<i>Weighted average interest rate:</i>		
Less than one year	2.2%	4.0%
One to two years	2.4%	-
Two to five years	4.8%	3.4%
Over five years	-	4.0%
	2.5%	3.8%

Note 11: Borrowings (continued)

	2021	
	Unsecured Bank Loans \$000	Senior Bonds \$000
<i>Repayment terms:</i>		
Less than one year	75,126	83,046
One to two years	102,000	127,734
Two to five years	126,168	-
Over five years	-	225,000
Bond issue costs	-	(2,731)
	303,294	433,049
Current portion	30,126	83,046
Non-current portion	273,168	350,003
	303,294	433,049
<i>Undrawn facilities</i>		
Less than one year	5,000	-
One to two years	45,000	-
Two to five years	51,832	-
Over five years	-	-
	101,832	-
<i>Weighted average interest rate:</i>		
Less than one year	1.9%	5.6%
One to two years	1.9%	4.0%
Two to five years	1.6%	-
Over five years	-	3.6%
	1.8%	4.1%

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently recognised at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowings using the effective interest method. A loan that matures within a year will still be considered non-current if Manawa Energy has an unconditional right to refinance the loan through non-current undrawn facilities with the same lender.

The fair value of Manawa Energy's bank loans are not materially different to the carrying values above. At 31 March 2022 the senior bonds had a fair value of \$350,790,000 (31 March 2021: \$455,850,000). The bonds have been classified as level 1 in the fair value hierarchy, see note A17 for a definition of the levels.

Subsequent to balance date Manawa Energy Limited has repaid substantially all bank debt, and cancelled \$50,000,000 of facilities, following the sale of the mass market retail business (see note 2 for details). The remaining facilities have not been cancelled. There are sufficient funds and non-current undrawn facilities to repay all other current debt.

Manawa Energy has gearing and interest coverage debt covenants which it has complied with during the year and the period subsequent to balance date and is expected to remain compliant.

Note 12: Finance income and costs

	2022 \$000	2021 \$000
Amortisation of debt issue costs	753	842
Interest paid on unsecured bank loans	5,685	4,265
Interest paid on unsecured senior bonds	16,581	18,532
Interest paid on lease liabilities	22	27
Other interest costs and fees	5,863	5,896
Total Interest Expense	28,904	29,562
Interest received on cash at bank	330	541
Total Interest Income	330	541

There was no capitalised interest in the year to 31 March 2022 (2021: none).

Note 13: Share capital

	2022 000's of Shares	2021	2022 \$000	2021 \$000
Authorised and issued ordinary shares at beginning of period	312,973	312,973	2	2
	312,973	312,973	2	2

All shares rank equally with one vote per share, have no par value and are fully paid. The amount of share capital is increased or decreased by the amount paid or received when Manawa Energy buys or sells its own shares.

Note 14: Dividends on ordinary shares

	2022	2021	2022	2021
	Cents per share		\$000	\$000
Final dividend prior period	17.0	15.5	53,205	48,645
Interim dividend paid current period	17.0	17.0	53,205	53,346
Special dividend paid current period	1.5	–	4,695	–
	35.5	32.5	111,105	101,991
Final fully imputed dividend declared subsequent to the end of the reporting period payable 10 June 2022 to all shareholders on the register at 17 June 2022	16.0	17.0	50,076	53,205
Unimputed special dividend declared subsequent to the end of the reporting period payable 10 June 2022 to all shareholders on the register at 17 June 2022	35.0	1.5	109,541	4,695

Dividend Distribution

Dividends payable to Manawa Energy's shareholders are recognised as a liability in the financial statements in the period in which the dividend is approved by the Board.

Note 15: Imputation credit account

	2022	2021
	\$000	\$000
Imputation credits available for use in subsequent reporting periods	2,810	14,113

The above amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for imputation credits that will arise from the payment of the amount of taxation payable. The consolidated amounts include imputation credits that would be available to the parent if subsidiaries paid dividends.

Note 16: Funding financial risk management

Interest Rate Risk

All of Manawa Energy's bank facilities are on floating interest rates. Manawa Energy then uses Interest Rate Swaps (IRS) to fix most of the interest costs of the Group. This stabilises Manawa Energy's debt servicing costs. However for every dollar of debt protected against a potential rise in market interest rates, that same dollar is unable to take advantage

of a potential fall in market interest rates. Payments made or received by IRS are recognised as a part of "Interest paid on unsecured bank loans".

The amount of interest rate risk taken in the current and future years is managed in accordance with a Board approved Treasury Policy. The policy is independently reviewed every three years.

Liquidity Risk

The Group's ability to readily attract cost effective funding is largely driven by its credit standing.

Prudent liquidity risk management requires maintaining sufficient cash, marketable securities or unutilised committed credit facilities to provide cover for reasonably conceivable adverse conditions. The Group operates under a Board approved treasury policy which dictates the level of available committed facilities to be maintained. This is measured by forecasting debt levels under various adverse scenarios and comparing this to committed facility levels.

Refinancing Risk

From time to time Manawa Energy's debt facilities mature and need to be refinanced. There is a risk that this could occur during adverse market conditions resulting in increased interest rates or in extreme events an inability to refinance. The Treasury Policy requires a spread of debt maturities to minimise the impact of this risk should it occur. This is measured by the proportion of debt maturing in various time bands.

Credit Risk

Manawa Energy's banking facilities are with institutions that all have a Standard & Poor's long-term credit rating of A or higher.

Capital Risk Management Objectives

When managing capital, Manawa Energy's objectives are to ensure sufficient funds are available to pay liabilities when they fall due and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, Manawa Energy has discretion to adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Manawa Energy's primary measure for monitoring its capital structure is net debt to EBITDAF. This is calculated below:

	Note	2022	2021
		\$000	\$000
Net debt			
Unsecured bank debt	11	398,007	303,294
Unsecured senior bonds	11	350,757	433,049
Cash and cash equivalents		(9,382)	(6,091)
		739,382	730,252
EBITDAF (including discontinued operations)	A2	204,212	200,167

Note 16: Funding financial risk management (continued)

Net debt to EBITDAF	3.6	3.6
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Manawa Energy has a medium term target of maintaining its net debt to EBITDAF ratio to between 3.0 and 4.0.

As a secondary measure, Manawa Energy also monitors its gearing ratio. This ratio is calculated as net debt divided by net debt plus equity.

The gearing ratio is calculated below:

	2022 \$000	2021 \$000
Net debt	739,382	730,252
Equity		
Total equity	1,042,569	1,086,904
Remove net effect of fair value of financial instruments after tax	(19,583)	(69,254)
	1,022,986	1,017,650
Total capital funding	1,762,368	1,747,902
Gearing ratio	42%	42%

Tax, Related Party and Other Notes

This section details tax disclosures, contingent liabilities, operating lease commitments and related party transactions.

This section includes the following notes:

Note 17: Income Tax Expense

Note 18: Deferred Income Tax

Note 19: Income Tax Critical Accounting Estimates And Judgements

Note 20: Contingent Liabilities And Subsequent Events

Note 21: Related Party Transactions

Note 17: Income tax expense

	2022 \$000	2021 \$000
Profit from continuing operations before income tax	154,065	21,012
Profit from discontinued operations before income tax	16,315	20,000
	170,380	41,012
Tax on profit @ 28%	47,706	11,483
Tax effect of non-deductible expenditure	1,970	838
Income tax (over)/under provided in prior year	891	(2,046)
	50,567	10,275
Income tax expense is attributable to:		
Profit from continuing operations	45,999	4,675
Profit from discontinued operations	4,568	5,600
	50,567	10,275
<i>Represented by:</i>		
Current tax	43,757	19,178
Deferred tax	6,810	(8,903)
	50,567	10,275

The 28% tax rate used above is the corporate tax rate payable by New Zealand corporate entities on taxable profit under New Zealand tax law.

Note 18: Deferred income tax

	Note	2022 \$000	2021 \$000
Balance at beginning of year		234,647	219,724
Current year changes in temporary differences recognised in profit or loss	17	5,837	(7,977)
Current year changes in temporary differences recognised in other comprehensive income		(19,157)	23,826
Reclassification of prior year temporary differences	17	973	(926)
Transferred to held for sale liability	2	(749)	-
Total deferred tax liabilities		221,551	234,647

The tables below show the break down of the temporary differences that make up the deferred tax liabilities and their movement for the year.

For the year ended 31 March 2022	Opening Balance \$000	Recognised in Profit or Loss \$000	Recognised in Other Comprehensive Income \$000	Transferred to held for sale liability \$000	Closing Balance \$000
Revaluations	140,859	-	-	-	140,859
Other property, plant and equipment movements	65,826	712	-	-	66,538
Employee benefits	(3,006)	565	-	-	(2,441)
Provision for impairment	(1,074)	112	-	962	-
Customer base assets	2,081	(370)	-	(1,711)	-
Financial instruments	15,084	4,256	(19,157)	-	183
Other	14,877	1,535	-	-	16,412
	234,647	6,810	(19,157)	(749)	221,551

For the year ended 31 March 2021	Opening Balance \$000	Recognised in Profit or Loss \$000	Recognised in Other Comprehensive Income \$000	Closing Balance \$000
Revaluations	140,859	-	-	140,859
Other property, plant and equipment movements	65,490	336	-	65,826
Employee benefits	(3,629)	623	-	(3,006)
Provision for impairment	(1,176)	102	-	(1,074)
Customer base assets	2,431	(350)	-	2,081
Financial instruments	(1,834)	(6,908)	23,826	15,084
Other	17,583	(2,706)	-	14,877
	219,724	(8,903)	23,826	234,647

Note 19: Income tax critical accounting estimates and judgements

Income tax expense

Tax returns for Manawa Energy and the detailed calculations that are required for filing tax returns are not prepared until after the financial statements are prepared. Estimates of these calculations are made for the purpose of calculating income tax expense, current tax and deferred tax balances. Any difference between the final tax outcomes and the estimations made in previous years will affect current year balances.

Note 20: Contingent liabilities and subsequent events

The Group is not aware of any material contingent liabilities at balance date that have not been disclosed elsewhere in these financial statements (2021: nil).

The Group is not aware of any significant events that have occurred subsequent to balance date but prior to the signing of these financial statements that have not been disclosed elsewhere in these financial statements. A description of the completion of the sale of the mass market retail business, subsequent to balance date, is provided in note 2.

Note 21: Related party transactions

Key management personnel

The key management personnel compensation (including Directors' fees) is as follows:

	Note	2022 \$000	2021 \$000
Salaries and other employee benefits paid during the year		8,987	7,896
Fair value movements in cash settled, share based incentives	A14	(2,429)	(1,104)
		6,558	6,792

\$2,541,000 of this amount was unpaid at 31 March 2022 (2021: \$3,923,000).

Certain key managers participate in a cash settled, share based incentive scheme (refer to note A14).

Subsidiaries

King Country Energy Limited

Manawa Energy Limited owns 75.0% of the shares of King Country Energy Limited. King Country Energy Limited has contracted Manawa Energy Limited to provide generation asset operations and maintenance services. The total amount invoiced during the year was \$2,561,000 (2021: \$3,095,000).

Note 21: Related party transactions (continued)

Entities under common control

Tilt Renewables Limited

Like Manawa Energy, Tilt Renewables was controlled by Infracore Limited until 3 August 2021 (see below). Transactions with Tilt Renewables are summarised below:

	2022 \$000	2021 \$000
Purchases of electricity from Tilt Renewables	12,475	38,716
Revenue from generation dispatch services provided to Tilt Renewables	-	151

The sources of debt balances between Manawa Energy and Tilt Renewables are summarised below:

	2022 \$000	2021 \$000
Liability due to purchases of electricity	-	(1,895)
Asset due to revenue from generation dispatch services	-	30
	-	(1,865)

Vodafone New Zealand Limited

49.9% of Vodafone is owned by Infracore Limited (see below). Manawa Energy has entered into a number of contracts with Vodafone for the provision of telecommunications services. Some of these contracts are considered leases under NZ IFRS 16 (see note A25 for more details).

Transactions with Vodafone are summarised below:

	2022 \$000	2021 \$000
Lease payments	2,728	3,635
Purchase of telecommunications services	597	433
	3,325	4,068

The impact on Manawa Energy's balance sheet of the contracts deemed leases is summarised below:

	2022 \$000	2021 \$000
Right-of-use asset	902	3,614
Lease liability	(915)	(3,638)
Net assets	(13)	(24)

All the lease payments with Vodafone New Zealand Limited are part of the discontinued operation (see note 2), while the majority of the purchase of telecommunications services relates to continuing operations.

Shareholders

Manawa Energy is controlled by Infracore Limited (incorporated in New Zealand) which owns 51.0% (2021: 51.0%) of Manawa Energy Limited's voting shares. TECT Holdings Limited owns 26.8% (2021: 26.8%) and the residual balance of 22.2% (2021: 22.2%) is widely held.

Except as noted above, no transactions took place with related parties during the year. All transactions with related parties took place on an arm's length basis. No related party debts were forgiven or written off during the year (2021: nil). Except as noted above there are no amounts outstanding at 31 March 2022 (2021: nil).

Appendix

Note A1: Significant accounting policies index

Policy	Note
Basis of Preparation	1
Trade Receivables and Prepayments	A7
Contract Assets	A21
Property, Plant and Equipment	7
Intangible Assets	5
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Adoption Status of Relevant New Financial Reporting Standards and Interpretations	A20.5

Apart from note A20, accounting policies are denoted by the box surrounding them.

Note A2: Non-GAAP measures

Underlying Earnings after Tax

	Note	2022 \$000	2021 \$000
Profit after tax		119,813	30,737
Fair value losses / (gains) on financial instruments	A9	(43,442)	83,508
Adjustments before income tax		(43,442)	83,508
Change in income tax expense in relation to adjustments		12,164	(23,382)
Adjustments after income tax		(31,278)	60,126
Underlying Earnings After Tax		88,535	90,863
Underlying earnings after tax attributable to the shareholders of the Company		86,547	88,941
Underlying earnings after tax attributable to non-controlling interests		1,988	1,922

Underlying Earnings is a non-GAAP (Generally Accepted Accounting Principles) financial measure. Manawa Energy believes that this measure is an important additional financial measure to disclose as it excludes movements in the fair value of financial instruments which can be volatile year to year depending on movement in long term interest rate and or electricity future prices. Also excluded in this measure are items considered to be one off and not related to core business such as changes to the company tax rate or gain/impairment of generation assets. While asset impairments are likely to occur in the future, any individual impairment is due to one-off factors and is, therefore, considered a one-off cost. Underlying earnings does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements of Financial Instruments, Asset Impairments and Discount on Acquisition (EBITDAF)

EBITDAF is a non-GAAP financial measure but is commonly used within the electricity and telecommunications industries, and is used by Manawa Energy's management as a measure of performance as it shows the level of earnings before the impact of gearing levels and non-cash charges such as depreciation and amortisation. Market analysts use the measure as an input into company valuation and valuation metrics used to assess relative value and performance of companies across the sector. EBITDAF does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

Net Tangible Assets Per Share

See note A4 for more information.

Note A3: Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of Trustpower Limited by the weighted average number of ordinary shares on issue during the year.

	Note	2022	2021
Profit after tax from continuing operations attributable to the shareholders of the Company (\$000)		105,459	19,723
Weighted average number of ordinary shares on issue (thousands)	13	312,973	312,973
Basic and diluted earnings per share from continuing operations (cents per share)		33.7	6.3
Profit after tax from discontinuing operations attributable to the shareholders of the Company (\$000)		11,747	14,400
Weighted average number of ordinary shares on issue (thousands)		312,973	312,973
Basic and diluted earnings per share from discontinuing operations (cents per share)		3.8	4.6
Underlying earnings after tax attributable to the shareholders of the Company (\$000)	A2	86,547	88,941
Weighted average number of ordinary shares on issue (thousands)	13	312,973	312,973
Underlying earnings per share (cents per share)		27.7	28.4

Note A4: Net tangible assets per share

	Note	2022 \$000	2021 \$000
Total net assets		1,042,569	1,086,904
Less intangible assets (including capitalised customer acquisition costs)	21, 5	(4,973)	(83,921)
Less net tangible assets attributed to non-controlling interest		(20,756)	(21,504)
Net tangible assets attributed to shareholders		1,016,840	981,479
Number of ordinary shares on issue (thousands)	13	312,973	312,973
Net tangible assets per share (dollars per share)		3.25	3.14

Net tangible assets per share is a non-GAAP measure and Manawa Energy believes it provides useful additional information to readers. Net tangible assets per share is a required disclosure under the NZX Listing Rules.

Note A5: Other operating expenses

	Note	2022 \$000	2021 \$000
Remuneration of auditors	A6	729	644
Directors' fees		746	648
Donations		771	1,271
(Gain)/loss on foreign exchange		526	(15)
Generation development expenditure		535	1,328
Market fees and costs		2,175	2,190
Meter rental costs		2,581	2,669
Net gain on sale of property, plant and equipment		274	(125)
Computer maintenance and support costs		13,519	16,742
Other administration costs		5,159	(3,003)
		27,015	22,349

Note A6: Remuneration of auditors

During the year the following fees were payable to the auditors of Manawa Energy, PricewaterhouseCoopers:

	2022 \$000	2021 \$000
Audit and other assurance services		
Audit of financial statements	487	443
Other assurance services		
Audit of regulatory returns ¹	23	21
Review of half year financial statements	103	111
	613	575
Taxation services		
Tax compliance services ²	51	47
General tax advice	44	1
	95	48
Other services		
Agreed upon procedures over the financial information for King Country Energy Limited	21	21
	21	21
Total remuneration of PricewaterhouseCoopers	729	644

- Regulatory returns include assurance services surrounding the Manawa Energy Insurance Limited solvency return and telecommunications development levy.
- Tax compliance services relate to the review of income tax returns and tax related correspondence.

Note A7: Accounts receivable and prepayments

	Note	2022 \$000	2021 \$000
<i>Current Portion:</i>			
Trade receivables including unbilled sales		26,166	90,389
Provision for expected credit losses	A16	(81)	(3,834)
Electricity market receivables		21,840	5,095
Other receivables		9,273	8,356
GST receivable		3	137
Prepayments		3,221	2,800
		60,422	102,943

Trade Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for expected credit losses.

Collectability of trade receivables is reviewed on an ongoing basis including debts past due, but not considered impaired. Debts which are known to be uncollectible are written off. A provision for expected credit losses is established when the assessment under NZ IFRS 9 deems a provision is required (see note A16).

Note A8: Accounts payable and accruals

	2022 \$000	2021 \$000
Customer bond deposits	148	167
Electricity market payables	29,545	15,716
Employee entitlements	8,464	13,801
Interest accruals	2,148	1,738
GST payable	6,073	5,112
Other accounts payable and accruals	30,782	36,249
Trade accounts payable	32,697	36,853
	109,857	109,636

Accounts Payables and Accruals

Accounts payable and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Note A9: Fair value gains/(losses) on financial instruments

The changes in the fair value of financial instruments recognised in the income statement and the cash flow hedge reserve for the year to 31 March 2022 are summarised below:

Recognised in the income statement	Note	2022 \$000	2021 \$000
Interest rate derivatives		6,728	3,325
Ineffective portion transferred from cash flow hedge reserve	A16	–	17,407
Electricity price derivatives		36,714	(104,240)
		43,442	(83,508)

Recognised in the cash flow hedge reserve	Note	2022 \$000	2021 \$000
Electricity price derivatives		(68,407)	102,713
Ineffective portion transferred to income statement	A16	–	(17,407)
Exchange rate derivatives		(409)	(214)
		(68,816)	85,092

Note A10: Cash flow hedge reserve

	Note	2022 \$000	2021 \$000
Balance at beginning of year		69,254	7,987
Fair value (losses)/gains		(17,774)	103,369
Ineffective portion transferred to income statement	A16	–	(17,407)
Transfers to energy cost expense		(51,054)	(869)
		(68,828)	85,093
Tax on fair value losses/(gains)		4,862	(28,943)
Tax on ineffective portion transferred to income statement		–	4,874
Tax on transfers to energy cost expense		14,295	243
		19,157	(23,826)
		19,583	69,254

Note A11: Derivative financial instruments

	2022 \$000	2021 \$000
Current		
Interest rate derivative assets	72	–
Electricity price derivative assets	64,865	75,994
	64,937	75,994
Interest rate derivative liabilities	16	1,137
Electricity price derivative liabilities	47,258	85,781
Exchange rate derivative liabilities	273	193
	47,547	87,111
Non-current		
Interest rate derivative assets	3,185	4,216
Electricity price derivative assets	41,344	69,614
	44,529	73,830
Interest rate derivative liabilities	11,836	18,403
Electricity price derivative liabilities	55,901	35,953
Exchange rate derivative liabilities	362	21
	68,099	54,377

Note A12: Investments in subsidiaries

<i>Significant subsidiaries (31 March balance dates)</i>	Country of incorporation and place of business	% owned by Manawa Energy		Nature of business
		2022	2021	
Manawa Energy Generation Limited	New Zealand	100	100	Electricity and telecommunications retailing
King Country Energy Holdings Limited	New Zealand	100	100	Asset holding
King Country Energy Limited	New Zealand	75	75	Electricity generation
Manawa Energy Insurance Limited	New Zealand	100	100	Captive insurance

Except as noted under note 14 there are no other guarantees or restrictions that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the Group.

Note A13: Reconciliation of net cash from operating activities with profit after tax attributable to the shareholders

	2022 \$000	2021 \$000
Profit from continuing activities	108,066	16,337
<i>Items classified as investing/financing</i>		
Interest paid	27,741	28,758
Interest received	(330)	(541)
	27,411	28,217
<i>Non-cash items:</i>		
Amortisation of debt issue costs	753	842
Amortisation of intangible assets	2,776	5,134
Depreciation	17,748	17,988
Net gain on sale of property, plant and equipment	274	(125)
Other fixed and investment asset charges/(credits)	-	-
Movement in derivative financial instruments taken to the income statement	(43,442)	83,508
Decrease in deferred tax liability excluding transfers to reserves	6,810	(8,903)
	(15,081)	98,444
<i>Decrease/(increase) in working capital:</i>		
Accounts receivable and prepayments	(6,395)	(19,424)
Taxation payable/receivable	11,986	(23,642)
Accounts payable and accruals excluding capital expenditure accruals	3,362	12,998
	8,953	(30,068)
Operating cash flows generated from discontinued operations	32,633	48,392
Net cash from operating activities	161,982	161,322

Note A14: Employee share based compensation

Certain members of Manawa Energy's executive management team and other employees are eligible to receive payment under a cash settled share based payment scheme. The scheme is defined as follows:

Each tranche of the scheme covers a three year period. Key management personnel still employed by Manawa Energy at the end of each relevant period of the scheme are eligible to receive a bonus payment. For tranches issued in previous financial years, the sum of the payment is determined by the total shareholder return (TSR) of Manawa Energy compared to the companies that comprise the NZX 50 index on a notional number of allocated shares. Payment is only made if the TSR is greater than that of 50% of NZX50 companies and if TSR is greater than 0%. Additionally the scheme has a set maximum return above which no increase in the bonus is received by the participants.

For the tranche issued this financial year, 50% of the potential payment is determined by Manawa Energy's relative TSR in the same manner as the older tranches and 50% of the potential payment is determined by Manawa Energy's absolute TSR. The minimum TSR hurdles, below which no payment is made, are the same as the older tranches.

The fair value of the liability at 31 March 2022 has been determined by reference to Manawa Energy's and all other NZX 50 companies' current share price and expected dividends and share price movements with comparison to the share price at the start of the relevant period and adjusted to reflect the present value of these future expected cash flows.

For the year ended 31 March 2022 the total expense recognised in the income statement was (\$191,000) (2021: \$1,920,000) and the liability recognised in the statement of financial position as at 31 March 2022 was \$1,017,000 (2021: \$4,013,000).

Note A15: Property, plant and equipment at historical cost

If generation assets were stated on an historical cost basis, the amounts would be as follows:

	2022 \$000	2021 \$000
Generation assets (at cost)	1,051,348	1,021,737
Generation assets under construction (at cost)	53,554	33,948
Generation assets accumulated depreciation	(305,089)	(289,092)
	799,813	766,593

Note A16: Financial risk management

Financial risk management information that relates directly to the Retail and Generation segments has been included in notes 9 and A23.

(a) Liquidity Risk

The tables below analyse Manawa Energy's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the period end date. The amounts in the tables are contractual undiscounted cash flows.

As at 31 March 2022	Less than 1 month \$000	1-6 months \$000	6-12 months \$000	Over 1 year \$000
Net settled electricity price derivatives	-	33,407	13,981	55,978
Net settled interest rate derivatives	1,047	4,332	7,329	44,862
Accounts payable and accruals	107,709	-	-	-
Lease liabilities	465	-	-	-
Unsecured senior bonds	1,047	5,593	133,093	261,437
Unsecured bank loans	-	185,511	-	213,192
Total	110,268	228,843	154,404	575,469

As at 31 March 2021	Less than 1 month \$000	1-6 months \$000	6-12 months \$000	Over 1 year \$000
Net settled electricity price derivatives	11,157	61,881	17,433	24,980
Net settled interest rate derivatives	-	3,173	2,775	14,811
Accounts payable and accruals	107,898	-	-	-
Lease liabilities	750	3,688	4,355	30,592
Unsecured senior bonds	1,047	7,931	90,855	401,170
Unsecured bank loans	-	75,236	-	243,684
Total	120,852	151,908	115,417	715,237

(b) Interest Rate Risk

The aggregate notional principal amount of the outstanding interest rate derivative instruments at 31 March 2022 was \$393,000,000 (31 March 2021: \$452,500,000).

Interest payment transactions are expected to occur at various dates between one month and nine years from the end of the reporting period.

Weighted average interest rates for Manawa Energy are disclosed in note 11.

Sensitivity analysis

At 31 March 2022, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in interest rate derivative instruments.

	2022 \$000	2021 \$000
Decrease to profit of a 100 basis point decrease in interest rates	(806)	(716)
Increase to profit of a 100 basis point increase in interest rates	788	638
Decrease to equity of a 100 basis point decrease in interest rates	(806)	(716)
Increase to equity of a 100 basis point increase in interest rates	788	638

(c) Credit Risk

Manawa Energy applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on days past due. The expected loss rates are based on the payment profiles of sales over a 12 month period before 31 March 2022 and the corresponding historical credit losses during this period, adjusted for any significant known amounts that are not receivable.

On this basis the following table details the loss allowance at 31 March 2022:

	Less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0.3%	32.1%	90.9%	75.5%	
Gross carrying amount – trade receivables including unbilled sales (\$000)	85,121	798	282	3,529	89,729
Loss allowance	272	257	256	2,664	3,449

Movements in the provision for impairment of trade receivables are as follows:

	Note	2022 \$000	2021 \$000
Opening balance		3,834	4,200
Provision for receivables impairment		2,816	3,198
Bad debts written off		(3,201)	(3,564)
Transferred to held for sale liabilities	2	(3,368)	-
Closing balance		81	3,834

Note A16: Financial risk management (continued)

(d) Electricity Price Risk

Manawa Energy has elected to apply cash flow hedge accounting to those instruments it deems material and which qualify as cash flow hedges while immaterial contracts are not hedge accounted. The expected hedge ratio for hedge accounted instruments is 100% and therefore the change in the fair value of the hedged item used to determine hedge effectiveness is equal to the change in fair value of the hedge instruments.

The aggregate notional volume of the outstanding electricity derivatives at 31 March 2022 was 3,621 GWh (31 March 2021: 2,754 GWh).

The hedged anticipated electricity purchase transactions are expected to occur continuously throughout the next three years from the end of the reporting period consistent with Manawa Energy's forecast electricity generation and retail electricity sales. Gains and losses recognised in the cash flow hedge reserve on electricity derivatives as of 31 March 2022 will be continuously released to the income statement in each period in which the underlying purchase transactions are recognised in the income statement.

Sensitivity analysis

The following tables summarise the impact of increases/decreases of the relevant forward electricity prices on Manawa Energy's post-tax profit for the year and on other components of equity. The sensitivity analysis is based on the assumption that the relevant forward electricity prices had increased/decreased with all other variables held constant as a result of the fair value change in electricity price derivatives.

	2022 \$000	2021 \$000
Decrease to profit of a 10% increase in electricity forward price	(15,173)	(7,348)
Increase to profit of a 10% decrease in electricity forward price	15,173	7,469
Decrease to equity of a 10% increase in electricity forward price	(1,029)	14,210
Increase to equity of a 10% decrease in electricity forward price	1,029	(12,318)

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, electricity price hedges) is determined by using valuation techniques. Manawa Energy uses its judgement to select methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Manawa Energy has used discounted cash flow analysis for various electricity price hedges that are not traded in an active market. The forward curve is derived from a combination of market quoted prices and management's best estimates. The discount rate is assumed as the counterparty's cost of funds for the period of the instrument. See parts (b) and (d) of this note for sensitivity analysis.

Fair Values

Except for subordinated bonds and senior bonds (see note 11), the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

Note A17: Fair value measurement

Estimation of Fair Values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities are calculated using discounted cash flow analysis based on market-quoted rates.
- The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve (as described below); and
- discount rates.

Valuation Input	Source
Interest rate forward price curve to value interest rate swaps	Published market swap rates
Foreign exchange forward prices to value foreign exchange contracts	Published spot foreign exchange rates and interest rate differentials
Electricity forward price curve to value electricity price derivative instruments	Market quoted prices where available and the Directors' best estimate based on their view of the long run marginal cost of new generation where no market quoted prices are available.
Discount rate for valuing interest rate derivatives	Published market interest rates as applicable to the remaining life of the instrument adjusted by the cost of credit of the counterparty for assets and the cost of credit of Manawa Energy for liabilities.
Discount rate for valuing forward foreign exchange contracts	Published market interest rates as applicable to the remaining life of the instrument adjusted by the cost of credit of the counterparty for assets and the cost of credit of Manawa Energy for liabilities.
Discount rate for valuing electricity price derivatives	Assumed counterparty cost of funds ranging from 3.1% to 3.8%

If the discount rate for valuing electricity price derivatives increased/decreased by 1% then the fair value of the electricity price derivatives would have decreased/increased by \$13.612m.

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. See earlier in this note for sensitivity analysis.

Note A17: Fair value measurement (continued)

NZ IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy which represents the level of judgement and estimation applied in valuing the instrument:

- 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).

There were no transfers between level 1, 2 and 3 assets or liabilities within the fair value hierarchy (2021: none).

The following tables present Manawa Energy's financial assets and liabilities that are measured at fair value.

As at 31 March 2022	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets per the statement of financial position				
Interest rate derivative assets	-	3,257	-	3,257
Electricity price derivative assets	-	-	106,209	106,209
Exchange rate derivative assets	-	-	-	-
	-	3,257	106,209	109,466
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	11,852	-	11,852
Electricity price derivative liabilities	-	-	103,159	103,159
Exchange rate derivative liabilities	-	635	-	635
	-	12,487	103,159	115,646
As at 31 March 2021				
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets per the statement of financial position				
Interest rate derivative assets	-	4,216	-	4,216
Electricity price derivative assets	-	-	145,608	145,608
Exchange rate derivative assets	-	-	-	-
	-	4,216	145,608	149,824
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	19,540	-	19,540
Electricity price derivative liabilities	-	-	121,734	121,734
Exchange rate derivative liabilities	-	214	-	214
	-	19,754	121,734	141,488

The following tables present the changes during the year of the level 3 instruments being electricity price derivatives.

	2022 \$000	2021 \$000
Assets per the statement of financial position		
Opening balance	145,608	28,173
Gains and (losses) recognised in profit or loss		
Realised in energy cost expense	9,929	5,119
Unrealised	18,796	12,315
Gains and (losses) recognised in other comprehensive income		
Realised in energy cost expense	51,054	1,005
Unrealised	(119,178)	98,996
Closing balance	106,209	145,608
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	39,853	131,482
Liabilities per the statement of financial position		
Opening balance	121,734	2,754
(Gains) and losses recognised in profit or loss		
Realised in energy cost expense	(35,790)	(21,541)
Unrealised	17,425	115,681
(Gains) and losses recognised in other comprehensive income		
Realised in energy cost expense	-	(136)
Unrealised	(210)	24,976
Closing balance	103,159	121,734
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	67,073	92,199
Settlements during the year	30,931	(18,769)

Electricity price derivatives are classified as Level 3 because the assumed location factors which are used to adjust the forward price path are unobservable.

A sensitivity analysis showing the effect on the value of the electricity price derivatives of reasonably possible alternative price path assumptions is shown in section (d) of note A16.

Note A18: Financial instruments by category

As at 31 March 2022	Note	Assets at amortised cost \$000	Assets at fair value through profit or loss \$000	Assets at fair value through other comprehensive income \$000
Assets per the statement of financial position				
Derivative financial instruments		–	64,068	45,398
Trade and other receivables excluding prepayments	A7	57,201	–	–
Cash and cash equivalents		9,382	–	–
Electricity market security deposits		64,826	–	–
Loan receivable		–	–	–
		131,409	64,068	45,398

As at 31 March 2021	Note	Assets at amortised cost \$000	Assets at fair value through profit or loss \$000	Assets at fair value through other comprehensive income \$000
Assets per the statement of financial position				
Derivative financial instruments		–	46,739	103,085
Trade and other receivables excluding prepayments	A7	107,506	–	–
Cash and cash equivalents		6,091	–	–
Electricity market security deposits		95,899	–	–
Loan receivable		7,333	–	–
		216,829	46,739	103,085

As at 31 March 2022	Note	Liabilities at fair value through profit or loss \$000	Derivatives used for hedging \$000	Other financial liabilities at amortised cost \$000
Liabilities per the statement of financial position				
Unsecured bank loans including bank overdrafts	11	–	–	398,007
Unsecured senior bonds	11	–	–	350,757
Lease liabilities	A25	–	–	–
Derivative financial instruments		115,010	636	–
Trade and other payables	A8	–	–	109,857
		115,010	636	858,621

As at 31 March 2021	Note	Liabilities at fair value through profit or loss \$000	Derivatives used for hedging \$000	Other financial liabilities at amortised cost \$000
Liabilities per the statement of financial position				
Unsecured bank loans including bank overdrafts	11	–	–	303,294
Unsecured senior bonds	11	–	–	433,049
Lease liabilities	A25	–	–	33,372
Derivative financial instruments		134,588	6,900	–
Trade and other payables	A8	–	–	109,636
		134,588	6,900	879,351

See notes A16 and A17 for details on fair value estimation and details of the hedge relationships.

Note A19: Electricity market security deposits

Manawa Energy manages its electricity price risk by entering various hedge agreements (see notes A16 and A24 for further details). Some of these hedge agreements are traded on the New Zealand electricity futures market operated by the Australian Stock Exchange (ASX). Manawa Energy is required to deposit funds to a level that ensures that the fair value of all open trades can be settled at any point. Consequently this balance is larger when the fair value of the open ASX trades is lower and vice versa.

Note A20: Supplementary accounting information

A20.1 Cash Flow Statement

The following are the definitions used in the cash flow statement:

- cash is considered to be cash on hand and deposits held at call with banks, net of bank overdrafts
- operating activities include all activities that are not investing or financing activities
- investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, intangible assets and investments in subsidiaries
- financing activities are those activities, which result in changes in the size and composition of the capital structure of the Group.

This includes both equity and debt not falling within the definition of cash. Dividends paid in relation to the capital structure are included in financing activities.

A20.2 Foreign Currency Translation

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 the entity operates ('the functional currency'). The consolidated financial statements are presented in New Zealand currency units (NZD), which is Manawa Energy's functional and presentation currency.

A20.3 Revenue Recognition Policy

Revenue comprises the fair value of consideration received or receivable for the sale of electricity, gas, telecommunications and related services in the ordinary course of the Group's activities.

Electricity and gas revenue

Customer consumption of electricity and gas is measured and billed by calendar month for half hourly metered customers and in line with meter reading schedules for non-half hourly metered customers. Accordingly revenues from electricity and gas sales include an estimated accrual for units sold but not billed at the end of the reporting period for non-half hourly metered customers (see note A22 for more details).

Telecommunications revenue

Customer consumption of telecommunications services is measured and billed according to monthly billing cycles. Accordingly revenues from telecommunications services provided include an estimated accrual for services provided but not billed at the end of the reporting period.

Bundled revenue including revenue allocated to customer incentives

Manawa Energy currently offers new customers goods, including appliances and modems, as an incentive to enter into a contract for electricity and telecommunications services. Under NZ IFRS 15, these incentives are considered performance obligations in their own right and a proportion of the revenue expected to be received over the contract period is allocated to these physical goods proportionately to their stand alone selling price. This revenue is recognised immediately and a capitalised customer acquisition cost asset is recorded on the statement of financial position (refer note 4 for more details).

Revenue is recognised at a point in time for the good, no revenue is recognised over the contract as appliance revenue. The capitalised asset is expensed during the contractual period to telecommunications and electricity revenue. Where a bundle of services is provided to a customer and a discount is provided for one of those services, the discount is allocated to each distinct performance obligation based on the relative stand alone selling price of those services.

Discounts

Where a discount is offered for prompt payment revenue is initially recognised net of estimated discount based on accumulated experience used to estimate the amount of discounts taken by customers.

There are no significant timing differences between the payment terms and this policy.

Other operating revenue

Other revenue is recognised when the service is provided. No individual component of other revenue is material.

A20.4 Customer Base Assets Policy

From time to time Manawa Energy acquires customer bases from other energy supply companies. These costs are recorded as customer base intangible assets and only arise from a business combination as defined in NZ IFRS 3. The costs of acquiring individual customers as part of its day to day business are treated in accordance with its revenue recognition policy (see note A21). The customer bases are reduced (amortised) evenly over a 12 to 20 year period.

Each year an internal forecast is performed to determine whether the number of years the customer bases are amortising over is reasonable and also to ensure the total amount of the cost remaining is not too high. All customer base assets are now considered held for sale (see note 2).

A20.5 Adoption Status of Relevant New Financial Reporting Standards and Interpretations

There are no NZ IFRSs or NZ IFRIC interpretations that are not yet effective that would be expected to have a material impact on Manawa Energy.

Note A21: Capitalised customer acquisition costs

	2022 \$000	2021 \$000
Opening balance	48,455	55,398
Additions	40,923	39,283
Amortisation to electricity revenue	(24,411)	(26,098)
Amortisation to telecommunications revenue	(11,850)	(12,679)
Amortisation to marketing and acquisition costs	(5,966)	(7,449)
Transferred to held for sale asset	(47,151)	-
Closing balance	-	48,455
Current portion	-	34,959
Non-current portion	-	13,496
	-	48,455

Capitalised Customer Acquisition Costs

Manawa Energy capitalises incremental costs directly attributable to the acquisition of a new mass market customer, such as upfront discounts and sales agent commissions. Costs that directly benefited the customer are amortised over the period of the fixed term contract, as a discount to revenue. All other costs, sales agent commissions for example, are amortised on a straight line basis over the expected average customer tenure of 4.5 years as an operating expense.

Note: These assets are considered held for sale. See Note 2 for more details.

Note A22: Retail critical accounting estimates and judgements

Unbilled sales estimate

Electricity and gas meters are read on a progressive basis throughout the period. This means that at balance date, except for large customers, nearly every customer will have used electricity or gas since their last meter reading but have not been billed for it. Manawa Energy therefore estimates the amount of unbilled electricity or gas.

This estimate is then used in the calculation of:

- Electricity and gas revenue
- Electricity and gas purchases
- Line costs paid to network companies for the use of their networks and the national grid

This estimate is based on units bought from the wholesale electricity and gas markets as well as historical factors. Manawa Energy considers the estimate to be accurate as it:

- is prepared on an individual customer by customer basis
- is used consistently across both revenue and costs so therefore only impacts on the gross margin
- uses a well-established process based on each individual customer's historical data where this is available.

Even if there were a large error in the estimate, ten per cent for example, the impact on operating profit would be immaterial. If the estimated unbilled units had been 10% higher/lower, operating profit for the year would have (decreased)/increased by \$43,000/\$(43,000) (2021: (decreased)/increased by \$(621,000)/\$621,000).

Contract asset amortisation expense

Management judgement is involved in determining the expected average customer tenure over which certain capitalised customer acquisition costs are amortised. The appropriate period is reviewed at each balance date and considers actual churn over the past 12 months and any changes in churn between acquisition campaigns.

Note A23: Retail financial risk management

Risk management is carried out under policies approved by the Board.

Energy Price Risk

In New Zealand there is a wholesale electricity market that sets the price of electricity every half hour. This market is very volatile and the prices can vary significantly. Price volatility also exists for wholesale gas purchases and transmission, however gas price risk is much less significant to Manawa Energy than electricity price risk.

Manawa Energy sells energy on the retail market in two ways; firstly to "spot" customers who are charged based on the wholesale price (electricity customers only) and secondly "fixed price" customers who are sold energy (electricity and gas) at an agreed fixed price.

There is no electricity price risk with the spot customers. However if Manawa Energy was required to purchase energy from the wholesale spot market to supply its fixed price customers there is a risk that the price paid for the energy could exceed the revenue received. Manawa Energy manages this risk by:

- Generating its own electricity
- Buying energy from other parties at a fixed price
- Entering hedge agreements which fix the price paid for energy on the wholesale market.

Consequently these measures limit the amount of energy purchased which is exposed to spot pricing. Manawa Energy's Energy Trading Policy sets limits around the amount of fixed exposure permissible now and into the future.

Manawa Energy's electricity price risk is managed by Generation on behalf of Retail. Generation sells electricity to Retail at a fixed price under terms equivalent to those used by independent generators and retailers. The price paid is benchmarked against actual transactions with independent generators as well as prices quoted by the ASX electricity market.

Note A23: Retail financial risk management (continued)

Retail Credit Risk

Manawa Energy has no significant concentrations of credit risk in its Retail business (2021: none). It has policies in place to ensure that sales are only made to customers with an appropriate credit history. Where a potential customer does not have a suitable credit history a bond is required before the customer is accepted. Manawa Energy's Credit Policy ensures that all counterparties with which Manawa Energy has electricity price hedging in place are assigned a credit limit and that potential exposure does not exceed that limit.

Manawa Energy has around 1,000 customers (2021: 1,000). The largest single customer accounts for 1 per cent (2021: 1 per cent) of Manawa Energy's total accounts receivable. Included in other accounts payable and accruals (refer to note A8) is \$148,000 (2021: \$167,000) of bonds collected from customers who do not meet credit criteria.

Debtors that are unlikely to pay the money they owe Manawa Energy are not included as an asset in the balance sheet. This provision for expected credit losses, established following the guidance on NZ IFRS 9, is \$3,433,000 (2021: \$3,834,000). See notes A7 and A16(c) for further detail.

Note A24: Retail commitments

Electricity Purchase Commitments

Manawa Energy has contracts to purchase the future electricity output of a variety of generation stations. Their value is subject to variable inflows, shutdowns due to planned and unplanned maintenance, price reset mechanisms and location factor risk.

Counterparty	Type of generation
Eastland Networks Limited	Waihi Hydro station
Rotokawa Generation Limited	Rotokawa geothermal power station
Amethyst Hydro Limited	Hydropower station
Ngawha Generation Limited	Geothermal power station
Mercury NZ Limited	Wind farms
Barrhill Chertsey Irrigation JV	Hydropower stations

Note A25: Leases

Lease payments are discounted at Manawa Energy's incremental borrowing rate at the date the lease was entered. The weighted average incremental borrowing rate applied to lease liabilities was 3.7%.

	Note	2022 \$000	2021 \$000
Right-of-use assets			
Opening Balance		32,248	35,455
Additions		3,931	5,971
Depreciation		(8,606)	(9,178)
Transferred to held for sale asset	2	(27,573)	-
		-	32,248
Lease liabilities			
Opening Balance		33,372	36,100
Additions		3,931	5,971
Payments – Building		(3,689)	(3,470)
Payments – Telecommunications Equipment		(5,720)	(6,438)
Payments – Other		(129)	(102)
Interest		1,220	1,311
Transferred to held for sale liability	2	(28,985)	-
		-	33,372
Lease liabilities			
Current liabilities		-	7,669
Non-current liabilities		-	25,703
		-	33,372

Right-of-use assets are depreciated on a straight line basis over the life of the lease. The current rates are:
Buildings 8-41% Telecommunications equipment 32-70% Other 33%

The leases for buildings relate to a variety of office space throughout New Zealand. The leases for telecommunications equipment includes contracts where Manawa Energy has exclusive use over an asset or an identifiable part of that asset. These leases impose no restrictions or covenants on Manawa Energy.

Any extension options are at Manawa Energy's discretion.

Statutory Information

Interests register

The Company is required to maintain an Interests Register in which particulars of certain transactions and matters involving the Directors must be recorded.

The matters set out below were recorded in the Interests Register of the Company during the financial year.

During the financial year to 31 March 2022 there were four director resignations: Susan Peterson and David Prentice (both effective September 2021), Keith Turner (effective October 2021), and David Gibson (effective March 2022).

Three directors were appointed during the year: Joanna Breare and Sheridan Broadbent (both effective September 2021), and Michael Smith (effective November 2021). All other directors were directors for the entire year.

General notice of interest by Directors

The Directors of the Company during the financial year have declared interests in the following identified entities as at 31 March 2022.

Director	Interest	Entity
Paul Morton Ridley-Smith	Director	Arvida Group Limited
	Shareholder	Morrison & Co Group Limited Partnership
	Employee	HRL Morrison & Co Limited
Kevin Maxwell Baker	Director	Infracore Infrastructure Property Limited
	Director and Shareholder	Fenn Lanes Consultants Limited
	Shareholder	Morrison & Co Group Ltd Partnership
	Consultant	Morrison & Co
Joanna Breare	Chair	Venture Taranaki Trust
Sheridan Broadbent	Chair	Kordia Group Limited
	Director	Cloudsource Holding Ltd, trading as SaferMe
	Deputy Chair	New Zealand Business Leaders' Health and Safety Forum
	Member	Department of Prime Minister and Cabinet (DPMC) Cyber Security Advisory Committee (CSAC) (This advisory board role is a 6-month engagement)
	Chair Elect	Pipeline and Civil Ltd
Peter John Coman	Director	Bay Radiology Limited
	Director	Bay Echo Limited
	Director	Breast Screen Bay of Plenty Limited
	Director	Medex Radiology Limited
	Director	Wellington International Airport
	Director	Morrison and Co PIP Limited
	Director	Morrison and Co PPP GP 2 Limited
	Director	Morrison and Co PPP GO 3 Limited
	Director	Morrison and Co PPP GP SE Limited
	Director	Morrison and Co Employee Co-Invest (PIP 2) Limited
	Director	Morrison and Co Employee Co-Invest (PIP 3) Limited
	Director	Morrison and Co Property Investments Limited
	Director	Pacific Radiology Group Limited
	Director	RHC Bidco NZ Limited
	Director	RHC Holdco NZ Limited
Director	RHC Midco NZ Limited	
Director	Woodward Infrastructure Limited	

Director	Interest	Entity
Peter John Coman (continued)	Director	PIP Holding Company Pty Limited
	Director	PIP Melbourne Company Pty Limited
	Director	Infracore Infrastructure Property Limited
	Director	RA (Holdings) 2014 Pty Limited
	Director	RA 2014 Pty Limited
	Director	Auckland MRI Limited
	Director	Auckland Radiology Group Services Limited
	Shareholder	Morrison & Co Group Limited Partnership
	Employee	HRL Morrison & Co Limited
Michael John Smith	Chair	Custodial Services Ltd
	Chair	Craigs Investment Partners Superannuation Management Ltd
	Chair	First Mortgage Managers Ltd
	Chair	Golf New Zealand Inc
	Chair	Pathology Associates Ltd
	Director	Genera Ltd
	Director	Trustpower Ltd
	David Gibson (ceased date 26 March 2022)	Director
Director		Rangatira Limited
Director		NZME
Director		Goodman (NZ) Limited
Director		Goodman Property Aggregated Limited
Director		Freightways Limited
David James Prentice (ceased date 22 September 2021)	Chief Executive	Trustpower Limited
	Director	Trustpower Metering Ltd (100% Trustpower Ltd subsidiary)
	Director	Trustpower Insurance Ltd (100% Trustpower Ltd subsidiary)
	Director	Hopsta Limited (formerly Energy Direct NZ Ltd) (100% Trustpower Ltd subsidiary)
	Director	King Country Energy Holdings Ltd (100% Trustpower Ltd subsidiary)
	Advisor	Gore District Council – Capital Works Committee
	Board Advisor	Antarctica NZ – Scott Base Development Project
	Chair	MartinJenkins
Susan Ruth Peterson (ceased date 22 September 2021)	Director	Craigs Investment Partners
	Director	Xero Limited
	Director	Property for Industry Limited
	Chair	Vista Group International Limited
	Director	P.F.I. Property No. 1 Limited
	Director	Board of Arvida Group Limited (ARV – NZX)
	Trustee	Global Women
	Keith Sharman Turner (ceased date 31 October 2021)	Director
Chair		Dam Watch
Chair		Milford Opportunities
Chair		Ministry of Environment Audit and Risk Committee
Member		To MBIE and SDC on wind turbines for Stewart Island
PIF Reviewer		State Services Commission

Information used by Directors

During the financial year there were no notices from Directors of the Company requesting to disclose or use Company information received in their capacity as Directors which would not otherwise have been available to them.

Directors' Fees

The following fee structure was in place for the full financial year:

Position	Current annual fee \$
Chair	180,000
Director	95,000
Chair Audit & Risk Committee	20,000
Member Audit & Risk Committee	-
Chair People & Remuneration Committee	15,000
Member People & Remuneration Committee	-
Chair Governance & Nominations Committee	15,000
Member Governance & Nominations Committee	-
Chair Manawa Energy Insurance Limited	5,000
Total fee payable	805,000

The Board's view is that the structure reflects the expectation that all directors participate in the governance of the company outside the formal board process as well as recognising the additional responsibilities associated with being chair of the Board or of a committee.

Directors holding office and their remuneration

During the year to 31 March 2022 there were four director resignations: Susan Peterson and David Prentice (both effective September 2021), Keith Turner (effective October 2021), and David Gibson (effective March 2022).

Three directors were appointed during the year: Joanna Breare and Sheridan Broadbent (both effective September 2021), and Michael Smith (effective November 2021). All other directors were directors for the entire year.

The Directors holding office during the year to 31 March 2022 are listed below. The total amount of the remuneration and other benefits received by each Director during the financial year, and responsibility held, is listed next to their names.

Director	Base Fee	Audit and Risk Committee Chair	People and Remuneration Committee Chair	Governance and Nominations Committee Chair	Manawa Energy Insurance Limited Chair	Total Remuneration FY22	Total Remuneration FY21
Kevin Baker*	95,000	10,411	-	-	-	105,411	85,500
Peter Coman	95,000	-	-	-	-	95,000	35,625
David Gibson**	93,699	-	7,603	14,795	-	116,096	56,688
Sam Knowles	-	-	-	-	-	-	38,931
Susan Peterson	45,548	9,589	7,192	-	-	62,329	111,000
Paul Ridley-Smith	180,000	-	-	-	-	180,000	162,000
Geoffrey Swier	-	-	-	-	-	-	68,256
Keith Turner	55,699	-	-	-	2,932	58,630	90,000
Joanna Breare	45,548	-	205	-	2,068	47,822	-
Sheridan Broadbent	45,548	-	-	205	-	45,753	-
Michael Smith	34,616	-	-	-	-	34,616	-
	690,658	20,000	15,000	15,000	5,000	745,658	648,000

Remuneration reflects director appointments and resignations in FY22 as set out at the top of the page.

* Kevin Baker replaced Susan Peterson as the Chair of the Audit & Risk Committee on 22 September 2021.

** David Gibson replaced Susan Peterson as Chair of the People & Remuneration Committee and Chair of the Governance & Nominations Committee on 22 September 2021.

Details of remuneration paid to non-executive directors of Manawa Energy subsidiaries for FY22 are as follows:

Subsidiary	Non-executive directors	Total Remuneration (director)	Total remuneration (consulting services)
King Country Energy Limited	Kevin Palmer*	\$8,750	\$34,350
	Peter Calderwood*	\$6,250	\$36,075
	Robert Carter	\$36,250	

*No additional director fees were paid whilst Peter Calderwood and Kevin Palmer were employees of Manawa Energy Limited (those employment relationships terminated on 31 January 2022). The fourth column represents payments made pursuant to an agreement between Manawa Energy and each non-executive director for consultancy services from 1 February to 31 March 2022 for services other than the non-executive director's role as a director of the subsidiary.

Number of meetings held/attended for the year ended 31 March 2022

Director	Board meeting	A&R Committee	P&R Committee	G&N Committee	Independent Directors meetings	Comments
Total meetings held	11	7	5	2	6	
Peter Coman	10	5	-	-	-	
Kevin Baker	11	7	-	-	-	
David Gibson	11	5	5	2	4	Director resigned effective 26 March 2022
Susan Peterson	6	4	3	1	-	Director resigned effective 22 September 2021
Paul Ridley-Smith	11	-	5	1	-	
Michael Smith	3	-	-	-	6	Appointed 18 November 2021
David Prentice	6	-	-	-	-	Director resigned effective 22 September 2021
Keith Turner	6	-	-	-	-	Director resigned effective 31 October 2021
Joanna Breare	5	3	2	-	6	Effective 22 September 2021
Sheridan Broadbent	5	3	-	1	6	Effective 22 September 2021

Overall remuneration philosophy

We depend heavily on our people to deliver strong performance for our stakeholders. We have a comprehensive strategy that is designed to attract the best people we can and to retain them in our business. Our approach to remunerating our people, and rewarding them for delivering desired business performance and long-term value, is a key component of this strategy.

Our remuneration philosophy is designed to achieve these goals:

- We have the right people in the business who add the most value – we attract and retain talent
- We reward the work and behaviours linked to our strategy
- The remuneration process is transparent and well understood
- We pay fairly for the complexity of each role
- Pay does not become a pain point (this includes monitoring for gender equality)

- We trust our managers to make good decisions and have the right conversations with their people
- Flexibility in the system to allow for our varying business needs, locations, and performance of the company against agreed financial targets
- Acknowledging that performance motivation is not driven by pay alone

The Board has established a People and Remuneration Committee to assist it in developing and implementing its remuneration philosophy. The committee charter and remuneration policy is available at <https://www.manawaenergy.co.nz/governance-documents>.

Remuneration components

There are three components to employee remuneration; fixed remuneration, pay for performance remuneration and other benefits.

Fixed remuneration

Fixed remuneration is determined based on the role responsibilities, individual performance and experience, and available market remuneration data.

Pay for performance remuneration

Pay for performance remuneration comprises short-term incentives (cash), and long-term incentives (paid in shares).

Short-term incentives (STIs)

The STIs for FY22 are based 50% on employee performance and 50% based on company performance. Employee performance is measured against key performance indicators (KPIs) linked directly to the employee's role. Company performance was based on:

- Maintaining stable business operations in the retail and generation businesses while preparing for the completion of the sales transaction; and
- Preparing the retail business for sale and setting up a stand alone generation business. Employees receive STIs of up to 20% or 40% of their salary depending on seniority within the Company.

The Board approves executive balanced scorecard objectives, company financial performance targets and outcomes on an annual basis. The Board retains the right to adjust any STI at its absolute discretion and may if it chooses not pay any STI payments at all.

Long-term incentives (LTIs)

The long-term incentive is based on Manawa Energy's relative and absolute shareholder return over a three-year period. Eligible employees are issued a notional share parcel equivalent in value to the share price at the start of the scheme. Employees generally receive parcels of notional shares at the Board's discretion depending on seniority.

The LTI structure was amended in 2021 and Manawa Energy has two tranches live under the previous scheme. Under the previous LTI scheme, no payment is paid unless Manawa Energy's Total Share Holder Return (TSR) is in the top half of all NZX50 companies and the TSR is greater than 0% over the three-year period. Half of the value of the notional share parcel is paid if Manawa Energy is at the 50th percentile and the full value of the notional share parcel payable if Manawa Energy's TSR is at or above the 80th percentile, with intermediate calculation on a straight-line basis. The bonus is settled in cash, and employees are required to use the net after tax proceeds to acquire Manawa Energy shares. The Board retains an overall discretion as to the structure of the LTI and the quantum of LTI issued each year.

From 2021 the LTI continues to include the same payment gate as the previous scheme, but payment is now split payment is 50/50 between relative TSR and absolute TSR performance as outlined below:

- Relative TSR: 50% of the value of the notional share parcel paid if Manawa Energy is at the 50th percentile and the full value of the notional share parcel payable if Manawa Energy TSR is at or above the 80th percentile, and
- Absolute TSR: 50% of the value of the notional share parcel paid if Manawa Energy has a TSR of 24.23% for the tranche issued in 2021 and the full value of the notional share parcel payable if Manawa Energy's TSR is 48.47% or greater for the tranche issued in 2021. The absolute TSR thresholds are set for each tranche at the time of issue and may vary year on year.

Each with intermediate calculations on a straight-line basis.

Chief Executive's remuneration

The remuneration paid to Mr Prentice as Chief Executive was as follows:

Total Fixed Remuneration	\$900,920.00
Short Term Incentive*	\$111,562.50
Long Term Incentive**	Plan F (2019-22) vests end of May 2022
Total	\$1,012,482.50

Mr Prentice is paid a base salary of \$850,000 per annum, plus Kiwisaver at 3% of that base, which makes up his total fixed remuneration. Mr Prentice's Total Remuneration includes a Short-Term Incentive at 20% of base salary and LTI bonus at 25% of base salary in the format described above. Mr Prentice moved from a fixed term agreement to a permanent agreement from 1 July 2021. Mr Prentice's remuneration will be next revised effective 1 April 2024.

* The Short-Term incentive is a discretionary scheme based on the achievement of KPIs. Maximum potential set at 20% of base salary.

50% of company shared KPIs:

- Maintain stable retail and generation operations
- If a sale occurs, successfully transition the retail business and establish a Genco business.

50% based on individual KPIs including executive capability, leadership of the sale process, strategy development, establishment of Manawa Energy, health and safety performance and financial outcomes.

For FY22 The Board awarded Mr Prentice 100% for the company shared KPIs (50%) and 75% of the individual KPIs (50%)

**Long-term incentive (LTI) information is provided (on pages 126 and 127).

Employee remuneration

During the financial year the number of employees or former employees (including employees holding office as directors of subsidiaries) who received remuneration and other benefits in their capacity as employees of the Company and its subsidiaries, the value of which was or exceeded \$100,000 per annum is shown in the following table.

The value of remuneration benefits analysed includes:

- fixed remuneration including allowance/overtime payments
- employer superannuation contributions

- short-term cash incentives relating to FY21 performance but paid in FY22
- the value of equity-based long term incentives paid during FY22
- redundancy and other payments made on termination of employment.

The figures do not include amounts paid post 31 March 2022 that relate to the financial year ended 31 March 2022.

Further details of the remuneration of the Chief Executive can be found in the table above.

Salary band	Continuing employees	Discontinued employees	Total
\$100,000 to \$109,999	34	2	36
\$110,000 to \$119,999	35	2	37
\$120,000 to \$129,999	28	1	29
\$130,000 to \$139,999	21	3	24
\$140,000 to \$149,999	26	1	27
\$150,000 to \$159,999	13	0	13
\$160,000 to \$169,999	11	1	12
\$170,000 to \$179,999	9	0	9
\$180,000 to \$189,999	4	0	4
\$190,000 to \$199,999	3	0	3
\$200,000 to \$209,999	2	0	2
\$210,000 to \$219,999	1	0	1
\$220,000 to \$229,999	4	0	4
\$230,000 to \$239,999	0	1	1
\$240,000 to \$249,999	4	0	4
\$250,000 to \$259,999	2	0	2
\$260,000 to \$269,999	1	0	1
\$270,000 to \$279,999	0	1	1
\$310,000 to \$319,999	0	1	1
\$330,000 to \$339,999	0	1	1
\$480,000 to \$489,999	1	0	1
\$500,000 to \$509,999	0	1	1
\$640,000 to \$649,999	1	0	1
\$700,000 to \$709,999	0	1	1
\$720,000 to \$729,999	1	0	1
\$800,000 to \$809,999	1	0	1
\$890,000 to \$899,999	1	0	1
\$930,000 to \$939,999	1	0	1
\$1,320,000 to \$1,329,999	0	1	1
\$1,980,000 to \$1,989,999	0	1	1
Total	204	18	222

Indemnification and Insurance of Directors and Executives

During the financial year the Company paid insurance premiums in respect of Directors' and certain executive employees' liability insurance, as permitted by the Company's Constitution and the Companies Act 1993. The policies do not specify the premium for individuals. This insurance extends to Directors and certain executive employees acting in the capacity of a director or on behalf of a subsidiary or related company.

The Directors' and executive employees' liability insurance provides cover against costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their capacity as director or executive employee unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

The Company has entered into deeds of indemnity in respect of each Director, and member of the Executive Team whereby each such director and executive employee is indemnified against the types of liability and costs described above, as permitted by the Company's Constitution and the Companies Act 1993*.

The Company has also entered into deeds of indemnities with certain Manawa Energy officers acting as representatives on boards of other entities.

King Country Energy Limited has entered into deeds of indemnity with directors and certain employees and has effected professional indemnity insurance for these individuals.

Subsidiary Company Directors

Set out below are details of the Directors of Manawa Energy's subsidiaries as at 31 March 2022.

Director as at 31 March 2022	Manawa Energy Company
Peter Calderwood	King Country Energy Limited
Robert Carter	King Country Energy limited
Kevin Palmer	King Country Energy Limited
David Prentice	Trustpower Metering Limited (renamed Manawa Energy Metering Limited)
	Trustpower Insurance Limited (renamed Manawa Energy Insurance Limited)
	Manawa Energy Limited (renamed Manawa Energy Generation Limited)
	King Country Energy Holdings Limited
Joanna Breare	Trustpower Insurance Limited (renamed Manawa Energy Insurance Limited)

The remuneration and other benefits received by employees acting as directors of subsidiaries during the financial year is disclosed in the relevant bandings for employee remuneration. Remuneration paid to directors acting as directors of subsidiary companies is included under the directors' fees section.

*Deeds of indemnity were entered into with Joanna Breare, Sheridan Broadbent and Michael Smith on appointment to the Board.

General Notice of Interests by Directors of Subsidiary Companies

Director	Interest	Entity
Peter Calderwood	Independent Contractor	Manawa Energy Limited
	Director/shareholder	Calderwood Advisory Limited
	Board member	ERANZ
Kevin Palmer	Independent Contractor	Manawa Energy Limited
Robert Carter	Trustee	King Country Trust
David Prentice**	Chief Executive	Manawa Energy Limited
Joanna Breare**		

**Refer General Notice of Interests by Directors on page 124.

Information Used by Directors of Subsidiaries

During the financial year there were no notices from directors of subsidiary companies requesting to disclose or use subsidiary company information received in their capacity as directors which would not otherwise have been available to them.

Directors' Transactions and Relevant Interests in Securities of the Company

The relevant interests of Directors in securities of the Company as at 31 March 2022 are listed below.

Director	Class of Security	Interests in Trustpower Limited		Interests in Associated Companies
		Number Held at 31 March 2022	Number Held at 31 March 2021	Infratil Limited Number Held at 31 March 2022
Kevin Baker	Ordinary Shares	-	-	518,935
	Bonds	-	-	925,000
Peter Coman	Ordinary Shares	-	-	270,769
Sheridan Broadbent	Ordinary Shares	2,084	-	5,727
Paul Ridley-Smith	Ordinary Shares	-	-	77,711
	Bonds	-	-	609,500
Joanna Breare	Ordinary Shares	-	-	-
Michael Smith	Ordinary Shares	-	-	-

The Company was not advised of any security transactions in the Company by any Director during the year.

Security Holder Information

Substantial security holders

The Company's register of substantial security holders recorded the following information as at 31 March 2022.

As at 31 March 2022, Manawa Energy Limited had 312,973,000 ordinary shares on issue.

Security Holder	Class of Security	Number
Infratil Limited	Shares	159,776,889
TECT Holdings Limited	Shares	83,878,838

Spread of holders as at 3 May 2022

Shares	Holders	%	Shares	%
1 to 999	1,658	14.2%	783,421	0.3%
1,000 to 1,999	1,902	16.3%	2,325,130	0.7%
2,000 to 4,999	6,472	55.4%	15,866,363	5.1%
5,000 to 9,999	972	8.3%	6,333,874	2.0%
10,000 to 49,999	592	5.0%	10,191,355	3.3%
50,000 to 99,999	41	0.4%	2,744,207	0.9%
100,000 to 499,999	23	0.2%	4,354,233	1.4%
500,000 to 999,999	9	0.1%	6,409,291	2.0%
1,000,000 plus	11	0.1%	263,965,126	84.3%
	11,680	100.0%	312,973,000	100.0%

Senior Bonds	Holders	%	Senior Bonds	%
5,000 to 9,999	323	12.4%	1,854,000	0.5%
10,000 to 49,999	1,859	71.6%	36,989,000	10.5%
50,000 to 99,999	242	9.3%	14,215,000	4.0%
100,000 to 499,999	128	4.9%	20,882,000	5.9%
500,000 to 999,999	12	0.5%	7,610,000	2.2%
1,000,000 plus	34	1.3%	271,184,000	76.9%
	2,598	100.0%	352,734,000	100.0%

Shares	Holders	%	Shares	%
New Zealand	11,393	98.6%	308,608,582	97.5%
Australia	191	1.1%	3,505,373	1.6%
United Kingdom	29	0.0%	46,959	0.2%
United States of America	18	0.2%	678,474	0.3%
Other	49	0.1%	133,612	0.4%
	11,680	100.0%	312,973,000	100.0%

Senior Bonds	Holders	%	Shares	%
New Zealand	2,574	97.9%	345,401,000	99.1%
Australia	10	2.0%	6,937,000	0.4%
United Kingdom	4	0.0%	76,000	0.1%
United States of America	4	0.0%	205,000	0.2%
Other	6	0.1%	115,000	0.2%
	2,598	100.0%	352,734,000	100.0%

Voting rights

Every shareholder present in person, by proxy or by representative, on a vote by voices or a show of hands has one vote, and on a poll has one vote for each fully paid share held. Shares held as treasury stock do not have voting rights.

Stock exchange listing

The Company's shares are listed on the NZSX and its senior bonds are listed on the NZDX.

Current credit rating status

Manawa Energy Limited does not currently have an external credit rating.

Current NZX waivers

Manawa Energy does not have any current NZX waivers

NZX disciplinary action

There has been no action taken by NZX in relation to the Company under Listing Rule 9.9.3.

Largest Security Holders (as at 3 May 2022)

Rank	Holder Name	Shares	%
1	Infratil Limited	159,776,889	51.05%
2	TECT Holdings Limited	83,878,838	26.80%
3	Custodial Services Limited	5,273,540	1.68%
4	Hobson Wealth Custodian Limited	4,394,335	1.40%
5	Citibank Nominees (New Zealand) Limited	3,035,673	0.97%
6	HSBC Nominees A/C NZ Superannuation Fund Nominees Limited	2,775,305	0.89%
7	Accident Compensation Corporation	1,917,135	0.61%
8	New Zealand Depository Nominee Limited	1,463,490	0.47%
9	Public Trust Class 10 Nominees Limited	1,250,067	0.40%
10	JBWere (NZ) Nominees Limited	1,107,127	0.35%
11	HSBC Nominees (New Zealand) Limited	861,588	0.28%
12	Generate Kiwisaver Public Trust Nominees Limited	823,741	0.26%
13	BNP Paribas Nominees (NZ) Limited	822,619	0.26%
14	FNZ Custodians Limited	635,396	0.20%
15	Hobson Wealth Custodian Limited	603,629	0.19%
16	Forsyth Barr Custodians Limited	598,695	0.19%
17	Clyde Parker Holland & Rena Holland	596,000	0.19%
18	Simplicity Nominees Limited	560,350	0.18%
19	Tea Custodians Limited Client Property Trust Account	388,632	0.12%
20	FNZ Custodians Limited	364,604	0.12%
		271,127,653	86.63%

Largest Bond Holders (as at 3 May 2022)

Rank	Holder Name	Bonds	%
1	Custodial Services Limited	85,838,000	24.34%
2	FNZ Custodians Limited	28,166,000	7.99%
3	Forsyth Barr Custodians Limited	26,814,000	7.60%
4	Hobson Wealth Custodian Limited	14,392,000	4.08%
5	Tea Custodians Limited Client Property Trust Account	10,694,000	3.03%
6	Forsyth Barr Custodians Limited (Account 1 E)	5,766,000	1.63%
7	JBWere (NZ) Nominees Limited (NZ Resident A/C)	4,450,000	1.26%
8	Generate Kiwisaver Public Trust Nominees Limited	3,798,000	1.08%
9	Commonwealth Bank Of Australia	3,664,000	1.04%
10	Citibank Nominees (New Zealand) Limited	3,560,000	1.01%
11	Mint Nominees Limited	3,126,000	0.89%
12	FNZ Custodians Limited	3,040,000	0.86%
13	JBWere (NZ) Nominees Limited (NR USA A/C)	1,800,000	0.51%
14	JBWere (NZ) Nominees Limited (56413 A/C)	1,200,000	0.34%
15	Investment Custodial Services Limited	1,128,000	0.32%
16	ANZ Custodial Services New Zealand Limited	1,078,000	0.31%
17	JBWere (NZ) Nominees Limited (57937 A/C)	1,002,000	0.28%
18	Hobson Wealth Custodian Limited (AIL Cash Account)	830,000	0.24%
19	Hugh McCracken Ensor	750,000	0.21%
20	Hobson Wealth Custodian Limited (Equities DTA Account)	700,000	0.20%
		201,796,000	57.22%

Sustainability Disclosures

Task Force on Climate Related Financial Disclosures (TCFD)

Disclosure	Page No.
Describe the board's oversight of climate-related risks and opportunities.	pages 81-82 Managing Risk and Auditing section pages 83-84 Our Board Committees
Describe management's role in assessing and managing climate-related risks and opportunities.	pages 81-82 Managing Risk and Auditing section
Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	page 58-60 Spotlight on climate change section
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	page 58-59 Spotlight on climate change section
Describe the organisation's processes for identifying and assessing climate-related risks.	pages 81-82 Managing Risk and Auditing section
Describe the organisation's processes for managing climate related risks	pages 81-82 Managing Risk and Auditing section
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	pages 58-60
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	page 58
Disclose Scope 1, 2 and if appropriate 3 greenhouse gas (GHG) emissions.	page 131

Greenhouse Gas Emissions FY22

Greenhouse gas (GHG) emissions were measured for the Manawa Energy business across FY22. Reporting uses tonnes of carbon dioxide released per kilowatt hour of energy produced to measure its emission intensity. This metric is widely used throughout the electricity generation industry. Adapted under the GHG protocol, our emissions are classified under the following scopes:

- Direct GHG emissions (Scope 1): emissions from sources that are owned or controlled by our business, e.g. our fleet emissions or generation emissions.
- Indirect GHG emissions (Scope 2): emissions from our purchased/used electricity consumed by our business, e.g. our electricity bill.
- Indirect GHG emissions (Scope 3): emissions from sources our business uses but does not own or control, e.g. travel emissions.

The emission reporting for FY22 covers Scope 1 and 2 greenhouse gas emissions, and some Scope 3 emissions most relevant to our business.

In calculating Scope 3 emissions, it excludes emissions sources implied from the purchase of electricity through the ASX, from the wholesale electricity market and/or through various power purchase agreements.

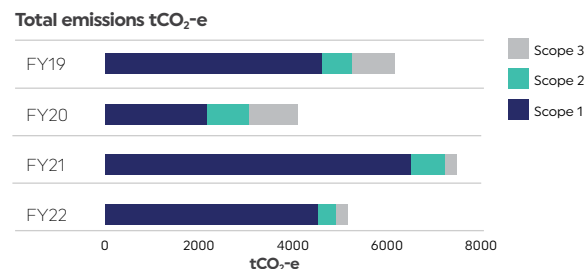
Overall emissions are largely made up of Scope 1 emissions, primarily due to fuel consumption associated with our Bream Bay diesel peaking station. This asset provides fast-start power generation for times when New Zealand's electricity supply is weak due to low inflows or wind. Corresponding market prices encourage this form of generation to ensure the supply of power is secure and uninterrupted.

Total emissions for FY22 were significantly lower than FY21, but higher than FY20. Scope 1 accounts for 88% of Manawa Energy's overall emissions, with Bream Bay accounting for 57.8% of total emissions. Scope 2 accounts for 7.7% and Scope 3 for 4.4%. See Figure 1 (below).

Scope 1 emissions are the largest source of emissions for FY22, with the majority coming from our Bream Bay diesel peaking station. Due to market conditions and maintenance requirements, emissions from Bream Bay were halved in FY22 compared to FY21. Our fleet usage was up in FY22, which was likely due to easing COVID travel restrictions. Our Scope 2 emissions were reduced in FY22 compared to FY21 partly due to less electricity consumed at our Highbank Station. Scope 3 emissions were, on balance, similar between FY21 and FY22.

In the year ahead we will be setting emissions reduction targets and a plan to support this, taking into account the refreshed scope and context of the Manawa Energy business and its strategic aspirations.

Figure 1.



Directory

Board of Directors

Paul Ridley-Smith (Chair)
Kevin Baker
Joanna Breare
Sheridan Broadbent
Peter Coman
Michael Smith

Registered office

108 Durham Street
Tauranga 3110

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Tauranga Mail Centre
Tauranga 3110
Telephone: 0800 35 35 35

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Investor enquiries

investor.relations@manawaenergy.co.nz

Website

www.manawaenergy.co.nz

Auditors

PricewaterhouseCoopers
15 Customs Street West
Auckland 1142

Share registrar

Computershare Investor
Services Limited
159 Hurstmere Road
Takapuna

Private Bag 92119
Auckland 1142

Telephone: 09 488 8700
Facsimile: 09 488 8787

Shareholders with enquiries about transactions,
change of address
or dividend payments should contact
the Share Registrar.

Stock exchange listing

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Level 2 NZX Centre
11 Cable Street
Wellington 6011







MANAWA ENERGY

manawaenergy.co.nz