



MANAWA ENERGY

Powering Aotearoa New Zealand

FY24 INTERIM RESULTS
13 NOVEMBER 2023

Manawa Energy Limited and subsidiaries

About these interim financial statements

The reporting entity is the consolidated group comprising Manawa Energy Limited and its subsidiaries together referred to as 'Manawa Energy'.

The financial statements are presented for the half year ended 30 September 2023.

Manawa Energy 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.

Manawa Energy 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 Conduct Act 2013.

The financial statements were authorised on behalf of the Manawa Energy Board of Directors on 13 November 2023.



Deion Campbell
Chair
Manawa Energy



Sheridan Broadbent
Chair, Audit & Risk Committee
Manawa Energy

Key metrics

For the six months ended 30 September

	2023	2022	2021	2020	2019
Net Profit After Tax (\$M)	56	391	115	34	39
Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements of Financial Instruments and Asset Impairments (EBITDAF)* excluding discontinued operations (\$M)	78	70	106	92	107
Total EBITDAF* (\$M)	77	73	122	110	107
Underlying earnings after tax* (\$M)	39	35	59	53	49
Basic earnings per share (cents per share)	17	124	35	11	12
Underlying earnings per share (cents per share)	12	11	19	17	16
Dividends paid during the period (cents per share)	8.5	51.0	18.5	15.5	32.0
Net debt to annualised EBITDAF	2.8	3.1	2.7	3.0	3.0
Net tangible assets per share (dollars per share)	4.2	4.0	3.4	3.4	3.7
Commercial & Industrial Sales					
Time of use sales – fixed price (GWh)	202	210	206	250	418
Time of use sales – spot price (GWh)	334	371	427	428	546
Total commercial & industrial customer sales (GWh)	536	581	633	678	964
Load weighted average price before hedging (\$/MWh)	106	149	217	135	120
Generation Production and Procurement					
North Island hydro generation production (GWh)	550	545	446	410	479
South Island hydro generation production (GWh)	560	431	554	535	510
Total New Zealand generation production (GWh)	1,110	976	1,000	945	989
Generation weighted average price before hedging (\$/MWh)	108	124	208	135	117

*EBITDAF and Underlying earnings after tax are non-GAAP measures, refer to [note 2](#) for more details.

Income Statement

consolidated for the six months ended 30 September 2023

Continuing Operations	Note	Unaudited 6 Months September 2023 \$000	Unaudited 6 Months September 2022 \$000
Operating Revenue			
Retail electricity revenue - fixed price		48,181	39,982
Retail electricity revenue - spot price		57,605	73,149
Wholesale electricity revenue		106,000	116,127
Other operating revenue		5,858	3,477
		217,644	232,735
Operating Expenses			
Line costs		30,146	29,764
Electricity costs		58,968	86,004
Generation asset maintenance costs		15,333	11,834
Employee benefits		18,257	17,554
Generation development expenditure		1,829	942
Other operating expenses		15,276	16,669
		139,809	162,767
Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements of Financial Instruments and Asset Impairments (EBITDAF)*	2	77,835	69,968
Net fair value (gains)/losses on financial instruments	6	(23,554)	(10,347)
Amortisation of intangible assets		600	455
Depreciation		9,570	9,185
Operating Profit		91,219	70,675

Interest paid		12,998	12,215
Interest received		(282)	(272)
Net finance costs		12,716	11,943
Profit Before Income Tax		78,503	58,732
Income tax expense		21,982	17,722
Profit From Continuing Operations		56,521	41,010
(Loss)/Profit from Discontinued Operations	12	(612)	349,786
Profit After Tax		55,909	390,796
Profit after tax attributable to the shareholders of the Company		53,961	388,796
Profit after tax attributable to non-controlling interests		1,948	2,000
Basic and diluted earnings per share from continuing operations (cents per share)		17.4	12.5
Basic and diluted earnings per share from discontinued operations (cents per share)		(0.2)	111.8
		17.2	124.3

The Board of Manawa Energy Limited authorised these Interim Financial Statements for issue on 13 November 2023.

*EBITDAF is a non-GAAP measure. Refer to [note 2](#) for more information.

Statement of Comprehensive Income

consolidated for the six months ended 30 September 2023

	Unaudited 6 Months September 2023 \$000	Unaudited 6 Months September 2022 \$000
Profit after tax	55,909	390,796
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss:		
Fair value gains/(losses) on cash flow hedges	52,540	(20,830)
Tax effect of the following:		
Fair value gains/(losses) on cash flow hedges	(14,711)	5,947
Total Other Comprehensive Income	37,829	(14,883)
Total Comprehensive Income	93,738	375,913
Attributable to shareholders of the Company	91,790	373,913
Attributable to non-controlling interests	1,948	2,000
Total comprehensive income attributable to shareholders of the Company arises from:		
Continuing operations	92,402	24,127
Discontinued operations	(612)	349,786

Statement of Changes in Equity

consolidated for the six months ended 30 September 2023

	Note	Share capital \$000	Revaluation reserve \$000	Cash flow hedge reserve \$000	Retained earnings \$000	Total Shareholder's Equity \$000	Non- controlling interest \$000	Total Equity \$000
Opening balance as at 1 April 2022		2	732,898	19,583	273,573	1,026,056	16,513	1,042,569
Total comprehensive income for the period		-	-	(14,883)	388,796	373,913	2,000	375,913
<i>Transactions with owners recorded directly in equity</i>								
Dividends paid		-	-	-	(159,616)	(159,616)	(250)	(159,866)
Total transactions with owners recorded directly in equity		-	-	-	(159,616)	(159,616)	(250)	(159,866)
Unaudited closing balance as at 30 September 2022		2	732,898	4,700	502,753	1,240,353	18,263	1,258,616
Opening balance as at 1 April 2023		2	695,776	19,930	530,320	1,246,028	22,901	1,268,929
Total comprehensive income for the period		-	-	37,829	53,961	91,790	1,948	93,738
<i>Transactions with owners recorded directly in equity</i>								
Dividends paid	4	-	-	-	(26,603)	(26,603)	(824)	(27,427)
Total transactions with owners recorded directly in equity		-	-	-	(26,603)	(26,603)	(824)	(27,427)
Unaudited closing balance as at 30 September 2023		2	695,776	57,759	557,678	1,311,215	24,025	1,335,240

Consolidated Statement of Financial Position

as at 30 September 2023

	Note	Unaudited September 2023 \$'000	Audited March 2023 \$'000
Equity			
<i>Capital and reserves attributable to shareholders of the Company</i>			
Share capital		2	2
Revaluation reserve		695,776	695,776
Retained earnings		557,678	530,320
Cash flow hedge reserve		57,759	19,930
Non-controlling interests		24,025	22,901
Total Equity		1,335,240	1,268,929
<i>Represented by:</i>			
Current Assets			
Cash at bank		10,297	2,805
Electricity market security deposits		23,174	45,837
Accounts receivable and prepayments		80,361	60,084
Assets held for sale	11	14,407	-
Emission units held for trading		5,313	8,199
Derivative financial instruments		27,920	22,163
		161,472	139,088
Non Current Assets			
Property, plant and equipment		1,823,681	1,817,073
Right-of-use assets		1,935	2,542
Derivative financial instruments		193,902	143,455
Other investments		3	-
Intangible assets		2,089	2,215
		2,021,610	1,965,285
Total Assets		2,183,082	2,104,373

Current Liabilities			
Accounts payable and accruals		81,697	60,292
Unsecured bank loans	3	-	51,580
Lease liabilities		1,006	1,199
Derivative financial instruments		38,454	36,828
Taxation payable		3,436	8,005
		124,593	157,904
Non Current Liabilities			
Unsecured bank loans	3	73,365	23,050
Unsecured senior bonds	3	372,297	371,955
Lease liabilities		895	1,352
Derivative financial instruments		50,074	71,592
Deferred tax liability		226,618	209,591
		723,249	677,540
Total Liabilities		847,842	835,444
Net Assets		1,335,240	1,268,929

Cash Flow Statement

consolidated for the six months ended 30 September 2023

	Note	Unaudited 6 Months September 2023 \$000	Unaudited 6 Months September 2022 \$000
Cash Flows from Operating Activities			
<i>Cash was provided from:</i>			
Receipts from customers		200,359	270,963
		200,359	270,963
<i>Cash was applied to:</i>			
Payments to suppliers and employees		118,991	230,805
Taxation paid		23,971	11,790
		142,962	242,595
Net cash flow (to)/from operating activities generated by discontinued operation		–	(27,718)
Net Cash Flow from Operating Activities	7	57,937	650
Cash Flows from Investing Activities			
<i>Cash was provided from:</i>			
Sale of property, plant and equipment		983	–
Return of electricity market security deposits		39,150	112,775
Interest received		282	272
		40,415	113,047
<i>Cash was applied to:</i>			
Lodgement of electricity market security deposits		16,487	113,312
Purchase of property, plant and equipment		30,990	13,641
Purchase of intangible assets		472	757
		47,949	127,710

Net cash flow from investing activities generated by discontinued operation	–	464,992
Net Cash Flow used in Investing Activities	(7,534)	450,329
Cash Flows from Financing Activities		
<i>Cash was provided from:</i>		
Bank loan proceeds	2,500	–
Senior bond issue proceeds	–	100,000
	2,500	100,000
<i>Cash was applied to:</i>		
Bond brokerage costs	–	1,627
Repayment of bank loans	3,764	353,364
Interest paid	13,526	11,261
Repayment of lease liability	154	964
Dividends paid to owners of the Company	26,603	159,366
Dividends paid to non-controlling shareholders in subsidiary companies	824	250
	44,871	526,832
Net cash flow from/(to) financing activities generated by discontinued operation	–	(89)
Net Cash Flow used in Financing Activities	(42,371)	(426,921)
Net Decrease in Cash, Cash Equivalents and Bank Overdraft	7,492	24,058
Cash, cash equivalents and bank overdrafts at beginning of the period	2,805	9,382
Cash, Cash Equivalents and Bank Overdrafts at End of the Period	10,297	33,440

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 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.

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 half year ended 30 September 2023.

Basis of preparation

These unaudited condensed interim financial statements have been prepared for the six months ended 30 September 2023. These financial statements provide an update on the interim performance of Manawa Energy, and should be read in conjunction with the full year financial statements presented for the year ended 31 March 2023 from which the same accounting policies and methods of computation have been followed.

The interim financial statements are prepared in accordance with:

- NZ IAS 34 *Interim Financial Reporting*.
- Generally Accepted Accounting Practice (GAAP).
- The accounting policies and methods of computation in the most recent annual financial statements.
- The Financial Markets Conduct Act 2013, and NZX equity listing rules.
- New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS), International Financial Reporting Standards (IFRS) and other applicable New Zealand Financial Reporting Standards, as appropriate for profit oriented entities.

In preparing the financial statements we have:

- Recorded all transactions at the actual amount incurred (historical cost convention), except for generation assets, emission units held for trading, and derivatives which are recorded at fair value.
- Reported in 'New Zealand Dollars' (NZD) rounded to the nearest thousand.

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

- fair value of Manawa Energy's generation assets
- fair value of derivatives and other financial instruments, particularly the electricity price CFD with Mercury NZ Limited.

Seasonality

Manawa Energy's business is subject to seasonality due to seasonal differences in hydrology, the demand for electricity and the wholesale electricity price. Given volatility from year to year it is not possible to quantify the impact of this seasonality.

Generation asset valuation

Manawa Energy last revalued its assets at 31 March 2023. An updated forecast of wholesale electricity prices and an updated assessment of Manawa Energy's weighted average cost of capital has been prepared and, along with latest cost forecast assumptions, the appropriateness of the carrying value has been reviewed at 30 September 2023. As a result of this analysis, the Directors have concluded that the carrying value sits within a reasonable fair value range.

Revenue

Manawa Energy receives electricity revenue from two sales channels. Retail electricity revenue is received from commercial and industrial customers for the supply of electricity to their premises. Wholesale electricity revenue is received from the spot electricity market for Manawa Energy's own generation production and includes electricity price derivative settlements.

Operating segment

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and for which operating results are regularly reviewed by the entity's chief operating decision maker and for which discrete financial information is available. Manawa Energy's Board of Directors has been identified as the chief operating decision maker for the purpose of segmental reporting. Manawa Energy has determined that it operates in one segment which is the generation and sale of electricity in New Zealand. The determination is based on the reports reviewed by the Board in assessing performance, allocating resources and making strategic decisions. All of Manawa Energy's operations are provided in New Zealand, therefore no geographic information is provided. A portfolio of electricity hedges are used to manage the combined generation revenue and cost of the commercial and industrial customers.

FINANCIAL PERFORMANCE

NOTE 2: NON-GAAP MEASURES

Underlying Earnings

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 rates 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.

	Unaudited 6 Months September 2023 \$000	Unaudited 6 Months September 2022 \$000
Profit after tax	55,909	390,796
Fair value (gains)/losses on financial instruments	(23,554)	(10,347)
Gain on sale of mass market retail business	-	(348,755)
Adjustments before income tax	(23,554)	(359,102)
Change in income tax expense in relation to adjustments	6,595	2,897
Adjustments after income tax	(16,959)	(356,205)
Underlying Earnings After Tax	38,950	34,591

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

EBITDAF is a non-GAAP financial measure but is commonly used within the electricity industry 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.

OUR FUNDING

NOTE 3: BORROWINGS

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.

Unaudited 30 September 2023	Unsecured bank loans \$000	Senior Bonds \$000
Repayment terms:		
Less than one year	-	-
One to two years	63,365	-
Two to five years	10,000	275,000
Over five years	-	100,000
Bond issue costs	-	(2,703)
	73,365	372,297
Current portion	-	-
Non-current portion	73,365	372,297
	73,365	372,297
Audited 31 March 2023		
Repayment terms:		
Less than one year	51,580	-
One to two years	23,050	-
Two to five years	-	275,000
Over five years	-	100,000
Bond issue costs	-	(3,045)
	74,630	371,955
Current portion	51,580	-
Non-current portion	23,050	371,955
	74,630	371,955

Senior bonds rank equally with bank loans. The unsecured bank loan facilities were refinanced during the current period. The new facilities mature between one and five years.

NOTE 4: DIVIDENDS

	Unaudited 6 Months September 2023 \$000	Unaudited 6 Months September 2022 \$000
Final dividend prior year	26,603	49,825
Special dividend current year	–	109,541
Total dividend	26,603	159,366

A fully imputed interim dividend of 8.0 cents per share has been declared and is payable on 1 December 2023 to all shareholders on the register at 24 November 2023.

NOTE 5: EARNINGS PER SHARE

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

	Note	Unaudited 6 Months September 2023 \$000	Unaudited 6 Months September 2022 \$000
Profit after tax from continuing operations attributable to the shareholders of the Company (\$000)		54,573	39,010
Weighted average number of ordinary shares in issue (thousands)		312,973	312,973
Basic and diluted earnings per share from continuing operations (cents per share)		17.4	12.5
Profit after tax from discontinued operations attributable to the shareholders of the Company (\$000)		(612)	349,786
Weighted average number of ordinary shares in issue (thousands)		312,973	312,973
Basic and diluted earnings per share from discontinued operations (cents per share)		(0.2)	111.8
Underlying Earnings After Tax (\$000)	2	38,950	34,591
Weighted average number of ordinary shares in issue (thousands)		312,973	312,973
Underlying earnings per share (cents per share)		12.4	11.1

OUR KEY FINANCIAL RISKS

NOTE 6: FINANCIAL RISK MANAGEMENT

Fair Values

Except for senior bonds, the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

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.

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 later in this note for sensitivity analysis.

Electricity derivative valuation input

Source

Electricity forward price curve to value electricity price derivative instruments

Market quoted prices where available and management's best estimate based on their view of the long run marginal cost of new generation where no market quoted prices are available

Inflation forecast for valuing inflation-linked electricity price derivatives

Reserve Bank of New Zealand forecasts

Discount rate for valuing electricity price derivatives

Assumed counterparty cost of funds ranging from 5.51% to 6.25%

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 an immaterial amount.

Manawa Energy and Mercury NZ Limited entered into an electricity price derivative on 2 May 2022. On Day 1 this had a negative value of \$521,777,000 which was deferred as per NZ IFRS 9 *Financial Instruments*. During the current period \$77,551,000 (cumulative to date: \$199,706,000) of the deferred day 1 value has been recognised through wholesale electricity revenue as the calibrated CFD cash flows have been realised throughout the period. These CFD cash settlements have reduced the impact of changes in wholesale electricity prices on Manawa Energy's revenue. A current period fair value gain of \$54,923,000 (30 September 2022: \$7,162,000) has been recognised with \$52,540,000 (30 September 2022: \$7,162,000) taken to the cash flow hedge reserve and \$2,383,000 (30 September 2022: nil) taken to net fair value gains on financial instruments. The fair value of this electricity price derivative at 30 September 2023 is \$152,299,000 (31 March 2023: \$97,375,776) with a cumulative amount of \$80,321,000 taken to the cash flow hedge reserve.

Fair Value Hierarchy

NZ IFRS 13 requires that financial instruments are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- > 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).

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

30 September 2023	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets per the statement of financial position				
Interest rate derivative assets	-	16,801	-	16,801
Electricity price derivative assets	-	-	204,806	204,806
Exchange rate derivative assets	-	215	-	215
	-	17,016	204,806	221,822
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	18,505	-	18,505
Electricity price derivative liabilities	-	-	69,867	69,867
Exchange rate derivative liabilities	-	156	-	156
	-	18,661	69,867	88,528
31 March 2023				
Assets per the statement of financial position				
Interest rate derivative assets	-	9,929	-	9,929
Electricity price derivative assets	-	-	155,474	155,474
Exchange rate derivative assets	-	215	-	215
	-	10,144	155,474	165,618
Liabilities per the statement of financial position				
Interest rate derivative liabilities	-	15,337	-	15,337
Electricity price derivative liabilities	-	-	92,927	92,927
Exchange rate derivative liabilities	-	156	-	156
	-	15,493	92,927	108,420

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

	Unaudited 6 Months September 2023 \$000	Audited 12 Months March 2023 \$000
Assets per the statement of financial position		
Opening balance	155,474	106,209
Gains or (losses) recognised in profit or loss	(5,591)	(48,111)
Gains or (losses) recognised in other comprehensive income	54,923	97,376
Closing balance	204,806	155,474
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period	66,761	63,015
Liabilities per the statement of financial position		
Opening balance	92,927	103,159
(Gains) or losses recognised in profit or loss	(23,060)	(10,232)
(Gains) or losses recognised in other comprehensive income	–	–
Closing balance	69,867	92,927
Total (gains) or losses for the period included in profit or loss for liabilities held at the end of the reporting period	10,698	87,942
Settlements during the period	(35,349)	(11,244)

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 below:

	Unaudited 6 Months September 2023 \$000	Audited 12 Months March 2023 \$000
Decrease to profit of a 10% increase in electricity forward price	(7,131)	(12,213)
Increase to profit of a 10% decrease in electricity forward price	7,131	12,213
Decrease to equity of a 10% increase in electricity forward price	(80,823)	(104,435)
Increase to equity of a 10% decrease in electricity forward price	80,823	104,435

OTHER DISCLOSURES

NOTE 7: RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES WITH PROFIT AFTER TAX

	Unaudited 6 Months September 2023 \$000	Unaudited 6 Months September 2022 \$000
Profit after tax from continuing activities	56,521	41,010
Interest paid	13,526	11,261
Interest received	(282)	(272)
Amortisation of debt issue costs	342	315
Amortisation, depreciation and net gain on sale of property, plant and equipment	9,699	9,199
Movements in financial instruments taken to the income statement	(23,554)	(10,347)
Decrease in deferred tax liability excluding transfers to reserves	2,316	(11,912)
(Increase)/decrease in working capital	(1,171)	(10,886)
Operating cash flows generated from discontinued operations	–	(27,718)
Net Cash Flow from Operating Activities	57,397	650

NOTE 8: CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 30 September 2023 (31 March 2023: nil).

NOTE 9: SUBSEQUENT EVENTS

Other than those disclosed elsewhere in these financial statements there have been no material events subsequent to 30 September 2023.

NOTE 10: ELECTRICITY MARKET SECURITY DEPOSITS

Manawa Energy is required to provide cash deposits as prudential security in order to trade in the wholesale electricity futures market. The required level of deposits depends on the amount of outstanding contracts Manawa Energy is a party to and the fair value of these contracts.

NOTE 11: ASSETS HELD FOR SALE

Manawa Energy is currently selling several properties in the Wairau Valley and West Coast of the South Island. The properties were procured in anticipation of developing new hydro electricity generation projects. The projects were ultimately discontinued and the board has endorsed the disposal of these properties.

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.

NOTE 12: DISCONTINUED OPERATIONS

Manawa Energy sold its mass market retail business to Mercury NZ Limited on 2 May 2022. Accordingly, the comparative period ending 30 September 2022 was reported as a discontinued operation. During the current period Manawa Energy became aware of a historical liability that had been incurred prior to the sale of the business. An expense of \$850,000 (gross of tax) has been accrued in the current period reflecting the estimated amount of this liability.



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