MANAWA ENERGY

INTERIM RESULTS FY23

Interim Results FY23

November 2022

David Prentice – Chief Executive
Phil Wiltshire – GM Corporate Services

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Highlights

$73.4 million
EBITDAF: Total for group

$70.0 million
EBITDAF from continuing operations

$3.4 million
EBITDAF from discontinued operations

976 GWh
of electricity generated

7.5c
interim ordinary dividend to be paid per share

580 GWh
of electricity sold to commercial & industrial customers

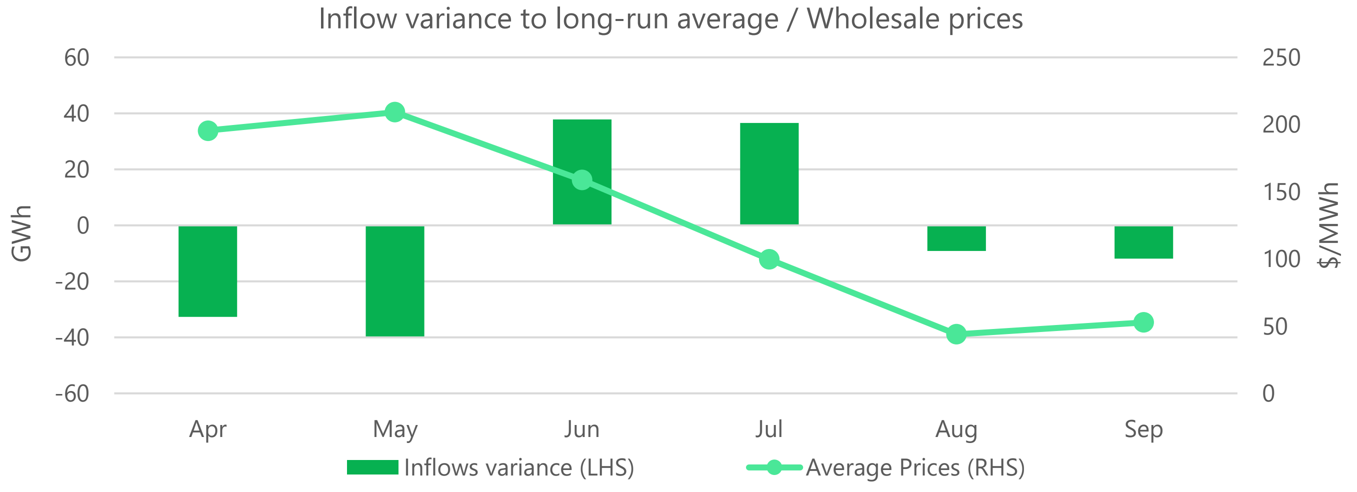
$390.8 million
Net profit after tax

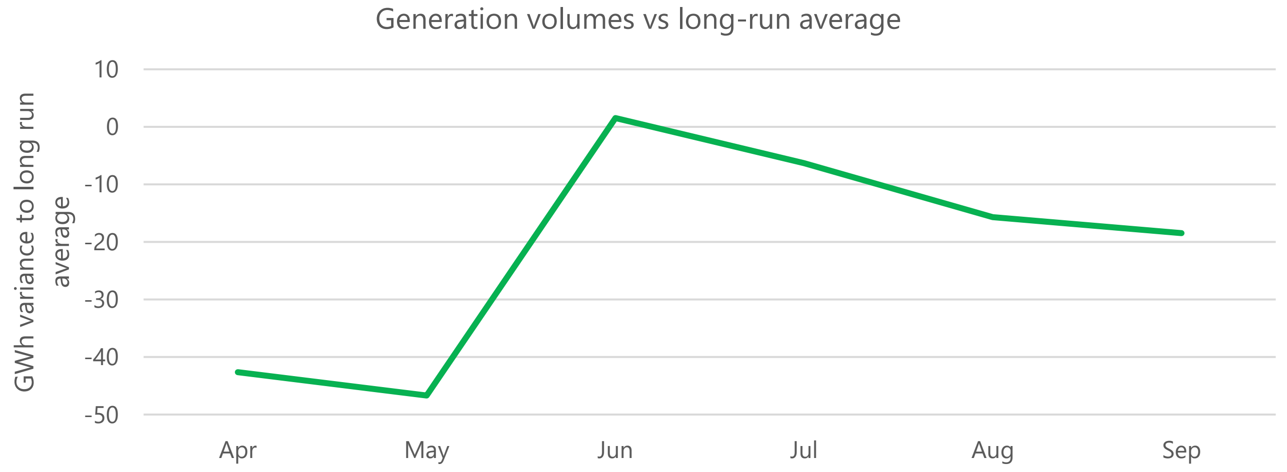
~800MW
of development pipeline options

Successful mass market retail sale completed in April

Successful bond issue and bank refinancing completed in September

Overview





A game of three halves

- April & May saw inflows materially below average and significantly elevated wholesale prices.
- June & July saw elevated inflows and low prices.
- August & September saw inflows slightly below average and materially soft pricing.

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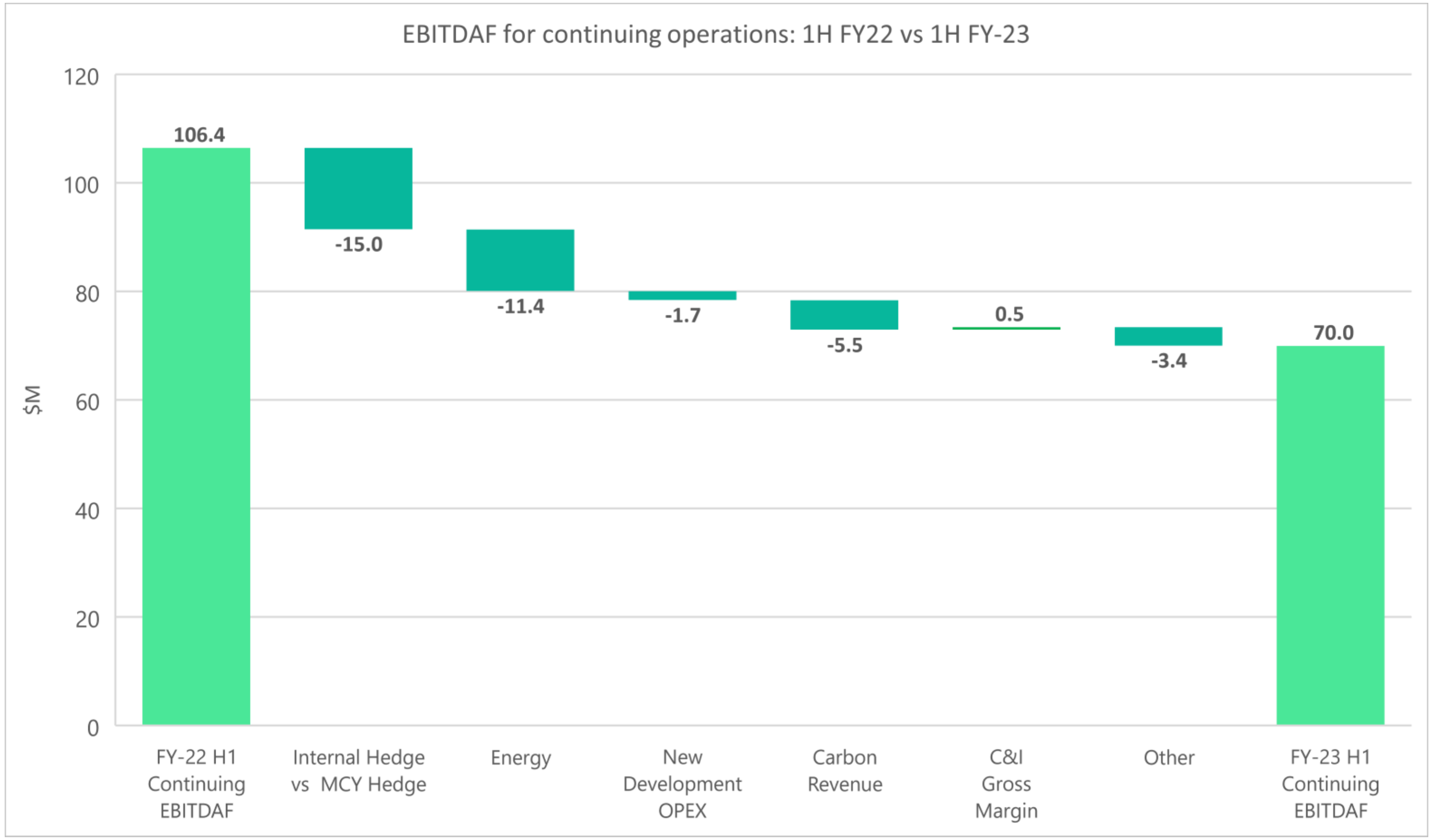
Financial Results



- The Mercury hedge had lower initial pricing, and lower trading risk, than the previous internal transfer hedge. This pricing variance is predominantly in 1H.
- Energy revenue was impacted by lower generation volumes and lower wholesale prices.
- ‘New development opex’ relates to investment in our wind and solar pipeline.
- The FY-22 H1 result includes ~$6.1m of favourable carbon revaluation revenue (FY-23 1H $0.6m).
- ‘Other’ predominately relates to the accounting allocation of corporate costs. FY-22 H1 continuing EBITDAF contained only the Corporate costs recharged to the ‘Generation’ segment.

Generation Operations

Harnessing technology and dealing with adversity

- Successful trial of Starlink at three of our hydro schemes to provide fast, secure, & reliable connectivity and communications.
- Planning roll-out to the remainder of our remote generation sites where connectivity has proved problematic.

Starlink is SpaceX's satellite internet and communications system

Matahina spillway at 150 cubic metres per second

- Significant weather events provided additional challenges for our schemes and site teams in July & August

Waipori access road blockage

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Health & Safety / ESG

The results of the GRESB global ESG benchmark assessment have been released. Our score has improved from 52% last year to 72% this year.

We are actively involved in industry groups such as StayLive and a WorkSafe-funded project aiming to improve health and safety governance throughout NZ.

Over the last six months, our executive team has travelled throughout the country, visiting our schemes and engaging with site staff to gain a deeper understanding of the site risks and environmental activities.

David Prentice (CEO) at Branch

Stephen Fraser (GM Generation, right) with site team from Mangahao

Catherine Thompson (GM Regulatory & Risk) at Coleridge

Asset Management Transformation

We are investing in existing assets that provide strong and steady cashflows – delivering greater reliability, extended asset life, and increased capacity and peaking

- Significant life-cycle refurbishments and replacements continue across our high value machines and schemes.
- Majority of high value machines will either be refurbished or replaced by FY-27.
- Benefits of programme are being seen with labour hours spent on reactive maintenance 16% lower compared to the previous year.

Stephen Fraser (GM Generation) and David Prentice (CE) at the newly commissioned Waipori 4 station generator

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Major Asset Investment

Significant investment in high-value assets to secure future revenues and enhance generation volume

Station	Investment overview	Actual & Planned Investment FY-22 to FY-28	Status
Coleridge	3 new turbines and 1 new generator (each 12.5MW)	$26.6m	Final investment decision made in November 2022, tentatively planned install in FY27/28
Matahina	2 new turbines (32.5MW and 40MW), and 1 refurbished dam dewatering gate	$13.7m and $4.9m	Units to be installed in summers of 2023/4 and 2024/5, and dewatering gate refurbished in 2023
Waipori	2 new generators (8MW and 9MW) at WPI 3 and 4 stations	$11.7m	WPI 4 generator commissioned August 2022 WPI 3 generator install planned for mid-FY24
Branch	Installed additional water infiltration gallery that has delivered an additional 10GWh per annum	$7.4m	Intake gallery commissioned FY23
Cobb	2 new 12MW generators	$8.9m	1 unit commissioned; 2nd unit expected to return to service in December 2022
Highbank	1 new 29MW turbine and generator	$30.5m	Detailed design under way, expected completion FY27
Arnold	Significant dam-strengthening works	$15.6m	Improvements in the risk profile of the Arnold Dam by mid-2024
OVERALL	Investment in 180MW of machine capacity (out of ~498MW installed)	$119.3m	60 GWh uplift in annual volumes from these projects by FY28

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Generation Enhancement Update

All planned FY-23 enhancements are on schedule and budget. Once completed, a total of 30GWh pa of volume uplift will have been delivered. A further 77GWh pa is either planned or being scoped for delivery in the coming years.

Branch Infiltration Gallery (+10 GWh/pa)

Completed and operational.

Cobb G5/G6 (+2 GWh/pa)

Cobb G5 generator replacement is complete, and new generator has passed commissioning tests. Generator performance exceeds design requirements. G6 generator replacement completion is expected in December 2022.

Deepstream phase 2 (+3 GWh/pa)

Resource consent has been granted. Initial improvements have been made and additional water is being taken into the scheme. We expect this enhancement to be fully complete in February 2023.

New Branch infiltration gallery with discharge into the Argyle Canal on the left

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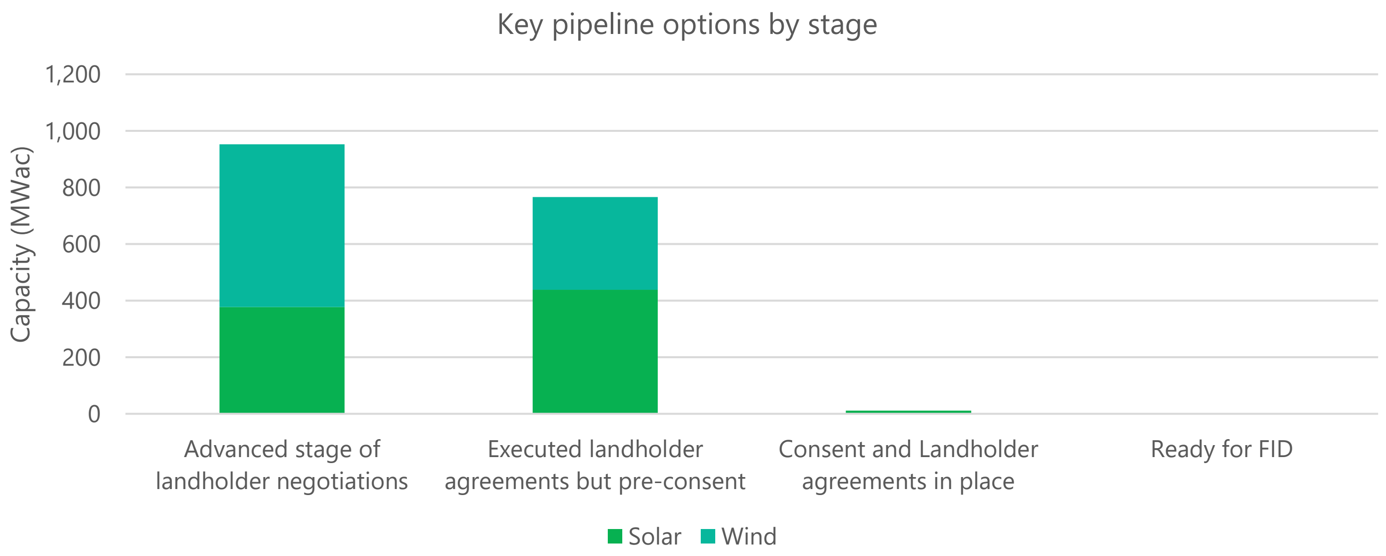
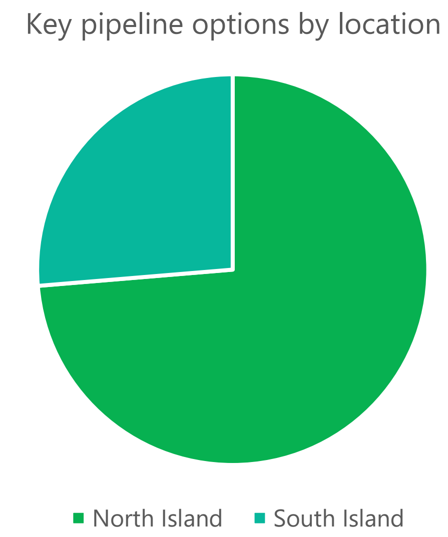
New Development Opportunities

Pipeline Summary

- Our pipeline is growing quickly, with just under 800MW of solar and wind projects with either landholder or option agreements in place and over 900MW under advanced negotiation. NB: We do not expect all of these options to translate into viable developments.
- Our long-term aspiration remains to develop 500MW of new projects by 2030.
- We are now moving from 'origination' to an execution phase, with the objective of progressing projects through to being 'ready for FID'.
- Given development timeframes, we expect our solar opportunities to be more near-term than wind developments.





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New Development Opportunities

Solar pipeline

- Our focus to date has been on securing projects in the upper North Island with strong grid connection and nodal pricing prospects - rather than focusing on just solar resource.
- Our first solar opportunity is a grid-scale project in Northland (~12MW) that is on track for FID in the first half next year subject to securing satisfactory offtake arrangements.
- We have acquired (via land purchases and leases) three additional ~100MW solar sites north of Auckland with good expansion opportunities, very strong grid connection potential, and proximity to significant load - as well as our previously announced project near Thames (~100MW).
- We have secured our first South Island site (~30MW), which will make use of an existing hydro grid connection and will potentially present intra-day hydro peaking opportunities.
- We continue to progress a range of other opportunities including the 24MW Hawke's Bay airport JV and the evaluation of a significant number of additional sites including ~330MW in the South Island.

Artist impression of proposed solar farm at Hawke's Bay Airport

New Development Opportunities

Wind pipeline

- We have secured a 250MW project in the Waikato with strong connection prospects. Wind monitoring is about to commence.
- We have a ~78MW project in the South Island with wind monitoring in place.
- We have ~575MW of other sites in advanced negotiations with landholders, and a range of other sites subject to more early-stage negotiations.
- Our focus to date has been on securing projects which are uncorrelated with the significant installed capacity in the lower North Island.
- We expect development lead times to be longer than solar, but we are actively considering several more advanced projects.

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C&I and Wholesale Electricity

Clear opportunities and flexibility for paths to market

- The multi-year reduction in Mercury hedge volumes (from October 2024) opens opportunities for us to seek value and diversity from our sales channels.

- We have received significant interest from a range of parties on the opening wedge of volume and we will continue to balance this against creating an energy book with attractive pricing, tenor and risk management attributes.

- A first tranche of opening volumes (~80MW) already sold under medium-long term contracts.

- Large increase in inbound approaches for partnering with industrial customers to provide new energy solutions - mostly long-term PPA contracts, linked to new assets.

- Our Development and C&I teams are working hand-in-glove to respond with innovative and attractive offerings that complement both facets of our business.

Priority Regulatory / Policy Issues

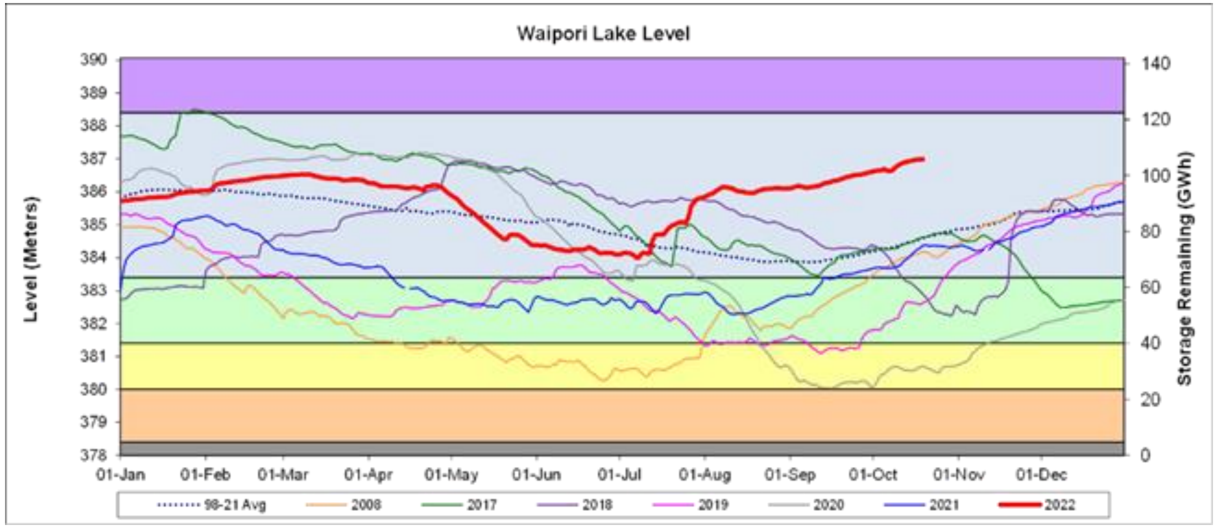
Manawa Energy will continue to advocate for policies that prioritise decarbonisation, support an orderly transition to renewables, preserve existing renewables, enable investment in new development, and seek to balance the three pillars of the energy trilemma.

	Climate policy arrangements	TPM/ACOT	Wholesale competition review	NZ Battery Project	RM system reform	Freshwater reform
Status	Regulatory environment continues to evolve. For example: National Energy Strategy & National Policy Statement: Renewable Energy Generation under development	Final TPM implementation 1 April 2023	Electricity Authority confirmed no fundamental issues with the operation of the market	Government work programme ongoing	Bills for new resource management regime to be introduced imminently	Implementation of National Policy Statement; Freshwater Management into regional policy scheduled for 2024
Manawa Position	Opportunity via various consultations to advocate for clear direction for energy transition, including aspirational 100% renewable electricity target	Opportunity to ensure value of distributed generation recognised via flexibility markets	Opportunity for parties to gain confidence that arrangements are delivering for long-term interests of consumers	Lake Onslow is a poor option. We support exploration of alternative options to best manage dry year risks	Advocating to ensure framework supports decarbonisation investment pipeline	Continue to seek explicit recognition of Manawa Energy hydro assets

Outlook

Improving outlook despite the macro-economic factors

Increases in forward wholesale electricity prices from Q4 FY-23 combined with high levels of water storage provide a tailwind going into FY-24



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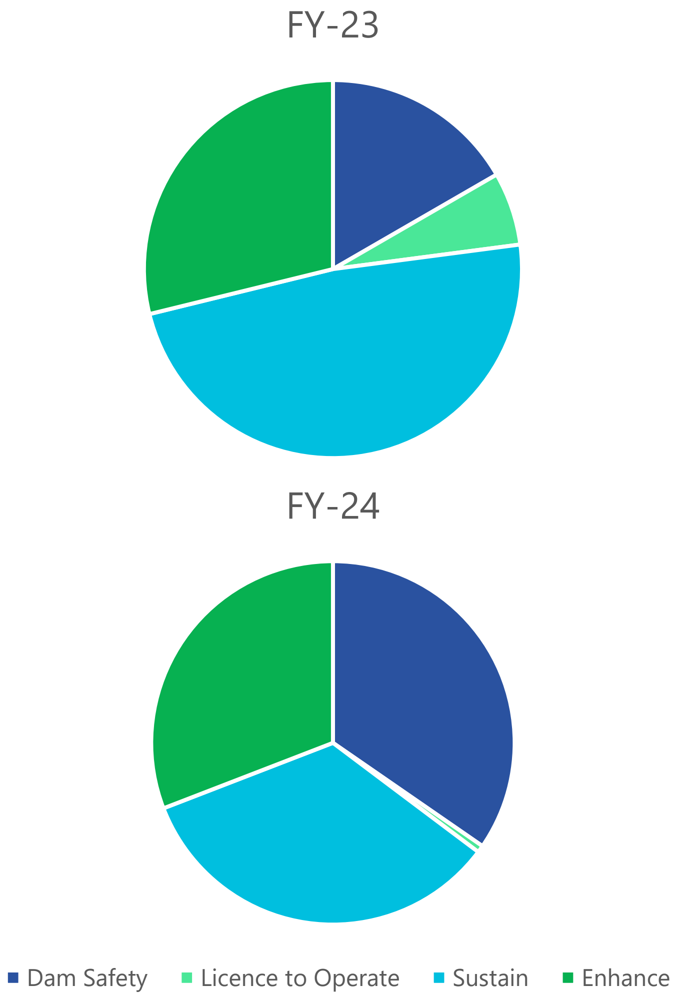
Outlook

Non-development capital expenditure will remain elevated across the next 2-3 years

- Significant investment across asset enhancement, dam safety, asset lifecycle replacements
- Anticipating this to peak in FY-24, and taper off to a new normal 'BAU' level of \$22m-\$32m[1] from FY26 onwards
- Returns on standalone enhancements generally in excess of 10%
- We will continue to invest in early-stage development projects (e.g. land acquisition & consenting) but we will be flexible in terms of how we fund the capital costs associated with our new developments



[1] Excludes development projects, includes the existing enhancement program

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Outlook

Manawa continues to navigate macro-economic factors

- Revenues largely insulated from a high inflationary environment (linked to wholesale prices or derived from inflation-indexed contracts), but general cost inflation will provide some headwinds particularly in relation to capital projects and enhancement projects
- A weaker NZ dollar, combined with high inflation and supply constraints, will impact the cost of new development
- If inflation persists, we expect increases in the cost of new development to be reflected in the wholesale electricity price meaning the investment thesis for these projects remains strong

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Outlook

Interim FY-23 dividend of 7.5 cents/share

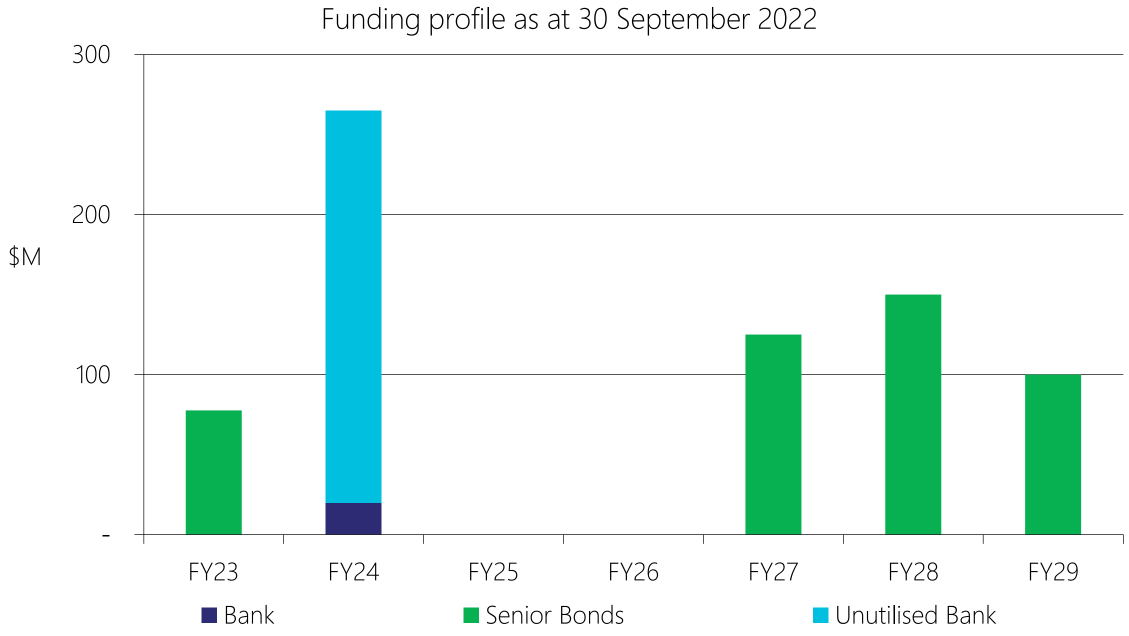
- Targeting a 16 cents/share full year dividend, subject to FY-23 2H performance being in line with expectations
- Manawa Energy's dividend policy is to pay out 70%-90% of free cash flow[1], on average, over time
- In setting the FY-23 interim dividend we have considered the forecast cash flows over the next three years and have normalised for weather related impacts on FY-23 1H
- We will seek to balance providing a dividend yield to shareholders over the medium term with our growth aspirations.

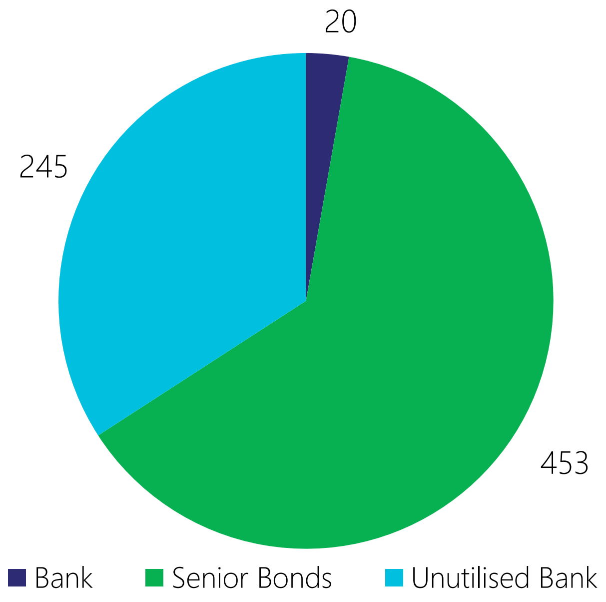
[1]Excluding growth and enhancement capex

Capital Management

Manawa's balance sheet has significant near-term flexibility

- Successfully raised $150m of five-year, senior bonds in September 2022 (first issue as Manawa Energy).
- Significant undrawn bank facilities in the near-term with refinancing planned for early 2023.
- December 2022 bond to be repaid from undrawn bank facilities





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FY23 Guidance

Guidance remains unchanged from 18 October 2022:

- Manawa Energy expects its FY-23 EBITDAF to be in the range of $127.5m-$140m.

The forecast is underpinned by the following assumptions:

- Wholesale prices remain materially in line with the current ASX forward curve.
- Manawa generation volumes in the second half of the year will be ~830 GWh.
- Average hydrological conditions occur for the remainder of the financial year.
- No material adverse events.

The range of Manawa Energy's expected capital expenditure in FY23 also remains unchanged at $45m-$55m.

Thank you

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Additional Information

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Key Facts

Manawa Energy is Aotearoa New Zealand's largest independent* electricity generator and renewables developer, with 26 power schemes throughout New Zealand and a total installed capacity of 498MW producing an average of 1,942 GWh of electricity per year.

Its commercial and industrial electricity business supplies around 650 customers with ~1,200GWh of electricity per annum.

Headquartered in Tauranga, Manawa Energy was created after the sale of the Trustpower mass market retail business in 2022. It launched under the MNW ticker on the NZX on 2 May 2022.

* Manawa Energy has no integrated mass-market retail business

Non-GAAP Measures

Underlying Earnings is a non-GAAP (Generally Accepted Accounting Principles) financial measure. Trustpower 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 impairment of generation assets.

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 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. The EBITDAF shown in the financial statements excludes the Australian business which is a discontinued operation.

Reconciliation between statutory measures of profit and the two measures above, as well as EBITDAF per the financial statements and total EBITDAF, are given below:

	2022	2021
Profit after tax	**390,796**	**115,121**
Fair value losses/(gains) on financial instruments	(10,347)	(78,467)
Gain on sale of mass market retail business	(348,755)	-
Changes in income tax expense in relation to adjustments	2,897	21,971
Underlying Earnings After Tax	**34,591**	**58,625**
Operating Profit Continuing Operations	**70,675**	**173,053**
Fair value losses/(gains) on financial instruments	(10,347)	(78,467)
Depreciation and amortisation	9,640	11,859
EBITDAF Continuing Operations	**69,968**	**106,445**
Operating Profit Discontinued Operations	**350,282**	**3,151**
Gain on sale of mass market retail business	(348,755)	-
Depreciation and amortisation	1,915	12,620
EBITDAF Discontinued Operations	**3,442**	**15,771**

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