



# Interim Report 2021

GENESIS ENERGY LIMITED

# Chairman and Chief Executive's joint letter

Pukapuka Mai I te Heamana me te Manahautū



CHAIRMAN

Barbara Chapman

CNZM, BCom, CMInstD

CHIEF EXECUTIVE OFFICER

Marc England

MBA, MEng

## Tēnā koutou,

The first half of the 2021 Financial Year saw Genesis deliver three key milestones in our leadership role of empowering New Zealand's sustainable future.

As part of our new [Sustainability Strategy](#), Genesis committed to world leading emissions reduction targets, Waipipi Wind Farm delivered its first energy to the grid, and our customers were provided with advanced tools to manage their carbon footprint.

## Empowering New Zealand's sustainable future

In December, we announced that Genesis has committed to the most aggressive emissions reduction targets by any New Zealand energy company. We will remove at least 1.2 million tonnes of annual carbon emissions from our activities over

the next five years, assessed against the [Science Based Targets Initiative \(SBTi\)](#) benchmark of limiting global warming to below 1.5°C by 2025. That is equivalent to removing more than 272,000 petrol cars from our roads for a year.

Outside of Europe, Genesis is the only electricity generator and retailer to tie its targets to 1.5°C with the SBTi. Both Board and Management wanted to challenge us as a company to make a noticeable difference. We are confident in our ability to achieve these goals with the right planning.

## Accelerating our Future-gen Strategy

Our [Future-gen goal](#) is to economically displace baseload thermal electricity generation with reliable and affordable renewables, while also supporting the country's transition to a low carbon future. We have committed to developing 2,650GWh of new, renewable generation.

In November the first turbines were powered up at [Waipipi Wind Farm](#), now New Zealand's largest. This will provide the first 455GWh of that goal and contribute to a reduction of 250,000-350,000 tonnes of carbon annually. It has already generated 54GWh of zero-emissions renewable electricity and reduced generation emissions by nearly 46,000 tonnes (as at 31 January 2021).

EBITDAF<sup>1</sup>

**\$217.3m**

HY20 \$167.2m

NPAT<sup>2</sup>

**\$52.7m**

HY20 \$9.2m

Cost effective investment in renewable energy generation will only occur if it is approached holistically as part of a national energy plan to drive the best electrification outcomes for New Zealand.

We are glad to see this strategy reflected in the [Climate Change Commission's draft advice](#). This is open for consultation and we look forward to the final report in May.

Additionally, the announcement that Tiwai Point Aluminium Smelter will remain open to 2024 provides some market certainty and will help positively guide long-term investment decisions.



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

**1.2m**

tCO<sub>2</sub>e displaced  
across five years

1. EBITDAF: Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes, and other gains and losses. Refer to the consolidated comprehensive income statement on page 5 for reconciliation from EBITDAF to net profit after tax.

2. Net Profit After Tax.

## Protecting and enhancing shareholder value

Genesis delivered an EBITDAF<sup>1</sup> of \$217.3m for the first half of Financial Year 2021, an increase of 30% against the same period last year. NPAT<sup>2</sup> for the period also increased to \$52.7m. Our diverse portfolio of assets is managed to provide the business with the flexibility and resilience to successfully operate in a variety of market conditions, and positions Genesis well to respond to competitive pressures. Historically dry hydrological conditions in the first half are expected to continue.

The 190MW Tekapo Power Scheme returned to full capacity in January after a multi-year long project to replace the intake gate. This had seen the station running at partial capacity for most of FY20 and FY21.

In August, the Kupe Joint Venture announced a reserves upgrade, reinforcing the quality of the asset. In November, Genesis announced a strategic review of the asset and will provide an update to the market in the middle of this calendar year.

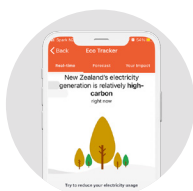


**186,000**  
customers  
migrated to  
new Energy  
Plus plans

In 2020 Genesis also announced a portfolio of new energy plans. Energy Plus customers can choose between fixed and flexible terms, how they pay and how they get their bills – all of which adds up to discounts on their monthly energy bills. Dual Fuel customers also get a bonus 5% discount. 186,000 customers have migrated to these plans and we will migrate a further 130,000 in the coming months.



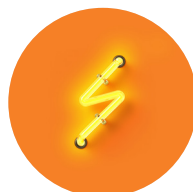
## Leading behavioural change



**229,000**  
customers  
using  
Energy IQ

A key part of Genesis' leadership role in helping New Zealand reach its carbon targets, is giving our customers the energy management tools to take action themselves. EcoTracker, a feature within our customer app, Energy IQ, focuses on increasing the transparency of the nation's emissions. As of January, 229,000 Genesis customers now use Energy IQ to review and manage their gas and electricity usage. Encouraging reduced consumption, such as load shifting energy intensive tasks to non-peak times, can make a big difference to our national emissions profile. Energy IQ's Tip Centre, which gives customers ideas to help reduce their energy usage, has had more than 380,000 interactions since July 2020.

## Now you call the shouts



**New record:**  
**193,290**  
Power Shout 9  
redemptions

In September Genesis saw a record 157,439 unique users engage with the Energy IQ platform. Part of this was driven by the success of Power Shout 9, which saw Genesis give away up to eight hours of free power to each participating customer. A record 193,290 hours were redeemed. So far, Genesis customers have enjoyed over seven million hours of free power via our Power Shout promotions.

In March we will be launching Power Shout Hours, an entirely Energy IQ-based loyalty and reward programme. Customers are given free hours of power that they can store and use whenever they want. They will also have the chance to accrue Power Shout Hours each month through their bill payments, alongside additional Power Shout promotions, such as March's Emirates Team New Zealand (ETNZ) Power Shout.

## Cheering ETNZ across the finish line

Finally, good luck to ETNZ in the 2021 America's Cup. We are proud to be their official energy partner. Last year we delivered a 100% renewable, sustainable energy solution in the form of curved solar panels on the roof of the ETNZ base – a first for New Zealand.

We are also working to spread the excitement to New Zealand's stadium of five million. Schools from across New Zealand were invited to show their support in a creative way. We took the ETNZ team members and the America's Cup on the road to the winning four schools, Te Mata School, Peachgrove Intermediate, Lake Rotoiti School and Ravensbourne School. Additionally, each school received \$3,000 of science, technology, engineering and maths equipment.

Genesis' Supporter Shirt campaign kicked off in early 2021 to find New Zealand's most passionate ETNZ fans. Winners will wear our custom-built biometric 'Supporter Shirt' while watching the America's Cup. Their movement, heart rate, calories burnt and even stress levels are captured, and the more excitement generated, the more power we will give away to our School-gen schools nationwide.

Lastly, we want to commend the work done as part of the Manaaki Kenehi customer care programme to proactively support vulnerable customers and those experiencing hardship, particularly during COVID-19.

Thanks to all our teams who have worked so hard in a challenging year. Our focus remains on delivering for our customers, shareholders and working to empower New Zealand's sustainable future.

Ngā mihi,

Barbara Chapman  
Chairman

Marc England  
Chief Executive Officer

# Condensed Consolidated Interim Financial Statements

Ngā Tauākī Pūtea Tōpū Whakarāpopoto Weherua

For the six months ended  
31 December 2020

## Condensed consolidated interim financial statements

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## Consolidated comprehensive income statement

For the six months ended 31 December 2020

		6 months ended 31 Dec 2020 unaudited \$ million	31 Dec 2019 unaudited \$ million
	Note		
Revenue	A2	1,419.4	1,334.2
Expenses	A2	(1,202.1)	(1,167.0)
<b>Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses (EBITDAF)</b>	A2	<b>217.3</b>	<b>167.2</b>
Depreciation, depletion and amortisation	A3	(102.5)	(109.9)
Impairment of non-current assets		-	(0.1)
Revaluation of generation assets	B 1	0.5	-
Change in fair value of financial instruments	D2	(10.1)	(4.8)
Share of associates		(0.4)	(0.4)
Other gains (losses)		(1.0)	(3.1)
<b>Profit before net finance expense and income tax</b>		<b>103.8</b>	<b>48.9</b>
Finance revenue		0.3	0.1
Finance expense	C2	(30.3)	(36.2)
<b>Profit before income tax</b>		<b>73.8</b>	<b>12.8</b>
Income tax expense		(21.1)	(3.6)
<b>Net profit for the period</b>		<b>52.7</b>	<b>9.2</b>
<b>Other comprehensive income</b>			
Change in cash flow hedge reserve		22.4	15.5
Income tax expense relating to items above		(6.3)	(4.3)
<b>Total items that may be reclassified to profit or loss</b>		<b>16.1</b>	<b>11.2</b>
Change in asset revaluation reserve	B1	(257.6)	-
Income tax credit relating to items above		72.1	-
<b>Total items that will not be reclassified to profit or loss</b>		<b>(185.5)</b>	<b>-</b>
<b>Total other comprehensive income (expense) for the period</b>		<b>(169.4)</b>	<b>11.2</b>
<b>Total comprehensive income (expense) for the period</b>		<b>(116.7)</b>	<b>20.4</b>
<b>Earnings per share (EPS) from operations attributable to shareholders</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted EPS		5.09	0.90

The above statement should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity

For the six months ended 31 December 2020

		Share capital unaudited \$ million	Share- based payments reserve unaudited \$ million	Asset revaluation reserve unaudited \$ million	Cash flow hedge reserve unaudited \$ million	Retained earnings unaudited \$ million	Total unaudited \$ million
	Note						
Balance as at 1 July 2020		635.0	1.8	1,398.0	(42.7)	77.7	2,069.8
Net profit for the period		-	-	-	-	52.7	52.7
Other comprehensive income							
Change in cash flow hedge reserve		-	-	-	22.4	-	22.4
Change in asset revaluation reserve	B1	-	-	(257.6)	-	-	(257.6)
Income tax (expense) credit relating to other comprehensive income		-	-	72.1	(6.3)	-	65.8
Total comprehensive income (expense) for the period		-	-	(185.5)	16.1	52.7	(116.7)
Revaluation reserve reclassified to retained earnings on disposal of assets		-	-	(4.4)	-	4.4	-
Hedging gains and losses transferred to the cost of assets		-	-	-	0.2	-	0.2
Income tax on hedging gains and losses transferred to the cost of assets		-	-	-	(0.1)	-	(0.1)
Share-based payments		(0.2)	(0.2)	-	-	0.2	(0.2)
Shares issued under dividend reinvestment plan	C3	17.3	-	-	-	-	17.3
Net change in treasury shares		0.1	-	-	-	-	0.1
Dividends	C3	-	-	-	-	(89.9)	(89.9)
Balance as at 31 December 2020		652.2	1.6	1,208.1	(26.5)	45.1	1,880.5

		Share capital unaudited \$ million	Share- based payments reserve unaudited \$ million	Asset revaluation reserve unaudited \$ million	Cash flow hedge reserve unaudited \$ million	Retained earnings unaudited \$ million	Total unaudited \$ million
	Note						
Balance as at 1 July 2019		597.6	1.7	1,398.2	(59.7)	207.2	2,145.0
Net profit for the period		-	-	-	-	9.2	9.2
Other comprehensive income							
Change in cash flow hedge reserve		-	-	-	15.5	-	15.5
Income tax expense relating to other comprehensive income		-	-	-	(4.3)	-	(4.3)
Total comprehensive income for the period		-	-	-	11.2	9.2	20.4
Revaluation reserve reclassified to retained earnings on disposal of assets		-	-	(0.1)	-	0.1	-
Share-based payments		(0.3)	(0.4)	-	-	-	(0.7)
Shares issued under dividend reinvestment plan	C3	18.9	-	-	-	-	18.9
Net change in treasury shares		0.4	-	-	-	-	0.4
Dividends	C3	-	-	-	-	(88.1)	(88.1)
Balance as at 31 December 2019		616.6	1.3	1,398.1	(48.5)	128.4	2,095.9

The above statement should be read in conjunction with the accompanying notes.

## Consolidated balance sheet

As at 31 December 2020

	Note	31 Dec 2020 unaudited \$ million	30 Jun 2020 audited \$ million
Cash and cash equivalents		81.3	32.5
Receivables and prepayments		206.8	235.0
Inventories		106.5	98.0
Intangible assets		14.7	4.9
Tax receivable		-	25.0
Derivatives	D1	105.7	44.1
<b>Total current assets</b>		<b>515.0</b>	<b>439.5</b>
Receivables and prepayments		4.3	3.1
Property, plant and equipment	B1	3,081.3	3,367.7
Oil and gas assets	B2	300.5	307.4
Intangible assets		349.9	353.4
Investments in associates		10.2	6.7
Derivatives	D1	77.5	104.5
<b>Total non-current assets</b>		<b>3,823.7</b>	<b>4,142.8</b>
<b>Total assets</b>		<b>4,338.7</b>	<b>4,582.3</b>
Payables and accruals		248.0	233.6
Tax payable		10.3	-
Borrowings	C1	170.4	19.9
Provisions		10.1	8.9
Derivatives	D1	81.8	38.9
<b>Total current liabilities</b>		<b>520.6</b>	<b>301.3</b>
Payables and accruals		5.2	8.1
Borrowings	C1	1,146.6	1,347.5
Provisions		150.1	151.6
Deferred tax		549.5	631.6
Derivatives	D1	86.2	72.4
<b>Total non-current liabilities</b>		<b>1,937.6</b>	<b>2,211.2</b>
<b>Total liabilities</b>		<b>2,458.2</b>	<b>2,512.5</b>
Share capital		652.2	635.0
Reserves		1,228.3	1,434.8
<b>Total equity</b>		<b>1,880.5</b>	<b>2,069.8</b>
<b>Total equity and liabilities</b>		<b>4,338.7</b>	<b>4,582.3</b>

The above statement should be read in conjunction with the accompanying notes.

The Directors of Genesis Energy Limited authorise these condensed consolidated interim financial statements for issue on behalf of the Board.



**Barbara Chapman**  
Chairman of the Board

Date: 24 February 2021



**Catherine Drayton**  
Chairman of the Audit and Risk Committee

Date: 24 February 2021



## Consolidated cash flow statement

For the six months ended 31 December 2020

		6 months ended	
		31 Dec 2020 unaudited \$ million	31 Dec 2019 unaudited \$ million
	Note		
Receipts from customers		1,449.4	1,351.9
Interest received		0.1	0.1
Payments to suppliers and related parties		(1,145.4)	(1,126.5)
Payments to employees		(56.5)	(51.9)
Tax paid		(1.7)	(11.9)
<b>Operating cash flows</b>		<b>245.9</b>	<b>161.7</b>
Payments to associates		(3.9)	(2.9)
Purchase of property, plant and equipment		(27.0)	(21.0)
Purchase of oil and gas assets		(10.2)	(12.8)
Purchase of intangibles (excluding emission units and deferred customer acquisition costs)		(10.4)	(9.5)
<b>Investing cash flows</b>		<b>(51.5)</b>	<b>(46.2)</b>
Proceeds from lease incentives		11.1	-
Proceeds from borrowings		200.0	4.9
Repayment of borrowings		(255.3)	(52.8)
Interest paid and other finance charges		(28.4)	(34.1)
Dividends	C3	(72.6)	(69.2)
Acquisition of treasury shares		(0.4)	(0.1)
<b>Financing cash flows</b>		<b>(145.6)</b>	<b>(151.3)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>48.8</b>	<b>(35.8)</b>
Cash and cash equivalents at 1 July		32.5	61.9
<b>Cash and cash equivalents at 31 December</b>		<b>81.3</b>	<b>26.1</b>

		6 months ended	
		31 Dec 2020 unaudited \$ million	31 Dec 2019 unaudited \$ million
	Note		
<b>Reconciliation of net profit to operating cash flows</b>			
<b>Net profit for the period</b>		<b>52.7</b>	<b>9.2</b>
Net loss on disposal of property, plant and equipment		1.1	0.8
Finance expense excluding time value of money adjustments on provisions		28.3	33.7
Change in rehabilitation and contractual arrangement provisions		2.9	5.1
<b>Items classified as investing/financing activities*</b>		<b>32.3</b>	<b>39.6</b>
Depreciation, depletion and amortisation expense	A3	102.5	109.9
Revaluation of generation assets	B 1	(0.5)	-
Impairment of non-current assets		-	0.1
Change in fair value of financial instruments	D2	10.1	4.8
Deferred tax expense		(16.3)	(18.5)
Change in capital expenditure accruals		3.5	(8.4)
Share of associates		0.4	0.4
Other non-cash items		5.7	0.7
<b>Total non-cash items*</b>		<b>105.4</b>	<b>89.0</b>
Change in receivables and prepayments		27.0	19.0
Change in inventories		(8.5)	17.1
Change in emission units on hand		(9.8)	(15.1)
Change in deferred customer acquisition costs		0.3	0.1
Change in payables and accruals		11.5	(3.9)
Change in tax receivable/payable		35.3	10.2
Change in provisions		(0.3)	(3.5)
<b>Movements in working capital</b>		<b>55.5</b>	<b>23.9</b>
<b>Net cash inflow from operating activities</b>		<b>245.9</b>	<b>161.7</b>

\* Change in rehabilitation and contractual arrangement provisions has been reclassified from total non-cash items to items classified as investing/financing activities to provide comparability with the current period.

The above statement should be read in conjunction with the accompanying notes.



# Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2020

## General information and significant matters

### General information

The unaudited condensed consolidated interim financial statements comprise Genesis Energy Limited ('Genesis'), its subsidiaries, controlled entities and the Group's interests in associates and joint operations (together, the 'Group') for the six month period ended 31 December 2020.

On 27 November 2020 Genesis announced that it is undertaking a strategic review in relation to its interest in Kupe. The review will consider a number of areas including the returns and risks of a potential drilling programme, the optimal capital structure for Genesis and whether there are more strategically aligned capital investment opportunities. The Board will assess whether continued ownership or a sale is in the best interests of the Company and its shareholders. An announcement regarding the outcome of the review is being targeted for mid 2021. Given the outcome of the review is unknown the accounting treatment of the Group's 46 per cent interest in the Kupe Joint Venture remains the same as the prior year.

Genesis is registered under the Companies Act 1993. It is a mixed ownership model company, majority owned by the 'Crown', bound by the requirements of the Public Finance Act 1989. Genesis is listed on the New Zealand Stock Exchange ('NZX') and the Australian Securities Exchange ('ASX') and has bonds listed on the NZX debt market. Genesis is an FMC reporting entity under the Financial Markets Conduct Act 2013.

The core business of the Group and activities carried out by each segment is disclosed in note A2.

### Basis of preparation

The condensed consolidated interim financial statements:

- Comply with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* and International Accounting Standard 34 *Interim Financial Reporting*;
- Do not include all the information and disclosures required in the annual financial statements. Consequently, they should be read in conjunction with the annual financial statements and related notes included in Genesis Energy's Annual Report for the year ended 30 June 2020 ('2020 Annual Report');
- Are presented in New Zealand dollars rounded to the nearest 100,000.

### Critical accounting estimates and judgements

The basis of critical accounting estimates and judgements are the same as those disclosed in the 2020 Annual Report with the exception of the assumption around the closure of Tiwai Point smelter.

### New Zealand Aluminium Smelters' announcement to close Tiwai Point smelter

On 9 July 2020 New Zealand Aluminium Smelters (NZAS) announced its intention to close the Tiwai Point smelter by August 2021. Tiwai Point's electricity usage represents approximately 13 per cent of total electricity demand in New Zealand and closure is likely to impact electricity prices and generation volumes. On 14 January 2021 NZAS announced Tiwai Point smelter will continue operating until 31 December 2024. The timing of the closure is consistent with the assumption and estimates used in the calculation of the fair value of generation assets and electricity derivatives as at 31 December 2020 (refer to note B1 and D3).

### COVID-19

To date the economic disruption caused from the COVID-19 pandemic has not had a material impact on reported results. This is mainly due to the fact that Genesis provides an essential service.

### Seasonality of operations

Fluctuations in seasonal weather patterns can have a significant impact on supply and demand and therefore the generation of electricity, which in turn can have a positive or negative impact on reported results.

### Accounting policies

The accounting policies set out in the 2020 Annual Report have been applied consistently to all periods presented. There have been no significant changes in accounting policies or methods of computation since 30 June 2020.

## A. Financial performance

### A1. Underlying EBITDAF and underlying earnings

Underlying EBITDAF and underlying earnings are performance measures used internally to provide insight into the operating performance of the Group by adjusting for items that are outside Management's control or items that relate to strategic rather than operational decisions. Items are excluded from underlying EBITDAF and underlying earnings when they meet the criteria outlined in the Group's non-GAAP financial information policy (refer to [www.genesisenergy.co.nz/investors/governance/documents](http://www.genesisenergy.co.nz/investors/governance/documents) for a copy of the policy). These measures are not defined in New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and therefore are considered to be non-GAAP performance measures. They should not be viewed in isolation nor considered a substitute for measures reported in accordance with NZ IFRS. Underlying EBITDAF and underlying earnings are used by many companies, however, because these measures are not defined by NZ IFRS they may not be uniformly defined or calculated by all companies. Accordingly, these measures may not be comparable.

		31 Dec 2020 unaudited \$ million	6 months ended 31 Dec 2019 unaudited \$ million
<b>Reconciliation of reported net profit to underlying earnings</b>	<b>Note</b>		
<b>Net profit for the period</b>		<b>52.7</b>	<b>9.2</b>
Change in fair value of financial instruments	D2	10.1	4.8
Revaluation of generation assets	B 1	(0.5)	-
Impairment of non-current assets		-	0.1
Unrealised loss on revaluation of carbon units held for trading		1.1	4.0
<b>Adjustments before tax expense</b>		<b>10.7</b>	<b>8.9</b>
Tax expense on adjustments		(3.0)	(2.5)
<b>Adjustments after tax expense</b>		<b>7.7</b>	<b>6.4</b>
<b>Underlying earnings</b>		<b>60.4</b>	<b>15.6</b>
		<b>Cents</b>	<b>Cents</b>
<b>Underlying EPS</b>		<b>5.83</b>	<b>1.53</b>

There were no differences between reported EBITDAF and underlying EBITDAF.

### A2. Segment reporting

The Group reports activities under four segments as follows:

Segment	Activity
Retail	Supply of energy (electricity, gas and LPG) and related services to end users.
Wholesale	Supply of electricity to the wholesale electricity market, supply of gas and LPG to wholesale customers and the Retail segment and the sale and purchase of derivatives to fix the price of electricity.
Kupe	Exploration, development and production of gas, oil and LPG. Supply of gas and LPG to the Wholesale segment and supply of light oil.
Corporate	Head-office functions, including human resources, finance, corporate relations, property management, legal, corporate governance and strategy.

The segments are based on the different products and services offered by the Group. All segments operate in New Zealand. No operating segments have been aggregated. The Group has no individual customers that account for 10.0 per cent or more of the Group's external revenue (31 December 2019: none). Included in the Retail segment result is \$20.2 million of costs (31 December 2019: \$18.7 million) relating to the Technology and Digital team who provide services to all of the segments.

#### Reconciliation of expenses in the consolidated comprehensive income statement to the segment note

Expenses in the consolidated comprehensive income statement includes the following line items in the segment note: external costs, employee benefits and other operating expenses.

#### Intersegment revenue

Sales between segments is based on transfer prices developed in the context of long-term contracts. The electricity transfer price per MWh charged between Wholesale and Retail was \$89.51 (31 December 2019: \$83.94).

#### Restatement of comparative segment note

Three line items in the comparative segment note have been restated to provide comparability with the current period and to align with the disclosure in the 2020 Annual Report. Gas network, transmission levies and meters has increased by \$10.4 million and fuel consumed in electricity generation and gas purchases have decreased by \$1.6 million and \$8.8 million respectively.

## A2. Segment reporting (continued)

Six months ended 31 December 2020	Retail unaudited \$ million	Wholesale unaudited \$ million	Kupe unaudited \$ million	Corporate unaudited \$ million	Total unaudited \$ million
Electricity	695.8	485.2	-	-	1,181.0
Gas	88.0	58.8	-	-	146.8
LPG	44.1	5.4	-	-	49.5
Oil	-	-	10.8	-	10.8
Emissions on fuel sales and electricity contracts	0.2	11.9	-	-	12.1
Emission unit revenue from trading	-	17.3	-	-	17.3
Other revenue	1.2	0.2	0.1	0.4	1.9
<b>Total external revenue</b>	<b>829.3</b>	<b>578.8</b>	<b>10.9</b>	<b>0.4</b>	<b>1,419.4</b>
Electricity – intersegment	-	310.0	-	-	310.0
Gas – intersegment	-	44.2	47.9	-	92.1
LPG – intersegment	-	11.9	14.6	-	26.5
Emissions on fuel sales – intersegment	-	-	4.9	-	4.9
<b>Total segment revenue</b>	<b>829.3</b>	<b>944.9</b>	<b>78.3</b>	<b>0.4</b>	<b>1,852.9</b>
Electricity purchases	-	(453.5)	-	-	(453.5)
Electricity network, transmission, levies and meters	(266.4)	(8.0)	-	-	(274.4)
Fuel consumed in electricity generation	-	(112.8)	-	-	(112.8)
Gas purchases	(0.4)	(105.7)	-	-	(106.1)
Gas network, transmission, levies and meters	(35.3)	(10.5)	-	-	(45.8)
LPG purchases, inventory changes and transportation costs	(8.1)	(2.8)	-	-	(10.9)
Emissions associated with electricity generation	-	(19.2)	-	-	(19.2)
Emissions associated with fuel sales	-	(13.7)	(10.0)	-	(23.7)
Emission unit expenses from trading	-	(15.3)	-	-	(15.3)
Other costs	-	-	(8.1)	-	(8.1)
<b>Total external costs</b>	<b>(310.2)</b>	<b>(741.5)</b>	<b>(18.1)</b>	<b>-</b>	<b>(1,069.8)</b>
Electricity purchases – intersegment	(310.0)	-	-	-	(310.0)
Fuel consumed in electricity generation – intersegment	-	(47.9)	-	-	(47.9)
Gas purchases – intersegment	(44.2)	-	-	-	(44.2)
LPG purchases, inventory changes and transportation costs – intersegment	(11.9)	(14.6)	-	-	(26.5)
Emission costs – intersegment	-	(4.9)	-	-	(4.9)
<b>Total segment costs</b>	<b>(676.3)</b>	<b>(808.9)</b>	<b>(18.1)</b>	<b>-</b>	<b>(1,503.3)</b>
<b>Gross margin</b>	<b>153.0</b>	<b>136.0</b>	<b>60.2</b>	<b>0.4</b>	<b>349.6</b>
Employee benefits	(26.0)	(15.9)	-	(14.0)	(55.9)
Other operating expenses	(38.6)	(18.4)	(10.8)	(8.6)	(76.4)
<b>Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses (EBITDAF)</b>	<b>88.4</b>	<b>101.7</b>	<b>49.4</b>	<b>(22.2)</b>	<b>217.3</b>
Depreciation, depletion and amortisation	(13.6)	(64.7)	(20.2)	(4.0)	(102.5)
Revaluation of generation assets	-	0.5	-	-	0.5
Change in fair value of financial instruments	-	(10.8)	0.1	0.6	(10.1)
Share of associates	(0.2)	(0.2)	-	-	(0.4)
Other gains (losses)	-	(1.2)	-	0.2	(1.0)
<b>Profit (loss) before net finance expense and income tax</b>	<b>74.6</b>	<b>25.3</b>	<b>29.3</b>	<b>(25.4)</b>	<b>103.8</b>
Finance revenue	-	-	-	0.3	0.3
Finance expense	(0.3)	(1.6)	(1.3)	(27.1)	(30.3)
<b>Profit (loss) before income tax</b>	<b>74.3</b>	<b>23.7</b>	<b>28.0</b>	<b>(52.2)</b>	<b>73.8</b>
<b>Other segment information</b>					
Capital expenditure excluding leased assets	10.5	15.0	11.9	4.9	42.3

## A2. Segment reporting (continued)

Six months ended 31 December 2019	Retail unaudited \$ million	Restated Wholesale unaudited \$ million	Kupe unaudited \$ million	Corporate unaudited \$ million	Restated total unaudited \$ million
Electricity	673.7	412.9	-	-	1,086.6
Gas	84.4	58.0	-	-	142.4
LPG	41.9	0.6	4.2	-	46.7
Oil	-	-	11.8	-	11.8
Emissions on fuel sales and electricity contracts	0.1	9.3	0.5	-	9.9
Emission unit revenue from trading	-	34.9	-	-	34.9
Other revenue	1.1	0.2	0.3	0.3	1.9
<b>Total external revenue</b>	<b>801.2</b>	<b>515.9</b>	<b>16.8</b>	<b>0.3</b>	<b>1,334.2</b>
Electricity – intersegment	-	281.9	-	-	281.9
Gas – intersegment	-	34.5	39.9	-	74.4
LPG – intersegment	-	13.5	8.9	-	22.4
Emissions on fuel sales – intersegment	-	-	1.0	-	1.0
<b>Total segment revenue</b>	<b>801.2</b>	<b>845.8</b>	<b>66.6</b>	<b>0.3</b>	<b>1,713.9</b>
Electricity purchases	-	(393.5)	-	-	(393.5)
Electricity network, transmission, levies and meters	(300.2)	(9.5)	-	-	(309.7)
Fuel consumed in electricity generation	-	(109.2)	-	-	(109.2)
Gas purchases	(0.2)	(109.5)	-	-	(109.7)
Gas network, transmission, levies and meters	(36.2)	(10.5)	-	-	(46.7)
LPG purchases, inventory changes and transportation costs	(8.1)	(4.3)	(0.1)	-	(12.5)
Oil inventory changes, storage and transportation costs	-	-	0.5	-	0.5
Emissions associated with electricity generation	-	(10.2)	-	-	(10.2)
Emissions associated with fuel sales	-	(12.6)	(7.7)	-	(20.3)
Emission unit expenses from trading	-	(26.3)	-	-	(26.3)
Other costs	(0.1)	-	(6.0)	-	(6.1)
<b>Total external costs</b>	<b>(344.8)</b>	<b>(685.6)</b>	<b>(13.3)</b>	<b>-</b>	<b>(1,043.7)</b>
Electricity purchases – intersegment	(281.9)	-	-	-	(281.9)
Fuel consumed in electricity generation – intersegment	-	(39.9)	-	-	(39.9)
Gas purchases – intersegment	(34.5)	-	-	-	(34.5)
LPG purchases, inventory changes and transportation costs – intersegment	(13.5)	(8.9)	-	-	(22.4)
Emission costs – intersegment	-	(1.0)	-	-	(1.0)
<b>Total segment costs</b>	<b>(674.7)</b>	<b>(735.4)</b>	<b>(13.3)</b>	<b>-</b>	<b>(1,423.4)</b>
<b>Gross margin</b>	<b>126.5</b>	<b>110.4</b>	<b>53.3</b>	<b>0.3</b>	<b>290.5</b>
Employee benefits	(25.0)	(14.6)	-	(12.8)	(52.4)
Other operating expenses	(37.5)	(16.8)	(10.3)	(6.3)	(70.9)
<b>Earnings before net finance expense, income tax, depreciation, depletion, amortisation, impairment, fair value changes and other gains and losses (EBITDAF)</b>	<b>64.0</b>	<b>79.0</b>	<b>43.0</b>	<b>(18.8)</b>	<b>167.2</b>
Depreciation, depletion and amortisation	(13.0)	(67.3)	(25.8)	(3.8)	(109.9)
Impairment of non-current assets	-	(0.1)	-	-	(0.1)
Change in fair value of financial instruments	-	(4.9)	(0.4)	0.5	(4.8)
Share of associates	(0.2)	(0.2)	-	-	(0.4)
Other gains (losses)	(0.1)	(4.0)	-	1.0	(3.1)
<b>Profit (loss) before net finance expense and income tax</b>	<b>50.7</b>	<b>2.5</b>	<b>16.8</b>	<b>(21.1)</b>	<b>48.9</b>
Finance revenue	-	-	-	0.1	0.1
Finance expense	(0.1)	(1.7)	(1.5)	(32.9)	(36.2)
<b>Profit (loss) before income tax</b>	<b>50.6</b>	<b>0.8</b>	<b>15.3</b>	<b>(53.9)</b>	<b>12.8</b>
<b>Other segment information</b>					
Capital expenditure excluding leased assets	8.9	26.0	11.7	1.0	47.6

	6 months ended 31 Dec 2020 unaudited \$ million	31 Dec 2019 unaudited \$ million
<b>A3. Depreciation, depletion and amortisation</b>		
Property, plant and equipment	70.6	72.8
Oil and gas assets	19.0	23.9
Intangibles (excluding amortisation of deferred customer acquisition costs)	12.9	13.2
	102.5	109.9

## B. Operating assets

	6 months ended 31 Dec 2020 unaudited \$ million	Year ended 30 Jun 2020 audited \$ million
<b>B1. Property, plant and equipment</b>		
<b>Opening balance</b>	<b>3,367.7</b>	<b>3,449.0</b>
Additions	47.3	70.5
Revaluation of generation assets		
Decrease taken to revaluation reserve	(257.6)	-
Increase taken to the income statement	0.5	-
Change in rehabilitation and contractual arrangement assets	-	(0.2)
Transfer to intangible assets	(1.3)	(1.3)
Disposals	(4.1)	(2.1)
Impairment	-	(0.1)
Depreciation expense recognised in inventories	(0.6)	(0.7)
Depreciation expense	(70.6)	(147.4)
<b>Closing balance</b>	<b>3,081.3</b>	<b>3,367.7</b>

Property, plant and equipment includes \$73.8 million of leased assets (30 June 2020: \$54.9 million).

### Generation assets

Generation assets were revalued at 31 December 2020 to \$2,861.0 million resulting in a net loss on revaluation of \$257.1 million. The revaluation loss was primarily driven by a decrease in long term wholesale electricity prices, partially offset by higher short term wholesale electricity prices. Long term wholesale electricity prices are expected to decrease mainly due to over supply in the market as a result of Tiwai Point smelter discontinuing operations. Short term wholesale electricity prices are expected to increase mainly as a result of short term market factors, including gas supply side constraints, which is likely to result in the use of more thermal plant. The revaluation increase taken to the income statement partially reverses previous revaluation decreases for Huntly Units 1 to 4. At 30 June 2020 a valuation was undertaken. As the results approximated the carrying value, no revaluation adjustment was required.

The valuation is based on a discounted cash flow model prepared by Management, calculated by generating scheme except for the Huntly site where it is calculated by type of unit (units 1 to 4, unit 5 and unit 6). As the key inputs into the valuation are based on unobservable market data, the valuation is classified as level 3 in the fair value hierarchy. It requires significant judgement and therefore there is a range of reasonably possible assumptions that could be used in estimating the fair value. Refer to the 2020 Annual Report for an overview of the fair value hierarchy.

## B1. Property, plant and equipment (continued)

### Key estimates and judgements

Significant unobservable inputs in the valuation model were:

Significant unobservable inputs	Method used to determine input	Sensitivity range	Increase/ (decrease) in fair value of generation assets	Inter-relationships between unobservable inputs
Wholesale electricity price path	Average of the internally generated price path and price paths published by independent third parties. Prices used in the valuation range between \$76 per MWh and \$122 per MWh referenced to the Otahuhu 220kV locational node from January 2021 to June 2040.	+10% -10%	\$514 million (\$514) million	Hydrological inflows affect generation volumes, as well as wholesale electricity prices.
Generation volumes	In-house modelling of the wholesale electricity market. The generation volumes used in the valuation range between 2,818 GWh and 6,915 GWh per annum. The low end of the range relates to periods where there is no thermal generation.	+10% -10%	\$378 million (\$378) million	Wholesale electricity prices affect the amount of generation.
Discount rate	Pre-tax equivalent discount rate of 9.4%.	+1% -1%	(\$313) million \$409 million	Discount rate is independent of wholesale electricity prices and generation volumes.

### Internally generated price path

The internally generated price path assumes national demand growth based on the latest available industry analysis and Genesis' view of economic growth. Forecast hydrology is based on 83 years of historical hydrological inflow data, and new and retiring generation plant assumptions are based on public information and an assessment of the wholesale electricity prices required to support the plant. The internally generated price path assumed the ongoing operation of Tiwai Point smelter until FY25. This assumption is consistent with the assumption used in the price paths published by independent third parties, market data available at 31 December 2020 and the announcement on 14 January 2021 that Tiwai Point smelter will continue to operate until 31 December 2024.

### Other key assumptions

The valuation includes assumptions around how Tiwai Point's operations will wind down; the timing of transmission upgrades and the market fuel and electricity supply and demand side assumptions. Changes in these interrelated factors will impact the wholesale electricity price path and generation volumes. These factors are reviewed for reasonableness by senior management personnel who are responsible for the price path used by the business.

## B2. Oil and gas assets

	6 months ended 31 Dec 2020 unaudited \$ million	Year ended 30 Jun 2020 audited \$ million
Opening balance	307.4	324.1
Additions	12.1	21.9
Change in rehabilitation asset	-	(2.4)
Depreciation and depletion expense	(19.0)	(36.2)
Closing balance	300.5	307.4

Since 30 June 2020 the only change to the estimated remaining reserves disclosed in the 2020 Annual Report was in relation to actual production for the six months ended 31 December 2020 of 17.1 PJ. The estimated remaining reserves balance as at 31 December 2020 was 232.9 PJ for proved reserves (1P) and 323.4 PJ for proved and probable reserves (2P) (30 June 2020: 250.0 PJ and 340.5 PJ respectively).

## C. Funding

### C1. Borrowings

	31 Dec 2020 unaudited \$ million	30 Jun 2020 audited \$ million
Revolving credit facility	-	250.3
Term loan facility	30.0	30.0
Money market and commercial paper	149.9	2.0
Wholesale term notes	222.7	172.4
Retail term notes	101.0	100.8
Capital bonds	479.0	481.7
United States Private Placement ('USPP')	235.3	266.5
Lease liability	99.1	63.7
<b>Total</b>	<b>1,317.0</b>	<b>1,367.4</b>
Current	170.4	19.9
Non-current	1,146.6	1,347.5
<b>Total</b>	<b>1,317.0</b>	<b>1,367.4</b>

### Commercial paper

A commercial paper programme has been established and the first tranche of notes was issued in October 2020. Notes issued to wholesale investors under the programme are short-term money market instruments, unsecured and unsubordinated. The issue of these notes is the main reason for the increase in the current portion of borrowings. The funds received from the commercial paper programme were used to repay the revolving credit facility.

### Wholesale term notes

A \$50.0 million wholesale term note was issued in July 2020. The note expires in July 2022.

### Revolving credit facility

As at 31 December 2020 the Group had nothing drawn down under the revolving credit facility (30 June 2020: \$250.0 million) and had available undrawn facilities of \$475.0 million (30 June 2020: \$175.0 million). The undrawn facilities ensure the Group will have sufficient funds to meet its liabilities when due, under both normal and stressed conditions.

	31 Dec 2020 Carrying value unaudited \$ million	31 Dec 2020 Fair value unaudited \$ million	30 Jun 2020 Carrying value audited \$ million	30 Jun 2020 Fair value audited \$ million
<b>Fair value of borrowings held at amortised cost</b>				
<b>Level one</b>				
Retail term notes	101.0	105.1	100.8	106.3
Capital bonds	479.0	492.7	481.7	498.6
<b>Level two</b>				
Term loan facility	30.0	32.5	30.0	32.5
Wholesale term notes	222.7	245.0	172.4	195.0
USPP	235.3	240.4	266.5	271.1

The valuation of the term loan facility and the wholesale term notes is based on estimated discounted cash flow analyses, using applicable market yield curves adjusted for the Group's credit rating. The credit-adjusted market yield curves used in the valuation at the reporting date ranged from 0.8 per cent to 1.4 per cent (30 June 2020: 1.5 per cent to 1.8 per cent).

The valuation of USPP is based on estimated discounted cash flow analyses, using applicable United States market yield curves adjusted for the Group's credit rating. The credit-adjusted market yield used in the valuation at the reporting date was 1.1 per cent (30 June 2020: 1.1 per cent).

The carrying value of all other borrowings approximates their fair values.



C2. Finance expense	6 months ended	
	31 Dec 2020 unaudited \$ million	31 Dec 2019 unaudited \$ million
Interest on borrowings (excluding capital bonds and lease liability)	13.9	19.5
Interest on capital bonds	12.8	12.8
Interest on lease liability	1.8	1.9
<b>Total interest on borrowings</b>	<b>28.5</b>	<b>34.2</b>
Other interest and finance charges	0.5	0.1
Time value of money adjustments on provisions	2.0	2.5
Capitalised finance expenses	(0.7)	(0.6)
<b>Total</b>	<b>30.3</b>	<b>36.2</b>

C3. Dividends	6 months ended 31 Dec 2020			6 months ended 31 Dec 2019		
	Imputation unaudited	Cents per share unaudited	\$ million unaudited	Imputation unaudited	Cents per share unaudited	\$ million unaudited
<b>Dividends declared and paid during the period</b>						
Prior period final dividend	80%	8.675	89.9	80%	8.60	88.1
Less shares issued under the dividend reinvestment plan			(17.3)			(18.9)
<b>Cash dividend paid</b>			<b>72.6</b>			<b>69.2</b>
<b>Dividends declared subsequent to reporting date</b>						
Current period interim dividend	80%	8.60	89.8	80%	8.525	87.8

## D. Risk management

D1. Derivatives	31 Dec 2020		30 Jun 2020	
	unaudited \$ million		audited \$ million	
Electricity swaps and options and electricity power purchase agreements ('PPA')	6.6		2.0	
Oil price swaps	2.9		8.8	
Interest rate swaps	(32.3)		(39.0)	
Cross-currency interest rate swaps ('CCIRS')	34.8		67.5	
Foreign exchange contracts	1.7		(1.5)	
Other derivatives	1.5		(0.5)	
<b>Total</b>	<b>15.2</b>		<b>37.3</b>	
Current assets	105.7		44.1	
Non-current assets	77.5		104.5	
Current liabilities	(81.8)		(38.9)	
Non-current liabilities	(86.2)		(72.4)	
<b>Total</b>	<b>15.2</b>		<b>37.3</b>	

The process and method of valuing derivatives is outlined in note D3.

**D2. Change in fair value of financial instruments**

	6 months ended	
	31 Dec 2020 unaudited \$ million	31 Dec 2019 unaudited \$ million
CCIRS	(6.5)	0.1
Interest rate swaps	(3.4)	(0.8)
Fair value interest rate risk adjustment on borrowings	10.2	0.9
Fair value hedges – gain (loss)	0.3	0.2
<b>Cash flow hedges – hedge ineffectiveness – gain (loss)</b>	<b>0.1</b>	<b>2.8</b>
Electricity swaps and options and PPAs	(12.9)	(8.6)
Other derivatives	2.4	0.8
<b>Derivatives not designated as hedges – gain (loss)</b>	<b>(10.5)</b>	<b>(7.8)</b>
<b>Total change in fair value of financial instruments</b>	<b>(10.1)</b>	<b>(4.8)</b>

**D3. Fair value measurement****Fair value hierarchy**

The Group's assets and liabilities measured at fair value are categorised into one of three levels. The levels are outlined in the 2020 Annual Report.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels at the date the change in circumstances occurred. There were no transfers between levels one, two and three during the period (31 December 2019: nil).

**Level two and three items carried at fair value**

All derivatives disclosed in D1 other than electricity swaps and options and PPAs are considered level two. The \$6.6 million electricity swaps and options and PPAs net asset comprises a \$4.7 million asset classified as level two and a \$1.9 million asset classified as level three (30 June 2020: \$2.0 million liability and \$4.0 million asset respectively). Emission units held for trading, recorded in inventory, are level two instruments. The carrying value of the units as at 31 December 2020 was \$7.9 million (30 June 2020: \$7.0 million). Generation assets, recorded in property, plant and equipment, are considered to be level three. The carrying value of generation assets as at 31 December 2020 was \$2,861.0 million (30 June 2020: \$3,177.3 million).

**Valuation of level two items carried at fair value**

The fair values of level two derivatives and emission units held for trading are determined using discounted cash flow models. The key inputs in the valuation models are the same as those disclosed in the 2020 Annual Report.

**Valuation of level three items carried at fair value****Valuation method and process**

The method and process used to value level three generation assets and derivatives is consistent with that disclosed in the 2020 Annual Report.

**Valuation of electricity swaps and options and PPAs**

The valuation is based on a discounted cash flow model. The key inputs and assumptions are: the callable volumes, strike price and option fees outlined in the agreement, the wholesale electricity price path ('price path'), 'day one' gains and losses, and the discount rate. The options are deemed to be called when the price path is higher than the strike prices after taking into account obligations relating to the specific terms of each contract. No calling is required for the swaps and there are no option fees. The price path is the significant unobservable input in the valuation model. Refer to B1 for information in relation to the method and judgements used to determine the price path.

	31 Dec 2020 unaudited	30 Jun 2020 audited
Price path	\$76 per MWh to \$122 per MWh over the period from 1 January 2021 to 31 March 2041.	\$88 per MWh to \$117 per MWh over the period from 1 July 2020 to 31 May 2041.
Impact of increase/decrease in price path on fair value	A 10% increase would increase the asset by \$28.8 million. A 10% decrease would decrease the asset by \$29.2 million.	A 10% increase would increase the asset by \$39.3 million. A 10% decrease would decrease the asset by \$38.7 million.
Discount rate	0.3% - 3.97%	0.2% - 4.27%

### D3. Fair value measurement (continued)

	6 months ended 31 Dec 2020 unaudited \$ million	Year ended 30 Jun 2020 audited \$ million
<b>Reconciliation of level three electricity swaps and options and PPAs</b>		
Opening balance	4.0	(25.0)
Electricity revenue	13.7	27.6
Change in fair value of financial instruments	(19.3)	(0.6)
<b>Total gain (loss) in the income statement</b>	<b>(5.6)</b>	<b>27.0</b>
Total gain (loss) recognised in other comprehensive income	3.3	20.5
Settlements	13.1	7.2
Sales	(12.9)	(25.7)
<b>Closing balance</b>	<b>1.9</b>	<b>4.0</b>

The change in fair value of financial instruments includes an unrealised loss of \$18.0 million (30 June 2020: \$0.1 million loss).

### Deferred 'day one' gains (losses)

There is a presumption that when derivative contracts are entered into on an arm's-length basis, and no payment is received or paid on day one, the fair value at inception would be nil. The contract price of non-exchange traded electricity derivative contracts and PPAs are agreed on a bilateral basis, the pricing for which may differ from the prevailing derived market price for a variety of reasons. In these circumstances an adjustment is made to bring the initial fair value of the contract to zero at inception. The adjustment is called a 'day one' gain (loss) and is deferred and amortised, based on expected call volumes over the term of the contract. The following table details the movements and amounts of deferred 'day one' gains (losses) included in the fair value of level three electricity swaps and options and PPAs:

	6 months ended 31 Dec 2020 unaudited \$ million	Year ended 30 Jun 2020 audited \$ million
Opening balance	118.4	134.5
Amortisation of existing derivatives	(7.2)	(16.1)
<b>Closing balance</b>	<b>111.2</b>	<b>118.4</b>

## E. Other

### E1. Related party transactions

The majority shareholder of Genesis is the Crown. The Group transacts with Crown-controlled and related entities independently and on an arm's-length basis for the following goods and services: royalties, emission obligations, scientific consultancy services, electricity transmission, postal services, rail services and energy-related products (including electricity derivatives). All transactions with Crown-controlled and related entities are based on commercial terms and conditions and relevant market drivers.

During the period the Crown received \$46.1 million dividends (31 December 2019: \$45.1 million) of which \$37.2 million was paid in cash (31 December 2019: \$35.4 million) and \$8.9 million was paid in shares (31 December 2019: \$9.7 million). There were no other individually significant transactions with the Crown during the period (31 December 2019: nil).

The Group has five significant electricity swap and option contracts with Meridian Energy, a Crown-controlled entity. The period and profile of the contracts vary between 12.5MW and 150MW, from 1 January 2011 to 31 December 2025. In addition to these contracts there are a small number of insignificant contracts with Crown-controlled and related entities.

Approximately 8.4 per cent of the value of electricity derivative assets and approximately 8.5 per cent of the value of electricity derivative liabilities held at the reporting date were held with Crown-controlled and related entities (30 June 2020: 16.6 per cent and 16.8 per cent respectively). The contracts expire at various times; the latest expiry date is December 2025.

### E2. Commitments

As at 31 December 2020 the Group had \$27.4 million of capital commitments (30 June 2020: \$34.3 million).

### E3. Contingent assets and liabilities

No new contingent assets or liabilities have arisen since 30 June 2020 and there has been no change in the contingent liabilities disclosed in the 2020 Annual Report, other than a further six months of gas being purchased under the gas supply agreement disclosed in note G5 of the 2020 Annual Report. At this stage in the process Genesis is confident of a favourable outcome, however, should there be an adverse outcome from the proceedings potentially up to 1,501,047 emission units may need to be transferred. The arbitration process is expected to be concluded in calendar year 2021.

### E4. Subsequent events

The following events occurred subsequent to the reporting date:

- \$89.8 million of dividends were declared on 24 February 2021 (refer to note C3);
- On 14 January 2021 NZAS announced Tiwai Point smelter will continue operating until 31 December 2024. Refer to the 'General information and significant matters' section for more information.

## Pūrongo Arotake Motuhake

### Independent Auditor's Review Report To the shareholders of Genesis Energy Limited

The Auditor-General is the auditor of Genesis Energy Limited ('the Company') and its subsidiaries (the Group). The Auditor-General has appointed me, Bryce Henderson, using the staff and resources of Deloitte Limited, to carry out the review of the condensed consolidated interim financial statements ('interim financial statements') of the Group on his behalf.

#### Conclusion

We have reviewed the interim financial statements of the Group on pages 5 to 18, which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated cash flow statement for the six months ended on that date, and the notes including a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2020, and its financial performance and cash flows for the six months ended on that date, in accordance with NZ IAS 34 Interim Financial Reporting and IAS 34 Interim Financial Reporting.

#### Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* ('NZ SRE 2410 (Revised)'). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim Financial Statements* section of our report.

We are independent of the Group in accordance with the Auditor General's ethical requirements relating to the audit of the annual financial statements, which incorporate the relevant independence requirements issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other assignments for the Group in the areas of supervisor reporting, scrutineer's notice and secretarial services for the corporate tax payer group. These services have not impaired our independence as auditor of the Group.

In addition to these assignments, partners and employees of our firm deal with the Group on normal terms within the ordinary course of trading activities of the Group. Other than these assignments and trading activities, we have no relationship with, or interests in the Group.

#### Directors' responsibilities for the interim financial statements

The directors are responsible, on behalf of the Group, for the preparation and fair presentation of these interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibilities for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with NZ IAS 34 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*.

A review of the interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.



24 February 2021  
**Bryce Henderson**  
**for Deloitte Limited**  
On behalf of the Auditor-General  
Auckland, New Zealand



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