



ANNOUNCEMENT

8 August 2024

Manawa Energy Limited (NZX Code: MNW) provides updated earnings guidance

Manawa Energy Limited (**Manawa**) acts as a wholesale intermediary for an electricity retailer which is in default of its payment terms with Manawa. As a result, it has become necessary for Manawa to provision for a potential bad debt on this contract. This arrangement is unique within Manawa, and it does not have similar arrangements with any other party.

Manawa will today terminate the Electricity Supply and Services Agreement with the electricity retailer. This will allow Manawa to immediately initiate steps to reduce the risk of further exposure. Manawa will work to recover as much of the outstanding debt as possible.

Manawa is also being impacted by electricity market conditions. In particular, the extended dry and calm sequence experienced for a number of months is having a significant impact on the generation volumes from Manawa's hydroelectricity schemes and is also reducing the electricity volumes provided to Manawa under the wind Power Purchase Agreements. Purchases of any energy shortfalls to meet its contractual supply commitments are occurring at extremely elevated prices relative to historic norms.

Manawa now expects EBITDAF¹ for the year to 31 March 2025 to be in the range of \$95M to \$115M. This compares to the previous earnings guidance provided in May 2024 of \$130M to \$150M. Approximately half of the change in earnings guidance is due to the provision for the potential bad debt.

This revised earnings guidance is underpinned by the following assumptions:

- Hydro generation volumes of ~1,713GWh – below previous forecast volume of 1,880GWh, accounting for year-to-date production, current low storage levels and a gradual return to long-run inflow expectations for run-of-river assets and rescheduling of some larger outages associated with key assets to mitigate the impact of market conditions on FY25 production levels;
- FY25 wind PPA offtake volumes of ~600GWh – below previous forecast volume of 650GWh, driven by low volumes in the year-to-date and a softer outlook for the remainder of August;
- Current ASX forward pricing is reflective of actual spot pricing across the period;
- No material adverse events; and
- ~\$6.5M of new development opex.

¹ EBITDAF (Earnings Before Interest, Tax, Depreciation, Amortisation, Fair Value Movements of Financial Instruments, Asset Impairments and Discount on Acquisition) 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. EBITDAF does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

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About Manawa Energy Limited

Manawa Energy is Aotearoa New Zealand's largest independent electricity generator and renewables developer. We have 26 power schemes throughout New Zealand and a total installed capacity of 510 megawatts, generating an average of 1942 gigawatt hours of electricity per year. We supply around 650 commercial and industrial customers.

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

