INDEPENDENT REPORT IN RELATION TO THE SCHEME OF ARRANGEMENT FOR THE ACQUISITION OF ALL OF THE SHARES IN MANAWA ENERGY LIMITED

Grant Samuel confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Grant Samuel has satisfied the Takeovers Panel, on the basis of the material provided to the Takeovers Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

GRANT SAMUEL & ASSOCIATES LIMITED

MAY 2025

Executive Summary

1. Introduction

On 11 September 2024 Manawa Energy Limited (**Manawa,** or the **Company**) announced that it entered into a Scheme Implementation Agreement (**SIA**) with Contact Energy Limited (**Contact**) under which Contact has agreed to acquire all of the shares in Manawa through a Scheme of Arrangement (the **Scheme**).

Under the terms of the Scheme, Manawa shareholders are being offered consideration of:

- 0.5830 Contact shares for each Manawa share held (the **Exchange Ratio**) (the **Scrip Consideration**); plus
- $1.12 per Manawa share in cash (**Cash Consideration**).[1]

The Scheme is to be implemented through a scheme of arrangement under the Companies Act 1993 (**Companies Act**) between Contact and Manawa's shareholders. The Directors of Manawa have engaged Grant Samuel & Associates Limited (**Grant Samuel**) to prepare an Independent Adviser's Report on the merits of the Scheme. This is an executive summary of Grant Samuel's main conclusions in relation to the merits of the Scheme and its assessment of the price being offered to Manawa shareholders.

2 Key Conclusions

- **Grant Samuel has valued the equity in Manawa in the range $1.68 billion to $1.93 billion, or $5.35 to $6.17 per share.**
  - As at 10 September 2024, the date prior to the announcement of the Scheme, Contact's 5-day volume weighted average share price (**VWAP**) implied Scheme consideration of $5.95 per Manawa share[2]. This implied consideration represented a premium of approximately 47.6% relative to the closing price of Manawa shares of $4.03 per share on 10 September 2024 - being the trading day prior to the announcement of the Scheme, and a premium of 47.4% over the 30 day VWAP[3]. Shares in a listed company normally trade at a discount to the underlying value of the whole company. The observed discount is typically in the range 20-35%. The extent of the discount (if any) depends on the specific circumstances of each company.
  - The consideration offered by Contact for each Manawa share comprises a combination of Contact shares and cash for each Manawa share. As the share price of Contact shares has and will continue to fluctuate, the value of the consideration offered under the Scheme will also change. Grant Samuel understands that if approved, the target implementation date of the Scheme is in July 2025. Grant Samuel's valuation range for Manawa is $5.37 to $6.17 per share. For the Scheme consideration to be within this range, the Contact share price would need to be between $7.26 and $8.66 per share. As at 30 April 2025, Contact's 5-day VWAP was $9.00.
- **Manawa shareholders are being asked to vote to approve or reject the implementation of the Scheme.** For the Scheme to be approved, more than 50% of the total number of voting securities in Manawa must be voted in favour of the Scheme and at least 75% of the total votes cast in each interest class must be in favour of the Scheme. The two major shareholders of Manawa (that collectively own 77.9% of the issued shares in the Company) have entered into voting agreements with Contact in support of the Scheme, subject to certain conditions. This support means that the votes needed to approve the

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1 Under the SIA the Exchange Ratio and the Cash Consideration are adjusted to factor in dividends that are paid between the signing of the SIA and the implementation of the Scheme. The original Exchange Ratio was 0.5719 Contact shares for each Manawa share held. This was increased to 0.5830 Contact shares for each Manawa share held, pursuant to Contact's $0.16 half-year dividend. The original Cash Consideration was $1.16. This was reduced by the $0.04 half-year dividend declared and paid by Manawa.

2 $5.95 is equal to the value of the scrip consideration of $4.79 per Manawa Energy share (based on Contact's 5-day VWAP of $8.376 using the original Exchange Ratio) plus the cash consideration of $1.16 per Manawa Energy share.

3 Measured over the 30 trading days prior to the announcement

Scheme are assured and the voting thresholds will be exceeded if the Scheme is put to Manawa's shareholders. The possible outcomes of the Scheme are summarised below:

- **The voting thresholds to approve the Scheme are achieved and all other conditions satisfied the Scheme is implemented.** Given the voting agreements in place with the two major shareholders, Infratil and TECT, the voting thresholds to approve the Scheme are expected to be achieved and this condition will be satisfied if the Scheme is put to Manawa's shareholders. If all other conditions are satisfied or waived and the SIA is complied with, the Scheme will be implemented. In that circumstance all shareholders in Manawa will have their shares acquired for the cash and scrip consideration, and Manawa shares will cease to be quoted.
- **The voting thresholds to approve the Scheme are achieved, but one or more of the conditions are not satisfied or waived and the Scheme is terminated**. If the voting thresholds to approve the Scheme are achieved but one or more of the other conditions are not satisfied or waived, or if the SIA is terminated, the Scheme will not proceed, and no shares in Manawa will be acquired by Contact. Manawa shares will remain listed on the NZSX and Manawa will have no further obligation to Contact.

- **The likelihood of competing proposals in the current time frame is low.**
  - The Scheme between Contact and Manawa provides a typical exclusivity framework in favour of Contact. Under this framework, Manawa is prohibited from engaging on any competing proposals unless the Manawa's Board has determined that the competing proposal is or is reasonably likely to become a superior proposal. Furthermore, Contact must be notified of any competing proposal and must be offered the opportunity to match a proposal that the Manawa Board considers to be a superior proposal to the Scheme.
  - Given that Infratil and TECT have agreed to vote for the Scheme, it is highly unlikely Contact will increase the consideration it has offered for Manawa shares in the absence of a superior competing proposal. Any increase in consideration would require amendments to the SIA and, depending on the timing and circumstances of any price increase, may also require an extension to the timetable and potentially a further meeting of shareholders to consider the revised Scheme.
  - At the date of this report Manawa has not received any unsolicited proposals since the announcement of the Scheme on 11 September 2025.

- **If the Scheme is implemented Manawa shareholders can elect to hold or sell Contact shares**
  - If the Scheme is implemented Manawa shareholders (other than those shareholders located outside of New Zealand or Australia) will receive Contact shares as part consideration. If a Manawa shareholder elects to retain some or all of those shares it will remain a shareholder in Contact. Contact is a substantial business and is listed on the NZX with a market capitalisation of approximately $7.2 billion [4] After the proposed acquisition of Manawa, Contact's market capitalisation is likely to exceed $9.0 billion and it will be one of the largest companies listed on the NZSX.
  - Contact has estimated that it will realise portfolio and cost synergies of approximately $33-$48 million per annum from the proposed acquisition of Manawa (calculated on a full year basis). The extent and timing of synergies that may be achieved in any takeover is always uncertain. The market may factor some synergies from the proposed acquisition of Manawa into the Contact share price prior to the settlement of the Scheme or over time when there is clear evidence they will be realised. Manawa shareholders that retain Contact shares they receive as part consideration under the Scheme will share in that benefit or loss if the synergies are not realised.
  - Contact shares are significantly more liquid than Manawa shares. Selling or holding Contact shares if the Scheme is implemented is a matter for individual shareholders based on their own view as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position

[4] Based on the Contact's 5-day VWAP as at 30 April 2025

and other factors. Manawa shareholders should consult their own professional adviser in this regard. The Scheme Booklet provides a summary of risks related to Contact shares if the Scheme is implemented.

- In the absence of the Scheme that has been initiated by Contact or any other takeover proposal, Manawa shares are likely to trade at prices below the price implied by the Scheme. In the 90 days prior to the announcement of the Scheme on 11 September 2024, Manawa shares traded in the range $3.94 and $4.46 per share, with a weighted average over the period of $4.20 per share. The share price of Manawa has increased since the announcement of the Scheme and has traded in the range $4.58 and $5.82[5].

3 Other Matters

Voting for or against the Scheme is a matter for individual shareholders based on their own view as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to vote in favour of the Scheme. Shareholders should consult their own professional adviser in this regard.

This is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary. A detailed assessment of the merits of the Scheme is outlined in section 8 of this report. Grant Samuel's opinion is to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

GRANT SAMUEL & ASSOCIATES LIMITED

8 May 2025

[5] Up until 15 April 2025

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GLOSSARY

TERM	DEFINITION
ACoT	Avoided cost of transmission
C&I	Commercial and industrial
CAGR	Compound annual growth rate
CAPM	Capital asset pricing model
Code	The Takeovers Code
Companies Act	Companies Act 1993
Contact	Contact Energy Limited
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECNZ	Electricity Corporation of New Zealand
EIP Code	Electricity Industry Participation Code 2010
EVs	Electric vehicles
Exchange Ratio	0.5830 Contact shares for each Manawa share held
FTE	Full time equivalents
FY2X	Financial year ended 31 March 202X
FY June 2X	Financial year ended 30 June 202X
Grant Samuel	Grant Samuel and Associates Limited
HVDC	High-voltage direct current
ICP	Installation control point
Infratil	Infratil Limited
IPO	Initial public offering
IPP	Independent Power Producer
kWh	Kilowatt hour
LCOE	Levelised cost of energy
Manawa or the Company	Manawa Energy Limited
MWp	MW peak
NPV	Net present value
NZCC	New Zealand Commerce Commission
NZDX	New Zealand debt market
NZSX	New Zealand Stock Exchange
PPA	Power purchase agreements
Scheme	The scheme of arrangement between Manawa and Contact
Scrip Consideration	Contact shares issued to Manawa shareholders as consideration
SIA	Scheme Implementation Agreement
TECT	Tauranga Energy Consumer Trust
Trustpower Retail	Trustpower's (now Manawa) retail business comprised the gas, telecommunications and retail electricity supply business (excluding the supply of electricity to commercial and industrial customers)
VWAP	Volume weighted average share price
WACC	Weighted Average Cost of Capital

1 Terms of the Scheme

1.1 Background

On 11 September 2024 Manawa Energy Limited (**Manawa,** or the **Company**) announced that it entered into a Scheme Implementation Agreement (**SIA**) with Contact Energy Limited (**Contact**) under which Contact has agreed to acquire all of the share in Manawa through a Scheme of Arrangement (the **Scheme**).

Under the terms of the Scheme, Manawa shareholders are being offered consideration of:

- 0.5830 Contact shares for each Manawa share held (the **Exchange Ratio**) (the **Scrip Consideration**); plus
- $1.12 per Manawa share in cash (**Cash Consideration**).[6]

If the Scheme is implemented Manawa shareholders will be issued with Contact shares equal to approximately 18.5%[7] of the Contact ordinary shares on issue following implementation of the Scheme.

The Scheme is subject to a number of key conditions that are set out in the Scheme Booklet, including:

- clearance from the New Zealand Commerce Commission (**NZCC**), which has now been obtained;
- Manawa shareholders approving the Scheme at a meeting of shareholders. Shareholding entities for Manawa's two largest shareholders, Infratil Limited (**Infratil**) and Tauranga Energy Consumer Trust (**TECT**), have entered into voting agreements under which they have agreed to vote in favour of the Scheme. Assuming that Infratil and TECT voting in accordance with their voting agreements, the voting thresholds to approve the Scheme will be achieved and this condition will be satisfied if the Scheme is put to Manawa's shareholders; and
- Approval of the Scheme by the New Zealand High Court.

The full list of conditions to the Scheme is set out in the Scheme Booklet.

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[6] Under the SIA the Exchange Ratio and the Cash Consideration are adjusted to factor in dividends that are paid between the signing of the SIA and the implementation of the Scheme. The original Exchange Ratio was 0.5719 Contact shares for each Manawa share held. This was increased pursuant to Contact's $0.16 half-year dividend. The original Cash Consideration was $1.16. This was reduced by the $0.04 half-year dividend declared and paid by Manawa.

[7] Manawa has 313.0 million shares outstanding. Manawa shareholders will be issued 182.5 million Contact shares in total. Contact currently has 802.8 million shares outstanding. If the Scheme is implemented the number of Contact shares outstanding will increase to 985.3 million.

2 Scope of the Report

2.1 Purpose of the Report

The Directors of Manawa have engaged Grant Samuel & Associates Limited (**Grant Samuel**) to prepare an Independent Adviser's Report (**IAR**) on the merits of the Scheme. Grant Samuel is independent of Manawa and Contact and has no involvement with, or interest in, the outcome of the Scheme. The Scheme is governed by the Companies Act 1993 (**Companies Act**) and is required to be approved by the High Court of New Zealand in order to proceed. The High Court will not approve a Scheme that affects the voting rights of a company unless:

- it is satisfied that the shareholders of the company will not be adversely affected by the use of a scheme rather than the Takeovers Code (**Code**) to effect the change involving the Code company; or
- the Court is presented with a no-objection statement from the Takeovers Panel. The Takeovers Panel will issue a No-objection Statement where it considers that an appropriate balance has been struck between:
  - alignment of the relevant scheme with what would be permitted under a Code offer; and
  - the inherent flexibility of schemes, bearing in mind the objectives of the Code and the respective roles of the Court and the Takeovers Panel.

  Accordingly, when considering whether to give a No-objection Statement, the Takeovers Panel will consider:
  - whether all material information relating to the Scheme has been disclosed to shareholders;
  - whether the standard of disclosure to shareholders is of the standard that would be required by the Code in a Code-regulated transaction (or is otherwise appropriate in the circumstances);
  - whether interest classes of shareholders have been composed appropriately;
  - whether the protections available to shareholders (and other equity security holders) under the Code and/or the Takeovers Act 1993 (the **Takeovers Act**) (or equivalents to those protections) have been provided for under or in connection with the Scheme; and
  - such other factors as the Takeovers Panel considers to be applicable in the relevant circumstances bearing in mind the respective roles of the Takeovers Panel and the Court.

Manawa is a Code company under the Code. Although the provisions of the Code do not apply to schemes of arrangement once the final orders are issued by the High Court, the practice of the Takeovers Panel (which is responsible for administering and enforcing the Code) is to conduct a review to establish whether it considers appropriate information is placed before a Code company's shareholders when they are being asked to consider granting a no-objection statement in respect of a proposed Scheme of arrangement. Although there is no legal requirement under the Companies Act or the Code for an Independent Adviser's Report as a result of the Scheme, the practice of the Takeovers Panel (except in very limited circumstances) is to require the preparation of an IAR (similar to a Code Rule 21 report) before it will consider issuing a final no-objection statement. Manawa will request that the Takeovers Panel issue a no-objection statement in relation to the Scheme to present to the High Court to assist with its deliberations.

Rule 21 of the Code requires the Independent Adviser to report on ***the merits of an offer***. The term "merits" has no definition either in the Code itself or in any statute dealing with securities or commercial law in New Zealand. While the Code does not prescribe a meaning of the term "merit", the Takeovers Panel has interpreted the word "merits" to include both positives and negatives in respect of a transaction.

A copy of this IAR will accompany the Scheme Booklet that will be sent to all of Manawa's shareholders. This report is for the benefit of the shareholders of Manawa and for the benefit of the High Court.[8] The report should

[8] Under section 236(2)(c) of the Companies Act.

not be used for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Scheme. This report should be read in conjunction with the Qualifications, Declarations and Consents in Appendix F.

This report has been prepared without taking into account the objectives, financial situation or needs of individual Manawa shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Scheme Booklet issued by Manawa in relation to the Scheme.

Voting for or against the Scheme is a matter for individual shareholders based on their views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell securities in Manawa. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to vote for or against the Scheme. Shareholders should consult their own professional adviser in this regard.

2.2 Basis of Evaluation

Grant Samuel has evaluated the Scheme by reviewing the following factors:

- the terms of the Scheme;
- evaluating the estimated value range of Manawa and the price of the Scheme when compared to that estimated value range;
- evaluating the value of the Scrip Consideration with comparison to the market price of Contact's shares;
- assessing the impact of the Scheme on Contact;
- assessing the likelihood of an alternative offer and alternative transactions;
- any specific implications of the structure of the Scheme;
- reviewing the current trading conditions for Manawa and Contact and the timing and circumstances surrounding the Scheme;
- assessing the attractions and risks of Manawa and Contact's business; and
- evaluating any advantages or disadvantages for Manawa shareholders if they vote to accept or reject the Scheme.

Grant Samuel's opinion is to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

2.3 Approach to Evaluation

In Grant Samuel's opinion the price to be paid under a full takeover or scheme of arrangement has the same economic intention and effect and should reflect the full underlying value of the company. Grant Samuel believes that the appropriate assessment of value under a full or partial takeover offer or scheme of arrangement where the offeror will gain control is the full underlying value, prorated across all shares.

If the Scheme is approved by Manawa's shareholders and if all other conditions are satisfied or waived (to the extent capable of waiver) and the SIA is not otherwise terminated, the Scheme will be implemented and 100% of the shares in Manawa would be acquired by Contact. Manawa's shares would be delisted in that circumstance. The Scheme is therefore similar to a full takeover in that it represents a potential change of control event. Consistent with the valuation principles Grant Samuel applies to the assessment of a full or partial takeover offer, the value assessment under a scheme of arrangement where control of the company could change, should also be of the full underlying value of the company.

3 Profile of Manawa

3.1 Background

Manawa is New Zealand's largest independent electricity generator with almost all of its capacity coming from hydro schemes spread across the North and South Island.

The origins of Manawa date from the early 20th century when water from the Ōmanawa River in the Bay of Plenty was first used for hydro-electric power generation. The establishment of the Tauranga Electric Power Board followed in 1923, eventually evolving to become Trustpower in 1993.

The company was rebranded as Manawa on 1 May 2022 on the completion of the sale of the mass market retail energy and telecommunications division of the business to Mercury for $441 million. The mass market retail business comprised the gas, telecommunications and retail electricity supply business (excluding the supply of electricity to commercial and industrial customers) (**Trustpower Retail**).

After the sale of Trustpower Retail, Manawa has transitioned its business model to become an Independent Power Producer (**IPP**), retaining its generation assets, energy trading capability, commercial and industrial (**C&I**) electricity customers. In conjunction with the sale of Trustpower Retail, Manawa entered into a hedge contract with Mercury for the majority of its generation volumes. In addition, existing contracts where Manawa acquires generation from third party generation assets remain in place.

Manawa's generation represents approximately 4% of New Zealand's generation capacity. It supplies over 500 C&I customers with electricity and is focussed on providing renewable energy to its customers.

A brief summary of Manawa's corporate history is summarised below:

MANAWA – TIMETABLE

YEAR	EVENT
1923	Tauranga Electric Power Board established
1993	Tauranga Electric Power Board established evolved to become Trustpower, which listed on the NZSX the following year. Infratil became its largest shareholder
2015	Trustpower acquired 65% of King Country Energy (**KCE**)
2016	Demerger of wind assets in Australia and New Zealand from Trustpower into a new company, Tilt Renewables
2017	Trustpower sold Australian hydro assets operator GSP Energy to focus on core NZ business
2018	Joint Venture between Trustpower and KCE Power Trust (**KCEPT**), bringing Trustpower's ownership of KCE to 75%
2021	Trustpower announced strategic review of retail business
	Trustpower announced conditional sale of Trustpower Retail business to Mercury
2022	Sale of Trustpower Retail - Trustpower adopts the name 'Manawa' and implements a new business model and strategy
2024	Announced Scheme of Arrangement with Contact

3.2 Generation

Manawa has a portfolio of 45 power stations across 25 hydro-electric power schemes, situated throughout New Zealand. Eight of the power stations are connected directly to Transpower with the balance connected via distribution companies. Manawa's portfolio also includes the Bream Bay thermal generation scheme, bringing Manawa's total number of generation schemes to 26. A profile of the generation assets is summarised below:

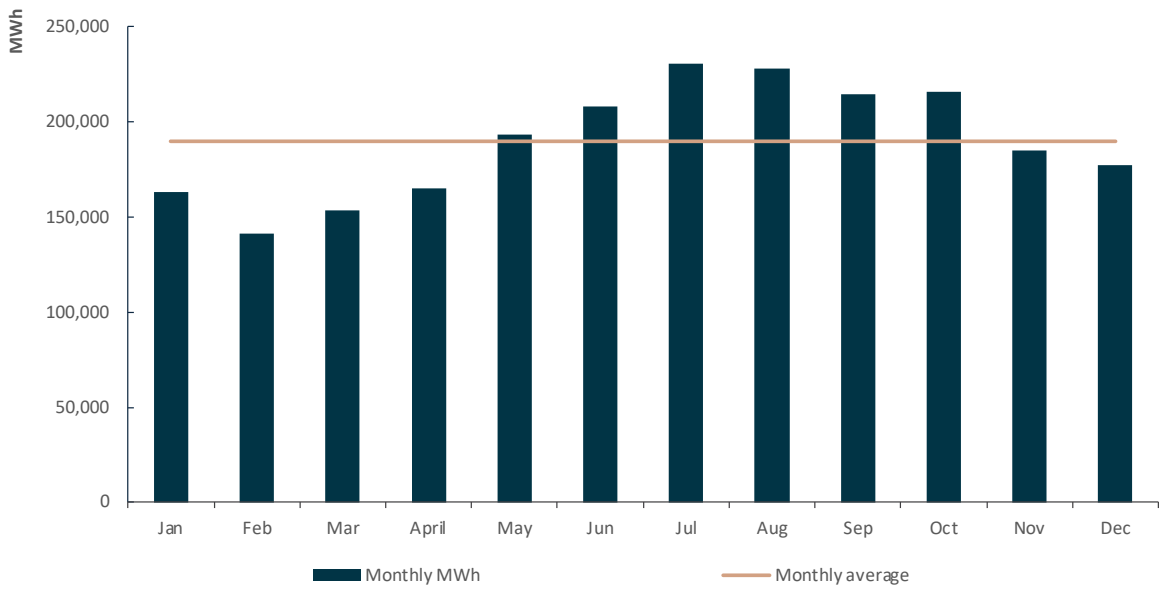
MANAWA – GENERATION ASSETS

SCHEME	REGION	CAPACITY (MW)	ANNUAL GENERATION – LONG TERM AVERAGE (GWH)	% OF GENERATION GWH
Matahina	Bay of Plenty	77.0	283.7	14.6%
Coleridge	Canterbury	40.4	271.9	14.0%
Cobb	Tasman	36.3	189.8	9.8%
Waipori	Otago	93.1	187.8	9.7%
Kaimai	Bay of Plenty	41.5	165.6	8.5%
Mangahao	Manawatu	39.5	131.4	6.8%
Wheao	Taupo	27.7	110.6	5.7%
Patea	Taranaki	31.8	107.7	5.5%
Highbank	Canterbury	33.1	107.5	5.5%
Paerau and Patearoa	Otago	12.5	61.2	3.1%
Branch River	Marlborough	10.8	56.4	2.9%
Dillmans	West	10.9	46.7	2.4%
Hinemaiaia	Taupo	6.7	29.8	1.5%
Kuratau	Ruapehu	6.0	27.6	1.4%
Arnold	West	3.1	24.5	1.3%
Motukawa	Taranaki	4.8	22.2	1.1%
Mangorei	Taranaki	4.4	21.1	1.1%
Deep Stream	Otago	6.3	20.0	1.0%
Wairere	Ruapehu	4.3	16.7	0.9%
Wahapo	West	3.1	14.6	0.8%
Esk	Taupo	4.3	12.4	0.6%
McKays	West	1.4	10.2	0.5%
Waihopai	Marlborough	2.5	8.5	0.4%
Piriaka	Ruapehu	1.0	6.9	0.4%
Mokauiti	Ruapehu	1.9	6.7	0.3%
Total Hydro		**504.3**	**1,941.4**	**99.9%**
Bream Bay	Bream Bay	8.0	2.3	0.1%
Total Thermal		**8.0**	**2.3**	**0.1%**
Total		**512.3**	**1,943.7**	**100.0%**

Source: Manawa Asset Profile

Manawa's top five generation assets account for approximately ~56% of its total average annual generation. Generation capacity is split approximately evenly between the North and South islands respectively. Manawa's generation is dependent on the timing of hydrology and storage. It is, on average, weighted towards the winter months when energy prices are typically at the highest. The average monthly historical generation from 2018 to 2024 is shown below.

MANAWA – MONTHLY HISTORICAL GENERATION (INCLUDING PPA) FROM 2018 – 2024 (MWH)



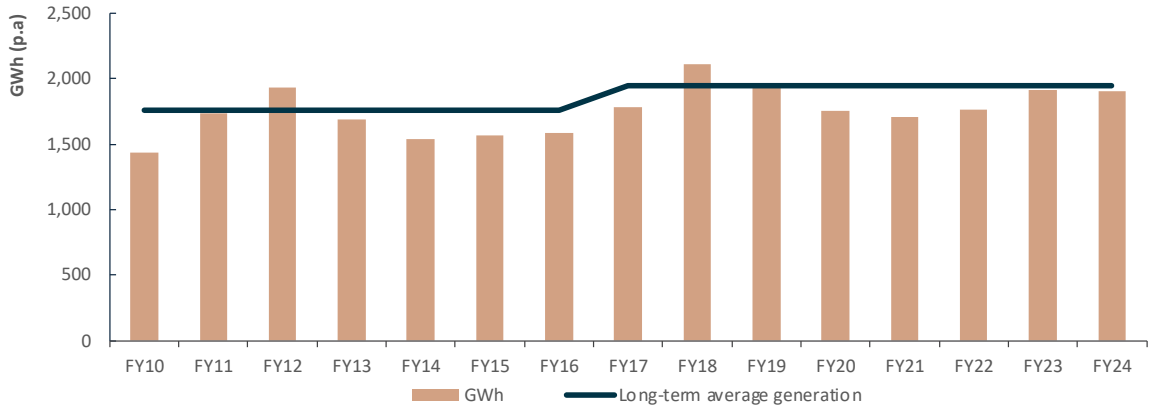
Source: Manawa

Manawa's generation is supported by its ownership of some strategic transmission assets which include:

- 3 x 110kV Transmission lines (~ 120km in total);
- 3 x 33KV lines (~ 45km in total); and
- numerous 33kV and 11kV collector circuits.

Manawa's historical generation has fluctuated over the past 14 years due to weather impacting water flows and the timing of electricity supply with market pricing. Manawa's expected long term average generation, prior to the expected additional uplift post FY24 from Manawa's current enhancement program, is approximately 1.94 TWh p.a.

MANAWA – HISTORICAL GENERATION (OWNED ASSETS)[9]



Source: Manawa

[9] Includes generation of KCE assets on a 100% basis from FY17. KCE is not included before FY17.

Manawa has long term power purchase agreements (**PPAs**), primarily from wind farms owned by Mercury. The wind farms have been owned by Mercury since 2021 after it acquired Tilt Renewables' New Zealand assets. The offtake price is set on a rolling basis with reference to the ASX future prices. Manawa also acquires production through other smaller offtake contracts, with prices also set on a rolling basis with reference to ASX futures prices. The recent historical volumes are summarised below:

MANAWA – GENERATION FROM OFF TAKE AGREEMENTS (GWH)

	FY22	FY23	FY24	FY25
Mercury – Wind	599	596	656	587
Other	173	141	197	201
Total	**772**	**736**	**853**	**788**

Source: Manawa

Manawa plans to continue to strategically invest in future years in asset refurbishment, dam safety and in the enhancement of its hydro assets to deliver production volume uplift. The investment will provide significant benefits from improved asset reliability, safety and dam safety resilience. A profile of the planned asset enhancement from FY26 onwards is summarised below:

MANAWA – PLANNED ASSET ENHANCEMENT (GWH)

SCHEME	PROJECT SCOPE	ANNUAL PRODUCTION UPLIFT (GWH)	FIRST FINANCIAL YEAR OF FULL PRODUCTION UPLIFT
Highbank	New turbine and generator	8	FY28
Coleridge	3 x new turbines, 1x new generator	23	FY27-29
Matahina	2 x new turbines	17	FY26
Total		**48**	

Source: Manawa Financial Model, , Manawa asset management plan

3.3 Development pipeline

Manawa's development pipeline consists of approximately 1,400 MW of potential projects, with secured land tenure, across both solar and wind. Consenting and connection are the critical development activities and the majority of the projects are in the Transpower connection queue.

Manawa's new generation projects are in various stages of planning and development and are expected to have a competitive levelised cost of energy (**LCOE**)[10]. If the projects achieve final investment approval the majority of the major projects would not commence construction until late 2025 / 2026 with new generation production commencing after 2027.

[10] Total lifetime costs ÷ total lifetime electrical production.

The current pipeline where land options have been secured or land has been purchased is summarised below:

MANAWA – DEVELOPMENT PIPELINE

PROJECT	REGION	CAPACITY (MW)	GENERATION OUTPUT (GWH/PA)	TIMING OF GENERATION PRODUCTION (CY)[11]	STATUS
WIND					
Kaihiku (50% share)	Southland	150 *(equity share)*	525	~2028 H2[12]	Consenting workstreams underway. Accepted onto Fast Track Approval Bill project Schedule.
Huriwaka	Central Plateau	300	1,020	~2028 H1	Previous Central Wind project. Consenting workstreams underway. Accepted onto Fast Track Approval Bill project Schedule.
Hapuakohe	Waikato	230	790	~2028+	Wind monitoring, site design, and consenting assessments underway.
Ototoka	Whanganui	150	530	~2028+	Wind monitoring and site development assessments underway.
Vernon Station	Marlborough	100	350	~2028+	Land secured. Wind monitoring and site development assessments underway.
SOLAR					
Argyle 1	Marlborough	28	54	~2027 H1	Fully consented. Design and procurement activities ongoing. Land is owned by Manawa.
Argyle 2	Marlborough	37	75	~2027 H1	
Kaipara Dairies	Auckland	100	190	~2027 H2	Resource monitoring, site design, and consenting assessments under way. Land is owned by Manawa.
Hawkes Bay Airport	Hawkes Bay	40	90	~2027 H1	Resource monitoring, site design, and consenting assessments underway.
Irishman Creek	Mackenzie	250	540	~2026+	Land secured. Consenting assessments underway.
Total		**1,385**	**4,164**		

Source: Manawa disclosures

3.4 Irrigation

Manawa earns revenue through its irrigation activities in Mid Canterbury providing pumping and stored water services to the agriculture sector in the region. Key customers include Central Plains Water Limited (**CPW**) which supplies water to approximately 350 shareholder/farmers over circa 44,000ha between the Rakaia and Waimakariri Rivers and Barhill Chertsey Irrigation Limited (**BCI**) which supplies water to land between the Rakaia and Rangitata Rivers.

[11] CY is calendar year.

[12] H1 and H2 is first or second half of the calendar year

3.5 Customers

Manawa has operated in the C&I market for over 25 years and has over ~500 customers across New Zealand. Manawa has high retention rates with its C&I customer base with an average tenure greater than 10 years.

3.6 Financial Performance

The historical financial performance of Manawa for the years ended 31 March 2022 (**FY22**), 2023 (**FY23**), 2024 (**FY24**) and last 12 months of trading to 30 September 2024 (**LTM SEP 24**) is summarised below:

MANAWA – FINANCIAL PERFORMANCE ($ MILLIONS)

	YEAR END 31 MARCH			
	2022	**2023**	**2024**	**LTM SEP 24**
C&I electricity revenue – fixed price	66	82	88	91
C&I electricity revenue – spot price	187	123	136	204
Wholesale electricity revenue	213	216	216	234
Operating revenue	**466**	**420**	**440**	**528**
Line costs	(60)	(57)	(60)	(65)
Electricity costs	(181)	(134)	(153)	(259)
Net energy margin	**226**	**229**	**226**	**204**
Generation asset maintenance costs	(27)	(27)	(31)	(29)
Employee benefits	(37)	(34)	(34)	(34)
Generation development expense	(1)	(7)	(4)	(6)
Other operating expenses	(26)	(40)	(45)	(56)
Operating Expenses	**(90)**	**(109)**	**(114)**	**(126)**
Other operating income	25	16	33	33
EBITDAF from continuing operations	**160**	**137**	**145**	**111**
Impairment of assets	-	(13)	(3)	(3)
Gain on sale of other land and buildings	-	-	2	1
Net fair value (gains)/losses on financial instruments	43	63	(46)	(93)
Amortisation of intangible assets	(3)	(2)	(1)	(1)
Depreciation	(18)	(20)	(20)	(20)
Operating Profit from continuing operations	**183**	**165**	**77**	**(5)**
Net finance costs	(29)	(25)	(26)	(27)
Profit before income tax from continuing operations	**154**	**140**	**50**	**(32)**
Income tax expense	(46)	(39)	(26)	(4)
Profit from continuing operations	**108**	**101**	**24**	**(36)**
Profit from discontinued operations	12	343	-	1
Profit after tax	**120**	**444**	**24**	**(35)**
Profit after tax attributable to the shareholders of the Manawa	117	440	23	(35)
Profit after tax attributable to non-controlling interests	3	4	1	-

MANAWA – OPERATING DATA

YEAR END 31 MARCH	2022	2023	2024	LTM SEP 24
EBITDAF margin %	*34.2%*	*32.5%*	*33.0%*	*21.0%*
GWh Generated	1,760	1,917	1,901	1,712
Wind PPA offtake	599	596	656	653
Net other external purchases	332	308	311	411
GWh Generated and purchased	**2,691**	**2,821**	**2,868**	**2,847**
LWAP Load Weighted Average Price (LWAP) for C&I ($ per MWh)	176	127	143	239
Generation Weighted Average Price (GWAP) for Manawa generation ($ per MWh)	166	109	132	240

Source: Manawa Financial Statements and Grant Samuel analysis

The following comments are relevant when reviewing the table above:

- Wholesale electricity revenue is received from the spot electricity market for Manawa's own and acquired[13] generation production, with settlements received or paid pursuant to Manawa's electricity price derivative contracts.
- C&I electricity revenue is received from C&I customers for the supply of electricity to their premises.
- FY24 other revenue included $15.7 million for the provision of irrigation services, $10 million from the sale of emissions units held for trading and a $2.4 million fair value gain of emission units held. Manawa no longer holds any carbon credits inventory nor does it generate any from its business activities. Carbon credits are not expected to contribute to revenues going forward.
- EBITDAF is a financial measure 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. It also excludes the net fair value movements of financial instruments (e.g. electricity price derivatives).
- The profit from the discontinued operation relates to the Trustpower Mass Market Retail divestment. The sale of Trustpower Retail led to a material change in the business operations. As the business no longer has a retail division, staff reduced from 777 to 238 full time equivalents (**FTE**) at the time of sale.
- Since May 2022 the majority of Manawa's production volume has been contracted to Mercury. This volume commitment begins to progressively reduce from October 2024.
- In FY24 EBITDAF increased by 6% primarily due to a strong lift in net energy margins, profit on the sale of carbon units and operational efficiencies. This result was despite the loss of $17.2 million avoided cost of transmission (**ACoT**)[14] revenue.
- Manawa's generation asset performance in FY24 was in line with FY23 despite a larger planned outage programme over the year. This was due to an improvement in the performance of the assets. The increase in generation asset maintenance costs in FY24 reflect higher levels of major project support works (including routine maintenance works timed with major plant outages/works to reduce downtime and avoid duplication), as well as responding to the impacts of adverse weather events.
- EBITDAF has decreased since FY22 largely due to the continued investment in new generation development, asset maintenance, the loss of ACoT revenue and an increase in other operating expenses. Other operating expenses increased in FY23 primarily due to ~$5.2 million of dis-synergies from the sale of Trustpower Mass Market Retail and fair value losses on carbon credit inventory.

[13] Through PPAs

[14] See pg 57 for an overview of ACoT revenue

- EBITDAF for LTM Sep 24 was impacted by extreme energy market conditions in New Zealand, as well as a provision for bad debts raised with respect to an energy retailer customer and transaction costs related to the Contact acquisition (both reflected in the other operating costs line item).

3.7 Financial Forecast

The forecast financial performance of Manawa for the years ended 31 March 2025 (**FY25F**) and 31 March 2026 (**FY26F**) are summarised below:

MANAWA – FINANCIAL PERFORMANCE ($ MILLIONS)

YEAR ENDING 31 MARCH	2024A	2025F	2026F
Retail electricity revenue	224	262	304
Wholesale electricity revenue	216	185	254
Operating revenue	**440**	**446**	**558**
Line costs	(60)	(64)	(74)
Electricity costs	(153)	(205)	(252)
Net energy margin	**226**	**178**	**232**
Generation asset maintenance costs	(31)	(29)	(32)
Employee benefits	(34)	(35)	(35)
Generation development expense	(4)	(6)	(7)
Other operating expenses	(45)	(40)	(34)
Operating Expenses	**(114)**	**(111)**	**(108)**
Other operating income	33	18	17
Normalised EBITDAF	**145**	**85**	**141**
Electricity retailer adjustment	-	7	-
Adjusted EBITDAF	**145**	**93**	**141**
Adjusted EBITDAF margin %	*33.0%*	*20.8%*	*25.2%*

Source: Manawa Financial Model and Grant Samuel analysis

The following comments are relevant when reviewing the table above:

- FY25F normalised EBITDAF is within Manawa's guidance range of $80-95 million. EBITDAF is normalised to exclude transaction costs in relation to the Scheme of Arrangement. The Adjusted EBITDAF forecast for FY25 excludes a $7 million bad debt expense for an electricity retailer which defaulted on its payment terms with Manawa.
- EBITDAF is forecast to decline in FY25F largely due to hydro generation volumes meaningfully lower than long-term averages (the FY25F forecast assumes generation of ~1,633 GWh) and wind PPA offtake volumes which are expected to decline to ~590 GWh.
- An extended dry and calm weather period during the 2024 winter period had a significant impact on the generation volumes from Manawa's hydroelectricity schemes and also reduced the electricity volumes provided to Manawa under the wind PPAs. This coincided with declining New Zealand gas reserves, impacting the availability and price of natural gas which also had a significant impact on the energy market. Due to the energy shortfalls across New Zealand, Manawa had to purchase electricity at extremely elevated prices to meet is contractual supply commitments. In conjunction with the provision made for the electricity retailer payment default, these factors led to Manawa decreasing its FY25F EBITDAF guidance by a total of approximately $52.5 million. [15]

[15] Based on the midpoint of the EBITDAF guidance range

- EBITDAF is forecast to increase into FY26F, albeit generation production volumes forecast to remain below the long-run average at ~1,787 GWh.

3.8 Financial Position

The financial position of Manawa as at 31 March 2022,2023 and 2024 and 30 September 2024 is summarised below:

MANAWA - FINANCIAL POSITION ($ MILLIONS)

AS AT	31 MARCH 2022	31 MARCH 2023	31 MARCH 2024	30 SEPTEMBER 2024
Accounts receivable and prepayments	60	60	73	49
Electricity market security deposits	65	46	30	25
Emission units held for trading	15	8	-	-
Accounts payable and accruals	(110)	(60)	(81)	(60)
Derivative financial instruments	2	63	(17)	(69)
Taxation receivable (payable)	6	(8)	13	11
Working capital	**39**	**108**	**17**	**(45)**
Generation assets	1,803	1,776	1,814	1,815
Other property, plant and equipment	34	41	34	49
Other investments	-	-	7	7
Intangible assets	5	2	2	2
Deferred tax liability	(222)	(210)	(207)	(197)
Net assets held for sale	131	-	4	2
Net operating assets	**1,791**	**1,718**	**1,672**	**1,634**
Cash at bank	9	3	2	5
Interest rate derivatives	(9)	(5)	(3)	(1)
Senior bonds	(351)	(372)	(373)	(373)
Bank loans	(398)	(75)	(81)	(106)
Net debt	**(748)**	**(449)**	**(455)**	**(475)**
Net assets	**1,043**	**1,269**	**1,217**	**1,159**
Shares on issue at period end (million)	*313.0*	*313.0*	*313.0*	*313.0*
Net assets per share ($)	*$3.33*	*$4.05*	*$3.89*	*$3.70*
Gearing[16]	*42%*	*26%*	*27%*	*29%*
Net debt to EBITDAF	*n.a*[17]	*3.3*	*3.1*	*4.2*

Source: Manawa Financial Statements and Grant Samuel analysis

The following comments are relevant when reviewing the table above:

- Manawa's net operating assets primarily comprise its Generation assets. Generation assets are revalued by independent external valuers every three years or more frequently if there is evidence of a significant change in value. The last independent valuation as at the date of finalising this report was undertaken as at 31 March 2023.
- Manawa is required to provide cash deposits as security in order to trade in the wholesale electricity futures market.
- Manawa manages its exposure to the volatility of the Wholesale electricity market by:

16 Gearing is net borrowings divided by net assets plus net borrowings.

17 Impacted by sale of Trustpower Retail

- selling electricity to certain C&I customers at a fixed price; and
- entering hedging agreements that fix the price received and paid for electricity on the wholesale market. Derivative financial instruments primarily relate to the electricity price agreements.

- Net assets held for sale relate to Trustpower Mass Market Retail as at 31 March 2022 and the sale of several properties on the West Coast as at 31 March 2024. The properties were procured in anticipation of developing new hydroelectricity generation projects. The projects have been discontinued.
- When Manawa sold Trustpower Mass Market Retail it transferred accounts receivable to Mercury but retained accounts payable. The accounts payable were not considered as net assets held for sale and this resulted in a higher accounts payable balance as at 31 March 2022.
- Manawa owns 15.0% of the ordinary shares of Rangitata Diversion Race Management Limited (**RDRML**) which owns and operates an irrigation canal in Canterbury. RDRML operating and capital expenditure is funded by advances from its shareholders. There are no outstanding advances between Manawa and RDRML.
- Manawa has traded emission units for profit over the past three years. Emissions units held for trading are measured at fair value. Manawa sold its emission units in FY24 for $10.6 million and none were held at year end.
- Grant Samuel has treated the derivatives relating to electricity prices (net of the security deposits held by the broker as collateral for margin calls) as working capital and derivatives relating to interest and foreign exchange rates as a debt like item.
- Manawa's debt comprises a combination of bank facilities and senior bonds that are listed on the New Zealand debt market (**NZDX**). As at 30 September 2024 Manawa had bank facilities of $350 million (including KCE), of which $106.0 million were drawn.
- The 30 September 2024 balance sheet included a provision for bad debts with respect to an electricity retailer customer in the accounts receivable and prepayments line.

3.9 Cash Flow

Manawa's cash flow from FY22 to FY24 and LTM Sep 2024 is summarised below:

MANAWA - CASH FLOW ($ MILLIONS)

	YEAR END 31 MARCH			
	2022	2023	2024	LTM SEP 24
Profit from continuing operations	**108**	**101**	**24**	**(36)**
Interest	28	24	26	26
Non-cash items	(15)	(31)	75	119
Movement in working capital	9	10	(4)	1
Operating cash flow	**130**	**104**	**121**	**109**
Movement in electricity market security deposits	20	19	16	(1)
Capital expenditure	(33)	(41)	(70)	(64)
Sale of property, plant and equipment	-	-	13	14
Other investments	7	-	(7)	(6)
Free cash flow before financing	**124**	**83**	**73**	**52**
Bank loans	95	(323)	6	32
Senior bonds	(83)	22	-	-
Interest paid and other financing costs	(28)	(27)	(27)	(27)
Dividends	(114)	(184)	(53)	(61)
Financing costs	**(131)**	**(512)**	**(74)**	**(57)**
Net cash flow from continuing operations	**(7)**	**(430)**	**(1)**	**(5)**
Cash flow from discontinued operations	10	423	-	-
Net cash flow	**3**	**(7)**	**(1)**	**(5)**

Source: Manawa Financial Statements and Grant Samuel analysis

The following comments are relevant when reviewing the table above:

- Manawa used the proceeds from the sale of Trustpower Mass Market Retail to distribute $110 million to shareholders via a special dividend and to repay bank loans and to provide for future investment in generation.
- Capital expenditure increased by $28.5 million in FY24 due to a major asset refurbishment programme which included major works at Waipori, Arnold, Highbank, and Matahina. Manawa also invested in progressing the new development pipeline, including a land purchase for the proposed Kaipara solar farm.
- Company dividend policy is based on distributing 70-90% of free cash flow[18] on average over time, balancing the provision of a stable dividend over the medium term with delivering its growth aspirations.

[18] Free Cash Flow means EBITDAF less interest, tax, and maintenance capex, plus adjustments for non-100% owned entities

3.10 Capital Structure and Ownership

At 30 April 2025 there were over 10,000 registered shareholders in Manawa. The top two shareholders accounted for approximately 77.9% of the ordinary shares on issue:

MANAWA - MAJOR SHAREHOLDERS AS AT 30 APRIL 2025

	NUMBER OF SHARES (M)	PERCENTAGE
Infratil	160.0	51.1%
TECT	83.9	26.8%
Subtotal - Substantial shareholders	**243.9**	**77.9%**
Other minority shareholders	69.1	22.1%
Total	**313.0**	**100.0%**

Source: NZX Company Research

3.11 Share Price Performance

The following table shows the volume of Manawa shares traded over the past 12 months up to the date of the announcement of the Scheme:

MANAWA - SHARE PRICE HISTORY

TIME PERIOD	LOW	HIGH	VWAP	VOLUME (000)
30 days	$3.94	$4.44	$4.04	1,533
60 days	$3.94	$4.46	$4.18	3,614
90 days	$3.94	$4.46	$4.20	4,928
12 months	$3.94	$4.74	$4.31	11,660

Source: NZX Company Research

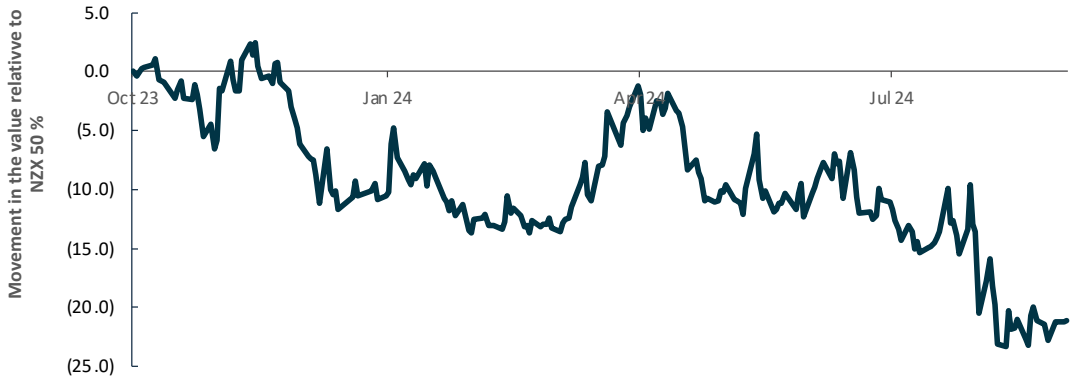
The share price and trading volume history of Manawa shares is depicted graphically below:

MANAWA - SHARE PRICE AND VOLUME OVER THE LAST 12 MONTHS TO 10 SEPTEMBER 2024

Source: Capital IQ

Manawa's share price against the NZX50 index is shown in the graph below:

MANAWA - SHARE PRICE PERFORMANCE VERSUS NZX50 OVER THE LAST 12 MONTHS TO 10 SEPTEMBER 2024



Source: Capital IQ

The following comments are relevant when reviewing the table and graphs in regard to Manawa's share price performance and trading over the 12 months, prior to the announcement of the Scheme:

- Manawa's share price traded in the range of $3.94 and $4.74 per share.
- Manawa's share price has underperformed relative to the NZX 50 index largely due to the share price decline since April 2024. This was in part due to:
  - the announcement that there was a material payment default by an energy retailer for which Manawa acted as a wholesale market intermediary and for which Manawa had to make a bad debt provision; and
  - Manawa decreasing its FY25F EBITDAF guidance by approximately $35 million[19].

[19] Based on the midpoint of the EBITDAF guidance range given at the time. EBITDAF guidance has subsequently been revised down again.

4 Valuation of Manawa

4.1 Methodology

4.1.1 Overview

Grant Samuel's valuation of Manawa has been assessed on the basis of fair market value as a going concern, defined as the estimated price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows (**DCF**);
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved. A detailed description of each of these methodologies is outlined at Appendix D.

4.1.2 Preferred approach

In determining a value for Manawa, Grant Samuel has placed primary reliance on DCF analysis. DCF analysis is considered the most appropriate methodology in this instance as it:

- enables variations in electricity prices, generation and capital expenditure to be taken into account;
- allows long term electricity assumptions to be incorporated, which is significant as the New Zealand energy market moves into an era that is focused on renewable energy and the decommissioning of thermal energy; and
- enables the valuer to recognise the finite term of the existing trading contracts and the potential cash flow benefits as the existing trading contracts expire.

The valuation ranges for Manawa are judgements. The objective is to determine a value that fits with the output of the DCF analysis in terms of the various scenarios and their likelihood and is consistent with the implied earnings multiples from comparable market evidence. Earnings multiples implied by the DCF valuation have been compared with the capitalisation multiples derived from an analysis of comparable listed companies and where possible those derived from transaction evidence.

4.2 Valuation summary

Grant Samuel has valued the equity in Manawa in the range of $1.68 billion to $1.93 billion, which corresponds to a value of $5.35 - $6.17 per share. Manawa has been valued as at 31 March 2025 and the DCF analysis has been prepared from 1 April 2025. This valuation date reflects the closest balance date to the potential implementation of the Scheme. The valuation is summarised below:

MANAWA - VALUATION SUMMARY ($ MILLIONS)

	VALUE RANGE	
	LOW	HIGH
Enterprise value	**2,185**	**2,440**
Forecast net borrowings at 31 March 2025	(510)	(510)
Value of equity	**1,675**	**1,930**
Fully diluted shares on issue (millions)	313.0	313.0
Value per share	**$5.35**	**$6.17**

The valuation of Manawa is appropriate for the acquisition of the company as a whole and accordingly incorporates a premium for control. The value is higher than the price at which, under current market conditions, shares in Manawa could be expected to trade on the share market. Shares in a listed company normally trade at a discount to the underlying value of the whole company. The extent of the discount (if any) depends on the specific circumstances of each company.

4.2.1 Net debt for valuation purposes

Grant Samuel has adopted net debt on 31 March 2025 for valuation purposes as summarised below:

MANAWA – NET DEBT FOR VALUATION PURPOSES ($ MILLIONS)

AS AT	FORECAST AS AT 31 MARCH 2025
Senior bond and bank borrowings	(512)[20]
Cash and cash equivalents	2
Net debt for valuation purposes	**(510)**

Source: Manawa Financial Model

The following comments are relevant when reviewing the table above:

- The forecast net debt at the balance date of 31 March 2025 has been adopted in conjunction with the DCF approach, which incorporated the cash flows for Manawa from 1 April 2025;
- Approximately $141 million of bank borrowings is forecast to be drawn down as at 31 March 2025; and
- Manawa has three fixed rate bonds with a combined face value of $375 million. The bonds will be repaid if the Scheme is implemented. Grant Samuel has used the face value of the bonds for valuation purposes.

[20] Excludes 25% minority interest of KCE bank debt of ~$4.5 million

4.2.2 Development assets

Manawa's development pipeline has several projects that are at various stages of development. Manawa has currently invested approximately $32 million in the current pipeline. This includes $10.5 million of land that has been secured for solar projects in the Marlborough and Auckland regions. The development projects are at varying stages of land tenure, planning and consenting and accurate assessments of a commercial model for each project, including key inputs such as capital expenditure are not available. Grant Samuel has attributed value to development assets where land has either been purchased or land options secured (i.e. right to lease or other commercial arrangement such as royalties). To estimate the value of the development assets Grant Samuel has considered the amount Manawa has invested to date and a multiple per MW. Grant Samuel has valued the current development assets between $40 and $50 million. Grant Samuel has compared the implied multiple per MW with Australasian transaction evidence and the implied multiple per MW sits within the multiples implied by the prices of comparable transactions.

4.3 DCF Analysis and Assumptions

A DCF valuation involves calculating the NPV of expected future cash flows. The cash flows are discounted using a discount rate that reflects the time value of money and the risks associated with the cash flow stream.

Any projections contained in forward-looking models are inherently uncertain. For Manawa this uncertainty is exacerbated by a number of factors including:

- the volatility and uncertainty inherent in forecast electricity price paths;
- the volatility of generation due to the weather which can have a material positive or negative impacts on water flows, sunshine and wind generation; and
- other key variables such as inflation and capital expenditure.

Grant Samuel's DCF analysis is based on a model developed by Grant Samuel using Manawa's internal forecast model as a base (the **Financial Model**). There is an explicit 15-year forecast period from 1 April 2025 to 31 March 2040. A terminal value (representing cash flows beyond the forecast period) is calculated as at 31 March 2040. A weighted average cost of capital (**WACC**) is applied to ungeared, nominal after tax cash flows.

The key economic and financial assumptions are assumed in the Manawa valuation are summarised in sections 4.3.1 to 4.3.7.

4.3.1 Generation

The financial model assumes an average annual generation of approximately 1,990 GWh per annum from FY28 from existing generation assets. This is based on a long term production average and is inclusive of asset enhancements summarised section in section 3.3 and the associated capital expenditure. The Financial Model also assumes the generation from PPA and other agreements through to FY29. From FY29 the Financial Model assumes that Manawa only earns revenue from its own generation assets. This is because with respect to Manawa's current PPA contracts where it is the 'buyer' of electricity, post FY29, the prices re-set based on ASX futures prices (which are not yet observable today), and therefore, future contracts are forecast to be payoff 'neutral' for long-term financial modelling purposes.

MANAWA – FORECAST GENERATION (GWH)

	FY26	FY27	FY28	FY29	FY30 AND BEYOND
GWh Generated	1,787	1,897	1,990	1,990	1,990
Wind PPA offtake	641	641	642	641	-
Net other external purchases (Excl. MCY/C&I sells)	114	(46)	(45)	(89)	-
GWh Generated and purchased	**2,542**	**2,492**	**2,587**	**2,542**	**1,990**

Source: Manawa Financial Model

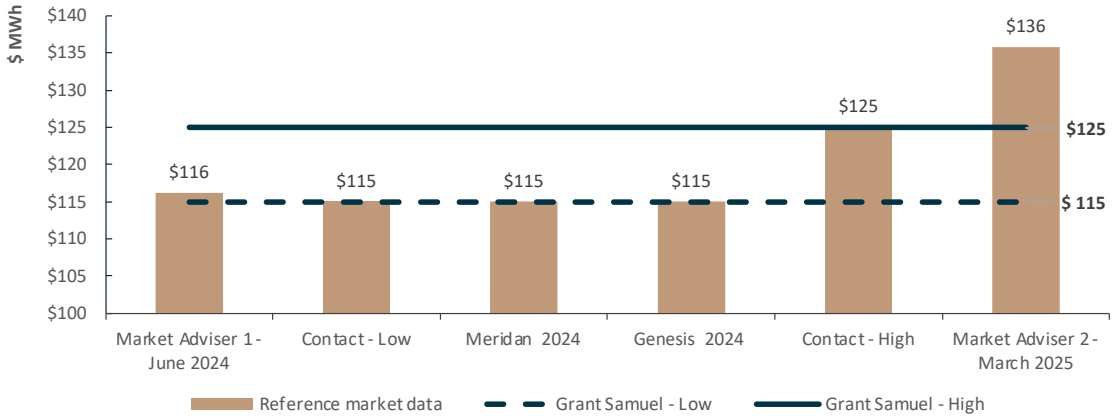
4.3.2 Electricity Price Path

Grant Samuel has used the ASX futures price as at 31 March 2025 for FY26 to FY28. For the Financial Model Grant Samuel considered a range of inputs to determine the forecast price path from FY28 onwards including:

- the independent market consultant price forecasts available to Manawa;
- the latest long term price forecasts disclosed by New Zealand gentailers, including Contact; and
- the latest price paths from other market reference data.

A summary of Grant Samuel's long run North Island wholesale price range when compared to other sources is outlined below:

MANAWA – LONG RUN NORTH ISLAND WHOLESALE PRICE ($MWH (REAL TERMS))[21]



Source: Manawa and Company public disclosures

The following comments are relevant when reviewing the chart above:

- The forward price paths factors in the probability of the electricity sectors' planned developments which are focused on the development of renewable energy sources and supporting infrastructure such as grid scale battery farms.
- The consensus view is that there is a high correlation between movements in gas and electricity prices and the costs of carbon that are expected to be passed on to consumers. Now that there is certainty with the ongoing demand that will be generated by Tiwai point[22], the rate of new investment relative to demand are the largest influences on the price curve. Most recently the forecast price curve has increased due to the significant increases in gas prices. There are recurring production problems at several gas fields across New Zealand which is expected to impact gas supply over the next several years.
- Historically there has always been a differential between the Otahuhu price and the Benmore price. It is assumed that some differential between the Otahuhu price and the Benmore price will remain.

[21] The long run prices for market advisers are based on the average prices from FY29 to FY40.

[22] In May 2024 New Zealand Aluminium Smelters (**NZAS**) and Meridian Energy agreed a long-term fixed price power contract until 2044.

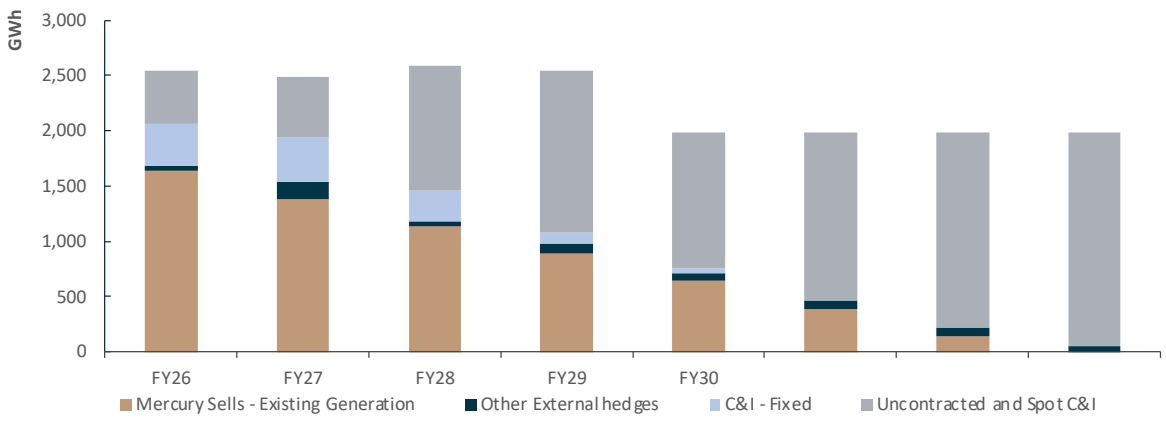
4.3.3 Capital Expenditure

The Financial Model assumes Manawa's planned capital expenditure of approximately $337[23] million in total over the next 10 years to FY35. The capital expenditure plan includes approximately $32 million on asset enhancements (in FY26 and FY27), which is reflected in the increase in generation capacity. The long-run average annual capex assumed in the financial model is approximately $29 million p.a. (based on 2025 prices).

4.3.4 PPA and Hedge Book.

The Financial Model values the PPA and hedges based on positions as at 31 March 2025. This includes the contracted commitments to Mercury. The Mercury prices are fixed (with CPI escalation) until 30 September 2026 and then prices are linked to rolling historical ASX prices. Based on the current forecast price path, repricing of the uncontracted volumes is expected to generate material earnings benefits overtime. The following graph shows the run off the hedge book over the next seven years to FY33.

MANAWA – CONTRACTED HEDGE VOLUMES PER FINANCIAL YEAR (GWH)



Source: Manawa Financial Model

4.3.5 Inflation

The Financial Model is in nominal dollars. Accordingly, an inflation factor has been applied to all forecast dollar values (including electricity prices and costs). Grant Samuel has assumed long term inflation rates of 2.0% per annum for revenue and costs. This assumption is consistent with consensus forecasts for longer term inflation rates published by Bloomberg.

4.3.6 Discount Rate and Terminal Growth

Grant Samuel has calculated a WACC using the Capital Asset Pricing Model (**CAPM**) and referencing comparable benchmarks to estimate a cost of equity for Manawa. CAPM is probably the most widely accepted and used methodology for determining the cost of equity capital. While the theory underlying CAPM is logical, the practical application is subject to substantial shortcomings and limitations. Results from the CAPM should only be regarded as a general guide.

Based on Grant Samuel's analysis it has applied a WACC of 7.25% to discount Manawa's forecast post-tax cash flows. As part of determining a WACC to apply Grant Samuel has referenced comparable benchmarks to estimate a cost of equity for Manawa. Grant Samuel has applied a terminal growth rate of 2.0% which is aligned with the revenue and cost growth assumptions used in the Financial Model.

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[23] This includes KCE capital expenditure and reconsenting costs

4.3.7 Other key assumptions

The financial model has also adopted the following base case assumptions:

- C&I trading margins in the Financial Model remains consistent with historical performance;
- irrigation margin remains constant in real terms based on historical performance and base line volumes;
- corporate and generation operating expenses remain constant in real terms, other than operational savings of $2 million per annum from FY26 and beyond which has been assumed in the Financial Model;
- the forecast operating expenses and capital expenditure do not include the expenditure on new developments. The development pipeline has been valued separately in section 4.2.2 above;
- valuation practice allows for the recognition of cost savings (and other synergies) that would theoretically be achievable across multiple acquirers, but equally excluding synergies unique to a particular buyer. An acquirer of Manawa would be able to achieve savings in the costs of being a public listed entity. Grant Samuel has excluded the estimated costs associated with Manawa's NZSX listing including a proportion of Directors fees, licences and registrations, NZSX fees, investor relations and communication costs; and
- a tax rate of 28%.

4.3.8 Sensitivity Analysis

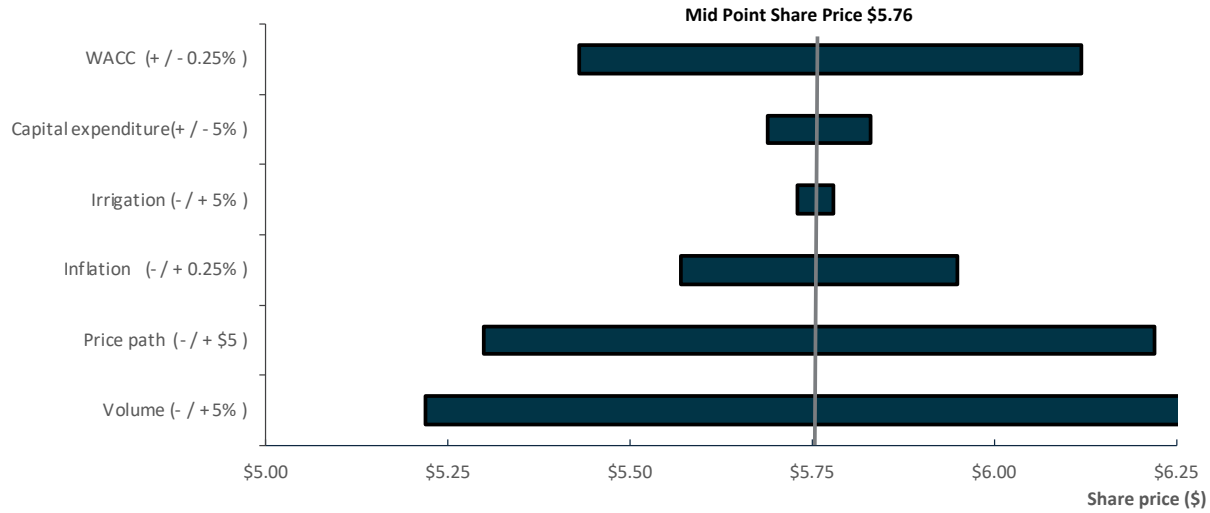
Grant Samuel has undertaken sensitivity analysis on the net present value[24] outcomes from the Financial Model. This analysis examines the sensitivity of the value outcomes under the base case to changes in the following key variables using the mid-point price path unless stated:

- 0.25% higher or lower WACC;
- Forecast capital expenditure 5% higher or lower;
- Irrigation margin 5% lower or higher;
- Inflation 0.25% lower or higher;
- Price path $5 lower or higher per annum; and
- Volume 5% lower or higher per annum.

The difference in DCF valuations based on the sensitivity assumptions listed above are summarised in the chart below:

[24] This is equal to Enterprise Value.

DCF SENSITIVTY ANALYSIS (NZ$ PER SHARE)



Grant Samuel has considered the outcome of all the scenarios examined in determining its value range. As highlighted in the analysis above NPV outcomes are sensitive to relatively small changes in assumptions. As a consequence the range of NPV outcomes determined using assumptions which are in isolation considered quite reasonable can be very wide. It is therefore necessary to overlay commercial judgement to reflect the risks and to determine a value range that is meaningful.

4.4 Earnings Multiple Analysis

4.4.1 EBITDAF analysis for implied multiples

A summary of Grant Samuel's assessment of Manawa's earnings for implied multiples is summarised below:

MANAWA – EBITDAF ANALYSIS ($ MILLIONS)

	FY24	FY25F	FY25F @ $120 PER MWH
Adjusted EBITDAF	**145.0**	**92.7**	**92.7**
Excluding KCE 25% minority shareholding	(3.5)	(4.0)	(4.0)
Adjusted EBITDAF (exc KCE)	**141.5**	**88.7**	**88.7**
Revenue normalisation for $120 MWh and volume			85.5
Normalised EBITDAF			**174.2**

The following comments are relevant when reviewing the table above:

- Grant Samuel's DCF analysis excludes the cash flows associated with KCEPT's 25% ownership of KCE. To compare the implied EBITDAF with the Enterprise Value derived from the DCF analysis Grant Samuel has adjusted earning to exclude 25% of KCE's EBITDA.
- Manawa's FY24 and FY25F EBITDAF is supressed due to its contracted hedge volumes (see sections 3.6 & 4.3.3) and generation being lower than what would typically be achieved in an average hydro year. Grant Samuel has normalised FY25F EBITDAF to remove the impact of the current hedged positions and assume a long term wholesale price of $120 MWh. Grant Samuel has also adjusted the generation output to reflect the recent and planned asset enhancement over the next two years.

4.4.2 Implied multiples

The valuation of $5.35 – $6.17 per share implies the following multiples:

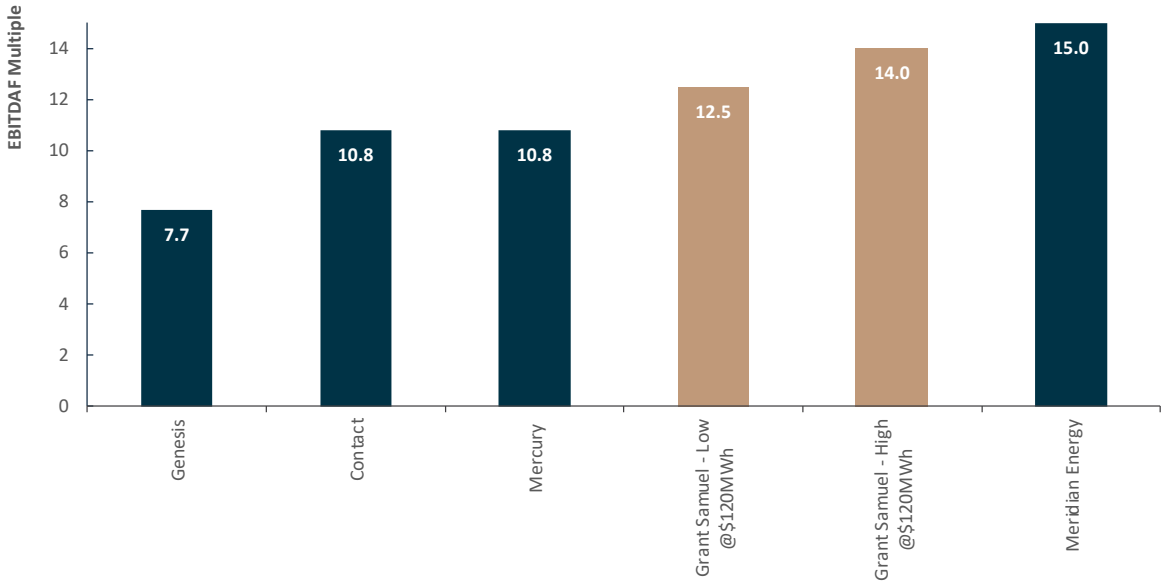
MANAWA – IMPLIED CAPITALISATION MULTIPLES

	($ MILLION)	LOW	HIGH
Enterprise Value range ($million)		**2,185**	**2,440**
Multiple of EBITDAF (times)			
FY24 EBITDAF (exc KCE minority interest)	141.5	15.4	17.2
FY25F EBITDAF (exc KCE minority interest)	88.7	24.6	27.5
FY25F EBITDAF (exc KCE minority interest) @ $120 per MWh	174.2	12.5	14.0

An explanation regarding interpreting the above multiples is included at Appendix E.

The implied multiples calculated above can be compared to forecast EBITDAF multiples inferred from prices at which shares in comparable listed electricity operators are trading as summarised in the graph below:

MULTIPLES OF FORECAST EBITDAF[25] FOR COMPARABLE LISTED COMPANIES



Source: Capital IQ, Broker Reports and Grant Samuel analysis

The following comments are relevant when reviewing the table and graphs above:

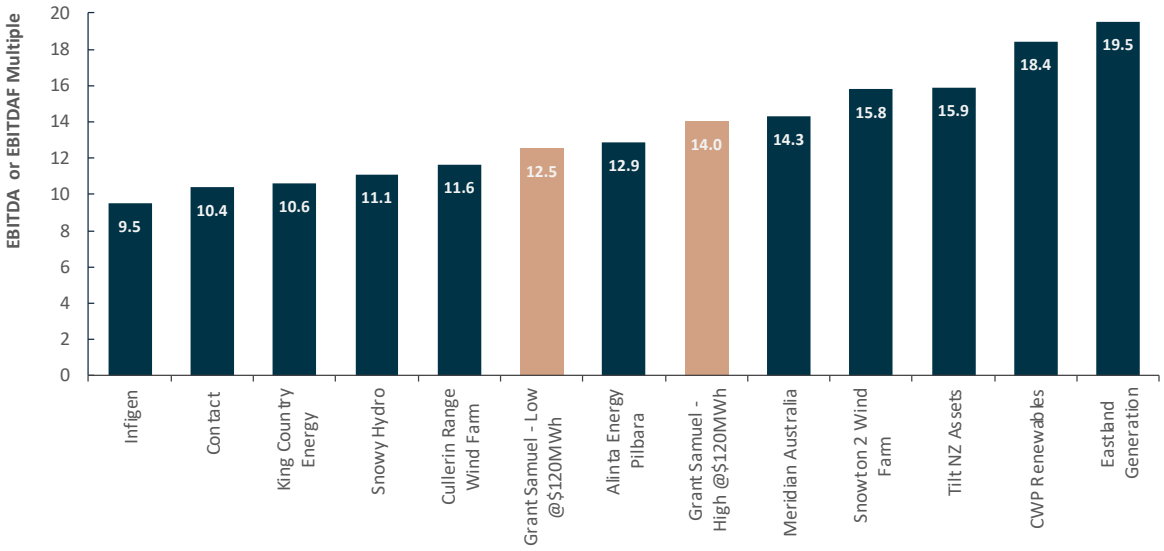
- The share prices and therefore the implied multiples of the comparable listed gentailers do not include a premium for control. Shares in a listed company normally trade at a discount to the underlying value of the company as a whole.
- Historical and forecast EBITDAF for the comparable listed gentailers can be volatile and impacted by a range of factors including electricity prices, weather, generation mix, hedge positions and new generation coming on stream. For example Genesis and Contact have a higher weighting of generation coming from geothermal and thermal are likely to generate higher earnings in dry years when compared Manawa or Meridian which have a higher proportion of hydro assets. Comparing implied multiples from historical and forecast earnings can lead to material differences and make comparison meaningless.

[25] The implied forecast EBITDAF multiples for comparable listed companies are based on the 2026 financial year.

- To assess the reasonableness of the implied multiples from the valuation range, Grant Samuel has compared the implied EBITDAF multiples with the sharemarket ratings of comparable listed companies based on a two year forecast. This is not directly comparable but it is a closer reflection of what the market considers a more normalised level of trading for the comparable Gentailers and in some instances it incorporates new generation and in the case of Mercury the realisation of synergies from the acquisition of Trustpower Retail.

The transaction evidence features a range of renewable generation types including wind, hydro and one geothermal transaction. The following graph shows the implied EBITDA or EBITDAF multiples for recent transactions involving electricity generators in Australia and New Zealand.

IMPLIED TRANSACTION MULTIPLES OF EBITDA OR EBITDAF[26]



Source: Capital IQ, Broker Reports and Grant Samuel analysis

The following comments are relevant when reviewing the table and graphs above:

- The implied EBITDA multiple for the Eastland Generation at 19.5 times was high relative to other transaction evidence. This was a strategic transaction for Obayashi Corporation that was understood to be seeking to grow its renewable energy development business offshore.
- The high multiples paid for CWP Energy reflects that is one of the largest renewable energy platforms in Australia and its significant development pipeline of 5GW of near-term renewable energy projects compared to 1.1GW of operational wind and battery assets.
- Transactions involving companies with hydro generation included:
  - Origin Energy's selldown of its 53.1% shareholding in Contact in 2015. The sale was underwritten by Macquarie Capital who then on sold the shares to retail investors. The sale price implied multiples of approximately 10.4 times forecast EBITDA. The value of the shares did not include a premium for control.
  - the acquisition of King Country Energy by Trustpower at an implied enterprise value of approximately NZ$150 million.
  - Snowy Hydro – this was a very large transaction with an enterprise value of ~A$8 billion where the Federal Government of Australia acquired the shareholdings of the Victorian and New South Wales Governments. The transaction was conducted on an arms-length basis under close public scrutiny.

[26] The graph includes implied forecast EBITDA or EBITDAF multiples where available. If they are not available historical multiples are included.

- the sale of Meridian Australia to Shell Energy Operations Pty Ltd (**Shell**) and Infrastructure Capital Group (**ICG**).

After taking into account outliers, Grant Samuel believes that the multiples implied by its valuation are aligned with the multiples implied from the sharemarket evidence and transaction evidence.

4.4.3 Sharemarket Evidence

The following table sets out the implied trading multiples for listed companies in New Zealand that are involved in the electricity generator sector:

SHAREMARKET RATINGS OF COMPARABLE LISTED COMPANIES[27]

ENTITY	MARKET CAPITALISATION (NZ$ MILLIONS))	EBITDAF MULTIPLE (TIMES)[28]		
		HIST.	FORECAST 2025	FORECAST 2026
Meridian	15,367	18.7	22.0	15.0
Mercury	8,020	11.5	13.3	10.8
Contact	7,161	13.3	11.4	10.8
Genesis	2,394	9.4	8.3	7.7
Average		***13.2***	***13.7***	***11.1***
Median		***12.4***	***12.4***	***10.8***

Source: Capital IQ, Broker Reports and Grant Samuel analysis

When observing the table above the following points should be noted:

- The multiples are based on closing share prices as at 15 April 2025.
- New Zealand has six listed[29] companies involved in the electricity generation sector. Manawa is the only NZX listed company that do not sell directly in to the mass market retail sector. Meridian, Mercury, Contact and Genesis are all involved in the mass market retail sector.
- Meridian is the largest electricity generator in New Zealand producing largely from hydro assets in the South Island and wind assets. Meridian trades at higher multiples relative to the other listed companies in New Zealand reflecting its size and asset base. Meridian completed the 176 MW Harapaki wind farm in the Hawke's Bay region in June 2024 with the first full year of earnings contribution in FY25. The forecast uplift in FY26 EBITDAF is driven by higher average pricing and higher production output.
- Mercury owns nine hydro stations on the Waikato River, five geothermal plants in the central North Island and a number of wind farms. Mercury delivered new generation from stage 1 of the Kaiwera Downs wind project during FY24 and it has started construction of stage 2. This $490 million project will increase generation from this project from 147 GWh to 672 GWh. Mercury has also started construction of a $220 million expansion at its Nga Tamariki geothermal site. Mercury is the largest electricity retailer in New Zealand with a ~26% market share having acquired the Trustpower Retail business in May 2022.
- Contact's forecast increase in EBITDAF in FY26 is driven by the new 87.5 MW Tauhara geothermal station which has been online since May 2024 and the 51 MW Te Huka 3 geothermal station which came online in December 2024.

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[27] The companies selected have a variety of year ends. The financial information presented in the Historic column corresponds to the most recent actual annual result. The forecast column corresponds to the forecast for the subsequent year.

[28] Represents gross capitalisation divided by underlying EBITDAF. Underlying EBITDA is a non-GAAP measure and excludes the net fair value movements of financial instruments, which includes electricity price derivatives.

[29] This includes NZ Windfarms which entered into a Scheme Implementation Agreement with Meridian.

- Genesis is the fourth largest electricity generator and owns the Huntly power station. It is also involved in the retail sale of electricity, natural gas and LPG. Genesis is trading at the lowest EBITDAF multiples of its peer group. The lower trading multiple for Genesis likely reflects, in part, the planned phasing out of the Huntly Power Station and higher weighting versus the other listed electricity companies in non-renewable energy resources.
- A description of each of the companies above is set out in Appendix C.

4.4.4 Transaction Evidence

The following table summarises the value parameters inferred from recent transactions involving electricity generation businesses in Australasia. Grant Samuel has focused on renewable generators.

VALUE PARAMETERS INFERRED FROM RECENT TRANSACTIONS

DATE	TARGET	ACQUIRER	IMPLIED ENTERPRISE VALUE ($M)	EBITDA OR EBITDAF MULTIPLE (TIMES)[30]	
				HIST.	FORE.
Apr 24	Eastland Generation	Obayashi	NZ$503	19.5	n.a.
Aug 23	Alinta Energy Pilbara	APA Group	A$1,722	13.9	12.9
Dec 22	CWP Renewables	Squadron Energy	A$4,100	22.8	18.4
Nov 21	Meridian Australia	ICG & Shell	A$729	14.3	n.a.
Mar 21	Tilt NZ Assets	Mercury	NZ$797	n.a.	15.9
Mar 21	Tilt Renewables	PowAR & Mercury	NZ$3,414*	42.9	28.8
Jun 20	Infigen	Iberdrola	A$1,412	8.6	9.5
Dec 19	Snowton 2 Wind Farm	Palisade & First State	A$1,073	15.8	n.a.
Mar 18	Snowy Hydro	Australian Government	A$7,966	11.1	n.a.
Jun 16	Cullerin Range Wind Farm	Energy Development	A$72	n.a.	11.6
Nov 15	King Country Energy	Trustpower	NZ$149	11.9	10.6
Aug 15	Contact	Macquarie Capital / Retail Investors	NZ$5,140	10.3	10.4
Overall Median (excluding outliers)				***13.9***	***11.6***
Overall Average (excluding outliers)				***14.2***	***12.8***

Source: Capital IQ. Grant Samuel analysis. *Denotes outliers.

The following comments are relevant when considering the graph above:

- Detailed descriptions for each of the transactions are outlined in Appendix B. Each transaction has its own unique set of circumstances.
- Where possible Grant Samuel has used EBITDAF to derive the implied multiples. This metric was available for the Meridian Australia, Snowton 2 Wind Farm and King Country Energy transactions.
- The implied EBITDA multiple for the transaction involving Meridian Australia of 14.3 times shown above is based on the average EBITDAF over the previous four years. The EBITDAF from this business ranged from NZ$38 million to NZ$66 million over this period with an average EBITDAF of $53 million. EBITDAF in the financial year prior to the transaction was NZ$38 million which was impacted by an historically low average price of A$71 per MWh. This actual historical implied historical EBITDA multiple was high at approximately 20 times.
- The high implied EBITDA multiple for the Tilt Renewables business at 29 times forecast EBITDA reflects the value upside from Tilt's development pipeline in Australia. The implied EBITDA multiple for Tilt's established

[30] Represents gross capitalisation divided by underlying EBITDA or EBITDAF.

New Zealand business which was acquired by Mercury Energy was 15.9 times. This is in line with implied EBITDA multiple for Tilt's Snowton 2 wind farm which was sold in 2019 at a multiple of 15.8 times EBITDA. The implied EBITDA multiple for Tilt's Australian business was closer to 40 times EBITDA highlighting the significant value placed on its development assets and Tilt's strategic position as the largest wind farm developer in Australia.

- Cullerin Wind Farm was a relatively small wind farm with a 30 MW capacity. This may explain the lower implied EBITDA multiple of 11.6 times compared to the other wind transactions which were significant larger transactions. The lower EBITDA multiple may also reflect that competition for renewable energy assets has increased since 2016 when this transaction was completed and the estimated life for these assets has increased from approximately 25 years to 35 years.

5 Profile of Contact

5.1 Background and History

Contact was incorporated in November 1995 when the Government separated the ownership of the generation assets of ECNZ into two state owned enterprises, Contact and ECNZ. Both Contact and ECNZ entered the retail electricity market following the enactment of the Electricity Industry Reform Act in 1998.

EME, a US based independent power producer, acquired a cornerstone 40% shareholding in Contact for $1.2 billion at the same time as the Government sold 60% of Contact to the public and Contact shares were dual listed on the NZX and ASX in May 1999. Over time EME increased its shareholding in Contact to 51.2%.

EME sold its Contact shares to ASX listed Origin Energy (**Origin**), when Origin made a full takeover bid in 2004. Only a small number of Contact shareholders accepted Origin's offer and Contact remained as a NZSX listed company with a different controlling shareholder.

Origin's ownership of Contact had increased to 53.1% when it sold all the Contact shares that it owned in 2015 to retail and institutional investors. As a result of this transaction Contact became a widely held public company, with its ordinary shares dual listed on the ASX and NZSX[31] and held by over 54,000 shareholders.

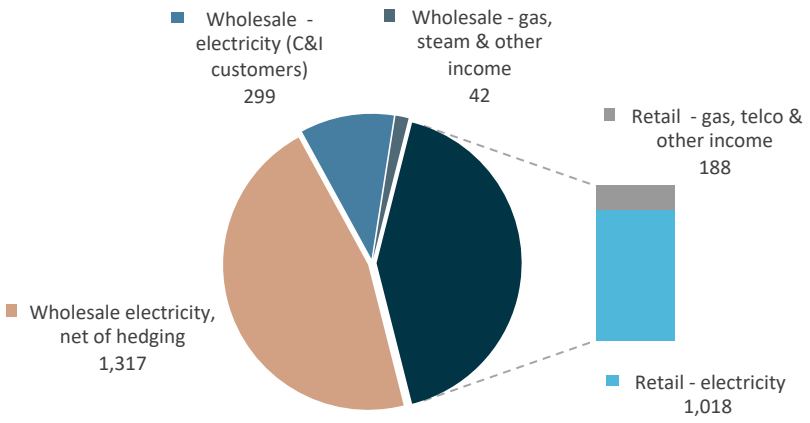
5.2 Principal Business and Activities

Contact is an electricity generator, wholesaler and retailer. It also sells gas and provides telecommunication services (i.e. retail broadband and mobile services) to the residential market.

Contact reports its business activities under Wholesale and Retail segments. Contact's Retail segment purchases the electricity it sells to its Retail customers from the Wholesale segment at a fixed price. This intersegment trading is reported as revenue by the Wholesale segment and as a cost of sales for the Retail segment, which is eliminated on consolidation. In the financial year ending 30 June 2024 (**FY Jun 24**) Contact reported $561 million of intersegment electricity sales ($482 million in the financial year ending 30 June 2023 (**FY Jun FY23**).

The chart below shows the split of FY Jun 24 revenue (excluding intersegment sales) by operating segment:

CONTACT – FY JUN 24 REVENUE SEGMENTATION ($MILLION)



Source: Contact Financial Statements

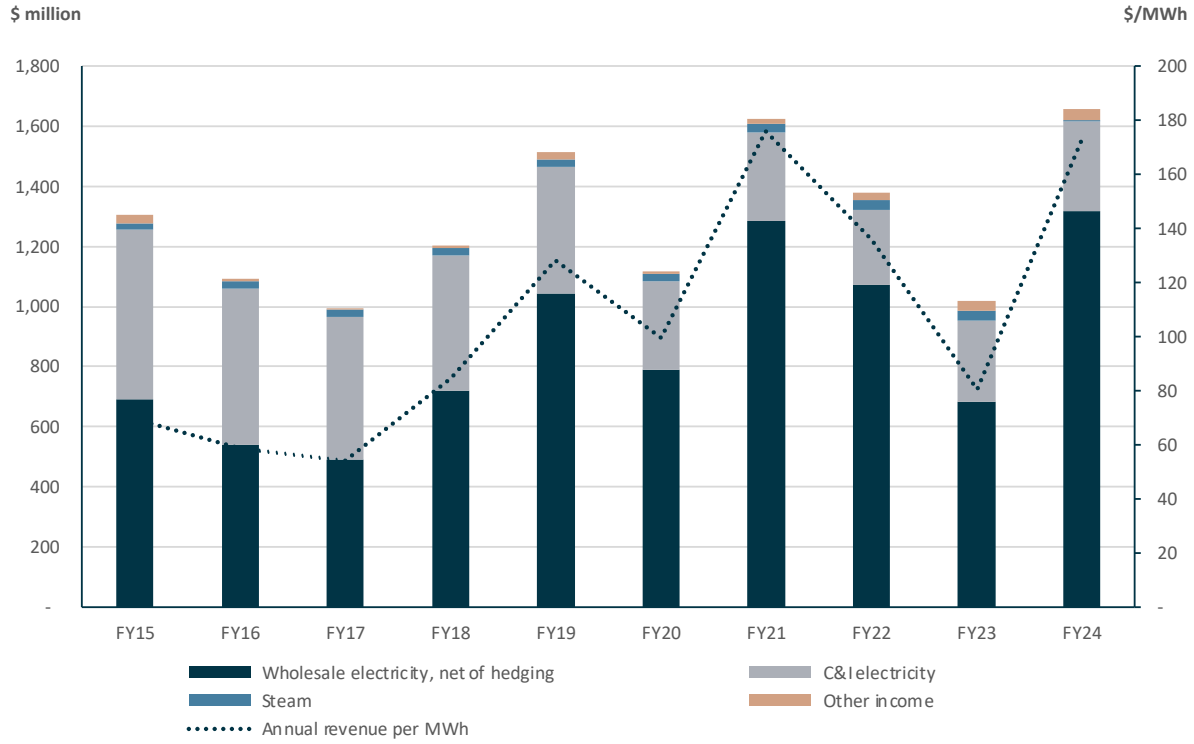
[31] Contact shares dual listed on the NZSX and ASX in 1999. Contact delisted its share from the ASX in 2002. It relisted on the ASX after Origin exited as a shareholder in 2015.

Wholesale

Contact's Wholesale segment revenue is generated primarily from the sale of electricity through the wholesale market and the sale of electricity, gas and steam to C&I customers. This includes electricity that Contact acquires in the wholesale market, which it sells in addition to its own generation output. Contact acquired 585 GWh of electricity in FY June 24 (150 GWh: FY June 23), in part to cover the delayed completion of Tauhara.

The chart shows that Contact's revenue has fluctuated over the last ten years primarily due the volatility in wholesale electricity prices and to a lesser extent the fluctuating output from its thermal power stations, which has been declining over time but was higher in FY June 21 and FY June 24 (dryer years) and lower in FY June 23 (a wet year):

CONTACT – WHOLESALE SEGMENT REVENUE (FY JUNE 15 - FY JUNE 24)



Source: Contact Financial Statements and Grant Samuel analysis

Revenue from electricity sold through the wholesale market includes the net settlement of electricity hedges sold on the electricity futures markets and to other wholesale market participants, which is recognised as the hedge is settled.

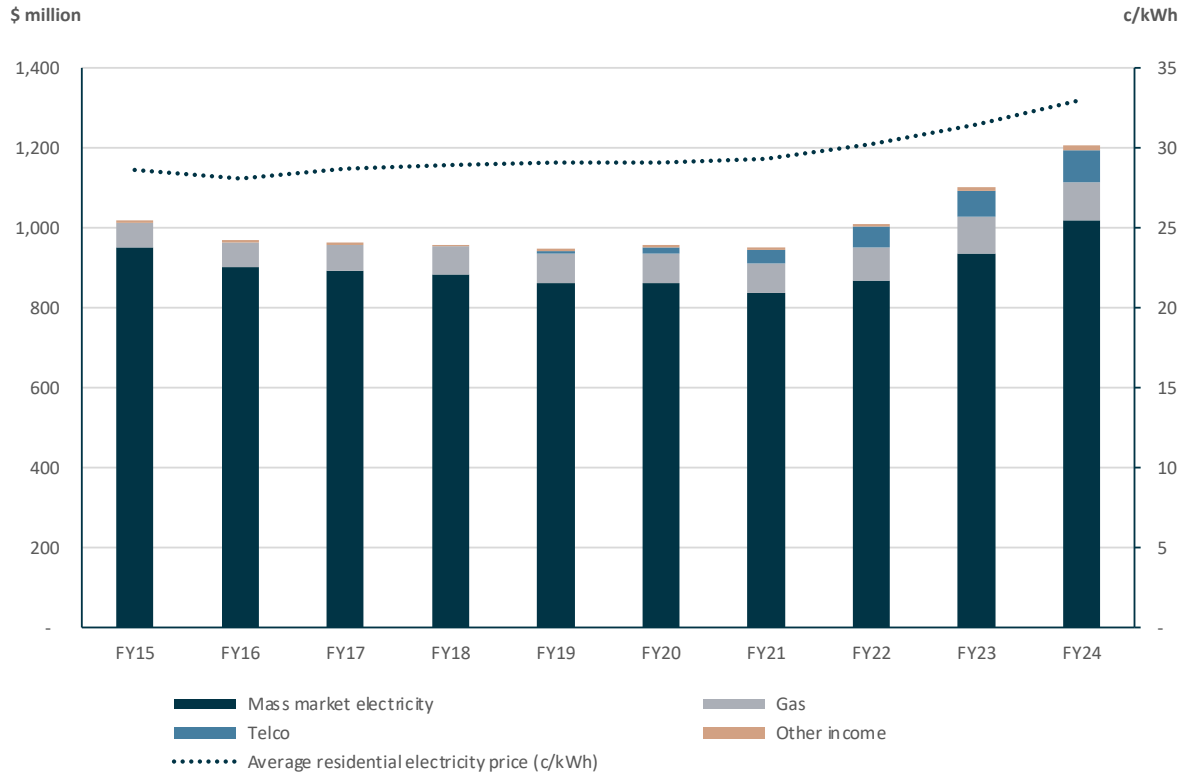
C&I revenue has declined from $563 million in FY June 15 to $299 million in FY June 24 because of a significant decline in GWh of electricity sold as Contact has shifted volume into long term strategic channels and in response to fuelling and plant risk.

Revenue earned by Contact's subsidiary, Western Energy Services Limited (**Western Energy**) is included as other income in the chart above along with wholesale gas revenue and other electricity related service revenue. Western Energy provides specialised geothermal well services to Contact and customers around the world. In FY June 24 it generated $12 million of revenue. Contact also offers wholesale market participants under its Simply Energy brand ancillary electricity related services, including flexible demand management solutions through the provision of instantaneous reserves and frequency keeping services.

Retail

Contact is one of the four large electricity gentailers operating in New Zealand. It also retails natural gas, broadband and mobile services. Revenues from its Retail segment includes the costs to serve customers and distribute energy and is recognised when either the energy is supplied for consumption or other products and services are provided to mass market customers.

CONTACT – RETAIL SEGMENT REVENUE (FY JUNE 15 – FY JUNE 24)



Source: Contact Financial Statements and Grant Samuel analysis

The chart above shows that Contact's retail electricity revenue declined between 2015 and 2020 primarily due to loss of market share and a reduction in average use per ICP. Contact began bundling electricity with broadband services in FY June 19. This added a new revenue stream and resulted in growth in its customers base, which in combination with rising electricity prices explains the increase in Contact's revenue for its Retail segment over the last three years.

5.3 Generation Assets

Contact is the third largest electricity generator as measured by current operational MW capacity. It owns and operates the following generation assets:

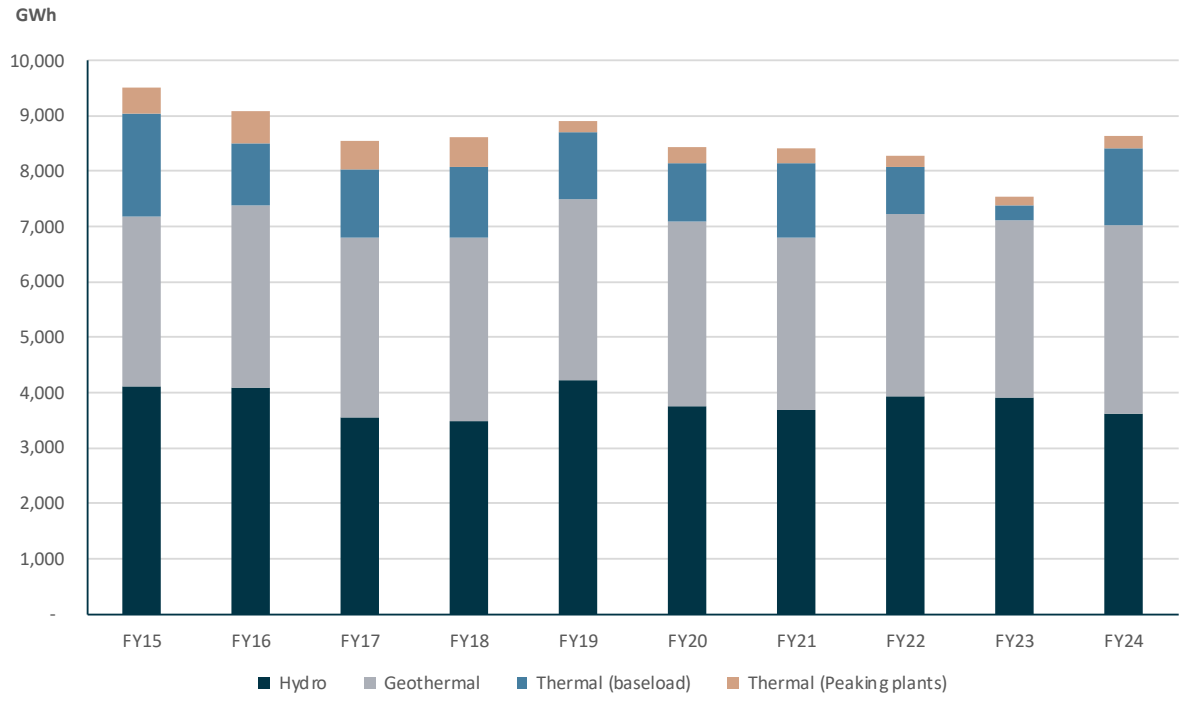
CONTACT – GENERATION ASSETS

POWER STATIONS	GENERATION TYPE	OPERATIONAL [32]CAPACITY (MW)
Clyde and Roxburgh	Hydro	784
Ohaaki, Pohipi, Te Huka (Units 1&2&3), Te Mihi, Tauhara and Wairakei	Geothermal	649
TCC, Stratford and Whirinaki	Thermal	733
Operational capacity at 30 April 2025		**2,166**

Source: Contact

Over the last ten years Contact's thermal power stations have often operated well below operational capacity. A summary of Contact's historical annual generation from FY June 15 to FY June 24 is summarised below:

CONTACT – ANNUAL GENERATION (FY JUNE 15 - FY JUNE 24)



Source: Contact

[32] Capacity shown is the maximum rated capacity for each plant, which may differ from the actual operational capacity in a range of circumstances. For example, typical operational capacity may be lower in order to manage operational risk or where there are constraints on fluid (geothermal or hydro). Notable examples of this are TCC which has been operationally constrained to 310MW.

Contact's thermal power stations produced 1,620 GWh of electricity in FY June 24 (517 GWh: FY23) to meet electricity demand as hydro generation was nationally 11% lower in FY June 24 compared to FY June 23 (a wet year).

Contact has invested $1.2 billion since 2021 building new geothermal power plants at its Te Huka and Tauhara sites, which will add 225MW of new capacity in FY June 25. Tauhara and Te Huka Unit 3 are now operational.

Contact retired its 400MW gas fired power station at Otahuhu in 2015 and its 44MW cogeneration plant at Fonterra's dairy factory in Te Rapa in 2023. As part of its strategy for decarbonisation Contact is planning to decommission its baseload thermal generation by closing its 377MW Taranaki Combined Cycle (**TCC**) power plant at Stratford in Taranaki. TCC was commissioned in 1998 and is now close to the end of its useful life. TCC will remain available to be recalled over 2025, subject to a number of operational conditions and gas supply arrangements.

When TCC stops generating electricity Contact will have only its two fast start 100MW gas turbine units operating at the Stratford site. These fast start turbines were commissioned in 2011 to operate as peaking plant and only produce electricity in periods of high demand and to cover contracted load when other sources like hydro or geothermal are not operational.

Contact also owns and operates a 156 MW diesel power station at Whirinaki that was built by the Government in 2004 to provide reserve generation in dry years. Contact acquired the power station from the Ministry of Economic Development in 2011 and it is used as a peaking plant.

Contact has a joint venture with Lightsource bp to build and operate a 168MW peak (**MWp**) capacity solar farm on the Christchurch Airport campus. It also has consent to build a 100MW grid connected battery storage facility and is undertaking feasibility studies for a new 180MWp solar farm with additional storage at the Stratford site.

Contact began constructing its first grid scale battery facility at Glenbrook in 2024. The 100MW battery system which is based at the Glenbrook site further strengthens Contact's existing partnership with New Zealand Steel to deliver resilience building decarbonisation initiatives. In May 2023, Contact and New Zealand Steel announced a flexible off-peak arrangement where Contact will provide 30MW of electricity to New Zealand Steel for its new electric arc furnace.

In addition to these new projects, Contact has a development pipeline that includes approximately 6,000 GWh of renewable (i.e. solar, wind and geothermal) energy generation.

5.4 Financial Performance

The historical financial performance of Contact from FY June 22 to FY June 24 and the 12 months of trading to 31 December 2024 (**LTM Dec 24**) is summarised below:

CONTACT – FINANCIAL PERFORMANCE ($ MILLIONS)

	YEAR END 30 JUNE			
	2022	2023	2024	LTM DEC 24
Total revenue	**2,387**	**2,118**	**2,863**	**3,264**
Mass market electricity	868	936	1,017	1,037
Electricity revenue – C&I customers	249	266	299	321
Wholesale electricity, net of hedging	1,071	685	1,317	1,609
Revenue from Electricity Sales	**2,188**	**1,887**	**2,633**	**2,967**
Gas revenues	89	95	104	114
Steam revenues	33	35	3	3
Revenue from Energy Sales	**2,310**	**2,017**	**2,740**	**3,084**
Electricity purchases	(814)	(495)	(1,024)	(1,232)
Gas & diesel purchases & storage costs	(152)	(218)	(156)	(212)
Electricity & gas networks, transmission, levies and meter costs	(545)	(561)	(601)	(627)
Carbon emissions costs	(44)	(37)	(69)	(74)
Net margin from Energy sales	**755**	**706**	**890**	**939**
Net margin on Electricity related services	-	6	-	3
Net margin on Geothermal services	1	3	6	7
Net margin on Telecommunications services	8	6	10	10
Other income	13	17	22	30
Net margin from other products & services	**22**	**32**	**38**	**50**
Other operating expenses	(210)	(233)	(253)	(234)
Realised gains/ (losses) on risk management derivatives not in a hedge relationship	(21)	(45)	-	-
EBITDAF	**546**	**460**	**675**	**755**
Impairment of assets and write offs	-	-	(50)	(42)
Net fair value (gains)/losses on financial instruments	5	(18)	8	(56)
Depreciation	(262)	(224)	(255)	(259)
Operating Profit	**289**	**218**	**378**	**398**
Net finance costs	(36)	(41)	(40)	(72)
Profit before income tax	**253**	**177**	**338**	**326**
Income tax expense	(71)	(50)	(103)	(102)
Profit from continuing operations	**182**	**127**	**235**	**224**
Electricity generated (GWh)	*8,269*	*7,543*	*8,636*	
Electricity acquired (GWh)	*389*	*150*	*585*	*n.a*
Pool revenue for electricity generated (average per MWh)	*$136*	*$80*	*$173*	
EBITDAF margin %	*22.9%*	*21.7%*	*23.6%*	*23.1%*

Source: Contact Financial Statements and Contact Interim Financial Statements as at 31 December 2024

The following comments are relevant when reviewing the table above:

- In FY June 24 Contact generated significantly more electricity using its thermal generation assets and sold it at higher prices resulting in a material increase in its net Energy margin. Consequently, EBITDAF was $215 million higher than in FY June 23 (a wet year) despite an 8.5% increase in other operating expenses.
- Mass market electricity revenues have been increasing over the last three years, driven by higher retail electricity prices and a return to modest growth in the number of customers.
- While the number of C&I customers (by ICP count) has been declining since June 2022, total GWh of electricity sold to C&I customers has remained flat over the last three years. The increase in C&I revenue is therefore explained by rising electricity prices.
- Wholesale electricity revenue has fluctuated with wholesale electricity prices and the volume of electricity that Contact has generated and acquired and then sold on the wholesale market in each year.

5.5 Financial Position

The financial position of Contact on 30 June 2022, 2023, 2024 and 31 December 2024 is summarised below:

CONTACT - FINANCIAL POSITION ($ MILLIONS)

AS AT	30 JUNE 2022	30 JUNE 2023	30 JUNE 2024	31 DEC 2024
Accounts receivable and prepayments	227	249	275	213
Inventories	58	85	77	138
Accounts payable and accruals	(261)	(275)	(356)	(318)
Provisions & other liabilities	(124)	(342)	(391)	(363)
Derivatives, net of security deposits (electricity prices)	4	(43)	(212)	(177)
Working capital	**(96)**	**(326)**	**(607)**	**(507)**
Generation assets & property, plant and equipment	4,095	4,615	4,933	5,053
Intangible assets	441	449	480	510
Deferred tax liability	(616)	(589)	(524)	(523)
Property lease obligations	(25)	(49)	(47)	(50)
Net operating assets	**3,799**	**4,100**	**4,235**	**4,483**
Net cash at bank	4	89	142	128
Borrowings	(1,074)	(1,507)	(1,866)	(2,099)
Derivative financial instruments (interest & FX rates)	85	91	68	91
Other investments and net assets held for sale	26	31	40	42
Net debt	**(959)**	**(1,296)**	**(1,616)**	**(1,838)**
Net assets	**2,840**	**2,804**	**2,619**	**2,645**
Shares on issue at period end (million)	780.6	785.0	789.1	797.9
Net assets per share ($)	$3.64	$3.57	$3.32	$3.31
Gearing[33]	*25%*	*32%*	*38%*	*41%*
Net debt to EBITDAF	*1.8*	*2.8*	*2.4*	*2.4*

Source: Contact Financial Statements and Grant Samuel analysis

[33] Gearing is net borrowings divided by net assets plus net borrowings.

The following comments are relevant when reviewing the table above:

- Contact's net operating assets primarily comprise Generation assets (including capital work in progress in relation to the development of new generation). Generation plant and equipment acquired before 1 October 2004 is recognised at deemed historical cost which is the fair value of those assets at 1 October 2004 less accumulated depreciation and impairment losses.
- Inventories comprise gas stored at the gas storage facility at Ahuroa, which is used to provide fuel to the Stratford power station, diesel fuel for the Whirinaki power station and consumables and spare parts for generation plant & equipment.
- Trade receivables includes unbilled retail sales for electricity and gas sold, which were not invoiced at the date of the financial statements.
- The increase in trade payables on 30 June 2024 reflect the timing of capital expenditure incurred in relation to the development of the Tauhara and Te Huka Unit 3 geothermal power plants.
- The balance for provisions and other liabilities includes restoration and environmental rehabilitation provisions for the expected costs to abandon and restore geothermal wells and generation sites and to remediate the environmental impacts of operations, where this can be reliably measured. The provision for restoration and environment rehabilitation has increased over time and is based on an estimate of the future cash flow required to settle these obligations or make good the affected sites. This provision also includes $109 million for the expected liability arising from onerous contractual arrangements with Flexgas in relation to the capacity and operation of the Ahuroa Gas Storage facility.
- Contact holds derivative financial instruments to manage risk in relation to movements in interest rates, foreign exchange rates and electricity prices. Grant Samuel has treated the derivatives relating to electricity prices (net of the security deposits held by the broker as collateral for margin calls) as working capital and derivatives relating to interest and foreign exchange rates as a debt like item.
- Intangible assets include computer software including the SAP systems used for customer service and billing, finance functions and generation asset management which has a carrying value of approximately $129 million.
- Contact's debt is primarily comprised of a combination of commercial paper, retail bonds that are listed on the NZDX, US Private Placement notes and a $400 million note issued and traded on the wholesale Australian Medium Term note market.
- Contact holds a minority interest in two limited partnerships that invest in afforestation projects on economically marginal land to produce a supply of carbon units to offset Contact's carbon obligations. It accounts for these investments in associates using the equity method.

5.6 Cash Flow

Contact's cash flow from FY June 22 to FY June 24 and LTM Dec 2024 is summarised below:

CONTACT - CASH FLOW ($ MILLIONS)

	YEAR END 30 JUNE			
	2022	2023	2024	LTM DEC 2024
EBITDAF	**546**	**460**	**675**	**755**
Non-cash items	(3)	120	(8)	(24)
Tax paid	(89)	(105)	(97)	(105)
Movement in working capital	(17)	(55)	31	(39)
Operating cash flow	**437**	**420**	**601**	**587**
Maintenance capital expenditure	(79)	(113)	(110)	(90)
Purchase and construction of assets	(268)	(428)	(396)	(388)
Sale of property, plant and equipment	1	16	1	1
Other investments	(25)	(49)	(16)	(27)
Free cash flow before financing	**66**	**(154)**	**80**	**83**
Net movement in borrowings	245	442	354	180
Interest paid and capitalised interest	(51)	(73)	(97)	(109)
Dividends	(242)	(243)	(248)	(212)
Financing costs	**(48)**	**126**	**9**	**(141)**
Net cash flow from continuing operations	**18**	**(28)**	**89**	**(58)**

Source: Contact Financial Statements and Grant Samuel analysis

The following comments are relevant when reviewing the table above:

- The change working capital between FY June 23 and FY June 24 of $86 million relates to the usage of gas inventory with higher thermal generation and higher net carbon liability. This is relative to FY June 23 where gas inventory and carbon balances increased as a result of lower thermal generation.
- Purchase and construction of assets in FY June 24 primarily relates to Tauhara, Te Huka 3, Te Mihi Stage 2 and 3 and the battery storage facility at Glenbrook. As at 30 June 2024 Contact had invested approximately $1.4 billion (excluding capitalised interest) developing these generation assets and is planning to spend a further $339 million to complete these projects.

5.7 Capital Structure and Ownership

At 30 April 2025 there were over 54,000 registered shareholders in Contact. The substantial shareholders account for approximately 19.2% of the ordinary shares on issue:

CONTACT - MAJOR SHAREHOLDERS AS AT 30 APRIL 2025

	NUMBER OF SHARES (M)	PERCENTAGE
Milford Asset Management	53.9	6.7%
BlackRock, Inc. and related bodies corporate	51.1	6.4%
First Cape	49.1	6.1%
Other shareholders	648.7	80.8%
Total	**802.8**	**100.0%**

Source: NZX Company Research

6 Impact on Contact if the Scheme is Implemented

6.1 Strategic Rationale

When the Scheme was announced Contact stated to the market:

"This acquisition will make Contact a stronger, more resilient electricity company for New Zealand with a more diversified generation portfolio across the North and South Islands. Our hydro assets are complementary, with different seasonal generation profiles, which will help Contact better manage dry year risk and to sell larger volumes of fixed price electricity into the market than we could do independently. Access to this type of hedging adds resilience and support for New Zealand's large energy users and independent retailers to reduce their exposure to spot prices in dry years" - ***Contact Chief Executive, Mike Fuge***

The key strategic drivers is summarised in sections 6.1.1 to 6.1.3 below.

6.1.1 Generation diversification and scale

The acquisition of Manawa is expected to provide Contact with risk management benefits. Manawa's generation from its hydro generation schemes is weighted towards the winter months (as outlined in section 3.2). Due to the location and the timing of seasonal inflows of Contact's hydro generation schemes (Clyde and Roxburgh), the power generated from these assets is weighted towards spring and summer. These assets (which have a combined capacity of ~784 MW) combined with Manawa's hydro capacity of ~500MW are expected to smooth out the generation across the year and improve alignment with the customer load, which is winter weighted. The combination of these assets is also expected to reduce annual volatility. Overall Contact expects these benefits to:

- improve the management of dry year risk and, as a result, be less reliant on thermal generation; and
- increase the ability of the combined business to place a higher volume of fixed price supply agreements into the market.

A summary of the combined generation asset base is outlined below:

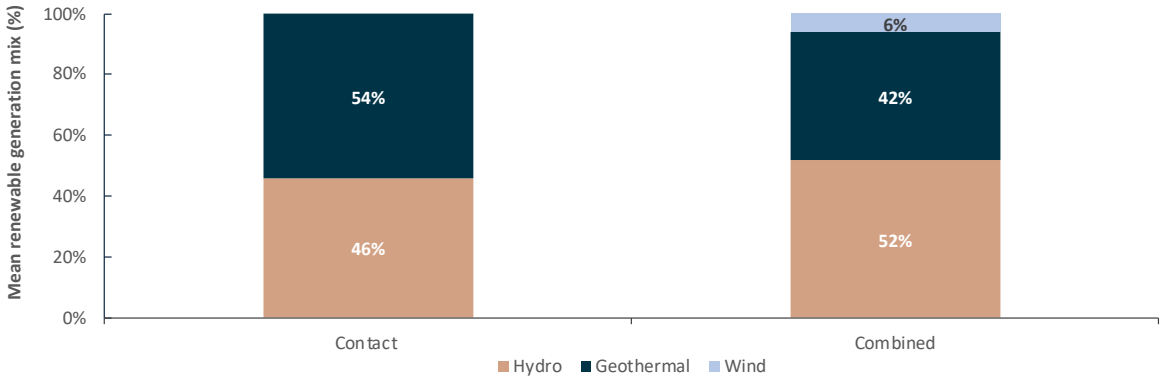
CONTACT- COMBINED GENERATION ASSETS

TYPE	CONTACT	MANAWA	COMBINED
Thermal peaking stations	2	1	3
Hydro	2	25	27
Geothermal	7		7
Solar	1		1
Battery	1		1
Total	**13**	**26**	**39**

Source: Scheme booklet

The analysis above includes the Glenbrook battery and Kowhai Park solar projects, and excludes the TCC gas generation plant (noting Contact has confirmed this plant will remain available in 2025).

CONTACT- MEAN RENEWABLE GENERATION MIX (INCLUDING ACQUIRED)[34]



Source: Scheme booklet

The increase in hydro generation will result in Contact's share of New Zealand's hydro storage increasing from approximately 7% to 11%.

6.1.2 Grow renewable generation while decarbonising Contact's portfolio

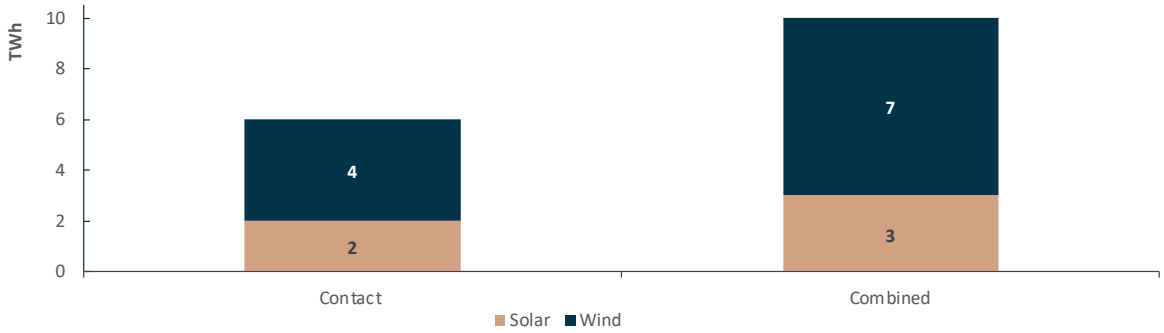
Contact's strategy is to lead New Zealand's decarbonisation. Contact expects that the acquisition of Manawa will accelerate this by:

- growing demand for its renewable energy with a reduced cost to serve by increasing the volume of fixed price products and creating the opportunity for wider deployment of demand flex products;
- investing in renewable development which may be enhanced by having a wider range of potential wind and solar development options and improved access to capital due to balance sheet and scale efficiencies;
- a higher proportion of winter electricity demand being generated from hydro power schemes; and
- a reduction on the reliance of thermal generation for peak periods.

6.1.3 A diversified development pipeline

Contact and Manawa each have extensive development pipelines. The combination of these pipelines will increase the range of development options available to Contact and increase the development pipeline from 6 TWh to 10 TWh. Both businesses have extensive development execution capabilities. A comparison of Contact's current development pipeline and the combined development pipeline is summarised below:

CONTACT- DEVELOPMENT PIPELINE



Source: Scheme booklet

[34] Based on long-term average annual output (including acquired through Manawa's Wind PPAs).

Contact is yet to undertake detailed analysis of Manawa's projects. If the Scheme is implemented, Contact will review where Manawa's potential projects rank alongside the other potential projects available to Contact.

6.2 Pro Forma Financial Performance

The Pro Forma Financial Information presents the combination of:

- the consolidated financial statements for Contact for the 12 month period ended 31 December 2024;
- the consolidated financial statements for Manawa for the 12 month period ended 30 September 2024;
- the effect of the Scheme (as set out in the pro forma Scheme adjustments noted in the table below) which is assumed to have occurred at the beginning of the pro forma financial year 1 January 2024.

The pro forma financial performance for Contact if the Scheme is implemented (excluding synergies) are set out below:

CONTACT- PRO FORMA FINANCIAL PERFORMANCE ANALYSIS ($ MILLIONS)

	CONTACT	MANAWA	TRANSACTION FINANCE	TRANSACTION COSTS	PRO FORMA COMBINED (EXCLUDING SYNERGIES)
Operating and other revenue	3,264	563	-	-	3,827
Operating expenses	(2,509)	(450)	-	-	(2,959)
EBITDAF	**755**	**113**[35]	**-**	**-**	**868**
Transaction costs	-	-	-	(41)	(41)
Asset impairments and write offs	(42)	(2)	-	-	(44)
Net interest expense	(72)	(27)	(19)	-	(118)
Depreciation and amortisation	(259)	(22)	-	-	(281)
Change in fair value of financial instruments	(56)	(93)	-	-	(149)
Profit before tax	**326**	**(31)**	**(19)**	**(41)**	**235**
Tax expense	(102)	(3)	5	-	(100)
Net Profit	**224**	**(34)**	**(14)**	**(41)**	**135**

Source: Manawa and Contact

The following comments are relevant when considering the above table:

- Transaction finance cost reflect the additional debt that Contact will issue to implement the Scheme and the additional interest expense relating to this debt. Use of the funds includes Cash Consideration to Manawa shareholders, repayment of Manawa's retail bonds and transaction costs.
- Transaction costs reflect an estimation of costs directly related to the completion of the Scheme. Grant Samuel has treated transaction costs as a one off item and excluded them from EBITDAF.

Cost synergies are expected to total approximately $23-28 million per annum to be realised within approximately 18 - 24 months of completion of the Scheme, with ~70% realised in the first six months. The majority (over 85%) of these savings are forecast to come from the removal of duplicated corporate functions and systems between the existing entities. Portfolio benefits are expected to be approximately $10 - $20 million and generated from the optimisation of hydro water management across the generation portfolio. The pro forma financial performance for Contact if the Scheme is implemented including synergies (based on the mid-point of the expected benefits) are set out below:

[35] Adjusted from $111 million to include the gain on sale of other land and buildings to be consistent with Contact's financial reporting.

CONTACT- PRO FORMA FINANCIAL PERFORMANCE ANALYSIS ($ MILLIONS)

	PRO FORMA COMBINED (EXCLUDING SYNERGIES)	COST SYNERGIES	PORTFOLIO BENEFITS	PRO FORMA COMBINED (INCLUDING SYNERGIES)
Operating and other revenue	3,827	-	15	3,842
Operating expenses	(2,959)	26	-	(2,933)
EBITDAF	**868**	**26**	**15**	**909**

Source: Manawa and Contact

The following comments are relevant when considering the above table:

- One-off integration costs are estimated to be approximately $46 million. This is not included in the table above and a large proportion of this spend has been incurred.
- Contact expects a Manawa normalised EBITDAF contribution of $194 million to $241 million per annum to be generated over the long term. This reflects the cost synergies and portfolio benefits outlined above as well as:
  - Contact's view of the expected long run wholesale electricity price at Otahuhu is between $115 and $125 MWh (in real terms) and the potential earnings up lift that are likely to be achieved as Manawa's existing contracted volumes decline. Repricing of the uncontracted volumes is expected to generate material earnings benefits overtime; and
  - an increase in generation following the completion of Manawa's asset enhancement programme and average generation from normal weather conditions.

6.3 Pro Forma Financial Position

The pro forma financial position for Contact if the Scheme is implemented are set out below:

CONTACT- PRO FORMA FINANCAIL POSITION ANALYSIS ($ MILLIONS)

	CONTACT	MANAWA	TRANSACTION PURCHASE	TRANSACTION COSTS	PRO FORMA COMBINED
Net operating assets	**4,483**	**1,634**	**670**	**-**	**6,787**
Net debt	(1,838)	(475)	(375)	(46)	(2,734)
Net assets	**2,645**	**1,159**	**295**	**(46)**	**4,053**
Gearing [36]	*41%*	*29%*	-	-	*40%*
Net debt to EBITDAF	*2.4*	*4.2*	-	-	*3.0*

Source: Scheme booklet and Grant Samuel analysis

The following comments are relevant when considering the above table:

- Based on the pro forma analysis Contact's level of gearing does not materially change if the Scheme is implemented. Net debt to EBITDAF increases slightly from 2.4 times to 3.0 times (based on the pro form EBITDAF including cost and portfolio synergies). This increase reflects Manawa's LTM Dec 24 financial performance which was low due to extreme energy market conditions in New Zealand, as well as a provision for bad debts raised with respect to an electricity retailer and transaction costs related to the Contact acquisition.
- Goodwill has been estimated at approximately $670 million based on Manawa's net assets at the start of the pro forma financial year. Pro forma gearing increases to 45% if goodwill generated from the acquisition of Manawa is excluded from the calculation.

[36] Gearing is net borrowings divided by net assets plus net borrowings.

7 Value of the Consideration under the Scheme

7.1 Background

To evaluate the consideration being offered under the Scheme, it is necessary to assess the value of Contact shares. This is particularly relevant as the Scrip Consideration component comprises approximately 80% of the consideration being offered to Manawa shareholders.

7.2 Approach

Where a transaction includes scrip consideration and it does not materially change the control of the acquiring company Grant Samuel's approach is to value the shares being offered as consideration in a takeover offer or scheme of arrangement by reference to the market price of those shares. To the extent that the shares are actively traded, are followed by a number of sharebroker analysts and all material information on the company is known to the market, then the market price of those shares is likely to be representative of the value a shareholder could realise for those shares on the market. In such circumstances there are two key issues for shareholders in a target company assessing the value of consideration being offered:

- is there any reason why the market price is not an accurate reflection of the fair market value of a portfolio interest in those shares? For example, there could be:
  - important information about the entity and its business/assets which would affect the share price but is not in the public domain;
  - mispricing by the market; and/or
  - abnormal trading activity in Contact shares; and
- what impact is the proposed acquisition of the target likely to have on the price of the shares being offered as consideration.

The assessment of the value of an offer involving shares as part consideration should reflect the realisable value of the shares being offered as consideration immediately after the transaction is implemented. Beyond the short term, the shares being offered as consideration will fluctuate in response to market movements, changes in the sector in which the company operates and future events specific to the company itself. The decision to hold shares received as consideration is a separate investment decision to be made by shareholders.

In considering this framework in the context of the Scheme, Grant Samuel has:

- analysed the recent trading in Contact shares;
- reviewed broker analyst research on Contact; and
- analysed the impact of the Scheme on Contact's key financial metrics.

7.3 Analysis of the Market for Contact Shares

7.3.1 Share Price Performance

Contact shares are highly liquid with free float[37] close to 100% and it is ranked in the top 10 on the NZX for both value traded and the number of trades[38]. The following table shows the volume of Contact shares traded on the NZX over the past 12 months up to 15 April 2025:

[37] Capital IQ, free-float share volumes are calculated as the total number of shares less shares held for strategic purposes

[38] NZX Company Research (based on last 12 months)

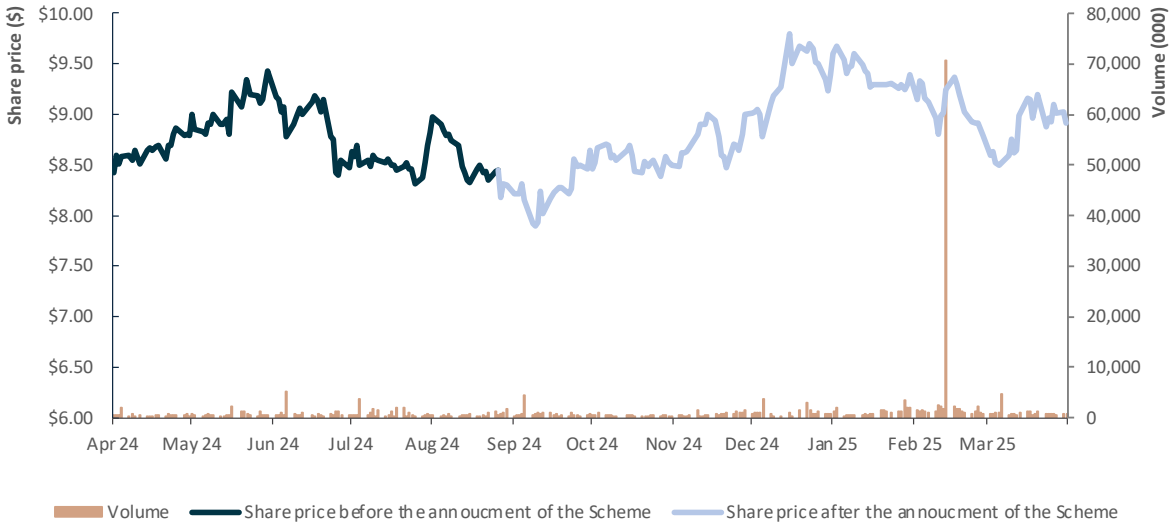
CONTACT - SHARE PRICE HISTORY

TIME PERIOD	LOW	HIGH	VWAP	VOLUME (000)
30 days	$8.50	$9.20	$8.86	32,639
60 days	$8.50	$9.60	$9.16	142,811
90 days	$8.47	$9.80	$9.16	177,237
12 months	$7.90	$9.80	$8.95	292,080

Source: NZX Company Research

The share price and trading volume history of Contact shares over the last 12 months up to 15 April 2025 is depicted graphically below:

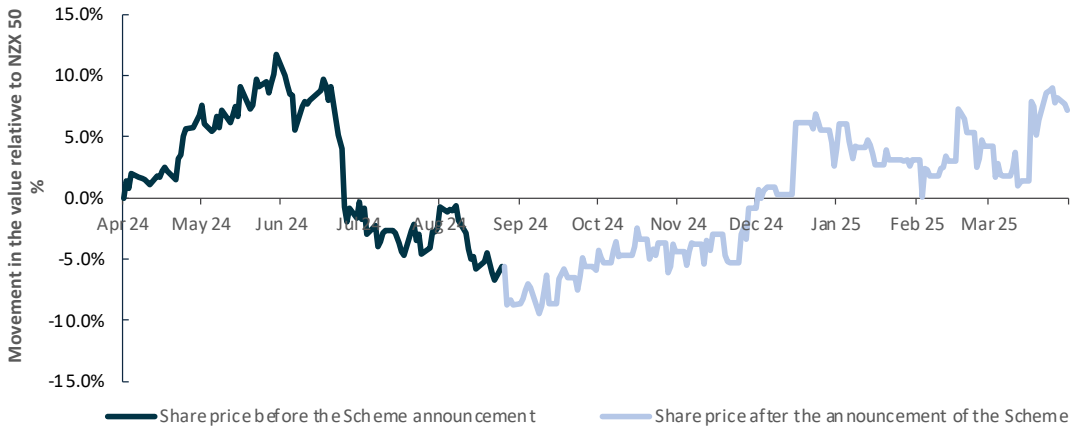
CONTACT - SHARE PRICE AND VOLUME OVER THE LAST 12 MONTHS TO 15 APRIL 2025



Source: NZX Company Research, Capital IQ

Contact's share price against the NZX50 index over the last 12 months up to 15 April 2025 is depicted graphically below:

CONTACT - SHARE PRICE PERFORMANCE VERSUS NZX50 OVER THE LAST 12 MONTHS TO 15 APRIL 2025



Source: NZX Company Research, Capital IQ

The following comments are relevant when considering the above graphs:

- Contact's share price traded in the range of $7.90 and $9.80 per share over the last 12 months to 15 April 2025.
- Contact's share price has outperformed the NZX over the last 12 months, although its relative performance has been volatile. The share price declined in July 2024. It is unclear from publicly available information what led to the share price decline. Around the time of the announcement Contact announced that its Tauhara geothermal plant had achieved a major milestone and is in its final stages of commissioning. Contact also announced that a change to its FY25 outlook which was positive. Since the announcement of the Scheme Contact's share price has slightly outperformed the NZX.
- Since the date of the announcement of the Scheme the 5 day VWAP of Contact shares has increased from $8.38 to $9.00[39]. This increase of approximately 7.4% translates to an ~7.0% increase in the assessed value of the total scrip and cash consideration under the Scheme.
- Since the announcement of the Scheme there has not been a discernible difference in the trading volumes of Contact share, with the exception of a large spike in volumes in late February when Contact was included in the MSCI Global Standard Index.
- Broker research on Contact is summarised in the table below:

CONTACT – BROKER TARGET PRICES

BROKER	DATE OF LAST REPORT	TARGET PRICES		
		BEFORE THE SCHEME AUGUST 2024	SEPTEMBER 2024	LATEST PRICE AVAILABLE
Forsyth Barr	March 2025	$10.65	$10.65	$10.25
Macquarie	October 2024	$11.20	Research restrictions	Research restrictions
UBS	March 2025	$9.50	$9.50	$9.40
Morningstar	April 2025	$8.70	$8.70	$8.40
Jarden	February 2025	$10.77	$10.31	$10.70
Median		**$10.65**	**$9.91**	**$9.83**
Average		**$10.16**	**$9.79**	**$9.69**

Source: Broker reports

- Due to the NZCC condition the broker reports have not updated the target price to reflect the potential implementation of the Scheme. Some broker reports also noted that the implied valuation of Manawa was high and Contact would need to deliver fully on the identified synergies for it to be value accretive.
- Forsyth Barr commented that, *"before supporting the Scheme, Infratil, TECT and Manawa's directors will all have assessed Contact and come to the conclusion it is likely worth more than the current share price"*, which at the time was approximately $8.376. [40]
- Contact's current 5 day VWAP of $9.00on 30 April 2025 is below the median broker target price.

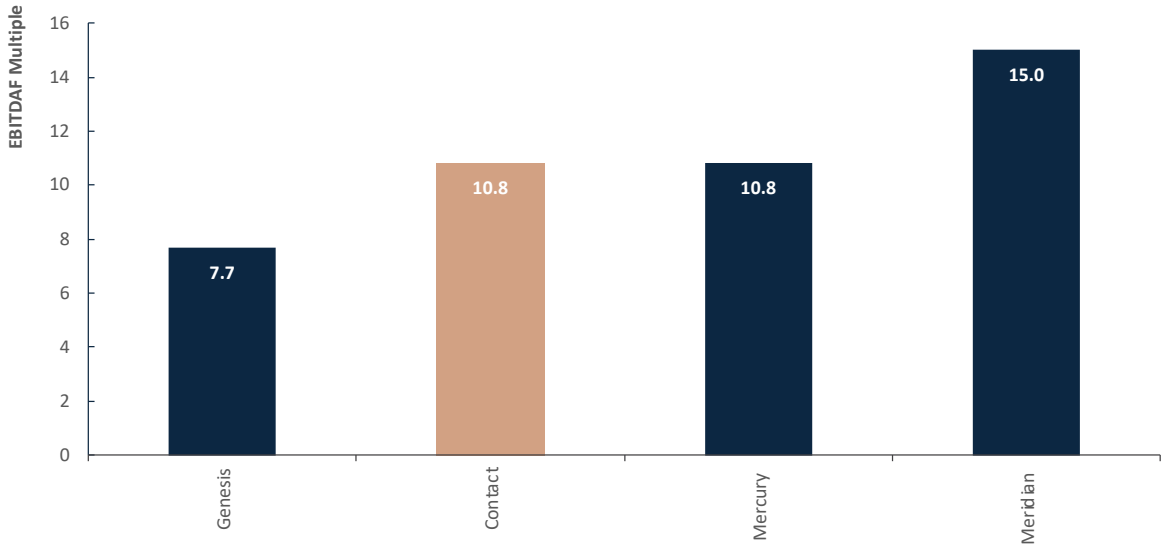
[39] As at 30 April 2025

[40] Forsyth Barr - Manawa Energy – Time to flip the switch – 17 September 2025

7.3.2 Contact compared to its Peers

Contact's sharemarket ratings (in terms of implied forecast EBITDAF multiples) relative to comparable listed electricity operators in New Zealand is illustrated below:

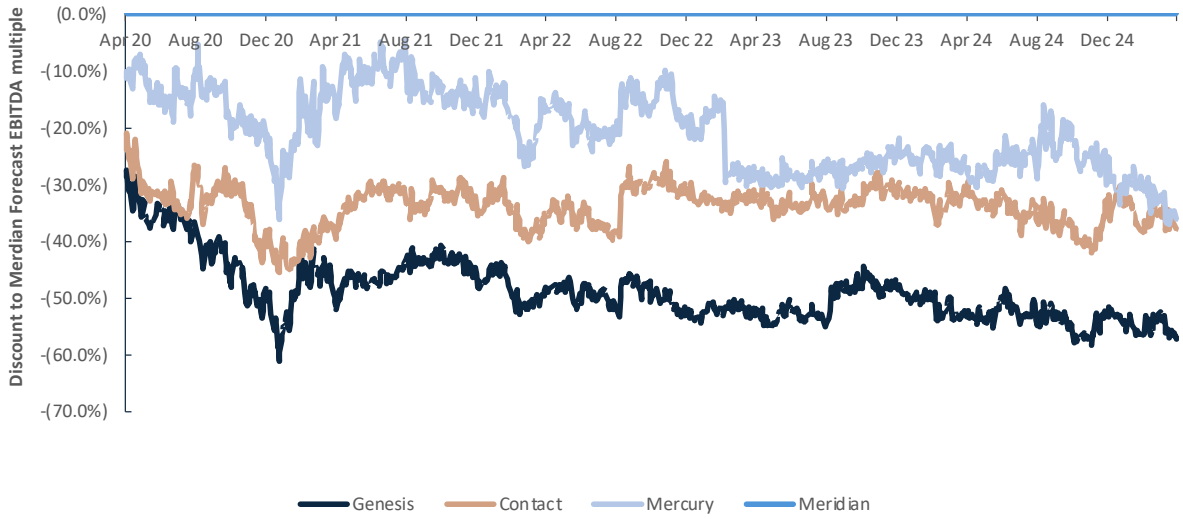
MULTIPLES OF FORECAST EBITDAF[41] FOR COMPARABLE LISTED COMPANIES



Source: Capital IQ, Broker Reports and Grant Samuel analysis

Historically Meridian has traded at a premium to New Zealand's other listed Gentailers. The historical discount implied by the share prices of other gentailers compared to Meridian's implied forecast EBITDA multiple over the last five years is illustrated below :

DISCOUNT TO MERIDIAN'S FORECAST EBITDA MULTIPLE OVER THE LAST FIVE YEARS[42] [43]



Source: Capital IQ

[41] The implied forecast EBITDAF multiples for comparable listed companies are based on the 2026 financial year.

[42] Capital IQ''s analysis is based on the 1 year forecast. The recent trading reflects the 2025 financial year.

[43] To 15 April 2025

The following comments are relevant when considering the above graphs:

- The multiples are based on closing share prices as at 15 April 2025.
- Historical and forecast EBITDAF for the comparable listed gentailers be impacted by a range of factors, including electricity prices, weather, generation mix, hedge positions and new generation coming on stream. Comparing implied multiples from historical and forecast earnings can therefore lead to material differences and make comparison meaningless.
- To compare Contact's sharemarket ratings against sharemarket ratings of comparable listed electricity operators in New Zealand Grant Samuel has used the implied EBITDAF multiples based on a two year forecast (the 2026 financial year). This is not a directly comparable, but it is a closer reflection of what the market considers a more normalised level of trading for the comparable Gentailers.
- Until recently Contact has consistently traded at a discount to Mercury and Meridian for over five years. Meridian trades at higher multiples relative to the other listed companies in New Zealand reflecting its size and asset base. By market capitalisation Mercury is the largest electricity retailer in New Zealand. Contact also generates a higher proportion of its electricity from non-renewable sources when compared with Mercury and Meridian.

7.3.3 Information Disclosure

Under both NZSX and ASX Listing Rules, Contact is required to keep the market informed of events and developments in a timely manner as they occur. Once Contact becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities, it must inform the market of that information.

Contact releases monthly operating reports that typically comprises up to date performances of its customer and wholesale businesses, information on hydro storage and forward prices, electricity demand data and trends, operational data and ESG reporting. Contact has a long history of fulsome disclosure to the market, and accordingly there is no reason to consider that any information relating to Contact as a standalone business that would have a material impact on its shares price has not been publicly disclosed.

7.4 Conclusion

Contact is one of New Zealand's largest listed companies. It is dual listed on the NZX and the ASX. There is a deeply liquid market for Contact shares. Contact is closely followed by stockbrokers, analysts and institutional investors. Given the depth if the market in Contact shares, the Contact shares price at the time the Scheme is implemented should be a fair reflection of the value of its shares.

8 Merits of the Scheme

8.1 The value of the Scheme

The value of the Scheme can be assessed with reference to a number of factors:

- ***Grant Samuel's assessment of the value of Manawa***. In Grant Samuel's opinion the full underlying value of Manawa's shares is in the range of $5.35 to $6.17 per share as set out in Section 4. This value represents the value of 100% of the equity in Manawa and includes a premium for control. In Grant Samuel's opinion the offer price under a takeover offer or scheme of arrangement where the offeror will gain control should be within, or exceed, the pro-rated full underlying valuation range of the company. The consideration offered by Contact for each Manawa share comprises a combination of Contact shares and cash for each Manawa share. As the share price of Contact shares has and will continue to fluctuate, the value of the consideration offered under the Scheme will also change. Grant Samuel understands that if approved, the target implementation date of the Scheme is in July 2025. Grant Samuel's valuation range for Manawa is $5.35 to $6.17 per share. For the Scheme consideration to be within this range, the Contact share price would need to be between $7.26 and $8.66 per share. As at 30 April 2025, Contact's 5-day VWAP was $9.00. The following table provides a summary of the correlation between the Contact share price and the implied Scheme consideration:

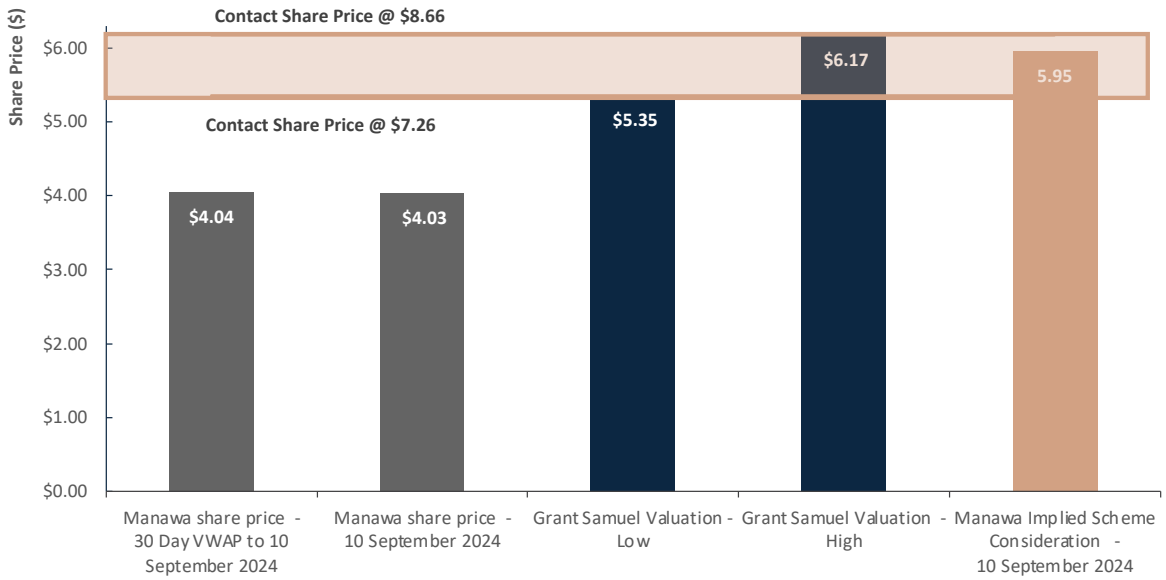
IMPACT OF THE CONTACT SHARE PRICE ON THE SCHEME CONSIDERATION

CONTACT SHARE PRICE		EXCHANGE RATIO		SCRIP CONSIDERATION		CASH CONSIDERATION	IMPLIED SCHEME CONSIDERATION[44]
Contact share price	x	Exchange Ratio	=	Scrip Consideration	+	Cash Consideration	= Implied Scheme Consideration
$7.26		**0.5830**		**$4.24**		**$1.12**	**$5.35**
$7.30		0.5830		$4.26		$1.12	$5.38
$7.50		0.5830		$4.37		$1.12	$5.49
$7.70		0.5830		$4.49		$1.12	$5.61
$7.90		0.5830		$4.61		$1.12	$5.73
$8.10		0.5830		$4.72		$1.12	$5.84
$8.30		0.5830		$4.84		$1.12	$5.96
$8.50		0.5830		$4.96		$1.12	$6.08
$8.66		**0.5830**		**$5.06**		**$1.12**	**$6.17**

The chart below compares the consideration offered under the Scheme based on a Contact Share price ranging between $7.26 to $8.66 with Grant Samuel's assessed value range for Manawa shares.

[44] Based on the exchange ratio of 0.5830 Contact shares per Manawa share and the cash consideration of $1.12 per Manawa Energy share.

GRANT SAMUEL VALUATION RANGE OF MANAWA VERSUS THE SCHEME CONSIDERATION (NZ$ PER SHARE)



- ***The premium implied by the Scheme***. As at 10 September 2024, the date prior to the announcement of the Scheme, the trading price of Contact implied under the Scheme consideration of $5.95 per Manawa share. This implied consideration represented a premium of approximately 47.6% relative to the closing price of Manawa shares of $4.03 per share on 10 September 2024 - being the trading day prior to the announcement of the Scheme, and a premium of 47.4% over the 30 day volume weighted average share price (VWAP)[45]. Shares in a listed company normally trade at a discount to the underlying value of the whole company. The observed discount is typically in the range 20-35%. The extent of the discount (if any) depends on the specific circumstances of each company.
- ***Potential synergy impacts on value.*** Contact has estimated that it will realise portfolio and cost synergies of approximately $33-$48 million per annum from the proposed acquisition of Manawa (calculated on a full year basis). The extent and timing of synergies that may be achieved in any takeover is always uncertain. The market may factor some synergies from the proposed acquisition of Manawa into the Contact share price prior to the settlement of the Scheme or over time when there is clear evidence they will be realised. Manawa shareholders that retain Contact shares they receive as part consideration under the Scheme will share in that benefit or loss if the synergies are not realised.

8.2 The timing and circumstances surrounding the Scheme

Manawa is a renewable electricity generator with geographically diversified, secured development options in wind and solar. This potential acquisition of Manawa is consistent with Contact's stated objective of leading New Zealand's decarbonisation in the energy sector.

8.3 Possible outcomes of the Scheme

The Scheme needs the support of 75% of the shares voted by each interest class on the Scheme resolution, and more than 50% of the total number of voting securities in the company to be voted in favour of the Scheme, for it to proceed.

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[45] Measured over the 30 trading days prior to the announcement

The threshold for approving the Scheme is based on 75% of the number of votes actually cast voting in favour of the Scheme. As some shareholders may not decide to cast their votes at a meeting or by proxy, the threshold is likely to be less than 75% of all voting securities on issue.

The two major shareholders of Manawa (that collectively own 77.9% of the issued shares in the Company) have entered into voting agreements with Contact in support of the Scheme, subject to certain conditions. This support means that the votes needed to approve the Scheme are assured and the voting thresholds will be exceeded if the Scheme is put to Manawa's shareholders. The possible outcomes of the Scheme are summarised below:

- **The voting thresholds to approve the Scheme are achieved and all other conditions satisfied and the Scheme is implemented.** Given the voting agreements in place with the two major shareholders, Infratil and TECT, the voting thresholds to approve the Scheme are expected to be achieved and this condition will be satisfied if the Scheme is put to Manawa's shareholders. If all other conditions are satisfied or waived and the SIA is complied with, the Scheme will be implemented. In that circumstance all shareholders in Manawa will have their shares acquired for the cash and scrip consideration, and Manawa shares will cease to be quoted.
- **The voting thresholds to approve the Scheme are achieved, but one or more of the conditions are not satisfied or waived and the Scheme is terminated**. If the voting thresholds to approve the Scheme are achieved but one or more of the other conditions are not satisfied or waived, or if the SIA is terminated, the Scheme will not proceed, and no shares in Manawa will be acquired by Contact. Manawa shares will remain listed on the NZSX and Manawa will have no further obligation to Contact.

8.4 Factors affecting the outcome of the Scheme

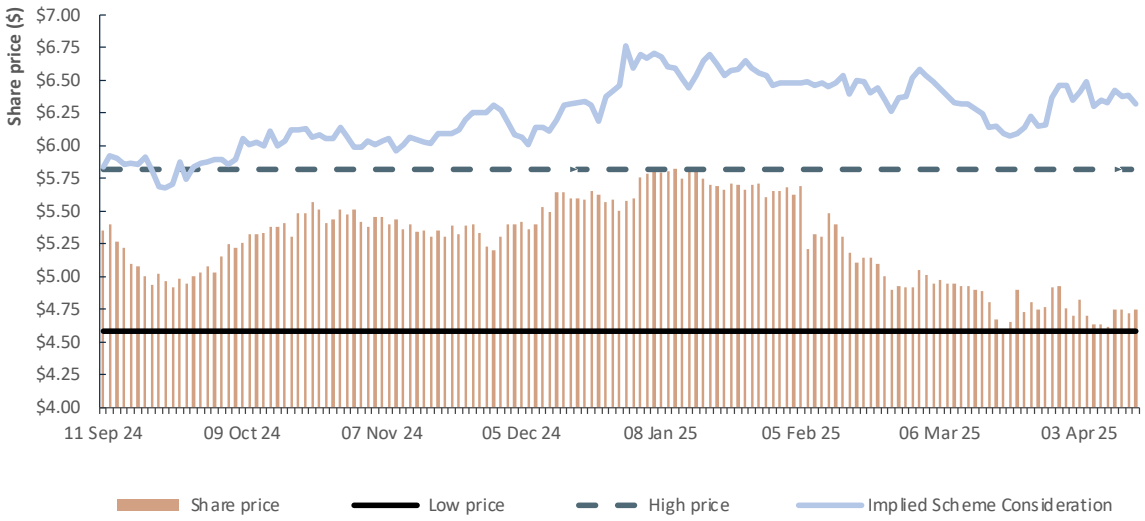
The following factors may impact the outcome of the Scheme:

- Many takeovers or schemes of arrangement feature lock-up or voting commitment arrangements whereby certain larger shareholders are approached as part of the proposal and agree to accept the offer when it is made or vote for the Scheme when it is put to shareholders. This is a feature of the Scheme with the voting support agreements entered into by Infratil and TECT. The support or otherwise of the minority shareholders in relation to the Scheme is therefore irrelevant in determining whether or not the requisite voting thresholds are achieved. If no other Manawa shareholder voted for or against the Scheme, the requisite voting thresholds will still be achieved;
- The share price of Manawa has increased since the announcement of the Scheme and has traded in the range $4.58 and $5.82[46]. The price movement since the announcement of the Scheme is connected to a range of potential factors including:
  - the market's view on the probability that the NZCC clearance will be received;
  - Manawa's financial performance which can be impacted by a wide range of factors including weather conditions, energy price forecasts, interest rates and economic growth;
  - the movement in the Contact share price; and
  - general movements in equity markets.

  Manawa shares Manawa's share price movements since the announcement the Scheme relative to the Scheme consideration implied by the value of the Contact shares (on the same day) is depicted below .

[46] Up until 15 April 2025

MANAWA'S SHARE PRICE SINCE THE ANNOUCMENT OF THE SCHEME COMPARED WITH THE IMPLIED SHARE CONSIDERATION [47]



Source: Capital IQ, and Grant Samuel analysis

- The break fee structure agreed between Contact and Manawa provides for Manawa to pay a fee of $18.6 million if (amongst other things) a Director of Manawa does not recommend the Scheme or if a competing transaction is announced and completed within 15 months of the date of the announcement of that competing proposal. The break fee structure also provides for a reverse break fee of the same amount, payable by Contact to Manawa if Contact breaches certain terms of the SIA such as a breach of a fundamental bidder warranty.
- The Scheme is conditional on High Court approval. The High Court will only consider approving the Scheme if the two shareholder voting thresholds are passed and the other outstanding conditions are satisfied.

8.5 Likelihood of alternative offers

- The Scheme between Contact and Manawa provides a typical exclusivity framework in favour of Contact. Under this framework, Manawa is prohibited from engaging on any competing proposals unless the Manawa's Board has determined that the competing proposal is or is reasonably likely to become a superior proposal. Furthermore, Contact must be notified of any competing proposal and must be offered the opportunity to match a proposal that the Manawa Board considers to be a superior proposal to the Scheme.

  Manawa is subject to an exclusivity period with Contact until:

  - the end date being 11 June 2025 (unless extended in accordance with the SIA or by agreement between Contact and Manawa); or
  - the Scheme is terminated or implemented; or
  - a superior competing proposal is received which is not matched by Contact and which is accepted by Manawa's Directors.
- The more time that elapses since the announcement of the Scheme, the less likely a competing proposal will emerge as Manawa can only provide access to due diligence information to bona fide proposals that have not been encouraged, solicited or invited, and that are reasonably capable of becoming superior to the Scheme.

[47] Up until 15 April 2025

- The TECT and Infratil ownership of 77.9% of Manawa and the fact these shareholders have entered into voting agreements in respect of the Scheme creates an impediment to an alternative offer or scheme. Under the voting agreements TECT and Infratil are unable to:
  - solicit, invite, encourage initiate or otherwise seek to procure any Competing Proposal; and
  - dispose of Manawa shares.

  For an alternative offer to be successful it would likely need to exceed the price ascribed under the Scheme (despite the obligation of Manawa to pay Contact a break fee) or be an all-cash proposal. The alternative offer would also have to be determined as a superior competing proposal by Manawa's Directors resulting in the termination of the SIA.
- Given that Infratil and TECT have agreed to vote for the Scheme, it is highly unlikely Contact will increase its consideration it has offered for Manawa shares in the absence of a superior competing proposal. Any consideration increase would require amendments to the SIA and, depending on the timing and circumstances of any consideration increase, may also require an extension to the timetable and potentially a further meeting of shareholders to consider the revised Scheme.
- At the date of this report Manawa has not received any unsolicited proposals since the announcement of the Scheme on 11 September 2025.

8.6 Other merits of the Scheme

- If the Scheme is implemented Manawa shareholders (other than those shareholders located outside of New Zealand or Australia) will receive Contact shares as part consideration. If a Manawa shareholder elects to retain some or all of those shares it will remain a shareholder in Contact. Contact is a substantial business and is listed on the NZX with a market capitalisation of approximately $7.2 billion[48]. After the proposed acquisition of Manawa, Contact's market capitalisation is likely to exceed $9.0 billion and it will be one of the largest companies listed on the NZSX.
- Contact shares are significantly more liquid than Manawa shares. Selling or holding Contact shares if the Scheme is implemented is a matter for individual shareholders based on their own view as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. Manawa shareholders should consult their own professional adviser in this regard. If Manawa's minority shareholders elect to sell the Contact shares they receive as consideration for their Manawa shares there are other alternatives such as Meridian Energy, Mercury and Genesis Energy for investors wishing to have an exposure to the energy sector in New Zealand.
- The number of Contact shares issued to Manawa shareholders if the Scheme is implemented is subject to adjustments for dividends declared and paid by Contact and Manawa between the Scheme signing and implementation. The key adjustments include:
  - the Exchange Ratio will be adjusted to increase the number of Contact shares issued to Manawa shareholders if Contact declares a dividend between the date of the SIA and the implementation of the SIA. Under the SIA dividend payments have to be consistent with Contact's normal practice (i.e. declaring a special dividend or an amount inconsistent with history may not be permitted).
  - the Cash Consideration will be reduced if Manawa declares a dividend between the date of the SIA and the implementation of the SIA. Under the SIA dividend payments have to be consistent with Manawa's normal practice (i.e. declaring a special dividend or an amount inconsistent with history may not be permitted).

[48] Based on the Contact's 5-day VWAP as at 30 April 2025

- The Scheme restricts the conduct of Manawa's business from the date of signing of the SIA until the date the Scheme is implemented or the SIA is terminated. The restrictions are common for transactions of this nature and its purpose is to ensure that from the date the SIA is signed, Manawa carries on its business in the ordinary course and does not make any significant changes to the nature or scale of its business without the approval of Contact. Under the SIA, Manawa is subject to certain obligations including positive obligations such as carrying on the business in the ordinary course, and negative obligations such as (subject to specified exceptions) not incurring any more debt, not providing any guarantees, or acquiring or disposing of any material assets.
- In the absence of the Scheme that has been initiated by Contact or any other takeover proposal, Manawa shares are likely to trade at prices below the price implied by the Scheme. In the 90 days prior to the announcement of the Scheme on 11 September 2024, Manawa shares traded in the range $3.94 and $4.46 per share, with a weighted average over the period of $4.20 per share. Within that 90 day period (on 8 August 2024) Manawa released an earnings downgrade with revised projected EBITDAF for the year to 31 March 2025 in the range $95-$115 million, as compared to previous guidance provided in May 2024 of $130-$150 million. Approximately half the downgrade in earnings guidance was attributed to the provision for a potential bad debt, and the remainder largely due to lower hydro generation volumes and reduced electricity volumes provided to Manawa under the wind PPAs. The earnings announcement in August 2024 meant that the market had a clear and updated view of the projected earnings of Manawa when the Scheme was announced.
- Since that time and as a consequence of the Scheme, very detailed and up to date financial information on Manawa has been made available to the market via the scheme documentation and Contact's investor presentations. In addition, electricity sector analysts from all the major stockbroking firms have published research reports on Contact and/or Manawa and the Scheme. It can therefore be reasonably concluded that the market is fully informed of the performance and prospects of Manawa.
- The SIA specifies an end date of 11 June 2025, by which time the Scheme must become unconditional in all respects (unless extended in accordance with the SIA or by agreement between Manawa and Contact). If shareholders approve the Scheme, the implementation date is expected to be in July 2025.
- The Scheme includes a Material Adverse Change (**MAC**) condition which is common in transactions of this nature. However, what is less common is that the MAC condition can apply to both the Target (Manawa) and the Bidder (Contact). Under these conditions, either party may give notice to the other if it becomes aware of an event or circumstance that it considers will give rise to or there is a reasonable possibility that it will give rise to a MAC. If such a notice is given the parties are required to consult to determine the extent of the MAC.
- The SIA details a range of circumstances or events that are excluded when determining if a MAC has occurred (i.e. Contact may not terminate the SIA if the MAC is caused by excluded events). The excluded events include any matter or event fairly disclosed in due diligence, legally or regulatory changes generally affecting the sector in which Manawa operates, and changes in generally accepted accounting principles. The excluded events are designed to reduce the likelihood of the MAC condition being triggered.
- Either party may terminate the SIA if there are events or circumstances which occur between the signing of the SIA and the implementation of the Scheme such as:
  - a counter proposal being submitted and entered into;
  - one of the conditions is not satisfied; or
  - the Scheme resolutions are not passed.

- Contact has demonstrated a desire to own 100% of Manawa. The use of a Scheme of arrangement mechanism provides the Contact with certainty that once the resolutions are passed and the Court orders approved, all other conditions are satisfied or waived (to the extent capable of waiver) and the SIA is not otherwise terminated, it will secure 100% of the shares on issue.

8.7 Consequences if the Scheme does not proceed

If the Scheme does not proceed for any reason such as a transaction condition is not satisfied, Manawa will remain as a listed company and no shares will be acquired by Contact. The status quo scenario is therefore relevant to Manawa shareholders in evaluating the Scheme. Under the status quo scenario there is likely to be a reversal of some or all of the share price appreciation in the Manawa share price that followed the announcement of the Scheme. Manawa shareholders will also continue to be exposed to the risks associated with the market in which Manawa operates such as energy price and generation volatility.

8.8 Voting for or against the Scheme

Voting for or against the Scheme is a matter for individual shareholders based on their own view as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. Shareholders will need to consider these consequences and, if appropriate, consult their own professional adviser(s).

GRANT SAMUEL & ASSOCIATES LIMITED

8 May 2025

APPENDIX A – OVERVIEW OF NEW ZEALAND'S ELECTRICTY INDUSTRY

Regulatory Framework

The Electricity Act was enacted in 1992 and remains as one of two pieces of primary legislation in force today that provide the regulatory framework for the supply of electricity and the electricity industry, and for regulation and control of electrical workers. It covers the:

- powers and duties of electricity operators and other owners of electricity works;
- electrical codes of practice;
- registration and licensing of electrical workers; and
- restriction on electrical work.

Deregulation of the electricity sector in New Zealand began in 1987 with the corporatisation of the state–owned monopoly electricity generator, Electricity Corporation of New Zealand (**ECNZ**). Corporatisation of the locally owned retail utilities followed the enactment of the Energy Companies Act 1993.

In 1994 Transpower (the national grid operator) was separated from ECNZ. ECNZ was subsequently split into four state-owned enterprises - Contact, Genesis Energy Limited (**Genesis**), Mercury New Zealand (formerly Mighty River Power) (**Mercury**) and Meridian Energy Limited (**Meridian**). The Crown then sold Contact to Edison Mission Energy (**EME**) (40%) and the public (60%) in 1999.

The Electricity Industry Reform Act 1998 divided the Electricity sector into three distinct parts:

- ***Transmission*** – Transmission refers to the national high voltage transmission of electricity to local low voltage networks. This function is provided by Transpower the state–owned enterprise;
- ***Distribution*** – Distribution refers to local, low voltage distribution of electricity from Transpower's high voltage network to the end user. Distribution businesses or "*Lines companies*" own the low voltage lines and infrastructure and charge electricity retailers, who in turn charge the end user, for the service of delivering electricity across the local network; and
- ***Generation and Retail*** – These businesses generate and sell electricity either directly to the end user (i.e. domestic users and businesses) or to other electricity retailers via the wholesale electricity market. Under the Electricity Industry Reform Act 1998 Generation and Retail businesses were prohibited from owning or operating networks to distribute the electricity to the end–use customer (i.e. Distribution businesses or Lines companies).

The Electricity Commission (a Crown entity) was established in 2004 to assume responsibility for overseeing of the Electricity industry. Its primary responsibility was security of supply, which involves supply and demand forecasting and contracting for reserve energy when necessary for dry years.

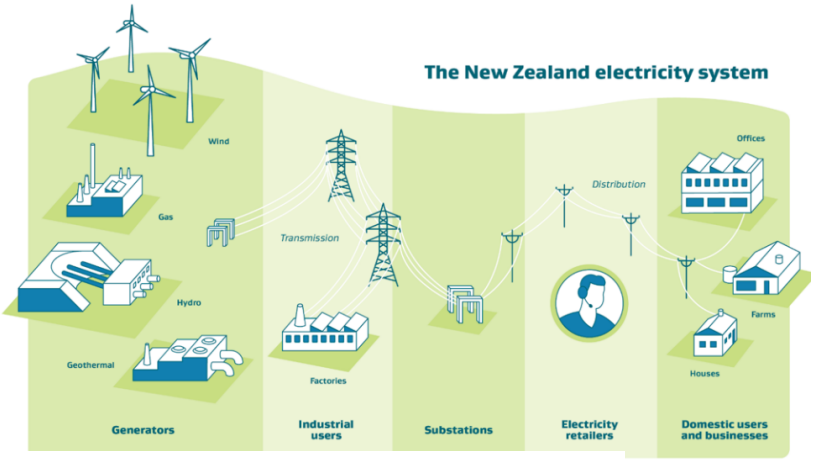
The Commerce Act and the Electricity Industry Reform Act were later amended to clarify the functions and powers of the Commerce Commission and Electricity Commission and allow Distribution companies to own any type of generation equivalent to the higher of 50 MW or 20% of their network load.

The Electricity Industry Act came into force in November 2010 and modified the regulatory framework by:

- establishing the Electricity Authority to replace the Electricity Commission and make regulations under the Electricity Industry Participation Code 2010 (the **EIP Code**), which sets out the duties and responsibilities for all electricity industry participants;
- incorporating some provisions of existing legislation, including those governing ownership and the separation of Distribution and Generation businesses (with the Electricity Industry Reform Act being revoked) while changing the framework to allow the lines companies back into Retailing; and

- reconfiguring the ownership of some assets of Genesis, Mercury and Meridian (the three remaining state-owned generators), prior to listing these companies on the NZX.

Today, the New Zealand Electricity sector comprises Transpower the state-owned national electricity transmission network - and over 60 electricity operators providing Generation, Distribution and Retail services either directly to the end user (i.e. domestic users and businesses) or to other electricity operators.



Source: Ministry of Business, Innovation and Enterprise website

Electricity Transmission

The national grid or transmission system (the **Grid**) transports electricity at high-voltage (up to 220,000 volts) from where it is generated either to large industrial users or local substations. The electricity is then delivered by Lines companies over their local distribution networks to domestic users and businesses. The grid is owned, operated, maintained and developed by Transpower and comprises a high-voltage direct current (**HVDC**) inter-island cable under the Cook Strait, over 11,000 kilometres of high-voltage alternating current transmission lines, 25,000 pylons and 170 substations.

Transpower customers (e.g. Electricity Generators, Lines Companies and large industrial users) are required to have an agreement for the provision of transmission services. Transpower contracts with Generators regarding the connection, dispatch and other services provided to connect generators to the Grid and contracts with Lines companies regarding the connection of their local Distribution networks to the national Transmission system.

Transpower customers pay transmission charges to connect to the Grid and for other services based on the transmission pricing methodology (the **TPM**). The Local Lines companies pass the cost of national transmission along with line charges for connection on to their local Distribution network on to Electricity Retailers. Electricity Retailers in turn invoice their customers (i.e. the end users) electricity charges based on a rate per kilowatt hour (**kWh**) for the electricity used during the period and a cost to deliver the electricity to the customer's home or business premises. The cost to deliver electricity in New Zealand (i.e. national transmission system and local Distribution network charges) is regulated by the NZCC.

In a report on the security and resilience of the New Zealand power system dated November 2021 Transpower observed that the power system serves a maximum load of 4,847MW (68%) in the North Island and a maximum load of 2,319 MW (32%) in the South Island. Electricity Authority data on existing plant generation shows the operational capacity of grid connected hydro and geothermal generation in the North Island was 2,264 MW (43%) and 3,497 MW (57%) in the South Island. While there was also 1,930 MW of thermal generation in the North Island, energy demand is met in part by the transmission of electricity from the South Island.

Transpower's inter-island cable was commissioned in 1965 and is designed primarily to deliver electricity northward to rebalance supply with demand. It is a bipolar HVDC link[49] that runs 533 km of overhead transmission lines from Benmore Hydroelectric power station in the Waitaki Valley to the Marlborough Sounds where it joins 40km of undersea cables across Cook Strait to land near Wellington where it joins the final 37 km of overhead transmission lines to Haywards substation in the Hutt Valley. The capacity of the HVDC link is currently 1,200 MW. Transpower plans to upgrade the submarine cables across Cook Strait over the next five years, increasing capacity of the HVDC link to 1,400MW.

In late 2022 Transpower announced the transmission charges for the year commencing on 1 April 2023, giving effect to a new TPM designed by the Electricity Authority. There was no change in terms of the total revenue that Transpower would receive but the new TPM changed how Transpower's transmission charges would be allocated to its transmission customers with the aim of ensuring the cost matched the expected benefits of electricity transported on the Grid. At the same time the Electricity Authority amended the EIP Code to remove the obligation on local Lines companies to pay to eligible distributed generators[50] for the ACoT. Previously, Lines companies had netted the amount payable to the distributed generator for ACoT off its connection charges. This effective payment was then passed on by the Lines company to its customers (i.e. the end users) in the form of higher Lines charges.

Electricity Distribution

Distribution businesses provide and maintain the power lines that carry electricity via power poles and lines from the national transmission grid to homes and businesses nationwide. They ensure end users receive electricity, keeping a certain amount of additional capacity available on the networks for their customers to use.

In New Zealand there are 29 Lines companies which provide the local area lines networks through which electricity is transmitted from the transmission grid exit points to end users. Distribution networks are typically low voltage (66 kV or less) and consist of overhead lines, underground cables, substations, transformers and switchgear. The distribution company is usually able to control the load to individual or blocks of consumers using a relay system (e.g. in most networks the residential supply to hot water cylinders is controlled via a ripple relay control). This system enables the distributor to control peak loads.

Lines companies in New Zealand vary greatly in size. The largest is NZSX listed Vector Limited (**Vector**), which has over 603,000 electricity connections across its network in greater Auckland region. The smallest is Buller Electricity, which serves 4,730 electricity consumers. The majority of the Lines companies are locally owned by either a consumer trust or the local council.

ELECTRICITY LINES COMPANIES IN NZ

Source: Commerce Commission New Zealand website

[49] A bipolar HVDC link comprises two monopolar circuits operating at the same voltage level but with opposite polarity. It essentially doubles the power transmission capacity compared to a monopolar link.

[50] Distributed generators are power stations that are connected directly to distribution or local electricity networks rather than to Transpower's high voltage system. Distributed generation comprises small local hydro schemes, wind farms, small diesel and gas generators (including landfill gas), small geothermal power plants, cogeneration or combined cycle power plants and domestic or small commercial solar generation. Manawa is the largest operator of distributed generation plants with slightly more than half its total generation capacity classified as distributed generation.

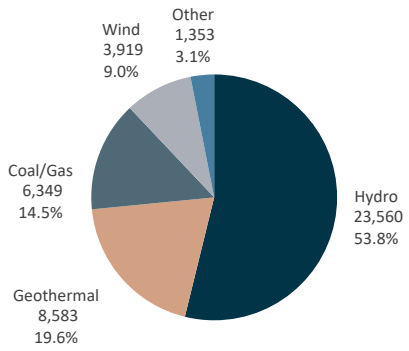
Electricity Generation and Wholesale Pricing

Generation

Net electricity generation in New Zealand totalled approximately 43,764 GWh for the year ended 31 December 2024 from approximately 10,850 MW of operational capacity.

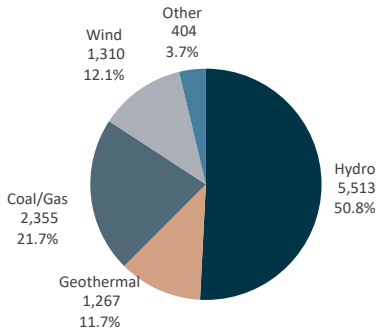
NET GENERATION BY PLANT TYPE

FOR THE YEAR ENDED 31 DECEMBER 2024 (GWH)



OPERATIONAL CAPACITY BY PLANT TPYE

AT 31 DECEMBER 2024 (MW)



Source: Data Services Unit, Ministry of Business, Innovation and Enterprise

Hydroelectric generation has been a part of New Zealand's energy system for over 100 years and continues to provide the majority of New Zealand's electricity needs. Currently there is 5,501 MW of installed hydro capacity, mainly in the South Island. Geothermal generation is also an integral part of New Zealand's electricity landscape. It began with the opening of the Wairakei power station in the central north island in November 1958. Most of New Zealand's installed geothermal capacity is situated in the Taupo Volcanic Zone. Geothermal power stations generated approximately 20% of New Zealand's electricity production in 2024.

Wind generation has grown quickly as a source of electricity in New Zealand. The first wind farm, Hau Nui, was commissioned in 1997. In 2023 wind generation made up around 10% of New Zealand's electricity generation capacity and this has increased with the recent commissioning of Meridian Energy's 176 MW wind farm at Harapaki in Hawke's Bay and stage 1 (43 MW) of Mercury's 198 MW wind farm at Kaiwera Downs in Gore.

Electricity generation from the combustion of coal, oil, and gas provides back-up and peak electricity supply. Generation from these fossil fuels has declined from 19.7% of New Zealand's net electricity generation in 2014 to 14.5% in 2024. Most of New Zealand's thermal plants are located in the North Island, close to domestic coal, oil, and gas resources.

ELECTRICITY SECTOR – OPERATIONAL CAPACITY BY GENERATOR AT 31 DECEMBER 2024

GENERATOR	GENERATION TYPE	TYPICAL ANNUAL OUTPUT (GWH)	OPERATIONAL CAPACITY (MW)
Meridian	Hydro, Wind	14,200	2,991
Mercury	Hydro, Wind, Geothermal	10,300	2,275
Contact[51]	Hydro, Thermal, Geothermal	11,550	2,166
Genesis	Thermal, Hydro	8,600	1,668
Manawa	Hydro, Thermal	1,944	512
Top 5 generators		**46,594**	**9,612**
Other generators & distributed generation	Various	4,400	1,218
Total operational capacity on 31 December 2024		**50,994**	**10,830**

[51] Includes the recently commissioned Tauhura and Te Huka Stage 3 geothermal plants.

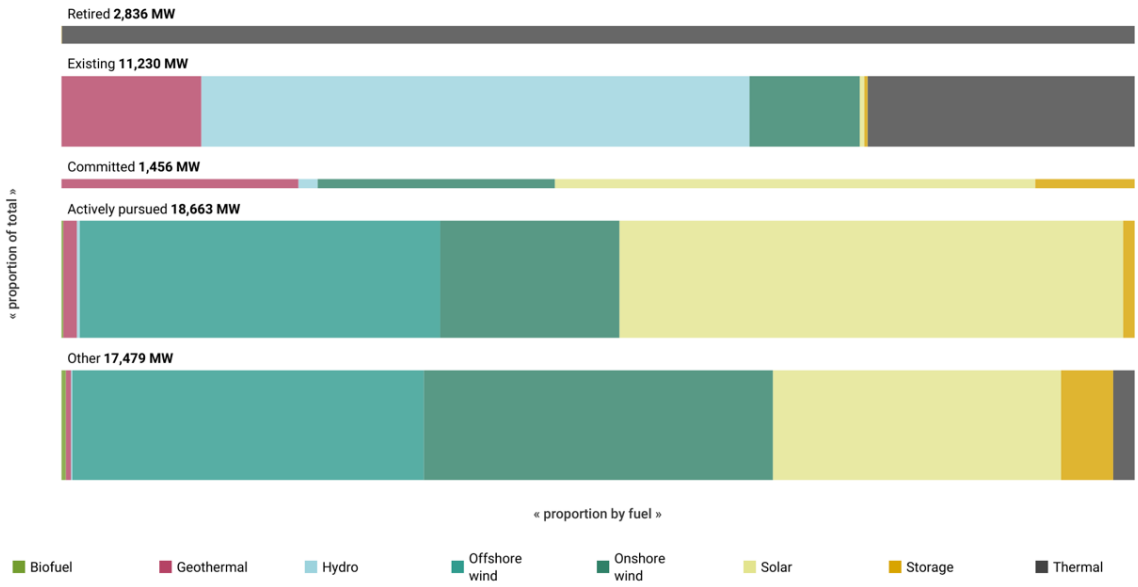
Source: Generation output by Plant, Electricity Authority and other publicly available information

The typical annual output shown in the table above is an estimate of production capacity not the actual production in any one financial period. Annual output by plant varies from year to year largely due to hydrology, although maintenance outages also have a significant impact. New Zealand has also been steadily increasing its renewable energy generation capacity and improving its energy efficiency.[52]

Generation development pipeline

The chart below depicts the results of an industry survey undertaken by Electricity Authority in 2023 of the planned investment in new electricity generation. It shows significant investment in renewable generation was planned compared with 11,230 MW of existing capacity and 2,836 MW of thermal generation that has been retired:

ELECTRICITY SECTOR – TOTAL PLANNED DEVELOPMENT OF NEW GENERATION CAPACITY IN 2023



Source: Electricity Authority website

New Zealand's total generation capacity from thermal power stations is less than 2,800 MW. By comparison the additional solar and on shore wind farm capacity from committed and actively pursued development projects is over 12,900 MW. This is more than sufficient to replace all thermal capacity albeit output from solar and wind farms is subject to suitable weather conditions and, in respect of solar generation, daylight hours where the high production periods do not coincide with peak household demand for electricity. Thermal generation can operate 24 hours a day provided there is sufficient fuel supply (i.e. regardless of hydrology and meteorological conditions).

To balance supply and demand for electricity with greater use of renewable energy requires investment in grid scale battery storage to meet increased demand for electricity during peak times. The diagram above shows that in 2023 industry participants planned to invest in 325 MW of new storage, which Grant Samuel understands largely relates primarily of grid scale battery farms.

Additional, solar and wind generation will naturally augment existing production from Hydro power stations, particularly during dry years.

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[52] Renewable share of net annual generation has increased from 75.6% to 88.1% over the 10 year period ended 31 December 2023 (i.e. there has been a reduction in the amount of electricity generated from thermal plants like the Huntly power station). Energy consumption (based on actual sales) has slightly declined over the same period from 40,291 GWh to 39,718 GWh.

All the major generators in New Zealand are planning significant investment to build more renewable generation capacity. The table below provides a summary of expected new capacity from identified renewable energy development projects:

PLANNED DEVELOPMENT OF NEW GENERATION CAPACITY (MW)

GENERATOR	SOLAR	ON SHORE WIND	OTHER[53]	TOTAL
Meridian	1,320	810	100	2,230
Mercury	-	905	200	1,105
Contact	350	330	300	980
Genesis	390	200	165	755
Manawa	375	930	10	1,315
Total	**2,435**	**3,175**	**775**	**6,385**

Source: Annual reports and other company publications

The above table does not include the 6,600 MW of aggregate additional capacity from other potential development options at undisclosed locations that the five largest generators have publicly stated is part of their respective development pipelines.

Some of this new capacity being built by the large generators is to replace their existing thermal generation as the industry moves towards achieving net zero greenhouse gas emissions.[54] The projected timelines for these identified projects will see most of them completed before 2030.

Wholesale Electricity Market

The majority of retailers are also the major generators of electricity. The wholesale market is where generators sell electricity and retailers buy electricity. Retailers then on-sell that electricity to businesses and households across New Zealand. There are over 300 wholesale market participants including the four large gentailers,[55] the 56 other owners of electricity generation stations, network distribution and Lines companies, other retailers and electricity traders.

The wholesale electricity market involves the sale and purchase of physical electricity on a half–hourly basis. Generators offer electricity into the market, while large users and retail electricity companies bid to purchase electricity. Subject to transmission constraints, generators offering the lowest prices get dispatched first to meet the demand of the users and retail electricity companies. Prices therefore depend on supply by generators (which depends on hydrology, station availability, transmission constraints, etc) and demand by retailers (which depends on ambient temperature, seasonality, time of day, etc). As there is no maximum price, generators are at times able to achieve very high spot wholesale prices for their generation output. At the other extreme, prices can be often near zero providing little revenue for base load generation, which cannot be easily "turned off" for short periods.

The wholesale electricity price is volatile. The primary cause of volatility is the reliance on hydro stations for electricity generation. Approximately 65% of electricity generated in New Zealand is from hydro stations, resulting in a strong correlation between water inflows into storage lakes and electricity prices. Wholesale prices tend to be lower when storage is high with regular inflows rise during periods of below average storage levels and low inflows. This situation is largely caused by New Zealand's very small hydro storage reservoirs. Total national

[53] Other includes investment in geothermal generation assets and grid scale battery farms that will provide storage for use in peak times during the day

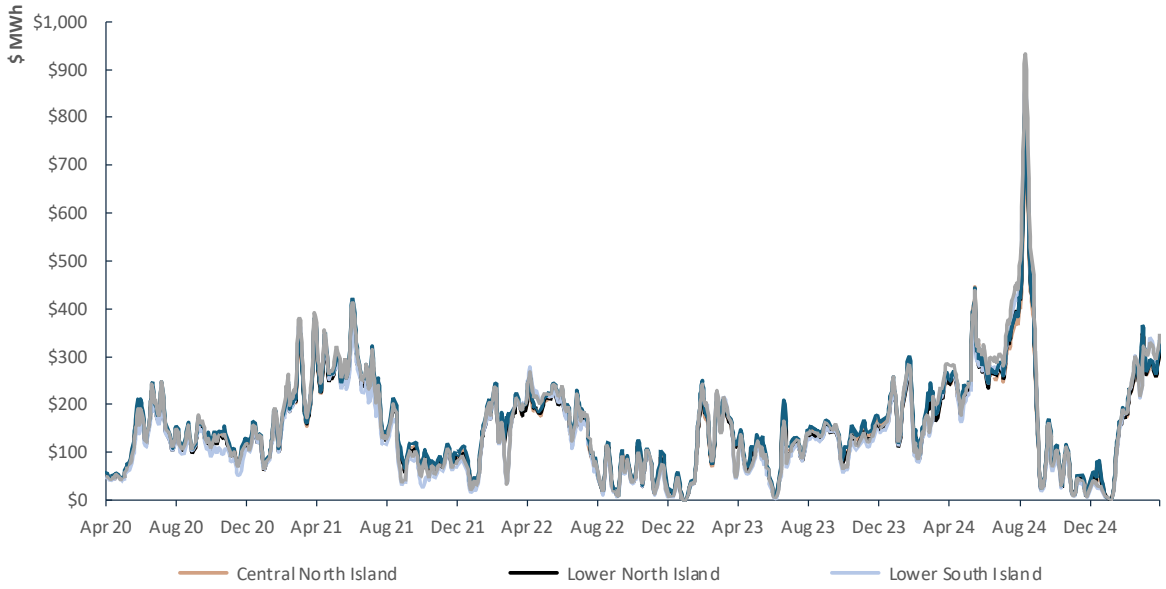
[54] Contact has several development projects underway that will give it sufficient additional new renewable generation capacity to replace the output from its 25 year old Taranaki Combined Cycle plant, which it plans to decommission and build a 170 MW solar farm on the Stratford site.

[55] The term gentailer refers to a market participant that is both a generator and a retailer of electricity. Contact Energy, Genesis Energy, Mercury New Zealand and Meridian Energy are the four large gentailers operating in New Zealand.

storage is 3,500 GWh or less than 10% of annual electricity consumption. As a result, New Zealand is very dependent on regular inflows into the hydro catchments.

Prices are established half hourly at 244 different points of connection (nodes) to the national grid located across the country. The most common wholesale price quoted is that at Haywards (near Wellington). The chart below shows the seven-day rolling average wholesale electricity price by region over the last five years:

WHOLESALE ELECTRICITY PRICE BY REGION ($MWH)



Source: Electricity Authority

The very high spike in electricity prices in August 2024 was driven by the combination of lower gas supply[56] that pushed the wholesale spot gas price over $600/MWh (note: the long dated contracted price for gas is less than $200/ MWh) and dry weather conditions and below average wind conditions lead to a sharp decline in the electricity generation from hydroelectric power stations and wind farms

The dry weather conditions and declining hydro storage levels over the first three months in 2025 largely explain the increase in wholesale electricity prices.

Hedges

The spot and hedge markets are the major components of the wholesale market. In addition to buying electricity directly from the spot market, retailers and large industrial users can also enter into financial contracts or *Hedges* to smooth out some or all of the volatility in spot prices. For retailers and large industrial users, a hedge is a form of insurance against the financial harm of high electricity prices. Equally, some generators can sell their output via hedge contracts, insulating them against the risk of low spot prices.

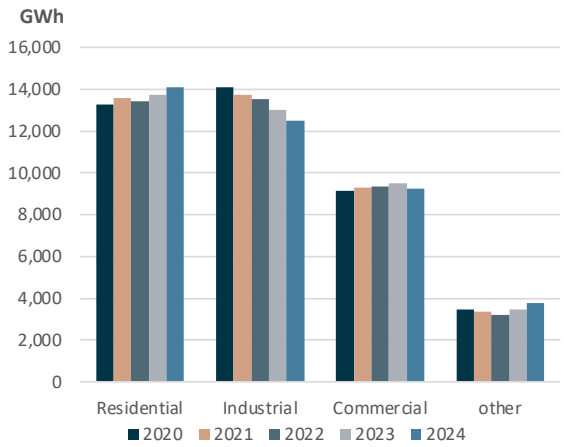
[56] Production from the Pohokura gas field has declined from peaks of over 200 terajoules per day in 2019 to less than 50 terajoules in 2024. Consequently New Zealand's total annual production from all fields has declined from 215 to 140 petajoules in the last five years.

Electricity Retailing

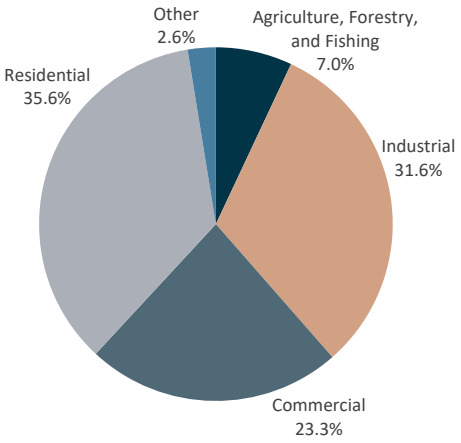
Demand

The diagrams below depict electricity demand by sector:

ANNUAL ELECTRICITY DEMAND OVER THE LAST YEARS (2020- 2024)



ANNUAL ELECTRICITY DEMAND FOR THE YEAR ENDED 31 DECEMBER 2024



Source: MBIE

Energy production and consumption in 2020 and 2021 were impacted by a very dry weather conditions and restrictions on activity in response the global pandemic. The calendar year ended December 2022 included the wettest, warmest winter on record and 2023 started with severe weather events causing major flood damage in central and upper north island. Each of these events had varying impacts on electricity demand.

There has been a net 3% decline in electricity consumption over the last five years driven primarily by declining demand from Industrial customers, notably in the wood, pulp and paper sector.[57] Demand from the residential sector has been increasing driven primarily by population growth. In 2023 residential customers had the highest annual demand for electricity (33.6% of the total), whereas historically Industrial customers had consumed the most electricity in any one twelve-month period.

Sales of electricity to industrial users has been declining from a peak of 14,827 GWh in 2019. The dry weather conditions and lower gas supply in 2024 also contributed to the lower electricity sales to industrial users in that year. Several of the major industrial users, including the Tiwai Point aluminium smelter, Glenbrook steel mill and Kinleith paper mills reduced their consumption of electricity to below historical levels for the period from July 2024 to December 2024 in response to the adverse market conditions. Tiwai Point aluminium smelter is the largest electricity consumer in New Zealand and is expected to increase its consumption of electricity back to historical levels in the next few months.

Electricity demand fluctuates during the year, with peak consumption of around 10.8 GWh for the September quarter each year, when residential demand peaks. The seasonal peak from the agriculture, forestry and fishing sectors is during the summer months (increasing to between 8% and 10% of the 9.3-9.5 GWh of electricity typically consumed in the March quarter (i.e. the seasonal low period for electricity demand).

[57] Norske Skog closed its Tasman Mill in 2021 and there was a reduction in activity across the sector due to the impacts of Cyclone Gabrielle.

The other segment includes Transport, which includes an estimate of electricity use by electric vehicles (**EVs**). In 2019 Transport accounted for less than 100 GWh of demand. By 2023 demand for Transport increased to 275 GWh driven by a growing number of EVs in New Zealand.[58]

Retail market share

The table below provides a snapshot of the gentailers share of the electricity market measured by installation control point (**ICP**) count and segmented by customer type:

ELECTRICITY SECTOR – ELECTRICITY RETAILERS MARKET SHARE AT 31 MARCH 2025

RETAILER	RESIDENTIAL	COMMERCIAL	INDUSTRIAL
Mercury	27.0%	14.4%	13.1%
Genesis	24.2%	18.5%	22.3%
Contact	20.2%	15.4%	12.7%
Meridian	12.9%	44.2%	39.8%
Top 4 retailers	**84.3%**	**92.5%**	**88.8%**
Other retailers	15.7%	7.5%	11.2%
Total ICPs	**100.0%**	**100.0%**	**100.0%**

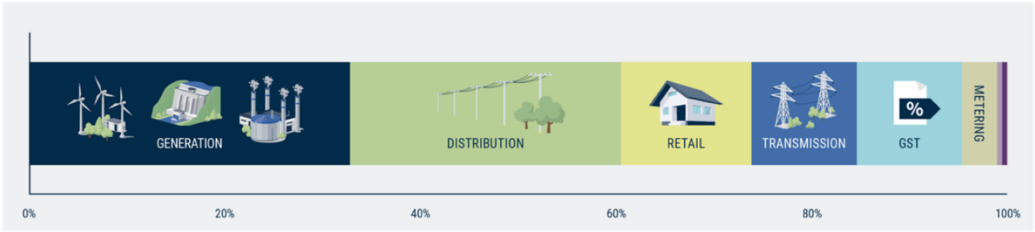
Source: Electricity Authority

The acquisition of Trustpower Limited's (**Trustpower**) retail business in 2022 resulted in Mercury becoming the largest Electricity Retailer measured by ICP count[59] in New Zealand. While Mercury is the largest electricity retailer as measured by ICP count, Meridian (the largest generator in New Zealand) supplies more commercial and industrial customers. Meridians customers include the Aluminium smelter at Tiwai Point in Southland, which on its own consumes an estimated 12%[60] of New Zealand's electricity production during a typical year. The new agreement contains provisions for the smelter to reduce power usage at times when there was peak demand but insufficient supply in the market.

Electricity tariffs

The diagram below depicts the component parts of the average household power bill:

COMPONENT PARTS OF THE AVERAGE HOUSEHOLD POWER BILL



32% GENERATION — Producing the electricity you use.

27% DISTRIBUTION — Building and maintaining the power lines that transport electricity from the grid to your home.

13% RETAIL — Your power company's operating costs.

10.5% TRANSMISSION — Building and maintaining the national grid.

13% GST — The GST-inclusive amount of tax we all pay.

3.5% METERING — Reading and maintaining your electricity meter.

0.5% MARKET GOVERNANCE — Energy efficiency programmes and the organisations that regulate the electricity industry.

0.5% MARKET SERVICES — Organisations who operate the electricity market.

Source: Electricity Authority website

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58 There are approximately 78,000 EVs and 33,500 hybrid EVs out of a total of 3.3 million light vehicles in New Zealand.

59 An ICP number is the unique identifier for the installation control point where a meter connects to the electricity network.

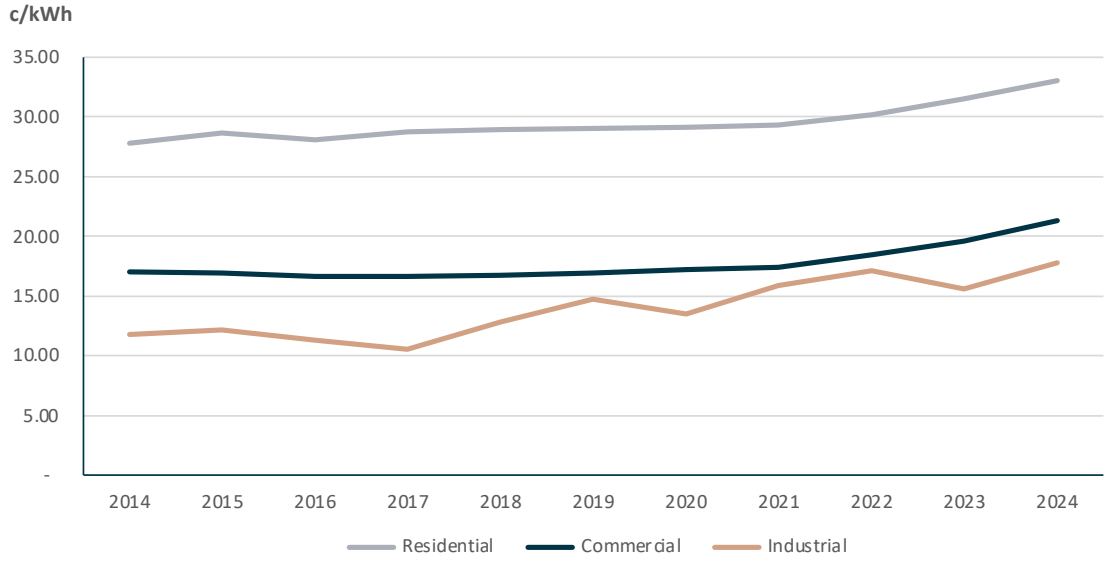
60 Source: Electricity Authority

Electricity retailers acquire electricity and use distribution networks to deliver electricity to the end–use customers. The major costs of an electricity retailer comprise:

- ***energy cost*** – the cost of electricity purchased from the market or direct from generators. The spot market price for wholesale electricity fluctuates depending on supply and demand, whereas the generation component of a power bill for the majority of retail electricity customers (i.e. a significant proportion of the revenue for the electricity retailer) is a flat rate for the electricity consumed. Consequently, retailers often hedge a portion of their electricity purchases from generators (i.e. buy at contracted flat rate) to provide some certainty of margin.
- ***distribution costs*** – are the charges by Lines companies for the delivery of electricity to consumers using the Grid and local distribution network. The retailer passes on these Lines company charges to its customers as a fixed daily charge. Regulations were introduced in 2004 that aimed to reduce power bills for low-use, low-income households by providing electricity plans with a discounted, low-use fixed charge. An independent electricity price review in 2018/19 concluded that these regulations have proven to have only help low use households and pushed other low income households into greater energy hardship. Accordingly, the low-use fixed charge regulations are now being phased out over the five year period ending 31 March 2027.

Retail tariffs vary across the country according to geographic location, local distribution network charges and the impact of nodal electricity pricing. The chart below shows the average nominal price paid for electricity[61] over the ten year period ended 31 March 2024. The average price residential customers paid for electricity has increased from 27.8 c/kWh for the year ended 31 March 2014 to 33.1 c/kWh for the year ended 31 March 2024[62] and overall the trend has been increasing:

ELECTRICITY SECTOR – AVERAGE RETAIL PRICES BY SECTOR OVER THE LAST 10 YEARS



Source: MBIE

[61] The average household price is calculated based on actual volume of electricity sold and the total revenue earned, giving an average cost per kWh paid by residential customers. The price includes the fixed daily network and metering charges.

[62] The average retail prices for electricity for the year ended 31 March 2025 were not available at the date of this report. It is noted that average residential prices were approximately 4% higher for the nine months ended 31 December 2024 compared to the same nine month period in 2023.

APPENDIX B – RECENT TRANSACTION EVIDENCE

A brief summary of each of these transactions is provided below:

Eastland Generation / Obayashi

On 31 April 2024, Eastland Group Limited sold by a 50% shareholding in Eastland Generation Limited to Obayashi Corporation at an enterprise value of NZ$503 million. For the year ended 31 March 2024 Eastland Generation generated EBITDA of NZ$25.7 million on revenues of NZ$50.2 million and produced 475.4 GWh of electricity. Eastland Generation's primary assets are geothermal power plants located on the Kawerau geothermal field. The purchase price for the 50% stake implied a multiple of 19.5 times historical EBITDA. The purchaser, Obayashi, is a Japanese based company that is involved in building construction, civil engineering and energy development.

Alinta Energy Pilbara / APA Group

On 23 August 2023, APA Group Limited announced the acquisition of Alinta Energy's Pilbara assets for an enterprise value of A$1.722 billion. Alinta Energy Pilbara had FY23 revenues of A$235 million and EBITDA of A$124 million. The purchase price implied a multiple of 12.9 times forecast FY24 EBITDA of ~$133 million. The historical EBITDA multiple is 13.9 times. The acquired assets included:

- a 60MW solar farm, 35MW operating battery and a development pipeline of 1 GW of wind, solar and battery storage projects.
- 442MW of operating gas generation with an additional 60MW development pipeline.
- >200km of transmission lines with an additional ~600km development pipeline.
- The remaining 11.8% of the Goldfields Gas Transmission Pipeline.

CWP Renewables / Squadron

On 6 December 2022, Squadron Energy agreed to acquire CWP Renewables Pty Ltd (**CWP**) from Partners Group Holding AG for an enterprise value of approximately A$4.1 billion. CWP Renewables is one of the largest renewable energy platforms in Australia with 1.1 GW of operational onshore wind assets and battery farms and provides power to clients including Transurban, Woolworths Group, Sydney Airport, Commonwealth Bank and Snowy Hydro. CWP had a project pipeline including 5 GW of near-term projects and 15 GW at an early stage of development. Partners Group is a global private equity firm headquartered in Switzerland with US$21 billion in assets under management. CWP Renewables had forecast EBITDA of A$223 million for the 2023 financial year and historical EBITDA was approximately A$180 million. The purchase price implies a multiple of 18.4 times forecast EBITDA and 22.8 times historical EBITDA.

Meridian Energy Australia / ICG and Shell

On 22 November 2021, Meridian announced that it had sold its Australian business to a consortium of Shell Energy Operations Pty Ltd and Infrastructure Capital Group (**ICG**) for A$729 million. On completion Shell became the owner of the retail business, Powershop Australia, while ICG became the owner of the infrastructure assets comprising the Mt Mercer and Mt Millar wind farms and Hume, Burrinjuck and Keepit hydro power stations and development assets. For the year ended 30 June 2021 the Australian assets generated EBITDAF of NZ$38 million on revenues of NZ$172 million. The purchase price implied a multiple of 20 times historical EBITDAF. If the average EBITDAF over the trailing 4 year period of NZ$53 million is used then the EBITDAF multiple reduces to 14.3 times. The average wind price achieved in FY21 was well below the historical average which led to lower EBITDAF.

Tilt Renewables / PowAR and Mercury

On 14 March 2021 Tilt entered into a Scheme Implementation Agreement with Powering Australian Renewables (**PowAR**) and Mercury under which PowAR would acquire Tilt's Australian business and Mercury would acquire the New Zealand business. Tilt shareholders received $7.80 per share in cash, representing a 99% premium to the VWAP prior to announcement of Infratil's strategic review. The scheme consideration implied an enterprise value of NZ$3.12 billion and a multiple of 29 times FY22 EBITDA. The high acquisition multiple reflected the quality and potential of the Tilt business as the largest pure-play renewable energy platform in Australasia. PowAR was a partnership between QIC (an independent investment manager for the Queensland Government) and AGL (an Australian integrated energy business). The offer price was subsequently increased to NZ$8.10 per share.

The Tilt transaction implied an enterprise value for the New Zealand assets of NZ$797 million. The New Zealand operations included four operating wind farms with a combined capacity of 330 MW and average generation of 1,120 GWh with development options for a further ~550 MW of potential capacity. The acquisition was forecast to increase Mercury's EBITDA in FY22 by $50 million. The purchase price for the New Zealand assets implied a multiple of 15.9 times forecast EBITDA.

Infigen / Iberdola

On 17 June 2020, Iberdola Renewables Australia Pty Ltd made an offer to acquire Infigen Energy Limited. Infigen is renewable energy supplier in Australia with 670 MW of owned renewables and a pipeline of more than 1 GW, plus 268 MW of firming assets and an additional 246 MW of contracted renewables capacity. Iberdola is a global energy company and is the number one global producer of wind power supplying energy to approximately 100 million people in dozens of countries. The purchase price implied an enterprise value for Infigen of approximately A$1.4 billion. Infigen reported historical FY20 EBITDA of A$164 million and the average EBITDA of broker forecasts for FY21 was $149 million. The purchase price implied multiples of 8.6 times historical EBITDA and 9.5 times forecast EBITDA.

Snowton 2 Wind Farm / Palisade & First State Super

On 5 December 2019, Tilt Renewables announced that it had entered into an agreement to sell the 270 MW Snowton 2 Wind Farm to an entity wholly owned by funds managed by Palisade Investment Partners Ltd and First State Super for an enterprise value of A$1.07 billion. Snowton 2 was developed by Tilt and has operated successfully for 5 years since construction completion and full commissioning was achieved in 2014. In a 'P50' or average wind year, Snowton 2 contributed $68 million of EBITDAF per annum to Tilt. The purchase price for Snowton 2 implies an EBITDAF multiple of 15.8 times.

Snowy Hydro / Australian Government

On 1 March 2018 the Federal Government of Australia signed an agreement to acquire the remaining 87% stake in Snowy Hydro Ltd from the Governments of New South Wales and Victoria for approximately A$6.2 billion. Snowy Hydro is an electricity generation and retailer that owns, manages and maintains the Snowy Mountains Hydro-electric scheme that consists of nine hydro electric power stations and 16 large dams connected by 145 kilometres of tunnels and 80 kilometres of aqueducts. Snowy Hydro also owns and operates two gas fired plants in Victoria and New South Wales, three diesel power stations in South Australia and owns two electricity retail businesses, Red Energy and Lumo Energy. Snowy Mountain produces on average 4,500 GWh of renewable energy each year. The purchase price implied multiples of 11.1 times historical EBITDA and 12.6 times historical EBIT.

Cullerin Range Wind / Energy Developments

On 17 June 2016 Energy Developments Ltd agreed to acquire Cullerin Range Wind Farm Pty Ltd from Origin Energy Ltd for A$72 million. Cullerin Range is a 30 MW generator supplying the New South Wales market. As part of the transaction Origin entered into a long-term off take agreement. The purchase price implied a multiple of 11.6 times forecast FY17 EBITDA.

King Country Energy / Trustpower

On 3 November 2015 Trustpower made a full takeover offer for KCE. The offer was for $4.78 per share if acceptances up to 70.2% were received or $5.00 per share if acceptances for greater than 70.2% of shares were received (both subject to obtaining a minimum percentage of 50.1%. KCE owns and operates 5 power stations with total generation capacity of approximately 54 MW and average production of approximately 190 GWh. Approximately 70% of KCE's production was from the Mangahao hydro scheme near Palmerston North with the other 4 smaller power stations located in the King Country. The purchase price implied multiples of 10.6times forecast EBITDAF, 11.9 times historical EBITDAF, 14.1 times forecast EBIT and 17.5 times historical EBIT.

Contact Energy / Macquarie Capital & Retail Investors

On 4 August 2015, Origin announced that it had entered into an underwriting agreement for the sale of its 53.09% shareholding in Contact at an underwritten fixed price of NZ$4.65 per share. The sale was conducted via a bookbuild while Contact shares were in a trading halt. The sale resulted in net proceeds of approximately NZ$1.8 billion. The implied enterprise value for Contact Energy was approximately $5.14 billion. The sale price implied multiples of 10.3 times historical FY15 EBITDA of 10.4 times FY26 EBITDA.

APPENDIX C – COMPARABLE LISTED COMPANIES

A brief description of each of the companies listed in Section 4 is outlined below:

Meridian

Meridian is New Zealand's largest electricity generator, making power from five wind farms, seven hydro stations (including six in the Waitaki hydro scheme) and New Zealand's largest hydro station – Manapouri, and commercial solar arrays. In Australia, it also owns two wind farms and three hydro power stations. It sells its electricity through the *Meridian* and *Powershop* brands. Meridian supplies electricity to the Tiwai aluminium smelter under a long-term supply agreement. As at 30 June 2024 Meridian had approximately 370,000 customer connections and had retail sales volumes of 9,511 GWh for the financial year ended 30 June 2024. Total generation in FY24 was 13,566 GWh. Meridian is 51% owned by the New Zealand Government.

Mercury

Mercury is a New Zealand electricity generation and muti-product utility retailer of electricity, gas, broadband and mobile telephone services. Mercury is the largest electricity retailer in New Zealand with 864,000 connections as at 30 June 2024. Mercury generates most of its energy from nine hydro stations on the Waikato River and five geothermal plants in the central North Island as well as a number of wind farms. Mercury is 51% owned by the New Zealand Government.

Genesis

Genesis is a New Zealand electricity generation and electricity, natural gas and LPG retailing company. Genesis is the third largest electricity generating company in New Zealand in terms of MW capacity. Genesis Energy owns and operates a diverse portfolio of assets that includes hydro, thermal, solar and wind generation. It owns the Huntly Power Station, which is a coal and gas fired plant. Genesis is 51% owned by the New Zealand Government.

APPENDIX D – VALUATION METHODOLOGY DESCRIPTIONS

Capitalisation of Earnings

Capitalisation of earnings or cash flows is most appropriate for businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBITA, EBIT or net profit after tax. These are referred to respectively as EBITDA multiples, EBITA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the share market. EBITDA, EBITA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer.

Where an ongoing business with relatively stable and predictable earnings is being valued Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point. Application of this valuation methodology involves:

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

The choice between the parameters is usually not critical and should give a similar result. All are commonly used in the valuation of industrial businesses. EBITDA can be preferable if depreciation or non-cash charges distort earnings or make comparisons between companies difficult but care needs to be exercised to ensure that proper account is taken of factors such as the level of capital expenditure needed for the business and whether or not any amortisation costs also relate to ongoing cash costs. EBITA avoids the distortions of goodwill amortisation. EBIT can better adjust for differences in relative capital intensity.

Determination of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide the most reliable support for selection of an appropriate earnings multiple. In the absence of meaningful offers, it is necessary to infer the appropriate multiple from other evidence.

The primary approach used by valuers is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. However, each transaction will be the product of a unique combination of factors, including:

- economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
- strategic attractions of the business - its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
- rationalisation or synergy benefits available to the acquirer;
- the structural and regulatory framework;
- investment and sharemarket conditions at the time; and
- the number of competing buyers for a business.

A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. While averages or medians can be determined it is not appropriate to simply apply such measures to the business being valued. The range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings. The most important part of valuation is to evaluate the attributes of the specific business being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it appropriately belongs.

An alternative approach in valuing businesses is to review the multiples at which shares in listed companies in the same industry sector trade on the sharemarket. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. Share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies and it is necessary to adjust for this factor. To convert sharemarket data to meaningful information on the valuation of companies as a whole, it is market practice to add a "premium for control" to allow for the premium which is normally paid to obtain control through a takeover offer. This premium is typically in the range 20-35%.

The premium for control paid in takeovers is observable but caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply an average premium of 20-35% without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering.

Acquisitions of listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall sharemarket levels and ratings between countries, economic factors (economic growth, inflation, interest rates) and market structures (competition etc.) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or sharemarket levels.

The analysis of comparable transactions and sharemarket prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

Discounted Cash Flow

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, and for the valuation of start-up projects where earnings during the first few years can be negative. DCF valuations involve calculating the net present value of projected cash flows. This methodology is able to explicitly capture the effect of a turnaround in the business, the ramp up to maturity or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate, which reflects the risk associated with the cash flow stream. Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long-term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessity involve a substantial element of judgment. In addition, even where cash flow forecasts are available the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (i.e. it is a "de facto" cash flow capitalisation valuation). The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary

assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, DCF valuations are commonly used and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions need to be made as to the expected future performance of the business operations.

Industry Rules of Thumb

Industry rules of thumb are commonly used in some industries. These are generally used by a valuer as a "cross check" of the result determined by a capitalised earnings valuation or by discounting cash flows, but in some industries rules of thumb can be the primary basis on which buyers determine prices.

Realisation of Assets

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading. Such an approach is not appropriate in Manawa's case.

APPENDIX E – INTERPRETATION OF MULTIPLES

Earnings multiples are normally benchmarked against two primary sets of reference points:

- the multiples implied by the share prices of listed peer group companies; and
- the multiples implied by the prices paid in acquisitions of other companies in the same industry.

In interpreting and evaluating such data it is necessary to recognise that:

- multiples based on listed company share prices do not include a premium for control and are therefore often (but not always) less than multiples that would apply to acquisitions of controlling interests in similar companies. However, while the premium paid to obtain control in takeovers is observable (typically in the range 20-35%) it is inappropriate to simply add a premium to listed multiples. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by share market investors;
- acquisition multiples from comparable transactions are therefore usually seen as a better guide when valuing 100% of a business but the data tends to be less transparent and information on forecast earnings is often unavailable;
- the analysis will give a range of outcomes from which averages or medians can be determined but it is not appropriate to simply apply such measures to the company being valued. The most important part of valuation is to evaluate the attributes of the specific company being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it belongs;
- acquisition multiples are a product of the economic and other circumstances at the time of the transaction. However, each transaction will be the product of a unique combination of factors, including:
    - economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
    - strategic attractions of the business – its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
    - the company's own performance and growth trajectory;
    - rationalisation or synergy benefits available to the acquirer;
    - the structural and regulatory framework;
    - investment and share market conditions at the time, and
    - the number of competing buyers for a business;
- acquisitions and listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall share market levels and rating between countries, economic factors (economic growth, inflation, interest rates), market structure (competition etc) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or share market levels;
- acquisition multiples are based on the target's earnings but the price paid normally reflects the fact that there were cost reduction opportunities or synergies available to the acquirer (at least if the acquirer is a "trade buyer" with existing businesses in the same or a related industry). If the target's earnings were adjusted for these cost reductions and/or synergies the effective multiple paid by the acquirer would be lower than that calculated on the target's earnings;

- while EBITDA multiples are commonly used benchmarks they are an incomplete measure of cash flow. The appropriate multiple is affected by, among other things, the level of capital expenditure (and working capital investment) relative to EBITDA. In this respect:
  - EBIT multiples can in some circumstances be a better guide because (assuming depreciation is a reasonable proxy for capital expenditure) they effectively adjust for relative capital intensity and present a better approximation of free cash flow. However, capital expenditure is lumpy and depreciation expense may not be a reliable guide. In addition, there can be differences between companies in the basis of calculation of depreciation; and
  - businesses that generate higher EBITDA margins than their peer group companies will, all other things being equal, warrant higher EBITDA multiples because free cash flow will, in relative terms, be higher (as capital expenditure is a smaller proportion of earnings).

APPENDIX F – QUALIFICATIONS, DECLARATIONS AND CONSENTS

1. Qualifications

The Grant Samuel group of companies provides corporate advisory services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of the primary activities of Grant Samuel is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 400 public expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Michael Lorimer, BCA, Peter Jackson, BCom, CA, Christopher Smith, BCom, PGDipFin, MAppFin and Jake Sheehan, BCom (Hons). Each has a significant number of years of experience in relevant corporate advisory matters.

2. Limitations and Reliance on Information

Grant Samuel's opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. The report is based upon financial and other information provided by the directors, management and advisers of Manawa. Grant Samuel has considered and relied upon this information. Grant Samuel believes that the information provided was reliable, complete and not misleading and has no reason to believe that any material facts have been withheld.

The information provided has been evaluated through analysis, enquiry, and review for the purposes of forming an opinion as to the underlying value of Manawa. However in such assignments time is limited and Grant Samuel does not warrant that these inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose.

The time constraints imposed by the Takeovers Code are tight. This timeframe restricts the ability to undertake a detailed investigation of Manawa. In any event, an analysis of the merits of the offer is in the nature of an overall opinion rather than an audit or detailed investigation. Grant Samuel has not undertaken a due diligence investigation of Manawa. In addition, preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Manawa. It is understood that, where appropriate, the accounting information provided to Grant Samuel was prepared in accordance with generally accepted accounting practice and in a manner consistent with methods of accounting used in previous years.

An important part of the information base used in forming an opinion of the kind expressed in this report is the opinions and judgement of the management of the relevant enterprise. That information was also evaluated through analysis, enquiry and review to the extent practicable. However, it must be recognised that such information is not always capable of external verification or validation.

The information provided to Grant Samuel included projections of future revenues, expenditures, profits and cash flows of Manawa prepared by the management of Manawa. Grant Samuel has used these projections for the purpose of its analysis. Grant Samuel has assumed that these projections were prepared accurately, fairly and honestly based on information available to management at the time and within the practical constraints and limitations of such projections. It is assumed that the projections do not reflect any material bias, either positive or negative. Grant Samuel has no reason to believe otherwise.

However, Grant Samuel in no way guarantees or otherwise warrants the achievability of the projections of future profits and cash flows for Manawa. Projections are inherently uncertain. Projections are predictions of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of management. The actual future results may be significantly more or less favourable.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue. In forming its opinion, Grant Samuel has assumed, except as specifically advised to it, that:

- the title to all such assets, properties, or business interests purportedly owned by Manawa is good and marketable in all material respects, and there are no material adverse interests, encumbrances, engineering, environmental, zoning, planning or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all material liens, encumbrances or encroachments;
- there is compliance in all material respects with all applicable national and local regulations and laws, as well as the policies of all applicable regulators other than as publicly disclosed, and that all required licences, rights, consents, or legislative or administrative authorities from any government, private entity, regulatory agency or organisation have been or can be obtained or renewed for the operation of the business of Manawa, other than as publicly disclosed;
- various contracts in place and their respective contractual terms will continue and will not be materially and adversely influenced by potential changes in control; and
- there are no material legal proceedings regarding the business, assets or affairs of Manawa, other than as publicly disclosed.

3. Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Scheme. Grant Samuel expressly disclaims any liability to any Manawa security holder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

Grant Samuel has had no involvement in the preparation of the Scheme Booklet issued by Manawa and has not verified or approved any of the contents of the Scheme Booklet. Grant Samuel does not accept any responsibility for the contents of the Scheme Booklet (except for this report).

4. Independence

Grant Samuel and its related entities do not have any shareholding in or other relationship or conflict of interest with Manawa or Contact that could affect its ability to provide an unbiased opinion in relation to the Scheme. Grant Samuel had no part in the formulation of the Scheme. Its only role has been the preparation of this report. Grant Samuel will receive a fixed fee for the preparation of this report. This fee is not contingent on the outcome of the Scheme. Grant Samuel will receive no other benefit for the preparation of this report. Grant Samuel considers itself to be independent for the purposes of the Takeovers Code.

5. Information

Grant Samuel has obtained all the information that it believes is desirable for the purposes of preparing this report, including all relevant information which is or should have been known to any Director of Manawa and made available to the Directors. Grant Samuel confirms that in its opinion the information provided by Manawa and contained within this report is sufficient to enable Manawa security holders to understand all relevant factors and

make an informed decision in respect of the Scheme. The following information was used and relied upon in preparing this report:

The following information on Manawa was used and relied upon in preparing this report:

- Investor presentations and annual reports of Manawa for the financial years ended 31 March 2022 to 2024;
- Interim financial reports for the six month period to 30 September 2023 and 2024;
- Hedge book as at 31 March 2025;
- Independent expert price paths dated June 2024 and March 2025;
- the company's current strategic plan, including detail of wind and solar generation assets;
- the forecast for the financial year ending 31 March 2025 and 2026;
- business performance reports from the last six months;
- recent broker coverage; and
- forecast financial models, and other confidential reports and working papers prepared by Manawa management.

The following information on Contact was used and relied upon in preparing this report:

- investor presentations and annual reports of Contact for the financial years ended 30 June 2022 to 2024;
- Interim financial reports for the six month period to 31 December 2023 and 2024;
- investor presentations for the Manawa acquisition; and
- recent broker coverage.

Publicly available information, including the following was also utilised:

- the Scheme booklet;
- the NZCC submission;.
- various reports and statistic on the energy industry in New Zealand (e.g. Electricity Authority and MBIE); and
- other information on the energy sector and publicly listed energy companies, including annual reports, interim financial results, industry studies, brokers reports and information regarding the prospective financial performance of those companies.

6. Declarations

Manawa has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a Court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. Manawa has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action. Any claims by Manawa are limited to an amount equal to the fees paid to Grant Samuel.

Advance drafts of this report were provided to the directors and executive management of Manawa. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

7. Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Scheme Booklet to be sent to security holders of Manawa. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.