



14 February 2022

Contact Energy Limited – 2022 Interim Results

Please find attached the following documents relating to Contact Energy Limited's (Contact) half year results for the six months ended 31 December 2021.

- (a) Media Release
- (b) 2022 Interim Financial Statements
- (c) Financial Results Announcement (NZX form)
- (d) Distribution Notice (NZX form)

The 2022 Interim Results Presentation is being loaded separately on ASX online.

Dividend information filed on Appendix 3A.1 will follow.

ENDS

NZX release: 14 February 2022: Contact Energy FY22 Interim Result

Strong performance underpins Contact's ramp-up of investment in NZ's decarbonisation

Key financial metrics

| | Six months ended 31 December 2021 1H 22 | | Six months ended 31 December 2020 1H 21 |
|---------------------------------------|---|---|---|
| EBITDAF ¹ | \$322m | ↑ | 31% from \$246m |
| Profit | \$134m | ↑ | 72% from \$78m |
| Interim dividend per share | 14.0 cps | - | no change |
| Operating free cash flow ² | \$131m | ↓ | 17% from \$157m |
| Stay-in-business capital expenditure | \$35m | ↑ | 13% from \$31m |
| Growth capital expenditure | \$116m | ↑ | 2220% from \$5m |

Highlights

- Solid financial performance, with operating earnings and profit up off the back of strong hydro generation and increased sales to fuel-constrained competitors;
- Decarbonisation-driven investments ramping up, supported by long-term power purchase agreements;
- Good progress on the Tauhara geothermal project despite COVID19-related headwinds, with the power station's expected capacity upgraded to 168MW, and the potential Tauhara geothermal field output upgraded by a further 0.2TWh p.a.;
- Applications lodged for an extension of geothermal consents at Wairakei post-2026 and a potential 50MW geothermal power station at Te Huka in the Taupō region;
- Secured land access rights for ~600MW of wind projects across New Zealand through our exclusive relationship with wind generation experts Roaring40s;
- Intention to invest a further \$37m into a new afforestation partnership to support further carbon capture through tree planting;
- Launched 'It's good to be home' brand campaign, with new 'Good Nights' pricing plan resonating with customers; total connections increased by 29,000 in the first half of FY22;
- Interim cash dividend of 14 cents per share will be paid on 30 March 2022.

¹ Refer to slide 39 of the 2022 interim results presentation for a definition and reconciliation between statutory profit and the non-GAAP profit measures earnings before net interest expense, tax, depreciation, amortisation, change in fair value of financial instruments (EBITDAF)

² Refer to note A3 of the 2022 interim financial statements for a definition and reconciliation between cash flow from operating activities and the non-GAAP measure operating free cash flow. Operating free cash flow represents cash available to repay debt, to fund distributions to shareholders and growth capital expenditure.

New Zealand renewable energy company Contact Energy ('Contact') released its interim financial results for the six months to 31 December 2021 today.

Contact CEO Mike Fuge said the company had delivered a "solid financial performance" in the first half of the FY22 financial year and was investing in line with its strategy to lead New Zealand's decarbonisation efforts.

Financial performance

Contact reported a statutory profit of \$134m, up 72 per cent (\$56m) on the same period last year. Operating earnings (EBITDAF) increased by \$76m to \$322m, up 31 per cent on the prior year. Operating free cash flow for the period decreased from \$157m to \$131m in the first six months of FY22, down 17 per cent year-on-year.

Mr Fuge said: "It's very pleasing to provide investors with a solid financial report card. We've seen double-digit growth in our operating earnings and profit off the back of a period of strong hydro generation.

"While operating free cash flow is lower year-on-year, this is a feature of our generation asset mix. When it rains, operating earnings increase as we don't have to run more expensive thermal generation, but cash flow is impacted as we store the gas we purchased for use in the future.

"We've also progressed a range of renewable energy projects across New Zealand and our retail business has continued to build market share in electricity and broadband."

The Board has approved an interim dividend of 14 cents per share and this will be imputed up to 10 cents per share for qualifying shareholders and paid on 30 March 2022.

Demand

In line with Contact's decarbonisation focus, Mr Fuge said there had been strong demand for renewable electricity from forward-thinking customers.

"We're delighted to have secured long-term power purchase agreements with Oji Fibre, Pan Pac, Genesis Energy and Foodstuffs. Long-term contracts underpin sustainable operations, support additional renewable generation development, and can also displace thermal generation. These agreements will reduce carbon emissions and help keep electricity prices down over the long-term."

The Southern Green Hydrogen project to investigate the world's first large-scale green hydrogen plant in Southland with Meridian Energy is also progressing well. Potential development partners have been shortlisted and are engaged in a formal 'request for proposal' process.

Rio Tinto has recently indicated a desire to continue operating its unique low carbon smelter at Tiwai Point beyond 2024, when the current electricity supply contract concludes.

"It's early days, but we are encouraged that the smelter's owner recognises it needs to play a larger role to help manage dry year security of supply in New Zealand's electricity system," Mr Fuge said. "In turn, this will lower system carbon emissions and enable the development of more renewable generation, which is positive for New Zealand."

Renewable development

On the renewable development front, the Tauhara power station's expected capacity has recently been upgraded from 152MW to 168MW. It is now expected to be completed in the second half of 2023, with an increase in the estimated costs of the project.

"We have encountered some COVID19-related headwinds, but overall the project remains on track. It will be a world-class renewable development that will be a foundation for New Zealand's increased renewable electricity needs over the next decade," Mr Fuge said.

Consent applications have also been lodged with the Waikato Regional Council for an extension of the geothermal consents at Wairakei post-2026, and land use consents have been lodged for a new 50MW geothermal power station development at Te Huka, near Taupō.

Contact has also secured land access rights to build up to 600MW of wind projects across New Zealand, via its exclusive relationship with wind generation experts Roaring40s. And separately, an investigation is under way into the economics of a 100MW battery energy storage system investment.

Retail

Mr Fuge said there were encouraging results from Contact's retail business over the first half of the FY22 year. "We've seen total connections increase by 29,000 across electricity and broadband. A new time-of-use plan, 'Good Nights', was launched and has proven very popular with customers who are keen to have three hours of free power every night from 9pm."

A new brand campaign launched in January, focused on the idea that 'home is the best place in the world', provides Contact with a platform to grow its commitments to the community, environment, and people.

Outlook

Looking ahead, Mr Fuge said Contact was committed to leading the decarbonisation of New Zealand. "We are excited about the critical role that Contact's renewable electricity generation is set to play in the decarbonisation of the New Zealand economy over the next decade."

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MORE INFORMATION

1/ Enquiries

Investors

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Media

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2/ Conference call

A conference call to support the interim results announcement will be held at 10am, NZ time on 14 February 2022.



If you would like to attend the live presentation, please see the details below to view the webcast off your chosen device:

Click here to enter the webcast: [LIVE EVENT LINK](#)

Or access this link via our website: <https://contact.co.nz/aboutus/investor-centre>

2022

Interim
Financial
Statements



It's good to be home



About these financial statements

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

These interim financial statements are for Contact, a group made up of Contact Energy Limited, the entities over which it has control and its associate.

Contact Energy Limited is registered in New Zealand under the Companies Act 1993. It is listed on the New Zealand stock exchange (NZX) and the Australian Securities Exchange (ASX) and has bonds listed on the NZX debt market. Contact is an FMC reporting entity under the Financial Markets Conduct Act 2013.

Contact's interim financial statements for the six months ended 31 December 2021 provide a summary of Contact's performance for the period and outline significant changes to information reported in the financial statements for the year ended 30 June 2021 (2021 Annual Report). The Financial Statements should be read with the [2021 Annual Report](#).

The financial statements are prepared:

- in millions of New Zealand dollars (NZD) unless otherwise stated
- in accordance with New Zealand generally accepted accounting practice (GAAP) and comply with NZ IAS 34 *Interim Financial Reporting*
- using the same accounting policies and significant estimates and critical judgments disclosed in the 2021 Annual Report.
- with certain comparative amounts reclassified to conform to the current period's presentation.

The financial statements were authorised on behalf of the Contact Energy Limited Board of Directors on 11 February 2022:



Robert McDonald
Chair



Sandra Dodds
Chair, Audit & Risk Committee

Statement of comprehensive income

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

| \$m | Note | Unaudited 6 months ended 31 Dec 2021 | Unaudited 6 months ended 31 Dec 2020 | Audited Year ended 30 June 2021 |
|---|------|--|--|---------------------------------------|
| Revenue and other income | A2 | 1,139 | 1,141 | 2,573 |
| Operating expenses | A2 | (817) | (895) | (2,020) |
| Net interest expense | B4 | (19) | (26) | (50) |
| Depreciation and amortisation | C1 | (129) | (114) | (249) |
| Change in fair value of financial instruments | D1 | 13 | 4 | 7 |
| Profit before tax | | 187 | 110 | 261 |
| Tax expense | | (53) | (32) | (74) |
| Profit | | 134 | 78 | 187 |
| Items that may be reclassified to profit/(loss): | | | | |
| Change in hedge reserves (net of tax) | | 33 | (9) | (2) |
| Comprehensive income | | 167 | 69 | 185 |
| | | | | |
| Profit per share (cents) - basic and diluted | | 17.2 | 10.9 | 25.3 |

Statement of cash flows

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

| \$m | Note | Unaudited 6 months ended 31 Dec 2021 | Unaudited 6 months ended 31 Dec 2020 | Audited Year ended 30 June 2021 |
|--|------|--|--|---------------------------------------|
| Receipts from customers | | 1,211 | 1,182 | 2,524 |
| Payments to suppliers and employees | | (965) | (914) | (1,970) |
| Interest paid | | (15) | (22) | (43) |
| Tax paid | | (65) | (58) | (79) |
| Operating cash flows | | 166 | 188 | 432 |
| Purchase and construction of assets | | (151) | (36) | (129) |
| Capitalised interest | | (8) | (4) | (8) |
| Investment in associate | | (6) | (4) | (8) |
| Acquisition of subsidiaries and Energyclubnz | | (5) | - | (32) |
| Investing cash flows | | (170) | (44) | (177) |
| Dividends paid | B2 | (145) | (165) | (274) |
| Proceeds from borrowings | | 267 | 240 | 356 |
| Repayment of borrowings | | (193) | (227) | (623) |
| Financing costs | | (4) | - | - |
| Net proceeds from share issue | | - | - | 392 |
| Financing cash flows | | (75) | (152) | (149) |
| Net cash flow | | (79) | (8) | 106 |
| Add: cash at the beginning of the period | | 150 | 44 | 44 |
| Cash at the end of the period | | 71 | 36 | 150 |

Statement of financial position

AT 31 DECEMBER 2021

| \$m | Note | Unaudited 31 Dec 2021 | Unaudited 31 Dec 2020 | Audited 30 June 2021 |
|--------------------------------------|------|--------------------------|--------------------------|-------------------------|
| Cash and cash equivalents | | 71 | 36 | 150 |
| Trade and other receivables | | 186 | 148 | 255 |
| Inventories | | 87 | 53 | 69 |
| Intangible assets | C1 | 64 | 29 | 24 |
| Derivative financial instruments | D1 | 29 | 22 | 56 |
| Total current assets | | 437 | 288 | 554 |
| Property, plant and equipment | C1 | 4,024 | 3,963 | 3,961 |
| Intangible assets | C1 | 205 | 217 | 221 |
| Goodwill | C2 | 214 | 201 | 214 |
| Investment in associate | | 16 | 6 | 10 |
| Derivative financial instruments | D1 | 82 | 63 | 70 |
| Total non-current assets | | 4,541 | 4,450 | 4,476 |
| Total assets | | 4,978 | 4,738 | 5,030 |
| Trade and other payables | | 235 | 192 | 305 |
| Tax payable | | 33 | 12 | 39 |
| Borrowings | B3 | 115 | 247 | 163 |
| Derivative financial instruments | D1 | 54 | 64 | 92 |
| Provisions | | 14 | 18 | 23 |
| Total current liabilities | | 451 | 533 | 622 |
| Borrowings | B3 | 814 | 890 | 693 |
| Derivative financial instruments | D1 | 50 | 79 | 84 |
| Provisions | | 53 | 59 | 51 |
| Deferred tax | | 645 | 638 | 637 |
| Other non-current liabilities | | 14 | 13 | 16 |
| Total non-current liabilities | | 1,576 | 1,679 | 1,481 |
| Total liabilities | | 2,027 | 2,212 | 2,103 |
| Net assets | | 2,951 | 2,526 | 2,927 |
| Share capital | B1 | 1,944 | 1,530 | 1,922 |
| Retained earnings | | 1,019 | 1,047 | 1,048 |
| Hedge reserves | | (18) | (58) | (51) |
| Share-based compensation reserve | | 6 | 7 | 8 |
| Shareholders' equity | | 2,951 | 2,526 | 2,927 |

Statement of changes in equity

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

| \$m | Note | Share capital | Retained earnings | Other reserves | Shareholders' equity |
|--|------|---------------|-------------------|----------------|----------------------|
| Balance at 1 July 2020 | | 1,528 | 1,134 | (41) | 2,621 |
| Profit | A2 | - | 78 | - | 78 |
| Change in hedge reserves (net of tax) | | - | - | (9) | (9) |
| Change in share-based compensation reserve | | - | - | (1) | (1) |
| Change in share capital | B1 | 2 | - | - | 2 |
| Dividends paid | B2 | - | (165) | - | (165) |
| Unaudited balance at 31 December 2020 | | 1,530 | 1,047 | (51) | 2,526 |
| Profit | A2 | - | 109 | - | 109 |
| Change in hedge reserves (net of tax) | | - | - | 7 | 7 |
| Change in share-based compensation reserve | | - | - | (1) | (1) |
| Change in share capital | B1 | 392 | - | - | 392 |
| Dividends paid | B2 | - | (109) | - | (109) |
| Audited balance at 30 June 2021 | | 1,922 | 1,048 | (43) | 2,927 |
| Profit | A2 | - | 134 | - | 134 |
| Change in hedge reserves (net of tax) | | - | - | 33 | 33 |
| Change in share-based compensation reserve | | - | - | (2) | (2) |
| Change in share capital | B1 | 22 | - | - | 22 |
| Dividends paid | B2 | - | (163) | - | (163) |
| Unaudited balance at 31 December 2021 | | 1,944 | 1,019 | (12) | 2,951 |

A. Our performance

Notes to the financial statements for the six months ended 31 December 2021

A1. SEGMENTS

Contact reports activities under the Wholesale segment and the Retail (previously named 'Customer') segment. There have been no significant changes to Contact's operating segments in the current period.

The Wholesale segment includes revenue from the sale of electricity to the wholesale electricity market, to Commercial & Industrial (C&I) customers and to the Retail segment, less the cost to generate and/or purchase the electricity and costs to serve and distribute electricity to C&I customers.

The results of Simply Energy Limited and Western Energy Services Limited, following their acquisition in the prior year ended 30 June 2021, have been included in the Wholesale segment within the relevant line items.

The Retail segment includes revenue from delivering electricity, natural gas, broadband and other products and services to mass market customers less the cost of purchasing those products and services, and the cost to serve customers.

'Unallocated' includes corporate functions not directly allocated to the operating segments.

The Retail segment purchases electricity from the Wholesale segment at a fixed price in a manner similar to transactions with third parties.

A2. EARNINGS

The tables on the next pages provide a breakdown of Contact's revenue and expenses, earnings before interest, tax, depreciation and amortisation, and changes in fair value of financial instruments (EBITDAF) by segment, and a reconciliation from EBITDAF to profit reported under NZ GAAP. EBITDAF is used to monitor performance and is a non-GAAP profit measure.

\$6 million of metering costs, included within 'Other operating expenses' in prior reporting periods, have been reclassified to 'Electricity networks, levies & meter costs' in the six months ended 31 December 2021. Prior year comparatives are also reclassified (31 December 2020: \$7 million, 30 June 2021: \$12 million) to conform with the current period's presentation with no net impact on total operating expenses or EBITDAF. The reclassification has been made to better reflect the direct nature of these costs and to improve comparability with the industry.

| | Unaudited 6 months ended 31 Dec 2021 | | | | | Unaudited 6 months ended 31 Dec 2020 | | | | | Audited year ended 30 June 2021 | | | | |
|---|--------------------------------------|--------------|-------------|--------------|--------------|--------------------------------------|--------------|-------------|--------------|--------------|---------------------------------|--------------|-------------|--------------|----------------|
| \$m | Wholesale | Retail | Unallocated | Eliminations | Total | Wholesale | Retail | Unallocated | Eliminations | Total | Wholesale | Retail | Unallocated | Eliminations | Total |
| Mass market electricity | - | 448 | - | - | 448 | - | 446 | - | - | 446 | - | 839 | - | (1) | 838 |
| C&I electricity - fixed price | 100 | - | - | - | 100 | 126 | - | - | - | 126 | 249 | - | - | - | 249 |
| C&I electricity - pass through | 15 | - | - | - | 15 | 18 | - | - | - | 18 | 44 | - | - | - | 44 |
| Wholesale electricity, net of hedging | 476 | - | - | - | 476 | 471 | - | - | - | 471 | 1,285 | - | - | - | 1,285 |
| Electricity-related services revenue | 4 | - | - | - | 4 | 4 | - | - | - | 4 | 8 | - | - | - | 8 |
| Inter-segment electricity sales | 199 | - | - | (199) | - | 183 | - | - | (183) | - | 338 | - | - | (338) | - |
| Gas | 3 | 43 | - | - | 46 | 1 | 41 | - | - | 42 | 2 | 74 | - | - | 76 |
| Steam | 19 | - | - | - | 19 | 17 | - | - | - | 17 | 28 | - | - | - | 28 |
| Geothermal services | 1 | - | - | - | 1 | - | - | - | - | - | 3 | - | - | - | 3 |
| Broadband | - | 25 | - | - | 25 | - | 13 | - | - | 13 | - | 32 | - | - | 32 |
| Total revenue | 815 | 516 | - | (199) | 1,132 | 820 | 500 | - | (183) | 1,137 | 1,957 | 945 | - | (339) | 2,563 |
| Other income | 4 | 3 | - | - | 7 | 1 | 3 | - | - | 4 | 4 | 6 | - | - | 10 |
| Total revenue and other income | 819 | 519 | - | (199) | 1,139 | 821 | 503 | - | (183) | 1,141 | 1,961 | 951 | - | (339) | 2,573 |
| Electricity purchases, net of hedging | (318) | - | - | - | (318) | (371) | - | - | - | (371) | (974) | - | - | - | (974) |
| Electricity purchases - pass through | (9) | - | - | - | (9) | (14) | - | - | - | (14) | (30) | - | - | - | (30) |
| Electricity related services cost | (5) | - | - | - | (5) | (3) | - | - | - | (3) | (7) | - | - | - | (7) |
| Inter-segment electricity purchases | - | (199) | - | 199 | - | - | (183) | - | 183 | - | - | (338) | - | 338 | - |
| Gas and diesel purchases | (42) | (18) | - | - | (60) | (60) | (14) | - | - | (74) | (126) | (24) | - | - | (150) |
| Gas storage costs | (11) | - | - | - | (11) | (12) | - | - | - | (12) | (24) | - | - | - | (24) |
| Carbon emissions costs | (13) | (3) | - | - | (16) | (16) | (2) | - | - | (18) | (41) | (4) | - | - | (45) |
| Generation transmission & levies | (9) | - | - | - | (9) | (14) | - | - | - | (14) | (28) | - | - | - | (28) |
| Electricity networks, levies & meter costs - fixed price | (32) | (208) | - | - | (240) | (43) | (206) | - | - | (249) | (82) | (390) | - | - | (472) |
| Electricity networks, levies & meter costs - pass through | (5) | - | - | - | (5) | (4) | - | - | - | (4) | (13) | - | - | - | (13) |
| Gas networks, transmission & meter costs | (3) | (21) | - | - | (24) | (4) | (20) | - | - | (24) | (7) | (38) | - | - | (45) |
| Geothermal service costs | (1) | - | - | - | (1) | - | - | - | - | - | (1) | - | - | - | (1) |
| Broadband costs | - | (21) | - | - | (21) | - | (15) | - | - | (15) | - | (33) | - | - | (33) |
| Other operating expenses | (55) | (33) | (10) | - | (98) | (51) | (33) | (13) | - | (97) | (101) | (68) | (30) | 1 | (198) |
| Total operating expenses | (503) | (503) | (10) | 199 | (817) | (592) | (473) | (13) | 183 | (895) | (1,434) | (895) | (30) | 339 | (2,020) |
| EBITDAF | 316 | 16 | (10) | - | 322 | 229 | 30 | (13) | - | 246 | 527 | 56 | (30) | - | 553 |
| Depreciation and amortisation | | | | | (129) | | | | | (114) | | | | | (249) |
| Net interest expense | | | | | (19) | | | | | (26) | | | | | (50) |
| Change in fair value of financial instruments | | | | | 13 | | | | | 4 | | | | | 7 |
| Tax expense | | | | | (53) | | | | | (32) | | | | | (74) |
| Profit | | | | | 134 | | | | | 78 | | | | | 187 |

A3. FREE CASH FLOW

| \$m | Unaudited 6 months ended 31 Dec 2021 | Unaudited 6 months ended 31 Dec 2020 | Audited Year ended 30 June 2021 |
|--|--|--|---------------------------------------|
| EBITDAF | 322 | 246 | 553 |
| Tax paid | (65) | (58) | (79) |
| Change in working capital, net of investing and financing activities | (69) | 21 | 3 |
| Non-cash items included in EBITDAF | (7) | 1 | (2) |
| Net interest paid, excluding capitalised interest | (15) | (22) | (43) |
| Operating cash flows | 166 | 188 | 432 |
| Stay in business capital expenditure | (35) | (31) | (61) |
| Operating free cash flow and free cash flow | 131 | 157 | 371 |
| Operating free cash flow per share (cents) | 16.8 | 21.9 | 50.2 |

A4. RELATED PARTY TRANSACTIONS

Contact's related parties include its directors, the leadership team (LT) and Drylandcarbon One Limited Partnership.

| \$m | Unaudited 6 months ended 31 Dec 2021 | Unaudited 6 months ended 31 Dec 2020 | Audited Year ended 30 June 2021 |
|--|--|--|---------------------------------------|
| Simply Energy Limited | | | |
| Electricity contracts | - | 1 | 1 |
| Drylandcarbon One Limited Partnership | | | |
| Capital contributions | (6) | (3) | (7) |
| Key management personnel | | | |
| Directors' fees | (1) | (1) | (1) |
| LT - salary and other short-term benefits | (5) | (3) | (5) |
| LT - share-based compensation expense | (1) | - | (1) |

Members of the LT and Directors purchase goods and services from Contact for domestic purposes on normal commercial terms and conditions. For members of the LT this includes the staff discount available to all eligible employees.

LT disclosures include members who served during the period but are no longer acting in role at 31 December 2021.

A5. CONTINGENCIES

In the normal course of business, the Company is subject to inquiries, claims and investigations. There are no matters that meet the requirements to disclose in this respect at 31 December 2021.

B. Our funding

Notes to the financial statements for the six months ended 31 December 2021

B1. SHARE CAPITAL

| | Number | \$m |
|------------------------------------|--------------------|--------------|
| Balance at 1 July 2020 | 718,131,884 | 1,528 |
| Share capital issued | 434,021 | 2 |
| Balance at 31 December 2020 | 718,565,905 | 1,530 |
| Share capital issued | 57,556,165 | 392 |
| Balance at 30 June 2021 | 776,122,070 | 1,922 |
| Share capital issued | 3,001,936 | 22 |
| Balance at 31 December 2021 | 779,124,006 | 1,944 |
| Comprised of: | | |
| Ordinary shares | 778,875,270 | 1,945 |
| Contact Share | 248,736 | (1) |

During the period Contact granted a new tranche of share awards under the Equity Scheme, comprising 232,556 performance share rights (PSRs) and 497,697 deferred share rights (DSRs). PSRs and DSRs have no exercise price.

B2. DIVIDENDS PAID

| \$m | Cents per share | Unaudited 6 months ended 31 Dec 2021 | Unaudited 6 months ended 31 Dec 2020 | Audited Year ended 30 June 2021 |
|-----------------------|-----------------|--|--|---------------------------------------|
| 2020 final dividend | 23 | - | 165 | 165 |
| 2021 interim dividend | 14 | - | - | 109 |
| 2021 final dividend | 21 | 162 | - | - |
| | | 162 | 165 | 274 |

The 2021 final dividend includes \$17 million reinvested by shareholders under Contact's Dividend Reinvestment Plan.

On 11 February 2022 the Board declared an interim dividend of 14 cents per share to be paid on 30 March 2022.

B3. BORROWINGS

| \$m | Unaudited 31 Dec 2021 | Unaudited 31 Dec 2020 | Audited 30 June 2021 |
|--|--------------------------|--------------------------|-------------------------|
| Bank overdraft | 5 | 4 | - |
| *Commercial paper | - | 80 | - |
| *Drawn bank facilities | - | 191 | - |
| Lease obligations | 24 | 22 | 21 |
| *Retail bonds | 200 | 350 | 350 |
| *Capital bonds | 225 | - | - |
| *Export credit agency facility | 43 | 50 | 47 |
| *USPP notes | 376 | 376 | 376 |
| Face value of borrowings | 873 | 1,073 | 795 |
| Deferred financing costs | (6) | (4) | (3) |
| Fair value adjustment on hedged borrowings | 62 | 68 | 64 |
| Carrying value of borrowings | 929 | 1,137 | 856 |
| Current | 115 | 247 | 163 |
| Non-current | 814 | 890 | 693 |

Borrowings denoted with an asterisk (*) are Green Debt Instruments under Contact's Green Borrowing Programme, which has been certified by the Climate Bonds Initiative. At 31 December 2021 Contact remains compliant with the requirements of the programme. Further information is available on the sustainability section on our [website](#).

B4. NET INTEREST EXPENSE

| \$m | Unaudited 6 months ended 31 Dec 2021 | Unaudited 6 months ended 31 Dec 2020 | Audited Year ended 30 June 2021 |
|------------------------------------|--|--|---------------------------------------|
| Interest expense on borrowings | (24) | (27) | (52) |
| Interest expense on finance leases | - | - | (1) |
| Unwind of discount on provisions | (3) | (3) | (5) |
| Unwind of deferred financing costs | - | - | (1) |
| Capitalised interest | 8 | 4 | 8 |
| Interest income | - | - | 1 |
| Net interest expense | (19) | (26) | (50) |

C. Our assets

Notes to the financial statements for the six months ended 31 December 2021

C1. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

| Property, plant and equipment | Unaudited 31 Dec 2021 | Unaudited 31 Dec 2020 | Audited 30 June 2021 |
|-------------------------------|--------------------------|--------------------------|-------------------------|
| \$m | | | |
| Opening balance | 3,961 | 4,026 | 4,026 |
| Additions | 171 | 32 | 135 |
| Acquisitions | - | - | 10 |
| Disposals | (3) | - | (2) |
| Depreciation | (105) | (95) | (208) |
| Closing balance | 4,024 | 3,963 | 3,961 |

Included within property, plant and equipment is \$28 million (31 December 2020: \$25 million, 30 June 2021: \$27 million) of lease assets with a depreciation charge of \$2 million for the six months ended 31 December 2021 (31 December 2020: \$2 million, 30 June 2021: \$3 million).

Included within additions is capitalised interest of \$8 million (31 December 2020: \$4 million, 30 June 2021: \$8 million) in relation to capital works underway at the Tauhara geothermal field.

| Intangibles | Unaudited 31 Dec 2021 | Unaudited 31 Dec 2020 | Audited 30 June 2021 |
|------------------------|--------------------------|--------------------------|-------------------------|
| \$m | | | |
| Opening balance | 245 | 230 | 230 |
| Additions | 67 | 35 | 87 |
| Acquisitions | - | - | 16 |
| Disposals | (19) | - | (47) |
| Amortisation | (24) | (19) | (41) |
| Closing balance | 269 | 246 | 245 |
| Current | 64 | 29 | 24 |
| Non-current | 205 | 217 | 221 |

At 31 December 2021, Contact was committed to \$263 million of contracted capital expenditure (31 December 2020 \$8 million, 30 June 2021: \$334 million) and \$68 million of carbon forward contracts (31 December 2020: \$8 million, 30 June 2021: \$60 million), of which \$236 million is due within one year of reporting date.

During the six months ended 31 December 2021, Contact concluded its review of existing software assets in light of the IFRS agenda decision *Configuration or Customisation costs in a Cloud Computing Arrangement* and wrote off \$1 million of software assets relating to software-as-a-service arrangements.

C2. GOODWILL

Contact has two cash-generating units (CGUs): Wholesale and Customer. The Customer CGU includes goodwill of \$179 million (31 December 2020 and 30 June 2021: \$179 million), and the Wholesale CGU includes goodwill of \$35 million, following acquisition of Simply Energy Limited and Western Energy Services Limited in the prior period (31 December 2020: \$23 million and 30 June 2021: \$41 million).

The acquisition accounting for Western Energy Services Limited was finalised in the six months ended 31 December 2021. \$8 million has been allocated to brand and intellectual property, with a related \$2m deferred tax liability, resulting in a \$6 million reduction of goodwill. Refer to the related parties disclosure in the 2021 Annual Report for provisional calculations at 30 June 2021, which have been restated.

D. Financial risks

Notes to the financial statements for the six months ended 31 December 2021

D1. SUMMARY OF DERIVATIVE FINANCIAL INSTRUMENTS

A summary of derivatives and the impact on Contact's financial position is provided below grouped by type of hedge relationship.

| | Unaudited at 31 December 2021 | | | | | | | Unaudited at 31 December 2020 | | | | | | | Audited at 30 June 2021 | | | | | | |
|--|-------------------------------|-------|-------------------|------------------|-----------------------|------|-------|-------------------------------|-------|-------------------|------------------|-----------------------|-----|-------|------------------------------|-------|-------------------|------------------|-----------------------|------|-------|
| | Cash flow & fair value hedge | | Cash flow hedge | | No hedge relationship | | | Cash flow & fair value hedge | | Cash flow hedge | | No hedge relationship | | | Cash flow & fair value hedge | | Cash flow hedge | | No hedge relationship | | |
| | Fair value hedge | | Electricity price | Foreign exchange | Electricity price | | | Fair value hedge | | Electricity price | Foreign exchange | Electricity price | | | Fair value hedge | | Electricity price | Foreign exchange | Electricity price | | |
| \$m | IRS | CCIRS | IRS derivatives | contracts | IRS derivatives | | Total | IRS | CCIRS | IRS derivatives | contracts | IRS derivatives | | Total | IRS | CCIRS | IRS derivatives | contracts | IRS derivatives | | Total |
| Carrying value of derivatives - asset | 3 | 60 | 14 | 14 | 3 | 17 | 111 | 9 | 59 | 1 | 5 | - | 11 | 85 | 5 | 59 | 5 | 32 | 3 | 22 | 126 |
| Carrying value of derivatives - liability | (2) | (3) | (26) | (51) | (2) | (21) | (104) | - | (7) | (75) | (52) | - | (9) | (143) | - | (5) | (53) | (93) | (2) | (24) | (176) |
| Carrying value of hedged borrowings | (347) | (437) | - | - | - | - | (784) | (196) | (435) | - | - | - | - | (631) | (192) | (436) | - | - | - | - | (628) |
| Fair value adjustments to borrowings | (1) | (61) | - | - | - | - | (62) | (9) | (59) | - | - | - | - | (68) | (5) | (59) | - | - | - | - | (64) |
| Change in fair value of financial instruments to profit/(loss) | - | - | 15 | - | - | (2) | 13 | - | 1 | 2 | - | - | 1 | 4 | - | - | 8 | - | - | (1) | 7 |
| Hedge effectiveness recognised in OCI | - | 2 | 18 | (12) | - | - | 8 | - | (6) | 11 | (43) | - | - | (38) | - | (3) | 27 | (61) | 1 | - | (37) |
| Amounts reclassified to profit/(loss) | - | - | 3 | 36 | - | - | 39 | - | - | 3 | 21 | - | - | 24 | - | - | 7 | 25 | - | - | 32 |

The cross-currency interest rate swaps (CCIRS) liability arises from the cash flow hedge component.

Independent review report

To the shareholders of Contact Energy Limited Report on the interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 2 to 17 do not:

- present fairly in all material respects the company's financial position as at 31 December 2021 and its financial performance and cash flows for the six month period ended on that date; and
- comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying interim financial statements which comprise:

- the statement of financial position as at 31 December 2021;
- the statements of comprehensive income, changes in equity and cash flows for the six month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

Basis for conclusion

A review of interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Contact Energy Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the company in relation to Trustee reporting and other assurance for Greenhouse gas emissions reporting, Global Reporting Initiative Indicators and Green Borrowings Programme reporting. Subject to certain restrictions, partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as reviewer of the company. The firm has no other relationship with, or interest in, the company.

Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our review work, this report, or any of the opinions we have formed.

Responsibilities of the Directors for the interim financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of interim financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the interim financial statements

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

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these interim financial statements.

This description forms part of our Independent Review Report.



KPMG
Wellington
11 February 2022

Corporate directory

BOARD OF DIRECTORS

Robert McDonald (Chair)
Victoria Crone
Sandra Dodds
Jon Macdonald
Rukumoana Schaaflhausen
David Smol
Elena Trout

LEADERSHIP TEAM

Mike Fuge
Chief Executive Officer
Chris Abbott
Chief Corporate Affairs Officer
Jack Ariel
Major Projects Director
Jan Bibby
Chief People & Transformation Officer
Matt Bolton
Chief Retail Officer
John Clark
Chief Generation Officer
Dorian Devers
Chief Financial Officer
Iain Gauld
Chief Information Officer
Jacqui Nelson
Chief Development Officer
Tighe Wall
Chief Digital Officer

REGISTERED OFFICE

Contact Energy Limited
Harbour City Tower
29 Brandon Street
Wellington 6011
New Zealand

Phone: +64 4 499 4001
Find us on [Facebook](#), [Twitter](#), [LinkedIn](#) and [Youtube](#) by searching for Contact Energy

COMPANY NUMBERS

NZ Incorporation 660760
ABN 68 080 480 477

AUDITOR

KPMG
PO BOX 996
Wellington 6140

COMPANY SECRETARY

Kirsten Clayton
General Counsel & Company Secretary

REGISTRY

Change of address, payment instructions and investment portfolios can be viewed and updated online:

investorcentre.linkmarketservices.co.nz
investorcentre.linkmarketservices.com.au

New Zealand Registry

Link Market Services Limited
PO Box 91976, Auckland 1142

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Phone: +64 9 375 5998

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South, NSW 1235
680 George Street, Sydney, NSW 2000

contactenergy@linkmarketservices.com.au
Phone: +61 2 8280 7111

INVESTOR ENQUIRIES

Matthew Forbes
GM Corporate Finance
investor.centre@contactenergy.co.nz

SUSTAINABILITY ENQUIRIES

Katy Glenie
Sustainability Manager
katy.glenie@contactenergy.co.nz



NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

| Results for announcement to the market | | |
|--|--|-------------------------|
| Name of issuer | Contact Energy Limited | |
| Reporting Period | 6 months to 31 December 2021 | |
| Previous Reporting Period | 6 months to 31 December 2020 | |
| Currency | NZD | |
| | Amount (000s) | Percentage change |
| Revenue from continuing operations | \$1,139,000 | -0.2% |
| Total Revenue | \$1,139,000 | -0.2% |
| Net profit/(loss) from continuing operations | \$134,000 | 71.8% |
| Total net profit/(loss) | \$134,000 | 71.8% |
| Interim/Final Dividend | | |
| Amount per Quoted Equity Security | \$0.14000000 | |
| Imputed amount per Quoted Equity Security | \$0.03888889 | |
| Record Date | 11 March 2022 | |
| Dividend Payment Date | 30 March 2022 | |
| | Current period | Prior comparable period |
| Net tangible assets per Quoted Equity Security | \$3.17 | \$2.89 |
| A brief explanation of any of the figures above necessary to enable the figures to be understood | | |
| Authority for this announcement | | |
| Name of person authorised to make this announcement | Kirsten Clayton, General Counsel & Company Secretary | |
| Contact person for this announcement | Matthew Forbes, GM Corporate Finance | |
| Contact phone number | +64 21 072 8578 | |
| Contact email address | investor.centre@contactenergy.co.nz | |
| Date of release through MAP | 14/02/2022 | |

Unaudited financial statements accompany this announcement.

Please note: all cash amounts in this form should be provided to 8 decimal places

| Section 1: Issuer information | | | | |
|---|--|---|-----------|--|
| Name of issuer | Contact Energy Limited | | | |
| Financial product name/description | Ordinary Shares | | | |
| NZX ticker code | CEN | | | |
| ISIN (If unknown, check on NZX website) | NZCENE0001S6 | | | |
| Type of distribution (Please mark with an X in the relevant box/es) | Full Year | | Quarterly | |
| | Half Year | X | Special | |
| | DRP applies | X | | |
| Record date | 11/03/2022 | | | |
| Ex-Date (one business day before the Record Date) | 10/03/2022 | | | |
| Payment date (and allotment date for DRP) | 30/03/2022 | | | |
| Total monies associated with the distribution ¹ | \$109,077,361 (779,124,006 shares @ \$0.14 / share) | | | |
| Source of distribution (for example, retained earnings) | Operating Free Cash Flow | | | |
| Currency | NZD | | | |
| Section 2: Distribution amounts per financial product | | | | |
| Gross distribution ² | \$0.17888889 | | | |
| Gross taxable amount ³ | \$0.17888889 | | | |
| Total cash distribution ⁴ | \$0.14000000 | | | |
| Excluded amount (applicable to listed PIEs) | N/A | | | |
| Supplementary distribution amount | \$0.01764706 | | | |
| Section 3: Imputation credits and Resident Withholding Tax ⁵ | | | | |
| Is the distribution imputed | Fully imputed | | | |
| | Partial imputation | | | |
| | No imputation | | | |

¹ Continuous issuers should indicate that this is based on the number of units on issue at the date of the form

² "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (RWT).

³ "Gross taxable amount" is the gross distribution minus any excluded income.

⁴ "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should include any excluded amounts, where applicable to listed PIEs.

⁵ The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

| | | |
|---|--|------------|
| If fully or partially imputed, please state imputation rate as % applied ⁶ | 22% | |
| Imputation tax credits per financial product | \$0.03888889 | |
| Resident Withholding Tax per financial product | \$0.02014444 | |
| Section 4: Distribution re-investment plan (if applicable) | | |
| DRP % discount (if any) | 0% - No discount | |
| Start date and end date for determining market price for DRP | 10/03/2022 | 16/03/2022 |
| Date strike price to be announced (if not available at this time) | 17/03/2022 | |
| Specify source of financial products to be issued under DRP programme (new issue or to be bought on market) | New issue | |
| DRP strike price per financial product | Not available at this time | |
| Last date to submit a participation notice for this distribution in accordance with DRP participation terms | 14/03/2022 | |
| Section 5: Authority for this announcement | | |
| Name of person authorised to make this announcement | Kirsten Clayton, General Counsel & Company Secretary | |
| Contact person for this announcement | Matthew Forbes, GM Corporate Finance | |
| Contact phone number | +64 21 072 8578 | |
| Contact email address | investor.centre@contactenergy.co.nz | |
| Date of release through MAP | 14/02/2022 | |

⁶ Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.