# Annual Report 2021

F U L
T I L
A H E

# OUR NEXT CHAPTER

The sale of Tilt Renewables, which is expected to be completed in August 2021, has allowed the market to confirm the value we have created through successfully pursuing our vision – to drive the transition to renewables through everything we do.

Since October 2016, our team has delivered three new wind power projects totalling 523MW. Those projects include the largest turbines installed in New Zealand as well as our largest asset at Dundonnell in Australia. We've also grown our pipeline of development options to more than 5GW.

We are already a large part of the renewable transition in both countries and look forward to continuing in that role.

We believe the change of owners will not alter the focus of the team, our approach to stakeholders or the way we act as a long term member of our host communities.

All our people are leaning forward, finding ways to deal with complexity and continue to provide leading investment opportunities for our shareholders.

# A STRONG SENSE OF FULFILMENT

## 133MW WAIPIPI

- COMPLETED ON TIME
- COMPLETED WITHIN BUDGET

EMISSIONS-FREE ENERGY PRODUCED

**1,840GWH**

WITH WAIPIPI AND DUNDONNELL WIND FARMS CONTRIBUTING 40% OF FY21 TOTAL GENERATION

IMPROVED SAFETY

**45% ▼**

REDUCTION IN TOTAL RECORDABLE INJURY FREQUENCY RATE

FY21 FINANCIAL HIGHLIGHTS

**A$74.9M**

EBITDAF

**A$46.4M**

CASH FLOW FROM OPERATIONS

AWARDED CLEAN ENERGY COUNCIL COMMUNITY ENGAGEMENT AWARD FOR DUNDONNELL WIND FARM

- OPERATING 500MW
- COMMISSIONING 336MW
- PIPELINE 5,000+MW

AS AT 31 MARCH 2021

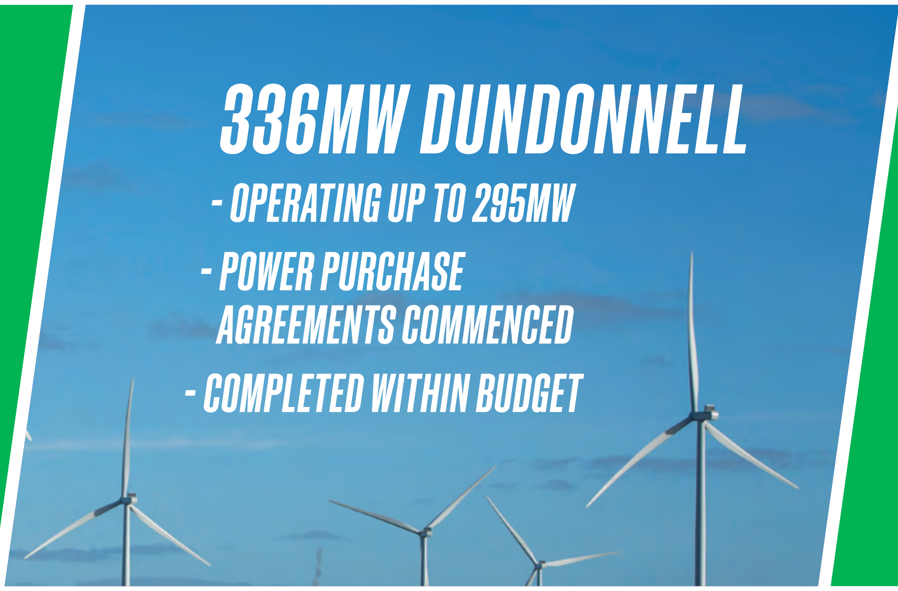
SALE ANNOUNCEMENT

# NZ$8.10

PER SHARE OFFER UNDER THE SCHEME IMPLEMENTATION AGREEMENT, REPRESENTING A 107% PREMIUM TO TILT RENEWABLES' SHARE PRICE PRIOR TO THE ANNOUNCEMENT OF INFRATIL'S STRATEGIC REVIEW

SHARE BUY-BACK

# A$258M



## 336MW DUNDONNELL

- OPERATING UP TO 295MW
- POWER PURCHASE AGREEMENTS COMMENCED
- COMPLETED WITHIN BUDGET

# 40%

PER ANNUM RETURN FOR SHAREHOLDERS FROM DEMERGER IN OCTOBER 2016

CONTINUING TO GROW AND ADVANCE OUR DIVERSE DEVELOPMENT PIPELINE, INCLUDING STORAGE AND FIRMING TECHNOLOGY

FOUNDATION POWER PURCHASE AGREEMENT SECURED FOR

## 396MW RYE PARK

WIND FARM DEVELOPMENT

# CHAIR AND CHIEF EXECUTIVE REPORT

11 June 2021

We are proud to present the Tilt Renewables Annual Report for the financial year 2021. This year's results really do demonstrate our commitment to our vision: 'to drive the transition to renewables through everything we do'.

Bruce Harker - Chair

## THE POWER OF AN ALIGNED AND COMMITTED TEAM

2021 was unprecedented and delivered many new challenges. As the world grappled with the spread of the COVID-19 virus, including through strict lockdowns enforced in both New Zealand and Australia, our immediate focus turned to the health, safety and wellbeing of our people. We sent our teams home early, mobilised our crisis management team, provided equipment for ergonomic workspaces at home, implemented regular team video calls and encouraged flexible working hours. We even hired new people to help us maintain capacity.

Despite these upheavals, our people shone through, with another year of strong performance recorded, culminating in the signing of the Scheme Implementation Agreement to sell Tilt Renewables to a consortium of Mercury in New Zealand and Powering Australian Renewables in Australia.

During the year, our people completed construction work at both the Waipipi and Dundonnell Wind Farms, achieved our best safety outcome to date, grew the development pipeline in both countries, continued progress on automating internal accounting processes, secured a cornerstone long term off-take agreement and a modified planning approval for the Rye Park Wind Farm, returned A$258m to shareholders and developed a new set of corporate values, all while most of them were subject to the world's strictest pandemic-related lockdown.

## SECURING OUR FUTURE

We continued to ensure a future aligned with our vision, by progressing our development pipeline and having a range of project options across Australia and New Zealand ready to respond to the needs of our customers.

Our pipeline now includes more than 5GW of renewable generation and energy storage projects and is recognised as the best pipeline in single ownership in the region. Our proven commitment to communities, well tested formula for landholders and track record of taking projects to construction and operation have allowed us to progress all aspects of our pipeline, from greenfield investigations to late-stage planning approval modifications. We are comfortable with how our pipeline has evolved to position us to contribute meaningfully and in an ongoing manner to the transition to renewables.

Successfully delivering investments from our pipeline is also critical to securing offtakes, funding and even new project options. This year we had two large scale construction projects underway at Dundonnell and Waipipi, presenting the team with the largest construction workload yet and resulting in 469MW of new generation for an investment of more than A$800m.

**Dundonnell**

Construction activities at the Dundonnell Wind Farm were successfully completed on time and within the allocated budget. At 336MW installed capacity, this is our largest wind farm to date. We were pleased with the approach that the site team took towards safety, with the project recording no lost time or serious harm incidents and the team seamlessly adapting the site routines to comply with social distancing requirements.

Final commissioning of the wind farm remains subject to a process controlled by the Australian Energy Market Operator (AEMO). While it is extremely frustrating that AEMO is now advising full operation will not be achieved until later in the year, this project has progressed significantly faster through the AEMO process than other projects constructed over the same time period. Once fully operational, the 30-year asset will provide solid long-term value for investors, with all 80 turbines presently able to generate up to a total maximum of 295MW. This allows around 97% of annual energy yield from the project.

**Waipipi**

As our largest project in New Zealand, using the largest turbines ever installed in the country, Waipipi has presented unique challenges. We largely addressed the early complications associated with constructing the turbine foundations in sand last year, meaning that this year the focus was on the above ground construction activities.

An effective 6-week complete standdown of site activities, followed by necessary social distancing measures, due to New Zealand's pandemic response, added significant pressure to the project timeline. In addition, specialist construction technicians were unable to enter New Zealand.

Even with these challenges, the project was brought to full operation on time and within the allowed budget. Waipipi has been a success largely due to our corporate experience, a small team of talented people and sound commercial contracting approach. The entire supply chain was focused on best-for-project outcomes and that showed when we had to traverse matters that simply could not have been considered during the project planning phase.

It was also a pleasure to have a greatly supportive team of external, local stakeholders who understood the economic and wider benefits for the community.

## *OPERATING RESULTS REFLECT THE ASSET BASE IN TRANSITION*

The existing operational assets performed adequately over 2021, with energy production considered an essential service in both countries, reducing the effect of pandemic responses. The planned Tararua 3 Wind Farm mid-life refurbishment work did lower availability and production, however this was largely covered for by commercial warranties in place with Vestas and will therefore be compensated for.

The largest challenge for the operating fleet was the emergence of early and serious operational failures at the Dundonnell Wind Farm. It is quite common for new turbine platforms to have early reliability challenges and so we have developed an approach to long-term contractual arrangements for the operations and maintenance of these assets that keeps the company economically insulated.

Full year production ended up slightly higher than the previous year, with commissioning production from Dundonnell and Waipipi Wind Farms contributing 40% of the 1,840GWh produced. This highlights the influence these two new wind farms will have once a full operational year is recorded.

One highlight for 2021 was the further improvement in our health and safety outcomes, even with two significant scale higher risk construction projects underway. Our heightened capability and focus on systems and safety culture is yielding results, with a 45% reduction in Total Recordable Injury Frequency Rate. We did however record one lost time injury in August 2020, with the injured person requiring several days off work for hospital x-rays but suffering no long-term damage.

We continue to work on the health, safety and wellbeing of our staff, contractors and the general public and have launched a health and safety maturity model, founded on our values, to help us all better understand our safety thinking and where we can improve.

## FINANCIAL RESULTS

Tilt Renewables has never had a period where there was enough consistency in operational assets to allow easy comparison of performance between years. This is simply a fact of life in a growth business which is also prepared to capture market opportunities in order to realise latent shareholder value. With Snowtown 2 Wind Farm fully removed and two new wind farms being added during the year, this year has been no different.

Adjusting for Snowtown 2, the group revenue outcome of A$128.3m improved by 18% on FY2020, but was below expectations due to the delayed commissioning at Dundonnell and softer Australian market prices.

Group earnings before interest, tax, depreciation, amortisation and fair value movement of financial instruments (EBITDAF) were A$74.9m, significantly lower than FY2020. Net profit after tax (NPAT) was A$67m and net cashflow from operating activities was A$46.4m, both reasonable outcomes given the transition occurring in the asset base.

## STRATEGIC POSITION REMAINS VALID

Our core strategy has not changed. The transition to renewables is a focus in both operating countries and will require projects developed and owned by credible independent developers. Tilt Renewables has proven itself capable of building and delivering a pipeline of high-quality options and projects to satisfy the needs of our customers. We consistently invest in expanding our pipeline of project options, firming up the most promising, the most buildable, and the most connectable for the long quality work of securing permits and local support. Many project developments may extend over a decade or more before an investment decision. We have always looked at our pipeline through a long and patient lens.

Our team is experienced and our platform is flexible, meaning either as a combined platform, or separated as proposed under the sale structure, Tilt Renewables has an important role to play in increasing the penetration of renewable generation in both New Zealand and Australia.

## POLICY ENVIRONMENT

The policy environment in Australia remains fluid and the cost and uncertainty of the connection process is the single largest impediment to progress towards decarbonisation. It is clear that market structure change will be required, in particular to encourage the supply of system strength, frequency keeping and other ancillary services. The role of market pricing to bring flexible firming generation to the renewables mix has been both overlooked and undermined.

Ad-hoc Government involvement in forcing particular components of the generation mix does not provide market stability and has the potential to slow investment and increase costs. In New Zealand, the renewables development industry has been re-energised, largely on the back of the Climate Change Commission report and a period of prolonged high wholesale prices. New Zealand will provide interesting investment opportunities and we are currently engaged with several off-takers interested in securing output from our pipeline projects.

## FINAL DIVIDEND

In July 2020, shareholders voted to approve a 1 in 5 share buy-back implemented by a Court-approved scheme. This scheme effectively returned A$258m to shareholders, which we considered surplus to foreseeable investment requirements.

We finished FY2021 with a significant cash balance, relatively low levels of debt and a team working hard on presenting the next investment opportunity for consideration.

At the end of March 2021, the company held sufficient cash to fund the Rye Park Wind Farm project, should it proceed to investment decision. However, with the final equity contribution for Rye Park still uncertain and the role of operational cash flows as a useful source of funding for our continued growth focus, the Board has again decided not to pay a final dividend this year.

## SALE TRANSACTION

In December 2020, Infratil announced it was reviewing its shareholding in Tilt Renewables, following several approaches from interested buyers. This process resulted in several parties presenting non-binding offers to buy 100% of Tilt Renewables and the Board allowed those parties access to due diligence materials in order for binding offers to be made.

The competitive process concluded with the Board executing a Scheme Implementation Agreement with a consortium consisting of Powering Australian Renewables and Mercury whereby, if approved by shareholders and the High Court of New Zealand, Tilt Renewables shareholders would receive NZ$8.10 per share. Under the Scheme, Mercury would effectively gain the New Zealand assets and Powering Australian Renewables would acquire the Australian assets and Melbourne-based team. The NZ$8.10 price is a 107% premium to the price at which shares in Tilt Renewables traded at prior to the Infratil announcement and values the company at more than NZ$3B. This is a significant result for shareholders, a benchmark transaction for the industry and will accelerate progress towards a renewables-led energy mix in both countries.

## *THANKS*

It is highly likely that the Scheme Implementation Agreement will be approved, resulting in a sale and delisting of Tilt Renewables in August 2021. Therefore, this is probably the final public annual report for the company. With that in mind, we would like to warmly thank the Board for their support this year, a year like none before.

In addition we acknowledge the capability demonstrated by the Executive team in navigating a pandemic and leading a full company due diligence and sale process without slowing any business-as-normal activities. Thanks for your extraordinary effort this year.

Finally, thanks also to the entire Tilt Renewables team, who have dealt with the challenges of the year superbly, finding new ways to do business and engage with stakeholders. The team has never been more capable and ready to deliver on the huge potential that exists in our development pipelines in both countries.

Bruce Harker
Chair

Deion Campbell
Chief Executive

**Deion Campbell** - Chief Executive

# BOARD OF DIRECTORS

## BRUCE HARKER

**PHD (ELEC ENG), BE(HONS), DIST FIPENZ**

**CHAIR**

*Chair – People, Remuneration and Nominations Committee, Chair – New Zealand Business Committee*

Bruce has extensive experience in corporate governance and energy markets with a focus on renewable energy development. He is an executive of H.R.L Morrison & Co. Bruce previously chaired the Australian hydro business, Southern Hydro Partnership and was deputy chair of ASX listed Energy Developments Limited. He was a Director of Trustpower Limited from 2000 and Board Chair from 2007 to 2015. He also chaired start up electricity retailer, Lumo, previously Victoria Electricity over the period from 2004 to 2012 from its first signed customer through to 500,000 customers. Bruce has been the Chair of Tilt Renewables since its establishment in October 2016.

## PAUL NEWFIELD

**MA (HONS), MPHIL**

**DIRECTOR**

*Member – Audit and Risk Committee, Member – New Zealand Business Committee*

Paul's experience includes managing listed and unlisted investments across global energy, utilities and infrastructure sectors. He is Head of Australia and New Zealand at H.R.L. Morrison & Co., where he also chairs the global Investment Committee. He is Chair of Qscan Group, an Australian diagnostic imaging provider. Before joining H.R.L. Morrison & Co in 2008, Paul was a Principal at The Boston Consulting Group. Paul has been a Director of Tilt Renewables since its establishment in October 2016.

## VIMAL VALLABH

**BCOM, LLB, CFA IMC**

**DIRECTOR**

*Member – New Zealand Business Committee*

Vimal has been involved in the development and acquisition of power and renewable energy projects and related supply chain companies across Europe, the U.S. and Africa for the past 20 years. He is currently Global Head of Energy at H.R.L Morrison & Co, a Board Director at Longroad Energy (U.S.A.) and Galileo Green Energy (Switzerland). He has previously held roles in the energy industry, private equity and investment banking. Vimal has been a Director of Tilt Renewables since its establishment in October 2016.

## VINCE HAWKSWORTH

**HND MINING, EMBA WAIKATO, FENGNZ, FIEAUST**

**DIRECTOR (POST 1 APRIL 2020)**

*Chair (post 1 April 2020) - Health, Safety, Environment and Community Committee*

Vince has over 20 years' experience in the New Zealand and Australian energy sectors. Vince commenced as Chief Executive of Mercury on 31 March 2020. Mercury is a leading renewable energy generator and retailer that has a key role in the reliable and economic transition to a low carbon future. Previously, Vince was Chief Executive of Trustpower and prior to that Hydro Tasmania. Vince has been a Director of Tilt Renewables since 1 April 2020.

## FIONA OLIVER

**LLB, BA, CFINSTD**

**INDEPENDENT DIRECTOR**

*Chair – Audit and Risk Committee, Member – People, Remuneration and Nominations Committee, Member – New Zealand Business Committee, Member - Non-Conflicted Directors Committee*

Fiona is a professional Director with experience across a diverse range of sectors. Her current board roles include directorships at First Gas, Gentrack Group, BNZ Life Insurance and BNZ Insurance Services and Wynyard Group Limited (in liquidation). Prior to her career in governance, Fiona held Executive roles at BT Funds Management (NZ), Westpac's investment arm, and at AMP Limited in New Zealand and overseas. Fiona has also practiced as a senior corporate finance lawyer in New Zealand and overseas. Fiona has been a Director of Tilt Renewables since its establishment in October 2016.

## ANNE URLWIN

**BCOM, FCA, ACIS, CFINSTD**

**INDEPENDENT DIRECTOR**

*Chair Non-Conflicted Directors Committee, Member – Audit and Risk Committee, Member – Health, Safety, Environment and Community Committee, Member – New Zealand Business Committee*

Anne is a professional company Director with experience in a diverse range of sectors including construction, infrastructure, energy, telecommunications, health and financial services. Her current roles include directorships of Summerset Group Holdings Ltd, Precinct Properties New Zealand Limited, City Rail Link Limited and Cigna Life Insurance New Zealand Limited. Anne's previous roles include being a director of Chorus Limited, Steel & Tube Holdings Ltd and Meridian Energy Limited and Chair of commercial construction group Naylor Love. Anne has been a Director of Tilt Renewables since June 2018.

## GEOFFREY SWIER

**MCOM (ECON)**

**INDEPENDENT DIRECTOR**

*Member – Health, Safety, Environment and Community Committee, Member – People, Remuneration and Nominations Committee, Member – Non-Conflicted Directors Committee*

Geoffrey has over 30 years of experience in micro-economic reform, notably in the establishment of competitive energy markets, privatisation and the development of water industries. He is also a consultant with a Melbourne consulting firm, Farrier Swier Consulting. Geoffrey's past roles include being a director of Trustpower, Member of the Australian Energy Regulator and Associate Member of the Australian Competition and Consumer Commission. Geoffrey has been Director of Tilt Renewables since its establishment in October 2016.

Bruce Harker

Paul Newfield

Fiona Oliver

Vimal Vallabh

Anne Urlwin

Vince Hawksworth

Geoffrey Swier

# EXECUTIVE TEAM

## DEION CAMPBELL

**BENG (ELECT, HONS), MENG (ELECT), FENGNZ, CMINSTD, GAICD**

***CHIEF EXECUTIVE***

Deion is a seasoned executive manager and professional electrical engineer with a career spanning more than 25 years in the renewables industry, including wind and hydro power. Deion has led the development, construction and operation of wind and hydro assets with a total investment of more than $2.5B in New Zealand and Australia. In addition to his engineering, project delivery and operational experience, Deion has held senior management and executive roles in publicly listed companies since 2011. As Chief Executive of Tilt Renewables, Deion has led the business through many corporate activities including large investment decisions, demerging listed entities, merger and acquisition, equity raising, takeover defence, asset divestment and now a full sale.

With an entrepreneurial, growth oriented approach to leadership, Deion's teams are encouraged to achieve innovative outcomes across the asset lifecycle to deliver increased shareholder value.

In addition to his engineering degrees, Deion has completed executive training at INSEAD, is a Fellow of Engineering NZ, a Chartered Company Director and graduate of the Australian Institute of Company Directors.

## STEVE SYMONS

**BBUS (ACC), CA, GAICD**

***CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY***

Steve is a highly experienced finance professional with over 25 years' experience within the energy sector in several senior finance and executive roles. He joined the Tilt Renewables team as the Chief Financial Officer and Company Secretary in October 2016. Prior to joining Tilt Renewables, Steve held senior finance and management roles at Palisade Investment Partners and Epic Energy (now Energy Australia). In addition, Steve was the Managing Director of Roaring 40s for two years. Steve has a Bachelor of Business (Accounting) and is a Chartered Accountant. Steve is also a graduate of the Australian Institute of Company Directors.

## CLAYTON DELMARTER

**BSC (TECH), GDIPBUS(FIN), GAICD**

***EXECUTIVE GENERAL MANAGER RENEWABLE DEVELOPMENT***

Clayton has worked in the renewable energy space for nearly 20 years and has oversight of the development and delivery of Tilt Renewables extensive project pipeline. He has been with Tilt Renewables since its establishment in 2016. Previously he worked in a number of management roles at Trustpower, a vertically integrated electricity generator and retailer. These included Project Delivery Manager, responsible for the successful execution of a number of wind, hydro and irrigation projects throughout New Zealand and Australia, as well as Acting General Manager Generation, and Engineering Manager. Clayton has also spent time working in North America on large scale renewable energy developments.

Clayton holds a Bachelor of Science (Technology) and a Graduate Diploma in Business Studies (Finance) and has completed leadership programmes at the University of Oxford Said Business School along with the Australian Institute of Company Directors course (graduate).

## NIGEL BAKER

**BE (MECH, HONS), GDIP (PROJECT MANAGEMENT), GAICD**

***EXECUTIVE GENERAL MANAGER GENERATIONS AND TRADING***

Nigel is a senior executive with over 20 years' experience in the operation, construction and commercialisation of renewable energy assets. He joined the Tilt Renewables team in early 2018 and previously held senior operations and executive positions with Pacific Hydro both in Australia and Chile, where he was the General Manager of Pacific Hydro's Chilean business and CEO of a renewable energy joint venture between Pacific Hydro and Statkraft of Norway. Nigel has a Bachelor of Engineering (Mechanical, with Honours) from the University of Melbourne, has completed post-graduate studies at RMIT (Graduate Diploma in Project Management) and the London Business School (Senior Executive Programme) and is a graduate of the Australian Institute of Company Directors.

Steve Symons

Nigel Baker Clayton Delmarter Deion Campbell

# THE WINDS OF CHANGE
# OPERATIONS & CONSTRUCTION ASSETS

## NEW ZEALAND

A total of 711GWh was generated by the New Zealand assets. The uplift was due to Waipipi Wind Farm coming online, generating 107GWh.


## AUSTRALIA

A total of 1,129GWh was generated by the Australian assets.

## OPERATIONAL ASSETS

### MAHINERANGI 1
**WIND FARM**

Maximum capacity:
**36MW**

**Estimated annual production:** Approximately 103GWh

**Electricity:** 100% contracted until March 2036

### TARARUA 3
**WIND FARM**

Maximum capacity:
**93MW**

**Estimated annual production:** Approximately 309GWh

**Electricity:** 100% contracted until March 2032

### TARARUA 1 & 2
**WIND FARM**

Maximum capacity:
**68MW**

**Estimated annual production:** Approximately 239GWh

**Electricity:** 100% contracted until March 2029

### WAIPIPI
**WIND FARM**

Maximum capacity:
**133MW**

**Estimated annual production:** 455GWh

**Electricity:** 100% contracted until early 2041

## OPERATIONAL ASSETS

### SNOWTOWN
**WIND FARM**

Maximum capacity:
**101MW**

**Estimated annual production:** Approximately 342GWh

**Electricity:** Uncontracted

**LGCs:** Uncontracted

### SALT CREEK
**WIND FARM**

Maximum capacity:
**54MW**

**Estimated annual production:** Approximately 172GWh

**Electricity:** 100% contracted until 2030

**LGCs:** Uncontracted

### CROOKWELL
**WIND FARM**

Maximum capacity:
**5MW**

**Estimated annual production:** Approximately 9GWh

**Electricity:** 100% contracted until July 2023

**LGCs:** Uncontracted

### BLAYNEY
**WIND FARM**

Maximum capacity:
**10MW**

**Estimated annual production:** Approximately 20GWh

**Electricity:** Uncontracted

**LGCs:** Uncontracted

## CONSTRUCTION ASSETS

### DUNDONNELL
**WIND FARM**

Maximum capacity:
**336MW**

**Estimated annual production:** Approximately 1,230GWh

**Electricity:** 93% contracted until December 2030; 87% contracted until late 2035

**LGCs:** 93% contracted until December 2030; 87% contracted until late 2035

# THE WINDS OF CHANGE
# DEVELOPMENT PIPELINE

*"We have the best pipeline in single ownership in the region. It includes more than 5GW of renewable generation and energy storage projects."*

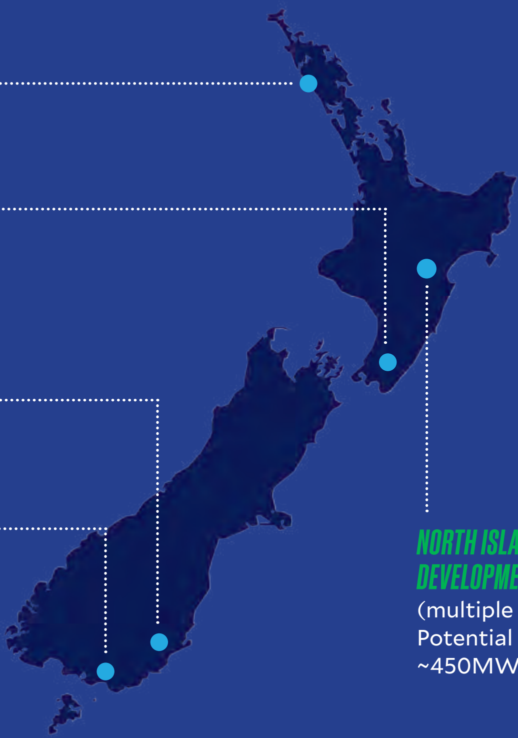
*Maja Barnett, Development Portfolio Manager - Renewable Development*

## OMAMARI WIND FARM
Potential capacity:
~73MW (wind)

## TARARUA WIND FARM
Repowering
Potential capacity:
120MW (wind) vs
68 MW existing

## MAHINERANGI 2 WIND FARM
Potential capacity:
160MW (wind)

## KAIWERA DOWNS WIND FARM
Potential capacity:
40MW (wind, stage 1)
200MW (wind, stage 2)



## NORTH ISLAND DEVELOPMENT
(multiple sites)
Potential capacity:
~450MW (wind)

Development Assets

## SOUTH AUSTRALIA DEVELOPMENT
**Snowtown Solar Farm**
Potential capacity:
45MW (solar)

**Snowtown BESS**
Potential capacity:
20MW/40MWh
(battery)

**Palmer Wind Farm**
Potential capacity:
300MW+ (wind)

## WADDI WIND FARM & SOLAR FARM
Potential capacity:
105MW (wind)
40MW (solar)

## NEW SOUTH WALES DEVELOPMENT
**Rye Park Wind Farm**
Potential capacity:
400MW (wind)

**Liverpool Range Wind Farm**
Potential capacity:
1,000MW+ (wind)

## QUEENSLAND DEVELOPMENT
**Chewko Solar Farm**
Potential capacity:
70MW (solar)

**QLD Wind**
(multiple sites)
Potential capacity:
~250MW (wind)

**Dysart Solar Farm**
Potential capacity:
100MW (solar)

## VICTORIA DEVELOPMENT
**VIC firming option**
Potential capacity:
~100 MW(gas)

**Latrobe Valley BESS**
Potential capacity:
200MW/800MWh
(battery)

**VIC Wind**
Potential capacity:
100MW (wind)

**VIC BESS**
Potential capacity:
200MW/400MWh
(battery)

*"Having 85% of the energy from the overall portfolio subject to long-term offtake agreements means we have a significant degree of certainty over price and, by extension, revenue."*

*Matt Mumme, Head of Corporate Finance*

## A STRONG PLATFORM FOR GROWTH

Tilt Renewables enjoys a strongly contracted portfolio, with long-term offtake agreements in place with a range of highly credible counterparties, including Genesis Energy, Snowy Hydro, Powershop (Meridian Energy), the state of Victoria, ALDI, Trustpower and Origin Energy.

During FY21 four offtake agreements became operational: three related to the Dundonnell Wind Farm (including two 15-year agreements); the other, a 20-year offtake with Genesis from the Waipipi Wind Farm. As a result, approximately 85% of the energy from the overall portfolio is now subject to long-term offtake agreements, providing a significant degree of price and revenue certainty through key transitional periods in the Australian and New Zealand markets.

As a flow-on benefit from our offtake agreement with Snowy Hydro, we are now part of an Australian-first initiative, the Victorian Energy Collaboration (VECO). Dundonnell Wind Farm is one of two wind farms powering VECO under a long-term contract between councils and Snowy Hydro's Red Energy. Led by Darebin City Council, VECO is the largest emissions reduction project ever undertaken by local government in Australia. It involves 46 Victorian Councils coming together to pool their electricity needs to power council buildings, libraries, community venues, streetlights, leisure centres and sports grounds with clean, renewable energy.

Building on our platform of credible development, providing competitive offtakes to respected counterparties, and the first "corporate power purchase agreement (PPA)" with ALDI Foods that we signed in April 2020, we executed a long-term agreement with the ASX-listed and investment grade Newcrest Mining in December 2020.

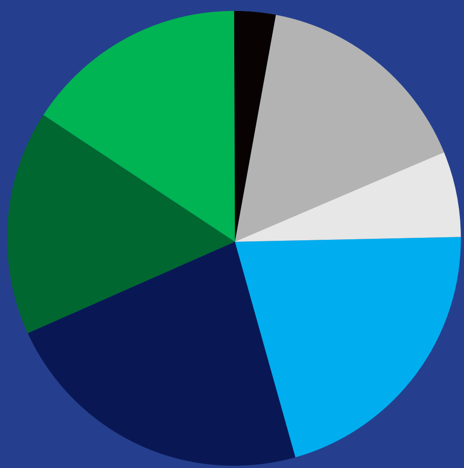
Under the terms of this agreement, Tilt Renewables, through its Rye Park Wind Farm, will supply a significant part of the future projected energy requirements of Newcrest's Cadia mine in New South Wales, Australia.

This agreement will assist Newcrest to achieve its greenhouse gas emissions reductions goals by supplying more than 40% of Cadia's projected energy demand from 2024, and will underpin the investment decision for the Rye Park Wind Farm, which would become the largest wind farm directly enabled by a corporate PPA in Australia.

In those situations where our generation is not covered by long-term offtakes, we manage short and medium-term hedging of our electricity and LGC production through our Revenue Risk Management Policy and Energy Markets team.

Through Tilt Renewables Retail, we are also positioning to provide a full retail supply offering to Commercial and Industrial customers from FY22. Alongside 'merchant' capacity in New South Wales, South Australia and Victoria, this will provide a further path to market for clean energy from our wind farms.

In addition, Tilt Renewables Retail recently signed our first decoupled GreenPower customers, and also provides Greenpower to cover 100% of our own office electricity usage. As with our full retail supply offering, our decoupled GreenPower offering focuses on large Commercial and Industrial customers.



### TILT RENEWABLES OFFTAKE PORTFOLIO

(for the year ended 31 March 2021)

# DUNDONNELL WIND FARM

The delivery of the 336MW Dundonnell Wind Farm has continued to be a focus throughout the year.

Primary construction activities have now concluded with all 80 wind turbines and associated infrastructure completed in-line with the original project schedule.

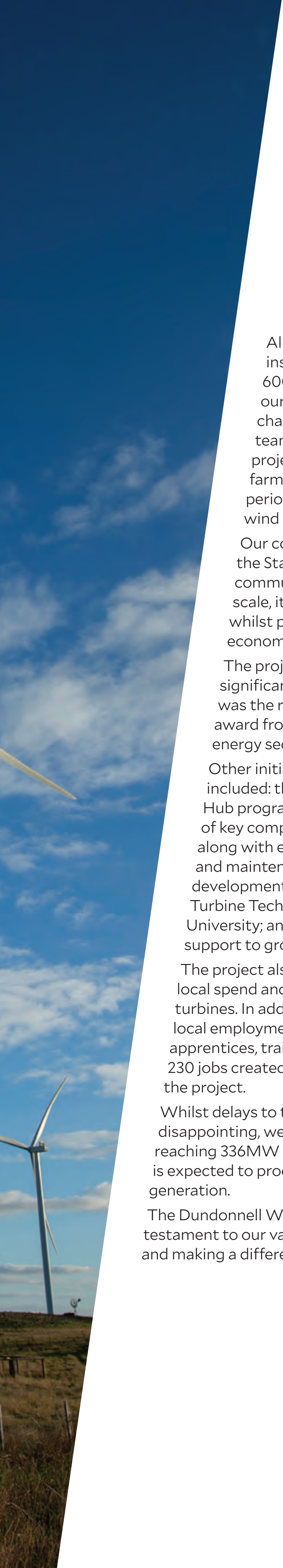
The Dundonnell Wind Farm represents our largest ever single investment by total cost and scale – the 336MW project is significant not only for us, but also for the Australian energy sector. It is one of the largest projects in the National Electricity Market (NEM), producing a significant amount of low cost clean, renewable energy each year.

As with many projects of this nature, the journey for Dundonnell Wind Farm has been many years in the making. Initial discussions with host landowners and site investigations commenced over a decade ago, with the original approvals obtained in 2016 and modified in late 2017 to take advantage of the latest, most cost effective and efficient wind turbine technology, primarily by increasing the tip height to utilise larger turbines and blades.

We were able to work with our delivery partners Vestas and AusNet Services to develop a project that maximised renewable generation volume and environmental benefits whilst also ensuring that the State Government's wide-ranging objectives in relation to the first stage of its Victorian Renewable Energy Auction Scheme (VREAS) could be met to support the achievement of the Victorian Renewable Energy Target (VRET), now set at 50% by 2030.

With the award of a Support Agreement with the State through the VREAS process, we were able to commit to the investment, commencing construction on site in early 2019. Since then, the project has seen the completion of a significant amount of infrastructure including:

- 55km of access track;
- 67km of 33kV underground cable;
- 38km of 220kV transmission line utilising 134 poles and 114km of conductor;
- a new 500/220kV substation at the point of connection (Mortlake Power Station) and a 220/33kV substation at the wind farm;
- over 60,000m$^3$ of concrete poured and some 5,300 tonnes of reinforcing steel used in the turbine foundations; and
- 400 tower sections, 240 blades and 80 nacelles and hubs installed across 80 wind turbines.



All of this infrastructure was successfully and safely installed within five days of the baseline schedule of some 600 days, a testament to the project delivery team and our construction partners, particularly given some of the challenges posed to the supply chain and construction teams by COVID-19. Zero LTI's were recorded on the project with over 670,000 hours worked across the wind farm and the connection works. In the peak activity period, there were over 330 workers working across the wind farm and the connection works.

Our continued focus on key stakeholders, including the State Government, landowners, council and the community, meant that, in the context of a project of this scale, it was delivered with minimal disruption and impact whilst providing significant environmental, social and economic benefits to the region.

The project's Benefit Sharing Plan – a wide ranging and significant programme across a number of initiatives - was the recipient of the 2020 Community Engagement award from the Clean Energy Council, the renewable energy sector's peak industry body in Australia.

Other initiatives to support the growth of local industry included: the turbine supplier Vestas' Renewable Energy Hub programme, which included local turbine assembly of key components at the old Ford Factory in Geelong along with establishment of a main component logistics and maintenance centre; carbon fibre research and development with Deakin University; a Certified Wind Turbine Technician training programme with Federation University; and the supply of training equipment / in-kind support to grow their capabilities.

The project also achieved its ambitious targets for local spend and local steel content for the VRET turbines. In addition, the project surpassed its goals for local employment with over 65,000 hours worked by apprentices, trainees and engineering cadets and over 230 jobs created or retained across the construction of the project.

Whilst delays to the full commissioning of the project are disappointing, we anticipate completion of testing and reaching 336MW in late 2021, at which point the project is expected to produce over 1,200GWh/yr of renewable generation.

The Dundonnell Wind Farm is another resounding testament to our values – leading the way, getting it done and making a difference through people and partners.

**189M**
**TIP HEIGHT**

**80 WIND TURBINES**

**150M ROTORS**

**0 LOST TIME INJURIES RECORDED DURING THE PROJECT**

**633GWh FY21**
**COMMISSIONING PRODUCTION**

**4.2MW**
**GENERATORS**

**AWARDED THE 2020 COMMUNITY ENGAGEMENT AWARD**

**POWER PURCHASE AGREEMENTS COMMENCED**

# WAIPIPI WIND FARM

Waipipi Wind Farm is our largest single asset in New Zealand and most recently completed wind farm construction project.

The delivery of this 133MW, NZ$277m project on time and on budget has been a focus throughout the financial year.

Notice to proceed with Waipipi Wind Farm was issued on 4 September 2019, with first generation on 16 November 2020 and all 31 turbines generating by 25 February 2021.

The project faced a number of challenges through the construction phase. These included the subsurface ground characteristics of the site, the surrounding coastal environment, farm and dairy operations that are the major economic driver of the region, and the logistical and human resource challenges posed by the COVID-19 pandemic. All of these challenges were successfully mitigated by the delivery team. Key to this success was the ethos established from day one with the project's delivery partners of risk identification and mitigation, open and transparent communication and "best for project" decision making. The experience of the project team, coupled with our strong relationships with our delivery partners and the empowerment to make decisions quickly and decisively, were all key enablers to this success.

COVID-19 presented unprecedented challenges. Wind turbine supplier Siemens Gamesa Renewable Energy faced impacts on their international supply chain and logistics – but they were able to successfully manage their manufacturing facilities and work with their suppliers to ensure that components could be delivered to site to maintain the project schedule.

We ensured the local community and workforce were protected with comprehensive site protocols and procedures tuned to the New Zealand Government's 4 Levels of COVID-19 response. The site was fully shut down during the 5-week Level 4 period, whilst during Level 3 and Level 2 protocols and procedures were in place to ensure the risks of any COVID-19 transmission were minimised.

COVID-19 also had a significant effect on the ability to bring the highly skilled people into New Zealand needed to perform turbine installation and commissioning. We supported engagement with Government in relation to visa applications for specialist personnel and worked closely with the contractors on the ground to make the best use of the resources available.

Despite all of these challenges the Waipipi Wind Farm was delivered on time and under budget, an achievement rarely seen on any other infrastructure project in Australasia during the global pandemic. Full takeover of all 31 turbines and handover to Tilt Renewables operations and maintenance team was achieved on 4 March 2021.

**160M TIP HEIGHT**

**31 WIND TURBINES**

**130M ROTORS**

**107 GWh FY21 PRODUCTION**

**4.3MW GENERATORS**

**WAIPIPI WAS COMPLETED ON 5 MARCH 2021, ON TIME AND WITHIN BUDGET**

**20-YEAR POWER PURCHASE AGREEMENT WITH GENESIS ENERGY COMMENCED IN MARCH 2021**

# WIDER INTEREST

## ENVIRONMENT AND SUSTAINABILITY

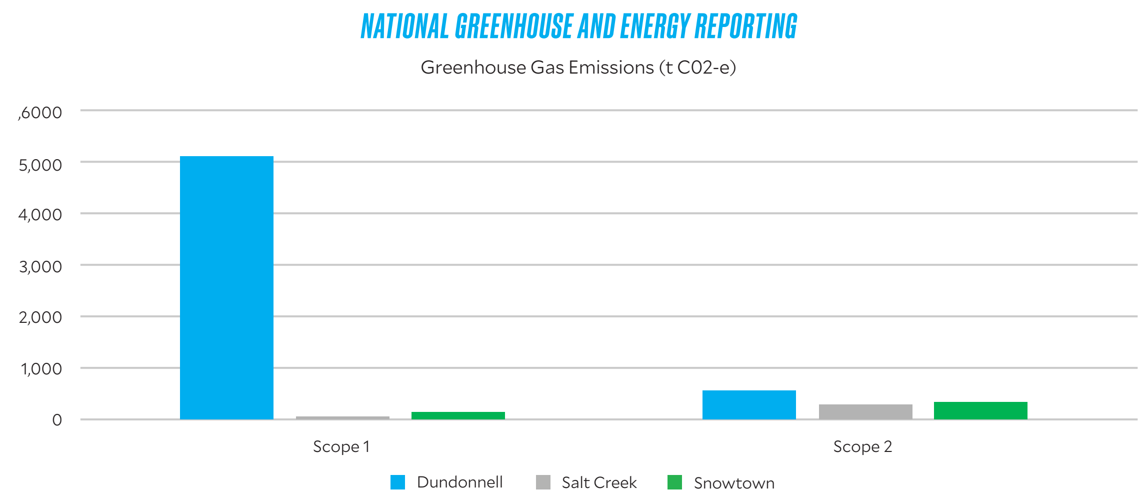
Our commitment to the environment and a sustainable future comes through in more than just the renewable assets we own. Each project is committed to preserving our cultural heritage and minimising our impact to the environment, for generations to come.

# EMISSIONS

### NATIONAL GREENHOUSE AND ENERGY (NGER) REPORTING

The National Greenhouse and Energy Reporting (NGER) scheme, established by the National Greenhouse and Energy Reporting Act 2007, is a single national Australian framework for reporting and disseminating company information about greenhouse gas emissions, energy production, energy consumption and other information specified under NGER legislation.

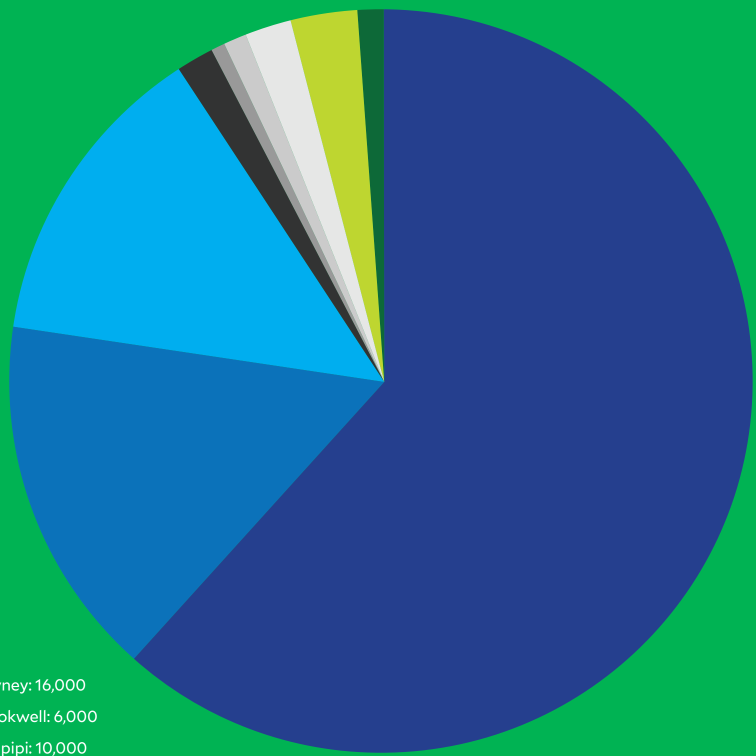
We are required to report on those of our Australian assets that meet the reporting criteria. FY2021 reporting is not due until later in 2021. The graph below summarises the scope 1 and scope 2 greenhouse gas emissions of each of the assets for the Australian financial year ended 30 June 2020. Scope 1 greenhouse gas emissions, also referred to as 'direct emissions', are the emissions released to the atmosphere as a direct result of an activity or series of activities (for example, the burning of diesel fuel in trucks). Scope 2 greenhouse gas emissions, also referred to as 'indirect emissions', are the emissions released to the atmosphere from the indirect consumption of an energy commodity (for example the use of electricity produced in another facility). These figures capture the operational activities at Snowtown Wind Farm (Stage 1) and Salt Creek Wind Farm, and both the construction and operational activities at the Dundonnell Wind Farm during this period.




**~71,000 TONNES**
**OF C02-E OFFSET IN NEW ZEALAND**
(EQUIVALENT TO 38,000 CARS OFF THE ROAD)

**~940,000 TONNES**
**OF C02-E OFFSET IN AUSTRALIA**
(EQUIVALENT TO 293,000 CARS OFF THE ROAD)

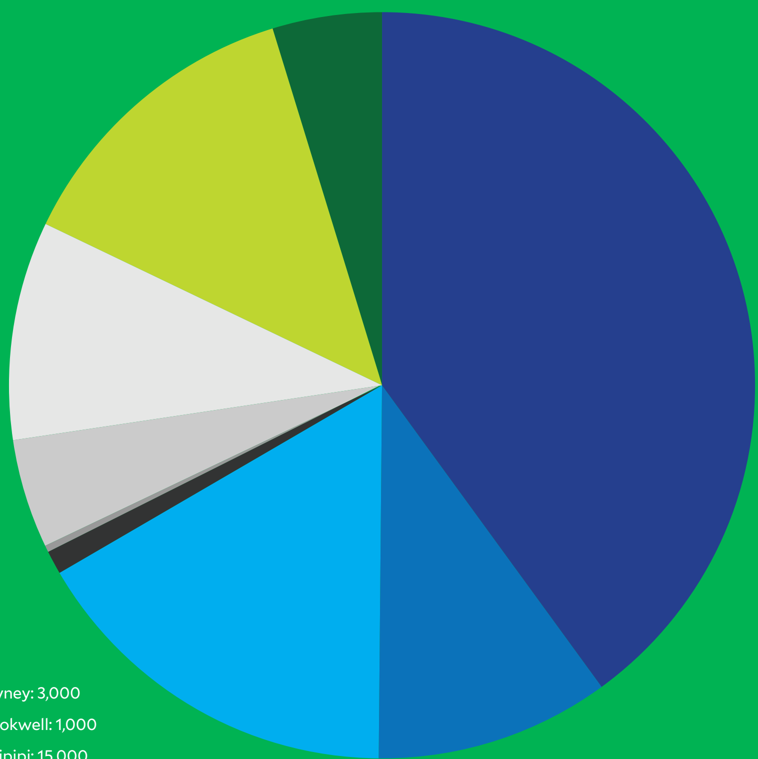
## GREENHOUSE GAS EMISSIONS (CO2-E)



### TONNES OF CO2-E OFFSET ESTIMATE

Approximate total of 1m tonnes
(equivalent to 331,000 cars off the road)

- Tararua 1&2: 21,000
- Tararua 3: 29,000
- Mahinerangi: 11,000
- Dundonnell: 623,000
- Salt Creek: 159,000
- Snowtown: 136,000
- Blayney: 16,000
- Crookwell: 6,000
- Waipipi: 10,000



### EQUIVALENT NUMBER OF HOUSEHOLDS POWERED PER YEAR

Approximate total of 315,000

- Tararua 1&2: 30,000
- Tararua 3: 41,000
- Mahinerangi: 15,000
- Dundonnell: 126,000
- Salt Creek: 32,000
- Snowtown: 52,000
- Blayney: 3,000
- Crookwell: 1,000
- Waipipi: 15,000

## HERITAGE AND PROTECTING BIODIVERSITY

### CULTURAL HERITAGE

We have continued to work closely with Ngā Rauru on cultural heritage matters at the Waipipi Wind Farm. Through this engagement, we have been able to ensure that the Waipipi Wind Farm development has proceeded in alignment with cultural expectations. Items addressed from a cultural heritage perspective include:

- Initiatives to raise the awareness of the cultural significance of the area, through a Wind Farm viewing site with cultural information boards and installation of a Pou;
- Cultural heritage monitoring during construction; and
- Involvement in the implementation of environmental improvements and native planting in the site wetland and stream banks.

### ECOLOGICAL ENHANCEMENTS

As part of our commitment to improving the environment at the Waipipi Wind Farm site and surrounding areas, the following activities have been implemented:

- Rehabilitation works and permanent fencing and stock-proofing of a number of site wetland areas, and the Waipipi stream;
- Extensive native vegetation planting of the wetland areas and the Waipipi stream and surrounding areas over the next 2 years, with native plants propagated from seedling by the Ngaa Rauru Kiitahi iwi at their nursery, Kii Tahi Nursery & Land Care situated on Wai-o-Turi Marae land in Patea;
- Improvements to stream and tributary fish passages on-site;
- Relocation and translocation of eels and native fish species and translocation of native plants from three man-made, on-site ponds and subsequent filling in of the ponds to decrease bird movements in the Wind Farm area;
- Extensive ecological improvement measures and long-term maintenance at an offset location (Tapuarau Lagoon) including native planting, fencing, installation of two shag roosting platforms, and predator control; and
- Commitment to annual contributions to a Department of Conservation Shorebird Management programme from the commencement of Wind Farm generation.

## BROLGA COMPENSATION PLAN

As part of our compliance activities for the Dundonnell Wind Farm, a 'Brolga Compensation Plan' was prepared. The Plan intends to help achieve the State Government's policy of avoiding cumulative impacts from the wind energy industry on the Victorian Brolga (Antigone rubicunda) population by ensuring that each wind farm achieves a 'zero net impact' on the species.

This Plan sets out the way in which the impacts of the Dundonnell Wind Farm will be offset, by replacing the estimated number of individuals lost to the population over the life of the project. To do this, we partnered with Odonata and Greening Australia to restore four degraded wetlands to attract regular, successful breeding by the Brolga, to produce additional young birds. Monitoring and adaptive management will continue at these sites for the life of the wind farm.

## BAT AND AVIFAUNA MONITORING

Bat and avifauna monitoring is required as part of the current operational compliance activities at Dundonnell Wind Farm, Salt Creek Wind Farm and Waipipi Wind Farm.

To undertake this monitoring, we enlisted the help of specialist ecology teams (Skylos Ecology at the Dundonnell and Salt Creek Wind Farms and Boffa Miskell at Waipipi Wind Farm) that work with trained conservation detection dogs to detect any bat and avifauna carcasses underneath turbines to help understand the wind farms' impacts on bird and bat populations.

Trained dogs and handler teams have been shown to be more effective and efficient than human-only spotters, using scent to detect carcasses rather than visual cues. This is particularly advantageous in the tall and/or dense vegetation common around these wind farm sites.

*Top Left: The Pou at Waipipi Wind Farm*

*Top right: Restored wetlands for Brolga breeding*

*Middle left: Little Shag (black morph) on artificial roost platform*

*Middle right: Monitoring activities under the Brolga Compensation Plan*

*Bottom left: Rehabilitation works and permanent fencing at Waipipi Wind Farm*

*Bottom right: Conservation detection dogs at work*

# HUMAN ENERGY

## OUR PEOPLE

The COVID-19 pandemic resulted in significant changes to our daily lives, including the ways we could conduct our business. Our initial priority was to transition to a fully remote, safe, healthy, and connected workforce, on the basis that a 'people first' approach would result in greater overall business resilience.

Our New Zealand team worked from home from 26 March until 8 June 2020, however the restrictions for our Australian team under the 'if you can work from home, you must stay home' directive meant they were working from home from 17 March 2020 until a 100% return to the office was permitted by the Victorian Government in March 2021.

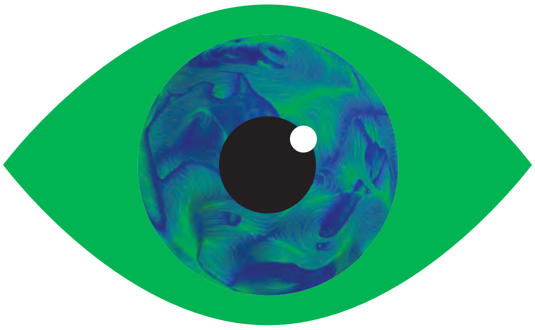
Our team achieved a lot during this landmark year. Our goals for operating asset performance, development pipeline progress and completion of two large construction projects in New Zealand and Australia were unchanged and delivered on, demonstrating just how much we have a team who get it done, even when movement restrictions force changes to normal workplace and stakeholder interactions.

We could not be prouder of our people for their ability to keep delivering for our shareholders and for their focus during the past year.

## VALUES AND VISION

In creating new values for Tilt Renewables we first wanted to understand the behaviours that drive our success and what we believe sets us apart from other organisations. This involved input from the whole Gen Tilt Team, including our Board.

Our values and vision are framed by the concept of Our Footprint, capture what is important to us and set the tone for our culture, reflecting the way we work and how we can continue to create value for our shareholders. Seeing our values hold true over the challenging year has cemented the knowledge that they fully represent how we do things.



### OUR VISION:

# To drive the transition to renewables through everything we do

Our vision focuses on us helping create the world we want to be part of and inspires us to look for those opportunities in everything we do and the decisions we make.

### OUR VALUES:

# We are People Powered

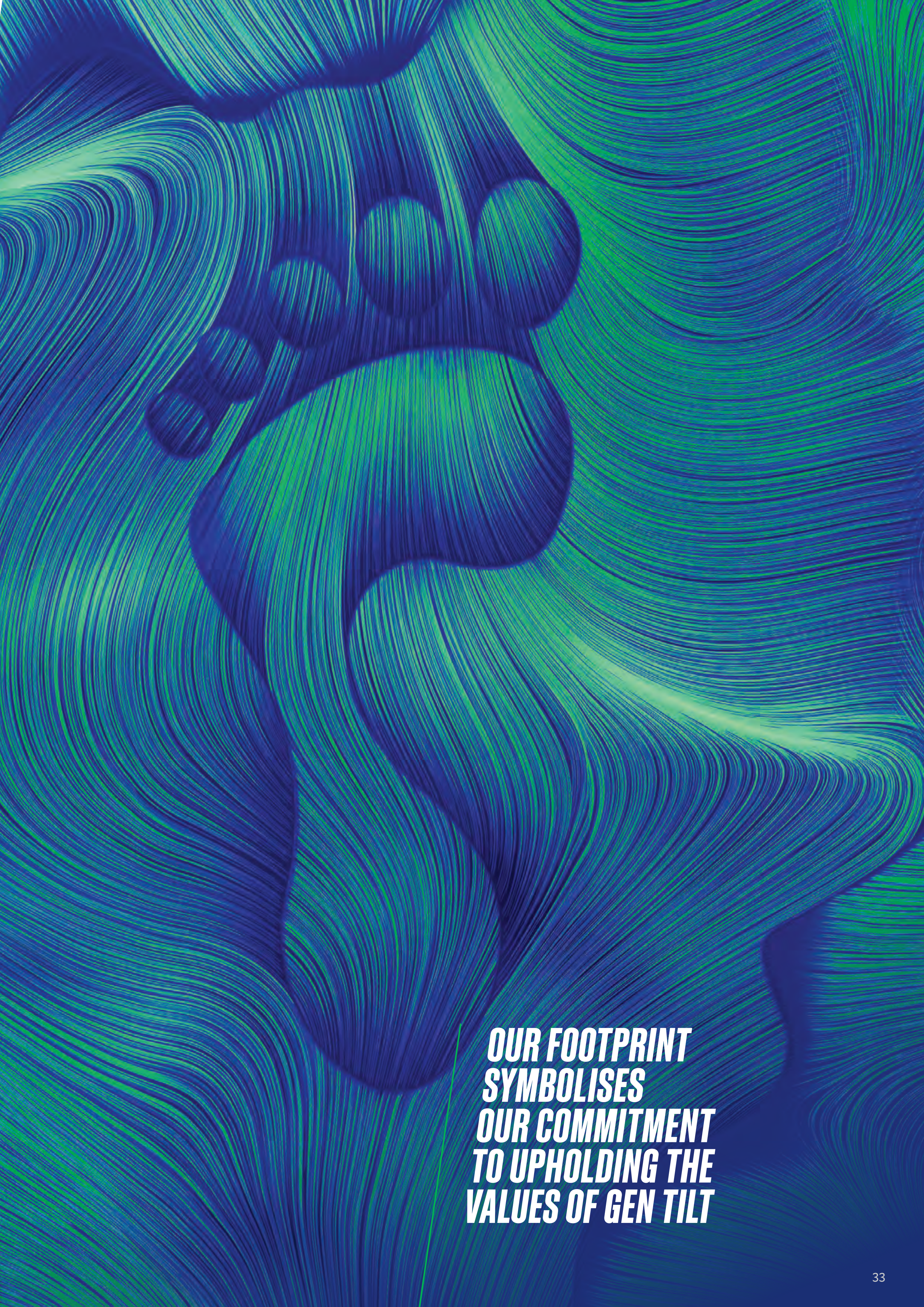
We know we are powered through our people and together we make a difference. It's the long term relationships we hold internally and those with our customers, contractors, communities, land owners and other stakeholders that define everything we do. We demonstrate how much we value people through our commitment to safety and sustainability for our people, our assets and our communities.

# We Get it Done

We do what we say we will because we believe our actions speak louder than words and we are passionate about what we do. We get it done, often against the odds.

# We Lead

We call the future as we see it. We're fearless in our determination to renew old thinking and attitudes.


OUR FOOTPRINT
SYMBOLISES
OUR COMMITMENT
TO UPHOLDING THE
VALUES OF GEN TILT

## WELLBEING

Consistent with our initial 'people first' approach to our response to the COVID-19 pandemic, holistic wellbeing became a key focus over the year, with the extended lock-down period in Melbourne affecting the majority of the team. The Renew You Programme is our team wellbeing initiative which covers six areas of wellbeing (career, environment, financial, social, physical, and mental). We introduced a range of initiatives to support our team, including: the provision of monitors for home use; greater flexibility in work schedules, which has continued with our Work Flexibly Programme; distribution of care and thank you packs; as well as activities that encouraged virtual social interaction.

Mental wellbeing was a particular area of emphasis and in addition to our employee assistance programme (EAP) we established a variety of tools and programmes to support our team. We undertook regular pulse surveys, offered online personal training and mindfulness sessions and actively encouraged everyone to differentiate between work and home time.

### WORK FLEXIBLY PROGRAMME

Our work flexibly programme enables people to choose a flexible work schedule with variable start and finish times, or to work remotely one day a week. Since being able to return to the office 100%, everyone has returned to the office for a minimum of four days per week.

**86%**

**OF OUR TEAM ADVISED THAT THEY WERE TAKING ADVANTAGE OF THE WORK FLEXIBLY PROGRAMME**

**14%** **OF OUR TEAM ARE NOT SEEKING FLEXIBILITY ON A REGULAR BASIS, BUT ARE GRATEFUL TO HAVE THE OPPORTUNITY SHOULD THEY SEEK IT.**

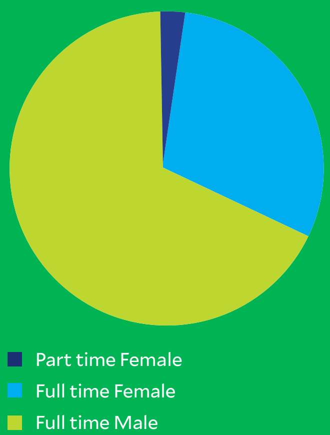
## DIVERSITY AND INCLUSION

We embrace the value that diversity brings to our business. We employ our people based on the job requirements and do not discriminate on any grounds throughout our recruitment process.

One of the many elements of diversity consideration during recruitment is gender. Attracting females into what is still a male dominated industry is important to us. Over the last two years we have successfully attracted and promoted several females into senior leadership roles. The Senior Leadership team sits directly beneath the Executive Team level.

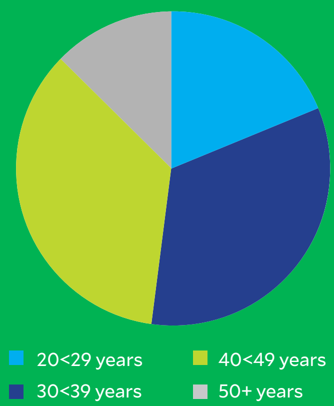
Age diversity is another priority. In 2020 7% of our workforce were in the 20–29-year category. New roles were created in FY2021 to attract people who were earlier in their careers because they bring their own value, unique views and experience, and, at the same time, provide opportunities for our experienced team to mentor and develop talent internally. This age group now represents 19% of our workforce.

## WORK TYPE

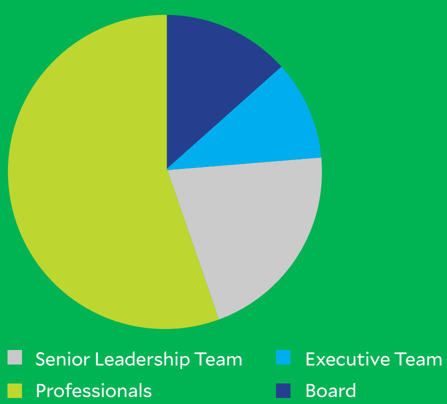



Note: there are currently no male part time employees as at 31 March 2021

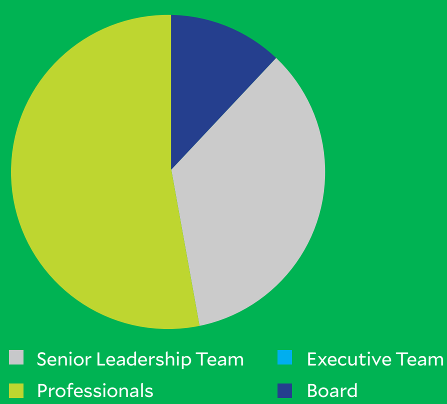
## AGE DIVERSITY




## EMPLOYMENT TYPE - MALE




## EMPLOYMENT TYPE - FEMALE




**Employee Hiring and Voluntary Turnover Rates**

| | Gender | | Age Group | | | | Country | |
|---|---|---|---|---|---|---|---|---|
| | Female | Male | Under 30 | 30-39 | 40-49 | Over 50 | Australia | New Zealand |
| **Employee hiring rate (a)** | 22% | 88% | 66% | 34% | 0% | 0% | 88% | 12% |
| **Voluntary Employee turnover rate (b)** | 20% | 10.34% | 0% | 15.79% | 5.88% | 14.29% | 10.20% | 0% |

a) Hiring rate includes total employee hires per category over total hires for the year
b) Voluntary turnover rate excludes temporary workers. Turnover rate includes total termination per category over average annual headcount in the year per category.

*"Attending team meetings has provided the opportunity to see how constraints come into play in a project and whether the project will move forward or what alternatives can be found".* Julia Lopilato

*"I've also seen how there are a variety of opportunities for a career in this industry as the demand for wind power is predicted to increase in New Zealand".* Summer Campbell

## REMUNERATION

We review our fixed annual remuneration (FAR) and our incentive schemes at least twice a year to ensure that we remain competitive and make appropriate adjustments at annual remuneration reviews. Remuneration decisions are not based on gender and are made using fair and non-discriminatory practices, including external benchmarking.

With a workforce of under 50 people, there are very few like-for-like roles to review when looking for any potential gender pay gap issues, however we do compare similar level roles to ensure employees with similar skills, knowledge, qualifications, experience, and performance are paid similarly for the same or comparable work.

Performance calibrations sessions are held with the Senior Leadership team at a divisional level and then again at an executive level to ensure that there is not any bias (including gender) when rewarding our people.

Our employees continue to share in the success of our business. For the second year, our employees participated in an Employee Share Scheme whereby each permanent employee (excluding the ELT) were granted $1,000 of Tilt Renewables shares that are subject to a three-year restriction period.

In addition to FAR, all permanent employees are eligible to participate in a Short-Term Incentive plan (STI) which is an at-risk component of remuneration directly linked with corporate financial results, health, safety and environment targets, and individual / team performance goals.

Selected senior managers also participate in a Long-Term Incentive (LTI) designed to align with the long-term interest of shareholders and a Development Business Incentive (DBI) which encourages a strong focus on value creation in the development pipeline. Details of the LTI and DBI are included in the Corporate Governance Pages.

## CAREER AND PROFESSIONAL DEVELOPMENT

Our performance management processes continued throughout the year, providing opportunities for self-reflection on achievements and discussions around individual career plans.

As a relatively small team, we are able to provide people with a broad range of on-the-job development opportunities as well as support requests for academic studies, attendance at courses and industry forums.

Aligning with our value of We are People Powered and We Lead, there were a number of virtual and in-person training sessions held for our people leaders, including a 360 degree survey and coaching session, to help them understand their leadership styles.

We continued to encourage our people to undertake professional development through virtual training programmes, however last year saw a decrease in training spend as people balanced working from home and other life commitments impacted by COVID-19.

## INTERNSHIPS

To help create future opportunities within the renewables industry and help support more females to start and stay in the industry, we have engaged with Monash University to sponsor a female engineering student in Australia. This year we had our first interns in New Zealand and Australia.

These internships are small steps, but they are initiatives that will help increase gender diversity in the industry.

### JULIA LOPILATO

Coming into the Melbourne office once a week provides Julia with the opportunity to gain hands-on experience in developing our pipeline of projects. Having studied a Bachelor of Human Geography with a focus on Geographic Information Systems mapping (GIS) in her final year, Julia was well placed to help the team in finding sites for future projects which also includes finding information on land titles and identifying council areas. "It has been useful to see how GIS is used in operational development and that it is an essential part of development", says Julia. "Attending team meetings has provided the opportunity to see how constraints come into play in a project and whether the project will move forward or what alternatives can be found".

### SUMMER CAMPBELL

Summer Campbell completed a ten-week internship with our New Zealand team from December 2020 through to February 2021. As a third year Bachelor of Science student, majoring in Energy Science, at the University of Otago, with a keen interest in the environmental and sustainable sectors, Summer had the opportunity to work closely with the New Zealand team and enjoyed her time and the experience she gained.

"I particularly enjoyed the site visits and landowner consultations throughout the summer internship. It was useful to get a glimpse of the on-the-ground work that goes into the construction of a wind farm, and to gauge community responses to them. I also enjoyed learning how to use QGIS and modelling programmes such as PowerPlant.

"This internship has definitely given me a clearer insight into the renewables industry. In particular, I think I've realised how useful engineering and business experience is in becoming a more well-rounded employee (which is what I think I will aim to centre my future study around). I've also seen how there are a variety of opportunities for a career in this industry as the demand for wind power is predicted to increase in New Zealand, particularly after 2027 (CCC report). I would definitely recommend Tilt Renewables as a great company to do an internship with."

# THINK SAFETY

## HEALTH & SAFETY

We are committed to taking a balanced approach to safety with an emphasis on innovation and process to create a safe workplace for our people.

## COMMITMENT TO SAFETY

We are always looking for ways to improve safety performance, including activities completed by contractors, through strengthened leadership, strategic action plans and contractor engagement. We use regular meetings, site visits, internal and external audits and participation in industry health and safety groups to ensure compliance with industry standards, promote collaboration on safety matters, support continuous improvement and achieve a safer workplace.

Health and Safety is led from the top with the governance oversight of the Health, Safety, Environment and Community Committee of the Board of Directors, through to operational oversight by our Chief Executive, wider executive team and all of our senior Leaders. Our shared view is that each one of our workers is a safety leader, part of a large safety team, and we demonstrated this through active participation at all levels in the innovation and implementation of our Health and Safety initiatives. This year we have particularly focused on:

- Determining our health and safety cultural maturity though the development of a bespoke model in conjunction with the Griffith University research department;
- Implementing a Major Hazard Management Programme with critical risk controls;
- Developing an Integrated Community and Public Safety approach across our New Zealand and Australian sites;
- Developing risk and governance tools for greater analytical reporting; and
- Active participation in New Zealand and Australian wind and electricity health and safety forums.

### THE YEAR

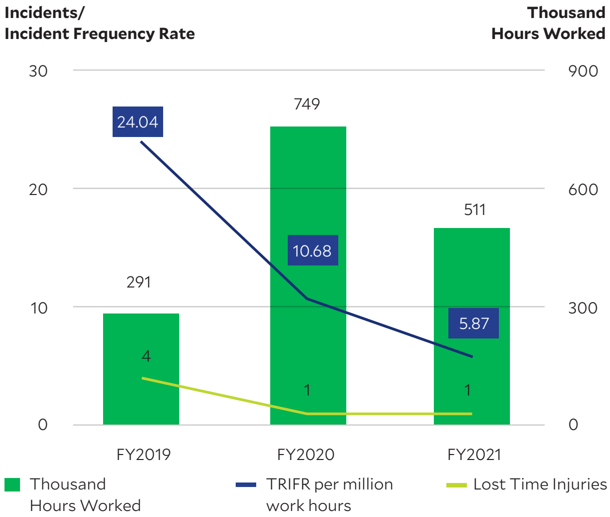
The year was dominated by the personal and commercial effects of COVID-19. Our team delivered a strongly improved safety performance whilst responding to required changes in the working environment due to various Government restrictions.

Our workforce adapted to these challenges whilst predominately working from home and were supported by the Crisis Management Team (CMT), headed by the Executive and key senior leaders. The CMT met on a regular basis to review the formal advice and to action programmes to manage the health and wellbeing of our workers.

### SAFETY PERFORMANCE

During the year we recorded zero fatalities and zero permanent disability injuries.

Our continual commitment to safety has seen the number of total recordable injuries decrease by over 45% from the prior year. We have achieved a Total Recordable Injury Frequency Rate (TRIFR) of 5.9 down from 10.2 per million work hours in FY20.




### MAJOR HAZARDS AND CRITICAL CONTROLS

This year we developed a Major Hazard programme that focuses on those industry hazards that have the potential to cause serious permanent harm or fatality to our workforce. Each of these hazards has a list of critical controls that we use as an integral part of our risk management processes. This programme enables us to have robust conversations on how to manage risk with our contractors so that we all meet and even exceed our expectations when it comes to safety.

### TRAINING AND COMPETENCY

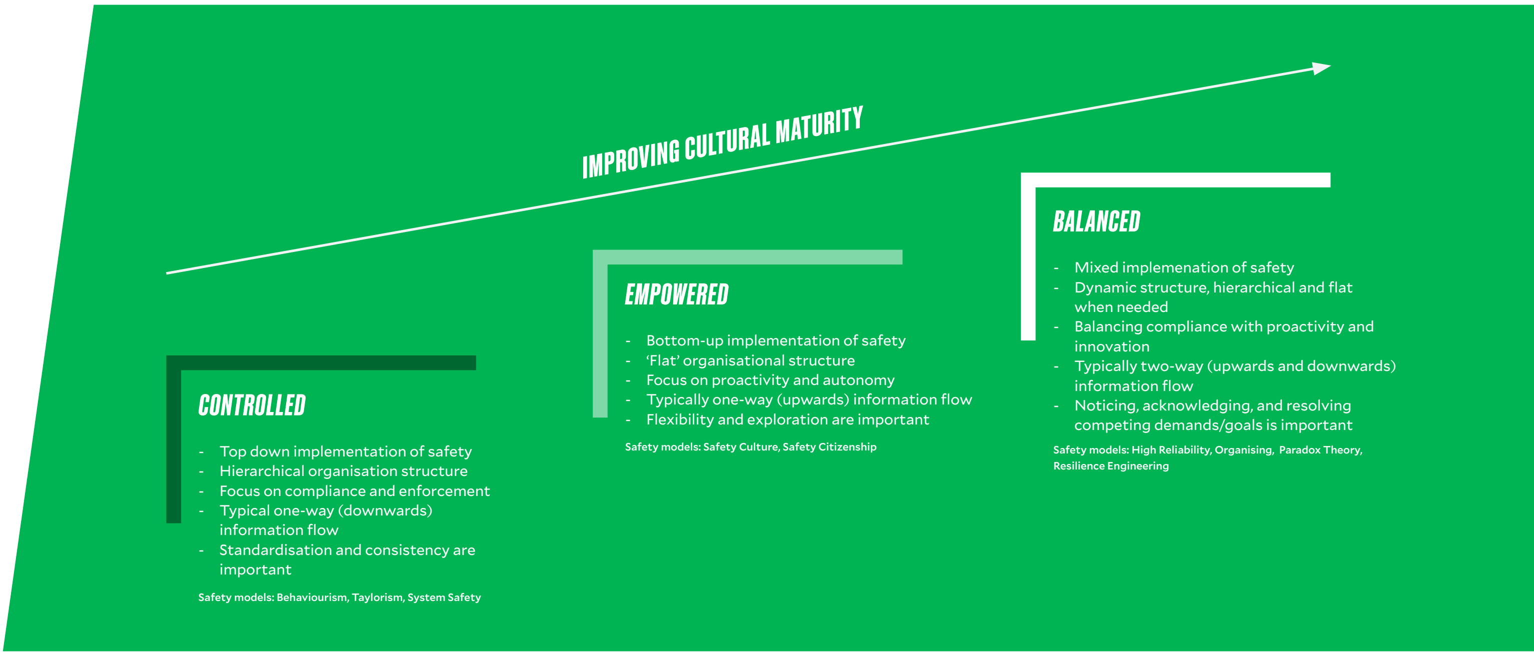
Our focus on safety training this year was around the hazards of driving. Driving for work activities is one of the biggest risks that many of our workers face and during the year several in-house presentations addressed fatigue and the effects of drugs and alcohol on driving. In addition, all employees required to drive as part of their role completed external 4WD training, improving confidence in many of the driving conditions they may face. The programme has now become one of the critical controls for safe driving at Tilt Renewables.

## SAFETY CULTURE

We placed a strong focus on developing culture and strategy across all areas of the business, and this was led from the top by our Chief Executive Deion Campbell. This focus has resulted in the collective team achieving 100% of the Health, Safety, Environment and Community Committee-endorsed health and safety targets for the year.

We also embarked on creating a bespoke Health and Safety Cultural Maturity Model that suited our business structure. The Model was developed to assist in determining the perception of employees on how we manage and communicate Health and Safety in our business. To make sure this is relevant to us and the work we do, we moved away from the traditional models and worked with a research group from Griffith University (QLD) to develop a prototype that is suitable to our business and our people. The programme included extensive interviews with our team members to determine the positive aspects of our culture and gaps in our system so that we could better determine four focus areas, called our Pillars of Safety - Belonging, Learning, Performing and Organising.

Our people then completed a survey on the perception of the current approach to safety which highlighted some areas of opportunity in our journey toward a balanced culture.




## GOVERNANCE

Our corporate governance software, Tiaki, has been further developed to facilitate the management of the following:

- Audits and audit outcomes;
- Incidents, including differentiating actual versus potential severity;
- Real time reporting dashboards;
- In-field interactions and other leading indicators; and
- Legal obligations.

Further development of Tiaki is planned to allow the system to keep up with the growing company.

## COMMUNITY AND PUBLIC SAFETY

We remain certified to NZS 7901: Safety Management Systems for Public Safety, recording zero Public Safety Incidents across our Australian and New Zealand assets this year.

We reviewed and audited safety at each of our sites. We also distributed landholder safety guides which outline key hazards associated with operational wind farm and how to mitigate the risk of injury or damage to equipment.

# SHARING OUR SPACES

## OUR COMMUNITY

Building and fostering meaningful relationships with our host communities is essential to enhancing acceptance and trust in our projects. We continue to dedicate more time and resources to engaging with communities. Despite the isolation of COVID-19 in 2020, we made sure we kept in touch as often as possible.

*Pictured: Danielle Blomeley, Chair of the Dundonnell Wind Farm Community Fund*


We maintained our commitments to our various community engagement committees by holding video conference meetings. We also completed agreed actions within reasonable timeframes.

During the public exhibition period for the Modification Application to the Rye Park Wind Farm Development Consent, we produced a stand-alone website that summarised technical information from the submitted report to assist the community in understanding complex information and providing them with the tools to make informed submissions on the project. While this was not technically required under the State's planning and approvals process, we felt it was important to go above and beyond during this unprecedented period, demonstrating innovation by implementing an interactive and engaging information platform.

At the end of 2020 we implemented a new Stakeholder Relationship Management (SRM) system. The SRM ensures we can track and report on consultation, commitments and complaints, and capture incidental information to provide greater context and improve record-keeping when dealing with our host communities and project stakeholders.


## LEADING THE WAY

In 2020, the Dundonnell Wind Farm received the Community Engagement Award from the Clean Energy Council, the renewable energy sector's peak industry body in Australia. The significant and diverse Benefit Sharing Plan we developed for Dundonnell Wind Farm demonstrated our willingness to collaborate with other industries and to drive long-term change. The Benefit Sharing Plan included the installation of a mini-grid, a road safety fund, support for local not-for-profit organisations, and the provision of mental health providers and education funding for residents. In addition to maintaining our social licence in the region, the Plan creates a lasting legacy by helping the prevention of suicide, supporting vulnerable communities and creating educational opportunities.

***The Benefit Sharing Plan included the installation of a mini-grid, a road safety fund, support for local not-for-profit organisations, mental health providers and education funding for residents.***

## LENDING A HAND

Tilt Renewables continues to support communities through its 'Lend a Hand' Funds.

Funds provide support for schools, charities, clubs, individuals and local community projects that demonstrate a benefit to the community. Recent examples of initiatives supported by these funds include:

### SALT CREEK LEND A HAND FUND

- Ground drainage for Woorndoo Mortlake Football and Netball Club;
- Playground equipment for Mortlake College Parents Association;
- Paint, drying rack and seating for Chatsworth Occasional Care;
- Book printing for Mininera and District Football League;
- Purchase of a community bus for the Woorndoo Sports Club;
- Helmets and uniforms for Riding for the Disabled; and
- Stage curtains for Lake Bolac Music Club.

### SNOWTOWN LEND A HAND FUND

- Tennis nets for Snowtown Tennis Club;
- Support for Bute Christmas Eve 2021 for Bute 2000 Onwards Progress Committee; and
- Purchase of a fridge for Mundoora Community Sports Club.

### DUNDONNELL WIND FARM COMMUNITY FUND

- Water tank for Darlington Mechanics Institute;
- Support for a new sanitation trailer for Darlington Country Fire Authority;
- Lighting for Wickliffe Lake Bolac Football Netball Club;
- Contribution towards new thermal imaging cameras for Westmere Fire Brigades Group;
- Support for Mortlake and District Historical Society;
- Clubroom repairs at Lake Bolac and District Bowling Club;
- Concreting works at Derrinallum Yacht and Power Boat Club;
- Support for the Robert Burns Scottish Festival;
- Support for new technology for Derrinallum News and Natter; and
- Interpretive signs for Streatham and District Historical Society.

### WAIPIPI WIND FARM COMMUNITY FUND

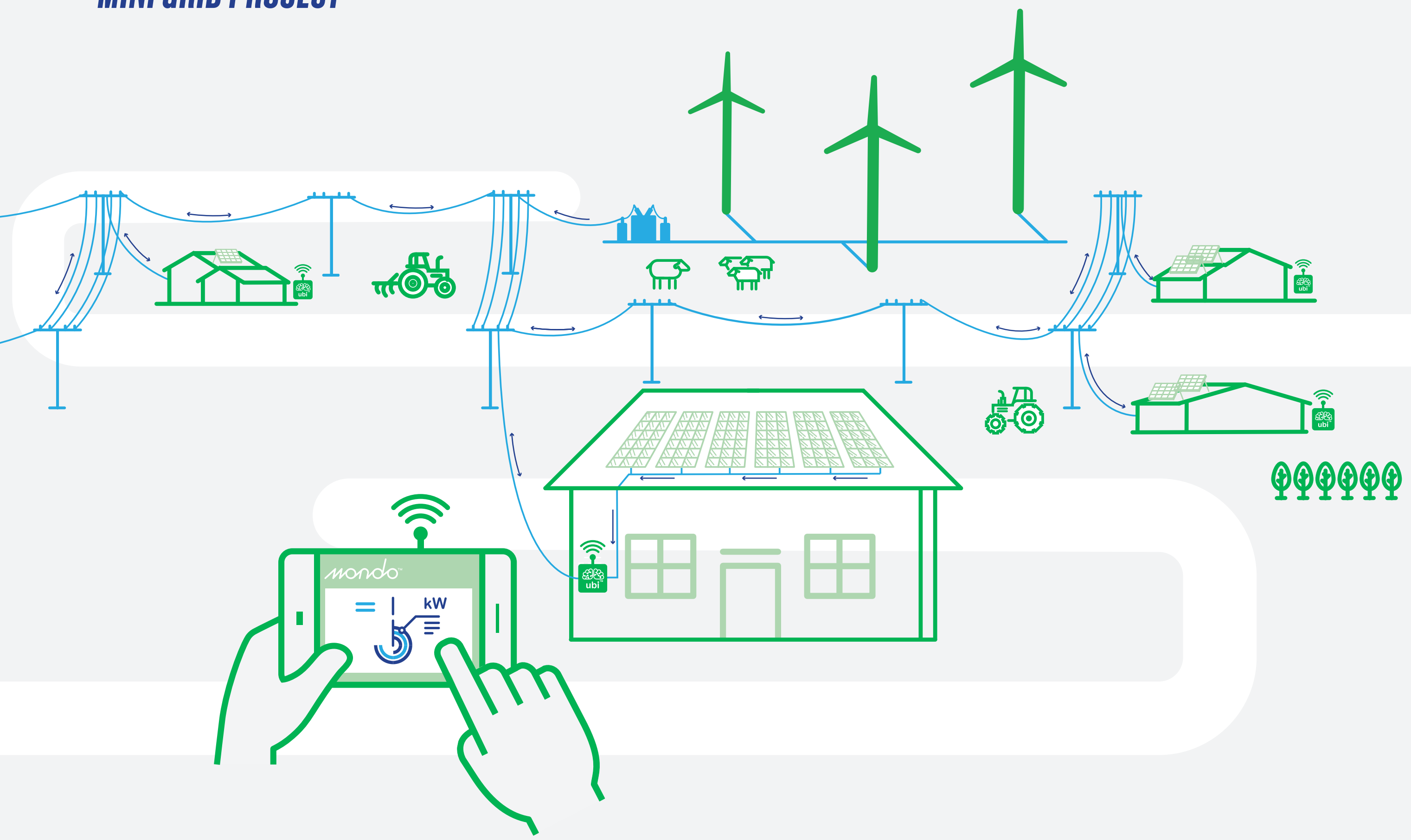
- Support to help fund a relief teacher at Waverley Primary School;
- Donation to the Waverley community patrol;
- Donation to the Waverley Racing Club; and
- Waverley Golf Club sponsorhip.

*Top: Woorndoo Sports Club's community bus*

*Middle: Community Engagement Award from the Clean Energy Council*

*The combined Dundonnell Mini Grid systems are expected to produce 395MWh of renewable energy per annum, the equivalent of 279 metric tonnes of greenhouse gas or removing approximately 60 cars off the road each year.*

## DUNDONNELL COMMUNITY MINI GRID PROJECT



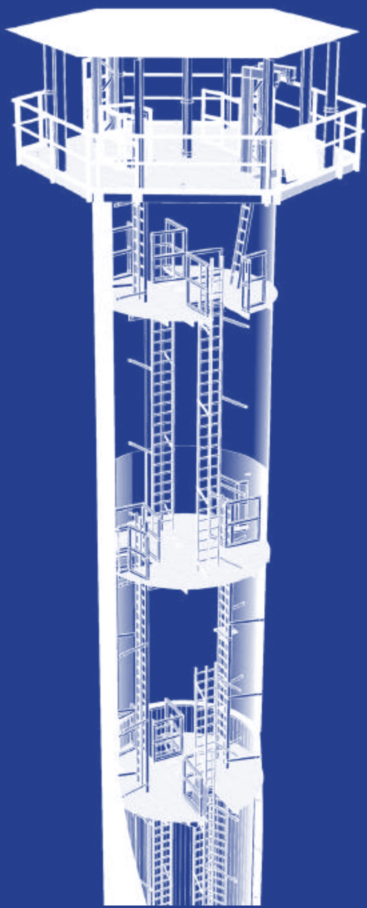

*Top right: Dundonnell Community Mini Grid System*

*Middle right: Concept picture of wind turbine training tower*

*Middle left: Dundonnell Community Mini Grid System*

*Bottom left: Dundonnell Community Mini Grid 'Ubi' control technology*

## WIND TURBINE TRAINING TOWER



***Standing 23m tall, the tower has been designed with ladders and safety equipment that will give students real-world experience when training to work in the wind industry.***

## DUNDONNELL COMMUNITY MINI GRID PROJECT

35 mini grid solar photovoltaic ("PV") power systems ranging from 6kW to 10kW capacity have been installed and are up and running in the Dundonnell community. Each household installation was uniquely designed for each participant with Tilt Renewables subsidising up to $15,000 per participant for their system.

Participants can now make savings on their electricity bills as the system allows users to generate and store electricity.

Additionally, the programme includes control technology rolled out by our programme partner Mondo, potentially enabling the community to take further steps towards sharing of electricity between members of the community in the future. The 'Ubi' control technology also allows users to monitor and control their electricity usage right down to domestic appliance level or a water pump on a farm, and delivers accurate information to members' devices (computers, tablets or smartphones).

The combined Dundonnell Mini Grid systems are expected to produce 395MWh of renewable energy per annum, the equivalent of 279 metric tonnes of greenhouse gas or removing approximately 60 cars off the road each year.

## FEDERATION UNIVERSITY – ASIA PACIFIC RENEWABLE ENERGY TRAINING CENTRE

Federation University Australia is set to build Australia's first wind turbine training tower in Ballarat. We are proud to be part of this Australian first.

Standing 23m tall, the tower has been designed with ladders and safety equipment that will give students real-world experience when training to work in the wind industry, or other industries that require working at heights such as construction and maintenance.

The tower is the first stage of Federation University's Asia Pacific Renewable Energy Training Centre, which has received $1.8 million in funding from Tilt Renewables, Vestas, Acciona and GPG. The facility will assist in training local workers in Victoria and increase the domestic talent pool, replacing the need to rely on international training providers.

Once the tower is completed, Federation TAFE will be the only training provider in Australia able to deliver the Global Wind Organisation (GWO) basic safety training and refresher training courses from a simulated wind turbine tower – delivering a real-world working-at-heights experience.

# EDUCATION SCHOLARSHIPS AND SUPPORT

## SALT CREEK WIND FARM SCHOLARSHIP

The 2021 recipient of the Salt Creek Scholarship was announced in March 2021. The presentation ceremony was held at the Salt Creek Wind Farm Site Office with a special guest, former Wannon MP David Hawker AO, who presented the 2021 Salt Creek Scholarship to laureate Angus Campbell.

Former Year 12 Captain of Monivae College, Angus Campbell is from Tarrington. Angus has a strong connection to South West Victoria and by his own account, believes that living in rural Victoria has shaped and influenced him. Angus is insightful, considerate and keen to "give back" to the community. With a degree in Architectural Design, Angus wants to improve the built environment for all and hopes to one day assist in prison reform through built solutions. To help him along the way, the Salt Creek Scholarship will pay for Angus' residential fees over the next three years while he pursues a Bachelor of Architectural Design at Deakin University's waterfront campus.

## SALT CREEK WIND FARM SCHOLARSHIP ALUMNUS

The 2019 recipient of the Salt Creek Scholarship, Michael Loughhead, recently became the first intern to join the Hycel clean energy initiative, where he is investigating the feasibility of converting Deakin's Warrnambool campus to 100% hydrogen.

"I'm looking at a lot of the work that's occurring overseas with hydrogen transition while trying to understand the gas use of the campus and trying to put the two together to understand what is needed going forward."

*"It's been really cool to work with leading technology in a regional area, my hometown, and I couldn't have done this without the Salt Creek Wind Farm scholarship."*

*Michael Loughhead*

## FIELDING HIGH SCHOOL'S NEW HORTICULTURE FACILITY

We supported Fielding High School with a funding contribution of $10,000 to purchase a new tunnel house for their Agricultural and Horticultural classes.

Students have been using the tunnel house for sowing and germinating winter vegetable seedlings and taking cuttings from a range of different native plants. Hydroponic systems are also being set up to demonstrate berry growing.

The school has over 620 students enrolled in the subject for 2021 and is hoping to see students succeed in the primary industries. The programme encompasses the values of sustainability and kaitiakitanga (guardianship), which we hold strongly too.

> *"I believe that undertaking the GWO training will best equip me to be a conscientious practitioner and use my professional qualifications to better the local, national and global communities by promoting and strengthening the renewable energy sector in Western Victoria."*
>
> *Ayden Hutchings, recipient of Tilt Renewables' Federation TAFE Scholarship*

## TILT RENEWABLES' FEDERATION TAFE SCHOLARSHIPS

As part of the Benefit Sharing Plan for the Dundonnell Wind Farm, we sponsor the training of three students each year, and will do so for ten years, to complete Global Wind Organisation (GWO) Certified – Basic Technical Training.

Offered by Federation University, the programme will increase the pool of qualified staff available for work during construction and operation. This creates a flow-on effect to the employment rate of regional Victoria, as well as uplifting skills within the regional population.

## MONASH UNIVERSITY

To help create future opportunities within the renewables industry, we continued our partnership with Monash University to support two undergraduate scholarships in the Faculty of Engineering under the 'Achieving Potential Scholarship for Distinction' banner. These scholarships are awarded to two students from disadvantaged backgrounds to assist with the costs associated with study and living. This year, in keeping with our commitment to diversity, we have been able to nominate that one of the students must be a female engineering student, as a step to ensuring that females who enter engineering are given the opportunity to continue in their chosen field.

## TILT RENEWABLES' TARARUA WIND FARM RESEARCH BURSARY

The Tilt Renewables' Tararua Wind Farm Research Bursary was established in 2008 with Massey University near Palmerston North in New Zealand and supports two post graduate students per year with their research studies. To receive the Research Bursary, research projects must be of relevance to generation or efficient use of energy, to the interaction of energy assets and agricultural assets, or to the efficient management of New Zealand's natural resources.

We are pleased to award the 2021 Tilt Renewables Tararua Wind Farm Research Bursaries to Charlie Barnes and Uzair Yousif. We look forward to seeing the outcomes of these research projects and the benefits they will bring to the community and region.

*Top left: Bridget Campbell, Angus Campbell, David Hawker AO and Lachlan Campbell celebrated the awarding of the 2021 Salt Creek Scholarship*

*Middle right: Stephanie Cook with Tararua Wind Farm Research Bursary recipient Charlie Barnes*

*Bottom left: Students propagating seedlings in the horticulture tunnel at Fielding High School*

*Bottom right: Horticulture tunnel at Fielding High School with students, principal Nathan Stewart and ex horticulture teacher Grant Davis*

# SUSTAINING VALUE

## CORPORATE GOVERNANCE

The year was dominated by the local and international response to the COVID-19 pandemic, which provided a real and important demonstration of the importance of well-developed, fit-for-purpose corporate governance controls. With the majority of our team forced to work from home in Melbourne, our focus was to ensure our governance systems remained active and supportive.

# CORPORATE GOVERNANCE

Our vision 'to drive the transition to renewables in everything we do' has been brought to life through new values that guide our daily decisions and support our commitment to robust governance and ethical principles.

As part of our commitment to social governance, we assessed our supply chains for evidence of modern slavery practices and released our first public Modern Slavery Statement. We engaged both major and minor suppliers to assess the risk of modern slavery practices and reaffirmed our zero-tolerance approach. Where we identified a risk of modern slavery practices, such as with our corporate clothing and personal protective equipment, we took action by changing suppliers.

We now assure ongoing compliance through prequalification of suppliers and embedding modern slavery legislative requirements into our contract structures for new suppliers.

We are pleased to have recorded zero cases of regulatory compliance breach, fraud or corruption and there have been no reports of unethical behaviour and no whistleblower reports during the year.

The following sections provide an overview of how our governance framework supports each of the principles in the NZX Corporate Governance Code 2020 ("NZX Code") as at 31 March 2021. The referenced policies and procedures can be found at https://www.tiltrenewables.com/investors-landowners/governance-documents/

## PRINCIPLE 1: CODE OF ETHICAL BEHAVIOUR

Involving all levels of the business in the creation of our new vision and values showed our continued commitment to a high standard of ethical behaviour. This, in turn, is reflected in the way we conduct ourselves and make decisions. Our Board was actively involved in this process, including the roll-out of the vision and values, demonstrating how the commitment comes from the top. Our Board-approved Codes and Policies, listed below, support our ethical behaviour and provide further detail on how ethical standards are operationalised, including the assurances we provide against fraud, corruption and un-ethical behaviour.

All new employees and directors are trained on these policies as part of their induction when commencing employment with the company, and then receive an annual refresher process to help maintain awareness. In order to improve flexibility and compliance tracking, all compliance training is now provided via a tailored online programme which provides example behaviours and assessment questions.

**Code of Ethics**

Our Code of Ethics sets out the principles that guide our approach to ethical decision-making and expected levels of behaviour. We build trust through acting with honesty, integrity and fairness at all times. Our Code of Ethics covers (but is not limited to):

- avoiding actual or apparent conflicts of interest;
- full, fair, accurate, timely and understandable corporate disclosures;
- compliance with applicable laws, rules and regulations; discharging responsibilities and accountabilities with due care and attention; and
- disciplinary action that may be taken in the event of violations, with associated prompt reporting to the Board.

**Code of Conduct**

Our Code of Conduct sets out the standards of behaviour we expect of ourselves and our contractors as we work safely, within the law and in the manner set by our policies and procedures.

Our Code of Conduct covers (but is not limited to) how we:

- work safely, report all hazards and incidents and look out for each other;
- do not engage in, or tolerate breaches of our Code of Conduct or activities that could bring Tilt Renewables' integrity or reputation into disrepute;
- exercise diligence, best endeavours and sound judgement when making decisions;
- apply procedures for giving and receiving gifts and gratuities;
- maintain professional relationships;
- perform work we are competent and authorised to perform; and
- do not make unauthorised statements or commitments on behalf of Tilt Renewables.

**Whistleblower Policy**

Whistleblower protection is a key part of our commitment to transparency and accountability. We encourage people to raise issues or concerns, knowing they are supported and safe to do so under the protection of our Whistleblower Policy. This policy provides a safe, reliable and confidential way for anyone employed by, acting on behalf of, or providing services to Tilt Renewables to report any serious wrongdoing (also known as Reportable Conduct). The policy ensures that all such reports are taken seriously and is consistent with both the Protected Disclosures Act 2000 (New Zealand) and the Corporations Act 2001 (Australia). We have an internal Whistleblower Protections Officer who is supported wherever required by an external legal consultant on retainer. There were no protected disclosures made for the year ended 31 March 2021.

**Modern Slavery Policy**

As part of our commitment to health, safety and sustainability not only in our workplaces but also within the communities in which we work, we have a zero-tolerance approach to all forms of modern slavery within our business and supply chains. This year we voluntarily issued our first Modern Slavery Statement to the Australian Border Force in accordance with our Modern Slavery Policy. This Statement is publicly available on their Online Register for Modern Slavery Statements.

The Board-approved Modern Slavery Statement described the steps we took to manage the risk of modern slavery in our supply chains:

- Developed and externally published our commitment to addressing modern slavery through a Modern Slavery Policy;
- Conducted prequalification and screening of suppliers and embedded clauses requiring adherence to Modern Slavery legislation in new contracts;
- Ranked the risk levels of suppliers;
- Conducted a modern slavery assessment of our Original Equipment Manufacturers (via a checklist);
- Provided a guidance document to smaller suppliers identifying the risks to modern slavery, and highlighting our expectations for management and commitment to supporting suppliers in eliminating modern slavery practices in their supply chains; and
- Provided training to all leadership staff involved in engaging and managing suppliers, including those who visit suppliers' manufacturing plants.

**Securities Trading Policy**

Employee engagement through owning Tilt Renewables' shares has become an important part of our long-term commitment to growth and delivery. 85% of our people currently hold shares in Tilt Renewables. In order to protect our reputation and safeguard employees who may want to buy or sell our securities, our Securities and Trading Policy details when and how securities can be traded legally and responsibly. The policy specifies how we monitor trading by Directors and employees, handle policy breaches and provide disclosures as required under the Financial Markets Conduct Act 2013 (New Zealand).

## PRINCIPLE 2: BOARD COMPOSITION AND PERFORMANCE

Roles and responsibilities of the Board are articulated in the Board of Directors Corporate Governance Charter. The Charter clearly delineates the role of management and the role of the Board and how the governance structure supports strategy, constructive challenging and clarity of accountability.

The Board's roles include:

- representing shareholder interests and ensuring effective and timely reporting to shareholders;
- setting our strategic direction and monitoring implementation;
- ensuring our values are embedded in all decisions and interactions;
- selecting and appointing the Chief Executive;
- ratifying the appointment of the Chief Financial Officer;
- ratifying the remuneration of the Executive Team;
- monitoring and approval of annual budgets;
- ensuring effective risk, assurance and compliance management to protect our assets and support the achievement of objectives;
- monitoring compliance with policies and ethical standards;
- periodically reviewing Executive Team succession planning; and
- and ensuring it functions independently of the Executive Team.

The Charter also defines the role and responsibilities of the Board Sub Committees, as described further in Principle 3. The Board meets formally at least six times per annum, and out of session whenever necessary, to perform its duties under the Charter. Board and Sub Committee meetings and member attendance for the year ended 31 March 2021 are summarised below:

| Directors | Board Meetings, incl Conference Calls | Audit and Risk Committee | People, Remuneration and Nominations Committee | Health, Safety, Environment and Community Committee | Non-Conflicted Directors Committee | New Zealand Business Committee |
|---|---|---|---|---|---|---|
| B. Harker | 17 | | 3 | | | 3 |
| P. Newfield | 17 | 5 | | | | 3 |
| V. Vallabh | 17 | | | | | 3 |
| F. Oliver | 17 | 6 | | | | 3 |
| G. Swier* | 17 | | 3 | 2 | | 1 |
| A. Urlwin | 17 | 6 | 3 | 2 | | 3 |
| V. Hawksworth# | 12 | | | 2 | | |
| **Total** | **17** | **6** | **3** | **2** | **0** | **3** |

**G. Swier became a member of the New Zealand Business Committee on 5 November 2020.*

*# V. Hawksworth did not attend four Board meetings, which were held solely to respond to the shareholder-led sale process, to avoid a conflict of interest associated with his role as Chief Executive of Mercury, who were bidders in the sale process.*

**Board Skills Matrix**

The Board believes that collectively the Directors have a diverse and relevant range of skills, backgrounds, knowledge and experiences to ensure the effective and efficient governance of Tilt Renewables. To the extent that any required skills are not directly represented on the Board these are supplemented through management and external advisors.

Directors contribute industry expertise, international experience and specific subject matter expertise across a range of strategic, operational and financial aspects that are fundamental to the company continuing to deliver on the vision. In particular the Board:

- demonstrates a depth of knowledge of the energy markets in both Australia and New Zealand;
- applies strong leadership with the Directors being strong in regulatory and governance matters; and
- is pro-active in keeping abreast of emerging issues and trends relating to environmental and social sustainability issues, including health and safety.

**Nomination and appointment of directors**

Our Directors are elected by shareholders. In considering potential new (or re-elected) Directors to recommend to shareholders, the Board seeks to identify candidates with appropriate depth and diversity of skills and experience to contribute to the effective governance of Tilt Renewables.

The Board consists of seven Directors, including three independent Directors, which meets the requirement in our Constitution and the NZX Listing Rules of a minimum of two independent Directors.

During the year we have not complied with Recommendation 2.8 of the NZX Code which recommends for the Board to consist of a majority of independent Directors.

The purpose of Recommendation 2.8 is to make it difficult for any individual or small group of individuals to dominate the Board's decision-making. Through this recommendation, the NZX Code seeks to maximise the likelihood that the decisions of the Board will reflect the best interests of Tilt Renewables and its shareholders generally. The company ensures no individual or group of individuals is able to dominate the Board's decision-making by actively recruiting from the widest possible pool of candidates in accordance with the Diversity and Inclusion Policy.

The Board is also supported by five Sub Committees (discussed further below). Each one is composed of either a majority or equal numbers of independent Directors (with the exception of the Non-Conflicted Directors Committee, which is only convened on an as-needed basis).

The Non-Conflicted Directors Committee replaced the Independent Directors Committee to broaden the mandate of the Committee and because Directors can be conflicted for reasons that extend beyond independence from Tilt Renewables. The Diversity and Inclusion Policy and Board Sub Committees have been approved by the Board.

As at 31 March 2021, the Board of Tilt Renewables included:

- Fiona Oliver, Geoffrey Swier and Anne Urlwin as independent Directors; and
- Bruce Harker (Chair), Vimal Vallabh, Paul Newfield and Vince Hawksworth as non-independent Directors.

Bruce Harker has been the Chair of the Board since its inception in October 2016 and, as noted above, Bruce is a non-independent Director by virtue of his relationship with Infratil. This means that Tilt Renewables does not comply with Recommendation 2.9 of the NZX Code which recommends that the Chair is independent. As noted above in relation to compliance with Recommendation 2.8, the Board is diverse and has established a number of Sub Committees which assist with the operations of the business. In addition, where any conflicts exist, Directors are excused from discussions on those items and if necessary, the Non-Conflicted Directors Committee is convened. It should be noted that the Infratil nominated Directors do not have a majority and the Chair does not have a casting vote under the Constitution. For these reasons, we do not believe that having an independent Chair adversely impacts the way in which the Board functions.

Tilt Renewables is in compliance with the second aspect of Recommendation 2.9 where the Chair is not also the Chief Executive Officer.

**Director agreements**

The Board has determined that Director Agreements are not necessary, as the Directors receive written notification of role requirements and remuneration, and are provided advice on disclosure obligations, corporate policies and indemnity and insurance arrangements.

For these reasons, Recommendation 2.3 of the NZX Code has not been adopted. Directors are provided with copies of all governance documents and training upon their appointment including:

- the Corporate Governance Charter, which sets out the roles and responsibilities of the Board and thus the expectations for each Director;
- the Code of Ethics, which sets out how Directors can identify any conflicts of interest and the process on how to disclose any conflicts of interests;

- the Executive and Director Remuneration Policy, which sets out the principles that apply to each Director's remuneration; and
- written notification of the details relevant to them personally, including their specific remuneration entitlements and indemnity and insurance arrangements.

**Director training**

Following their appointment, Directors are supported in familiarising themselves with the company, our strategy and our supporting policies and procedures. This continues throughout their tenure. Directors are also expected to undertake any necessary training to ensure that they remain up to date with developments in the industry. To facilitate this, Directors are reimbursed for training up to an allowance of $3,000.

**Review of board performance**

The Chair undertakes an annual assessment of the Board's performance, including its performance against the requirements of the Charter, individual Sub Committees and the individual performance of Directors.

An external review of the effectiveness of the Board and of Board processes is undertaken every two years. The last review of Board performance and feedback to the Board was completed in October 2020. The next Board effectiveness review will be undertaken in 2022.

**Diversity and Inclusion Policy**

We thrive on the innovative thinking that stems from diversity of skills, knowledge, experiences and perspectives. We are committed to ensuring our work environment fosters and enhances teamwork and is free from discrimination and other unlawful behaviours.

The Diversity and Inclusion Policy sets out the principles and objectives and describes the initiatives to implement the Policy including (but not limited to) the following:

- facilitating equal employment opportunities based on ability, performance and potential;
- supporting inclusive and flexible work practices, including paid parental leave;
- annually review pay equality at all levels of the organisation to minimise inadvertent discrimination; and
- actively challenging our processes to identify areas of bias, including rewards systems, leadership programmes, recruitment and training.

## PRINCIPLE 3: BOARD COMMITTEES

The Board is supported by five Sub Committees to enhance its effectiveness and maintain governance focus on key areas of importance. These are:

- Audit and Risk Committee;
- Health, Safety, Environment and Community Committee;
- People, Remuneration and Nominations Committee;
- New Zealand Business Committee; and
- Non-Conflicted Directors Committee.

Each Committee has a charter detailing the roles and responsibilities. The following sections provide a summary of the Committee functions and membership.

**Audit and Risk Committee**

The Audit and Risk Committee meets at least four times per year. Its membership consisted of Fiona Oliver (Chair), Paul Newfield and Anne Urlwin. As recommended by the NZX Code, this composition has a majority of independent Directors, 100% non-executive Directors and the Chair is not the Chair of the Board. Employees can only attend at the invitation of the Committee.

The key objectives of this Committee are to:

- assist the Board in discharging its responsibilities to exercise due care, diligence and skill in overseeing the effective management of material business risks (except for those allocated to the Health, Safety, Environment and Community Committee);
- oversee and appraise the quality of internal and external audits;
- review financial information presented by management to shareholders, regulators and the general public;
- determine the adequacy of the company's operating and accounting controls, including the detection and prevention of fraud;
- monitor compliance with statutory and regulatory matters relating to financial and corporate accounting; and
- provide guidance and feedback to the Board and the Executive Team on the risk management framework.

**Health, Safety, Environment and Community Committee**

The Health, Safety, Environment and Community ('HSEC') Committee is scheduled to meet at least twice per year. The Committee met two times during the year ended 31 March 2021. Its membership consisted of Vincent Hawksworth (Chair), Fiona Oliver, Geoffrey Swier and Anne Urlwin.

The key objectives of this Committee are to:

- assist the Board in meeting their HSEC due diligence requirements;
- verify the appropriateness of resources and processes to manage HSEC duties;
- ensure HSEC risks are effectively managed;
- ensure there are appropriate early stage go/no-go screening and evaluation frameworks for HSEC for new projects and the Board is fully informed on HSEC risks when considering new investments; and
- monitor and assess the stakeholder reputation of Tilt Renewables in respect to HSEC matters.

**Non-Conflicted Directors Committee**

The Non-Conflicted Directors Committee meets on an as-required basis. Membership for this Committee is not fixed and is determined each time the Committee is convened. The Committee considers matters that may give rise to any perceived or actual conflict of interest.

The key objectives of this Committee are to:

- independently consider activities proposed or undertaken by Tilt Renewables or any third party, including major shareholders (e.g., capital raising or takeover by or of Tilt Renewables);
- recommend to the Board whether the activity should proceed in the manner contemplated, or with such variations as the Committee considers appropriate;
- advise the Board as to the governance arrangements the Committee recommends in respect of the activity, including whether some or all relevant matters should be delegated to the Committee due to any conflict of any of the Board members, or for any other appropriate reason; and
- communicate with shareholders, regulators and relevant markets (NZX/ASX) if required.

**The People, Remuneration and Nominations Committee**

The People, Remuneration and Nominations Committee meets on an as-required basis, but annually as a minimum. Its membership consisted of Bruce Harker (Chair), Geoffrey Swier and Fiona Oliver. This Committee has a majority of independent Directors. The Chief Executive only attends at the invitation of the Committee.

The key objectives of this Committee are to:

- assist the Board in ensuring Tilt Renewables attracts and retains the talented people required to deliver our strategy;
- manage the employment of the Chief Executive and participation in the appointment of the Chief Financial Officer;
- provide annual review and make recommendations to the Board for approval of fair and reasonable remuneration for Directors and the Executive Team, considering performance and the current employment environment;
- identify and recommend individuals for nomination (including rotation and reappointment) to be members of the Board and Sub Committees to ensure effective composition; and
- assist the Board in ensuring Tilt Renewables meets the Listing Rules and legal obligations as these relate to people, remuneration and nominations.

**The New Zealand Business Committee**

The New Zealand Business Committee meets on an as required basis. Its membership consisted of Bruce Harker (Chair), Paul Newfield, Vimal Vallabh, Fiona Oliver, Anne Urlwin and Geoffrey Swier.

The key objectives of this Committee include:

- assisting the Board to manage potential and actual conflicts of interest inherent when the Board includes members who have other roles in the New Zealand energy sector;
- governance of the operational assets in New Zealand;
- governance of the advancement of New Zealand development pipeline projects to Final Investment Decision; and
- governance of the Power Purchase Agreements for New Zealand projects.

**Takeover Policy**

In the event of a takeover being received, the Board will follow the Takeover Policy in order to maintain its strategic objective of maximising value for shareholders. The specific objectives of this strategy that apply in the event of a takeover offer, as detailed in the Policy, are:

- Shareholders are fully informed about the value of securities, the value of Tilt Renewables, the value of the offer and the offer process;
- Credible alternatives are considered and, if appropriate made available to shareholders;
- Tilt Renewables is appropriately prepared for any takeover or similar approach;
- The company complies with all of its legal, regulatory and Listing Rules requirements; and
- Tilt Renewables is able to respond in a professional, timely and coordinated manner.

## PRINCIPLE 4: REPORTING AND DISCLOSURE

**Market Disclosure Policy**

We recognise that full, fair and continuous disclosure of material information to shareholders and the public is critical in enabling orderly behaviour in the market and promoting investor confidence.

In accordance with the Board's Market Disclosure Policy, the Company Secretary has been appointed as Tilt Renewables' Disclosure Officer, responsible for monitoring the business to ensure that disclosure obligations and the policy are complied with. Throughout the year we continued to provide disclosures of all material information so that all parties have had fair access to such information. Material information means any information that:

- a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of Tilt Renewables' listed securities; and
- relates to particular securities of Tilt Renewables or to Tilt Renewables itself (rather than to securities or issuers generally).

Throughout this year we have made disclosures on the following (see NZX Listing for full list of disclosures):

- Ongoing director and senior manager's interests
- Capital return to shareholders
- Dundonnell and Waipipi Wind Farm project status and milestones
- Half year and full year results
- Employee share issue
- Resolution of Australian Energy Regulator action
- Infratil strategic review ; and
- Execution of the Scheme Implementation Agreement with PowAR and Mercury.

**Financial reporting**

Robust financial governance and controls are critical to ensuring we perform for the benefit of all stakeholders. This year, we delivered on a transformation project that focused on the processes, people and technology within the finance area. The project has delivered significant improvements in the capability of the finance function and has resulted in the increased automation of our financial systems, processes and reporting. These enhancements have increased the efficiency of our financial reporting which continues to meet the financial reporting requirements prescribed by the Companies Act 1993, Financial Markets Conduct Act 2013 and the NZX Listing Rules to provide balanced, clear and objective reporting.

Key financial governance and reporting procedures include:

**Treasury management**

Our Board-approved Treasury Management Policy was internally audited during the year and was shown to be operating effectively with no materially significant findings. This policy sets out the Board's risk appetite for interest rate and related financial markets exposures to maintain sufficient liquidity to meet planned and reasonably foreseeable requirements. It covers the controls for managing financial risk including liquidity, debt, foreign exchange and interest rate exposure control limits. Together with the Delegation and Authorities Policy, it specifies our fiscal governance arrangements, including periodic reporting to the Audit and Risk Committee and Board.

**Revenue risk management**

Our Board-approved Revenue Risk Management Policy sets out the Board's appetite for managing our revenue risks (both threats and opportunities). The implementation and governance associated with this policy is undertaken by the Revenue Risk Management Committee which is comprised of the full Executive Team.

The Revenue Risk Management Policy details approved Over-The-Counter and ASX products, the markets in which these can be traded and the stress tests performed to manage the uncertainty associated with short to medium term sale of electricity and Large-scale Generation Certificates. Long-term forward contracting and hedging instruments such as Power Purchase Agreements are subject to separate Board approval. The policy also details how risk exposure is limited by detailing uncontracted volume limits, tenor limits and notional value limits.

The Revenue Risk Management Policy was internally audited this year. There were a number of minor findings which have all been addressed to further improve the effectiveness and efficiency of this Policy.

**Delegation and authority**

Enabling our people with clear delegations of financial and contractual authority increases productivity and reduces risk, providing boundaries within which we can operate on behalf of our Board and shareholders. Tilt Renewables has a Board approved Delegation and Authority Policy which details the limited pre-approved individual role, management level and committee delegations for financial, contractual, project and other authorities within the Board's risk appetite. It also explicitly identifies transactions covered by other Tilt Renewables' Policies and those requiring Board approval.

### Non-financial reporting

Along with traditional financial reporting we are also focused on our non-financial achievements and continue to look for improvements in how we measure and track our non-financial reporting. This year we performed the GRESB global environmental, social and governance (ESG) assessment to provide a benchmark from which we can continue to increase our ESG performance. An external review was undertaken against World Economic Forum identified metrics, which identified ways we could improve our ESG reporting. We have addressed a number of the recommendations in this year's annual report. Non-financial reporting is provided to the Audit and Risk Committee, Health, Safety, Environment and Community Committee and People, Remuneration and Nominations Committee as applicable.

## PRINCIPLE 5: REMUNERATION

The Directors' fee pool of $940,000 was approved by shareholders at the Annual General Meeting in August 2018. We continue to operate within this fee pool.

### Directors holding office and their remuneration

The Directors holding office as at 31 March 2021 and during this financial year are listed below, along with their remuneration and other benefits received for the period. Additionally, Directors receive a training allowance up to $3,000 as per Principle 2.

| 2021 Name | Position | Board Fees $ | Committee Fees $ | Total $ |
|---|---|---|---|---|
| Bruce Harker | Chairman | 190,000 | - | 190,000 |
| Paul Newfield | Director | 90,000 | 12,000 | 102,000 |
| Vimal Vallabh | Director | 90,000 | - | 90,000 |
| Fiona Oliver | Independent Director | 90,000 | 35,833 | 125,833 |
| Geoffrey Swier | Independent Director | 90,000 | 22,000 | 112,000 |
| Anne Urlwin | Independent Director | 90,000 | 26,000 | 116,000 |
| Vincent Hawksworth | Director | 90,000 | 21,000 | 111,000 |
| **Total** | | **730,000** | **116,833** | **846,833** |

### Chief Executive remuneration

Deion Campbell holds the role of Chief Executive as at 31 March 2021 and has done so throughout this financial year. His total remuneration earned was as follows:

| | 2021 | 2020 |
|---|---|---|
| Base Salary | 824,385 | 745,446 |
| Superannuation | 25,000 | 24,554 |
| Short Term Incentive* | 212,600 | 229,000 |
| One-off amounts** | - | 173,833 |
| **Total** | **1,061,985** | **1,172,833** |

** Short-term incentives represent amounts which were accrued in the year and were paid in the following financial year.*

*** For FY20, as described in paragraph 10.5 of the Takeover Code. Disclosures in the Tilt Renewables Target Statement dated 17 September 2018. D. Campbell was one of five senior employees to receive a delayed retention payment as a result of the takeover. FY20 also included a bonus related to the sale of Snowtown 2. There were no such amounts received in FY21.*

Following the end of the financial year the Board have approved the issue of 127,750 restricted shares to Deion Campbell in accordance with the terms of the Development Business Incentive Plan which is described further below. This allocation is based on the successful execution of the Scheme Implementation Agreement with PowAR and Mercury. Should the Scheme not proceed the restricted shares issued under the Development Business Incentive Plan will be reduced by 38,781 shares.

During the year, Deion Campbell was also entitled to receive up to 42,766 restricted shares according to the terms of the Construction Project Incentive offered to certain executives. All triggers for the assessment of the incentive remained uncompleted at 31 March 2021 and therefore the plan is deemed not to have matured and so no shares were issued. This is now expected to occur in the period ending 31 March 2022. In addition, Deion Campbell had a further deferred component of this incentive scheme associated with the Dundonnell Wind Farm from the prior year, equalling up to 22,996 shares, depending on project outcome. This incentive scheme has also not matured during the period ending 31 March 2021.

During the year Deion Campbell was also issued the following Performance Rights under the Long-Term Incentive plan as described further below.

| | 2021 | 2020 |
|---|---|---|
| LTI – Relative TSR | 67,148 | 62,416 |
| LTI – Absolute TSR | 134,296 | 113,414 |
| **Total** | **201,444** | **175,830** |

Deion Campbell was not remunerated for being a Director of any Tilt Renewables subsidiary companies as this was part of his role as Chief Executive of Tilt Renewables.

### Executive and Director Remuneration Policy

We are committed to ensuring that remuneration practices are transparent and provide a fair and reasonable link between remuneration and performance. The Executive and Director Remuneration Policy is designed to balance performance and rewards to create and deliver long-term shareholder value.

The Policy applies to Board and Executive Team and includes the following four key components:

#### Fixed remuneration

This comprises fixed cash salary plus superannuation. Fixed salary is based on external market benchmarking which takes into account the scale of the business and complexity of the role.

#### Short-term incentive ('STI')

STI is an at-risk element of the overall cash remuneration. STIs are subject to the successful operational performance against Key Performance Indicators ('KPIs') set by the People, Remuneration and Nominations Committee annually in line with Tilt Renewables' strategic goals. These KPIs include health and safety, financial, project and leadership performance components.

To help align Executive Team and senior staff with the interests and outcomes for shareholders, the company also maintains two incentive schemes paid in shares. These schemes, described in more detail below, are based on different performance timeframes to reflect the nature of the underlying activities required for each. The time-based performance and dealing restrictions associated with these schemes result in participants becoming long-term shareholders through an additional restriction requiring minimum holding of shares.

#### Development business incentives ('DBI')

The DBI scheme is an at-risk element of annual remuneration which is paid in restricted shares in Tilt Renewables. Recipients are awarded shares based on achieving increases in value as a result of investments in the development pipeline.

This incentive is intended to drive performance in the development side of the business, where actual results for shareholders often materialise many years after the annual progress is made. Shares awarded under this scheme are restricted for four years from the grant date.

To operate the scheme, we undertake a valuation of our development pipeline to assess whether the development project portfolio has increased or slipped in value over the year, allowing for development expenditure. The performance test includes assessment of estimated value change (gain or loss) derived from our development expenditure as projects move through development stages to shovel ready, when the best projects attain successful financial close.

A minimum value-add threshold applies for any reward to be granted.

### Construction project incentive ('CPI')

The CPI scheme has been offered to certain senior executives and is based on the performance of any active construction projects against the original investment case. This is to ensure focus and alignment both at the time of establishing the investment case and then through to project completion. During the year, both Dundonnell and Waipipi Wind Farms were active in construction and attracted this incentive scheme. Testing occurs following completion of each project and the incentive itself is paid out in restricted shares which ensures continued alignment with shareholders.

### Long-term incentive ('LTI')

The LTI scheme is a more traditional long-term incentive, based on Total Shareholder Return ('TSR') over a three-year period measured against both Relative TSR and Absolute TSR hurdles as follows:

| TSR | Hurdle | Minimum Hurdle Measure |
|---|---|---|
| Relative | ASX200 total Return Index | >50$^{th}$ percentile |
| Absolute | Return to Shareholders | >7% annual compound TSR |

Eligible employees are issued both Relative and Absolute TSR Performance Rights. The number of Performance Rights is determined based on a set percentage of the relevant person's fixed annual remuneration and the share price at the start of the offer period. The LTI scheme is settled with the issue of the appropriate number of Tilt Renewables' shares at the end of the three-year vesting period providing the Performance Right assessment criteria are achieved and the individual remains employed at the time of the assessment.

### Employee remuneration

The chart below shows the number of employees and/ or former employees of Tilt Renewables and its subsidiaries who received remuneration and other benefits during the financial year that met or exceeded $100,000 per annum:

| Remuneration Ranges | Number of Employees |
|---|---|
| 100,000 – 109,999 | 4 |
| 120,000 –129,999 | 2 |
| 130,000 – 139,999 | 3 |
| 140,000 – 149,999 | 7 |
| 150,000 – 159,999 | 1 |
| 160,000 – 169,999 | 2 |
| 170,000 – 179,999 | 4 |
| 180,000 – 189,999 | 2 |
| 190,000 – 199,999 | 3 |
| 210,000 – 219,999 | 1 |
| 220,000 – 229,999 | 2 |
| 230,000 – 239,999 | 2 |
| 280,000 – 289,999 | 2 |
| 290,000 – 299,999 | 1 |
| 300,000 – 309,999 | 1 |
| 350,000 – 359,999 | 1 |
| 380,000 – 389,999 | 1 |
| 540,000 – 549,999 | 1 |
| 560,000 – 569,999 | 1 |
| 590,000 - 599,999 | 1 |
| 1,070,000 - 1,079,999 | 1 |
| Total | 43 |

These figures do not include amounts paid post 31 March 2021 that relate to the year ended 31 March 2021.

## PRINCIPLE 6: RISK MANAGEMENT

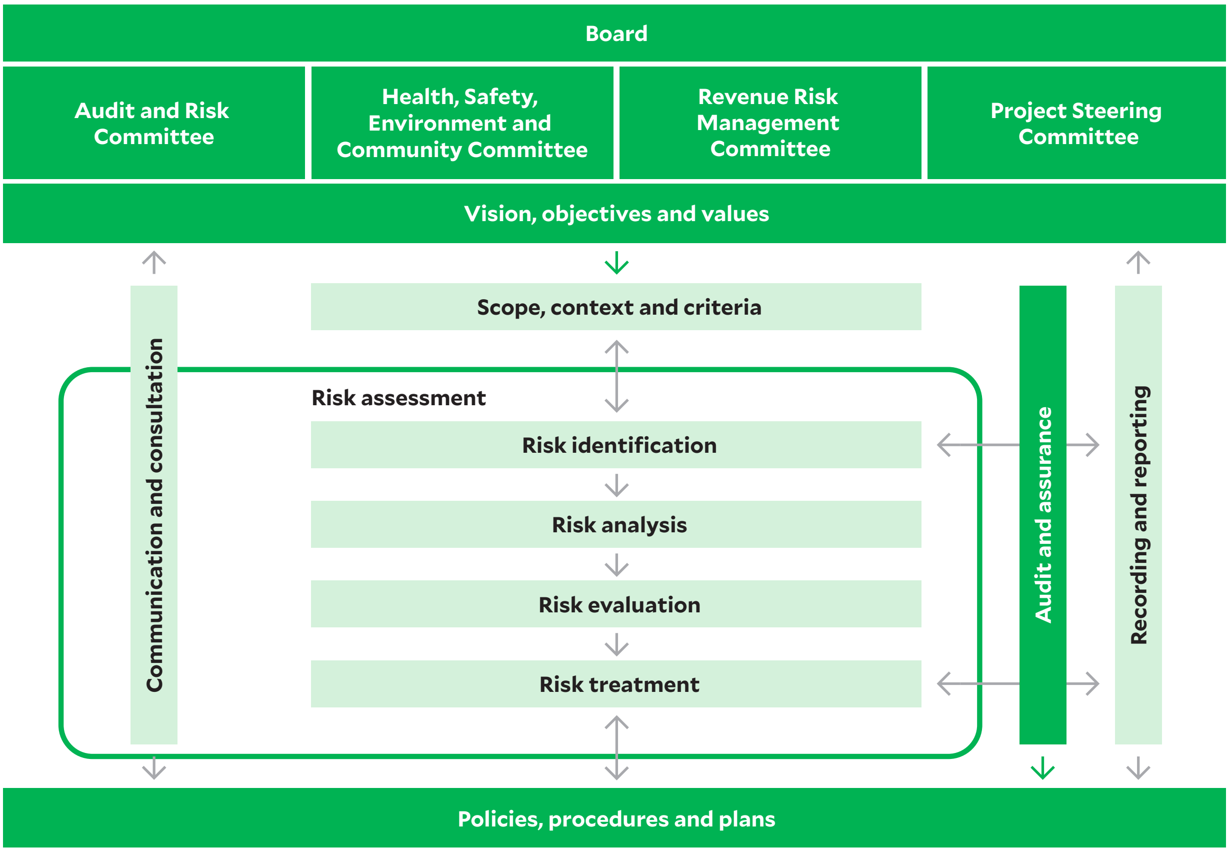
**Risk Management Policy**

Risk management is embedded in decision making through our governance framework. Our risk appetite is set by the Board and detailed in the appropriate policies and procedures (particularly the Treasury and Revenue Risk Management Policies) to ensure that decisions are made at the appropriate level and within the Board's appetite.

Our Risk Management Framework supports the Policy by providing a structured approach to the identification, evaluation and management of both threats and opportunities across our business and aligns to the risk management standard, ISO 31000:2018 Risk Management – Guidelines. The interrelationship of our risk management with other governance functions is shown below.

Risks are identified and reviewed at project, operational and strategic levels, by management and the Executive Team and escalated to the Board as required. The Audit and Risk Committee provides leadership and independent oversight in support of the Board. This oversight includes the Audit and Risk Committee undertaking "deep dives" on all the strategic risks and a number of selected operational risks.

Health, safety, environment and community risks are also managed within this framework, however additional leadership and oversight are provided through the Health, Safety, Environment and Community Committee to ensure these risks are given sufficient attention and focus.



## PRINCIPLE 7: AUDITORS

**Internal assurance**

Internal assurance helps provide assurance that our policies, systems and processes effectively manage our business and work as efficiently as possible. Our Annual Audit Plan takes a comprehensive risk-based approach to internal assurance, meaning that our audits, inspections and reviews occur where there is the greatest opportunity for improvement or where there is the highest inherent threat if our controls were to fail. The Annual Audit Plan also considers a rolling three-year programmes which ensures all functional areas are subject to regular audit coverage. The Audit and Risk Committee reviews and approves the Annual Audit Plan and reviews the outcomes from internal audits.

Key areas which were subject to audit this year were:

- Revenue risk management;
- Asset management;
- Treasury;
- Development Business Incentive tool; and
- Power Purchase Agreements, energy and LGC settlements.

We continue to utilise external consultants where appropriate to provide independent review and best practice insights. This year we used Deloitte to audit our Development Business Incentive (DBI) process. There were no adverse findings on the calculations, with all findings providing efficiencies and easing the use of the tool. These audits also form part of the Annual Audit Plan, with scope and approach approved by the Audit and Risk Committee prior to engagement. The external consultants report their findings directly to the Audit and Risk Committee.

We also welcome regulatory-driven audits (predominantly covering health, safety and environmental aspects of our projects).

Our internal assurance function is accountable to the Audit and Risk Committee (and where appropriate to the Health, Safety, Environment and Community Committee) to maintain appropriate independence and oversight.

**External audit**

We engage an Independent External Auditor (PwC) for financial auditing as detailed in the financial statements. Representatives from PwC also attend the Annual Meeting and are available to answer questions from shareholders in relation to the audit.

## PRINCIPLE 8: SHAREHOLDER RIGHTS AND RELATIONS

**Our valued shareholders**

The Board aims to ensure that shareholders are informed of all material developments affecting Tilt Renewables. Information is communicated in the Annual Report and through periodic announcements to the NZX/ASX. Quarterly production information is also provided following the end of each quarter via NZX/ASX announcements.

The Board encourages full participation of shareholders at the Annual Meeting to ensure engagement and understanding of our strategic direction, achieve progress towards our short and long-term objectives and to provide opportunities to ask questions of our Board and Chief Executive. Our Annual Meetings are also the forum for shareholders to vote on key company matters, including the election (or re-election) of Directors.

All announcements and webcasts are available for review at any time at https://www.tiltrenewables.com/investors-landowners/#investor-documents.

**Non-compliance with recommendation 8.5**

The Notice of Meeting in respect of the special meeting of shareholders (relating to the scheme of arrangement relating to the return of capital to shareholders, held on 10 June 2020) ('Notice') was provided 19 working days prior to the date of the meeting (on 13 May 2020). The timing of this Notice did not comply with recommendation 8.5 of the NZX Code that a minimum of 20 working days be given. The reason for this was that the Board resolved that it was in the shareholders' best interests to effect the return of capital as soon as possible and, as a result, elected to shorten all time frames. 20 working days would have been provided but for one day in the period being a public holiday. Notwithstanding this, the Notice was provided well within the statutory timeframe of 10 working days before the meeting.

**Voting rights**

Every shareholder present in person, by proxy or by representative, on a vote by voices or show of hands, has one vote, and on a poll, has one vote for each fully paid share held. Shares held as treasury stock do not have voting rights.

# CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

# DIRECTORS' REPORT

The Directors are pleased to present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Tilt Renewables') consisting of Tilt Renewables Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 March 2021.

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the Group as at 31 March 2021 and its financial performance for the year ended on that date.

The Directors consider that the financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

The Directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This report is made in accordance with a resolution of Directors, pursuant to section 211(1)(k) of the Companies Act 1993.

On behalf of the Directors

**Bruce Harker**
Director

**Fiona Oliver**
Director

Company Registration Number 1212113
Dated: 12 May 2021

# KEY METRICS

For the year ended 31 March 2021

The following is a summary of Tilt Renewables' key metrics:

| Our key metrics | 2021 | 2020 |
|---|---|---|
| Earnings before interest, tax, depreciation, amortisation and fair value movements ('EBITDAF') ($'000) | 74,858 | 117,526 |
| Profit after tax ($'000) | 66,951 | 478,433 |
| Underlying earnings after tax ($'000) (note 37) | 32,654 | 972 |
| Basic earnings per share (cents per share) (note 33) | 16.70 | 101.75 |
| Dividends paid during the year (cents per share) | - | - |
| Gearing ratio (note 20) | 29% | 12% |
| **Financial statements are presented in AUD currency** | | |
| Exchange rate (NZD) – profit or loss (average rate) | 0.9337 | 0.9497 |
| Exchange rate (NZD) – balance sheet (year-end rate) | 0.9180 | 0.9749 |
| **Generation production** | | |
| Australian generation production (GWh) | 1,129 | 1,170 |
| New Zealand generation production (GWh) | 711 | 665 |
| | **1,840** | **1,835** |

# *Independent auditor's report*

To the shareholders of Tilt Renewables Limited

We have audited the consolidated financial statements, which comprise:

- The consolidated statement of financial position as at 31 March 2021;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

## *Our opinion*

In our opinion, the accompanying consolidated financial statements of Tilt Renewables Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 March 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

## *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of tax compliance and other consulting services. The provision of these other services has not impaired our independence as auditor of the Group.

***PricewaterhouseCoopers, ABN 52 780 433 757***
*2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001*
*T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au*

## *Our audit approach*

### Overview


An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Overall Group materiality: $1.5 million, which represents approximately 2% of the Group's earnings before interest, tax, depreciation, amortisation and fair value movements on financial instruments (EBITDAF).

We chose EBITDAF as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We used a 2% threshold based on our judgement, noting it is within the range of commonly acceptable thresholds.

We have determined that there are two key audit matters and we communicated these to the Audit and Risk Committee:

- Carrying value of generation assets (Note 15 - $756.7m)
- Derivative accounting for power purchase agreements (PPAs) (Note 24 - $187.4m)

### Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

### Audit scope

We designed our audit by assessing the risks of material misstatement in the consolidated financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our audit focused on where the Directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

## *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

pwc

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Carrying value of generation assets (Note 15 - $756.7m)*<br><br>Generation assets are carried at fair value and the Group's policy is that they are re-valued at least every 3 years by an external valuer or more frequently if there is evidence of a significant change in value.<br><br>The Waipipi wind farm reached practical completion in March 2021. As a result, the associated generation assets were valued by an external party at that date.<br><br>The valuation of the Waipipi generation assets required a number of significant assumptions, including assumptions about forward electricity prices, future generation volumes, forecast operating costs and the rate used to discount future cash flows. All of these assumptions involved judgements about the future.<br><br>The Group has considered the valuation and concluded that it was appropriate to revalue the Waipipi generation assets resulting in an increase of $118.2m, net of previously revalued assets disposed of in the year.<br><br>A full valuation of the other generation assets was last performed as at 30 March 2020. The Group has concluded as at 31 March 2021 there are no indicators of significant changes in value for other operating generation assets and hence no external valuation has been performed across the existing generation asset portfolio.<br><br>This was a key audit matter due to the significance of generation assets and the judgement required in determining the key assumptions in the Waipipi valuation. | We obtained the external valuation report for the Waipipi generation assets and considered the key assumptions used in the valuation, including the following:<br><br>– Compared the forward electricity price path used for the 2021 valuation to current externally derived market forecast data and corresponding purchase price agreements.<br><br>– Compared the estimated future generation volumes to current, externally derived market data.<br><br>– Together with PwC valuation experts, we assessed the discount rates used in the valuation to confirm they were reasonable based on market data, comparable companies and industry research.<br><br>We also performed the following:<br><br>– Compared the forecast cash flows for 2021 used in the valuation model with the FY2021 budget formally approved by the Board.<br><br>– Assessed the cash flow forecasts utilised in the valuation by obtaining an understanding of the key factors and underlying drivers for growth, including inflation and market share assumptions, in the context of the Group's future plans.<br><br>- Evaluated the adequacy of the disclosures made, including those related to estimation uncertainty, against the requirements of NZ IFRS.<br><br>Because of the subjectivity involved in determining valuations for individual generation assets and the existence of alternative assumptions, we assessed the Group's sensitivity analysis over key assumptions in order to assess the potential impact of a range possible outcomes.<br><br>We also evaluated management's assessment that there was no indicators of significant changes in value in the existing generation asset portfolio under NZ IAS 36 *Impairment of Assets*.<br><br>We have no matters to report from the procedures performed. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| *Derivative accounting for power purchase agreements (PPAs) (Note 24 - $187.4m)*<br><br>The majority of Australian electricity PPAs are net settled between the Group and energy retailers, due to the mechanism of the Australian energy market which requires electricity to be sold and purchased through the Australia Energy Market Operator (AEMO).<br><br>The Waipipi wind farm's PPA is also net settled under the agreement.<br><br>These PPAs are recognised as derivative financial instruments in the Consolidated Statement of Financial Position, requiring revaluation at the end of each reporting period.<br><br>The valuation of PPAs required a number of significant assumptions, including assumptions about forward electricity prices, future generation volumes, credit adjustments, premiums and the rate used to discount future cash flows. All of these assumptions involve judgements about the future.<br><br>This was a key audit matter due to the judgement required in determining the key assumptions. | We considered the reasonableness of key assumptions used in the valuation of PPAs, including performing the following procedures, amongst others:<br><br>– Compared future expected cash flows used in the derivative valuation to signed PPA contracts.<br><br>– Compared the forward electricity price path used in the derivative valuation to current externally derived market forecast data.<br><br>– Compared the estimate of the future generation volumes used in the derivative valuation to the historical actual levels achieved and industry data.<br><br>– Considered the calculation of hedge effectiveness for the derivatives that meet the criteria for hedge accounting.<br><br>– Assessed the discount rates used in the valuation by comparing them to market data, comparable companies and industry research.<br><br>- Evaluated the adequacy of the disclosures made, including those related to estimation uncertainty, against the requirements of NZ IFRS.<br><br>We have no matters to report from the procedures performed. |

## *Information other than the financial statements and auditor's report*

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 March 2021, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information included in the annual report and we do not express any form of audit opinion or assurance conclusion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## *Responsibilities of the Directors for the consolidated financial statements*

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## *Auditor's responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

## *Who we report to*

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Charles Christie.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
12 May 2021

Melbourne

# CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

**Note index**



**Note index**

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

| | Note | 2021 $000 | 2020 $000 |
|---|---|---|---|
| **Operating revenue and expenses** | | | |
| Electricity revenue | | 127,431 | 168,751 |
| Other operating revenue | | 898 | 1,483 |
| **Operating revenue** | 5,6 | **128,329** | **170,234** |
| Generation costs | | (23,064) | (30,979) |
| Employee benefits | | (12,908) | (10,572) |
| Other operating expenses | 7 | (17,499) | (11,157) |
| **Operating expenses** | | **(53,471)** | **(52,708)** |
| **Earnings before interest, tax, depreciation, amortisation and fair value movements ('EBITDAF')** | 6 | **74,858** | **117,526** |
| Net fair value gains/(losses) on financial instruments | 7 | 48,966 | (8,514) |
| Depreciation | 7 | (40,860) | (72,539) |
| **Operating profit** | | **82,964** | **36,473** |
| Interest income | 8 | 3,001 | 7,174 |
| Interest expense | 9 | (14,053) | (34,914) |
| Foreign exchange movements | | 24,380 | (11,621) |
| Net surplus from sale of subsidiaries | 4 | - | 485,975 |
| **Profit before income tax expense** | | **96,292** | **483,087** |
| Income tax expense | 10 | (29,341) | (4,654) |
| **Profit after income tax expense for the year attributable to the shareholders of Tilt Renewables Limited** | | **66,951** | **478,433** |
| | | Cents | Cents |
| Basic earnings per share | 33 | 16.70 | 101.75 |
| Diluted earnings per share | 33 | 16.61 | 101.75 |

*The accompanying notes form part of these financial statements.*

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

| | Note | 2021 $000 | 2020 $000 |
|---|---|---|---|
| Profit after income tax expense for the year attributable to the shareholders of Tilt Renewables Limited | | **66,951** | **478,433** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Revaluation gains on generation assets, net of tax | 14 | 85,361 | 57,944 |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Cash flow hedge reserves recycled to profit or loss on disposal of subsidiaries, net of tax | 21 | - | 27,702 |
| Differences arising on translation of foreign operations, net of tax | 21 | (36,490) | 15,245 |
| Effective portion of changes in fair value of cash flow hedges, net of tax | 21 | 118,650 | (53,127) |
| Other comprehensive income for the year, net of tax | | 167,521 | 47,764 |
| **Total comprehensive income for the year attributable to the shareholders of Tilt Renewables Limited** | | **234,472** | **526,197** |

*The accompanying notes form part of these financial statements.*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

| | Note | 2021 $000 | 2020 $000 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 11 | 155,269 | 228,799 |
| Term deposits and restricted cash | 12 | 158,387 | 449,989 |
| Accounts and other receivables and prepayments | 13 | 21,941 | 16,061 |
| Receivable from related party | 32 | 1,687 | 2,920 |
| Derivative financial instruments | 23 | 34,258 | 4,702 |
| Taxation receivable | | - | 9,053 |
| **Total current assets** | | **371,542** | **711,524** |
| **Non-current assets** | | | |
| Derivative financial instruments | 23 | 180,217 | 4,264 |
| Property, plant and equipment | 14 | 1,444,572 | 1,014,562 |
| **Total non-current assets** | | **1,624,789** | **1,018,826** |
| **Total assets** | | **1,996,331** | **1,730,350** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Accounts payable and accruals | 15 | 11,723 | 57,327 |
| Borrowings | 16 | 29,071 | 17,363 |
| Lease liabilities | 17 | 11,850 | 10,348 |
| Derivative financial instruments | 23 | 2,820 | 5,196 |
| Taxation payable | 18 | 4,563 | - |
| **Total current liabilities** | | **60,027** | **90,234** |
| **Non-current liabilities** | | | |
| Borrowings | 16 | 460,072 | 243,543 |
| Lease liabilities | 17 | 125,872 | 115,163 |
| Derivative financial instruments | 23 | 57,475 | 67,330 |
| Contract liabilities | 19 | 2,392 | 2,743 |
| Deferred tax liability | 10 | 126,562 | 28,055 |
| **Total non-current liabilities** | | **772,373** | **456,834** |
| **Total liabilities** | | **832,400** | **547,068** |
| **Net assets** | | **1,163,931** | **1,183,282** |
| **Equity** | | | |
| Share capital | 20 | 6,270 | 261,573 |
| Reserves | 21 | 440,737 | 271,736 |
| Retained earnings | | 716,924 | 649,973 |
| **Total equity** | | **1,163,931** | **1,183,282** |

*The accompanying notes form part of these financial statements.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

| Group | Share capital $'000 | Reserves $'000 | Retained earnings $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Balance at 1 April 2019** | **259,933** | **268,222** | **127,821** | **655,976** |
| Profit after income tax expense for the year | - | - | 478,433 | 478,433 |
| Other comprehensive income for the year, net of tax | - | 47,764 | - | 47,764 |
| **Total comprehensive income for the year** | **-** | **47,764** | **478,433** | **526,197** |
| Realisation on disposal of subsidiaries | - | (45,344) | 43,719 | (1,625) |
| **Transactions with shareholders in their capacity as shareholders:** | | | | |
| Equity raise costs | (205) | - | - | (205) |
| Issue of shares to employees | 1,337 | - | - | 1,337 |
| Conversion of executive shares | 508 | (508) | - | - |
| Fair value movements in relation to employee share scheme | - | 1,602 | - | 1,602 |
| **Balance at 31 March 2020** | **261,573** | **271,736** | **649,973** | **1,183,282** |

| Group | Share capital $'000 | Reserves $'000 | Retained earnings $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Balance at 1 April 2020** | **261,573** | **271,736** | **649,973** | **1,183,282** |
| Profit after income tax expense for the year | - | - | 66,951 | 66,951 |
| Other comprehensive income for the year, net of tax | - | 167,521 | - | 167,521 |
| **Total comprehensive income for the year** | **-** | **167,521** | **66,951** | **234,472** |
| Conversion of executive shares | 921 | (921) | - | - |
| Issue of shares to employees | 1,324 | - | - | 1,324 |
| Share purchases | (257,548) | - | - | (257,548) |
| Fair value movements in relation to employee share schemes | - | 2,401 | - | 2,401 |
| **Balance at 31 March 2021** | **6,270** | **440,737** | **716,924** | **1,163,931** |

*The accompanying notes form part of these financial statements.*

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2021

| | Note | 2021 $000 | 2020 $000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 131,041 | 198,356 |
| Payments to suppliers (inclusive of GST) | | (74,854) | (90,377) |
| Interest paid on leases | | (10,515) | - |
| Net taxation refund/(paid) | | 704 | (11,605) |
| **Net cash from operating activities** | 30 | **46,376** | **96,374** |
| **Cash flows from investing activities** | | | |
| Interest received | | 4,268 | 6,325 |
| Proceeds from disposal of subsidiaries | | - | 454,962 |
| Payments for property, plant and equipment | | (365,440) | (322,907) |
| **Net cash (used in)/from investing activities** | | **(361,172)** | **138,380** |
| **Cash flows from financing activities** | | | |
| Equity raise costs | 20 | - | (344) |
| Share buy back | 20 | (257,548) | - |
| Secured loan proceeds | 30 | 246,391 | 785,236 |
| Repayment of bank debt and other financing | 30 | (19,837) | (597,716) |
| Principal elements of lease payments | 30 | (1,642) | (3,898) |
| Interest paid | | (18,139) | (52,511) |
| Proceeds from/(investment in) term deposits and restricted cash | | 292,043 | (232,174) |
| **Net cash from/(used in) financing activities** | | **241,268** | **(101,407)** |
| Net (decrease)/increase in cash and cash equivalents | | (73,528) | 133,347 |
| Cash and cash equivalents at the beginning of the financial year | | 228,799 | 94,940 |
| Effects of exchange rate changes on cash and cash equivalents | | (2) | 512 |
| **Cash and cash equivalents at the end of the financial year** | 11 | **155,269** | **228,799** |

*The accompanying notes form part of these financial statements.*

# CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

## NOTE 1. GENERAL INFORMATION

The financial statements cover Tilt Renewables Limited as a consolidated entity consisting of Tilt Renewables Limited ('company' or 'parent entity') and the entities it controlled at the end of, or during, the year (collectively referred to as the 'Group' or 'Tilt Renewables'). The financial statements are presented in Australian dollars, which is Tilt Renewables Limited's presentation currency. Tilt Renewables Limited's functional currency is New Zealand dollars.

The principal activities of Tilt Renewables are the development, ownership and operation of electricity generation facilities, as well as the trading of electricity and associated products from renewable energy sources.

Tilt Renewables Limited is a company limited by shares, incorporated and domiciled in New Zealand.

Tilt Renewables Limited is registered under the Companies Act 1993, and is listed on the New Zealand Stock Exchange (NZX code 'TLT') and the Australian Securities Exchange (ASX code 'TLT'). It is an FMC Reporting Entity under the Financial Markets Conducts Act 2013.

On 15 March 2021, Tilt Renewables entered into a Scheme Implementation Agreement (SIA or the Scheme) with Powering Australian Renewables (PowAR) and Mercury NZ Limited (Mercury) (together, the Consortium) under which it is proposed that PowAR will effectively acquire Tilt Renewables' Australian business and Mercury will acquire Tilt Renewables' New Zealand business. Under this Scheme, PowAR would acquire 100% of the ordinary shares of Tilt Renewables for cash consideration of NZ$7.80 per share.

On 16 April 2021, Tilt Renewables amended the SIA with PowAR and Mercury to increase the scheme consideration to NZ$8.10 per share and remove Tilt Renewables' ability to progress any competing proposal that may be presented. This amendment occurred due to a competing proposal materialising in the preceding days.

The SIA is subject to customary conditions, regulatory approvals (including Overseas Investment Office (NZ) and Foreign Investment Review Board (AU)), shareholder approval and ultimately High Court approval in New Zealand.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 12 May 2021. The Directors have the power to amend and reissue the financial statements.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

Tilt Renewables has adopted all of the new or amended Accounting Standards and Interpretations issued by the External Reporting Board ('XRB') that are mandatory for the current reporting period, none of which have had a material impact on the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standard is most relevant to Tilt Renewables:

*Conceptual Framework for Financial Reporting ('Conceptual Framework')*

The International Accounting Standards Board (IASB) has issued the revised Conceptual Framework for Financial Reporting. Amendments were made to apply new definition and recognition criteria for assets, liabilities, income and expenses, and other relevant financial reporting concepts. The revised framework will be used in future standard-setting decisions but no changes have been made to existing International Financial Reporting Standards.

Tilt Renewables adopted the revised Conceptual Framework from 1 April 2020. The revised Framework has not materially impacted the Group given there is no change to existing NZ IFRS and there are no existing transactions that require the application of the revised Framework.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of preparation**

*Statutory base*

Tilt Renewables Limited is a company registered under the Companies Act 1993.

*Statement of compliance*

The financial statements are prepared in accordance with:

- The accounting policies and methods of computation in the most recent annual financial statements;
- The Financial Markets Conduct Act 2013, and NZX Equity Listing Rules;
- New Zealand Generally Accepted Accounting Practice ('NZ GAAP');
- New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS');
- International Financial Reporting Standards ('IFRS'); and
- Other New Zealand Financial Reporting Standards applicable to for-profit entities.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, generation assets and plant and equipment at periodic revaluations and derivative financial instruments at fair value.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Tilt Renewables' accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Tilt Renewables Limited as at 31 March 2021 and the results of all subsidiaries for the year then ended.

**Foreign currency translation**

The financial statements are presented in Australian dollars, which is Tilt Renewables Limited's presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign exchange translation*

The assets and liabilities of New Zealand entities are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in Tilt Renewables' normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Rounding of amounts**

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

## NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management bases its estimates on historical experience and on other various factors, including expectations of future events. The judgements, estimates and assumptions that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Determination of fair value of generation assets**

The following assumptions and associated sensitivities formed part of the 2020 fair value assessment. These key assumptions have been reviewed as part of the 2021 fair value assessment exercise and no significant changes have been identified.

A sensitivity analysis around some key inputs is given in the table below. The overall valuation is based on a combination of assumption values that are generally at the midpoint of the range.

The valuation impact is calculated as the movement in the fair value as a result of the change in the assumption and keeping all other valuation inputs constant. In addition to the tests below, a separate sensitivity analysis has been conducted to assess the impact of varying future cash flows for increases or decreases of up to 10% in market prices including beyond current fixed price periods.

| Assumption | Low | High | Negative valuation impact AUD $000 | Positive valuation impact AUD $000 |
|---|---|---|---|---|
| **Australian assets** | | | | |
| Forward electricity price path (including renewable energy credits) | 10% reduction in future electricity pricing | 10% increase in future electricity pricing | (23,797) | 23,883 |
| Generation volume | 10% reduction in future production | 10% increase in future production | (29,388) | 29,505 |
| Operating costs | 10% increase in future operating expenditure | 10% decrease in future operating expenditure | (10,784) | 10,796 |
| Discount rate post tax | 7.125% | 6.125% | (8,265) | 8,854 |

| Assumption | Low | High | Negative valuation impact NZD $000 | Positive valuation impact NZD $000 |
|---|---|---|---|---|
| **New Zealand assets** | | | | |
| Forward electricity price path (including renewable energy credits) | 10% reduction in future electricity pricing | 10% increase in future electricity pricing | (32,993) | 29,011 |
| Generation volume | 10% reduction in future production | 10% increase in future production | (53,682) | 53,457 |
| Operating costs | 10% increase in future operating expenditure | 10% decrease in future operating expenditure | (44,432) | 44,533 |
| Discount rate post tax | 6.75% | 5.75% | (41,965) | 49,710 |

Some of these inputs are not based on inputs observable in the market, and are classified within Level 3 of the fair value hierarchy.

## NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

### Coronavirus (COVID-19) pandemic

The Group has not experienced any material impact attributable to COVID-19 on the operational asset fleet, generation volume, costs or revenue. Appropriate protective measures against the spread of COVID-19 continue to be in place and all people have been kept safe.

Construction sites have been operating under COVID Safe working practices and have effectively mitigated supply chain challenges and site closures. Travel restrictions have impacted some development activities having the effect of slowing progress with some early stage development projects.

While the Group continues to monitor and comply with government-imposed restrictions across both Australia and New Zealand, Tilt Renewables is not expecting on-going COVID-19 measures to have a material adverse impact on the Group's ongoing business or the carrying value of its operational or construction assets. This is due to the long-term nature of Tilt Renewables' assets, with the majority of production covered by long term offtake agreements.

### Fair value measurement hierarchy

Tilt Renewables is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. Refer to note 25 for further details.

### Estimation of useful lives of assets

Tilt Renewables determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

## NOTE 4. NET SURPLUS FROM SALE OF SUBSIDIARIES

| Group | 2021 $000 | 2020 $000 |
|---|---|---|
| **Net surplus from sale of subsidiaries** | **-** | **485,975** |

As a result of the strategic review announced in June 2019, Tilt Renewables' sold on 16 December 2020 the 270MW Snowtown 2 Wind Farm to an entity wholly-owned by funds managed by Palisade Investment Partners Limited ('Palisade') and First State Super, for an enterprise value of $1,073 million.

The transaction occurred through Tilt Renewables Limited selling the shares in Snowtown 2 Wind Farm Holdings Pty Ltd for $472.3 million. Snowtown 2 Wind Farm Holdings Pty Ltd was sold with Snowtown 2 Wind Farm's existing project finance facility in place at the time of the sale.

For the year ended 31 March 2020, the accounting profit on the sale was $486.0 million, as disclosed above, with net cash proceeds of $470.7 million. These proceeds add to the $86.0 million of unrestricted cash released as a result of the Snowtown 2 Wind Farm refinancing that was completed in October 2019. Total cash inflow for the year ended 31 March 2020 of $556.7 million was provided to Tilt Renewables as a result of the Snowtown 2 Wind Farm transaction.

## NOTE 5. OPERATING SEGMENTS

**Identification of reportable operating segments**

The Executive team of Tilt Renewables, consisting of the Chief Executive Officer, Chief Financial Officer, Executive General Manager Generation, & Trading and the Executive General Manager, Renewable Development (who are identified as the Chief Operating Decision Makers ('CODM')) examines Tilt Renewables' performance from a geographic perspective and has identified the following reporting segments based on the internal reports that are reviewed and used by them:

| | |
|---|---|
| **New Zealand generation** | The generation of electricity by wind generation assets across New Zealand |
| **Australian generation** | The generation of electricity and large-scale generation certificates by wind generation assets across Australia |

The CODM primarily use a measure of EBITDAF adjusted for net surplus from sale of subsidiaries to assess the performance of the operating segments. They also receive information about the segments' revenue, assets and financing on a monthly basis. Information about segment revenue and significant customers is disclosed in note 6.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

**Operating segment information**

| Group - 2021 | New Zealand Generation $000 | Australia Generation $000 | Total $000 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from external customers | 43,689 | 83,742 | 127,431 |
| Other revenue | 433 | 465 | 898 |
| **Total revenue** | **44,122** | **84,207** | **128,329** |
| EBITDAF | 27,024 | 47,834 | 74,858 |
| Net fair value gains/(losses) on financial instruments | 7,154 | 41,812 | 48,966 |
| Depreciation | (13,866) | (26,994) | (40,860) |
| Net finance cost | (137) | (10,915) | (11,052) |
| Foreign exchange movements* | 24,444 | (64) | 24,380 |
| **Profit before income tax expense** | **44,619** | **51,673** | **96,292** |
| Income tax expense | | | (29,341) |
| **Profit after income tax expense** | | | **66,951** |
| Acquisition of non-current assets | 188,707 | 163,967 | 352,674 |
| **Assets** | | | |
| Segment assets | 577,697 | 1,418,634 | 1,996,331 |
| **Total assets** | | | **1,996,331** |
| **Liabilities** | | | |
| Segment liabilities | 323,175 | 509,225 | 832,400 |
| **Total liabilities** | | | **832,400** |

** Foreign exchange gains/(losses) relate to the retranslation of AUD denominated financing arrangements held by NZD functional currency entities within the Group.*

## NOTE 5. OPERATING SEGMENTS (CONTINUED)

| Group - 2020 | New Zealand Generation $000 | Australia Generation $000 | Total $000 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from external customers | 41,611 | 128,623 | 170,234 |
| **Total revenue** | **41,611** | **128,623** | **170,234** |
| EBITDAF | 24,281 | 93,245 | 117,526 |
| Net fair value gains/(losses) on financial instruments | 462 | (8,976) | (8,514) |
| Depreciation | (21,001) | (51,538) | (72,539) |
| Net finance cost | (16,560) | (22,801) | (39,361) |
| Net surplus from sale of subsidiaries | - | 485,975 | 485,975 |
| **Profit before income tax expense** | **(12,818)** | **495,905** | **483,087** |
| Income tax expense | | | 478,433 |
| **Profit after income tax expense** | | | **478,433** |
| Acquisition of non-current assets | 60,245 | 420,849 | 481,094 |
| **Assets** | | | |
| Segment assets | 525,517 | 1,204,833 | 1,730,350 |
| **Total assets** | | | **1,730,350** |
| **Liabilities** | | | |
| Segment liabilities | 104,811 | 442,257 | 547,068 |
| **Total liabilities** | | | **547,068** |

### Geographical information

| | Sales to external customers | | Geographical non-current assets | |
|---|---|---|---|---|
| | 2021 $'000 | 2020 $'000 | 2021 $'000 | 2020 $'000 |
| Australia | 84,207 | 128,623 | 904,002 | 763,444 |
| New Zealand | 44,122 | 41,611 | 540,570 | 250,572 |
| | **128,329** | **170,234** | **1,444,572** | **1,014,016** |

The geographical non-current assets above are exclusive of financial instruments.

## NOTE 6. REVENUE AND OTHER OPERATING EXPENSES

| | 2021 $000 | 2020 $000 |
|---|---|---|
| Operating revenue - contracted | 100,562 | 116,028 |
| Operating revenue - uncontracted | 26,869 | 52,723 |
| Other operating revenue | 898 | 1,483 |
| **Total operating revenue** | **128,329** | **170,234** |

| Australia | 2021 $000 | 2020 $000 |
|---|---|---|
| Electricity revenue | 61,164 | 71,493 |
| Large-scale generation certificates revenue | 22,578 | 56,140 |
| Other operating revenue | 465 | 990 |
| Operating revenue | 84,207 | 128,623 |
| Generation production costs | (13,274) | (18,362) |
| Employee benefits | (9,770) | (8,612) |
| Other operating expenses | (13,329) | (8,404) |
| Operating expenses | (36,373) | (35,378) |
| **EBITDAF** | **47,834** | **93,245** |

| New Zealand | 2021 $000 | 2020 $000 |
|---|---|---|
| Electricity revenue | 43,689 | 41,118 |
| Other operating revenue | 433 | 493 |
| Operating revenue | 44,122 | 41,611 |
| Generation production costs | (9,790) | (12,617) |
| Employee benefits | (3,138) | (1,961) |
| Other operating expenses | (4,170) | (2,752) |
| Operating expenses | (17,098) | (17,330) |
| **EBITDAF** | **27,024** | **24,281** |

As at 31 March 2021, Tilt Renewables operates 170MW (2020: 266MW) of wind generation assets throughout Australia as well as 329MW (2020: 196MW) of wind generation assets in New Zealand. Tilt Renewables has assets under construction totalling 336MW (2020: 336MW) in Australia.

## NOTE 6. REVENUE AND OTHER OPERATING EXPENSES (CONTINUED)

**Accounting policy for revenue recognition**

Revenue is recognised at an amount that reflects the consideration to which Tilt Renewables is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, Tilt Renewables: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Revenues are recognised net of Goods and Services Tax (GST). Revenue is not recognised until all sale contingencies have been resolved.

Tilt Renewables' primary revenue streams relate to the sale of energy and environmental products as follows:

- Sale of electricity generated from Tilt Renewables' wind farms to wholesale customers in Australia and New Zealand; and
- Generation and sale of Large-scale Generation Certificates ('LGCs') in Australia, these are recognised at fair value in the period that they are generated.

**Accounting policy for generation development**

An ongoing part of Tilt Renewables' business is the development of new generation assets. All costs incurred prior to the assessment to move forward with the building of a new asset are expensed, including exploration, evaluation and consenting costs. In the period when a project transitions into a build phase, all subsequent costs incurred are capitalised if appropriate.

## NOTE 7. EXPENSES

| | 2021 $000 | 2020 $000 |
|---|---|---|
| Profit before income tax includes the following specific expenses: | | |
| **Other operating expenses** | | |
| Remuneration of auditors (note 35) | 298 | 470 |
| Directors' fees | 845 | 806 |
| Donations | 103 | 61 |
| Generation development expenditure | 8,472 | 4,758 |
| Other administration costs | 7,781 | 5,062 |
| **Total other operating expenses** | **17,499** | **11,157** |
| Superannuation expense | 739 | 725 |
| Share-based payments expense | 3,042 | 2,251 |
| Employee benefits expense excluding superannuation | 12,169 | 9,848 |
| Depreciation | 40,022 | 68,476 |
| Asset disposal | 838 | 4,063 |
| Net fair value (gains)/losses on financial instrument | (48,966) | 8,514 |

**Accounting policy for defined contribution superannuation expense**
Contributions to superannuation plans are expensed in the period in which they are required.

## NOTE 8. INTEREST INCOME

| | 2021<br>$000 | 2020<br>$000 |
|---|---|---|
| Interest received on cash at bank | 3,001 | 7,174 |

**Accounting policy for interest income**

Interest income is recognised as interest accrues using the effective interest method.

## NOTE 9. INTEREST EXPENSE

| | 2021<br>$000 | 2020<br>$000 |
|---|---|---|
| Interest paid on bank loans | 812 | 17,909 |
| Interest charges for lease liabilities | 10,515 | 4,833 |
| Other finance costs and fees | 2,726 | 12,172 |
| | **14,053** | **34,914** |

**Accounting policy for interest expense**

Finance costs attributable to assets under construction are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred. Finance costs comprise interest expense on borrowings calculated using the effective interest method, amortisation of borrowing costs relating to long-term financing facilities and gains and losses on certain hedging instruments that are recognised in profit or loss.

Capitalised interest for the year ended 31 March 2021 associated with Tilt Renewables' qualifying assets (Dundonnell Wind Farm and Waipipi Wind Farm) totalled $17,511,788 (2020: $2,676,274). An additional A$55m and NZ$208m was drawn in the year from Dundonnell and Waipipi debt facilities respectively.

## NOTE 10. INCOME TAX

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Income tax expense** | | |
| Current tax | 11,705 | 282 |
| Deferred tax | 16,043 | 4,372 |
| Current tax relating to prior periods | 1,593 | - |
| **Aggregate income tax expense** | 29,341 | 4,654 |
| Deferred tax included in income tax expense comprises: | | |
| Increase in deferred tax liabilities | 16,043 | 4,372 |
| **Numerical reconciliation of income tax expense and tax at the statutory rate** | | |
| Profit before income tax expense | 96,292 | 483,087 |
| Tax at the statutory tax rate of 30% | 28,888 | 144,926 |
| Tax effect of non-assessable revenue | - | (140,880) |
| Reconciliation difference between tax jurisdictions | (849) | (80) |
| Non-deductible costs | 2,360 | - |
| Capitalised interest | (1,058) | - |
| Current tax relating to prior periods | - | 688 |
| **Income tax expense** | 29,341 | 4,654 |

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Amounts charged/(credited) directly to equity** | | |
| Deferred tax liabilities | 84,080 | (81,596) |

Tilt Renewables is subject to income taxes in Australia and New Zealand.

A corporate tax rate of 28% is payable by New Zealand corporate entities on taxable profit under New Zealand tax law and a corporate tax rate of 30% is payable by Australian corporate entities on taxable profit under Australian tax law.

## NOTE 10. INCOME TAX (CONTINUED)

Except for Waverley Wind Farm Limited and Waverley Wind Farm (NZ) Holding Limited, Tilt Renewables' wholly owned New Zealand resident subsidiaries are members of a consolidated group for New Zealand income tax and GST purposes. Tilt Renewables' wholly owned Australian resident subsidiaries are currently members of a consolidated group for Australian income tax purposes.

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Deferred tax liability** | | |
| Deferred tax liability comprises temporary differences attributable to: | | |
| Amounts recognised in profit or loss: | | |
| Property, plant and equipment | (31,169) | (33,553) |
| Employee benefits | (1,765) | (1,052) |
| Financial instruments | 28,200 | (36,638) |
| Other | 1,363 | 1,119 |
| | (3,371) | (70,124) |
| Amounts recognised in equity: | | |
| Revaluation of property, plant and equipment | 129,933 | 98,179 |
| **Deferred tax liability** | 126,562 | 28,055 |
| Movements: | | |
| Opening balance | 28,055 | 105,279 |
| Charged to profit or loss | 16,043 | 4,372 |
| Charged/(credited) to equity | 84,080 | (81,596) |
| Foreign exchange | (1,616) | - |
| **Closing balance** | **126,562** | **28,055** |

### Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

## NOTE 10. INCOME TAX (CONTINUED)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Tax returns for Tilt Renewables and the detailed calculations that are required for filing tax returns are not prepared until after the financial statements are prepared. Estimates of these calculations are made for the purpose of calculating income tax expense, current tax and deferred tax balances. Any difference between the final tax outcomes and the estimations made in previous years will affect current year balances.

## NOTE 11. CASH AND CASH EQUIVALENTS

| | 2021 $000 | 2020 $000 |
|---|---|---|
| Cash at bank | 155,269 | 228,799 |

### Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## NOTE 12. TERM DEPOSITS AND RESTRICTED CASH

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Current assets** | | |
| Term deposits and restricted cash | 158,153 | 449,868 |
| Margin account | 234 | 121 |
| | **158,387** | **449,989** |

### Accounting policy for term deposits and restricted cash

Term deposits and restricted cash do not meet the definition of cash and cash equivalents as they are not readily convertible into cash or repayable on demand, notwithstanding they are recoverable within the next 6 months.

The margin account is a restricted cash balance held in an electricity trading margin call account, and is not available for general use by Tilt Renewables.

## NOTE 13. ACCOUNTS AND OTHER RECEIVABLES AND PREPAYMENTS

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Current assets** | | |
| Electricity market and green certificate receivables | 17,464 | 9,936 |
| Other receivables and prepayments | 4,477 | 6,125 |
| | **21,941** | **16,061** |

**Accounting policy for trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for expected credit losses. An allowance for expected credit loss is established when there is objective evidence that Tilt Renewables' will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The change in expected credit loss is recognised in profit or loss. The expected credit loss criteria used by Tilt Renewables include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; and
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## NOTE 14. PROPERTY, PLANT AND EQUIPMENT

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Non-current assets** | | |
| Generation assets - at fair value | 789,322 | 650,543 |
| Less: Accumulated depreciation | (32,136) | (102,078) |
| | 757,186 | 548,465 |
| Plant and equipment - at cost | 13,940 | 13,536 |
| Less: Accumulated depreciation | (5,314) | (3,971) |
| | 8,626 | 9,565 |
| Right-of-use assets - at cost | 139,597 | 14,591 |
| Less: Accumulated depreciation | (8,170) | (1,230) |
| | 131,427 | 13,361 |
| Work in progress - at cost | 547,333 | 443,171 |
| | **1,444,572** | **1,014,562** |

## NOTE 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

| | Generation assets $000 | Plant and equipment $000 | Right of use assets $000 | Work in progress $000 | Total $000 |
|---|---|---|---|---|---|
| **Balance at 1 April 2019** | 980,433 | 9,177 | 22,669 | 77,664 | 1,089,943 |
| Additions* | 88,344 | - | 162 | 378,336 | 466,842 |
| Disposals | (554,777) | (171) | (8,038) | - | (562,986) |
| Revaluation | 84,788 | - | - | - | 84,788 |
| Foreign exchange movements | 3,071 | 2 | 69 | 1,309 | 4,451 |
| Transfers between categories | 12,537 | 1,601 | - | (14,138) | - |
| Depreciation expense | (65,931) | (1,044) | (1,501) | - | (68,476) |
| **Balance at 31 March 2020** | 548,465 | 9,565 | 13,361 | 443,171 | 1,014,562 |
| Additions* | 4,855 | - | 9,094 | 352,674 | 366,623 |
| Disposals | (4,015) | - | - | - | (4,015) |
| Revaluation | 118,775 | - | - | - | 118,775 |
| Foreign exchange movements | (7,049) | (5) | (254) | (3,205) | (10,513) |
| Transfers between categories | 128,688 | 412 | 116,207 | (245,307) | - |
| Depreciation expense | (32,533) | (1,346) | (6,981) | - | (40,860) |
| **Balance at 31 March 2021** | 757,186 | 8,626 | 131,427 | 547,333 | 1,444,572 |
| **Closing balance by country - 2021** | | | | | |
| Australia | 230,578 | 8,592 | 118,600 | 546,232 | 904,002 |
| New Zealand | 526,608 | 34 | 12,827 | 1,101 | 540,570 |
| | **757,186** | **8,626** | **131,427** | **547,333** | **1,444,572** |
| **Closing balance by country - 2020** | | | | | |
| Australia | 357,320 | 9,503 | 8,853 | 388,314 | 763,990 |
| New Zealand | 191,145 | 62 | 4,508 | 54,857 | 250,572 |
| | **548,465** | **9,565** | **13,361** | **443,171** | **1,014,562** |

** Work in progress additions primarily relate to the construction costs associated with the Dundonnell Wind Farm project in Australia and Waipipi Wind Farm project in New Zealand.*

## NOTE 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

**Valuations of generation assets and plant and equipment**

Waipipi wind farm generation assets were revalued by an external independent third party, using a discounted cash flow methodology, to their estimated market value as a result of achieving practical completion in March 2021. All other operating generation assets in both Australia and New Zealand were revalued at 31 March 2020. The valuation of generation assets is sensitive to the inputs used in the discounted cash flow valuation model, as summarised in note 3. No material impairment indicators or valuation uplifts were noted for previously revalued property, plant and equipment.

**Property, plant and equipment stated under the historical cost convention**

If all property, plant and equipment assets were stated on an historical cost basis, the amounts would be as follows:

| | 2021<br>$000 | 2020<br>$000 |
|---|---|---|
| Property, plant and equipment - at cost | 1,053,684 | 804,452 |
| Less: Accumulated depreciation | (357,655) | (332,337) |
| | **696,029** | **472,115** |

**Accounting policy for property, plant and equipment**

Generation assets include land and buildings which are not separately identifiable from other 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 or when an asset reaches practical completion.

Other property, plant and equipment assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying value amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets ('cash generating units'). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Land is not depreciated. Depreciation on all other property, plant and equipment is calculated using the straight-line method at the following rates:

| | |
|---|---|
| Generation assets | 1-8% |
| Plant and equipment | 5-33% |
| Right of use assets | 2-20% |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to Tilt Renewables. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

## NOTE 15. ACCOUNTS PAYABLE AND ACCRUALS

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Current liabilities** | | |
| Employee entitlements | 1,434 | 1,120 |
| Interest accruals | 726 | 537 |
| Professional service fee accruals | 1,244 | 2,907 |
| Construction accruals | 15 | 32,525 |
| Operations and maintenance accruals | 1,050 | 1,730 |
| Accounts payable | 2,003 | 11,866 |
| GST payable | 1,031 | 685 |
| Other accruals | 4,220 | 5,957 |
| | **11,723** | **57,327** |

Refer to note 24 for further information on financial instruments and financial risk management.

**Accounting policy for trade and other payables**

These amounts represent liabilities for goods and services provided to Tilt Renewables prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

**Accounting policy for employee entitlements**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## NOTE 16. BORROWINGS

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Repayment terms** | | |
| Less than one year | 30,860 | 19,335 |
| One to two years | 25,237 | 30,226 |
| Two to five years | 304,951 | 114,091 |
| Over five years | 136,742 | 107,946 |
| Facility establishment costs | (8,647) | (10,692) |
| | **489,143** | **260,906** |
| **Undrawn facilities** | | |
| Less than one year | 15,000 | - |
| One to two years | - | 11,500 |
| Two to five years | 32,931 | 254,796 |
| Over five years | - | 40,931 |
| | **47,931** | **307,227** |
| **Facility and associated borrowing limit** | | |
| Tararua EKF Facility II - expiry date: 12 July 2021 | 3,636 | 11,585 |
| Mahinerangi EKF Facility III - expiry date: 30 November 2026 | 16,830 | 21,124 |
| Dundonnell Syndicated Facility - expiry date: 13 November 2023 | 108,474 | 113,333 |
| Dundonnell EKF Facility - expiry date: 21 March 2037 | 180,864 | 186,667 |
| Waipipi Syndicated Facility - expiry date: 30 September 2024 | 220,917 | 234,615 |
| Working Capital Facility | 15,000 | 15,000 |
| | **545,721** | **582,324** |
| **Weighted average interest** | | |
| Australian facilities | 5.2% | 5.4% |
| New Zealand facilities | 2.7% | 2.6% |

Refer to note 25 for further information on financial instruments and financial risk management.

Tilt Renewables borrows under syndicated bank debt facilities. The facilities require Tilt Renewables to operate within defined performance and debt gearing ratios. The borrowing arrangements may also create restrictions over the sale or disposal of certain assets unless lender consent is obtained. Throughout the period Tilt Renewables has complied with all debt covenant requirements in these agreements.

Tilt Renewables signed the non-recourse Waipipi Wind Farm project finance facility agreement to fund the construction of the Waipipi Wind Farm which reached financial close in September 2019. The project achieved the practical completion in March 2021 and is anticipating the conversion from construction to term facility in April 2021.

## NOTE 16. BORROWINGS (CONTINUED)

**Accounting policy for borrowings**

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Facility establishment costs are amortised over the life and debt profile of the borrowings facility.

## NOTE 17. LEASE LIABILITIES

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Current liabilities** | | |
| Lease liability | 11,850 | 10,348 |
| **Non-current liabilities** | | |
| Lease liability | 125,872 | 115,163 |
| | **137,722** | **125,511** |

Lease expense recognised in profit or loss, is as follows:

| | 2021 $000 | 2020 $000 |
|---|---|---|
| Interest charges for lease liabilities (note 9) | 10,515 | 4,833 |
| Expense relating to short-term leases (included in generation costs and other operating expenses) | - | 580 |
| Expense relating to leases of low-value that are not shown above as short-term leases (included in other operating expenses) | 290 | 240 |
| Expense relating to variable lease payments not included in lease liabilities (included in generation costs) | - | 2,304 |
| | **10,805** | **7,957** |

Refer to note 24 for further information on financial instruments and financial risk management.

Refer to the statement of cash flows for repayment of lease liabilities.

## NOTE 17. LEASE LIABILITIES (CONTINUED)

**Accounting policy for lease liabilities**

NZ IFRS 16 Leases replaced NZ IAS 17 Leases and was adopted by the Group in the prior year.

The Group assess whether a contract is or contains a lease at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In such instances, the Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements, except for short term leases and low value leased assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liabilities are measured at the present value of future lease payments, discounted at the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate applicable to that lease (or portfolio of leases). The lease liability is separately disclosed on the statement of financial position. The liabilities which will be repaid within twelve months are recognised as current and the liabilities which will be repaid in excess of twelve months are recognised as non-current. The lease liability is subsequently measured by reducing the balance to reflect the principal lease repayments made and increasing the carrying amount by the interest on the lease liability.

The associated right-of-use assets were measured at the amount equal to the lease liability. The assets are subsequently measured under the cost model with any accumulated depreciation and impairment losses applied against the right-of-use asset. The Group depreciates the asset over the shorter period of either the useful life of the asset or the lease term. The depreciation starts at the commencement date of the lease and the carrying value of the asset is adjusted to reflect the accumulated depreciation balance.

The right-of-use assets are presented within property, plant and equipment in the statement of financial position.

## NOTE 18. TAXATION PAYABLE

| | 2021<br>$000 | 2020<br>$000 |
|---|---|---|
| **Current liabilities** | | |
| Income tax payable | 4,563 | - |

## NOTE 19. CONTRACT LIABILITIES

| | 2021<br>$000 | 2020<br>$000 |
|---|---|---|
| **Non-current liabilities** | | |
| Contract liabilities | 2,392 | 2,743 |

**Accounting policy for contract liabilities**

Contract liabilities represent Tilt Renewables' obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when Tilt Renewables recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before Tilt Renewables has transferred the goods or services to the customer.

## NOTE 20. SHARE CAPITAL

| | 2021 Shares | 2020 Shares | 2021 $000 | 2020 $000 |
|---|---|---|---|---|
| Ordinary shares - fully paid | 376,833,884 | 470,218,875 | 6,270 | 261,573 |

**Movements in ordinary share capital**

| Details | Date | Shares | $'000 |
|---|---|---|---|
| **Balance** | 1 April 2019 | 469,459,686 | 259,933 |
| Equity raise costs | | - | (205) |
| Shares issued under Employee Share Plan and Development Business Incentive Plan | 16 May 2019 | 601,599 | 1,337 |
| Conversion of executive shares | 5 December 2019 | 157,590 | 508 |
| **Balance** | 31 March 2020 | 470,218,875 | 261,573 |
| Conversion of executive shares | | 271,459 | 921 |
| Shares issued under Employee Share Plan and Development Business Incentive Plan | | 387,352 | 1,324 |
| Returned during the year | | (94,043,802) | (257,548) |
| **Balance** | **31 March 2021** | **376,833,884** | **6,270** |

**Capital risk management**

When managing capital, Tilt Renewables' objectives are to ensure sufficient funds are available to pay liabilities when they fall due and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, Tilt Renewables has discretion to adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, Tilt Renewables monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by net debt plus equity.

The capital risk management policy remains unchanged from the 2020 Annual Report.

## NOTE 20. SHARE CAPITAL (CONTINUED)

The gearing ratio at the reporting date was as follows:

| | 2021 $000 | 2020 $000 |
|---|---|---|
| Current liabilities - borrowings (note 16) | 29,071 | 17,363 |
| Current liabilities - lease liabilities (note 17) | 11,850 | 10,348 |
| Non-current liabilities - borrowings (note 16) | 460,072 | 243,543 |
| Non-current liabilities - lease liabilities (note 17) | 125,872 | 115,163 |
| Total borrowings | 626,865 | 386,417 |
| Current assets - cash and cash equivalents (note 11) | (155,269) | (228,799) |
| Net debt | 471,596 | 157,618 |
| Total equity | 1,163,931 | 1,183,282 |
| **Total capital** | **1,635,527** | **1,340,900** |
| Gearing ratio | 29% | 12% |

**Accounting policy for share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## NOTE 21. RESERVES

| | 2021 $000 | 2020 $000 |
|---|---|---|
| Foreign currency translation reserve | (27,106) | 9,384 |
| Cash flow hedge reserve | 73,915 | (44,735) |
| Share-based payments reserve | 3,040 | 1,560 |
| Revaluation reserve | 390,888 | 305,527 |
| | **440,737** | **271,736** |

## NOTE 21. RESERVES (CONTINUED)

**Movements in reserves**

Movements in each class of reserve during the current and previous financial year are set out below:

| | Foreign currency translation reserve $000 | Cash flow hedge reserve $000 | Other reserves $000 | Revaluation reserve $000 | Total $000 |
|---|---|---|---|---|---|
| **Balance at 1 April 2019** | (5,861) | (19,310) | 466 | 292,927 | 268,222 |
| Revaluation gains on generation assets | - | - | - | 82,696 | 82,696 |
| Differences arising on translation of foreign operations | 15,685 | - | - | - | 15,685 |
| Effective portion of changes in fair value of cash flow hedges | - | (75,517) | - | - | (75,517) |
| Tax effect on the above | (440) | 22,390 | - | (24,752) | (2,802) |
| Realisation on disposal of subsidiaries | - | - | - | (45,344) | (45,344) |
| Cash flow hedge reserves recycled to profit or loss on disposal of subsidiaries, net of tax | - | 27,702 | - | - | 27,702 |
| Shares issued under Long-Term Incentive Plan | - | - | (508) | - | (508) |
| Fair value movements in relation to employee share scheme | - | - | 1,602 | - | 1,602 |
| **Balance at 31 March 2020** | 9,384 | (44,735) | 1,560 | 305,527 | 271,736 |
| Fair value changes in property, plant and equipment | - | - | - | 118,775 | 118,775 |
| Tax effect on the above | - | - | - | (33,414) | (33,414) |
| Differences arising on translation of foreign operations | (36,490) | - | - | - | (36,490) |
| Effective portion of changes in fair value of cash flow hedges | - | 169,316 | - | - | 169,316 |
| Tax effect on the above | - | (50,666) | - | - | (50,666) |
| Conversion of executive shares | - | - | (921) | - | (921) |
| Fair value movements in relation to employee share scheme | - | - | 2,401 | - | 2,401 |
| **Balance at 31 March 2021** | **(27,106)** | **73,915** | **3,040** | **390,888** | **440,737** |

## NOTE 22. DIVIDENDS, IMPUTATION AND FRANKING CREDIT ACCOUNT

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Imputation and franking credits**

| | 2021 $000 | 2020 $000 |
|---|---|---|
| Imputation credits available for use in subsequent reporting periods | 7,826 | 7,595 |
| Franking credits available for use in subsequent reporting periods | 46,234 | 48,263 |
| | **54,060** | **55,858** |

## NOTE 23. DERIVATIVE FINANCIAL INSTRUMENTS

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Current assets** | | |
| Foreign exchange contracts | - | 1,573 |
| Power purchase agreements | 33,664 | - |
| Energy derivatives | 594 | 3,129 |
| | **34,258** | **4,702** |
| **Non-current assets** | | |
| Power purchase agreements | 180,217 | 4,264 |
| **Current liabilities** | | |
| Interest rate swaps | (85) | (3,540) |
| Power purchase agreements | (2,735) | (1,293) |
| Energy derivatives | - | (363) |
| | **(2,820)** | **(5,196)** |
| **Non-current liabilities** | | |
| Interest rate swaps | (33,762) | (56,826) |
| Power purchase agreements | (23,713) | (10,504) |
| | **(57,475)** | **(67,330)** |
| **Net derivative asset/(liability)** | **154,180** | **(63,560)** |

Refer to note 7 for gain or loss recognised in profit or loss.
Refer to note 24 for further information on financial instruments and financial risk management.
Refer to note 25 for further information on fair value measurement.

## NOTE 23. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

**Accounting policy for derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

**Cash flow hedges**

Cash flow hedges are used to cover Tilt Renewables' exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedge reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness at each reporting date both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

## NOTE 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

**Financial risk management objectives**

Tilt Renewables' activities expose it to a variety of risks: generation risk (including exchange rate risk, electricity price risk, volume risk credit risk and damage to generation assets) and funding risks (including interest rate risk, credit risk, refinancing risk and liquidity risk). Tilt Renewables' overall risk management programmes focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.Tilt Renewables enters into agreements to manage its power purchase agreement, electricity, interest rate, and foreign exchange risks. In accordance with Tilt Renewables' risk management policies, Tilt Renewables does not hold or issue derivative financial instruments for speculative purposes. However, certain derivatives do not qualify for hedge accounting and are required to be accounted for at fair value through profit or loss.

**Generation risks**

*Exchange rate risk*

Tilt Renewables typically contracts with local and international suppliers when building a new generation asset. Some of these suppliers may require payment to be made in a foreign currency. To manage the risk of a moving foreign exchange rate, Tilt Renewables will fully hedge transactions over $500,000 in accordance with Tilt Renewables' Treasury Policy. The total notional principal amounts of the outstanding forward foreign exchange contracts at 31 March 2021 was $nil (2020: $50.593,936 million).

As at 31 March 2021, approximately 46% (2020: 19%) of drawn Tilt Renewables debt is denominated in New Zealand dollars.

*Electricity price risk*

As at 31 March 2021, in Australia over 80% (2020: 41%) and in New Zealand 95% (2020: 100%) of electricity output is contracted to electricity retailers which ensures Tilt Renewables receives a fixed price for this portion of its generation. This risk management strategy assumes that the current electricity wholesale markets operating in New Zealand and Australia, including the renewable energy credit market, will continue to do so in the future.

*Volume risk*

In both Australia and New Zealand, 100% of generation comes from wind farms that depend on weather conditions which can vary significantly from year to year. Tilt Renewables accepts that this risk will cause a degree of volatility to its earnings and does not attempt to mitigate it.

## NOTE 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

*Credit risk*

A large proportion of the Australian and New Zealand revenue comes from four counterparties. In Australia, one of these is the Australian Electricity Market Operator and the other two are major electricity retailers. In New Zealand the two counterparties are Trustpower (a major electricity retailer) and Genesis Energy (a major electricity generator and retailer). Damage to generation assets risk

There is potential for Tilt Renewables to sustain significant losses through damage to its generation plant and the resulting loss of earnings. The major portion of this risk has been mitigated by taking out appropriate insurance policies with insurers of high creditworthiness.

**Funding risks**

*Interest rate risk*

All of Tilt Renewables' borrowings are a series of floating interest rate facilities. Tilt Renewables uses Interest Rate Swaps ('IRS') to fix its interest costs. This stabilises Tilt Renewables' debt servicing costs. However, for every dollar of debt protected against a potential rise in market interest rates, that same dollar is unable to take advantage of a potential fall in market interest rates. Payments made or received by IRS are recognised as a part of 'Interest paid on bank loans'.

The aggregate notional principal amounts of the outstanding interest rate derivative instruments at 31 March 2021 was $272 million (2020: $296 million) of Australian and $213 million (2020: $171 million) of New Zealand principal amounts.

Interest payment transactions are expected to occur at various dates between one month and sixteen years from the end of the reporting period consistent with Tilt Renewables' forecast total borrowings.

At the reporting date, if interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in interest rate derivative instruments.

| | 2021 $000 | 2020 $000 |
|---|---|---|
| (Decrease) to profit of a 100 basis point decrease in interest rates | (21) | (623) |
| Increase to profit of a 100 basis point increase in interest rates | 21 | 592 |
| (Decrease) to equity of a 100 basis point decrease in interest rates | (27,580) | (35,940) |
| Increase to equity of a 100 basis point increase in interest rates | 24,984 | 32,435 |

The above interest rate sensitivities would have an offsetting impact on the interest paid on borrowings.

*Refinancing risk*

From time to time Tilt Renewables' debt facilities mature and need to be refinanced. There is a risk that this could occur during adverse market conditions resulting in increased interest rates or, in extreme events, a complete inability to refinance. The Treasury Policy requires a spread of debt maturities to minimise the impact of this risk should it occur. This is measured by the proportion of debt maturing in various time bands. Refer to Note 17 for debt maturity profile.

*Credit risk*

Tilt Renewables' Australian and New Zealand dollar facilities are with institutions that all have a Standard and Poor's long-term credit rating of A- or higher.

Credit risk exposure is managed using credit risk management policies which provide credit exposure limits based on the credit worthiness of counterparties. Tilt Renewables' exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Derivative counterparties are limited to organisations in the energy industry. Tilt Renewables also utilises International Swaps and Derivative Association ('ISDA') agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from and amounts payable to individual counterparties.

## NOTE 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

*Liquidity risk*

Tilt Renewables' ability to readily attract cost effective funding is largely driven by its credit standing.

Prudent liquidity risk management requires maintaining sufficient cash, marketable securities or unutilised committed credit facilities to provide cover for reasonably conceivable adverse conditions. Tilt Renewables operates under a Treasury Policy which dictates the level of available committed facilities to be maintained. This is measured by forecasting debt levels under various adverse scenarios and comparing this to committed facility levels.

*Remaining contractual maturities*

The following tables detail Tilt Renewables' remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| Group - 2021 | Up to 6 months $000 | Between 6-12 months $000 | Between 1-2 years $000 | Between 2-5 years $000 | Over 5 years $000 | Remaining contractual maturities $000 |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Accounts payable and accruals | 7,571 | 3,308 | 535 | 10 | 319 | 11,743 |
| *Interest-bearing* | | | | | | |
| Lease liabilities | 6,043 | 5,650 | 22,483 | 36,650 | 274,650 | 346,066 |
| Secured loans | 17,946 | 12,914 | 25,237 | 327,193 | 136,742 | 520,032 |
| **Total non-derivatives** | **32,160** | **21,872** | **48,255** | **363,853** | **411,701** | **877,841** |
| **Derivatives** | | | | | | |
| Interest rate swaps | 4,996 | 4,748 | 8,538 | 12,719 | 3,854 | 34,855 |
| Power purchase agreements | 1,597 | 1,676 | 1,114 | 19,956 | 148,837 | 173,180 |
| **Total derivatives** | **6,593** | **6,424** | **9,652** | **32,675** | **152,691** | **208,035** |

## NOTE 24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

| Group - 2020 | Up to 6 months $000 | Between 6-12 months $000 | Between 1-2 years $000 | Between 2-5 years $000 | Over 5 years $000 | Remaining contractual maturities $000 |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Accounts payable and accruals | 57,424 | 97 | 194 | 776 | 1,579 | 60,070 |
| *Interest-bearing* | | | | | | |
| Lease liability | 5,952 | 5,355 | 21,131 | 33,527 | 263,759 | 329,724 |
| Secured loans | 5,486 | 16,148 | 31,804 | 363,612 | 148,877 | 565,927 |
| **Total non-derivatives** | **68,862** | **21,600** | **53,129** | **397,915** | **414,215** | **955,721** |
| **Derivatives** | | | | | | |
| Interest rate swaps | 4,099 | 4,259 | 8,817 | 21,237 | 24,519 | 62,931 |
| Energy derivatives | 338 | 25 | - | - | - | 363 |
| Power purchase agreements | 561 | 781 | 158 | 2,362 | 15,106 | 18,968 |
| **Total derivatives** | **4,998** | **5,065** | **8,975** | **23,599** | **39,625** | **82,262** |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

## NOTE 25. FAIR VALUE MEASUREMENT

**Fair value hierarchy**

The following tables detail Tilt Renewables' assets and liabilities which are measured or disclosed at fair value using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3:** Unobservable inputs for the asset or liability

## NOTE 25. FAIR VALUE MEASUREMENT (CONTINUED)

| Group - 2021 | Level 1 $000 | Level 2 $000 | Level 3 $000 | Total $000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Derivative financial instruments - energy derivatives | - | 594 | - | 594 |
| Derivative financial instruments - power purchase agreements | - | - | 213,881 | 213,881 |
| **Total assets** | - | 594 | 213,881 | 214,475 |
| **Liabilities** | | | | |
| Derivative financial instruments - interest rate swaps | - | (33,847) | - | (33,847) |
| Derivative financial instruments - power purchase agreement | - | (26,448) | - | (26,448) |
| **Total liabilities** | **-** | **(60,295)** | **-** | **(60,295)** |

| Group - 2020 | Level 1 $000 | Level 2 $000 | Level 3 $000 | Total $000 |
|---|---|---|---|---|
| **Assets** | | | | |
| Derivative financial instruments - foreign exchange contracts | - | 1,573 | - | 1,573 |
| Derivative financial instruments - energy derivatives | - | 3,129 | - | 3,129 |
| Derivative financial instruments - power purchase agreement | - | - | 4,264 | 4,264 |
| **Total assets** | - | 4,702 | 4,264 | 8,966 |
| **Liabilities** | | | | |
| Derivative financial instruments - interest rate swaps | - | (60,366) | - | (60,366) |
| Derivative financial instruments - energy derivatives | - | (363) | - | (363) |
| Derivative financial instruments - power purchase agreements | - | - | (11,797) | (11,797) |
| **Total liabilities** | **-** | **(60,729)** | **(11,797)** | **(72,526)** |

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

The fair value of loans is not materially different to the carrying values.

The fair value of derivative investments is recognised at Level 2 fair value for interest rate swaps and electricity derivatives and Level 3 fair value for the Australian and New Zealand power purchase agreements. Tilt Renewables' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Tilt Renewables did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 March 2021.

## NOTE 25. FAIR VALUE MEASUREMENT (CONTINUED)

**Valuation techniques for fair value measurements categorised within level 2 and level 3**

The fair values of financial assets and financial liabilities are determined based on the financial instrument. The fair value of:

- financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- other financial assets and liabilities are calculated using discounted cash flow analysis based on market-quoted rates; and
- derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve; and
- discount rates.

The following table summarises the valuation inputs of Tilt Renewables' financial instruments:

| Valuation Input | Source |
|---|---|
| Interest rate forward price curve | Published market swap rates |
| Foreign exchange forward prices | Published spot foreign exchange rates |
| Electricity forward price curve | Market quoted prices where available and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available |
| Discount rate for valuing interest rate derivatives | Published market interest rates as applicable to the remaining life of the instrument |
| Discount rate for valuing forward foreign exchange contracts | Published market rates as applicable to the remaining life of the instrument |
| Discount rate for valuing electricity price derivatives | Assumed counterparty cost of funds ranging from 2% to 3% (2020: 3.3% to 4.1%) |

If the discount rate for valuing electricity price derivatives increased/decreased by 1% then the fair value of the electricity price derivatives would have decreased/increased by an immaterial amount.

The following table summarises the methods that are used to estimate the fair value of Tilt Renewables' financial instruments:

| Instrument | Fair value methodology |
|---|---|
| Financial instruments traded in active markets | Quoted market prices at reporting date. |
| Long-term debt and other financial assets | Quoted market prices, dealer quotes for similar instruments, or present value of estimated future cash flows. |
| Interest rate swaps | Present value of expected future cash flows of these instruments. Key variables include market pricing data, discount rates and credit risk of Tilt Renewables or counterparty where relevant. Variables reflect those which would be used by market participants to execute and value the instruments. |

## NOTE 25. FAIR VALUE MEASUREMENT (CONTINUED)

| | |
|---|---|
| Structured electricity forwards which are not regularly traded and with no observable market price | The valuation models for long-term electricity derivatives reflect the fair value of the avoided costs of construction of the physical assets which would be required to achieve an equivalent risk management outcome for Tilt Renewables. The methodology takes into account all relevant variables including forward commodity prices, physical generation plant variables, the risk-free discount rate and related credit adjustments, and asset lives. The valuation models for short-term electricity derivatives include premiums for lack of volume in the market relative to the size of the instruments being valued. |
| Australian power purchase agreement derivatives | The discounted cash flow methodology reflects the difference in the contract price and long-term forecast electricity pool prices which are not observable in the market. The valuation also requires estimation of forecast electricity volumes, the risk-free discount rate and related credit adjustments. |

**Level 3 assets and liabilities**

*Valuation inputs and relationships to fair value*

The following is a summary of the main inputs and assumptions used by Tilt Renewables in measuring the fair value of Level 3 financial instruments.

| Inputs | Assumptions |
|---|---|
| Discount rates | Based on observable market rates for risk-free instruments of the appropriate term. |
| Credit adjustments | Applied to the discount rate depending on the asset/liability position of a financial instrument to reflect the risk of default by either Tilt Renewables or a specific counterparty. Where a counterparty specific credit curve is not observable, an estimated curve is applied that takes into consideration the credit rating of the counterparty and its industry. |
| Forward commodity prices | Including both observable external market data and internally derived forecast data. For certain long term electricity derivatives, internally derived forecast spot pool prices and renewable energy certificate prices are applied as market prices are not readily observable for the corresponding term. |
| Generation volumes | Forecast generation volumes over the life of the instrument based on historical actuals. |
| Liquidity premiums | Applied to allow for the lack of volume in the market relative to the size of the instruments being valued. |
| Strike premiums | Applied to allow for instances where instruments have different strike prices to those associated with instruments that have observable market prices. |

## NOTE 25. FAIR VALUE MEASUREMENT (CONTINUED)

The use of different methodologies or assumptions could lead to different measurements of fair value. For Level 3 fair value measurements, a sensitivity analysis around the key unobservable inputs is given in the table below:

| Assumption | Low | High | Negative valuation impact $000 | Positive valuation impact $000 |
|---|---|---|---|---|
| Forward electricity price path | 10% increase in future electricity pricing | 10% reduction in future electricity pricing | (47,233) | 66,694 |
| Generation volume | 10% reduction in future production | 10% increase in future production | (18,743) | 18,743 |
| Discount rate pre tax | 8.5% | 7.5% | (3,571) | 3,720 |

The fair value of generation assets is disclosed in note 14.

**Accounting policy for fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## NOTE 26. CONTINGENT LIABILITIES AND LEGAL MATTERS

There are no contingent liabilities or legal matters at 31 March 2021.

Court proceedings in relation to the Australian Energy Regulator were settled during the period.

## NOTE 27. CAPITAL AND OTHER COMMITMENTS

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Capital commitments** | | |
| Committed at the reporting date but not recognised as liabilities, payable: | | |
| Property, plant and equipment * | 9,923 | 430 |

** Relates to the remaining construction costs for the Dundonnell Wind Farm project.*

## NOTE 28. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2. Refer to note 29 for subsidiaries that are party to a deed of cross guarantee.

| Name | Principal place of business/ Country of incorporation | Principal activities | Ownership interest 2021 % | Ownership interest 2020 % |
|---|---|---|---|---|
| Blayney and Crookwell Wind Farm Pty Ltd | Australia | Electricity generation | 100% | 100% |
| Dundonnell Wind Farm Pty Ltd | Australia | Electricity generation | 100% | 100% |
| Dysart 1 Pty Ltd | Australia | Generation development | 100% | 100% |
| Fiery Creek Wind Farm Holdings Pty Ltd | Australia | Generation development | 100% | 100% |
| Fiery Creek Wind Farm Pty Ltd | Australia | Generation development | 100% | 100% |
| Liverpool Range Wind Farm Holdings Pty Ltd | Australia | Holding company | 100% | 100% |
| Liverpool Range Wind Farm Pty Ltd | Australia | Generation development | 100% | 100% |
| Morwell Energy Hub Pty Ltd | Australia | Generation development | 100% | - |
| Nebo 1 Pty Ltd | Australia | Generation development | 100% | 100% |
| Rye Park Renewable Energy Pty Ltd | Australia | Generation development | 100% | - |
| Rye Park Holdings Pty Ltd | Australia | Holding company | 100% | - |
| Salt Creek Wind Farm Pty Ltd | Australia | Generation development | 100% | 100% |
| Snowtown North Holdings Pty Ltd | Australia | Holding company | 100% | 100% |
| Snowtown North Solar Pty Ltd | Australia | Generation development | 100% | 100% |
| Snowtown Wind Farm Pty Ltd | Australia | Electricity generation | 100% | 100% |
| Tararua Wind Power Limited | New Zealand | Electricity generation and development | 100% | 100% |
| Tilt Renewables Australia Pty Ltd | Australia | Holding company and development | 100% | 100% |
| Tilt Renewables Financing Partnership | Australia | Financial services | 100% | 100% |
| Tilt Renewables Insurance Ltd | New Zealand | Financial services | 100% | 100% |
| Tilt Renewables Investments Pty Ltd | Australia | Financial Services | 100% | - |
| Tilt Renewables Market Services Pty Ltd | Australia | Financial services | 100% | 100% |
| Tilt Renewables Retail Pty Ltd (previously Wingeel Wind Farm Pty Ltd on 6 March 2020) | Australia | Generation development | 100% | 100% |
| Waddi Wind Farm Pty Ltd | Australia | Generation development | 100% | 100% |
| Waverley Wind Farm (NZ) Holding Limited (incorporated 5 July 2019) | New Zealand | Holding company | 100% | 100% |
| Waverley Wind Farm Limited | New Zealand | Generation development | 100% | 100% |

## NOTE 29. DEED OF CROSS GUARANTEE

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Tilt Renewables Limited

Tilt Renewables Australia Pty Ltd

Tilt Renewables Market Services Pty Ltd

Tilt Renewables Investments Pty Ltd

Snowtown Wind Farm Pty Ltd

Blayney and Crookwell Wind Farm Pty Ltd

Church Lane Wind Farm Pty Ltd

Dundonnell Wind Farm Pty Ltd

Salt Creek Wind Farm Pty Ltd

Tilt Renewables Retail Pty Ltd

Waddi Wind Farm Pty Ltd

Rye Park Renewable Energy Pty Ltd

Nebo 1 Pty Ltd

Dysart 1 Pty Ltd

Snowtown North Solar Pty Ltd

Liverpool Range Wind Farm Pty Ltd

Fiery Creek Wind Farm Pty Ltd

Fiery Creek Wind Farm Holdings Pty Ltd

Tararua Wind Power Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Tilt Renewables Limited, they also represent the 'Extended Closed Group'.

## NOTE 30. CASH FLOW INFORMATION

**Reconciliation of profit after income tax to net cash from operating activities**

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Profit after income tax expense for the year** | **66,951** | **478,433** |
| *Adjustments for:* | | |
| Depreciation and amortisation | 40,860 | 72,539 |
| Share-based payments | 3,043 | 1,554 |
| Movement in derivative financial instruments taken to profit or loss | (48,966) | (19,407) |
| Movement in deferred tax liability excluding transfers to reserves | 16,043 | 3,052 |
| Foreign exchange (gains)/losses | (24,380) | 11,621 |
| Payments to suppliers and employees taken to the balance sheet | - | (15,492) |
| Interest received | (4,268) | (6,325) |
| Gain on sale of subsidiaries | - | (485,975) |
| Interest paid | 627 | 42,891 |
| *Movements in working capital:* | | |
| (Increase)/decrease in accounts receivable and prepayments | (6,994) | 2,707 |
| (Increase)/decrease in taxation receivable | 13,616 | (8,401) |
| Increase/(decrease) in accounts payable and accruals excluding amounts relating to capital expenditure | (10,156) | 19,177 |
| **Net cash from operating activities** | **46,376** | **96,374** |

## NOTE 30. CASH FLOW INFORMATION (CONTINUED)

**Changes in liabilities arising from financing activities**

| Group | Borrowings $000 | Lease liabilities $000 | Total $000 |
|---|---|---|---|
| **Balance at 1 April 2019** | 666,793 | 22,913 | 689,706 |
| Secured loan proceeds | 785,236 | - | 785,236 |
| Repayment of bank debt and other financing | (597,716) | - | (597,716) |
| Principal elements of lease repayments | - | (3,898) | (3,898) |
| Disposal of subsidiary | (592,731) | - | (592,731) |
| **Total cash flows** | **(405,211)** | **(3,898)** | **(409,109)** |
| *Non-cash changes:* | | | |
| Adoption of NZ IFRS 16 | - | 22,669 | 22,669 |
| Property, plant and equipment additions relating to leases | - | 88,344 | 88,344 |
| Property, plant and equipment disposals relating to leases | - | (4,517) | (4,517) |
| Amortisation of borrowing costs | 1,845 | - | 1,845 |
| Impact of foreign exchange | (2,521) | - | (2,521) |
| **Total non-cash charges** | **(676)** | **106,496** | **105,820** |
| **Balance at 31 March 2020** | 260,906 | 125,511 | 386,417 |
| Secured loan proceeds | 246,391 | - | 246,391 |
| Repayment of bank debt and other financing | (19,837) | - | (19,837) |
| Principal elements of lease repayments | - | (1,642) | (1,642) |
| **Total cash flows** | **226,554** | **(1,642)** | **224,912** |
| *Non-cash charges:* | | | |
| Property, plant and equipment additions relating to leases | - | 13,949 | 13,949 |
| Amortisation of borrowing costs | 1,985 | - | 1,985 |
| Impact of foreign exchange | (302) | (96) | (398) |
| **Total non-cash charges** | **1,683** | **13,853** | **15,536** |
| **Balance at 31 March 2021** | **489,143** | **137,722** | **626,865** |

## NOTE 31. KEY MANAGEMENT PERSONNEL DISCLOSURES

**Compensation**

The aggregate compensation made to key management personnel of Tilt Renewables' is set out below:

| | 2021 $000 | 2020 $000 |
|---|---|---|
| Annual remuneration (including short-term incentives) | 2,553,412 | 2,882,000 |
| Share-based payments | 1,661,273 | 588,967 |
| | **4,214,685** | **3,470,967** |

## NOTE 32. RELATED PARTY TRANSACTIONS

**Parent entity and controlling shareholders**

Tilt Renewables Limited is the parent entity.

Tilt Renewables' is controlled by Infratil 2018 Limited (incorporated in New Zealand) which owns 65.5% of Tilt Renewables Limited's voting shares, Mercury NZ Limited owns 19.9% and the residual balance of 14.6% is widely held.

H.R.L. Morrison & Co Limited manages Infratil Limited where the following Board members of Tilt Renewables Limited hold senior executive positions.

- Mr B. Harker
- Mr P. Newfield
- Mr V. Vallabh

Mr V Hawksworth became a Director of Tilt Renewables Limited on 1 April 2020 and holds the role of Chief Executive Officer of Mercury NZ Limited. Mr F Whineray was a Director of Tilt Renewables Limited from 19 July 2019 until 31 March 2020, during which time he also held the role of Chief Executive Officer of Mercury NZ Limited.

Tilt Renewables Limited has offtake agreements with Trustpower which is a related party by virtue of its common ownership by Infratil Limited. Mr G Swier is a Director of Tilt Renewables Limited and was a Director of Trustpower until 30 September 2020.

All transactions with related parties took place on an arm's length basis. No related party debts were forgiven or written off during the year (2020: $Nil), and there are no debt amounts outstanding at 31 March 2021 (2020: $Nil).

**Subsidiaries**

Interests in subsidiaries are set out in note 28.

**Key management personnel**

Disclosures relating to key management personnel are set out in note 31.

**Transactions with related parties**

The following transactions occurred with related parties:

| | 2021 | 2020 |
|---|---|---|
| **Sale of goods and services:** | | |
| Supply of electricity to related parties | 36,149,461 | 39,499,000 |
| **Other transactions:** | | |
| Connection and market fees supplied by a related party | 480,912 | 380,000 |
| Directors' fees paid to related party senior executives | 493,000 | 449,812 |
| Directors' expenses paid to related party senior executives | 1,728 | 45,000 |

## NOTE 32. RELATED PARTY TRANSACTIONS (CONTINUED)

**Receivable from and payable to related parties**

The following balances are outstanding at the reporting date in relation to transactions with related parties:

| | 2021 | 2020 |
|---|---|---|
| **Current receivables:** | | |
| Supply of electricity and services to related parties | 1,687,471 | 2,920,000 |

**Loans to/from related parties**

There were no loans to or from related parties at the current and previous reporting date.

**Terms and conditions**

All transactions were made on normal commercial terms and conditions and at market rates.

## NOTE 33. EARNINGS PER SHARE

| | 2021<br>$000 | 2020<br>$000 |
|---|---|---|
| Profit after income tax attributable to the shareholders of Tilt Renewables Limited | 66,951 | 478,433 |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 400,903,338 | 470,218,875 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 400,903,338 | 470,218,875 |
| | Cents | Cents |
| Basic earnings per share | 16.70 | 101.75 |
| Diluted earnings per share | 16.61 | 101.75 |

Refer to note 37 for underlying earnings per share.

**Accounting policy for earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the shareholders of Tilt Renewables Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## NOTE 34. SHARE-BASED PAYMENTS

Members of Tilt Renewables' Executive team and certain other employees (together defined as key management personnel) are eligible to participate in the Performance Rights Plan. The scheme was implemented on 3 February 2017 where, each performance right entitles the participants to have one fully paid share in Tilt Renewables Limited transferred or issued to the participant, subject to the satisfaction of the applicable performance conditions and the terms and conditions of the plan.

Key management personnel are also eligible to participate in the Development Business Incentive Plan (DBI). The DBI scheme is an at-risk element of annual remuneration which is paid in restricted shares in Tilt Renewables. Recipients are awarded shares based on the achievement of value increases as a result of investments in the development pipeline. This incentive is intended to drive performance in the development side of the business, where actual results for shareholders often materialise many years after the annual progress is made.

Included within the Chief Executive and other key management personnel short-term incentive remuneration is the cost associated with the issue of restricted shares in accordance with this scheme. This cost has increased against the previous financial year due to achievement of the non-market conditions associated with the Group's development pipeline and the increase in the share price over the year.

As a result of recent market announcements relating to the SIA, amongst other factors, the Tilt Renewables share price has experienced a marked increase in the final quarter of the financial year. Due to the market-based conditions associated with the LTI scheme, no revaluation of LTI options has been performed as at 31 March 2021. Should a change in control occur as a result of the SIA receiving the regulatory, shareholder and High Court approvals, the value and related cost of existing LTI's would increase accordingly.

On 3 August 2020, 271,459 shares were exercised at a price of NZ$3.39 in accordance with the Performance Rights Plan.

Set out below are summaries of performance rights granted under the plan:

| | Number of options | |
|---|---|---|
| | **2021** | **2020** |
| Outstanding at the beginning of the financial year | 1,436,046 | 1,331,406 |
| Granted | 897,201 | 489,039 |
| Forfeited | (127,069) | (226,809) |
| Exercised | (271,459) | (157,590) |
| **Outstanding at the end of the financial year** | **1,934,719** | **1,436,046** |

Refer to note 7 for share-based payment expense during the financial year.

**Accounting policy for share-based payments**

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether Tilt Renewables receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

## NOTE 34. SHARE-BASED PAYMENTS (CONTINUED)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of Tilt Renewables or the employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of Tilt Renewables or the employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

## NOTE 35. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company:

| | 2021 $000 | 2020 $000 |
|---|---|---|
| **Audit and other assurance services** | | |
| Audit services | 279 | 223 |
| Other assurance services | 15 | 54 |
| **Total audit and other assurance services** | **294** | **277** |
| **Taxation services** | | |
| Tax compliance services and review of company income tax returns | - | 49 |
| Tax compliance advice | 4 | 96 |
| Total taxation services | 4 | 145 |
| **Other services** | | |
| Consulting services – other | - | 48 |
| **Total remuneration of PricewaterhouseCoopers** | **298** | **470** |

## NOTE 36. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

The Group has applied all of the new and revised Standards and Interpretations issued by the New Zealand External Reporting Board that are relevant to the Group's operations and effective for the current accounting period. Their application has not had any material impact on the Group's assets, profits or earnings per share for the year ended 31 March 2021. There are no new standards and interpretations that are issued, but not yet effective that are expected to have a material impact on the Group in the current or future reporting periods.

## NOTE 37. NON-GAAP MEASURES

**Underlying earnings**

Underlying earnings is a non-GAAP (Generally Accepted Accounting Principles) financial measure. Tilt Renewables believes that this measure is an important additional financial measure to disclose as it excludes movements in the fair value of financial instruments which can be volatile year to year depending on movement in long-term interest rate and or electricity future prices. Also excluded in this measure are items considered to be one-off and not related to core business.

**Earnings before interest, tax, depreciation, amortisation and fair value movements ('EBITDAF')**

EBITDAF is a non-GAAP financial measure but is commonly used within the electricity industry as a measure of performance as it shows the level of earnings before 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.

| | 2021<br>$000 | 2020<br>$000 |
|---|---|---|
| Profit after income tax attributable to the shareholders of Tilt Renewables Limited | 66,951 | 478,433 |
| Net fair value losses on financial instruments (net of tax) | (34,297) | 5,960 |
| Net surplus from sale of subsidiaries | - | (485,975) |
| **Underlying earnings after tax** | **32,654** | **(1,582)** |
| | **Number** | **Number** |
| Weighted average number of ordinary shares used in calculating underlying earnings per share | 400,903,338 | 470,218,875 |
| | **Cents** | **Cents** |
| Underlying earnings per share | 8.15 | (0.34) |

## NOTE 38. NET TANGIBLE ASSETS PER SHARE

| | 2021<br>$000 | 2020<br>$000 |
|---|---|---|
| Total net assets | 1,163,931 | 1,183,282 |
| Less: Right of use assets | (131,427) | (123,017) |
| **Net tangible assets attributed to shareholders of Tilt Renewables Limited** | **1,032,504** | **1,060,265** |
| | **Number** | **Number** |
| Number of ordinary shares on issue | 376,833,884 | 470,218,875 |
| | **Cents** | **Cents** |
| Net tangible assets per share | 2.74 | 2.25 |

## NOTE 39. EVENTS AFTER THE REPORTING PERIOD

On 16 April 2021, Tilt Renewables amended the Scheme with PowAR and Mercury to increase the scheme consideration to NZ$8.10 per share and remove Tilt Renewables' ability to progress any competing proposal that may be presented. This amendment occurred due to a competing proposal materialising in the preceding days.


*Tilt Renewables' Mahinerangi Wind Farm recently reached the significant milestone of 10 years of operation in May 2021.*
*Pictured: Jim Pearson and Stewart Reid from Tilt Renewables with Marc Papke, who was the Civil Works Project Manager for Downer when the Wind Farm was built 10 years ago*

# STATUTORY INFORMATION

For the year ended 31 March 2021

### Interests register

Tilt Renewables is required to maintain an Interests Register in which certain transactions and matters involving the Directors must be recorded.

***General notice of interests by directors***

Pursuant to sections 140 and 211(e) of the Companies Act 1993, the general disclosures of interest made during the accounting period by Directors of the Company and its subsidiaries are listed below:

| | Company/ Organisation | Nature/Extent of Interest | Country of Directorship |
|---|---|---|---|
| **Bruce Harker** | Tilt Renewables Limited | Director | New Zealand |
| *[1] Appointed 3 September 2020* | ikeGPS Group Limited[3] | Director | New Zealand |
| *[2] Appointed 23 September 2020* | Tararua Wind Power Limited | Director | New Zealand |
| *[3] Retired 29 September 2020* | Tilt Renewables Insurance Limited[2] | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |
| | Waverley Wind Farm (NZ) Holding Limited[1] | Director | New Zealand |
| **Paul Newfield** | Tilt Renewables Limited | Director | New Zealand |
| *[4] Appointed 27 May 2020* | H.R.L. Morrison & Co. (Australia) Pty Ltd | Director | Australia |
| *[5] Appointed 27 May 2020* | H.R.L. Morrison & Co. Private Markets Pty Ltd | Director | Australia |
| *[6] Appointed 25 September 2020* | MGIF European Renewables Pty Limited | Director | Australia |
| *[7] Appointed 25 September 2020* | MGIF Fibre Europe Pty Limited[9] | Alternate Director | Australia |
| *[8] Appointed 25 September 2020* | Morrison & Co High Conviction Infrastructure Investments Pty Ltd[5] | Director | Australia |
| *[9] Retired as Director; Appointed Alternate Director 23 November 2020* | Morrison & Co Listed Investments Pty Ltd[4] | Director | Australia |
| | Morrison & Co. Funds Management (Australia) Pty Ltd | Director | Australia |
| | Morrison & Co. Infrastructure Management (Australia) Pty Ltd | Director | Australia |
| | Morrison & Co. Services (Australia) Pty Ltd | Director | Australia |
| | QScan Group BidCo Pty Ltd (previously H.R.L. Morrison & Co. (Australia) No 2 Pty Limited)[6] | Director | Australia |
| | QScan Group Holdings NewCo Pty Ltd (previously MIHC Holdings Pty Limited)[8] | Director | Australia |
| | QScan Group MidCo Pty Ltd (previously MIHC MidCo Pty Limited)[7] | Director | Australia |

| | | | |
|---|---|---|---|
| **Geoffrey Swier**<br>*[10]Appointed 16 July 2020*<br>*[11]Retired 4 November 2020*<br>*[12]Retired 1 January 2021*<br>*[13]Appointed 24 February 2021*<br>*[14]Appointed 24 February 2021* | Tilt Renewables Limited | Director | New Zealand |
| | Blayney and Crookwell Wind Farm Pty Ltd | Director | Australia |
| | Dundonnell Wind Farm Pty Ltd | Director | Australia |
| | Dysart 1 Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Holdings Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Pty Ltd | Director | Australia |
| | Health Purchasing Victoria[12] | Board Member | Australia |
| | Liverpool Range Wind Farm Holdings Pty Ltd[13] | Director | Australia |
| | Liverpool Range Wind Farm Pty Ltd | Director | Australia |
| | Morwell Energy Hub Pty Ltd[10] | Director | Australia |
| | Nebo 1 Pty Ltd | Director | Australia |
| | Rye Park Holdings Pty Ltd (previously Church Lane Wind Farm Pty Ltd) | Director | Australia |
| | Rye Park Renewables Energy Pty Ltd | Director | Australia |
| | Salt Creek Wind Farm Pty Ltd | Director | Australia |
| | Snowtown North Holdings Pty Ltd[14] | Director | Australia |
| | Snowtown North Solar Pty Ltd | Director | Australia |
| | Snowtown Wind Farm Pty Ltd | Director | Australia |
| | Tilt Renewables Australia Pty Ltd | Director | Australia |
| | Tilt Renewables Investments Pty Ltd | Director | Australia |
| | Tilt Renewables Market Services Pty Ltd | Director | Australia |
| | Tilt Renewables Retail Pty Ltd (previously Wingeel Wind Farm Pty Ltd) | Director | Australia |
| | Trustpower Limited[11] | Director | New Zealand |
| | Waddi Wind Farm Pty Ltd | Director | Australia |

| | | | |
|---|---|---|---|
| **Anne Urlwin**<br>[15]*Appointed 23 September 2020*<br>[16]*Retired 1 October 2020*<br>[17]*Appointed 30 October 2020* | Tilt Renewables Limited | Director | New Zealand |
| | Cigna Life New Zealand Limited | Director | New Zealand |
| | City Rail Link Limited | Director | New Zealand |
| | Clifton Creek Limited | Director | New Zealand |
| | Maigold Holdings Limited | Director | New Zealand |
| | Precinct Properties New Zealand Limited | Director | New Zealand |
| | Queenstown Airport Corporation Ltd[17] | Director | New Zealand |
| | Southern Response Earthquake Services Limited | Director | New Zealand |
| | Steel & Tube Holdings Limited[16] | Director | New Zealand |
| | Summerset Group Holdings Limited | Director | New Zealand |
| | Tararua Wind Power Limited | Director | New Zealand |
| | Tilt Renewables Insurance Limited[15] | Director | New Zealand |
| | Urlwin Associates Limited | Director | New Zealand |
| | Waverley Wind Farm (NZ) Holding Limited | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |
| **Fiona Oliver**<br>[18]*Appointed 23 September 2020*<br>[19]*Term ended 30 September 2020* | Tilt Renewables Limited | Director | New Zealand |
| | BNZ Insurance Services Limited | Director | New Zealand |
| | BNZ Life Insurance Limited | Director | New Zealand |
| | First Gas Limited (operational) | Director | New Zealand |
| | First Gas Midco Limited (holding company) | Director | New Zealand |
| | First Gas Services Limited (operational) | Director | New Zealand |
| | First Gas Services Midco Limited (holding | Director | New Zealand |
| | First Gas Topco Limited (holding company) | Director | New Zealand |
| | Flexgas Limited (holding company) | Director | New Zealand |
| | Gentrack Group Limited | Director | New Zealand |
| | Inland Revenue Risk & Assurance Committee[19] | Committee Member | New Zealand |
| | National Wealth Management Holdings Limited | Director | New Zealand |
| | Rockgas Limited (holding company) | Director | New Zealand |
| | Tararua Wind Power Limited | Director | New Zealand |
| | Tilt Renewables Insurance Limited[18] | Director | New Zealand |
| | Waverley Wind Farm (NZ) Holding Limited | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |
| | Wilson Partners (Oliver) Trustees Limited | Director | New Zealand |
| | Wynyard Group Limited (in liquidation) | Director | New Zealand |

| | | | |
|---|---|---|---|
| **Vimal Vallabh** | Tilt Renewables Limited | Director | New Zealand |
| | EMP Energy Limited | Director | Ireland |
| | Galileo Green Energy GMBH | Director | Switzerland |
| | GGE Ireland Limited | Director | Ireland |
| | Infratil US Renewables, Inc. | Director | United States |
| | Longroad Energy Holdings, LLC | Management Board Member | United States |
| **Vince Hawksworth**<br>*[20]Appointed 1 April 2020*<br>*[21]Appointed 5 March 2021*<br>*[22]Retired 31 March 2021* | Tilt Renewables Limited[20] | Director | New Zealand |
| | Blockchain Energy Limited | Director | New Zealand |
| | Bosco Connect Limited | Director | New Zealand |
| | Glo-Bug Limited | Director | New Zealand |
| | Kawerau Geothermal Limited | Director | New Zealand |
| | Mercury Energy Limited | Director | New Zealand |
| | Mercury Geothermal Limited | Director | New Zealand |
| | Mercury NZ Limited | Chief Executive | New Zealand |
| | Mercury Solar Limited | Director | New Zealand |
| | Mercury SPV Limited | Director | New Zealand |
| | Mighty Geothermal Power International Limited | Director | New Zealand |
| | Mighty Geothermal Power Limited | Director | New Zealand |
| | Mighty River Power Limited | Director | New Zealand |
| | Ngatamariki Geothermal Limited | Director | New Zealand |
| | NOW New Zealand Limited[21] | Director | New Zealand |
| | Rotokawa Geothermal Limited | Director | New Zealand |
| | Security and Reliability Council[22] | Member | New Zealand |
| | Special General Partner Limited | Director | New Zealand |
| | What Power Crisis (2016) Limited | Director | New Zealand |

| | | | |
|---|---|---|---|
| **Deion Campbell** | Birkam Consulting Ltd | Director/Shareholder | New Zealand |
| *[23]Appointed 16 July 2020* | Birkam Family Trust | Trustee | New Zealand |
| *[24]Appointed 24 February 2021* | Birkam Gisborne Ltd | Director/Shareholder | New Zealand |
| *[25]Appointed 24 February 2021* | Birkam Group Ltd | Director/Shareholder | New Zealand |
| | Birkam Properties Ltd | Director/Shareholder | New Zealand |
| | Blackrock Investment Group NZ Ltd | Director/Shareholder | New Zealand |
| | Blackrock Investment Group Pty Ltd | Director/Shareholder | Australia |
| | Blackrock Mining Solutions Pty Ltd | Director/Shareholder | Australia |
| | Blayney & Crookwell Wind Farm Pty Ltd | Director | Australia |
| | Dundonnell Wind Farm Pty Ltd | Director | Australia |
| | Dysart 1 Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Holdings Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Pty Ltd | Director | Australia |
| | Gaelic Holdings Ltd | Director/Shareholder | New Zealand |
| | Hastings Road Development Ltd | Director/Shareholder | New Zealand |
| | Liverpool Range Wind Farm Holdings Pty Ltd[26] | Director | Australia |
| | Liverpool Range Wind Farm Pty Ltd | Director | Australia |
| | Morwell Energy Hub Pty Ltd[25] | Director | Australia |
| | Nebo 1 Pty Ltd | Director | Australia |
| | Rye Park Holdings Pty Ltd (previously Church Lane Wind Farm Pty Ltd) | Director | Australia |
| | Rye Park Renewables Energy Pty Ltd | Director | Australia |
| | Salt Creek Wind Farm Pty Ltd | Director | Australia |
| | Snowtown North Holdings Pty Ltd[27] | Director | Australia |
| | Snowtown North Solar Pty Ltd | Director | Australia |
| | Snowtown Wind Farm Pty Ltd | Director | Australia |
| | Tilt Renewables Australia Pty Ltd | Director | Australia |
| | Tilt Renewables Investments Pty Ltd | Director | Australia |
| | Tilt Renewables Market Services Pty Ltd | Director | Australia |
| | Tilt Renewables Retail Pty Ltd (previously Wingeel Wind Farm Pty Ltd) | Director | Australia |
| | Waddi Wind Farm Pty Ltd | Director | Australia |

## USE OF INFORMATION BY DIRECTORS

During the financial year, there were no notices from Directors of the Company, or its subsidiary companies, requesting to disclose or use Company information received in their capacity as Directors of the Company or its subsidiary companies that would not otherwise have been available to them.

***Subsidiary company directors***

The Directors of Tilt Renewables Limited subsidiaries as at 31 March 2020 are as follows:

| | Company | Nature/ extent of interest | Country of directorship |
|---|---|---|---|
| **Bruce Harker** | Tararua Wind Power Limited | Director | New Zealand |
| | Tilt Renewables Insurance Limited | Director | New Zealand |
| | Waverly Wind Farm (NZ) Holdings Limited | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |
| **Fiona Oliver** | Tararua Wind Power Limited | Director | New Zealand |
| | Tilt Renewables Insurance Limited | Director | New Zealand |
| | Waverley Wind Farm (NZ) Holding Limited | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |
| **Geoffrey Swier** | Blayney and Crookwell Wind Farm Pty Ltd | Director | Australia |
| | Dundonnell Wind Farm Pty Ltd | Director | Australia |
| | Dysart 1 Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Holdings Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Pty Ltd | Director | Australia |
| | Liverpool Range Wind Farm Holdings Pty Ltd | Director | Australia |
| | Liverpool Range Wind Farm Pty Ltd | Director | Australia |
| | Morwell Energy Hub Pty Ltd | Director | Australia |
| | Nebo 1 Pty Ltd | Director | Australia |
| | Rye Park Holdings Pty Ltd | Director | Australia |
| | Rye Park Renewables Energy Pty Ltd | Director | Australia |
| | Salt Creek Wind Farm Pty Ltd | Director | Australia |
| | Snowtown North Holdings Pty Ltd | Director | Australia |
| | Snowtown North Solar Pty Ltd | Director | Australia |
| | Snowtown Wind Farm Pty Ltd | Director | Australia |
| | Tilt Renewables Australia Pty Ltd | Director | Australia |
| | Tilt Renewables Investments Pty Ltd | Director | Australia |
| | Tilt Renewables Market Services Pty Ltd | Director | Australia |
| | Tilt Renewables Retail Pty Ltd | Director | Australia |
| | Waddi Wind Farm Pty Ltd | Director | Australia |

| | | | |
|---|---|---|---|
| **Anne Urlwin** | Tararua Wind Power Limited | Director | New Zealand |
| | Tilt Renewables Insurance Limited | Director | New Zealand |
| | Waverley Wind Farm (NZ) Holding Limited | Director | New Zealand |
| | Waverley Wind Farm Limited | Director | New Zealand |
| **Deion Campbell** | Blayney and Crookwell Wind Farm Pty Ltd | Director | Australia |
| | Church Lane Wind Farm Pty Ltd | Director | Australia |
| | Dundonnell Wind Farm Pty Ltd | Director | Australia |
| | Dysart 1 Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Holdings Pty Ltd | Director | Australia |
| | Fiery Creek Wind Farm Pty Ltd | Director | Australia |
| | Liverpool Rand Wind Farm Holdings Pty Ltd | Director | Australia |
| | Liverpool Range Wind Farm Pty Ltd | Director | Australia |
| | Nebo 1 Pty Ltd | Director | Australia |
| | Rye Park Holdings Pty Ltd | Director | Australia |
| | Rye Park Renewables Energy Pty Ltd | Director | Australia |
| | Salt Creek Wind Farm Pty Ltd | Director | Australia |
| | Snowtown North Holdings Pty Ltd | Director | Australia |
| | Snowtown North Solar Pty Ltd | Director | Australia |
| | Snowtown Wind Farm Pty Ltd | Director | Australia |
| | Tilt Renewables Australia Pty Ltd | Director | Australia |
| | Tilt Renewables Investments Pty Ltd | Director | Australia |
| | Tilt Renewables Market Services Pty Ltd | Director | Australia |
| | Tilt Renewables Retail Pty Ltd | Director | Australia |
| | Waddi Wind Farm Pty Ltd | Director | Australia |

The remuneration and other benefits received by employees acting as Directors of subsidiaries during the financial years are disclosed in the relevant bandings for employee remuneration. No remuneration has been paid to Directors of Tilt Renewables Limited who act as Directors of its subsidiaries.

## GENERAL NOTICE OF INTERESTS BY DIRECTORS OF SUBSIDIARY COMPANIES

| Director | Interest | Entity |
|---|---|---|
| Bruce Harker* | | |
| Fiona Oliver* | | |
| Vince Hawksworth* | | |
| Geoffrey Swier* | | |
| Anne Urlwin* | | |
| Deion Campbell* | Chief Executive | Tilt Renewables Limited |

**Refer general notice of interests of directors*

## USE OF INFORMATION BY DIRECTORS OF SUBSIDIARIES

During the financial year, there were no notices from Directors of subsidiary companies requesting to disclose or use of Company information received in their capacity as Directors of the subsidiary companies that would not otherwise have been available to them.

## DIRECTORS' TRANSACTIONS AND RELEVANT INTEREST IN SECURITIES IN THE COMPANY

The relevant interests of Directors in securities of Tilt Renewables as at 31 March 2021 are listed below, together with transactions by Directors in those securities of the Company during the financial year:

| Directors | Class of security | Number held at 31 March 2020 | Number acquired / (disposed) | Number held at 31 March 2021 |
|---|---|---|---|---|
| BJ and JS Harker Trust (beneficial) | Ordinary | 116,919 | (23,384) | 93,535 |
| Bell Gully Trustee Company Limited – beneficially for Bruce Harker | Ordinary | 191,119 | (5,620) | 185,499 |
| Bell Gully Trustee Company Limited – beneficially for Paul Newfield | Ordinary | 87,711 | (2,101) | 85,610 |
| Bell Gully Trustee Company Limited – beneficially for Vimal Vallabh | Ordinary | 87,711 | (2,101) | 85,610 |
| Bella Vista Trust – Fiona Oliver | Ordinary | 87,712 | (2,101) | 85,611 |
| Maclagen Pty Ltd as Trustee of the Swier Family Trust (beneficial) | Ordinary | 183,481 | (21,255) | 162,226 |
| Marigold Holding Ltd - beneficially for Anne Urlwin | Ordinary | 33,539 | 8,734 | 42,273 |
| Vincent James Hawksworth, Jane Elizabeth Hawksworth and CLM Trustees Limited - beneficially Hawksworth Family Trust[1] | Ordinary | 10,500 | (2,460) | 8,040 |
| Jane Elizabeth Hawksworth & CLM Trustees (Hawksworth) Limited as Trustees of the Hawksworth No. 2 Trust | Ordinary | - | 10,951 | 10,951 |

*[1] Beneficial interest in shares held by Vince Hawksworth prior to appointment of Director.*

The number of shares acquired by the Directors throughout the year was in accordance with each Director's share plan, which requires that 50% of the Director's base fees are used to acquire shares on market. The shares are acquired each month by Forsyth Barr on behalf of the Directors. The monthly acquisition of shares was paused in November 2019 whilst an issue with the plan was addressed and was then resumed in April 2020. At this time the backlog purchase of shares was undertaken by Forsyth Barr.

The reduction in shares held by the Directors despite the Directors' share plan being in place, is due to a capital return where 1 in 5 shares held by shareholders on 3 July 2020 were cancelled. Shareholders were paid a cash sum of NZ$2.91 for each share cancelled.

No Directors have sold any shares during the period.

## OTHER INTERESTS

Vince Hawksworth was appointed as a Director on 1 April 2020. At this time he entered into a deed of indemnity with Tilt Renewables.

## STOCK EXCHANGE LISTING

The Company's shares are listed on both the NZX and ASX.

## CURRENT CREDIT RATING STATUS

Tilt Renewables does not currently have an external credit rating.

## DEFINED SHARE BUYBACK PROGRAMME

Tilt Renewables does not currently have a share buyback programme.

## CURRENT NZX WAIVERS

Tilt Renewables has the following departures or waivers from the NZX Code:

**NZX waiver 20 November 2019**

On 20 November 2019, the NZX re-documented the Company a waiver from NZX Listing Rule 4.15.2(a) (previously NZX Listing Rule 7.6.4(a)) in relation to the fixed trading plan ('Plan') established for the Directors of the Company. The waiver was granted to the extent that this Rule would otherwise prevent the Company from providing financial assistance to a trustee holding shares on trust for certain Directors participating in the Plan. The NZX Listing Rules prohibit an issuer from giving financial assistance to any Director of the issuer, associated person of a Director of the issuer, or employee of the issuer for the purposes of acquiring shares unless an ordinary resolution of shareholders approving the giving of the financial assistance is obtained every 12 months.

Participation in the Plan was mandatory for all Directors. Some Directors participating in the plan were considered "associates" of Infratil Limited ('relevant directors'), a company then controlling 65.26% of the Company's shares, therefore their shares acquired under the Plan had to be held on trust and managed by a trustee, so the relevant Director neither held nor controlled them. Other Directors participating in the Plan were able to hold their shares personally ('non-interested directors').

The waiver from NZX Listing Rule 4.15.2(a) was granted on the conditions that:

a. should the Company pay any fees to the trustee in connection with the Plan:

    i. the non-interested Directors of the Company certify to NZX that:

    (a). the fee arrangement is entered into and negotiated on an arm's length commercial basis; and

    (b). in their opinion, the fees paid are fair and reasonable to, and in the best interests of, Tilt Renewables and its shareholders not associated with the relevant Directors; and

    ii. the Company discloses to the market any fees paid to the trustee by the Company in connection with the Plan;

b. should there be an amendment to the financial assistance provided in connection with the Plan:

    i. the non-interested directors of the Company certify to NZX that:

    (a). the amended financial assistance arrangement is entered into and negotiated on an arm's length commercial basis; and (b). the amended financial assistance arrangement is fair and reasonable to, and in the best interests of, the Company and its shareholders not associated with the relevant directors; and

ii. the Company discloses to the market any amendment to the financial assistance arrangement in connection with the Plan; and

The waiver from NZX Listing Rule 4.15.2(a) was granted on the further condition that the waiver, its conditions and the implications of the waiver, are disclosed in Tilt Renewables' annual reports during the term of the Plan and the arrangements between the Trustee, the Company and each relevant Director.

The effect of the waiver from NZX Listing Rule 4.15.2(a) is that the Company can provide financial assistance to the trustee for the purposes of acquiring shares for the relevant Directors, without requiring an ordinary resolution of shareholders every 12 months as imposed by NZX Listing Rules 4.16.1 and 4.16.2.

## SECURITY HOLDER INFORMATION

Tilt Renewables' register of substantial product holders, has been prepared in accordance with Section 293 of the Financial Markets Conduct Act 2013. As at 31 March 2021, the following persons have notified the Company that they are substantial product holders:

| Security holder | Class of security | Number |
|---|---|---|
| Infratil Limited | Ordinary shares | 246,936,375 |
| Mercury NZ Limited | Ordinary shares | 75,075,962 |

As at 31 March 2021, the Company had 376,833,884 ordinary shares on issue.

# SECURITY HOLDER INFORMATION

The shareholder information set out below was applicable as at 13 May 2021

## ANALYSIS OF SHAREHOLDERS

Analysis of number of shareholders by size of holding:

| Holding range | Holder count | Holder count % | Holding quantity | Holding quantity % |
|---|---|---|---|---|
| 1 to 1,000 | 3,581 | 35.74 | 1,534,545 | 0.40 |
| 1,001 to 5,000 | 5,758 | 57.47 | 11,752,104 | 3.12 |
| 5,001 to 10,000 | 388 | 3.87 | 2,670,704 | 0.71 |
| 10,001 to 100,000 | 256 | 2.56 | 5,862,951 | 1.56 |
| 100,001 to 499,999 | 22 | 0.22 | 4,552,422 | 1.21 |
| 500,000 to 999,999 | 4 | 0.04 | 2,972,486 | 0.79 |
| 1,000,000 to 500,000,000 | 10 | 0.10 | 347,488,672 | 92.21 |
| **Total** | **10,019** | **100.00** | **376,833,884** | **100.00** |

## SUMMARY OF SHAREHOLDER LOCATION

Analysis of number of shareholders by location holding:

| Country/Region | Holders | Holder % | Holding | Holder % |
|---|---|---|---|---|
| New Zealand | 7,630 | 76.15 | 370,581,740 | 98.34 |
| Australia | 2,310 | 23.06 | 6,069,516 | 1.61 |
| United States of America | 15 | 0.15 | 21,300 | 0.01 |
| United Kingdom | 22 | 0.22 | 25,287 | 0.01 |
| Other | 42 | 0.42 | 136,041 | 0.03 |
| **Total** | **10,019** | **100.00** | **376,833,884** | **100.00** |

## TOP 20 SHAREHOLDERS

The names of the 20 largest shareholders are listed below:

| Registered Name | Holding | % of total shares issued |
|---|---|---|
| Infratil 2018 Limited | 246,936,375 | 65.53 |
| Mercury NZ Limited | 75,075,962 | 19.92 |
| Tea Custodians Limited Client Property Trust Account* | 6,368,609 | 1.69 |
| HSBC Nominees (New Zealand) Limited* | 4,981,067 | 1.32 |
| Custodial Services Limited | 4,196,032 | 1.11 |
| Generate Kiwisaver Public Trust Nominees Limited* | 3,523,509 | 0.94 |
| Citibank Nominees (New Zealand) Limited* | 2,340,067 | 0.62 |
| FNZ Custodians Limited | 1,585,812 | 0.42 |
| BNP Paribas Nominees (New Zealand) Limited* | 1,279,009 | 0.34 |
| Accident Compensation Corporation* | 1,202,230 | 0.32 |
| Forsyth Barr Custodians Limited | 927,177 | 0.25 |
| CPU Share Plans Pty Limited | 865,099 | 0.23 |
| New Zealand Depository Nominee Limited | 651,731 | 0.17 |
| JBWere (New Zealand) Nominees Limited | 528,479 | 0.14 |
| HSBC Nominees (New Zealand) Limited* | 461,454 | 0.12 |
| JPMorgan Chase Bank NA New Zealand Branch Segregated Clients Account.* | 385,748 | 0.10 |
| Public Trust* | 356,549 | 0.10 |
| National Nominees Limited* | 300,000 | 0.08 |
| FNZ Custodians Limited | 277,174 | 0.08 |
| Custodial Services Limited | 276,564 | 0.07 |
| **Total** | **352,518,647** | **93.55** |

**These names are registered in the name of New Zealand Central Securities Depository Limited*

# DIRECTORY

## BOARD OF DIRECTORS

Bruce Harker
Paul Newfield
Fiona Oliver
Vince Hawksworth
Geoffrey Swier
Anne Urlwin
Vimal Vallabh

## REGISTERED OFFICE

c/- Russell McVeagh
Level 30 Vero Centre
48 Shortland Street
Auckland 1010

## POSTAL ADDRESS

PO Box 16080
Collins Street West
Melbourne
Victoria 8007

## WEBSITE

www.tiltrenewables.com

## EMAIL ADDRESS

info@tiltrenewables.com

## AUDITORS

PricewaterhouseCoopers
Level 19/2 Riverside Quay
Southbank
Victoria 3006

## SHARE REGISTRAR

Computershare Investor Services Limited
159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142
Telephone: +64 (9) 488 8777
Facsimile: +64 (9) 488 8787

Shareholders with enquiries about transactions, change of address or dividend payments should contact the Share Registrar.

## STOCK EXCHANGE LISTING

New Zealand Exchange Limited
Level 2 NZX Centre
11 Cable Street
Wellington 6011

ASX Limited
20 Bridge Street
Sydney NSW 2000

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