

An aerial photograph of a coastline. The top right corner shows clear, turquoise water. A thin strip of white sand beach separates the water from a wide expanse of orange sand. The orange sand is textured with small, dark green bushes and some larger, irregularly shaped rocks. The overall scene is bright and clear.

We're connecting ambition with action

QUARTERLY PERFORMANCE REPORT

For the period October – December 2021
Public Version

HORIZON
POWER

Performance Overview

Business Highlights

- Kalumburu solar farm and battery energy storage solution has now been completed and commissioned and will meet up to 64 percent of the town electricity significantly reducing the community's reliance on diesel-powered generation. This will achieve a savings of \$15,000 per year for ten years and will be used by the community to invest in its own renewable energy projects.
- Horizon Power is working together with Synergy and Energy Policy WA to deliver the Household Energy Efficiency Scheme, which target households in WA that are vulnerable to financial hardship. Horizon Power has developed the 'Energy Coach', a tailored education and behaviour change initiative to support households in financial stress to better understand and manage their energy consumption. The roll out of the Energy Coach program starts in South Hedland with visits to vulnerable households with either higher than average energy usage or a high energy debt.
- Boundary Power, the joint venture between Horizon Power and Ampcontrol Ltd, received the Energy Innovation of the Year award at the 2021 WA Energy Awards on the 20 October 2021 in recognition of the business' innovative and diverse range of stand-alone power solutions (SAPS). This was the third award the JV has received, having been also awarded an Australian Good Design Award for Engineering Design, and a Hunter Manufacturing Award for Excellence in Product Design. With a growing body of industry led research highlighting the benefits of transitioning remote and isolated communities to SAPS, the award recognises Boundary Power's role as a market leader in the development of utility grade SAPS solutions which are resilient to Australia's harsh and diverse conditions.
- Horizon Power held its Shining Stars Awards in Karratha on 11 November 2021, celebrating the extraordinary employees who are the heart of our business. Our Shining Stars Awards recognises outstanding efforts across seven award categories: four awards acknowledging individuals who demonstrate excellence in one of our Values STIC (Safety, Team, Integrity and Customer), one Regional Hero Award, an Emerging Leader Award, the CEO Gilbert Award winner and runner-up.

Financial Performance

- Horizon Power reported a year-to-date Net Profit After tax of \$7.8 M compared to a budget (MYR) profit of \$3.4 M. This favourable variance of \$4.4 M is driven by higher energy sales (\$11.6 M), higher Development and Customer Contribution (\$0.8 M), higher other revenue (\$1.1M), lower depreciation (\$0.8 M) and interest (\$1.2 M); offset by lower TAC revenue (-\$1.3 M), higher cost of sales (-\$4.3 M), higher operating expenses (-\$3.6 M), and higher income tax (-\$1.9 M).
- Year to date capital expenditure amounted to \$56.6 M compared to a budget of \$68.8 M. The underspend variance of \$12.2 M is mainly driven by the profiles of the WA Recovery Plan due to resource constraints and contract negotiations.

Stakeholder Service

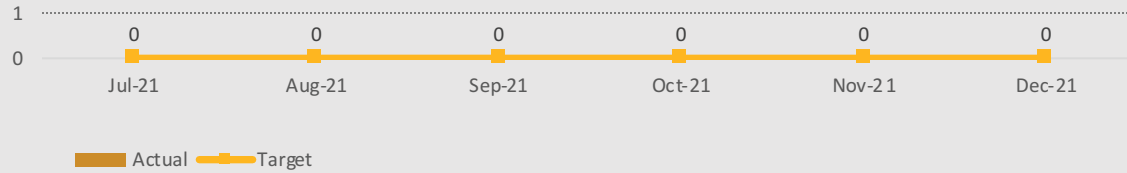
- During the quarter, Horizon Power provided responses to 48 Ministerial and 4 Parliamentary Questions.

Safety, Health & Environment

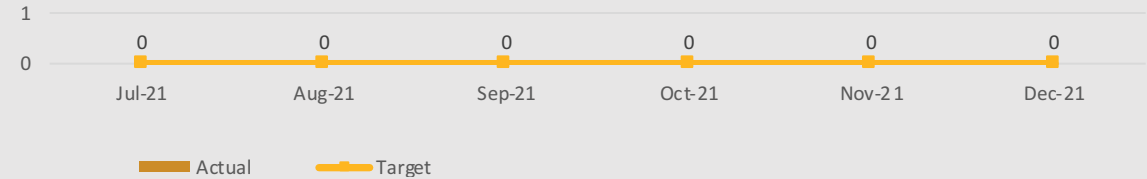


PEOPLE, SAFETY AND WELLBEING

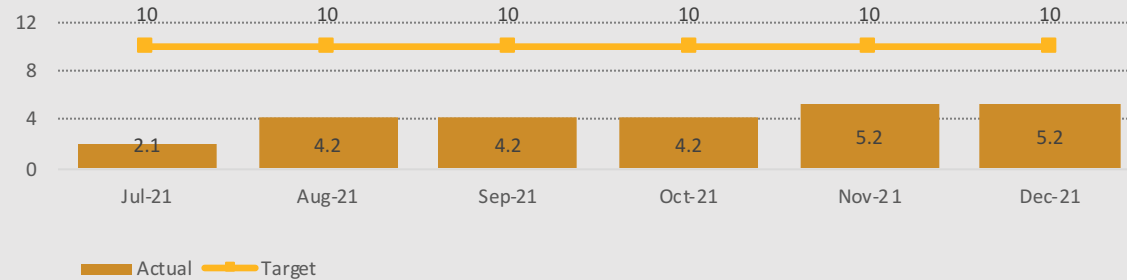
**Lost Time Injury Frequency Rate
(12 month rolling avg.)**



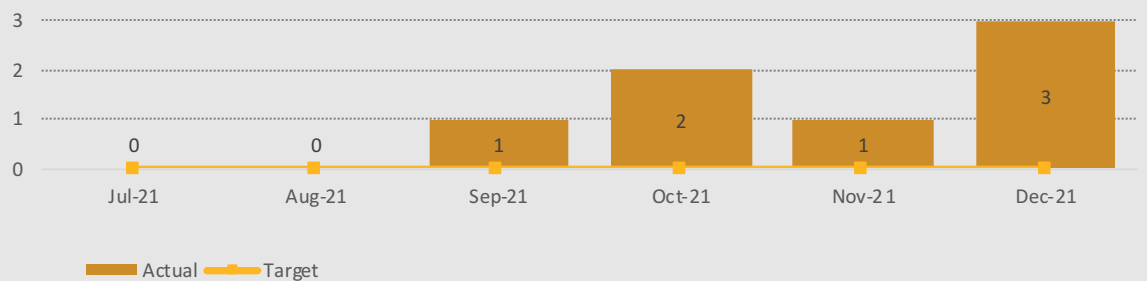
**Lost Time Injury Severity Rate
(12 month rolling avg.)**



**Total Recordable Injury Frequency Rate
(12 month rolling avg.)**



**Public Safety Incidents
(December-2020 FYTD)**



COMMENTARY:

- Safety meeting occurrence for the second quarter 2022 averaged 100%.
- The rate of 'high' and 'extreme' risk rated incident actions closed out on time for the December quarter averages 66%. There was only one Action to be closed out in December which remained open. This has affected the 3-month average.
- There was 1 recordable injury which occurred in November. This increased our 12-month rolling, Total Recordable Injury Frequency Rate (TRIFR) to 5.2.
- The percentage of hazards / near hits of all reported incidents has averaged 59% and exceeds our target of 50%.

COMMENTARY:

- The Lost Time Injury Severity Rate has remained steady at 0 since April 2020.
- There has been 6 Notifiable Incidents to Building and Energy.
 - Roebourne - Vegetation Fire > 200m due to bird strike on High Voltage conductors.
 - Derby - Electric shock from fence due to loose neutral at mini pillar.
 - Port Hedland - Bus zone trip during commissioning, VT secondary wiring melted and shorted, incorrect earthing of the sec wiring.
 - Port Hedland - LV flashover during switching program, cable earthing tail contacted live side of red phase fuse busway.
 - Port Hedland - Bird strike caused flashover and scrub fire near Great Northern Hwy, greater than 200m from origin.
 - Esperance - Drop Out Fuse failure caused a grassfire, damage to farming equipment, greater than 200m from origin.
- The Unassisted Pole Failure rate* was 0.59 by the end of the quarter and within the target of 1.00. *3 Year rolling average per 10,000 poles.

Note: This performance report covers the six-month period from 1 July to 31 December 2021. For statistics prepared on a rolling 12-month basis, data from 1 January 2021 onwards were used.

Customer Service & Electricity Delivery



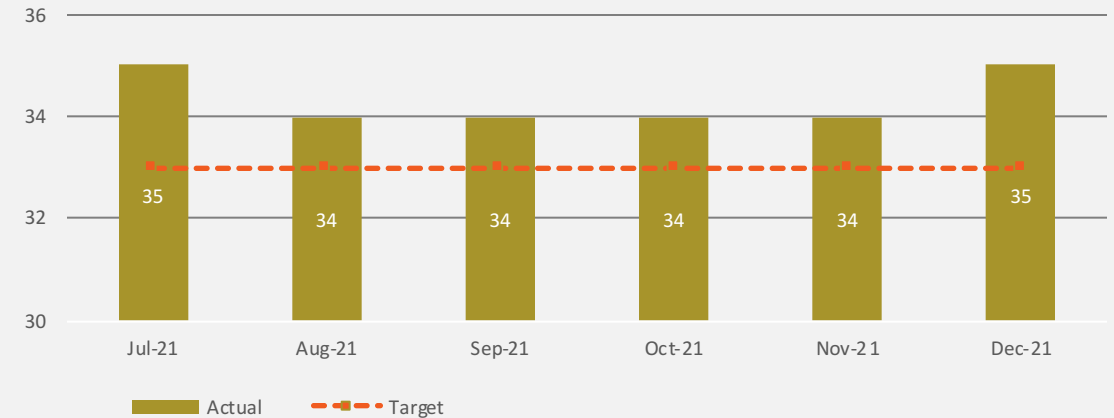
ENERGY AFFORDABILITY

KPI	Actual	Target
Customer Satisfaction (survey rating %)	76%	≥70%
Net Promoter Score	40%	≥20%
> 3 months outstanding unpaid invoices	\$4.4 M	<\$4.7 M
Digital Self-service transactions	631	600

COMMENTARY:

- All above KPIs show positive variance to targets.
- Customer Satisfaction rate has fallen from 82% last year. Previous high rating was due to the COVID-19 financial support payments.

Performing Systems (# of Systems.)



COMMENTARY:

- Lake Argyle became Performing in November 2021.
- Leonora went Non-Performing in November 2021 due to a generation failure for 20 minutes. Then became Performing in December 2021.
- Denham had further incidents: 2 generation trips in October 2021 due to a generating unit and 3 feeder trips in November 2021 due trying to find an underground cable fault.
- At the end of December 2021, SAIDI was 81 minutes and within the target of 290 minutes.
- SAIFI was 1.2 and within the target of 6.6



Income Statement



SUSTAINABLE BUSINESS

Profit and Loss Summary (\$M)	YTD Actual	YTD MYR	Variance
Total Income	270.4	258.1	12.3
<i>Less: Cost of Sales</i>	116.5	112.2	(4.3)
<i>Less: Operating Expenditure</i>	65.0	61.4	(3.6)
EBITDA	88.9	84.5	4.4
Depreciation & Amortisation	50.5	51.2	0.7
EBIT	38.4	33.3	5.1
Interest Expenses	27.2	28.4	1.2
Net Profit (loss) Before Tax	11.2	4.9	6.3
Tax	3.4	1.5	(1.9)
Net Profit (loss) After Tax	7.8	3.4	4.4

KPI	YTD Actual	YTD Target MYR Adj	YTD Var	Performance
Unit Cost Supply (c/kWh)	35.2	38.7		Lower unit cost is driven by higher volume sold.
Return on Asset (%)	4.3%	3.3%		Higher return on asset rate due to higher profits for the period

COMMENTARY

Horizon Power reported a YTD Net Profit After Tax of \$7.8 M compared to budgeted profit of \$3.4 M, a favourable variance of \$4.4 M. Key variances are broken down as follows:

Income

Overall energy sales were 7.8% higher than budget by \$11.7 M (\$161.0 M v \$149.3 M). Sales were higher in both NWIS by 7.0% (+\$5.0 M) and NIS 8.6% (+\$6.7 M) and mainly driven by residential, small and medium/large business segments. The higher sales were offset by lower TAC Revenue (-\$1.3 M).

Cost of Sales

Higher electricity purchases (-\$2.9 M) mainly due to increase in variable electricity purchases, higher Generation Maintenance (-\$1.4 M) in line with increase in sales.

Operating Expenditure

Negative variance of \$3.6 M mainly driven by costs associated with revenue generating projects (Derby Shire, Derby Hospital, other recoverable works).

Tax

Higher tax due to positive variance in profits.



Thank you

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