

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 tracks. The overall scene is bright and clear.

We're connecting ambition with action

QUARTERLY PERFORMANCE REPORT

For the period January – March 2022
Public Version

HORIZON
POWER

Performance Overview

Business Highlights

- Horizon Power delivered an important milestone through its Digital Experience Program with a new website going live in early February 2022. The website has a brand new look-and-feel and captures the rich mosaic of our regions. The new website is underpinned by an entirely new digital experience platform, which enables more seamless experiences for customers across all our digital channels.
- The new Esperance power station is in its completion stage. The gas power station and solar farm have been operational since January and February respectively and are already delivering to the Esperance community the benefits of cleaner, greener more efficient energy supply. The wind turbines are in testing stage, with commissioning expected by the end of May. When fully commissioned, this new integrated power solution will reduce carbon emissions by 50% when compared to the old system.
- Horizon Power has partnered with Telstra to transition Western Australia's first remote mobile tower from an overhead power supply to a standalone power system (SPS). The continuous, off-grid power solution has been installed at Mount Ney, east of Esperance, as Horizon Power prepare for emergencies and natural disasters as a part of our \$10M Renew the Regions. The SPS is providing next generation solar and battery technology to generate and store electricity without the need for the tower to be connected to the overhead electricity network, and is being trialled by Telstra in its ongoing efforts to strengthen network resilience.
- In February 22, Horizon Power's Community Partnership Program opened for applications to fund regional initiatives. Not-for-profit groups and local government organisations can apply for up to \$50,000 to help regional communities. The program underscores Horizon Power's commitment to positive community development in the regions we serve.



Financial Performance

- Horizon Power reported a year-to-date Net Profit After tax of \$14.9M compared to a budget (MYR) profit of \$9.0M. This favourable variance of \$5.9M is driven mainly by higher energy sales (\$17.8M), higher revenue from contract works (\$2.1M), higher other revenue (\$2.3M), lower interest (\$3.1M); offset by lower TAC revenue (-\$2.0M), higher cost of sales (-\$7.1M), higher operating expenses (-\$6.2M), and higher income tax (-\$2.6M). Year to date capital expenditure amounted to \$80.0M compared to a budget of \$90.1M. The underspend variance of \$10.1M is mainly driven by external market factors primarily resource contracts and supply chain delays.



Stakeholder Service

- During the quarter, Horizon Power provided responses to 22 Ministerial and 1 Parliamentary Question.

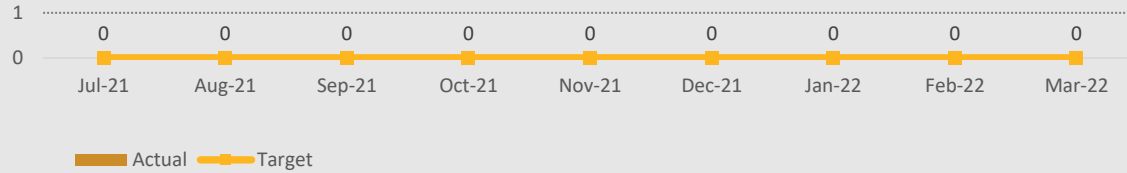


Safety, Health & Environment

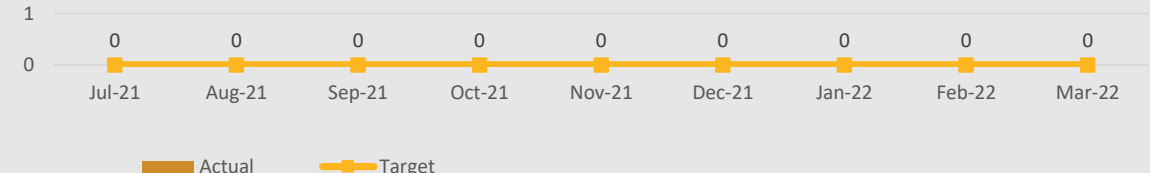


PEOPLE, SAFETY AND WELLBEING

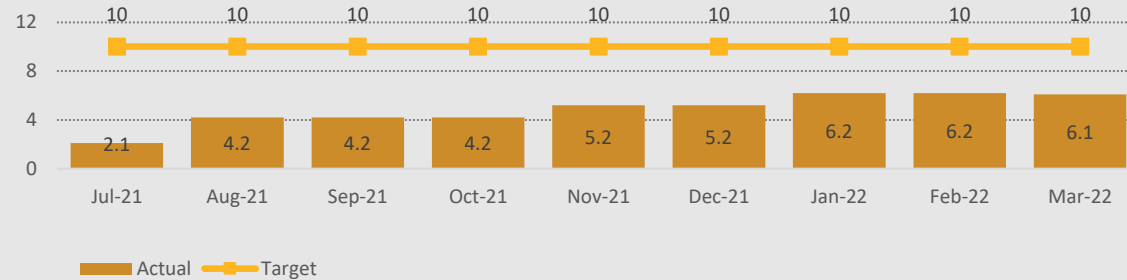
**Lost Time Injury Frequency Rate
(12 month rolling avg.)**



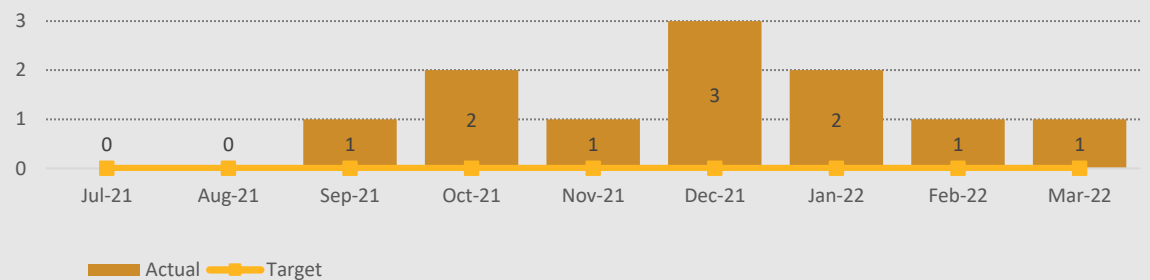
**Lost Time Injury Severity Rate
(12 month rolling avg.)**



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



**Public Safety Incidents
(March 2022 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 March quarter averages 75%. There were 4 Actions due in February and 2 were closed out as required. Similarly, there were 4 Actions due in March and 3 were closed out as required.
- There was 1 recordable injury that occurred in December but was not reported until January. This raised our Total Recordable Injury Frequency Rate (TRIFR) to 6.2. The 12-month rolling trend has remained reasonably static from August - December 21 with 5 separate recordable injuries being recorded in total leading to the end of year figure of 5.2. The current figure of 6.1 is approximately 39% lower than the TRIFR target rate.
- The percentage of hazards / near hits of all reported incidents has improved to an average of 68% and exceeds our target of 50%.

COMMENTARY:

- The Lost Time Injury Severity Rate has remained steady at 0 since April 2020.
- For the quarter there have been 4 Notifiable Incidents to Building and Energy.
 - Port Hedland - Water Corp dug up a streetlight cable that was buried at 600mm, code of practice is 750mm.
 - Fitzroy Crossing - A member of public received a minor electric shock with no further injury from a steel pole, this appears to be associated with the streetlight fuse base. WAPOL were first in attendance making the area safe until the fault crew arrived to make the asset safe.
 - Esperance - Fire caused by magpie shorting insulator and failing to ground. Burnt out approximately 58 Hectares.
 - Port Hedland - Cable damaged by road works machines due to seemingly shallow cables
- The Unassisted Pole Failure rate* was 0.71 by the end of the quarter and within the target of 1.00.
*3 Year rolling average per 10,000 poles.

Customer Service & Electricity Delivery



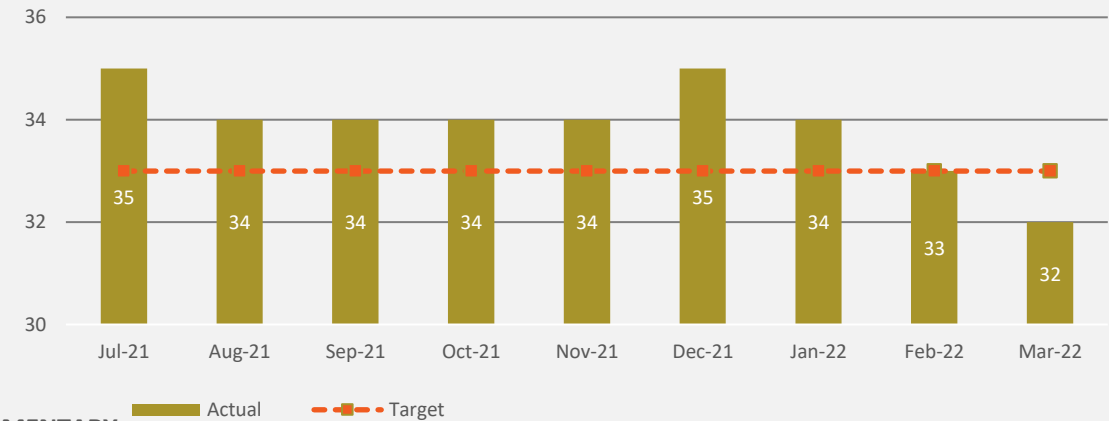
ENERGY AFFORDABILITY

KPI	Actual	Target
Customer Satisfaction (survey rating %)	74%	≥70%
Net Promoter Score	40%	≥20%
> 3 months outstanding unpaid invoices	\$4.3 M	<\$4.7 M
Digital Self-service transactions	632	600

COMMENTARY:

- All above KPIs show positive variance to targets.

Performing Systems (# of Systems.)



COMMENTARY:

- Overall for the period, the level of lighting activity was much higher than usual, possibly attributed to being a La Nina year and has caused a higher level of failures.
- Mount Magnet in January 2022 due to a generation failure and several outages from birds and lightning.
- Esperance Rural in February 2022 due to unplanned power station outages that occurred during transition to the new Power Station and Renewable Hub.
- Fitzroy Crossing in March 2022 due to feeder outages from a high number of lightning strikes and storm activity.
- At the end of March 2022, SAIDI was 155 minutes and within the target of 290 minutes.
- SAIFI was 2.2 and within the target of 6.6.



Income Statement



SUSTAINABLE BUSINESS

Profit and Loss Summary (\$M)	YTD Actual	YTD MYR	Variance
Total Income	416.8	398.5	18.4
<i>Less: Cost of Sales</i>	179.9	172.8	(7.1)
<i>Less: Operating Expenditure</i>	98.1	91.9	(6.3)
EBITDA	138.7	133.7	5.0
Depreciation & Amortisation	77.2	77.6	0.4
EBIT	61.5	56.1	5.4
Interest Expenses	40.2	43.3	3.1
Net Profit (loss) Before Tax	21.3	12.8	8.5
Tax	6.4	3.9	(2.6)
Net Profit (loss) After Tax	14.9	9.0	5.9

KPI	YTD Actual	YTD Target MYR Adj	YTD Var	Performance
Unit Cost Supply (c/kWh)	34.4	38.7		Lower unit cost is driven by higher volume sold.
Return on Asset (%)	4.6%	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 \$14.9M compared to budgeted profit of \$9.0M, a favourable variance of \$5.9M. Key variances are broken down as follows:

Income

Overall energy sales were 7.6% higher than budget by \$17.8M (\$252.8M v \$235.0M). Sales were higher in both NWIS by 8.0% (+\$9.1.0M) and NIS 7.1% (+\$8.7M) and mainly driven by residential, small and medium/large business segments.

The higher sales were offset by lower TAC Revenue (-\$2.0M).

Cost of Sales

Higher electricity purchases (-\$7.1M) mainly due to increase in variable electricity purchases, overlapping charges for Esperance Power Station and higher Generation Maintenance in line with increase in sales.

Operating Expenditure

Negative variance of \$6.3M 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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