# FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

MARINUS LINK

# Contents

# Message from the Acting CEO

**Andrew Hugo**
**A/Chief Executive Officer**

The past year marked a significant turning point for Marinus Link Pty Ltd (MLPL) and the Marinus Link interconnector project. It was a year that signalled confidence that Marinus Link was secure, credible and backed. We took tangible steps towards delivery following the Commonwealth, Victorian and Tasmanian governments agreeing a new ownership model, and our project continued to be recognised as essential and urgent in meeting climate targets.

Among this year's achievements, one of the most significant was the execution of a major contract with Prysmian to supply the first stage of the project's high-voltage direct current (HVDC) cables. This was preceded by a Capacity Reservation Agreement, made possible through an underwriting agreement with the Australian Government. In a high-demand global market for HVDC cable systems, these were critical actions, securing Marinus Link's future and commitment to a 2030 completion date.

Equally as important was the selection of Hitachi Energy to supply and install the project's HVDC Light voltage source converter stations. Ours will be the first interconnector in Australia to use advanced converter technology at both ends of a link, stabilising the grid and allowing for more renewables integration.

With two major procurement packages executed, a tender process was commenced for necessary construction activities. As part of Marinus Link's commitment to Australian Industry Participation, local communities have been a focus during this tender process.

MLPL transitioned to a three-part equity ownership between the Australian Government (49%), the Victorian Government (33.3%) and the Tasmanian Government (17.7%). As part of the ownership changes, MLPL separated from Tasmania's transmission and distribution network service provider, TasNetworks, and became a stand-alone entity. A new Board of Directors was appointed, with nominees from each of the three governments.

Paving the way for a revenue stream, the Australian Energy Regulator (AER) approved Marinus Link's first revenue proposal, marking the project's 'early works' spending as prudent and efficient. The revenue determination enables MLPL to recover the costs for designing and planning the project through to a Final Investment Decision. Importantly, until Marinus Link is commissioned, costs will not be recovered from consumers.

Environmental approvals continued to progress with the launch of a public exhibition for Marinus Link's Commonwealth and Victorian environmental assessment documents. The combined Commonwealth Environmental Impact Statement and Victorian Environment Effects Statement address Commonwealth and Victorian matters, identify potential impacts, and propose how the project plans to avoid, minimise, or manage them.

In the broader energy transition, Marinus Link continued to be recognised as an essential project. Its status and national significance were re-affirmed in the Australian Energy Market Operator's 2024 Integrated System Plan, with Marinus Link classified as urgent on the lowest-cost pathway to a net zero economy.

**This year has placed MLPL and the Marinus Link project in the strongest position to date. Our team continues to be guided and inspired by the vision of supporting Australia's renewable future. Looking ahead, the focus is on developing the organisation and project in preparation for a Final Investment Decision and construction phase.**

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The Directors
Marinus Link Pty Ltd
1-7 Maria St, Lenah Valley
TAS 7008

3 October 2024

Dear Board Members,

**Auditor's Independence Declaration to Marinus Link Pty Ltd**

I am pleased to provide the following declaration of independence to those charged with governance of Marinus Link Pty Ltd.

As lead audit partner for the audit of the financial report of Marinus Link Pty Ltd for the year ended 30th June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of the ethical, including independence, requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carl Harris
Partner
Chartered Accountants

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# Independent Auditor's Report to the Board of Directors of Marinus Link Pty Ltd

*Opinion*

We have audited the financial report of Marinus Link Pty Ltd (the "Entity") which comprises the statement of financial position as at 30th June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the declaration by the Directors'.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Entity's financial position as at 30 June 2024 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Simplified Disclosures and the Shareholders Agreement.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

*Responsibilities of Management and The Board of Directors for the Financial Report*

The Management and the Board of Directors of the Entity are responsible for the preparation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the Shareholders Agreement Clause 7.1.1.c for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Management and The Board of Directors are responsible for assessing the ability of the Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity to cease operations or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Entity's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

Deloitte.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with The Management and The Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carl Harris
Partner
Chartered Accountants

Hobart, 3 October 2024

# Statement of Profit or Loss and Other Comprehensive Income

**For the financial year ended 30 June 2024**

| | Note | 2024 | 2023 |
|---|---|---|---|
| **Continuing operations** | | **$'000** | **$'000** |
| Revenue | *A1* | 4,334 | 7,326 |
| **Total revenue** | | **4,334** | **7,326** |
| Operating expenses | *A2(a)* | (18,284) | (11,929) |
| Finance costs | *A2(b)* | (811) | (638) |
| Depreciation expense | *A2(c)* | (212) | (106) |
| **Total expenses** | | **(19,307)** | **(12,673)** |
| **Loss before income tax** | | **(14,973)** | **(5,347)** |
| Income tax benefit on loss | *A3* | 4,659 | 1,604 |
| **Net loss for the year from continuing operations** | | **(10,315)** | **(3,743)** |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | **(10,315)** | **(3,743)** |
| **Total comprehensive income** | | | |
| | | **(10,315)** | **(3,743)** |
| | | **(10,315)** | **(3,743)** |

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes to the financial statements.

# Statement of Financial Position

**As at 30 June 2024**

| | Note | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 82,719 | 36 |
| Trade and other receivables | *E1* | 255 | 24,632 |
| Other current assets | | 1,595 | 506 |
| **Total current assets** | | **84,569** | **25,174** |
| **Non-current assets** | | | |
| Property, plant and equipment | *B1* | 81,748 | 21,957 |
| Intangible assets | *B2* | 44,084 | 31,666 |
| Net deferred tax assets | *A3(d)* | - | 340 |
| Right-of-use assets | *B4* | 1,373 | 185 |
| Other non current assets | | 22 | 1,022 |
| **Total non-current assets** | | **127,226** | **55,170** |
| **Total assets** | | **211,796** | **80,344** |
| **Current liabilities** | | | |
| Trade and other payables | *E2* | 4,437 | 5,055 |
| Employee benefits | *F1* | 810 | 936 |
| Lease liabilities | *B4* | 367 | 89 |
| Other financial liabilities | *C2* | 38,213 | - |
| **Total current liabilities** | | **43,827** | **6,080** |
| **Non-current liabilities** | | | |
| Borrowings | *C1* | - | 78,025 |
| Employee benefits | *F1* | 169 | 190 |
| Lease liabilities | *B4* | 1,011 | 100 |
| Other financial liabilities | *C2* | 11,670 | - |
| **Total non-current liabilities** | | **12,849** | **78,315** |
| **Total liabilities** | | **56,676** | **84,395** |
| **Net assets** | | **155,120** | **(4,051)** |
| **Equity** | | | |
| Accumulated losses | *D1* | (14,366) | (4,051) |
| Reserves | *D2* | 2,291 | - |
| Contributed equity | *D3* | 167,195 | - |
| **Total equity** | | **155,120** | **(4,051)** |

The Statement of Financial Position is to be read in conjunction with the accompanying notes to the financial statements.

# Statement of Changes in Equity

**For the year ended 30 June 2024**

| | *Note* | Contributed equity $'000 | Asset revaluation reserve $'000 | Accumulated losses $'000 | Total $'000 |
|---|---|---|---|---|---|
| **At 1 July 2023** | | **-** | **-** | **(4,051)** | **(4,051)** |
| Loss for the year | | - | - | (10,315) | (10,315) |
| Net fair value movements on property, plant and equipment | *D2* | - | 2,291 | - | 2,291 |
| Equity contributions from Shareholders | *D3* | 167,195 | - | - | 167,195 |
| | | 167,195 | 2,291 | (10,315) | 159,171 |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Dividends paid | *D1* | - | - | - | - |
| **As at 30 June 2024** | | **167,195** | **2,291** | **(14,366)** | **155,120** |

| | *Note* | Contributed equity $'000 | Asset revaluation reserve $'000 | Accumulated losses $'000 | Total $'000 |
|---|---|---|---|---|---|
| **At 1 July 2022** | | **-** | **-** | **(308)** | **(308)** |
| Loss for the year | | | | (3,743) | (3,743) |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Dividends paid | *D1* | - | - | - | - |
| **As at 30 June 2023** | | **-** | **-** | **(4,051)** | **(4,051)** |

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the financial statements.

# Statement of Cash Flows

**For the financial year ended 30 June 2024**

| | Note | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Receipts from customers | | 122 | 138 |
| Interest received | | 1,476 | 1 |
| Grants received | | 9,003 | 1,033 |
| Payment to suppliers and employees | | (17,267) | (12,199) |
| Interest paid | | (2,207) | (2,264) |
| GST received | | 960 | 4,331 |
| **Net cash provided by operating activities** | *C3* | **(7,913)** | **(8,960)** |
| | | | |
| **Cash flows from investing activities:** | | | |
| Proceeds from grants | | 23,985 | 2,848 |
| Payment for property, plant and equipment | | (56,002) | (27,450) |
| Payment for intangible asset | | (14,892) | (14,592) |
| **Net cash used in investing activities** | | **(46,908)** | **(39,194)** |
| | | | |
| **Cash flows from financing activities:** | | | |
| Proceeds from borrowings | | - | 48,261 |
| Lease principal paid | | (97) | (82) |
| Equity contributions | | 137,602 | - |
| **Net cash used in financing activities** | | **137,505** | **48,179** |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | 82,683 | 25 |
| Cash and cash equivalents at the beginning of the financial year | | 36 | 11 |
| **Cash and cash equivalents at the end of the financial year** | | **82,719** | **36** |

The statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements.

# Notes to the financial statements

**For the financial year ended 30 June 2024**

## 1. General information

Marinus Link Pty Ltd (MLPL) is a small proprietary company incorporated on 23 November 2018 and operated in Australia. MLPL is an individual entity, jointly owned by the Commonwealth (49%), Victorian (33.3%) and Tasmanian (17.7%) governments. MLPL's activities relate to the Marinus Link project, a proposed undersea and underground electricity and data interconnector between North West Tasmania and the Latrobe Valley in Victoria. The registered address and principal place of business of MLPL is 1-7 Maria Street, Lenah Valley, Tasmania, Australia 7008.

## 2. Material accounting policies

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Shareholders' Agreement, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB), and comply with other requirements of the law.

The financial statements have been prepared as a going concern on an accrual basis and are based on historical cost except for certain properties that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. For the purposes of preparing these statements MLPL is a for-profit entity.

In accordance with Australian Securities and Investments Commission (ASIC) Corporations Instrument 2016/191 amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated. All values are expressed in Australian dollars.

### (b) Statement of compliance

MLPL does not have 'public accountability' as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

These financial statements were authorised for issue by the directors on 3 October 2024.

### (c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis.

### (d) Judgements, estimates and assumptions

In the application of MLPL accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following notes contain key assumptions and other key sources of estimation uncertainty during the reporting period, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

| Note | Assumption and estimates |
|---|---|
| **A1** | Revenue |
| **A2** | Income tax |
| **B1** | Asset useful lives |
| **B2** | Intangible assets |
| **B4** | Lease terms |
| **B5** | Impairment of assets |
| **F1** | Long Service Leave |

### (e) Notes to the financial statements

The notes to the financial statements include information that is required to understand the financial statements and is material and relevant to the operations, financial position and performance of MLPL. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature
- it is important for understanding the results of MLPL
- it helps explain the impact of significant changes in MLPL
- it relates to an aspect of MLPL's operations that is important to its future performance.

The notes have been grouped into sections to help readers understand how MLPL's strategy is reflected in the financial performance and position of MLPL.

These sections comprise:

| | |
|---|---|
| **A** | MLPL's performance |
| **B** | MLPL's assets |
| **C** | Financing MLPL's business |
| **D** | MLPL's equity |
| **E** | Other assets and liabilities |
| **F** | MLPL's people |
| **G** | Commitments |
| **H** | Other information |

The accounting policies as set out in these notes, have been applied in preparing the financial statements for the financial year ended 30 June 2024 and the comparative information presented in these financial statements for the period ended 30 June 2023.

### Global environment

MLPL has undertaken a review of its assumptions and estimates used in preparing the financial statements taking into account the current economic conditions and instability in the global environment. MLPL's has determined that there have been no material impact to its financial statements.

### (f) Final Investment Decision potential impact on going concern

When preparing the financial statements Management of the Company have made an assessment of the ability to continue as a going concern. An entity is a going concern unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so. In making the assessment, Management takes all available information about the future, which is at least, but not limited to, twelve months from the reporting date.

The Stage 1 Final Investment Decision (FID) is due in May 2025 and falls within the twelve-month period from the reporting date. In the event of a negative Stage 1 FID and if no other arrangements are made, the Shareholder's Agreement requires the parties to undertake all steps necessary to initiate and complete the voluntary winding up of the Company, including appointment of a liquidator. In the event of liquidation, if there are insufficient funds to meet liabilities, the Shareholders have agreed they will contribute additional funds in proportion to their equity holdings, net of the underwriting arrangements provided by the Commonwealth Government. The Commonwealth Government have agreed to underwrite certain cancellation costs (that may result from a negative FID) for MLPL's two major supplier contracts.

As at reporting date there has been no decision in relation to Stage 1 FID, and there is sufficient funding in place for the Company to continue as a going concern and meet its obligations as and when they fall due, and as such the financial statements have been prepared on this basis.

# MLPL performance

This section highlights MLPLs' performance for the year including details of revenue and expenses as well as taxation liabilities.

## A1. Revenue

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Rent and lease income | 53 | 94 |
| Grants and subsidies | 2,805 | 7,231 |
| Interest received | 1,476 | 1 |
| **Total revenue** | **4,334** | **7,326** |

### Rent and lease income

Rent and lease income is received by MLPL.

Rental income from operating leases is recognised on a straight line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the lease asset and recognised on a straight line basis over the term of the lease. MLPL does not have any leases as a lessor which are classified as financing leases.

### Grants and subsidies

As per AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* Government grants can either be classified as grants related to assets or grants related to income.

Grant revenue is recognised on a systematic basis over the period in which MLPL recognises as expenses the related costs for which the grants are intended to compensate.  Grant revenue is not recognised until there is reasonable assurance that MLPL will comply with the conditions attaching to them and that the grant revenue will be received.

Government grants whose primary condition is that MLPL should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as a direct contribution to the asset. This contribution reduces the carrying amount of the asset in the statement of financial position; subsequently reducing the impact on the profit or loss in future years. Grants related to income are presented as part of profit or loss.

## Key estimates and assumptions

### Recognition of grant revenue

**Grants received**

In April 2022, the Commonwealth committed $75.000 million in funding under the Federal Funding Agreement (FFA) to progress Project Marinus to a Final Investment Decision. The grant has been apportioned between MLPL and TasNetworks' components of the project on the basis of the estimated project costs.  MLPL portion is $58.200 million.  Payments are being received over three financial years in line with completion of agreed milestones.  As at 30 June 2024 MLPL had received $36.869 million in cash for milestones achieved per the FFA.

Grant funding for the 2023-24 financial year has been apportioned between grants related to assets and grants related to income, based on the actual split of operating and capital expenditure.  $2.805 million of the total grant funding for the year has been allocated to income, $3.864 million has been allocated to property, plant and equipment work in progress and $3.033 million to intangible work in progress.

### Interest

Interest revenue is recognised as it accrues on a time proportionate basis at the effective yield on the financial asset.

# A2. Expenses

| | | 2024 | 2023 |
|---|---|---|---|
| **(a)** | **Operating expenses** | **$'000** | **$'000** |
| | Salary and wages | 4,703 | 4,294 |
| | Services | 10,989 | 6,361 |
| | Property costs | 199 | 95 |
| | Other expenses | 2,393 | 1,179 |
| | | **18,284** | **11,929** |

| | | | |
|---|---|---|---|
| **(b)** | **Finance costs** | | |
| | Interest expense | 802 | 627 |
| | Notional interest | 9 | 11 |
| | | **811** | **638** |

| | | | |
|---|---|---|---|
| **(c)** | **Depreciation and amortisation** | | |
| | Amortisation of Right-of-use assets | 103 | 82 |
| | Depreciation expense | 110 | 24 |
| | | **212** | **106** |

In FY24 costs were classifed as operating and capital expenditure during the year therefore a transfer to capital work in progress was not required at the end of the period.

# A3. Income tax

### (a) Income tax expense (benefit) recognised in profit or loss comprises:

| | 2024 | 2023 |
|---|---|---|
| **Current tax** | | |
| Current tax expense (benefit): | $'000 | $'000 |
| Current tax expense/(benefit) in respect of current year | (4,659) | (1,585) |
| | **(4,659)** | **(1,585)** |
| **Deferred tax** | | |
| Deferred tax expense/(benefit) recognised in current year relating to: | | |
| Origination and reversal of temporary difference | - | (19) |
| | **-** | **(19)** |
| **Total income tax recognised in the current year relating to continuing operations** | **(4,659)** | **(1,604)** |

### (b) Reconciliation of prima-facie income tax to tax benefit

| | 2024 | 2023 |
|---|---|---|
| Loss before tax | (14,973) | (5,347) |
| Tax at the rate of 30% | (4,492) | (1,604) |
| Increase (decrease) in tax benefit due to: | | |
| Non-deductible expenses | 16 | - |
| Under/(over) in relation to transition period | (266) | - |
| Deferred tax losses recognised for the year | 576 | - |
| Other changes | (493) | - |
| **Total income tax benefit** | **(4,659)** | **(1,604)** |

### (c) Current tax assets/(liabilities)

| | 2024 | 2023 |
|---|---|---|
| **Current tax assets/(liabilities)** | **-** | **-** |

### Recognition and measurement

Current tax is calculated by reference to the amount of income tax payable or recoverable in respect of the taxable profit or loss for the period using the legislated income tax rate.

# A3. Income tax (continued)

**(d) Deferred tax balances**

| | 2024 Opening balance $'000 | 2024 Recognised in profit or loss $'000 | 2024 Closing balance $'000 |
|---|---|---|---|
| **Gross deferred tax liabilities:** | | | |
| Property, plant and equipment | (2) | 2 | - |
| Other | - | - | - |
| **Balance at end of financial year** | (2) | 2 | - |
| **Gross deferred tax assets** | | | |
| Provisions | 338 | (338) | - |
| Property, plant and equipment | 3 | (3) | - |
| **Balance at end of financial year** | 341 | (340) | - |
| **Net deferred asset/(liability)** | **340** | **(339)** | **-** |

| | 2023 Opening balance $'000 | 2023 Recognised in profit or loss $'000 | 2023 Closing balance $'000 |
|---|---|---|---|
| **Gross deferred tax liabilities:** | | | |
| Property, plant and equipment | - | (2) | (2) |
| Other | - | - | - |
| **Balance at end of financial year** | - | (2) | (2) |
| **Gross deferred tax assets** | | | |
| Provisions | - | 338 | 338 |
| Property, plant and equipment | - | 3 | 3 |
| **Balance at end of financial year** | - | 340 | 341 |
| **Net deferred asset/(liability)** | **-** | **339** | **340** |

## Recognition and measurement

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In the 2023 financial year, MLPL was part of the TasNetworks consolidated tax group. Deferred tax assets were recognised at that time due to management considering it probable that the group would have future taxable profits available to utilise the temporary differences. At the end of the 2024 financial year, MLPL was no longer part of the consolidated tax group after separating from TasNetworks on 22 March 2024. Deferred tax assets were not recognised for deductible temporary differences as at 30 June 2024 as management considers it not probable that future taxable profits will be available to utilise those temporary differences. Whether future taxable profits are probable at 30 June 2024 is a concept within AABS 112 Income Tax and is distinct from the long term future profitability of the Marinus Link project.

## Unrecognised deferred tax assets

For the 2024 financial year, MLPL had deferred tax assets of $1,550,727 not recognised in the Statement of Financial Position (2023: nil). The deferred tax assets consist of deductible temporary differences of $974,582 and unused tax losses of $576,145.

# MLPL assets

This section highlights the investments made by MLPL into its asset base.

## B1. Property, plant and equipment

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Land** | | |
| Land- at fair value | 7,625 | 5,334 |
| **Carrying amount at end of the financial year** | **7,625** | **5,334** |
| **Buildings** | | |
| Buildings- at fair value | 771 | 771 |
| Accumulated depreciation and impairment | (82) | (50) |
| **Carrying amount at end of the financial year** | **688** | **721** |
| **Other plant and equipment** | | |
| Other plant and equipment- at cost | 438 | 93 |
| Accumulated depreciation | (65) | (17) |
| **Carrying amount at end of the financial year** | **373** | **76** |
| **Leasehold improvements** | | |
| Leasehold improvements- at cost | 53 | 53 |
| Accumulated depreciation | (29) | (1) |
| **Carrying amount at end of the financial year** | **23** | **52** |
| **Work in progress** | | |
| Work in progress- at cost | 73,039 | 15,774 |
| **Carrying amount at end of the financial year** | **73,039** | **15,774** |
| **Total property, plant and equipment** | **81,748** | **21,957** |

## Recognition and measurement

All assets acquired are initially recorded at their costs of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. MLPL capitalises assets that meet the capitalisation threshold of $500 and items under this limit are treated as expenses in the current period.

# B1. Property, plant and equipment (continued)

## Land

Land is carried at fair value, less any subsequent impairment losses where applicable. Revaluations are considered periodically at least every five years, or when management initiates a review due to the existence of an indicator that movement in valuation has occurred.

MLPL's land sites were revalued for financial reporting purposes in May 2024 with an independent valuation conducted by Opteon Property Group Pty Ltd. The method for valuation was a market-based valuation.

## Buildings

Buildings are carried at fair value, less any subsequent accumulated depreciation and impairment losses where applicable. Revaluations are considered periodically at least every five years, or when management initiates a review due to the existence of an indicator that movement in valuation has occurred.

## Other plant and equipment

Other plant and equipment includes minor assets such as office furniture and equipment. These assets are stated at cost less accumulated depreciation and impairment, where applicable. These assets are valued at written down value as they are low value, short life and high turnover assets.

## Leasehold improvements

Leasehold improvements includes minor assets such as security systems and office infrastructure.  These assets are stated at cost less accumulated depreciation and impairment, where applicable. These assets are valued at written down value as they are low value, short life and high turnover assets.

## Work in progress

Work in progress includes work on assets not yet available for use.  These assets are stated at cost less impairment, where applicable.

## Revaluations of non-current assets

Any revaluation of property, plant and equipment is credited to the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease for the same assets previously recognised as expenses in profit or loss, in which case the increase is credited to the statement of profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve in relation to a previous revaluation of those assets.

Given the purchase of land and buildings occurred during the 2019-20 and 2020-21 years, a commercial valuer was appointed in 2024 to review and update the market value of these assets. The updated carrying values of land and buildings  are reflected in the 2023-24 financial statements.

# B1. Property, plant and equipment (continued)

## Useful lives and depreciation

Depreciation on property, plant and equipment other than land is based on the straight-line method so that assets are written off over their expected useful lives. The estimated useful lives, residual values, depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in the current and future periods.

### Key estimates

**Asset useful lives**

Asset useful lives are aligned with the tax depreciable effective life of like assets.

The useful lives assigned to MLPL assets are listed below:

**Buildings:**

◊ Buildings 40 yrs

**Other plant and equipment:**

◊ Minor assets 3-15 yrs

**Leasehold Improvements:**

◊ Minor assets 3 yrs

# B1. Property, plant and equipment (continued)

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Land | Buildings | Other plant & equipment | Leasehold improvements | Work in progress | Total |
| | at fair value | at fair value | at cost | at cost | at cost | |
| **Gross value** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Balance at beginning of financial year** | 5,334 | 771 | 93 | 53 | 15,774 | 22,025 |
| Additions during the year | - | - | 345 | - | 61,129 | 61,473 |
| Disposals during the year | - | - | - | - | - | - |
| Revaluations during the year | 2,291 | - | - | - | - | 2,291 |
| Grant income during the year | - | - | - | - | (3,864) | (3,864) |
| **Balance at end of financial year** | 7,625 | 771 | 438 | 53 | 73,039 | 81,925 |
| **Accumulated depreciation and impairment losses** | | | | | | |
| **Balance at beginning of financial year** | - | (50) | (17) | (1) | - | (68) |
| Depreciation charge for the year | - | (32) | (48) | (28) | - | (109) |
| **Balance at end of financial year** | - | (82) | (65) | (29) | - | (177) |
| **Carrying amount at 30 June 2024** | **7,625** | **688** | **373** | **23** | **73,039** | **81,748** |
| **Carrying amount of assets had they been recognised at cost** | | | | | | |
| **Balance at 30 June 2024** | **7,625** | **688** | **373** | **23** | **73,039** | **81,748** |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Land | Buildings | Other plant & equipment | Leasehold improvements | Work in progress | Total |
| | at fair value | at cost | at cost | at cost | at cost | |
| **Gross value** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| **Balance at beginning of financial year** | 5,289 | 666 | 41 | - | - | 5,996 |
| Additions during the year | 45 | 105 | 52 | 53 | 22,403 | 22,658 |
| Disposals during the year | - | - | - | - | - | - |
| Revaluations during the year | - | - | - | - | - | - |
| Grant income during the year | - | - | - | - | (6,629) | (6,629) |
| **Balance at end of financial year** | 5,334 | 771 | 93 | 53 | 15,774 | 22,025 |
| **Accumulated depreciation and impairment losses** | | | | | | |
| **Balance at beginning of financial year** | - | (38) | (6) | - | - | (44) |
| Depreciation charge for the year | - | (12) | (11) | (1) | - | (24) |
| **Balance at end of financial year** | - | (50) | (17) | (1) | - | (68) |
| **Carrying amount at 30 June 2023** | **5,334** | **721** | **76** | **52** | **15,774** | **21,957** |
| **Carrying amount of assets had they been recognised at cost** | | | | | | |
| **Balance at 30 June 2023** | **5,334** | **721** | **76** | **52** | **15,774** | **21,957** |

# B2. Intangible assets

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Internally generated intangible assets - at cost** | | |
| **Work in progress at beginning of financial year** | 31,666 | 31,707 |
| Additions during the year | 15,451 | 13,266 |
| Grant income during the year | (3,033) | (13,307) |
| **Work in progress at end of financial year** | **44,084** | **31,666** |

## Recognition and measurement

For long life projects with costs incurred prior to construction, the criteria for capitalisation of costs incurred during the development phase outlined in AASB 138 Intangible Assets paragraph 57 can be applied to determine the date at which costs can be capitalised.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- ◊ The technical feasibility of completing the intangible asset so that it will be available for use or sale
- ◊ The intention to complete the intangible asset and use or sell it
- ◊ The ability to use or sell the intangible asset
- ◊ How the intangible asset will generate probable future economic benefits
- ◊ The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- ◊ The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

## Key estimates and assumptions

### Recognition and measurement of intangible assets

MLPL assumed responsibility for the subsea cable, convertor stations and connection to existing transmission networks as part of Project Marinus from 1 December 2021. Analysis of the recognition criteria detailed above was undertaken by MLPL and it was determined that the development phase criteria were met as at October 2021. As such, directly attributable costs to create, produce, and prepare the asset to be capable of operating in the manner intended by management, have been classified as an intangible asset, to the extent they meet the definition, and include intellectual property, licences and other assets.

Intangible assets are tested for impairment whenever there is an indication the asset may be impaired. Intangible assets with an indefinite life and those not yet available for use are tested for impairment annually (note B5).

# B4. Leases

MLPL assesses whether a contract is or contains a lease, at inception of the contract. MLPL recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with terms of less than 12 months). For these leases MLPL recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

MLPL has leases of office premises and office equipment.

## Key assumption

### Lease terms

Lease terms and the potential to exercise options to extend lease terms are assessed at inception of the lease to determine the full lease term and the underlying asset value. The option to extend leases at inception to include the option in the term are based on management assumptions on the future operations of MLPL based on information known at the time.

### Right-of-use assets

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Carrying amount of assets by class:** | | |
| Office premises | 1,283 | 185 |
| Motor vehicles | 89 | - |
| **Total carrying amount of right-of-use assets** | **1,373** | **185** |

**Reconciliation of right-of-use assets for the year:**

| | Office Premises<br>$'000 | Motor Vehicles<br>$'000 | Total<br>$'000 |
|---|---|---|---|
| Carrying amount at 1 July 2023 | 185 | - | 185 |
| Additions | 1,191 | 92 | 1,283 |
| Depreciation expense | (93) | (2) | (95) |
| Variable (CPI) remeasurements | - | | **-** |
| **Carrying amount at 30 June 2024** | **1,283** | **89** | **1,373** |

| | Office Premises<br>$'000 | Motor Vehicles<br>$'000 | Total<br>$'000 |
|---|---|---|---|
| Carrying amount at 1 July 2022 | - | - | **-** |
| Additions | 267 | - | **267** |
| Depreciation expense | (82) | | **(82)** |
| Variable (CPI) remeasurements | - | - | **-** |
| **Carrying amount at 30 June 2023** | **185** | **-** | **185** |

# B4. Leases (continued)

## Recognition and measurement

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. Subsequent to initial recognition lease assets are measured at cost less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset. Depreciation starts at the commencement date of the lease.

Right of use assets are tested for impairment annually and whenever there is an indication that the asset may be impaired.

| Lease liabilities | 2024 $'000 | 2023 $'000 |
|---|---|---|
| Current lease liabilities | 367 | 89 |
| Non-current lease liabilities | 1,011 | 100 |
| **Total lease liabilities** | **1,378** | **189** |
| **Maturity analysis of future lease payments** | | |
| Not later than 1 year | 383 | 95 |
| Later than 1 year and not later than 5 years | 1,147 | 103 |
| Later than 5 years | - | - |
| | 1,530 | 198 |
| Lease interest | (152) | (9) |
| **Total lease liabilities** | **1,378** | **189** |

MLPL leases an office premises in Hobart with a term of 5 years and an office in Traralgon with a term of 3 years. The effective interest rate applied at the inception of the lease is the incremental borrowing rate of MLPL.

MLPL has a short-term operating lease relating to an office premises in Melbourne. Payments of $40,545 were recognised as an expense in the 2024 financial year (2023: nil).

Lease liabilities are initially recognised at the present value of future lease payments. These payments are discounted using MLPL's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments. Interest on lease liabilities is recognised in the profit or loss. Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

# B4. Leases (continued)

Lease payments included in the measurement of the lease liability compromise:

◊ Fixed lease payments (including in-substance fixed payments), less any lease incentives

◊ Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date

◊ The amount expected to be payable by the lessee under residual value guarantees

◊ The exercise price of purchase options, if the lessee is reasonably certain to exercise the options

◊ Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use assets) whenever:

◊ The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liabilities are remeasured by discounting the revised lease payments using a revised discount rate

◊ The lease payments change due to changes in an index or rate or a change in expected payment under guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised leased payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)

◊ A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

# B5. Impairment of assets

## Recognition and measurement

At each reporting date, MLPL reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may have suffered an impairment loss. Intangible assets with an indefinite useful life and those not yet available for use are tested for impairment annually. If an indication of impairment exists, the recoverable amount of the asset is estimated to determine the extent of any impairment losses. Where the asset does not generate cash flows that are independent from other assets, MLPL estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value-in-use.

Value in use is calculated based upon management's most recent cash flow forecasts.

# Key estimates and assumptions

## Impairment testing results

MLPL undertakes an assessment for impairment of all assets at each reporting date. If an indication of impairment exists, an estimate of the recoverable amount for each cash generating unit is made. This estimate is based on the assets value in use, calculated using an estimate of expected future cash flows.

Intangible assets are reviewed annually to ensure they continue to meet the recognition criteria for internally generated intangible assets. MLPL asses the value in use of the intangible asset, calculated using an estimate of expected future cash flows.

MLPL has identified one CGU that comprises the Capital Work In Progress asset (including the procurement of cable, converters, route development and project management) and the Intangible Work In Progress asset (environmental, community and Traditional Owner approvals, project financing, project management and a revenue determination).

There were no impairment events during the 2024 financial year (2023: nil).

# Financing MLPL's business

This section provides information relating to MLPL's financing structure.

## C1. Borrowings

Prior to 22 March 2024, MLPL was a fully owned subsidiary of TasNetworks. TasNetworks received government financial support for the project which was provided to MLPL via an intercompany loan. On 22 March 2024, MLPL was sold to the Commonwealth, Victorian and Tasmanian governments via a Shareholders' Agreement. On completion the intercompany loan was forgiven by TasNetworks under the terms of the Deed of Termination. In 2023 all borrowings were transacted through the parent company TasNetworks at commercial borrowing rates based on the TasNetworks weighted average cost of debt plus a margin on the date of agreement. The average effective interest rate was approximately 3.56%.

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Non-current:** | | |
| Borrowings | - | (78,025) |
| | - | **(78,025)** |
| | | |
| **Total borrowings** | - | **(78,025)** |

### Recognition and measurement

Borrowings are recorded initially at fair value, net of transaction costs and subsequently measured at amortised cost.

Non-current borrowings are those borrowings that have a maturity beyond one year of the reporting date. All borrowings that are not non-current borrowings are current borrowings.

### Borrowing costs

Borrowing costs directly attributable to the intangible asset, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Included in the capital expenditure for the year is an amount of $1.406m (2023: $1.637m) that represents borrowing costs capitalised during the year using a capitalisation rate of 2.85% (2023: 3.56%).

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### MLPL related party loan - TasNetworks

In August 2019, MLPL and TasNetworks Pty Ltd (the ultimate parent company of MLPL) entered into an Intercompany Loan Agreement. This agreement was in place until 22 March 2024.

# C2. Other financial liabilities

Within MLPL's Shareholders' Agreement, an initial subscription process is defined and includes an initial subscription amount payable by each Shareholder. While Commonwealth and Victorian governments paid cash, the Shareholders' Agreement allows for the funds previously provided by Tasmania to be applied against its funding obligations. The Tasmanian Government was able to use the funds they had already contributed to MLPL via an existing intercompany loan ($79m). The intercompany loan was forgiven by TasNetworks at separation and a new financial liability of $79m was recognised for the future equity contributions of Tasmania ($29.6m was recognised as Tasmania's initial subscription on completion with the balance recognised as an other financial liability. The remaining balance will be utilised towards future equity contributions).

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Current:** | | |
| Future equity contributions- Tasmanian government | 38,213 | - |
| | **38,213** | - |
| **Non-current:** | | |
| Future equity contributions- Tasmanian government | 11,670 | - |
| | **11,670** | - |
| **Total other financial liabilities** | **49,883** | - |

# C3. Notes to the statement of cash flows

## (a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks.

Cash and cash equivalents at the end of the financial year, as shown in the statement of cash flows, is reconciled to the related items in the balance sheet as follows:

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Cash at bank | 82,719 | 36 |
| | **82,719** | **36** |

## (b) Reconciliation of net loss for the year to net cash flows from operating activities

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Net loss for the year | (10,315) | (3,743) |
| Amortisation of right of use assets | 103 | 82 |
| Interest on leases | 9 | 11 |
| Depreciation of non-current assets | 110 | 24 |
| Capitalised interest | (1,406) | (1,637) |
| Income tax expense/(benefit) | (4,659) | (1,604) |
| (Increase)/decrease in trade and other receivables | 7,289 | (2,458) |
| (Increase)/decrease in other assets | 1,149 | 257 |
| Increase/(decrease) in employee benefits | (126) | (37) |
| Increase/(decrease) in trade and other payables | (618) | 56 |
| Increase/(decrease) in other liabilities | 552 | 89 |
| **Net cash provided by operating activities** | **(7,913)** | **(8,960)** |

## Recognition and measurement

Cash and cash equivalents are highly liquid cash investments with maturity less than 3 months and comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents are carried at face value of the amounts deposited. The carrying amounts of cash and cash equivalents approximate net fair value.

## (c) Reconciliation of movements of liabilities to cash flows arising from financing activities

The table below details changes in MLPL's liabilities and equity arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be classified in MLPL's statement of cash flows as cash flows from financing activities.

# C3. Notes to the statement of cash flows (continued)

| | 2024 | | | |
|---|---|---|---|---|
| | Borrowings | Equity | Finance leases | Total |
| | $'000 | $'000 | $'000 | $'000 |
| **Opening balance at 1 July 2023** | **77,926** | **-** | **(267)** | **77,659** |
| **Changes from financing cash flows:** | | | | |
| Proceeds from borrowings | - | - | - | - |
| Repayment of borrowings | - | - | - | - |
| Principal lease payments | - | - | (97) | (97) |
| Payment of dividend | - | - | - | - |
| Equity contributions | - | 137,602 | - | 137,602 |
| **Total changes from financing cash flows** | **-** | **137,602** | **(97)** | **137,505** |
| **Non-cash changes** | | | | |
| **Liability changes** | | | | |
| Proceeds from borrowings | 1,451 | - | - | - |
| Borrowings forgiven | (79,377) | - | - | (79,377) |
| **Total liability changes** | (77,926) | - | - | (79,377) |
| **Equity related changes:** | | | | |
| Net actuarial gain/(loss) | - | - | - | - |
| Profit for year | - | - | - | - |
| **Total equity related changes** | **-** | **-** | **-** | **-** |
| **Closing balance at 30 June 2024** | **-** | **137,602** | **(364)** | **135,787** |

| | 2023 | | | |
|---|---|---|---|---|
| | Borrowings | Equity | Finance leases | Total |
| | $'000 | $'000 | $'000 | $'000 |
| **Opening balance at 1 July 2022** | **29,665** | **-** | **-** | **29,665** |
| **Changes from financing cash flows:** | | | | |
| Proceeds from borrowings | 52,142 | - | - | 52,142 |
| Repayment of borrowings | (3,881) | - | - | (3,881) |
| **Total changes from financing cash flows** | **48,261** | **-** | **-** | **48,261** |
| **Non-cash changes** | | | | |
| **Liability changes** | | | | |
| Lease modifications, new leases and interest | - | - | (267) | (267) |
| **Total liability changes** | - | - | (267) | (267) |
| **Closing balance at 30 June 2023** | **77,926** | **-** | **(267)** | **77,659** |

## (d) Non-cash financing activities

During the year MLPL entered into four new leases which resulted in the recognition of right-of-use assets of $1.475m (2023: $0.267m). And a corresponding lease liability of $1.475m (2023: $0.267m).

# MLPL equity

This section provides information on MLPL's owners and the transactions with MLPL's owners.

## D1. Accumulated losses

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Balance at beginning of financial year | (4,051) | (308) |
| Net loss for the year | (10,315) | (3,743) |
| **Balance at end of financial year** | **(14,366)** | **(4,051)** |

Accumulated losses comprise the transfer of net profit or loss for the year.

## D2. Reserves

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| Asset revaluation reserve | 2,291 | - |
| | **2,291** | **-** |
| **Asset revaluation reserve** | | |
| Balance at the beginning of financial year | - | - |
| Revaluation increase (decrease) on land and buildings | 2,291 | - |
| Change in deferred tax liability on revaluation | - | - |
| **Balance at end of financial year** | **2,291** | **-** |

The asset revaluation reserve comprises revaluation increments and decrements arising from property, plant and equipment, measured at fair value in accordance with applicable Australian Accounting Standards.

# D3. Contributed equity

| Contributed equity | 2024 $'000 | 2023 $'000 |
|---|---|---|
| 167,195,000 ordinary shares fully paid at $1 per share (2023: 100 ordinary shares fully paid at $1 per share) | 167,195 | - |
| | **167,195** | - |

| | Number of shares '000 | Contributed equity $'000 |
|---|---|---|
| Equity contributions from Commonwealth of Australia | 81,925 | 81,925 |
| Equity contributions from State of Victoria | 55,676 | 55,676 |
| Equity contributions from State of Tasmania | 29,594 | 29,594 |
| | **167,195** | **167,195** |

On 5 February 2024, 900 additional shares were issued at $1 per share.

On 22 March 2024, MLPL's ownership was transferred to the Commonwealth Government (49%), Victorian Government (33.3%) and Tasmanian Government (17.7%). Upon completion of the transfer of ownership a Shareholder's Agreement was executed between MLPL and its new Shareholders. The Shareholder's Agreement defined the initial equity subscription for each Shareholder to achieve the required ownership composition. 167,195,000 shares were issued at $1 per share (each Shareholder has one vote for each fully paid share). Any combination of the Shareholders have the ability to jointly control, and all can effect significant influence over the company.

# Other assets and liabilities

This section provides information on the other assets and liabilities of MLPL.

## E1. Trade and other receivables

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Current:** | | |
| Intercompany receivables | - | 24,550 |
| Accrued revenue | 255 | 82 |
| | **255** | **24,632** |

## E2. Trade and other payables

| | 2024 $'000 | 2023 $'000 |
|---|---|---|
| **Current:** | | |
| Accrued payables | 7,668 | 5,055 |
| GST payable | (3,231) | - |
| | **4,437** | **5,055** |

### Recognition and measurement

Trade payables and other accounts payable, including accruals for accounts not yet billed, are recognised when obligations to make future payments have occurred for goods received or services provided. Due to their short-term nature they are not discounted.

Trade and other payables were funded via the intercompany loan with TasNetworks (see note C1) until separation on 22 March 2024.

# MLPL people

This section provides information relating to a range of employment and post employment benefits provided to MLPL's people.

## F1. Employee benefits

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Current:** | | |
| Annual leave | 602 | 587 |
| Long service leave | 178 | 216 |
| Other employee benefits | 30 | 133 |
| | 810 | 936 |
| **Non-current:** | | |
| Long service leave | 144 | 163 |
| Other employee benefits | 25 | 27 |
| | 169 | 190 |
| | **978** | **1,126** |

### Recognition and measurement

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably. The provision represents the amount that MLPL has an obligation to pay resulting from employees' services provided up to the balance date.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured at the present value of the estimated future cash outflows to be made by MLPL in respect of services provided by employees up to reporting date. These amounts are discounted to determine their present value.

# F1. Employee benefits (continued)

## Salaries, annual and long service leave

Annual leave and long service leave provisions are classified as current where the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. This does not imply that there is an expectation that the current provision will be paid out within the next twelve months.

Movements to these provisions are included in the cost of labour and charged directly to capital jobs or cost centres, and correspondingly, the provisions absorb the cost when employees utilise their benefits.

## Key Estimates

### Long service leave

The long service leave provision requires management judgement of the key assumptions including:

- future increases in salaries and wages;
- future on-cost rates;
- experience of employee departures and periods of service; and
- application of an appropriate discount rate where liabilities are more than 12 months due.

## Termination payments

Termination payments are calculated in accordance with the relevant employee agreements. Provisions are made when it is probable that settlement will be required and they are capable of being measured reliably.

## Sick leave

No provision for sick leave is allowed for in the financial statements as sick leave is non-vesting and employee benefits only exist when employees become sick.

## Accumulation superannuation plans

MLPL makes contributions for employees to an accumulation superannuation plan in accordance with the Commonwealth's *Superannuation Guarantee (Administration) Act 1992*. Contributions are expensed when incurred.

# Commitments

This section contains information about the commitments MLPL has made.

## G1. Contingent liabilities and contingent assets

### Contingent assets

In April 2022, the Commonwealth committed $75 million in funding under the Federal Funding Agreement to progress Project Marinus to a Financial Investment Decision, of which MLPL will receive $56.22m. MLPL recognised $9.702m in 2024, the remaining payments will be received over the next two financial years contingent on the completion of agreed milestones.

### Contingent liabilities

In 2019 Project Marinus received a grant from ARENA to support the project work on the feasibility study. Upon operationalisation of MLPL on 1 December 2021 the terms and conditions of this grant including certain repayment conditions where the grant revenue of $10.000m received would be required to be repaid were novated to MLPL.

No other claims related to property loss, personal injury, contractual and other matters were outstanding at the date of publication of these accounts.

## G2. Commitments for expenditure

| | 2024<br>$'000 | 2023<br>$'000 |
|---|---|---|
| **Capital expenditure commitments:** | | |
| **Intangible assets** | | |
| Within one year | 2,238 | 235 |
| One year or later and no later than five years | - | 92 |
| Greater than five years | - | - |
| | **2,238** | **327** |
| **Property, plant and equipment** | | |
| Within one year | 119,221 | 6,008 |
| One year or later and no later than five years | 553,737 | 5,263 |
| Greater than five years | 32,700 | 583 |
| | **705,658** | **11,854** |
| **Operating expenditure commitments:** | | |
| **Other expenses (excluding leases)** | | |
| Within one year | 9,394 | 4,398 |
| One year or later and no later than five years | 160 | 1,316 |
| Greater than five years | 120 | 160 |
| | **9,674** | **5,874** |

# H1. Auditor's remuneration

| | 2024 | 2023 |
|---|---|---|
| | $ | $ |
| Amounts received, or due and receivable: | | |
| Audit of financial statements | 55,000 | 25,000 |
| | **55,000** | **25,000** |

# H2. Related party and key management personnel disclosures

## Key management personnel compensation

The aggregate compensation to key management personnel of MLPL is set out below:

| **Benefits paid** | **Director remuneration** | | **Executive remuneration** | | **Consolidated** | |
|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Short-term employee benefits | 318 | 191 | 2,158 | 2,073 | **2,476** | **2,264** |
| Post-employment benefits | 29 | 18 | 103 | 153 | **132** | **171** |
| Other long-term employment benefits | - | - | (101) | (191) | **(101)** | **(191)** |
| Vehicle benefits | - | - | - | - | **-** | **-** |
| Termination Benefits | - | - | 234 | 341 | **234** | **341** |
| | **347** | **209** | **2,394** | **2,377** | **2,741** | **2,586** |

For Director remuneration, short term employment benefits includes Director fees, Committee fees and other benefits. Post employment benefits represents superannuation contributions.

For Executive remuneration, short-term employment benefits includes base salary, vehicles, other benefits and other non-monetary benefits. Post employment benefits represents superannuation contributions and other long-term employee benefits includes leave movements.

Termination benefits include all forms of benefit paid or accrued as a consequence of termination, including leave entitlements paid out on termination.

Some executives, including the Interim CEO are not employees, they provide services under service agreements.

Remuneration levels for key management personnel of MLPL are competitively set to attract and retain appropriately qualified and experienced Executives. The remuneration and salary review structure takes into account the capability and experience of the relevant Executive and the achievement of measurable organisational and individual goals.

The employment terms and conditions of the remaining senior executives are contained in individual employment contracts, which prescribe total remuneration, superannuation, annual and long service leave, vehicle and salary sacrifice provisions. In addition, MLPL provides non-monetary benefits and contributes to post-employment superannuation plans to senior executives employed under an individual employment contract.

The performance of each senior executive, including the CEO, is reviewed annually and includes a review of their remuneration package or contract.

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

## Acting arrangements

When members of key management personnel are unable to fulfill their duties, consideration is given to appointing other members of senior staff to their position during their period of absence.

Individuals are considered members of key management personnel when acting arrangements are for a period of more than one month.

# H3. Subsequent events

## Commitments

On August 1, 2024, MLPL signed a significant contract with Italian company Prysmian to supply high-voltage direct current (HVDC) cable for the project. This contract covers the design, manufacture, supply, and installation for Stage 1 of the Marinus Link interconnector project, a 750-megawatt HVDC cable system. Awarding the contract to Prysmian provides greater certainty around the targeted construction start date in 2026.

# H4. Changes in accounting policies

As a wholly-owned subsidiary of TasNetworks in 2023, MLPL prepared financial statements in accordance with Tasmanian Government Guideline GBE 08-81-07 Application of Australian Accounting Standards which requires 'Tier 1' reporting. Following its separation from TasNetworks in March 2024, as a for-profit private sector entity with no 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards, MLPL is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards. The impact of this change is a decrease in the number of disclosures in the notes to the financial statements. 2023 comparatives have been included where applicable.

## Accounting standards adopted

In the current year, MLPL has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. MLPL has adopted the following relevant standards:

| AASB amendment | Affected standard | Nature of change to accounting policy |
|---|---|---|
| **AASB 2021-2** | Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates | "This Standard amends:<br>a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;<br>b) AASB 101, to require entities to disclose their material accounting policy information rather than their significant accounting policies;<br>c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;<br>d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and e) AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. Additional conforming amendments to AASB 1049, AASB 1054, and AASB 1060 were made by AASB 2021-6.<br>**Management Response:** *Noted, no material impact.* |
| **AASB 2021-5** | Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction | "The amendment narrowed the scope of the recognition exemption in paragraphs 15 and 24 of AASB 112 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendment applies to transactions that occur on or after the beginning of the earliest comparative period presented.<br>**Management Response:** *Noted, but no identified application to MLPL at this time. Tax advice may be necessary to determine whether debt forgiveness transfer to equity falls under this amendment.* |
| **AASB 2021-6** | Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards | "Amends AASB 1060 to require entities to disclose their material accounting policy information rather than their significant accounting policies and to clarify that information about the measurement bases for financial instruments is expected to be material to an entity's financial statements. Consequential amendments are made to other Accounting Standards.<br>**Management Response:** *See AASB 2021-2.* |
| **AASB 2022-7** | Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards | "This Standard repeals various Australian Accounting Standards superseded by another Standard or otherwise made redundant.<br>This Standard has no effect on in-force Accounting Standards.<br>**Management Response:** *Noted, no material impact.* |

Marinus Link Pty Ltd
PO Box 606 Moonah
Tasmania
Australia 7009

**Directors' declaration – for the year ended 30 June 2024**

In the Directors' opinion:

a) the attached financial statements and notes comply with, the Shareholders' Agreement, the Australian Accounting Standards and other mandatory professional reporting requirements;

b) the attached financial statements and notes give a true and fair view of Marinus Link Pty Ltd's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

c) there are reasonable grounds to believe that Marinus Link Pty Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

On behalf of the Directors

| | |
|---|---|
| DocuSigned by: Sandra Gamble E10EED7B084D4F7... | Signed by: Warwick Smith 2102DC4EB3F04AB... |
| Sandra Gamble | Hon Warwick Smith AO |
| Chair | Director |
| **Marinus Link Pty Ltd** | **Marinus Link Pty Ltd** |

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