



Meridian.

2023 Annual Results Presentation



29 AUGUST 2023

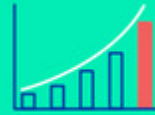
Blade transportation at Meridian's Harapaki wind farm

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

Key points



3.1% increase in final dividend



10% increase in EBITDAF*



472 GWh of committed process heat demand



Ruakākā BESS construction commenced



Waitaki reconsent lodged with key partnerships in place



Doubled long-term development pipeline



Harapaki back on track



Transformer issues and White Hill turbine outages



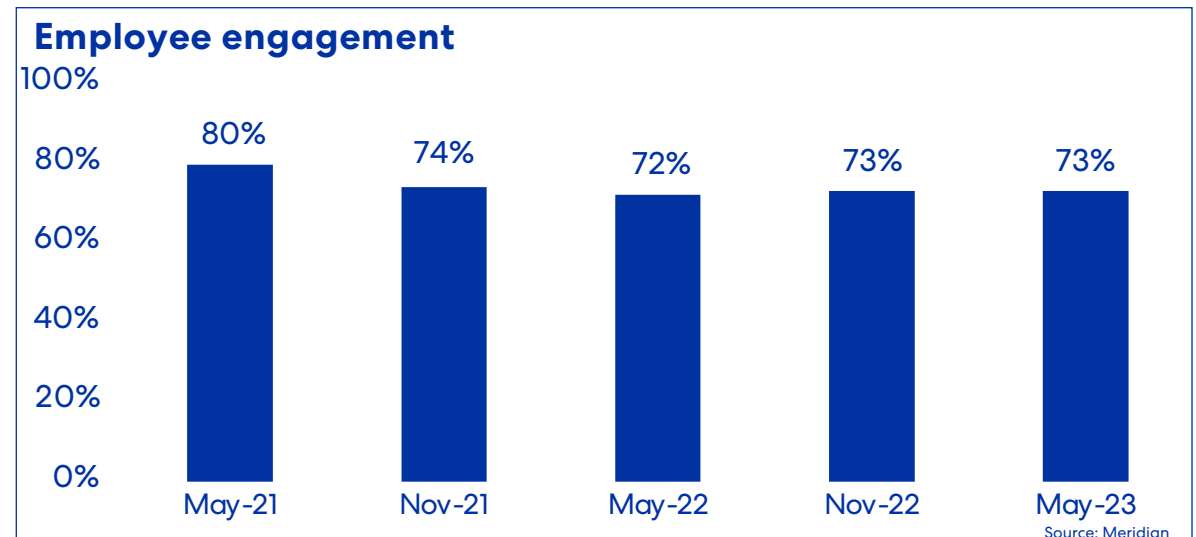
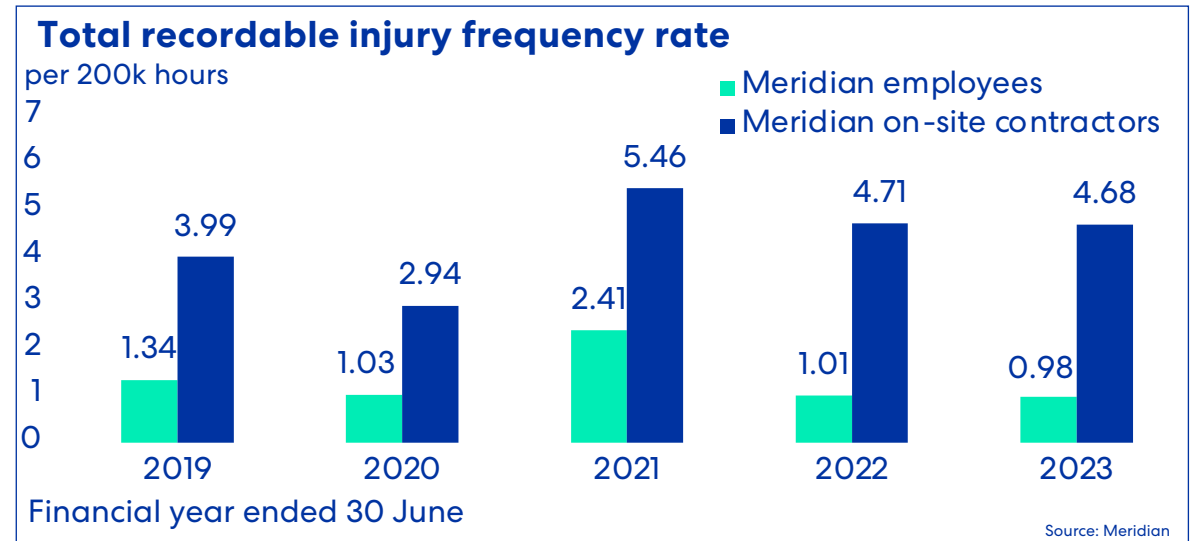
Woodside selected as preferred hydrogen partner

Discussions are ongoing with NZAS on a potential contract beyond 2024. These discussions are complex, and outcomes are uncertain. Meridian will update the market when discussions with NZAS are completed

*Earnings before interest, tax, depreciation, amortisation, unrealised changes in fair value of hedges, impairments and gains or losses on sale of assets

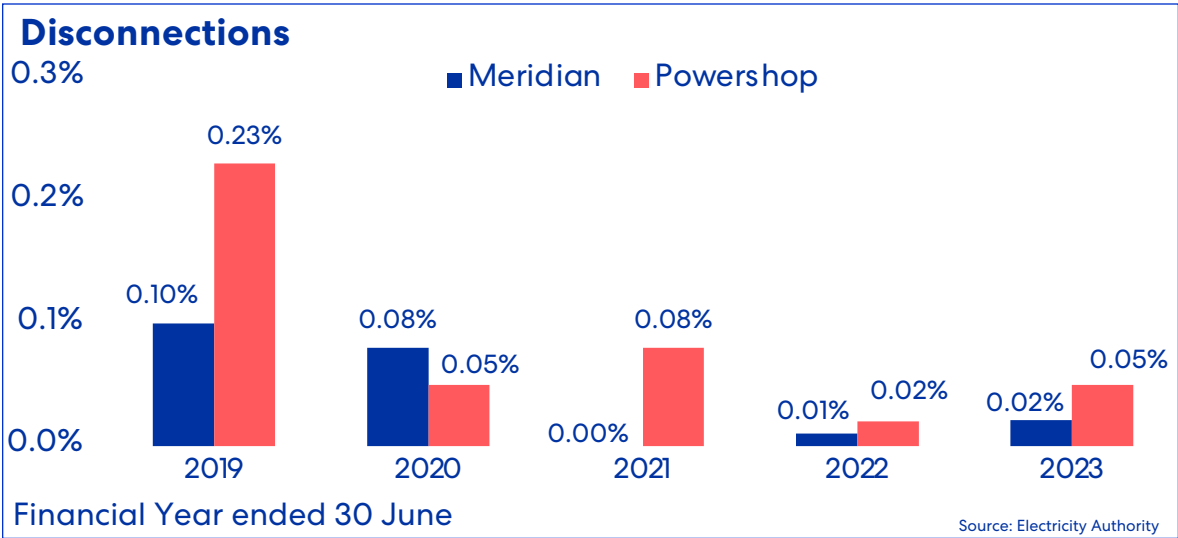
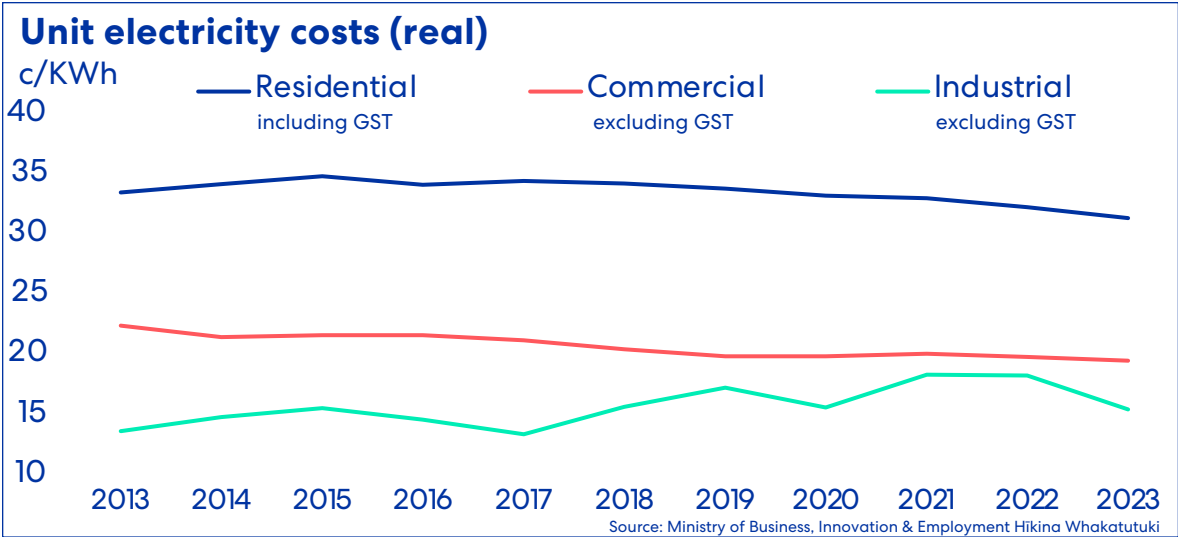
Our people

- Injury rate showing improving trend, with 17 non-serious lost time injuries in FY23
- Mature hybrid working, revamped employee benefits helping deliver stable staff engagement
- Refreshed Belonging Strategy to achieve further inclusion, accessibility and gender, ethnicity and identity diversity
- Te Ao Māori Strategy introduced to help lift the overall cultural capability
- Lease signed on a new Wellington office



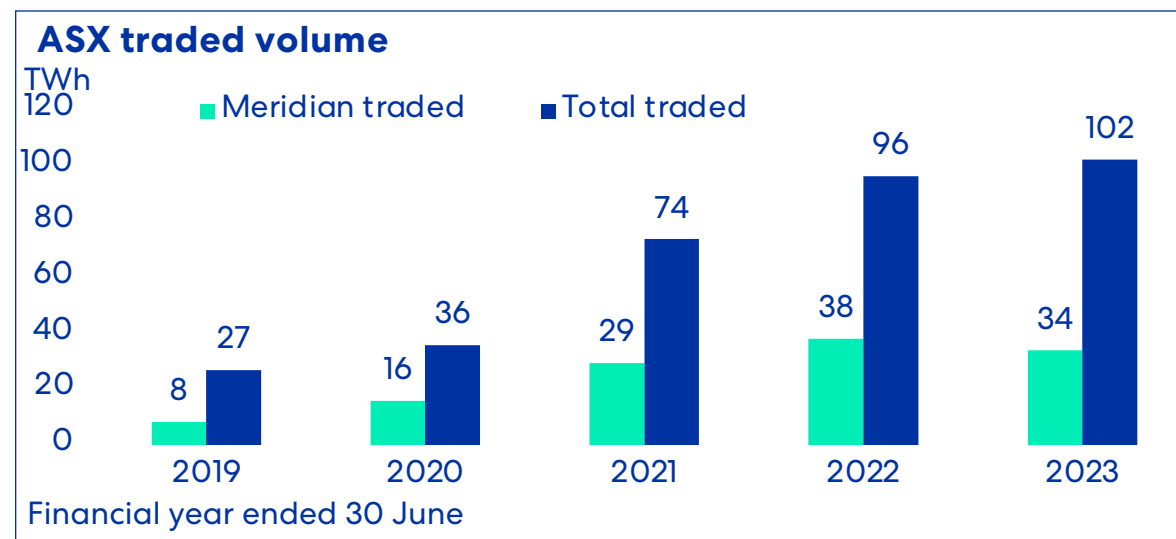
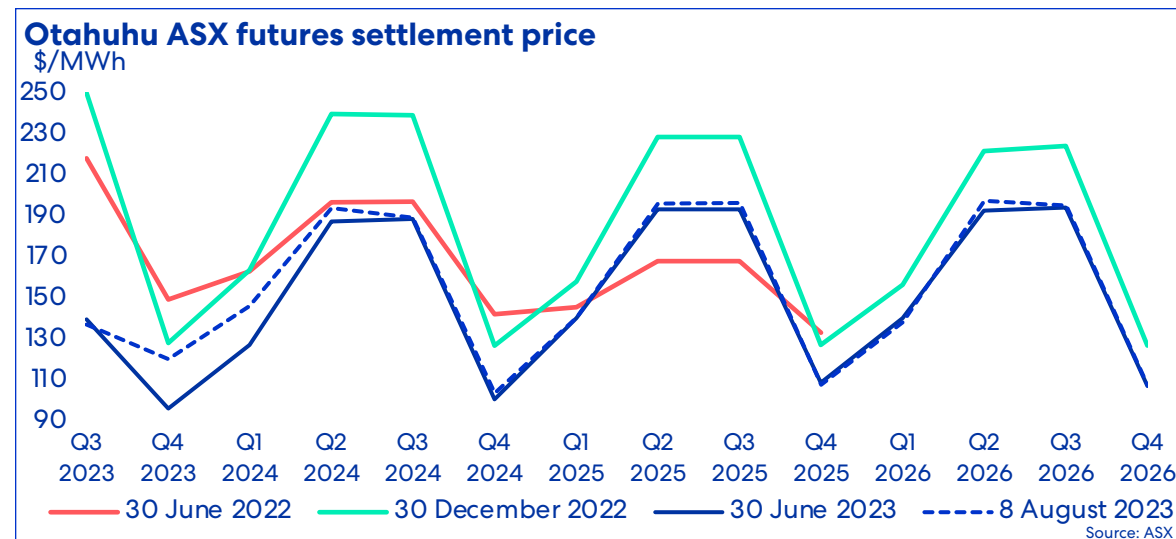
Customer outcomes

- Retail electricity pricing continuing to decline in real terms
- Meridian is fully compliant with the Electricity Authority’s customer care guidelines
- Aim of no disconnections for payment reasons
- Launched a \$5M Energy Wellbeing Fund to work with 5,000 households over next two years



Wholesale market operation

- Forward curve has moderated during FY23
- Wholesale market liquidity continues to rise
- New peak records point to overall demand increases
- Expect to see real medium term forward prices moderating to \$80-\$90 per MWh
- Transition to a more renewable grid will likely introduce greater price volatility



Policy and regulation

Resource management reform

- Natural & Built Environment Act and Spatial Planning Act passed into law
- Climate Adaptation Bill yet to be introduced
- Concerns with how the review of National Policy Statement and new National Planning Framework fit into law changes
- And misalignment between renewable energy projects and environmental limits

New Zealand Energy Strategy

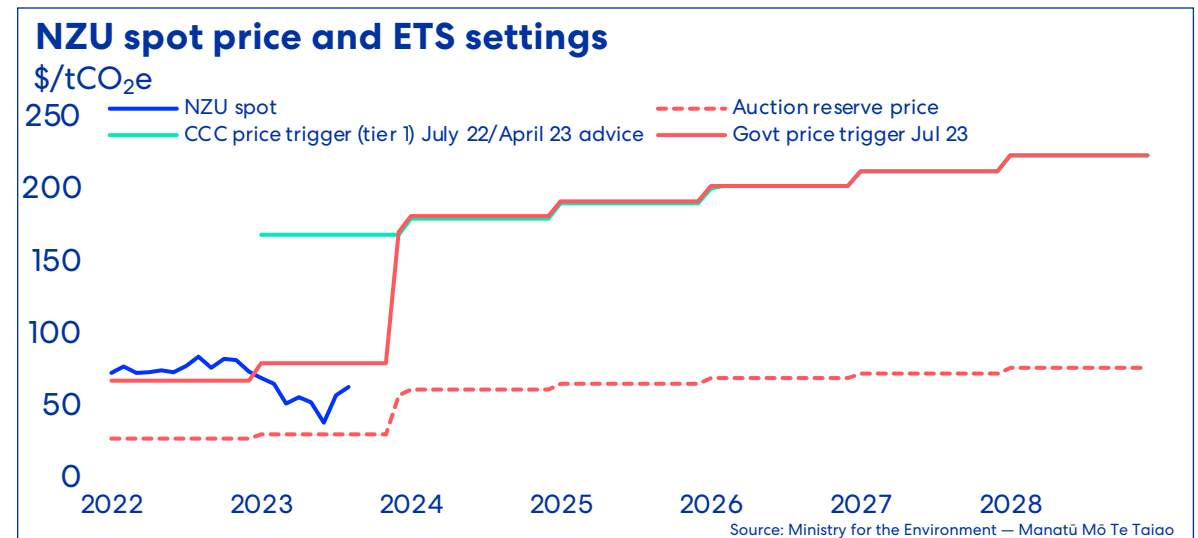
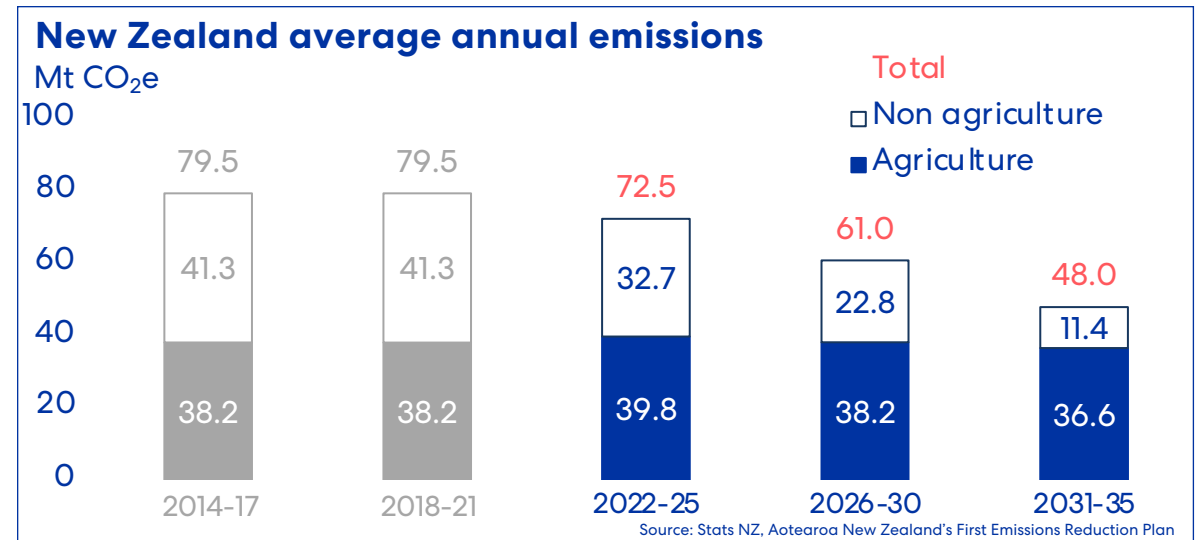
- Gas transition plan, hydrogen roadmap, offshore wind, energy transition and EV charging strategy papers issued
- NZ Battery project advancing non-hydro portfolio and Lake Onslow pumped storage options
- MBIE's development of the NZ Energy Strategy expected to be complete by the end of 2024



Lake Benmore in the Waitaki Valley

New Zealand's decarbonisation

- 2022 Emissions Reduction Plan targets significant non-agricultural emissions reductions
- 5th (final) round of GIDI funding closed in March 2023
- Replaced with expanded scope GIDI funding
- Includes large scale partnership projects recently announced with New Zealand Steel and Fonterra
- July 2023 changes to clean car rebate scheme
- Government increasing emissions prices in December 2023 following successful judicial review
- Resolves disparity with the Climate Change Commission's advice



Meridian's decarbonisation

Managing our own emissions



Half by 30

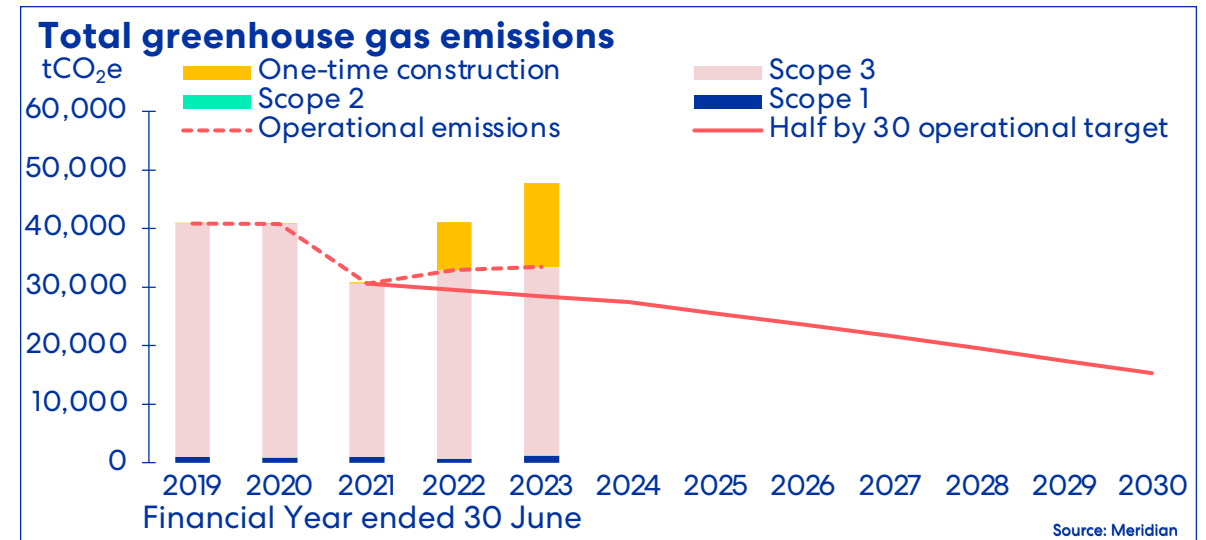
Our science-aligned gross emissions reduction target for scope 1, 2 and 3 operational emissions. Halving total emissions by FY30 on a FY21 baseline.

Forever Forests

Our nature based response to grow a permanent, and over time 100% native, emissions sink.

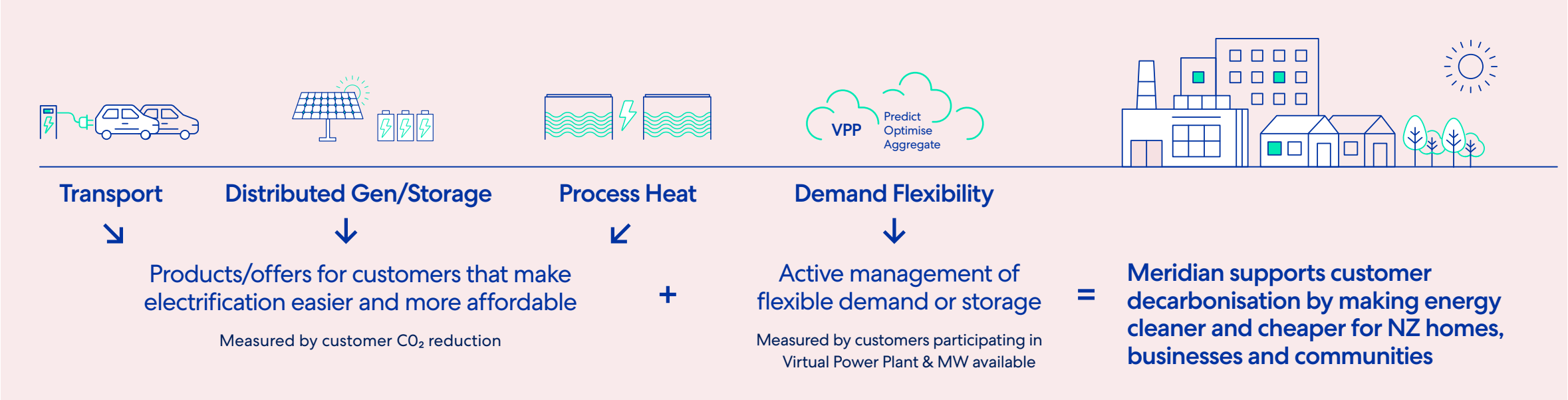
Climate risk and adaptation

Our continued commitment to assess and manage our climate-related risks, including adaptation.

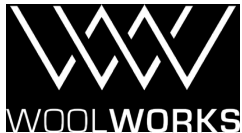


- Half by 30 roadmap and Climate Action Plan focused on reducing gross emissions
- 100% emissions offset expanded to now include one-off construction emissions
- By 2030 Forever Forests will remove the same level of emissions Meridian produces

Customer decarbonisation



- 237 Zero charging points operating
- 640GWh of Certified Renewable Energy
- 40MW of committed demand flexibility
- 472GWh of committed process heat demand, including;



NZAS termination – portfolio response



Harapaki wind farm

- In February 2023, Cyclone Gabrielle caused Harapaki site damage and extensive destruction to East Coast roading and transmission infrastructure
- Transpower repairs have enabled Harapaki substation commissioning
- Waka Kotahi repairs to State Highway 5 have allowed first tranche of turbine componentry to be delivered to site
- First power is expected in October 2023 (originally June 2023)
- Full power is expected in September 2024 (originally June 2024)
- Project capital cost is still expected to be \$448M as previously indicated



Turbine tower section being transported at Meridian's Harapaki wind farm

Renewable development pipeline

- Ruakākā Battery Energy Storage System main civil works now underway
- Mt Munro wind farm consent (90MW) was lodged in May 2023
- Ruakākā solar (120MW) consent lodging is imminent
- Swannanoa solar (130MW) consent expected to be lodged in early 2024



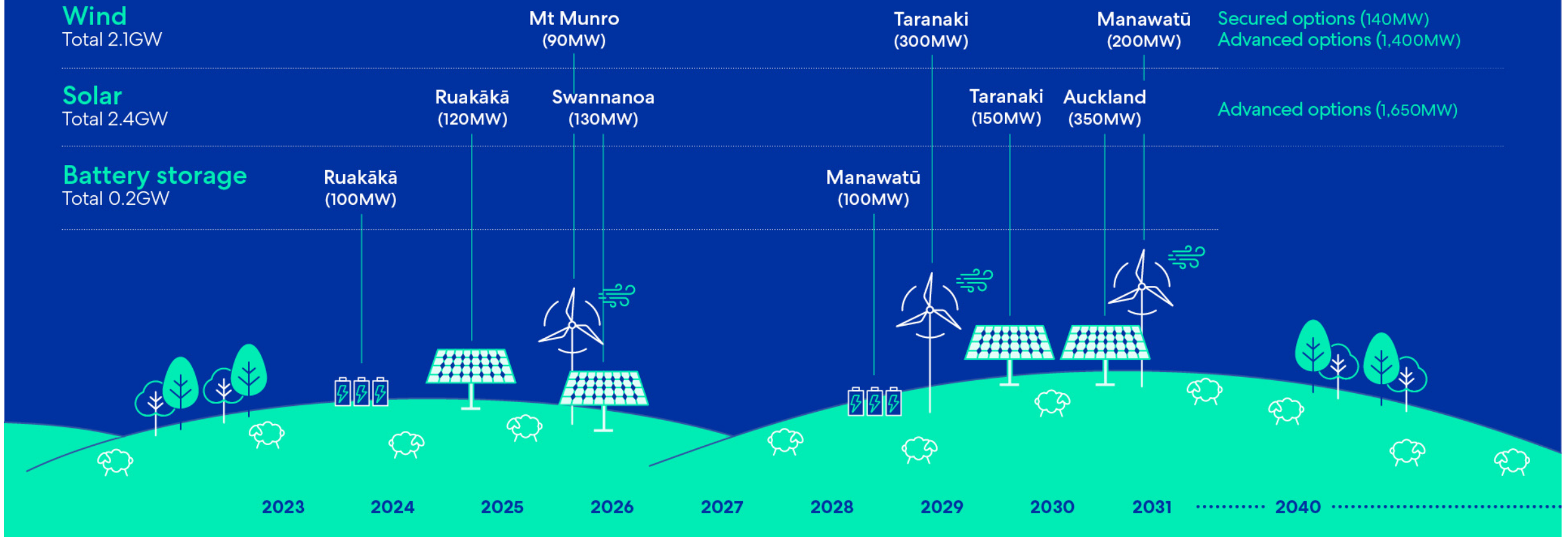
Visual simulation of the Mt Munro wind farm in Wairarapa



Proposed layout of the Ruakākā Battery Energy Storage System near Whāngarei

Renewable development pipeline

- Doubling of pipeline in FY23 to 4.7GW (11.1TWh) of development options
- 1.5GW secured, 3.2GW in advanced prospects





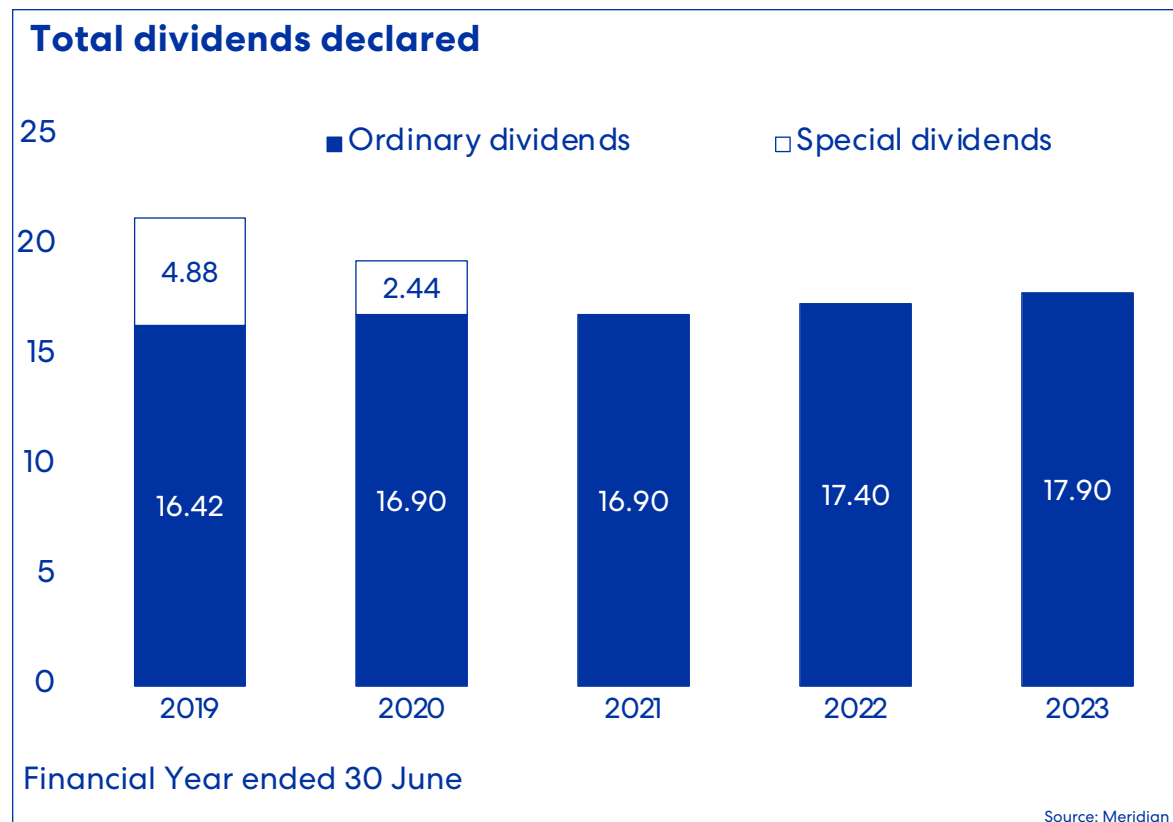
BOILER HOUSE



Dividends

- Final ordinary dividend declared of 11.90cps (+3%), 80% imputed
- Brings FY23 full year ordinary dividend declared to 17.90cps (+3%), 80% imputed
- Represents 80% payout of free cash flow
- Dividend reinvestment plan will apply to this final dividend at 0% discount

\$M	Free cash flow	
	2023	2022
Net profit after tax	95	664
Fair value movements	309	(260)
Impairment of assets	10	2
Gain on sale	-	(214)
Tax effect	(81)	78
Adjusted NPAT	333	270
Depreciation and Amortisation	294	300
Stay in business capital expenditure	(50)	(50)
Free cash flow	577	520
Annual dividend declared	462	448
Annual dividend declared (cps)	17.90	17.40
Payout ratio	80%	86%

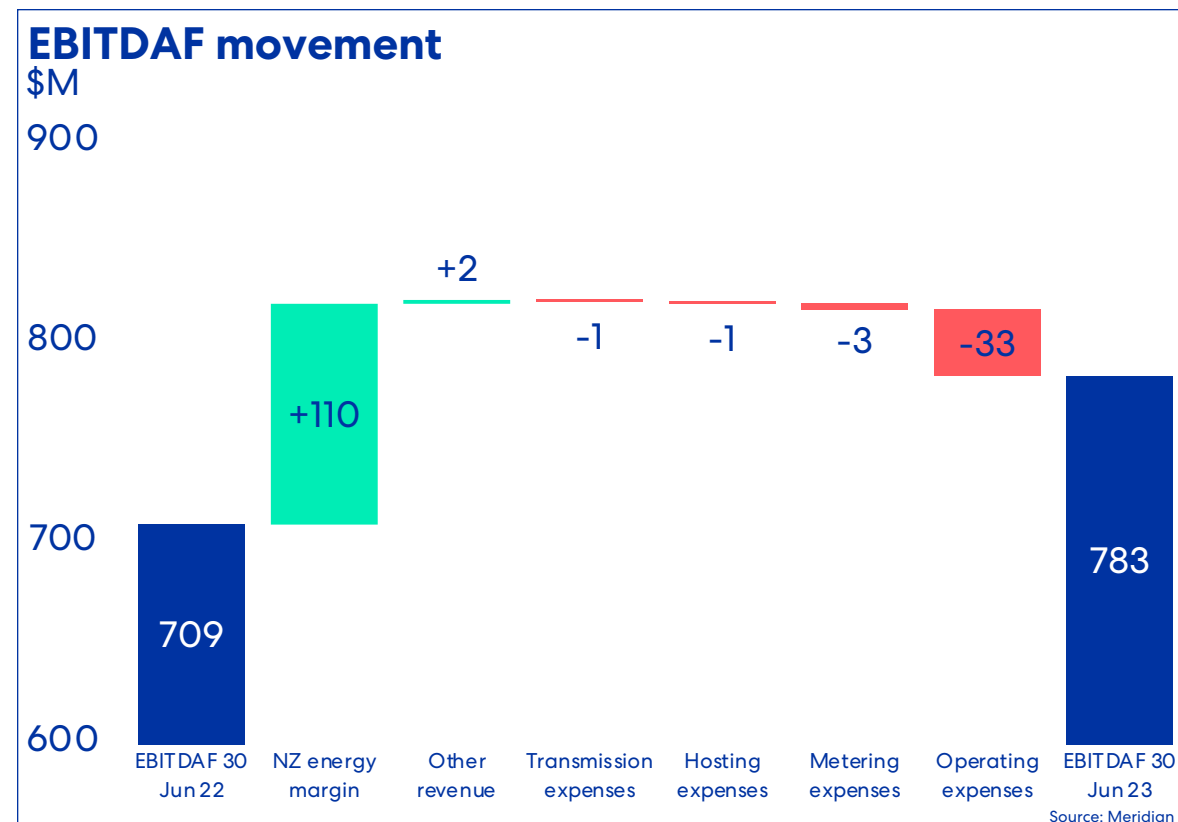
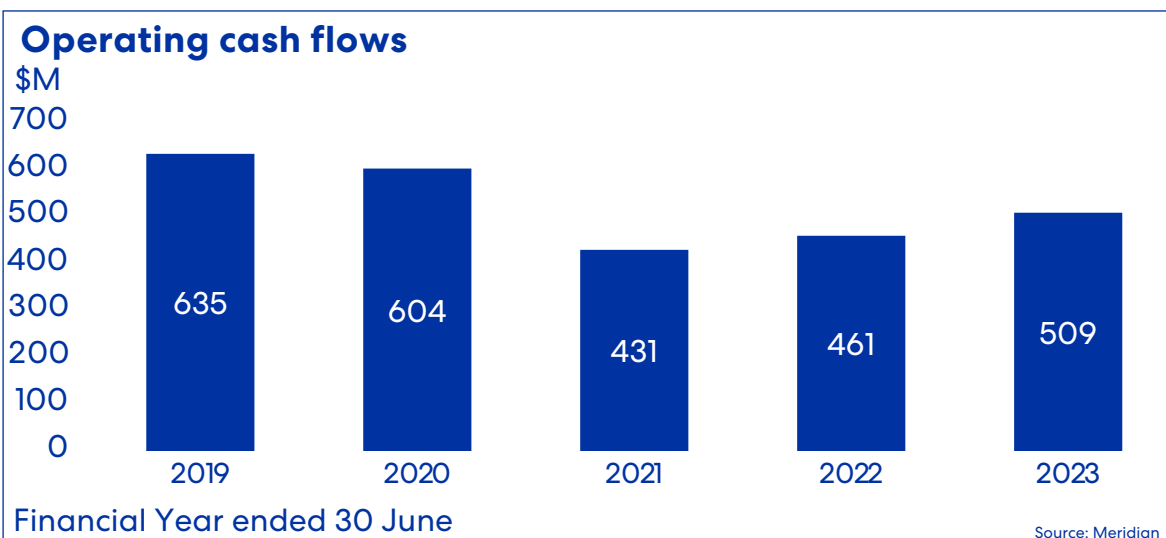


Dividend Reinvestment Plan Dates

Ex dividend date	6 Sep	Strike price announced	13 Sep
Record date	7 Sep	Dividend paid/shares issued	22 Sep
Elections close	8 Sep		

EBITDAF¹

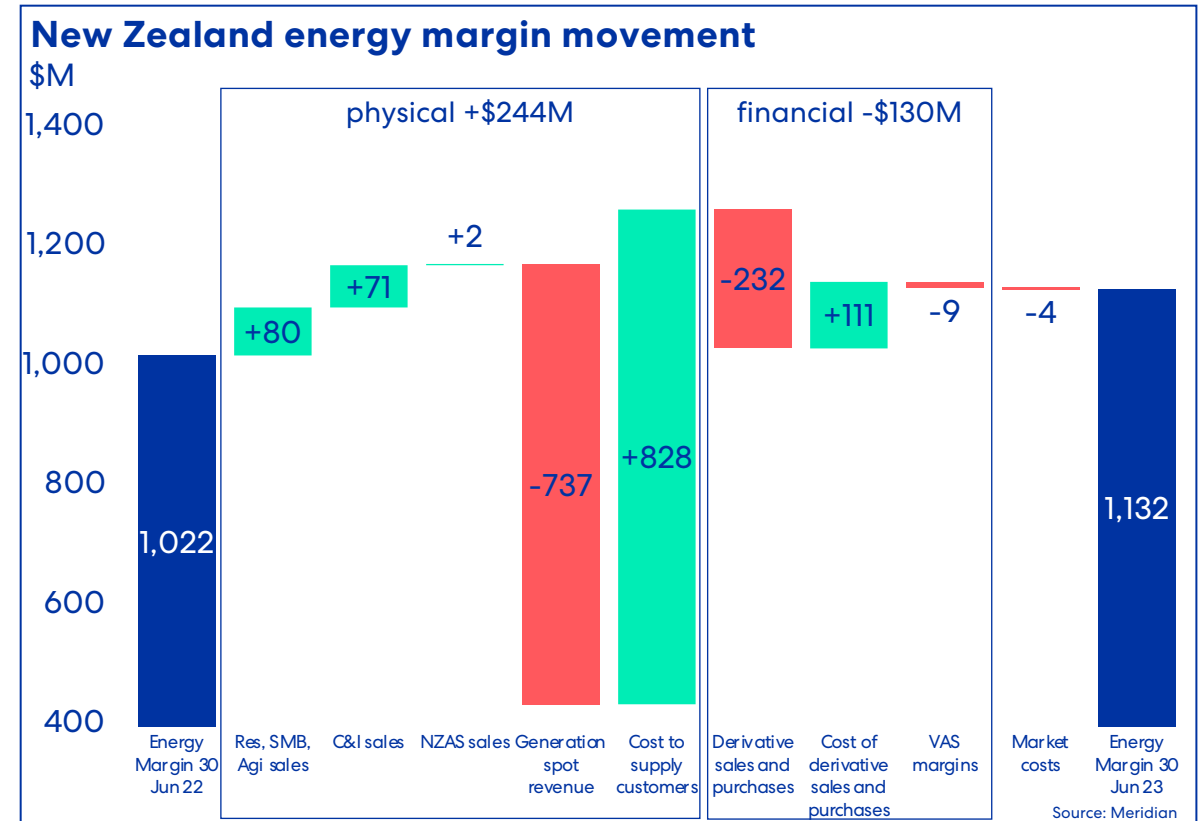
- FY23 EBITDAF +10% on FY22
- +14% higher retail contracted sales revenue
- +3% higher generation volumes, despite La Niña driven summer drought and low wind conditions
- +16% growth in operating costs
- +10% growth in operating cash flows



¹Earnings before interest, tax, depreciation, amortisation, unrealised changes in fair value of hedges, impairments and gains or losses on sale of assets

Energy margin

- Sales volume growth across agricultural and business segments
- Lift in both mass market and corporate average pricing
- +2.6% higher physical generation
- Financial contract, spot generation and hedging revenues all reflected lower wholesale prices
- Those lower prices decreased costs in the portfolio
- Higher hedging volumes and contract sales increased costs in the portfolio
- Higher hedging volumes needed to manage periods of low physical generation
- +\$47M net benefit from close outs (FY22: +\$10M)



Refer to page 41 for a further breakdown of New Zealand energy margin

Customers

- Sales volume growth in small medium business (+13%), agricultural (+8%), large business (+17%)
- Higher mass market net average sales price
- Mass market revenue increased +\$51M (+16%)
- +2% growth in corporate sales volume at a higher average sales price
- Corporate sales revenue increased +\$32M (+16%)

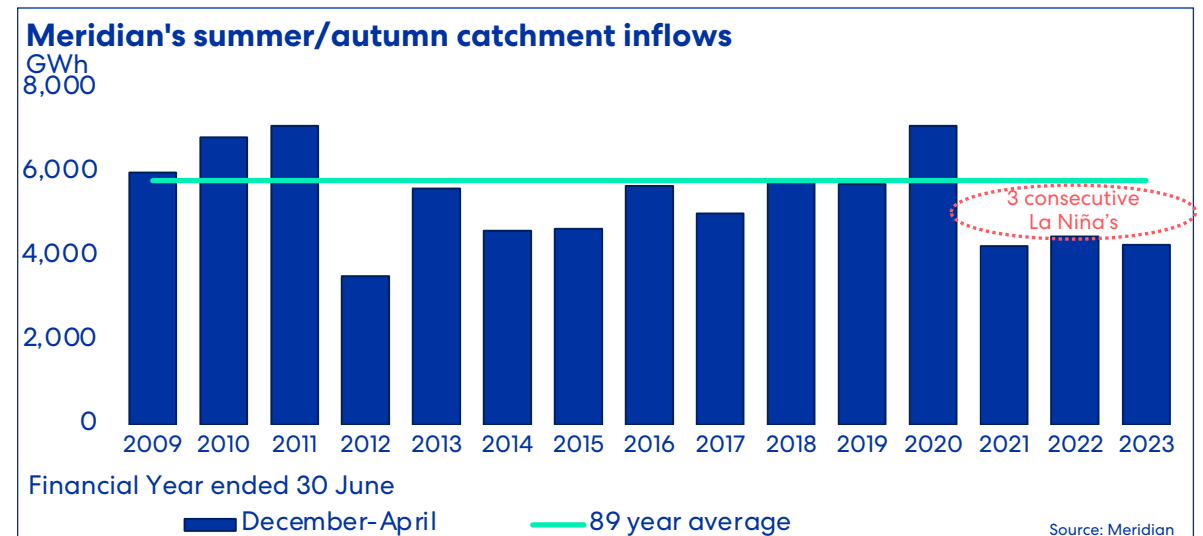
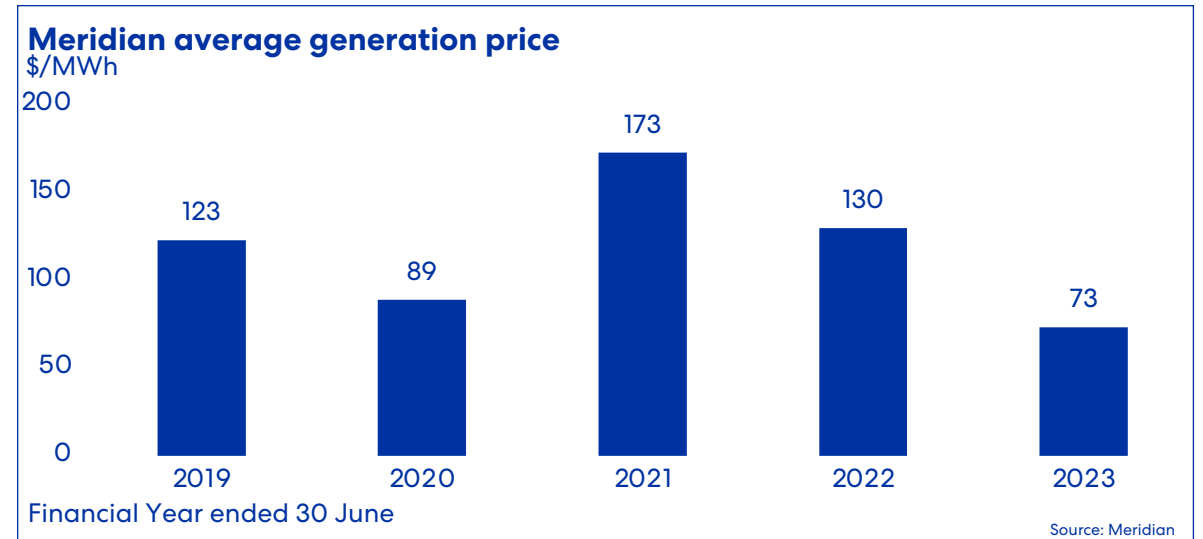
Average price (\$/MWh) ¹	FY19	FY20	FY21	FY22	FY23
Mass market	\$114	\$114	\$123	\$127	\$136
Corporate	\$89	\$99	\$98	\$107	\$126

¹Volume weighted average electricity price received from retail customers, less distribution costs

<u>Customer sales</u>	Average price (\$/MWh)	Total sales volume (GWh)	North Island sales volume (GWh)	South Island sales volume (GWh)
FY23				
Residential		1,765	973	792
Small medium business		1,632	1008	624
Agricultural		1,249	388	861
Large business		612	398	214
Total mass market	\$136	5,258	2,767	2,491
Corporate	\$126	3,917	2,509	1,408
FY22				
Residential		1,774	980	794
Small medium business		1,511	938	573
Agricultural		1,193	389	804
Large business		534	337	197
Total mass market	\$127	5,012	2,644	2,368
Corporate	\$107	3,929	2,646	1,283

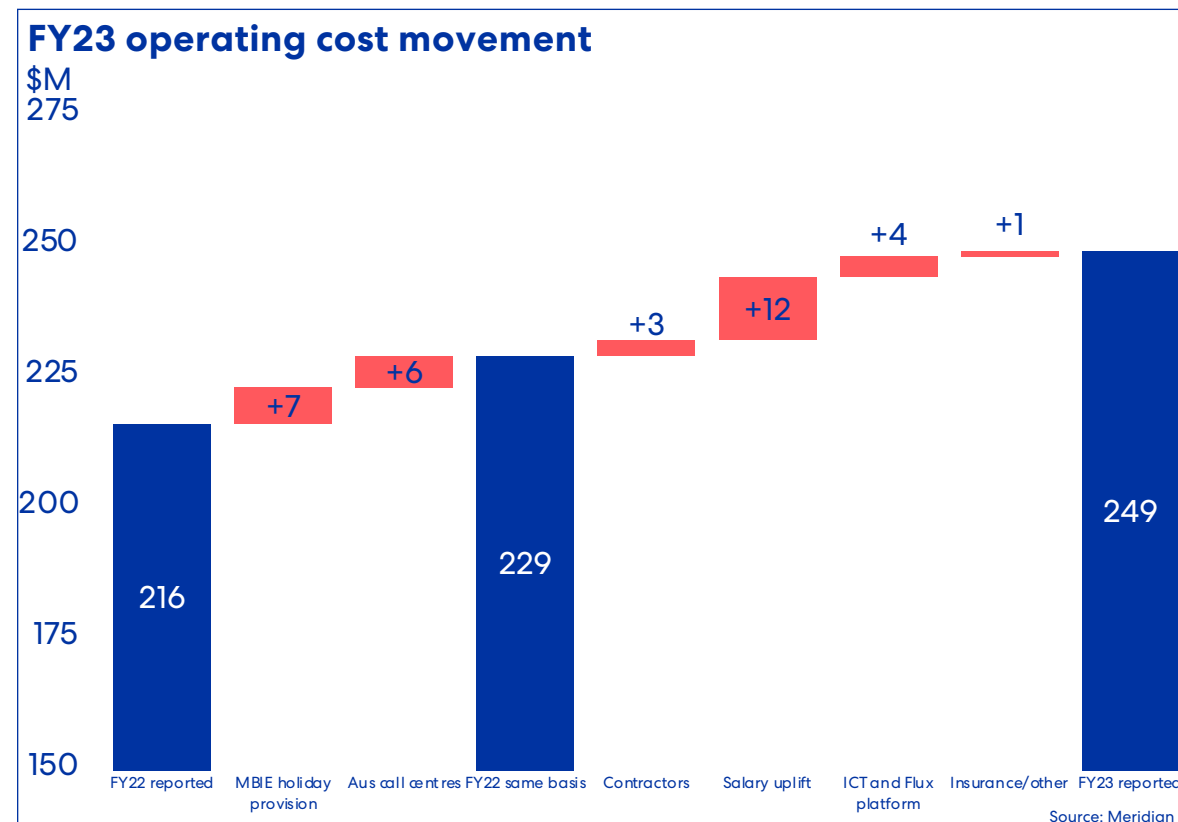
Generation

- FY23 inflows were 107% of average, including record winter inflows, third consecutive dry summer/early autumn period
- Lowest year of generation from the current installed wind farm fleet from reduced wind speeds and asset availability
- Good levels of winter hydro storage, Waitaki catchment at 126% of 31 July average



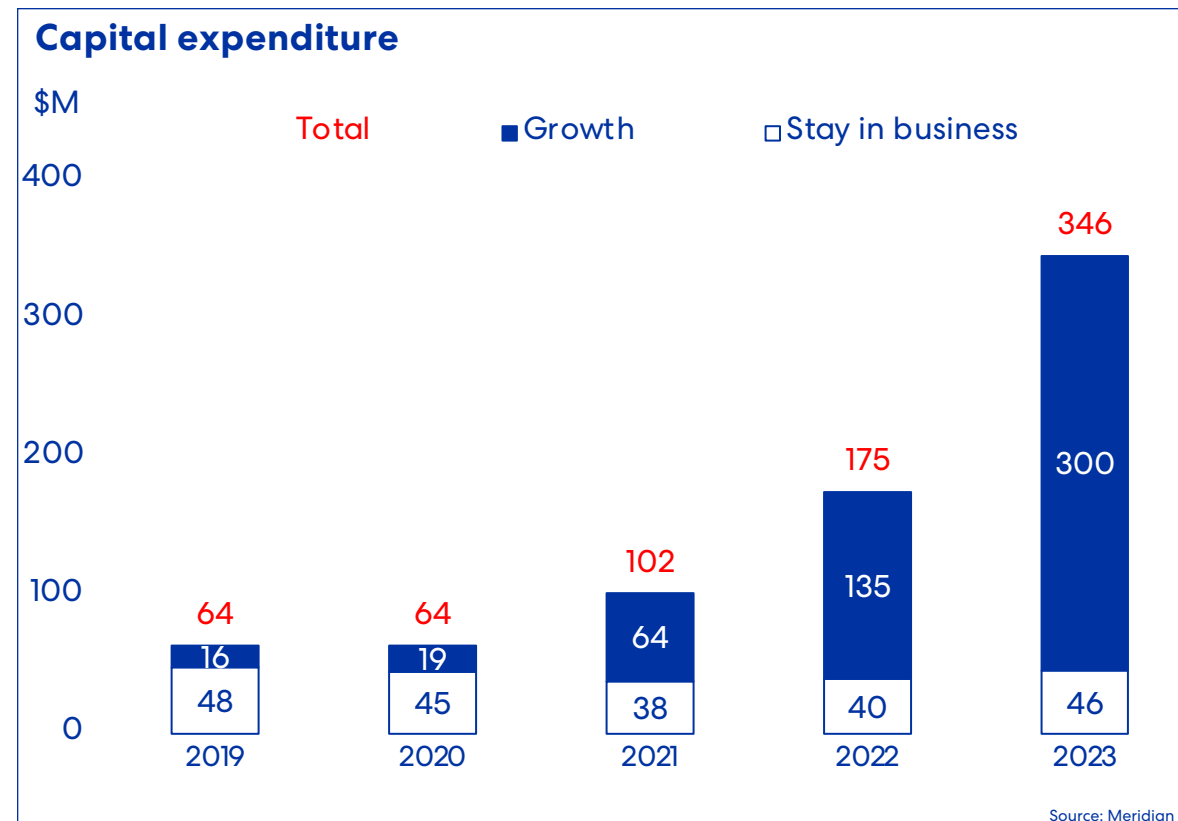
Operating costs

- Slightly above the \$242M-\$247M guidance range
- \$33M (15%) increase in FY23 operating costs
- \$20M (9%) increase on a same basis, adjusting for:
 - FY22 provision release relating to the MBIE review of Meridian's holiday pay treatment
 - Australia call centre costs eliminated at a Group level prior to January 2022 sale
- 7% average salary uplift reflecting cost of living pressures on our staff
- Contractor growth to support renewable development
- Continued investment in ICT and Flux



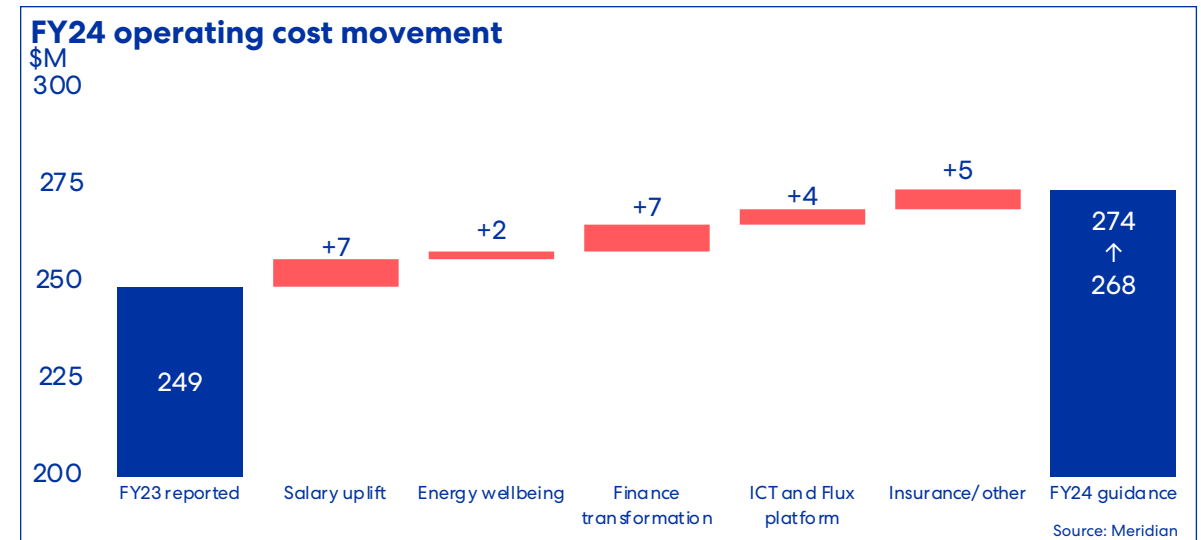
Capital expenditure

- Lower end of \$340M-\$365M guidance range
- Consistent level of stay in business capex (system and generation asset enhancement spend)
- Harapaki and Ruakākā battery construction is the bulk of the FY23 growth capex



Cost guidance

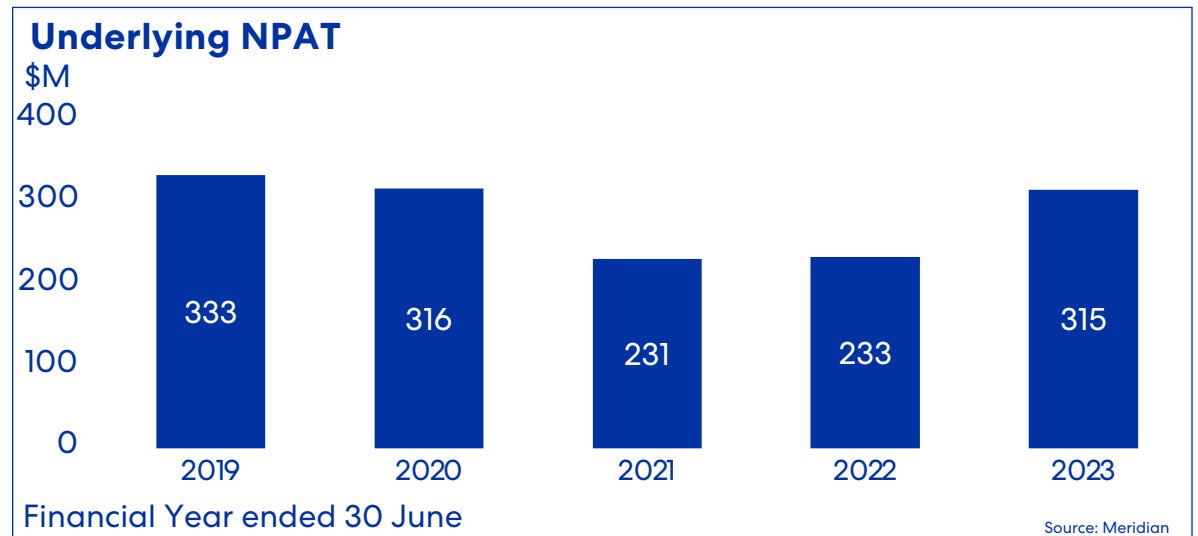
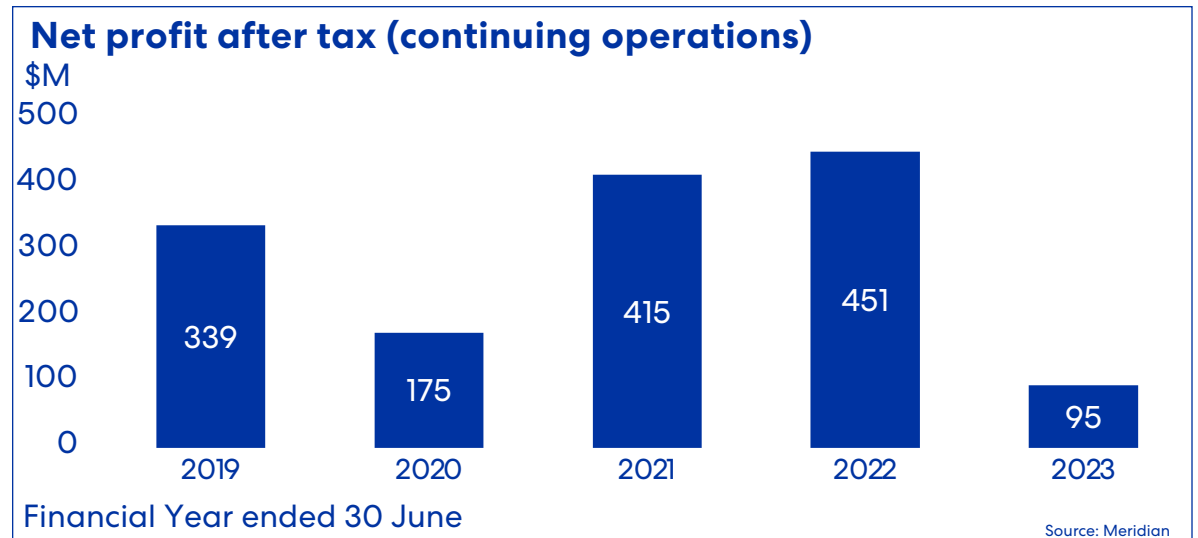
- 8%-10% FY24 operating cost increase includes expanding energy hardship programme and new financial system implementation
- SIB capex includes SCADA system upgrade, Wellington office move and generation projects such as Manapouri PLC automation
- Growth capex includes builds at Harapaki and Ruakākā



	FY24 Cost Guidance		FY23 Actual	
	Generation	Flux	Generation	Total
Operating Costs		\$18M		\$249M
Stay in Business				\$46M
Growth				\$300M
Total Capital Expenditure				\$346M
Total Cash Costs	\$90M - \$95M	\$268M - \$274M	\$89M	

Below EBITDAF

- \$351M decrease in NPBT¹ from the net change in fair value of hedges (\$402M increase in FY22)
- \$10M net impairment charge, mainly exit of Wellington office lease and falling NZU prices
- \$26M reduction in net finance costs with Australia sale proceeds
- Lower tax expense on lower NPBT
- Resulted in a \$356M (-79%) decrease in NPAT²
- \$82M (+35%) increase in Underlying NPAT³ largely from higher earnings, lower interest costs
- \$1,111M increase in generation and plant asset valuation



¹Net profit before tax from continuing operations

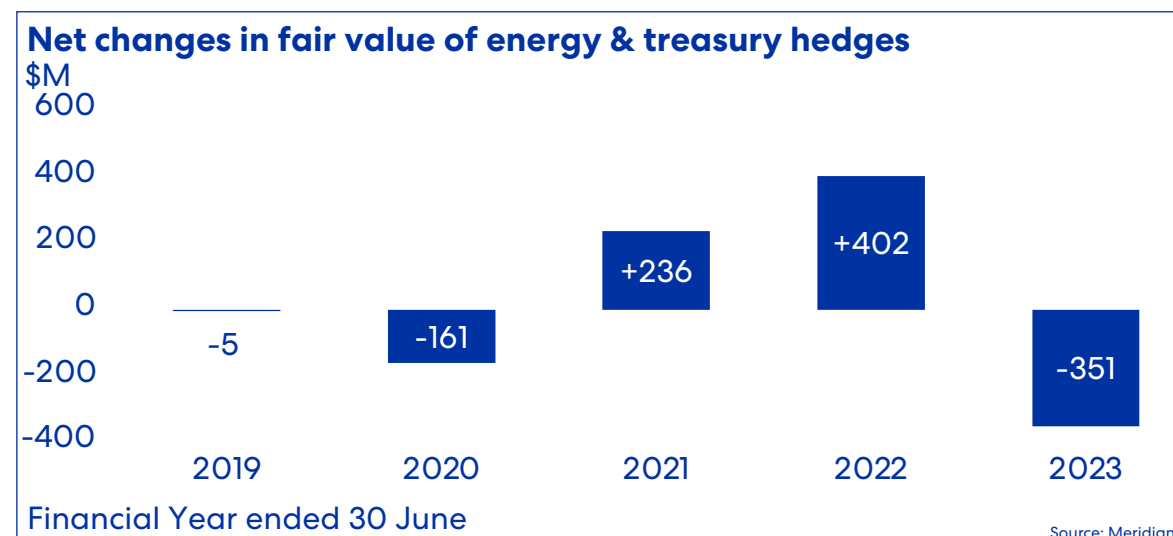
²Net profit after tax from continuing operations

³Net profit after tax adjusted for the effects of changes in fair value of unrealised hedges, electricity option premiums and other non-cash items and their tax effects.

A reconciliation of NPAT to Underlying NPAT is on page 45

Fair value movements

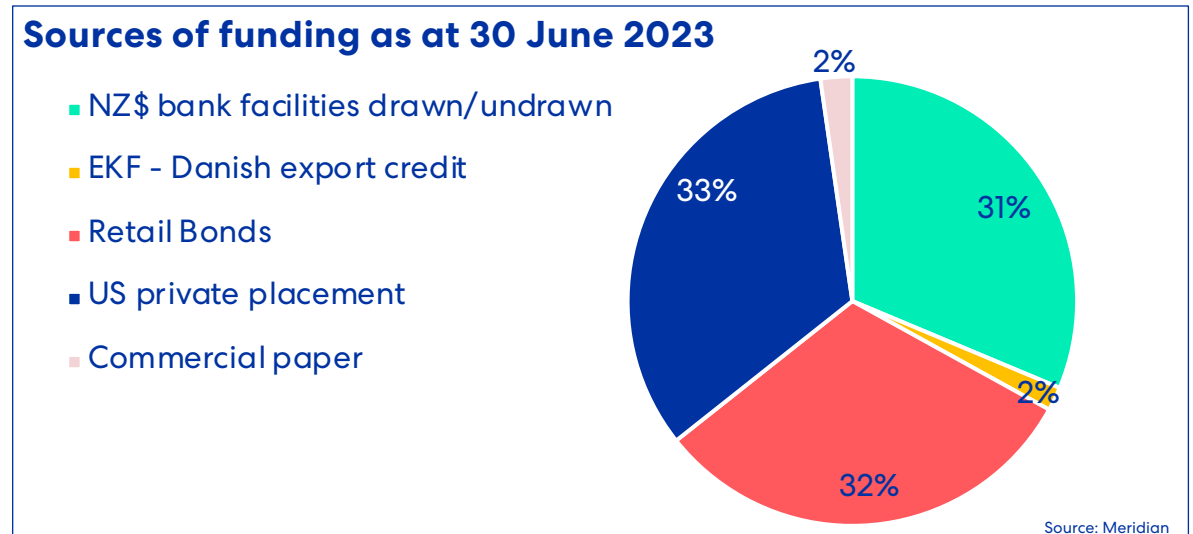
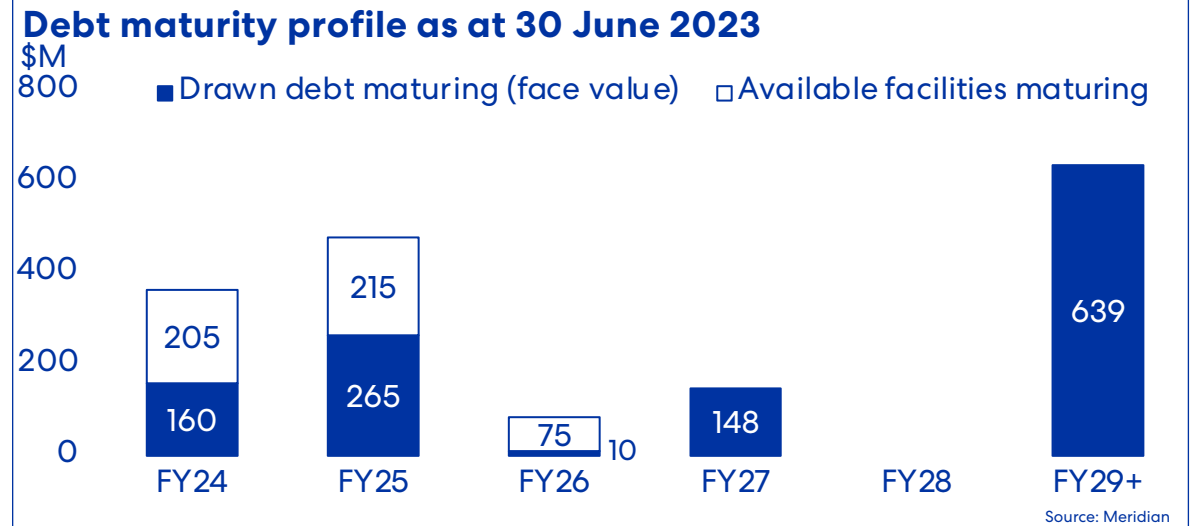
- Meridian uses derivative instruments to manage interest rate, foreign exchange and electricity price risk
- As forward prices and rates on these instruments move, non-cash changes to their carrying value are reflected in NPAT
- Accounting standards only allow hedge accounting if specific conditions are met, which creates NPAT volatility
- \$375M decrease in NPBT from fair value of energy hedges from lower forward electricity prices (\$266M increase in FY22)
- \$24M increase in NPBT from fair value of treasury hedges from higher forward interest rates (\$136M increase in FY22)



Debt and funding

- June 2023 total borrowings of \$1,236M¹
- Total funding facilities of \$1,756M, of which \$535M were undrawn
- All facilities classified under Meridian's Green Finance Programme
- Net debt of \$1,232M, up +45% from FY22
- Net debt to EBITDAF at 1.6x (FY22: 1.2x)
- Credit rating maintained at BBB+/Stable
- Successful NZ \$200M issue of unsecured, unsubordinated, fixed rate green bonds in March 2023

¹Including \$17M fair value adjustment



Closing comments

- Higher customer sales underpinned FY23 result
- Customer decarbonisation solutions gaining momentum
- Grid-scale battery construction underway
- Mt Munro consent lodged, Ruakākā solar consent lodging imminent
- Meridian's emissions offset expanded to include construction projects
- Business is well positioned to fund its future growth



Questions



Additional information



Segment results

- Flux Federation included in 'other and unallocated' segment

\$M	Wholesale		Retail		Australia		Other & unallocated		Inter-segment		Discontinued op's		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Contracted sales	530	525	1,208	1,057	-	96	-	-	-	-	-	(96)	1,738	1,582
Cost to supply customers	(1,549)	(2,554)	(1,006)	(874)	-	(82)	-	-	1,065	965	-	82	(1,490)	(2,463)
Net cost of hedging	(121)	148	-	-	-	1	-	-	-	-	-	(1)	(121)	148
Generation spot revenue	1,020	1,757	-	-	-	46	-	-	-	-	-	(46)	1,020	1,757
Inter-segment electricity sales	1,065	965	-	-	-	-	-	-	(1,065)	(965)	-	-	-	-
Virtual asset swap margins	(7)	2	-	-	-	-	-	-	-	-	-	-	(7)	2
Other market revenue/(costs)	(9)	(5)	1	1	-	(1)	-	-	-	-	-	1	(8)	(4)
Energy margin	929	838	203	184	-	60	-	-	-	-	-	(60)	1,132	1,022
Other revenue	3	2	16	14	-	-	23	41	(13)	(30)	-	-	29	27
Energy transmission expense	(80)	(79)	-	-	-	(3)	-	-	-	-	-	3	(80)	(79)
Hosting expenses	-	-	-	-	-	-	(3)	(2)	-	-	-	-	(3)	(2)
Electricity metering expenses	-	-	(46)	(43)	-	-	-	-	-	-	-	-	(46)	(43)
Gross margin	852	761	173	155	-	57	20	39	(13)	(30)	-	(57)	1,032	925
Employee expenses	(27)	(26)	(36)	(32)	-	(10)	(56)	(42)	-	-	-	10	(119)	(100)
Other operating expenses	(65)	(60)	(34)	(36)	-	(19)	(38)	(32)	7	12	-	19	(130)	(116)
Operating expenses	(92)	(86)	(70)	(68)	-	(29)	(94)	(74)	7	12	-	29	(249)	(216)
EBITDAF	760	675	103	87	-	28	(74)	(35)	(6)	(18)	-	(28)	783	709

Change in presentation of realised energy hedge balances

- From a change in interpretation of NZ IFRS 9
- Previous income statement treatment was as revenue or expenses (hedge energy sales or purchases)
- Realised energy hedge balances now included in the net change in fair value of energy hedges
- EBITDAF no longer included in the income statement, still included in the segment earnings statement

Income statement	2022	2022	2022	2023	Segment earnings statement		
	reported	change	restated		reported	2022	2023
Energy sales to customers	1,990	0	1,990	2,140	Energy margin	1,022	1,132
Generation revenue	1,686	73	1,759	1,053	Other revenue	27	29
Energy related services revenue	10	0	10	10	Energy transmission expense	(79)	(80)
Other revenue	17	0	17	19	Hosting expenses	(2)	(3)
Total operating revenue	3,703	73	3,776	3,222	Energy metering expense	(43)	(46)
Energy expenses	(2,001)	(194)	(2,195)	(1,331)	Gross margin	925	1,032
Energy distribution expenses	(653)	0	(653)	(688)	Employee expenses	(100)	(119)
Energy transmission expenses	(79)	0	(79)	(80)	Other operating expenses	(116)	(130)
Hosting expenses	(2)	0	(2)	(3)	EBITDAF	709	783
Electricity metering expenses	(43)	0	(43)	(46)			
Employee expenses	(100)	0	(100)	(119)			
Other expenses	(116)	0	(116)	(130)			
Total operating expenses	(2,994)	(194)	(3,188)	(2,397)			
Depreciation and amortisation	(293)	0	(293)	(294)			
Impairment of assets	(2)	0	(2)	(10)			
realised energy hedges	0	121	121	(42)			
unrealised energy hedges	145	0	145	(333)			
Net change in fair value of energy hedges	145	121	266	(375)			
Net finance costs	(70)	0	(70)	(44)			
Net change in fair value of treasury hedges	136	0	136	24			
Net profit before tax	625	0	625	126			
Income tax expense	(174)	0	(174)	(31)			
Net profit after tax from continuing operations	451	0	451	95			

Six monthly results

\$M	1H			2H			Total		
	2023	2022	change	2023	2022	change	2023	2022	change
Contracted sales	826	788	38	912	794	118	1,738	1,582	156
Cost to supply customers	(523)	(905)	382	(967)	(1,558)	591	(1,490)	(2,463)	973
Net cost of hedging	(68)	(4)	(64)	(53)	152	(205)	(121)	148	(269)
Generation spot revenue	371	661	(290)	649	1,096	(447)	1,020	1,757	(737)
Virtual asset swap margins	(4)	3	(7)	(3)	(1)	(2)	(7)	2	(9)
Other market revenue/(costs)	(4)	(6)	2	(4)	2	(6)	(8)	(4)	(4)
Energy margin	598	537	61	534	485	49	1,132	1,022	110
Other revenue	14	14	-	15	13	2	29	27	2
Energy transmission expense	(41)	(38)	(3)	(39)	(41)	2	(80)	(79)	(1)
Hosting expenses	(1)	(1)	-	(2)	(1)	(1)	(3)	(2)	(1)
Electricity metering expenses	(23)	(21)	(2)	(23)	(22)	(1)	(46)	(43)	(3)
Gross margin	547	491	56	485	434	51	1,032	925	107
Employee expenses			-	(119)	(100)	(19)	(119)	(100)	(19)
Other operating expenses	(122)	(97)	(25)	(8)	(19)	11	(130)	(116)	(14)
Operating expenses	(122)	(97)	(25)	(127)	(119)	(8)	(249)	(216)	(33)
EBITDAF	425	394	31	358	315	43	783	709	74
Depreciation & amortisation	(144)	(144)	-	(150)	(149)	(1)	(294)	(293)	(1)
Impairment of assets	(6)	-	(6)	(4)	(2)	(2)	(10)	(2)	(8)
Net change in fair value of energy hedges	(5)	(68)	63	(328)	213	(541)	(333)	145	(478)
Net finance costs	(23)	(39)	16	(21)	(31)	10	(44)	(70)	26
Net change in fair value of treasury hedges	32	58	(26)	(8)	78	(86)	24	136	(112)
Net profit before tax	279	201	78	(153)	424	(577)	126	625	(499)
Income tax expenses	(78)	(56)	(22)	47	(118)	165	(31)	(174)	143
Net profit after tax from continuing operations	201	145	56	(106)	306	(412)	95	451	(356)
Net profit after tax from discontinued operations	-	(12)	12	-	225	(225)	-	213	(213)
Net profit after tax	201	133	68	(106)	531	(637)	95	664	(569)
Underlying net profit after tax	181	145	36	134	88	46	315	233	82

Earnings from continuing operations

<u>NZ Operations</u>					
Financial year ended 30 June	2023	2022	2021	2020	2019
\$M					
Contracted sales	1,738	1,582	1,433	1,327	1,178
Cost to supply customers	(1,490)	(2,463)	(2,896)	(1,486)	(1,874)
Net cost of hedging	(121)	148	271	11	126
Generation spot revenue	1,020	1,757	2,193	1,266	1,672
Virtual asset swap margins	(7)	2	(3)	9	11
Other market revenue/(costs)	(8)	(4)	(4)	(5)	(5)
Energy margin	1,132	1,022	994	1,122	1,108
Other revenue	29	27	27	24	23
Energy transmission expense	(80)	(79)	(82)	(116)	(125)
Hosting expenses	(3)	(2)	(1)	(1)	(1)
Energy metering expense	(46)	(43)	(39)	(36)	(33)
Gross margin	1,032	925	899	993	972
Employee expenses	(119)	(100)	(97)	(102)	(89)
Other operating expenses	(130)	(116)	(110)	(104)	(109)
Operating expenses	(249)	(216)	(207)	(206)	(198)
EBITDAF	783	709	692	787	774

Retail

Customers

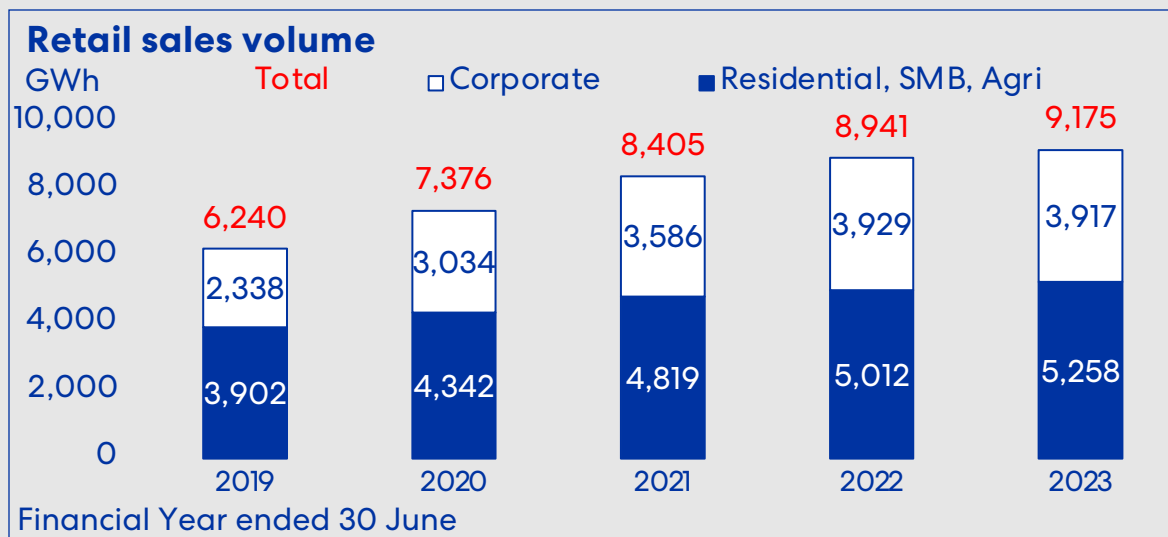
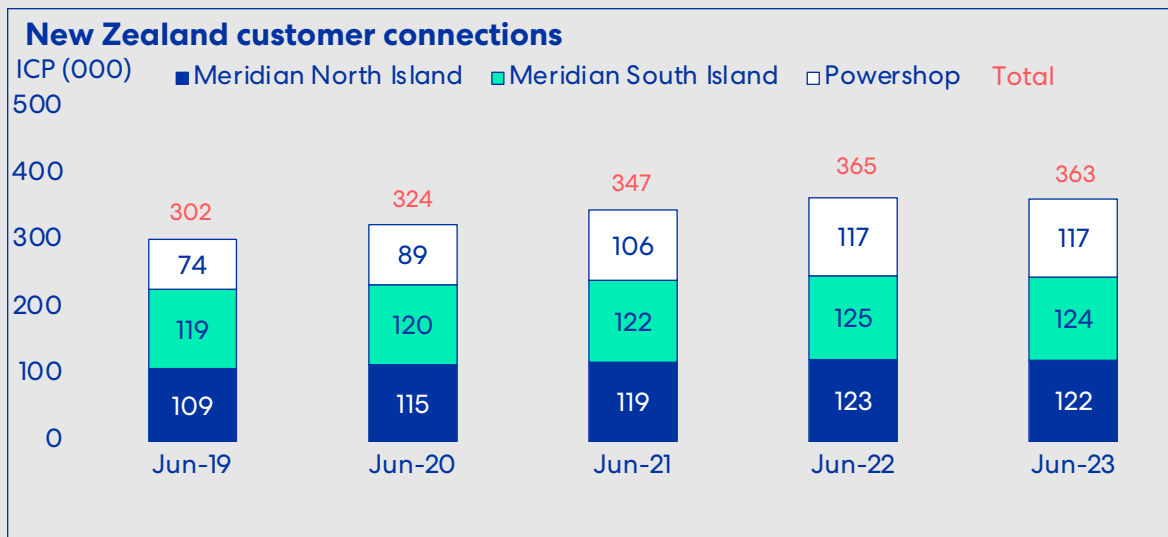
- 1% decrease in customers since June 2022

Residential, business, agri segment

- 1% decrease in residential volumes
- 8% increase in small business volumes
- 5% increase in agri volumes
- 14% increase in large business volumes
- 7% increase in average sales price

Corporate segment

- 0.3% decrease in volumes
- 17% increase in average sales price



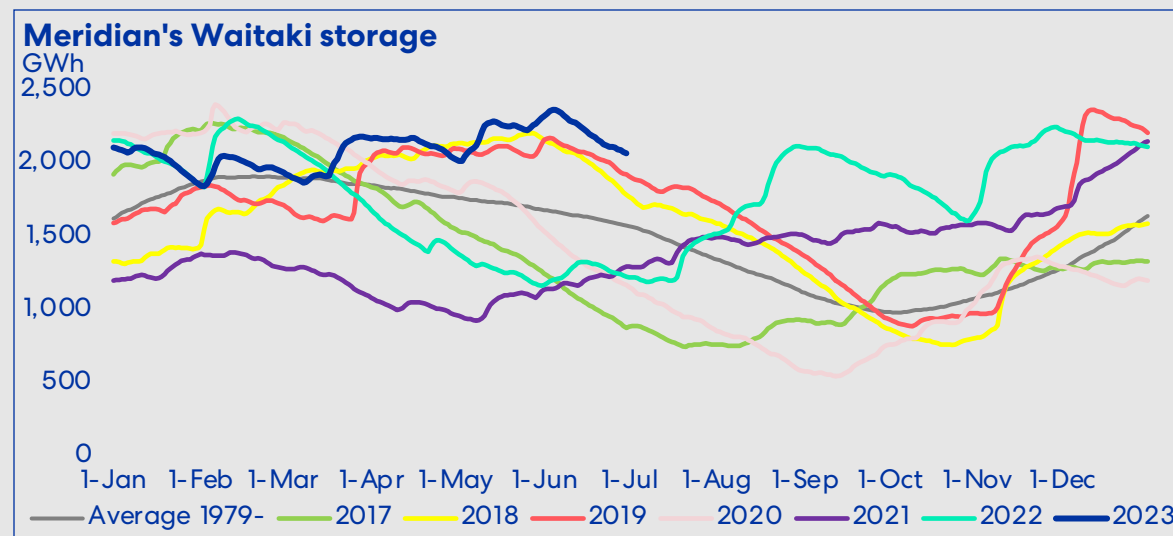
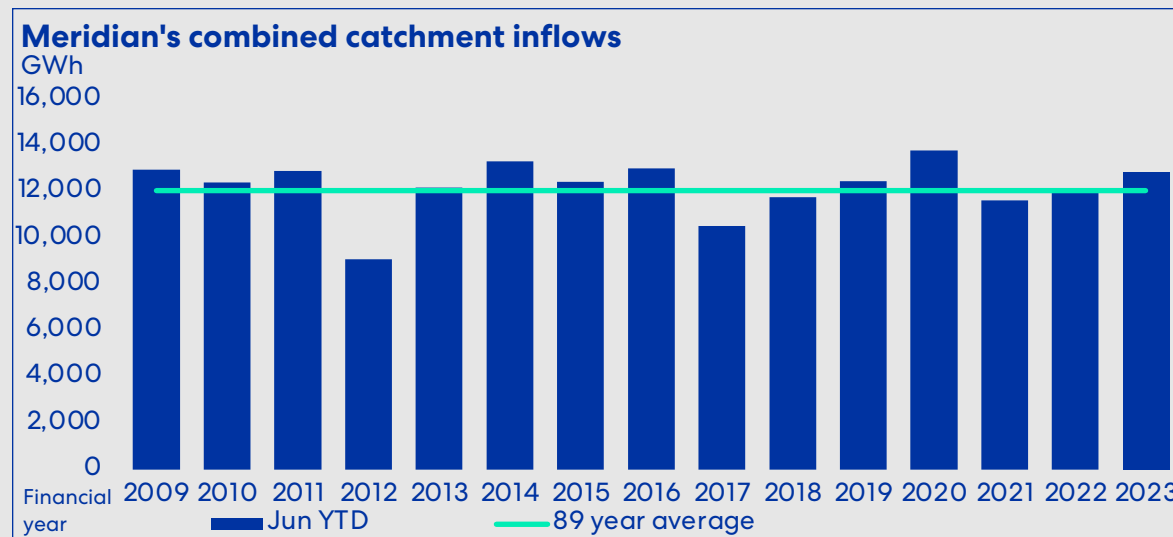
Hydrology

Inflows

- FY23 inflows were 107% of average
- July 2023 inflows were 86% of average

Storage

- Meridian's Waitaki storage at 30 June 2023 was 131% of average
- By 31 July 2023, this position was 126% of average



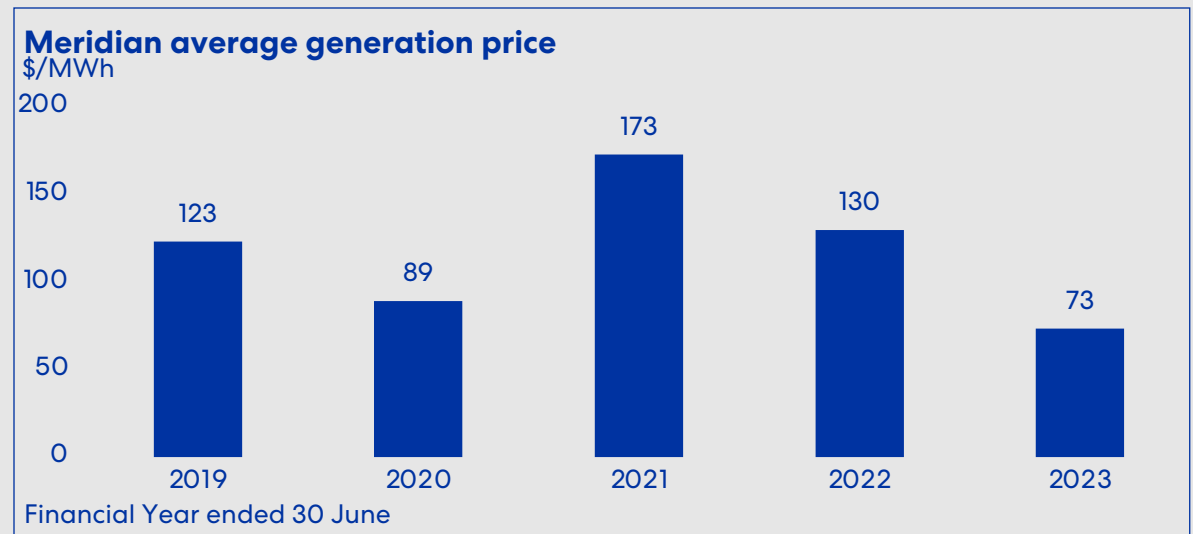
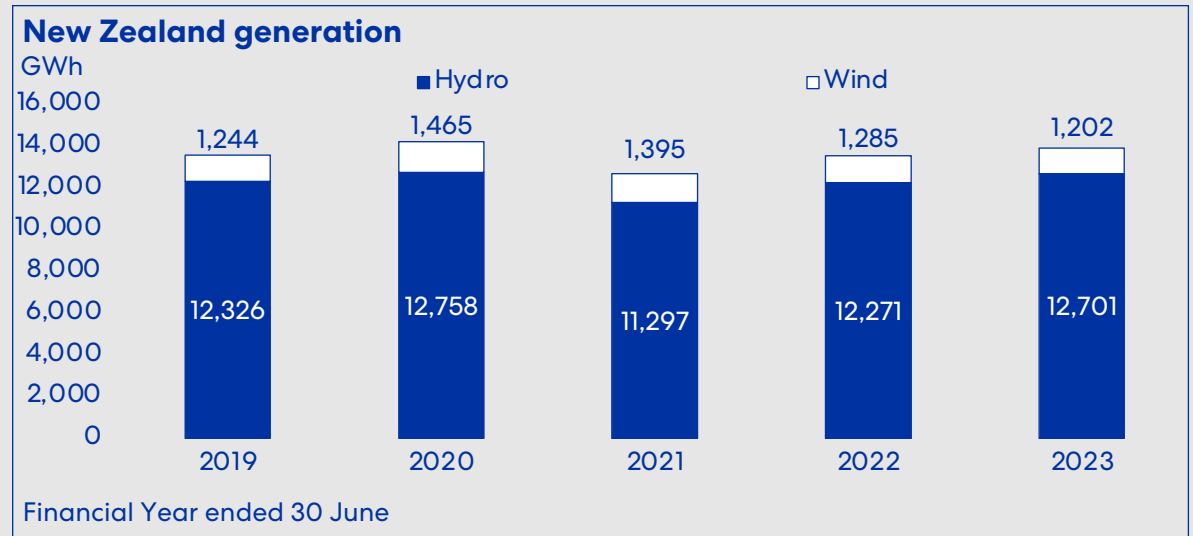
Generation

Volume

- FY23 generation was 3% higher than FY22, with higher hydro and lower wind generation

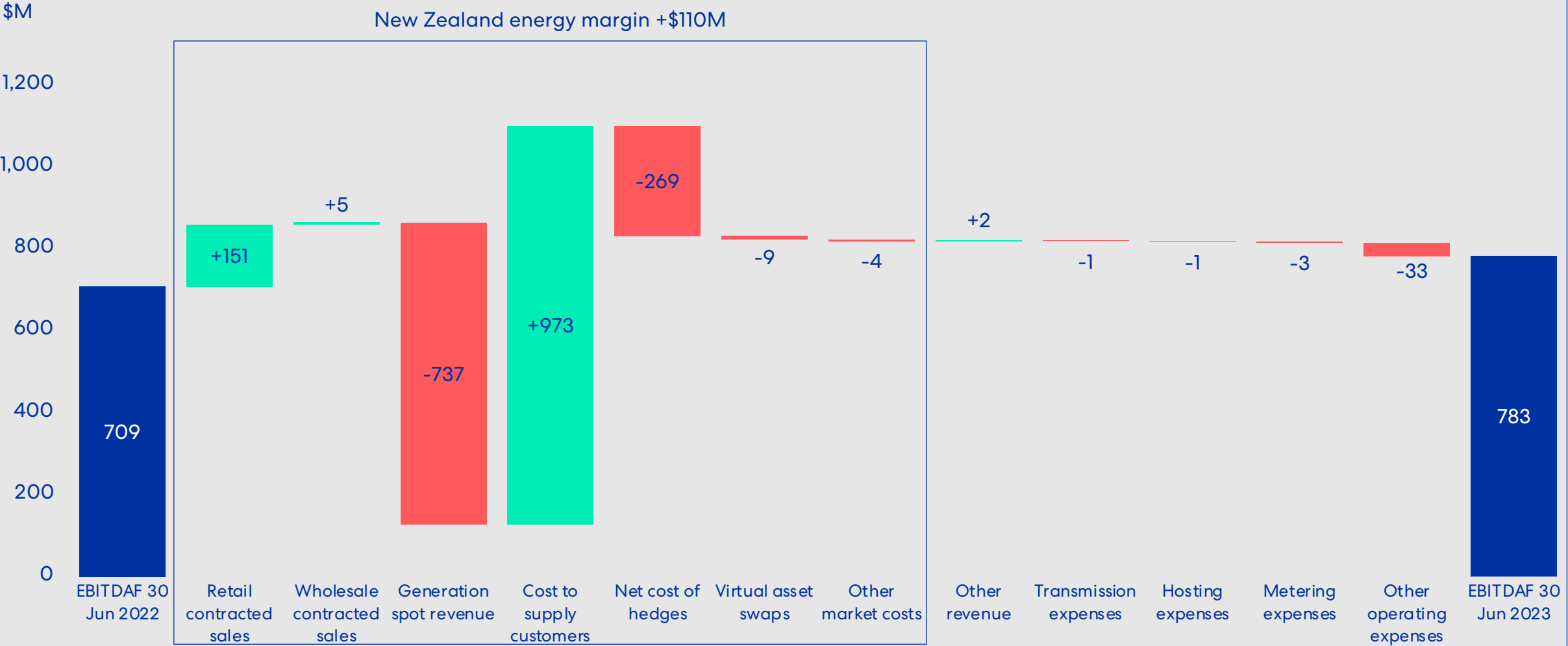
Price

- FY23 average price Meridian received for its generation was 43% lower than FY22
- FY23 average price Meridian paid to supply customers was 41% lower than FY22



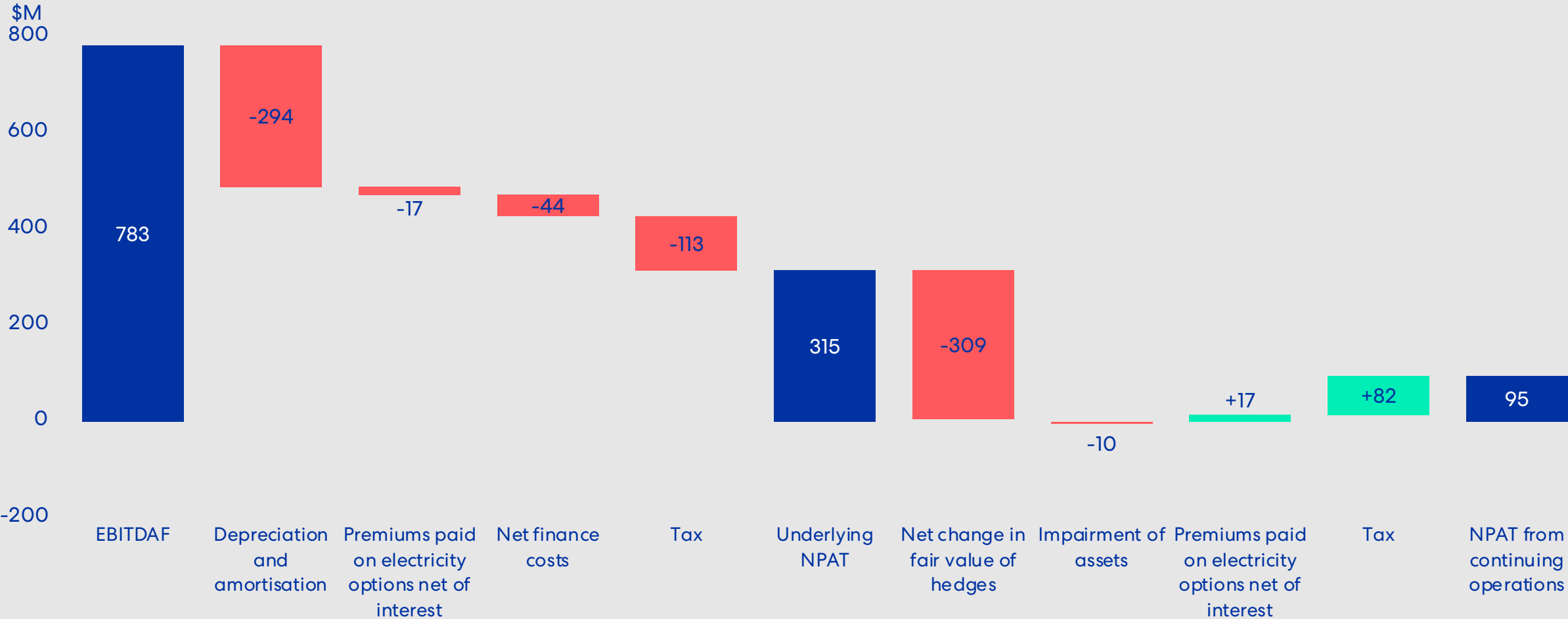
FY23 EBITDAF

Movement in EBITDAF



EBITDAF to NPAT

FY23 EBITDAF TO NPAT RECONCILIATION



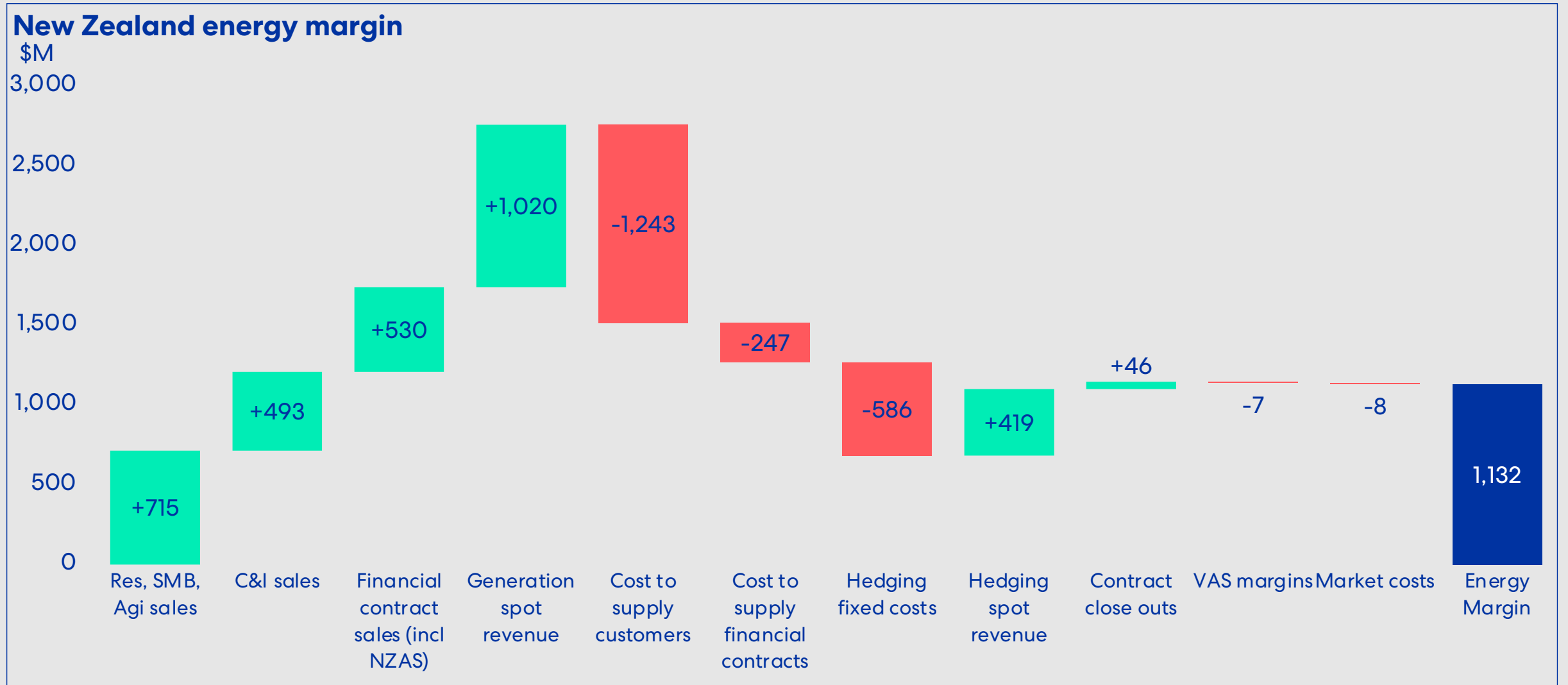
Energy margin

- A non-GAAP financial measure representing energy sales revenue less energy related expenses and energy distribution expenses
- Used to measure the vertically integrated performance of the retail and wholesale businesses
- Used in place of statutory reporting which requires gross sales and costs to be reported separately, therefore not accounting for the variability of the wholesale spot market and the broadly offsetting impact of wholesale prices on the cost of retail electricity purchases

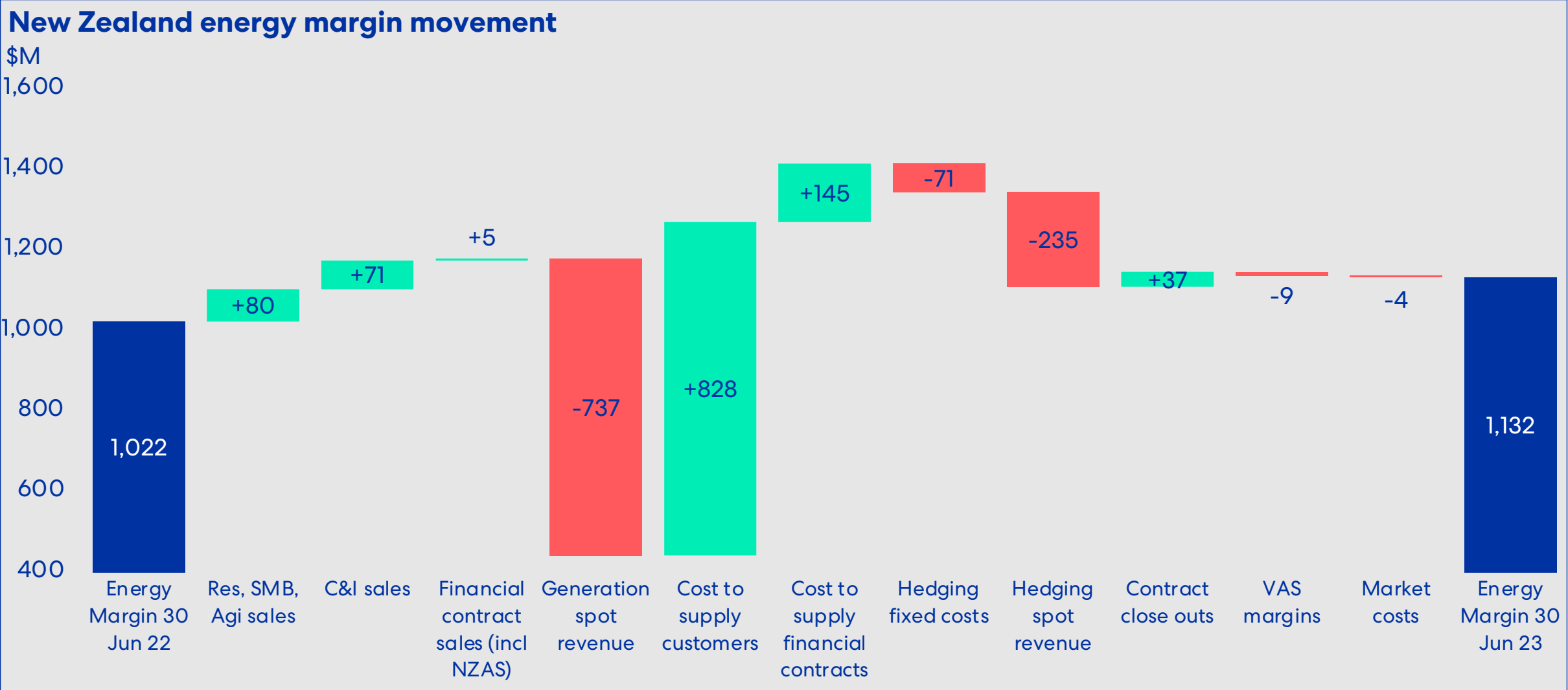
Defined as

- Revenues received from sales to customers net of distribution costs (fees to distribution network companies that cover the costs of distribution of electricity to customers), sales to large industrial customers and fixed price revenues from financial contracts sold (contract sales revenue)
- The volume of electricity purchased to cover contracted customer sales and financial contracts sold (cost to supply customers)
- The fixed cost of derivatives used to manage market risks, net of spot revenue received from those derivatives (net cost hedging)
- Revenue from the volume of electricity that Meridian generates (generation spot revenue)
- The net margin position of virtual asset swaps with Genesis Energy and Mercury New Zealand
- Other associated market revenues and costs including Electricity Authority levies and ancillary generation revenues, such as frequency keeping

New Zealand energy margin



New Zealand energy margin



New Zealand energy margin

	<u>FY23</u>			<u>FY22</u>		
	Volume	VWAP	NZD M	Volume	VWAP	NZD M
Res, business, agri sales	5,258	\$136	714	5,012	\$127	635
Corporate and industrial sales	3,917	\$126	492	3,929	\$107	422
Retail contracted sales	9,175	\$131	1,206	8,941	\$118	1,057
NZAS sales	5,009			4,992		
Financial contract sales	3,098			2,963		
Wholesale contracted sales	8,107	\$65	530	7,955	\$66	525
Cost to supply retail customers	9,674	-\$89	(858)	9,433	-\$149	(1,407)
Cost to supply wholesale customers	5,009	-\$77	(385)	4,992	-\$133	(665)
Cost of financial contracts	3,098	-\$80	(247)	2,963	-\$132	(392)
Cost to supply customers and contracts	17,780	-\$84	(1,490)	17,389	-\$142	(2,463)
Hedging costs	4,767	-\$123	(586)	4,376	-\$118	(515)
Hedging spot revenue	4,767	\$88	419	4,376	\$149	654
Close-outs			46			9
Net cost of hedging			(121)			148
Hydro generation	12,701			12,271		
Wind generation	1,202			1,285		
Generation revenue	13,903	\$73	1,020	13,556	\$130	1,757
Virtual asset swap margins	0		(7)	0		2
Other			(7)			(4)
Energy margin			1,132			1,022

Funding metrics

- Net debt/EBITDAF is the principal metric underpinning S&P credit rating
- S&P calculation of net debt/EBITDAF includes numerous adjustments to reported numbers;
 - Borrowings adjusted for the impact of leases
 - Cash balances adjusted for restricted cash

<u>Net debt to EBITDAF</u>					
Financial year ended 30 June	2023	2022	2021	2020	2019
\$M					
Drawn borrowings	1,221	1,126	1,589	1,491	1,376
Finance lease payable	27	41	97	104	32
Operating lease commitments	-	-	-	-	91
Less: cash and cash equivalents	(212)	(363)	(148)	(176)	(78)
Add back: restricted cash	196	43	97	67	27
Net debt	1,232	847	1,635	1,486	1,448
EBITDAF	783	709	692	853	838
Net debt to EBITDAF (times)	1.6	1.2	2.4	1.7	1.7

Proforma income statement

<u>Proforma income statement</u>					
Financial year ended 30 June	2023	2022	2021	2020	2019
	<i>reported</i>	<i>reported</i>	<i>pro forma</i>	<i>pro forma</i>	<i>pro forma</i>
\$M					
Operating revenue	3,222	3,776	4,115	3,357	3,554
Operating expenses	(2,397)	(3,188)	(3,634)	(2,560)	(2,835)
Depreciation and amortisation	(294)	(293)	(271)	(312)	(276)
Impairment of assets	(10)	(2)	-	(58)	(5)
Gain/(loss) on sale of assets	-	-	-	-	3
Net change in fair value of energy hedges	(375)	266	368	(57)	177
Finance costs	(55)	(73)	(81)	(85)	(84)
Interest income	11	3	-	1	1
Net change in fair value of treasury hedges	24	136	79	(48)	(63)
Net profit before tax	126	625	576	238	472
Income tax expense	(31)	(174)	(161)	(63)	(133)
Net profit after tax from continuing operations	95	451	415	175	339
Net profit after tax from discontinued operations	-	213	13	-	-
Net profit after tax	95	664	428	175	339

- Financial years ended 30 June 2019-2021 restated for change in presentation of realised energy hedge balances

Segment earnings statement

Segment earnings statement					
Financial year ended 30 June	2023	2022	2021	2020	2019
\$M					
New Zealand energy margin	1,132	1,022	994	1,122	1,108
Australia energy margin	-	-	-	122	118
Other revenue	29	27	27	27	25
Energy transmission expense	(80)	(79)	(82)	(123)	(131)
Hosting expenses	(3)	(2)			
Electricity metering expense	(46)	(43)	(39)	(36)	(33)
Employee and other operating expenses	(249)	(216)	(208)	(259)	(249)
EBITDAF	783	709	692	853	838
Depreciation and amortisation	(294)	(293)	(271)	(312)	(276)
Impairment of assets	(10)	(2)	-	(58)	(5)
Gain/(loss) on sale of assets	-	-	-	-	3
Net change in fair value of energy hedges	(333)	145	157	(113)	58
Net finance costs	(44)	(70)	(81)	(84)	(83)
Net change in fair value of treasury hedges	24	136	79	(48)	(63)
Net profit before tax	126	625	576	238	472
Income tax expense	(31)	(174)	(161)	(63)	(133)
Net profit after tax from continuing operations	95	451	415	175	339
Net profit after tax from discontinued operations	-	213	13	-	-
Net profit after tax	95	664	428	175	339

Underlying NPAT reconciliation

UNPAT					
Financial year ended 30 June	2023	2022	2021	2020	2019
\$M					
Net profit after tax	95	664	428	175	339
Underlying adjustments					
Discontinued operations	-	(213)	(13)	-	-
<u>Hedging instruments</u>					
Net change in fair value of energy hedges	333	(145)	(157)	113	(58)
Net change in fair value of treasury hedges	(24)	(136)	(79)	48	63
Premiums paid on electricity options net of interest	(17)	(20)	(20)	(20)	(17)
<u>Assets</u>					
(Gain)/loss on sale of assets	-	-	-	-	(3)
Impairment of assets	10	2	-	58	5
Total adjustments before tax	302	(512)	(269)	199	(10)
<u>Taxation</u>					
Tax effect of above adjustments	(82)	81	72	(58)	4
Underlying net profit after tax	315	233	231	316	333

Cash flow statement

Cash flow statement					
Financial year ended 30 June	2023	2022	2021	2020	2019
\$M					
Receipts from customers	3,354	3,934	4,164	3,375	3,463
Interest and dividends received	11	2	-	1	1
Payments to suppliers and employees	(2,637)	(3,254)	(3,472)	(2,520)	(2,628)
Interest paid	(65)	(76)	(82)	(79)	(77)
Income tax paid	(154)	(145)	(179)	(173)	(124)
Operating cash flows	509	461	431	604	635
Sale of property, plant and equipment	2	2	-	-	-
Sales of subsidiaries and other assets	-	768	-	-	-
Purchase of property, plant and equipment	(316)	(141)	(76)	(43)	(45)
Purchase of intangible assets and investments	(13)	(31)	(38)	(21)	(24)
Investing cash flows	(327)	598	(114)	(64)	(69)
Borrowings drawn	255	210	108	172	439
Borrowings repaid	(160)	(685)	(10)	(60)	(484)
Shares purchased for long-term incentive	(2)	(2)	(3)	(2)	-
Lease liabilities repaid	(3)	(7)	(7)	(7)	(1)
Dividends and finance lease paid	(423)	(360)	(433)	(546)	(500)
Financing cash flows	(333)	(844)	(345)	(443)	(546)
Net increase/(decrease in cash and cash equivalents)	(151)	215	(28)	97	20

Balance sheet

Balance sheet					
Financial year ended 30 June	2023	2022	2021	2020	2019
\$M					
Cash and cash equivalents	212	363	148	176	78
Trade receivables	334	399	491	323	292
Financial instruments	141	213	192	100	118
Other current assets	60	66	86	66	334
Total current assets	747	1,041	917	665	822
Property, plant and equipment	8,989	7,830	8,598	8,594	8,825
Intangible assets	73	85	84	64	59
Financial instruments	213	413	214	265	191
Other non-current assets	-	-	43	34	40
Total non-current assets	9,275	8,328	8,939	8,957	9,115
Payables, accruals and employee entitlements	372	467	602	388	320
Current portion of term borrowings	214	159	378	88	167
Other current liabilities	134	96	3,793	172	133
Total current liabilities	720	722	4,773	648	620
Borrowings	1,022	1,004	1,298	1,600	1,303
Deferred tax	2,103	1,932	1,940	1,850	1,968
Other non-current liabilities	190	188	284	442	309
Total non-current liabilities	3,315	3,124	3,522	3,892	3,580
Net assets	5,987	5,523	1,561	5,082	5,737

Glossary

Hedging volumes	buy-side electricity derivatives excluding the buy-side of virtual asset swaps
Average generation price	the volume weighted average price received for Meridian's physical generation
Average retail contracted sales price	volume weighted average electricity price received from retail customers, less distribution costs
Average wholesale contracted sales price	volume weighted average electricity price received from wholesale customers (including NZAS) and financial contracts
Combined catchment inflows	combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes
Cost of hedges	volume weighted average price Meridian pays for derivatives acquired
Cost to supply contracted sales	volume weighted average price Meridian pays to supply contracted customer sales and financial contracts
Contracts for Difference (CFDs)	an agreement between parties to pay the difference between the wholesale electricity price and an agreed fixed price for a specified volume of electricity. CFDs do not result in the physical supply of electricity
Customer connections	number of installation control points, excluding vacants
GWh	gigawatt hour. Enough electricity for 125 average New Zealand households for one year
Historic average inflows	the historic average combined water inflows into Meridian's Waitaki and Waiau hydro storage lakes over the last 84 years
Historic average storage	the historic average level of storage in Meridian's Waitaki catchment since 1979
HVDC	high voltage direct current link between the North and South Islands of New Zealand
ICP	New Zealand installation control points, excluding vacants
ICP switching	the number of installation control points changing retailer supplier in New Zealand, recorded in the month the switch was initiated
MWh	megawatt hour. Enough electricity for one average New Zealand household for 46 days
National demand	Electricity Authority's reconciled grid demand www.emi.ea.govt.nz
NZAS	New Zealand Aluminium Smelters Limited
Retail sales volumes	contract sales volumes to retail customers, including both non half hourly and half hourly metered customers
Financial contract sales	sell-side electricity derivatives excluding the sell-side of virtual asset swaps
Virtual Asset Swaps (VAS)	CFDs Meridian has with Genesis Energy and Mercury New Zealand. They do not result in the physical supply of electricity

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www.meridianenergy.co.nz/investors

All currency amounts are in New Zealand dollars unless stated otherwise.