

>> QUARTERLY HIGHLIGHTS

HYDRO STORAGE MANAGED

LAKE TAUPO HYDRO STORAGE LIFTED, DESPITE DRIER CONDITIONS, TO 75GWh ABOVE AVERAGE AT END OF Q2

Q2 SPOT PRICES <\$100/MWh

AVERAGE OTAHUHU SPOT PRICE AT \$77/MWh, DOWN VERSUS PCP DUE TO HIGH NATIONAL HYDRO STORAGE

3,750GWh

FY2022 HYDRO GENERATION FORECAST DECREASED TO 3,750GWh DUE TO LOW LAKE TAUPO INFLOWS

>> COMMENTARY

HYDRO GENERATION UNCHANGED DUE TO LOW INFLOWS AND HYDRO STORAGE MANAGEMENT; TURITEA NORTH OPERATING

Mercury's hydro generation was unchanged versus the prior comparable period at 929GWh, 90GWh below average¹, due to 29th percentile² inflows into Lake Taupo. Lower hydro generation also saw hydro storage in Lake Taupo increase across the quarter from 403GWh to 513GWh at the end of the quarter, 75GWh above average¹, leaving Mercury well-positioned in advance of the seasonally dry Q3. Mercury's FY2022 hydro generation forecast has been decreased by 150GWh to 3,750GWh.

This quarter also saw the first significant generation volumes of 92GWh³ from Turitea with all 33 turbines in the Northern section³ now operating. Mercury's PPA-linked wind farms, acquired from Tilt, generated 262GWh during the quarter.

SPOT PRICES DECREASE ON HIGH HYDRO STORAGE, FUTURES FLAT BUT LIFT FOLLOWING THE QUARTER

High national hydro storage (which ended the quarter at 122% of average¹) saw average spot prices decrease during the quarter from \$117/MWh and \$103/MWh at Otahuhu and Benmore in FY2021-Q2 to \$77/MWh and \$60/MWh respectively in FY2022-Q2. The proportion of total generation from renewable sources in the quarter was 91%, increasing from 85% in the pcp and displacing thermal generation. This was reflected in short-term futures prices with the FY2022 Otahuhu price decreasing from \$133/MWh to \$125/MWh and Benmore decreasing from \$110/MWh to \$103/MWh.

Following the quarter, record low inflows⁴ have seen national hydro storage trend quickly down to near average levels, resulting in futures prices for the second half of FY2022 increasing at Otahuhu and Benmore from \$137/MWh and \$115/MWh respectively at the end of FY2022-Q2 to \$215/MWh and \$188/MWh (as at 26 Jan 2022). Thermal fuel cost and availability pressures also persist with NZU prices reaching record levels of \$75/unit in January 2022.

MASS MARKET STEADY; COMMERCIAL & INDUSTRIAL YIELDS LIFT ON RE-PRICING AND NORSKE SKOG SETTLEMENT

Mass Market customer numbers decreased by 1,000 over the quarter from 328,000 to 327,000 as Mercury continues to pursue initiatives to maintain market share. The Mass Market yield increased by 2.9% from \$139/MWh in FY2021-Q2 to \$143/MWh in FY2022-Q2.

The Commercial & Industrial segment yield (including both physical and financial sales) increased by 8.4%, from \$86/MWh in FY2021-Q2 to \$94/MWh in the most recent quarter, due to recent re-contracting and the early exit of the foundation hedge with Norske Skog Tasman.

DEMAND RESILIENT DESPITE COVID-19 LOCKDOWN, DECREASED DUE TO REDUCED IRRIGATION AND INDUSTRIAL LOAD

Demand in FY2022-Q2 remained resilient despite the COVID-19 lockdown during the period, decreasing by 1.2% on a temperature adjusted basis (-1.7% on an unadjusted basis). This was mainly driven by reduced irrigation load (contributing -1.1%) with industrial sector demand also decreasing due to the closure of Norske Skog's Tasman mill and reductions at the Pan Pac mill and Glenbrook steel mill. The contributions from each sector were: irrigation (-1.1%), industrial (-0.7%), rural (-0.1%), urban (+0.7%) dairy (+0.1%).

¹ For quarters ended 31 December since 1999

² For quarters ended 31 December since 1927

³ Due to accounting changes, pre-commissioning generation volumes from Turitea wind farm are now recognised in EBITDAF

⁴ For periods starting 1 January and ending 26 January (inclusive) since 1927

>> OPERATING STATISTICS

OPERATING INFORMATION	Three months ended 31 December 2021		Three months ended 31 December 2020		Six months ended 31 December 2021		Six months ended 31 December 2020	
ELECTRICITY CUSTOMERS (’000s ICPs)		327		336				
North Island Customers		290		297				
South Island Customers		37		39				
Dual Fuel Customers		47		45				
	VWAP ¹ (\$/MWh)	Volume (GWh)	VWAP ¹ (\$/MWh)	Volume (GWh)	VWAP ¹ (\$/MWh)	Volume (GWh)	VWAP ¹ (\$/MWh)	Volume (GWh)
ELECTRICITY SALES								
Physical	120.39	1,117	117.21	1,039	127.09	2,419	121.87	2,296
Mass Market ²	143.34	584	139.36	606	141.61	1,373	138.14	1,438
Commercial & Industrial ³	95.25	533	86.16	433	108.01	1,046	94.60	858
Network Losses		52		49		114		109
Physical Purchases ⁴	71.54	1,169	120.19	1,088	114.53	2,533	132.02	2,406
Financial ⁵	91.87	805	86.25	935	94.38	1,579	86.85	1,778
End User CfDs	90.48	270	86.70	377	90.81	562	87.08	753
Other Sell CfDs ⁶	92.57	535	85.94	558	96.35	1,017	86.68	1,025
Spot Settlement of CfDs	73.48		110.79		107.91		120.20	
Spot Customer Purchases	69.73	31	110.72	31	108.65	61	135.43	105
ELECTRICITY GENERATION								
Physical	73.67	1,950	114.49	1,589	102.03	3,745	126.39	3,320
Hydro	83.57	929	119.92	930	120.84	1,883	132.73	1,974
Geothermal (consolidated) ⁷	68.72	667	106.82	659	93.24	1,275	117.09	1,346
Wind ⁸	54.77	92			57.45	105		
Wind PPA ⁹	57.74	262			61.51	482		
Financial	84.14	267	87.01	402	117.47	719	92.44	835
Buy CfDs ⁶	84.14	267	87.01	402	117.47	719	92.44	835
Spot Settlement of CfDs	65.73		108.33		114.63		118.45	
NET POSITION ¹⁰		-19		-32		-130		-29

¹ VWAP is volume weighted average energy-only price sold to customers after lines, metering and fees

² Mass market includes residential segments and non time-of-use commercial customers

³ Fixed-price, variable-volume (FPVV) sales to time-of-use commercial customers

⁴ Excludes spot customer purchases

⁵ Excludes FTR and trading ASX positions

⁶ Includes Virtual Asset Swap volumes of 151 GWh for the 3 months ended 31 December 2021 and 151 GWh for the 3 months ended 31 December 2020 and of 302 GWh for the 6 months ended 31 December 2021 and 302 GWh for the 6 months ended 31 December 2020

⁷ Includes Mercury's 65% share of Nga Awa Purua generation

⁸ Includes generation from Turitea wind farm. Due to accounting changes, pre-commissioning generation volumes are now recognised in EBITDAF

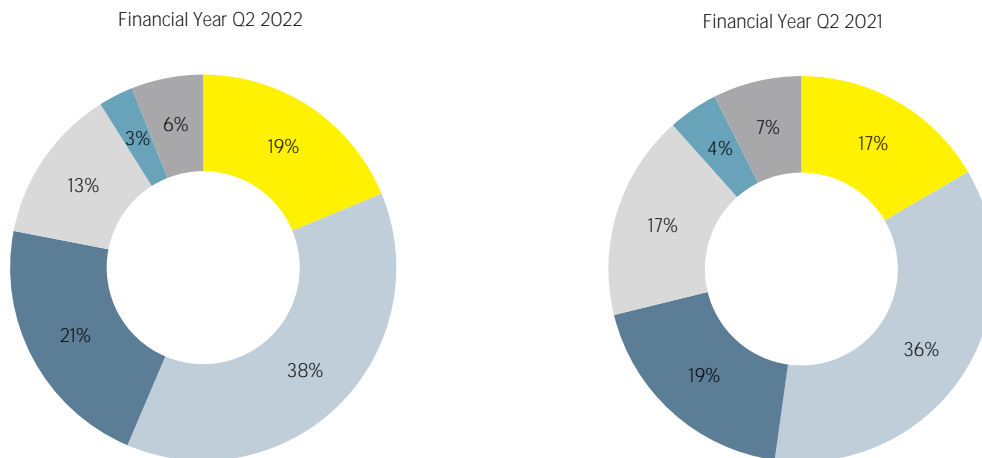
⁹ Includes generation from Tararua, Mahinerangi and Waipipi wind farms

¹⁰ Net Position is Physical and Financial Generation (excluding Wind PPA volumes) less Physical Purchases and Financial Sales

>> MARKET DATA

> ELECTRICITY GENERATION BY COMPANY FOR THE THREE MONTHS ENDED 31 DECEMBER

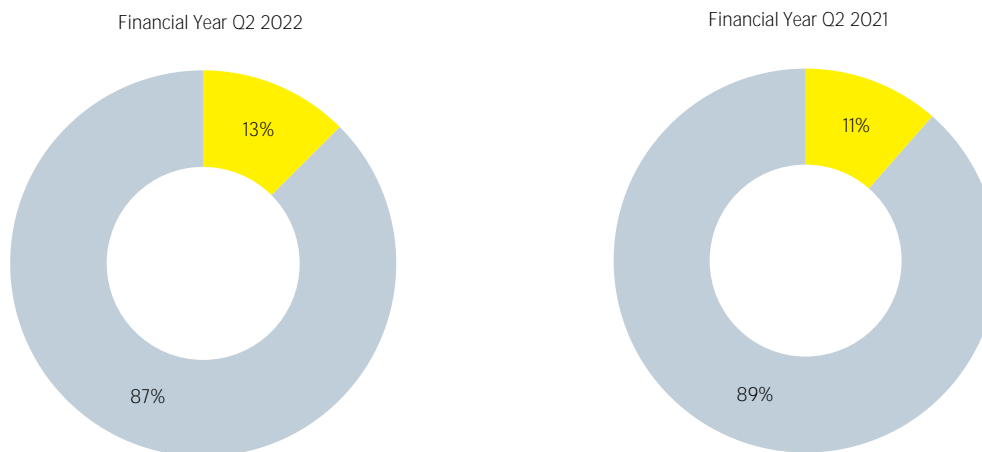
- MERCURY
- MERIDIAN ENERGY
- CONTACT ENERGY
- GENESIS ENERGY
- TRUSTPOWER
- OTHER



Source: Electricity Authority

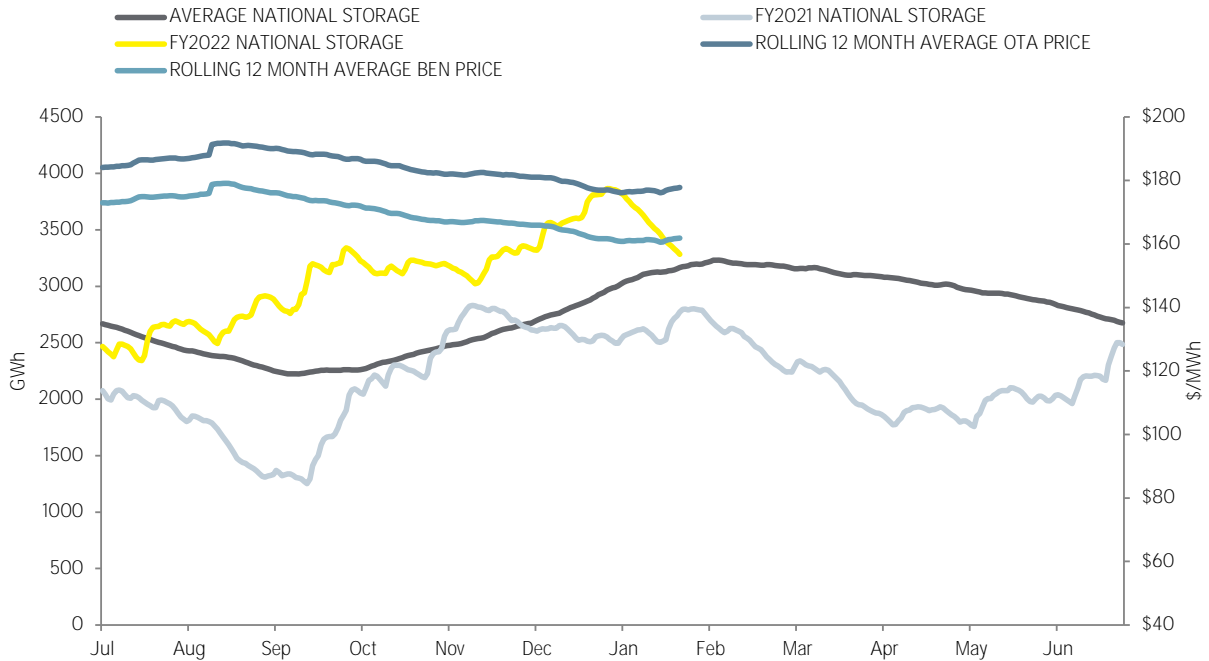
> SHARE OF ELECTRICITY SALES (GWh) FOR THE THREE MONTHS ENDED 31 DECEMBER (EXCLUDING CFDs)

- MERCURY
- OTHER



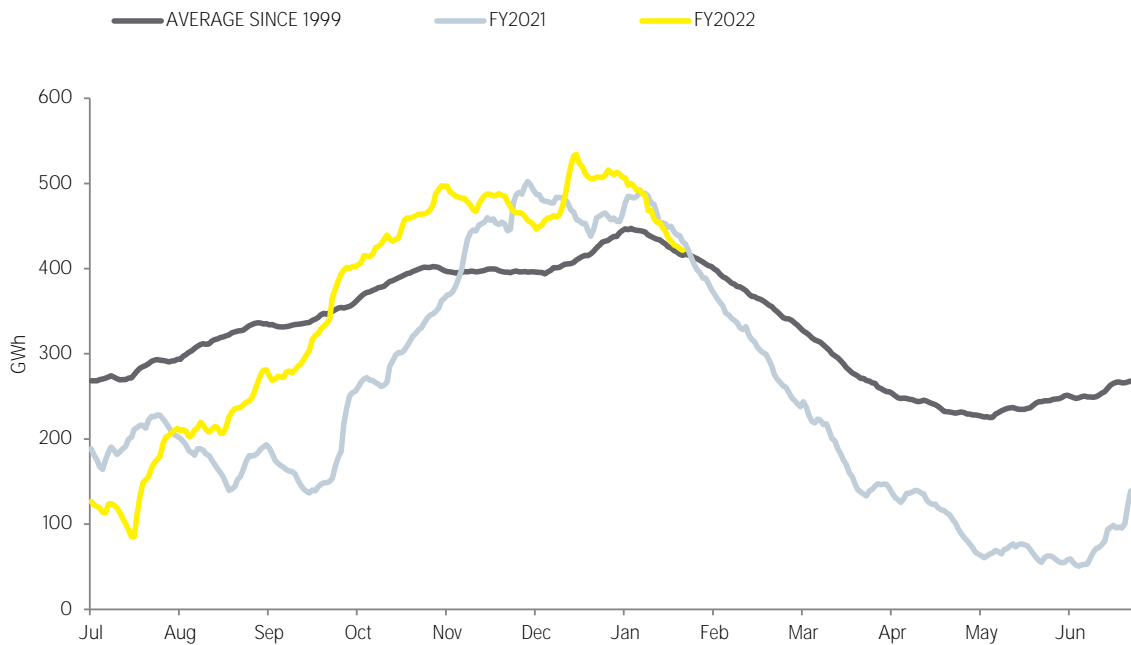
Source: Mercury Purchases and Transpower SCADA

> OTAHUHU WHOLESALE PRICE AND NATIONAL HYDRO STORAGE LEVELS



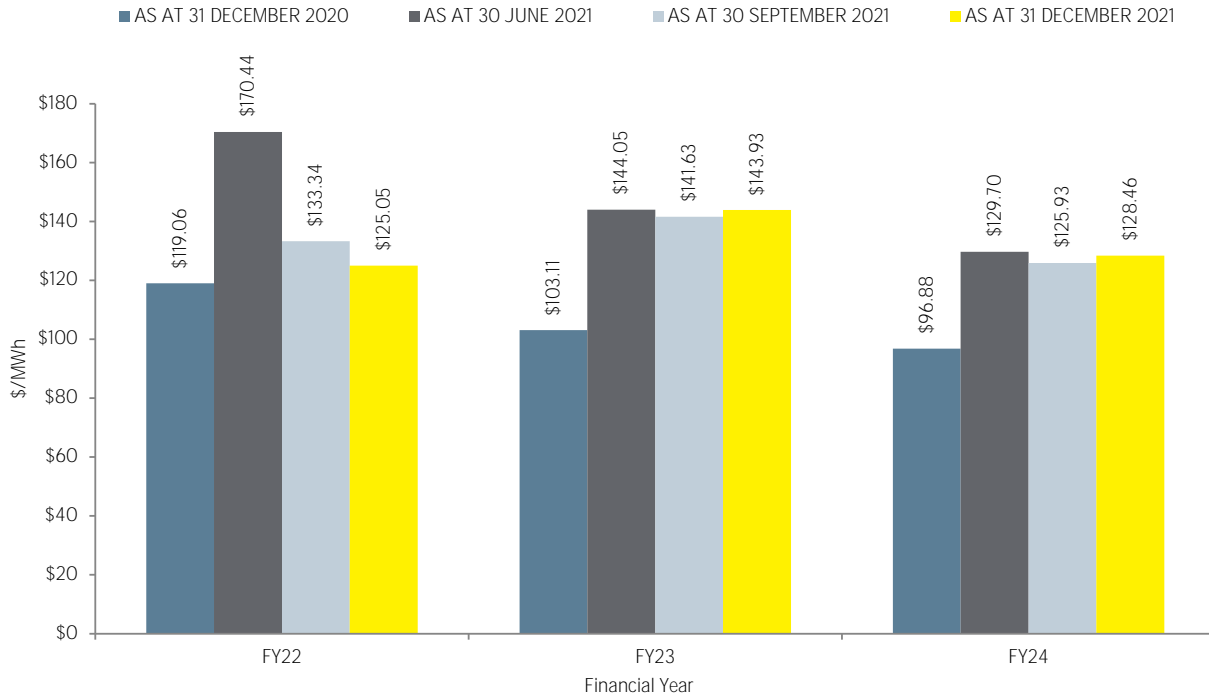
Source: NZX Hydro and NZEM Pricing Manager (NZX)

> TAUPO STORAGE



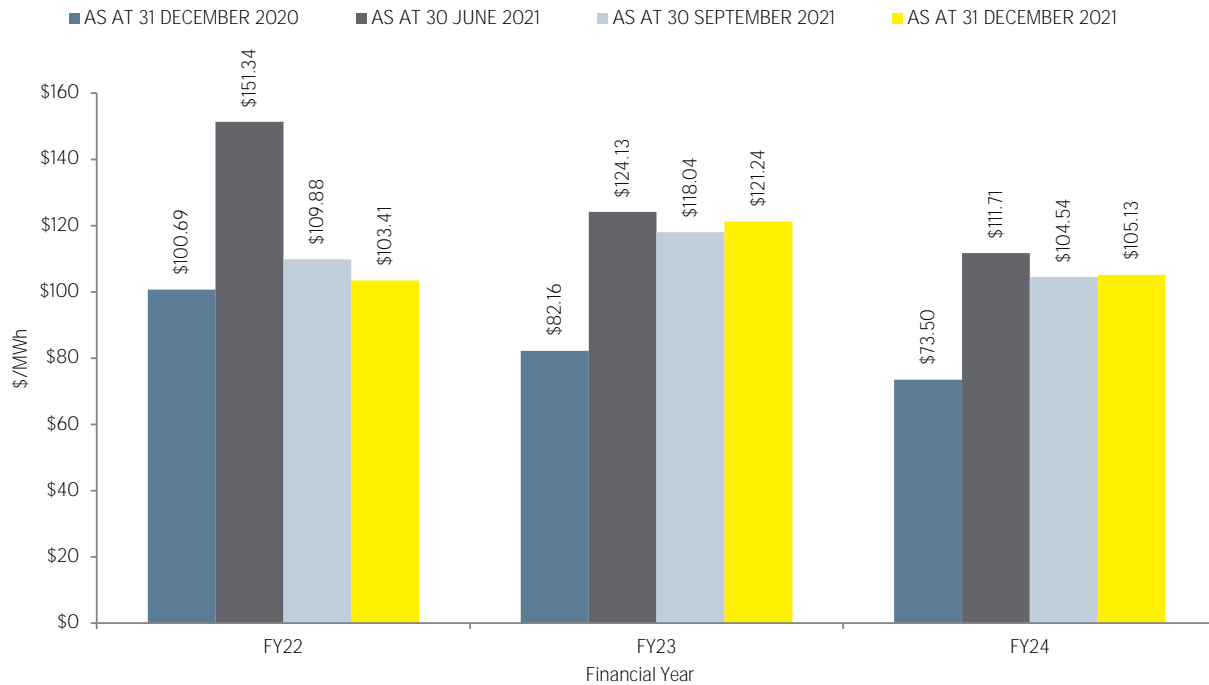
Source: NZX Hydro

> OTAHUHU ASX FUTURES SETTLEMENT PRICE



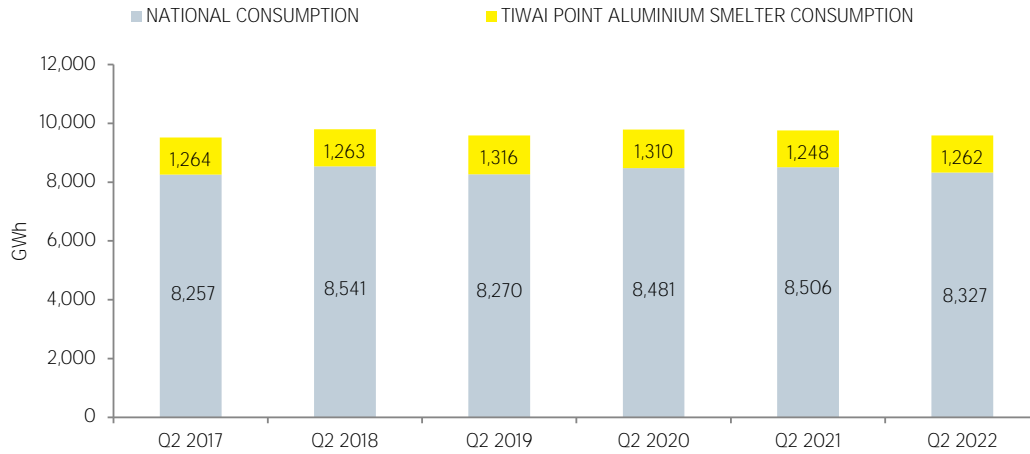
Source: ASX

> BENMORE ASX FUTURES SETTLEMENT PRICE



Source: ASX

> NATIONAL CONSUMPTION (NON-TEMPERATURE ADJUSTED)



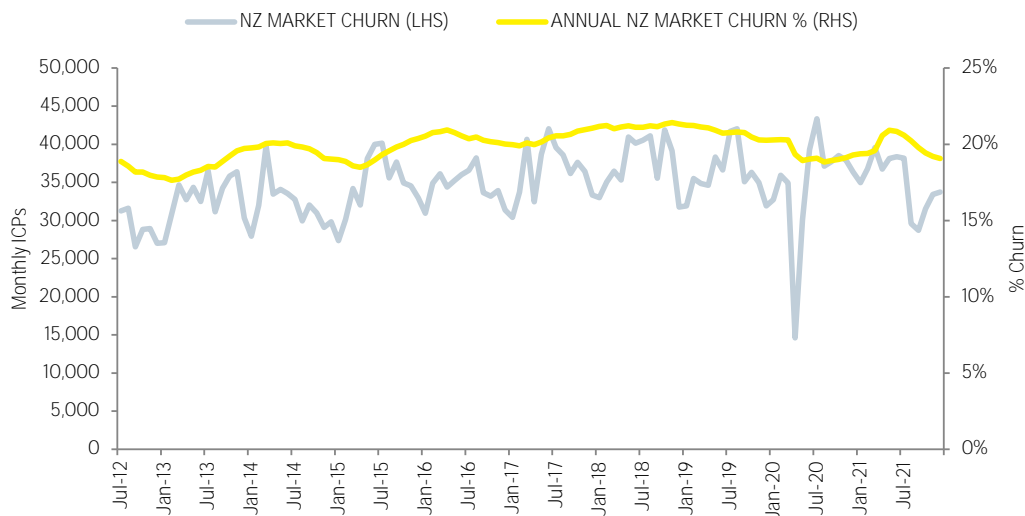
Source: Transpower Information Exchange

> AUCKLAND CLIMATE SUMMARY (°C)

FINANCIAL YEAR	Q1	Q2	Q3	Q4
2022	12.2	17.8	-	-
2021	12.3	16.9	19.5	14.8
2020	12.3	16.7	19.5	14.4
2019	12.1	16.3	20.2	14.1
2018	12.3	17.2	20.7	14.3
Historical Average (since 1999)	11.9	16.1	19.4	14.2

Source: Met Service

> MONTHLY TOTAL CONSUMER RETAIL SWITCHING (ICPs)



Source: Electricity Authority