QUARTERLY OPERATIONAL UPDATE

Three months ended 30 June 2024

>> QUARTERLY HIGHLIGHTS

RESILIENT PORTFOLIO

GEOTHERMAL AND WIND GENERATION INCREASE

ELEVATED PRICES IN FY24

C&I AND MASS MARKET YIELDS INCREASE.
GAS YIELD SQUEEZED

KD2 WIND FARM CONSTRUCTION UNDERWAY

NZAS AGREEMENT SUPPORTS PROJECT

>> COMMENTARY

Market summary

Low national inflows during the quarter contributed to elevated spot electricity prices averaging \$265/MWh in Auckland. Full year national inflows were 23rd percentile with spot prices in Auckland averaging \$187/MWh for the financial year. Forward prices remain high averaging \$166/MWh in Auckland for financial years 2025 to 2026. Gas supply uncertainty is reflected in elevated near-term forward prices. Normalised national demand during the financial year was 0.9% higher than FY23.

Resilient portfolio

Despite 30th percentile inflows into the Waikato catchment during the financial year, hydro generation was slightly higher than average at 4,096GWh but 21% lower than last year's record hydro generation. The year end lake level was 103GWh lower than average. Total generation was 8,780GWh (258GWh, 3% lower than PCP). This reflects improved resilience in geothermal generation with 2,622GWh of generation for the financial year (264GWh, 11% higher than PCP) and higher wind generation of 2,062GWh (591GWh, 40% higher than PCP), supported by new wind generation from Turitea South and Kaiwera Downs stage 1 wind farms.

Elevated prices a recurring thematic

Financial year Commercial & Industrial yields (physical and end-user CfDs) increased by \$9/MWh (7%) to \$131/MWh versus PCP, reflecting repricing of contract renewals into the high electricity forward curve. Mass Market yields also saw strong growth, up \$9/MWh (6%) versus PCP. Gas supply constraints during the quarter contributed to elevated gas purchase costs, increasing to \$25/GJ (\$13/GJ, 108% higher than PCP).

Construction underway at Kaiwera Downs wind farm stage 2

Kaiwera Downs stage 2 construction commenced in June with full generation expected by the end of CY26. This brings Mercury's total FY24 commitment to new renewables to over \$700 million with the geothermal expansion at Ngā Tamariki announced in Sep 2023.

>> OPERATING STATISTICS

OPERATING INFORMATION	Three months ended 30 June 2024		Three months ended 30 June 2023		Twelve months ended 30 June 2024		Twelve months ended 30 June 2023	
CONNECTION NUMBERS ('000s)								
Electricity connections (ICPs)		576		590				
Gas connections [1]		104		102				
Telecommunication connections [2]		160		151				
Mobile connections		24		17				
Customers with 2 or more products		191		190				
	VWAP [3] ($/MWh)	Volume (GWh)	VWAP [3] ($/MWh)	Volume (GWh)	VWAP [3] ($/MWh)	Volume (GWh)	VWAP [3] ($/MWh)	Volume (GWh)
ELECTRICITY SALES								
Physical	164.72	1,710	153.35	1,739	153.69	6,669	144.63	6,749
Mass Market [4]	168.05	1,175	155.06	1,164	162.80	4,461	154.21	4,352
Commercial & Industrial [5]	157.41	535	149.89	575	135.28	2,208	127.24	2,397
Network Losses		97		92		369		350
Physical Purchases [6]	275.02	1,807	90.76	1,831	189.55	7,037	90.17	7,099
Financial	154.63	798	130.98	784	137.53	3,247	120.06	3,351
End User CfDs	133.85	278	126.40	338	122.80	1,147	112.40	1,195
Other Sell CfDs [7]	165.76	520	134.44	446	145.58	2,100	124.31	2,156
Spot Settlement of CfDs	259.02		86.64		181.03		82.73	
Spot Customer Purchases	266.41	30	86.12	50	182.81	120	93.70	157
Gas Sales ($/GJ, TJ) [1]	23.04	612	22.35	657	23.95	2,310	21.57	2,230
Gas Purchases ($/GJ,TJ) [1]	24.66	618	11.88	664	16.27	2,325	12.85	2,252
Telco Sales ($/month/connection) [2]	81.74		85.95		84.95		84.41	
Telco Costs ($/month/connection) [2]	56.27		59.72		58.10		58.61	
ELECTRICITY GENERATION	205.69	2,904	91.78	2,848	151.17	11,853	86.89	12,028
Physical	237.70	2,105	86.56	2,084	164.64	8,780	82.45	9,038
Hydro	274.71	1,019	95.80	1,254	190.68	4,096	89.97	5,209
Geothermal (consolidated) [8]	244.56	650	80.92	468	172.38	2,622	79.51	2,358
Wind Spot	225.24	168	54.75	133	149.57	855	56.43	453
Wind PPA	84.71	268	65.75	229	70.20	1,207	62.29	1,018
Financial	122.81	799	106.02	764	112.67	3,073	100.30	2,990
Buy CfDs [7]	122.81	799	106.02	764	112.67	3,073	100.30	2,990
Spot Settlement of CfDs	265.72		82.47		181.13		81.47	
Net Position [9]		31		4		362		560

[1] Includes LPG bottle connections

[2] Includes mobile and from December 2022 NOW connections

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

[4] Mass market includes residential segments and non time-of-use commercial customers

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

[6] Excludes spot customer purchases

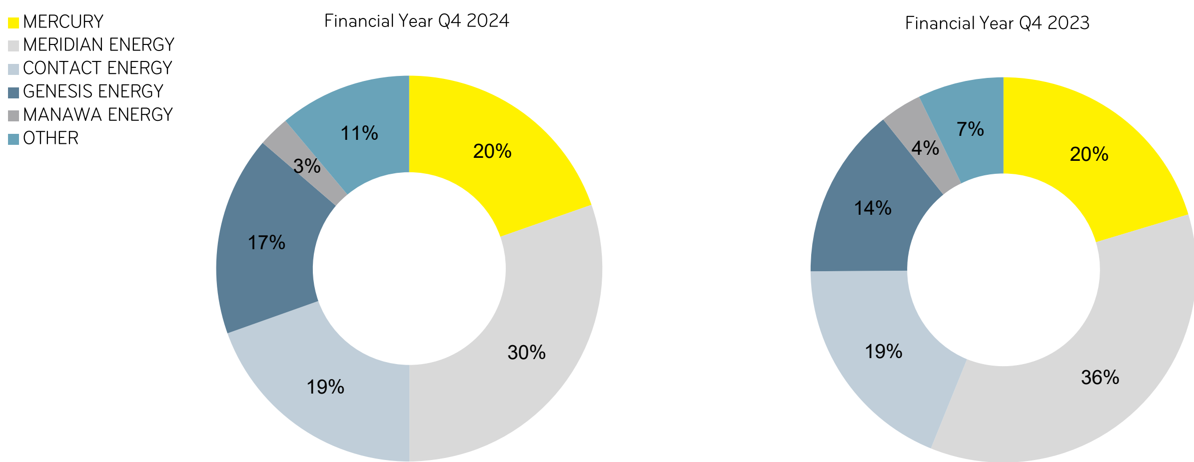
[7] Includes Virtual Asset Swap volumes of 75 GWh for the 3 months ended 30 June 2024 and 112 GWh for the 3 months ended 30 June 2023 and of 376 GWh for the 12 months ended 30 June 2024 and 525 GWh for the 12 months ended 30 June 2023. Also includes the Manawa CFD volumes relating to the Trustpower retail transaction since May 2022

[8] Includes Mercury's 65% share of Nga Awa Purua generation

[9] Includes all physical and financial buys and sells except spot customer purchases and wind ppa

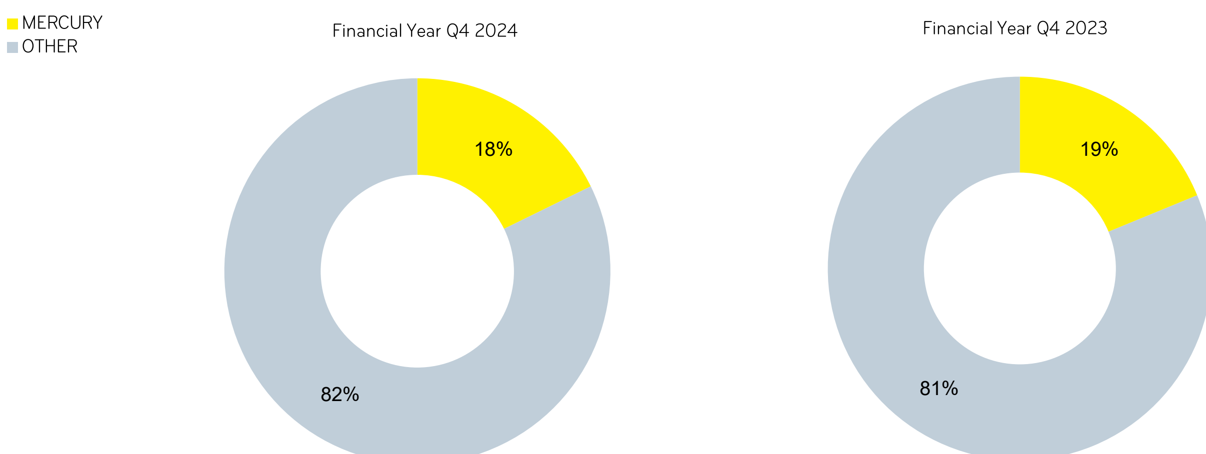
>> MARKET DATA

> ELECTRICITY GENERATION BY COMPANY FOR THE THREE MONTHS ENDED 30 JUNE



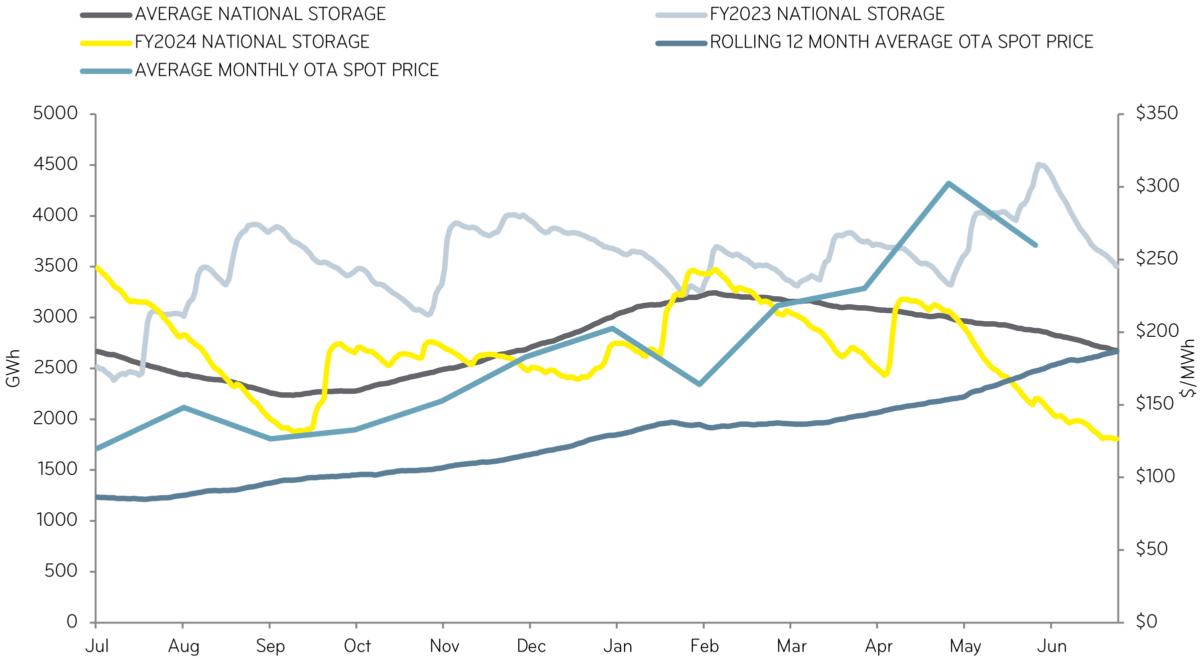
Source: Transpower SCADA

> SHARE OF ELECTRICITY SALES (GWh) FOR THE THREE MONTHS ENDED 30 JUNE (EXCLUDING CFDs)



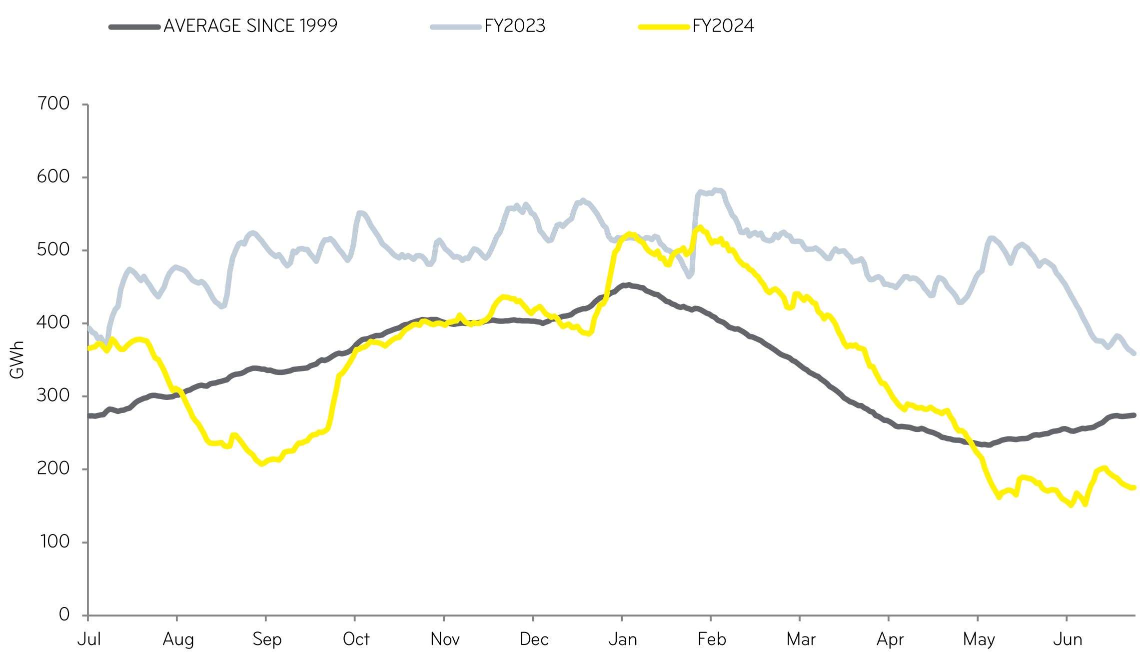
Source: Mercury Purchases and Transpower SCADA

> OTAHUHU WHOLESALE PRICE AND NATIONAL HYDRO STORAGE LEVELS



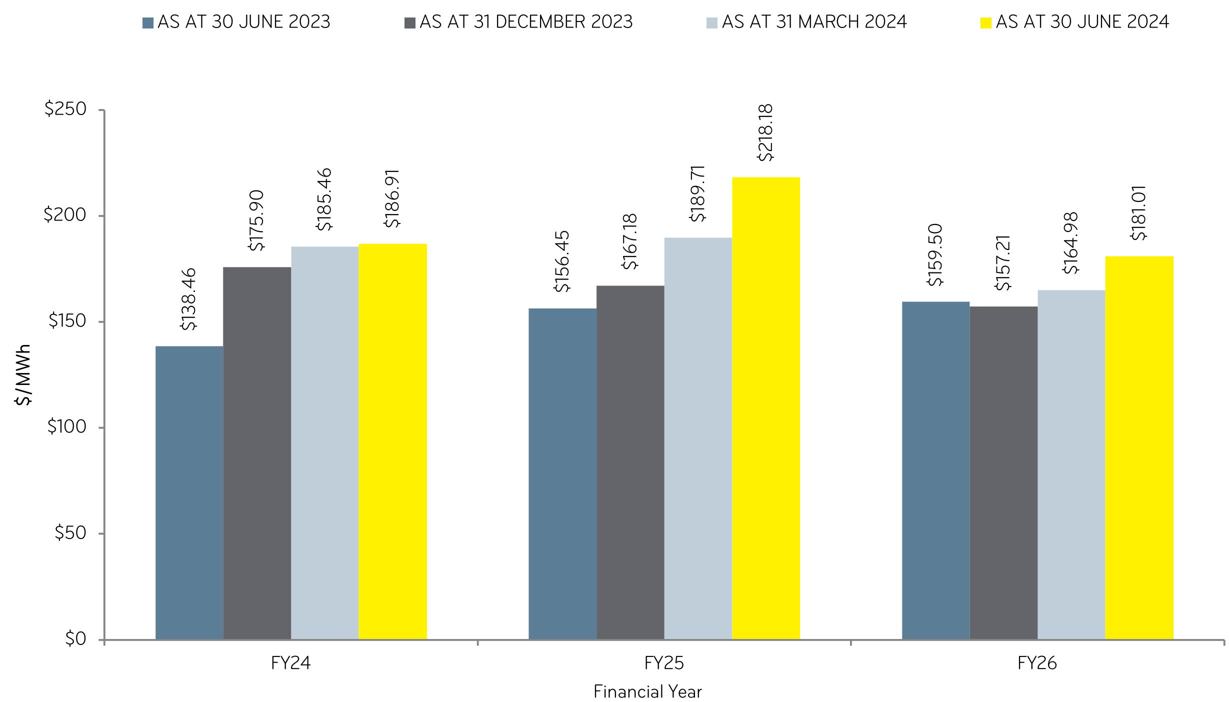
Source: NZX Hydro and NZEM Pricing Manager (NZX)

> TAUPO STORAGE



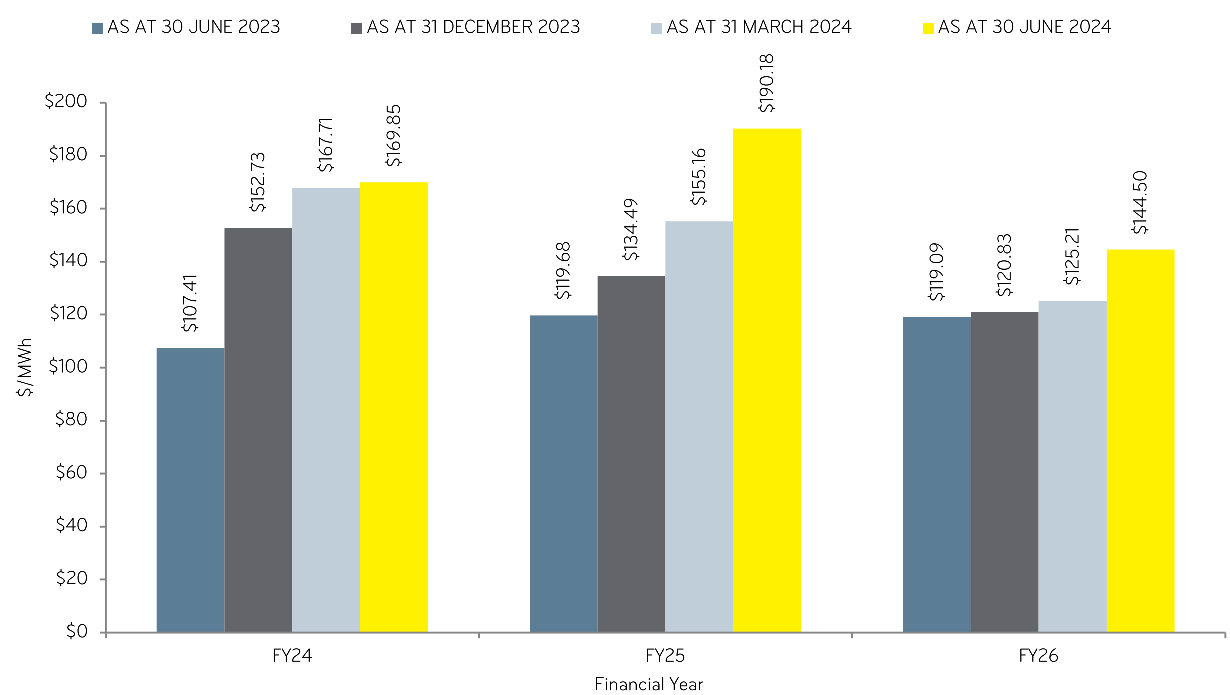
Source: NZX Hydro

> OTAHUHU ASX FUTURES SETTLEMENT PRICE



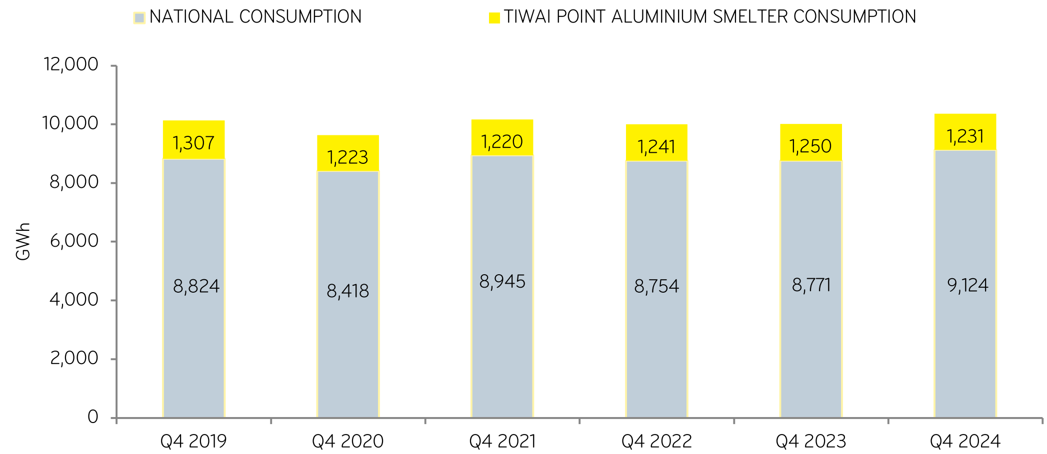
Source: ASX

> BENMORE ASX FUTURES SETTLEMENT PRICE



Source: ASX

> NATIONAL CONSUMPTION (NON-TEMPERATURE ADJUSTED)



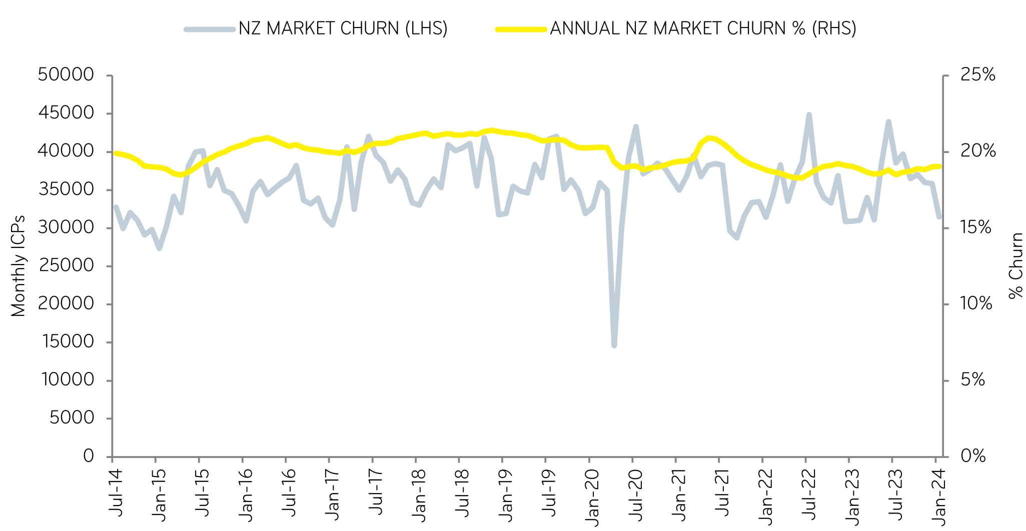
Source: Transpower Information Exchange

> AUCKLAND CLIMATE SUMMARY (ºC)

FINANCIAL YEAR	Q1	Q2	Q3	Q4
2024	12.2	16.8	19.6	14.3
2023	12.9	17.2	19.2	15.1
2022	12.2	17.8	20.8	15.1
2021	12.3	16.9	19.5	14.8
2020	12.3	16.7	19.5	14.4
Historical Average (since 1999)	11.9	16.2	19.5	14.2

Source: Met Service

> MONTHLY TOTAL CONSUMER RETAIL SWITCHING (ICPs)



Source: Electricity Authority