

>> QUARTERLY HIGHLIGHTS

LOW INFLOWS

NATIONAL INFLOWS AT 8TH PERCENTILE, 1,654GWh BELOW AVERAGE

TAUPO STORAGE CONSERVED

TAUPO LAKE LEVEL REMAINS ABOVE AVERAGE LEVELS

STRONG LIFT IN C&I YIELDS

C&I YIELDS UP 14% VERSUS PCP, PHYSICAL SALES INCREASE TO REPLACE NORSKE SKOG CfD VOLUMES

>> COMMENTARY

HYDRO GENERATION LOWER DUE TO DRY WEATHER; LAKE TAUPO STORAGE CONSERVED LEADING INTO WINTER MONTHS

Mercury's hydro generation decreased by 57GWh versus the prior comparable period as inflows into Lake Taupo trended below average at the 19th percentile¹, 175GWh below average¹. During the quarter, record low inflows in January were offset by a rain event associated with Cyclone Dovi in mid-February. The Taupo lake level started and ended the last quarter above average, closing at 58% full, 66GWh above average².

Geothermal generation remained steady at 653GWh in FY2022-Q3 (versus 658GWh in FY2021-Q3) and spot price linked wind generation, from Mercury's Turitea North wind farm, was 99GWh. Generation from PPA-linked wind farms was 226GWh.

DECLINING NATIONAL HYDRO STORAGE LIFTS SPOT PRICES

Conditions were dry across both the North and South Islands as 8th percentile¹ inflows saw national hydro storage end the quarter 309GWh below average. South Island inflows were particularly affected with record low inflows in both the January and March months. This was reflected in elevated spot prices in FY2022-Q3 of \$176/MWh at Otahuhu and \$149/MWh at Benmore, down from \$206/MWh and \$203/MWh respectively in the prior comparable period but still above historical averages.

FUTURES PRICES LIFT DUE TO FUEL CONSTRAINTS; LONGER-DATED FUTURES REFLECT THERMAL FUEL COST PRESSURES

Futures prices responded strongly to dry hydrological conditions with the FY2022 price increasing at Otahuhu and Benmore from \$125/MWh and \$103/MWh respectively to \$167/MWh and \$143/MWh across the quarter. Longer-dated futures also increased with the Otahuhu FY2023 and FY2024 futures lifting by \$47/MWh and \$34/MWh respectively to \$191/MWh and \$163/MWh, reflecting increased expectations of thermal costs with carbon prices remaining at historically high levels of ~\$75/NZU.

COMMERCIAL & INDUSTRIAL PHYSICAL SALES LIFT TO REPLACE VOLUME FROM NORSKE SKOG SETTLEMENT

The Commercial & Industrial segment average yield (including both physical and financial sales) increased by 14% from \$94/MWh in FY2021-Q3 to \$107/MWh in FY2022-Q3 due to re-contracting and the early termination of a CfD with Norske Skog Tasman. CfD sales volumes decreased by 127GWh, from 381GWh in FY2021-Q3 to 254GWh in the current quarter, but were offset by an increase in physical sales of 118GWh, from 477GWh to 595GWh.

Mercury continues to look to maintain market share, however mass market customer numbers declined in the quarter, from 327,000 to 324,000, reflected in Mass Market sales volumes decreasing from 544GWh to 528GWh. Mass market yield increased by 2%, from \$141/MWh in FY2021-Q3 to \$144/MWh in the most recent quarter.

IRRIGATION AND INDUSTRIAL SECTORS LEAD DEMAND DOWN

Temperature-adjusted demand decreased by 0.5% (-0.7% on an unadjusted basis) led by decreases in the irrigation (-1.1%) and industrial (-0.6%) sectors. These were partially offset by increases in the urban (+0.8%), dairy (+0.2%) and rural (+0.1%) sectors.

¹ For quarters ended 31 March since 1927

² For quarters ended 31 March since 2000

>> OPERATING STATISTICS

OPERATING INFORMATION	Three months ended 31 March 2022		Three months ended 31 March 2021		Nine months ended 31 March 2022		Nine months ended 31 March 2021	
ELECTRICITY CUSTOMERS (‘000s ICPs)		324		331				
North Island Customers		288		293				
South Island Customers		36		38				
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	126.70	1,123	121.56	1,021	126.96	3,542	121.78	3,317
Mass Market ²	143.65	528	140.84	544	142.18	1,901	138.88	1,982
Commercial & Industrial ³	111.68	595	99.57	477	109.34	1,641	96.38	1,335
Network Losses		52		48		165		157
Physical Purchases ⁴	180.02	1,175	220.72	1,068	135.30	3,707	159.29	3,474
Financial ⁵	99.21	676	95.83	808	95.82	2,255	89.66	2,588
End User CfDs	96.86	254	86.56	381	92.69	816	86.90	1,135
Other Sell CfDs ⁶	100.62	422	104.10	427	97.60	1,439	91.81	1,453
Spot Settlement of CfDs	168.71		197.47		126.13		144.35	
Spot Customer Purchases	174.92	30	215.11	31	130.63	92	153.42	135
ELECTRICITY GENERATION								
Physical	160.80	1,831	208.04	1,568	121.30	5,571	152.58	4,889
Hydro	188.72	853	217.56	910	141.96	2,737	159.50	2,885
Geothermal (consolidated) ⁷	161.81	653	194.87	658	116.48	1,921	142.62	2,004
Wind Spot ⁸	145.05	99			100.02	204		
Wind PPA ⁹	59.28	226			60.71	709		
Financial	101.91	323	92.81	354	112.65	1,042	92.55	1,190
Buy CfDs ⁶	101.91	323	92.81	354	112.65	1,042	92.55	1,190
Spot Settlement of CfDs	157.98		207.26		128.05		144.90	
NET POSITION ¹⁰		77		46		-58		17

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 148 GWh for the 3 months ended 31 March 2022 and 148 GWh for the 3 months ended 31 March 2021 and of 450 GWh for the 9 months ended 31 March 2022 and 450 GWh for the 9 months ended 31 March 2021

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

⁸ Includes generation from Turitea wind farm.

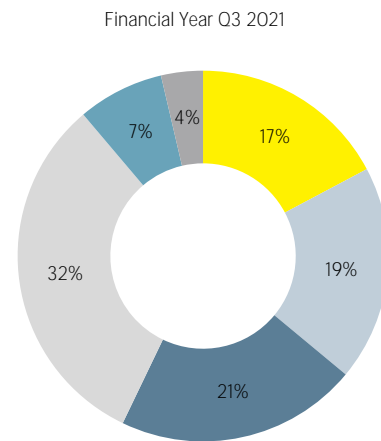
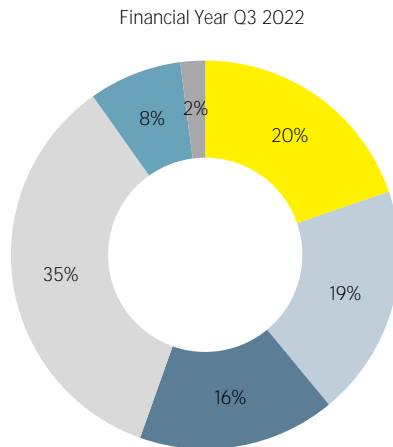
⁹ Includes generation from Tatarua, Mahinerangi and Waipipi wind farms

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 MARCH

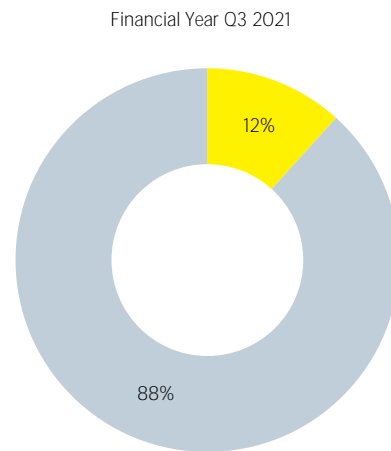
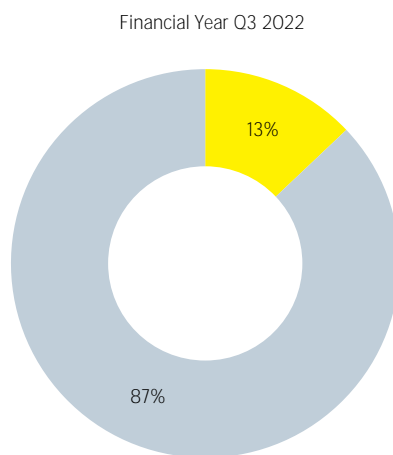
- MERCURY
- CONTACT ENERGY
- GENESIS ENERGY
- MERIDIAN ENERGY
- OTHER
- TRUSTPOWER



Source: Electricity Authority

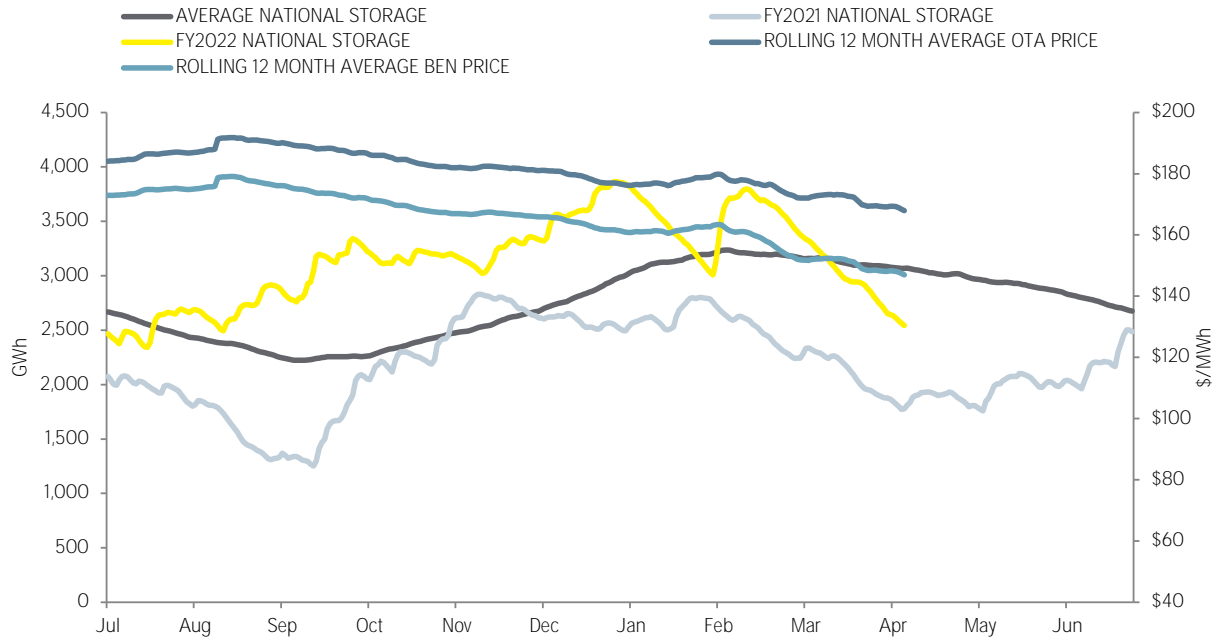
> SHARE OF ELECTRICITY SALES (GWh) FOR THE THREE MONTHS ENDED 31 MARCH (EXCLUDING CFDs)

- MERCURY
- OTHER



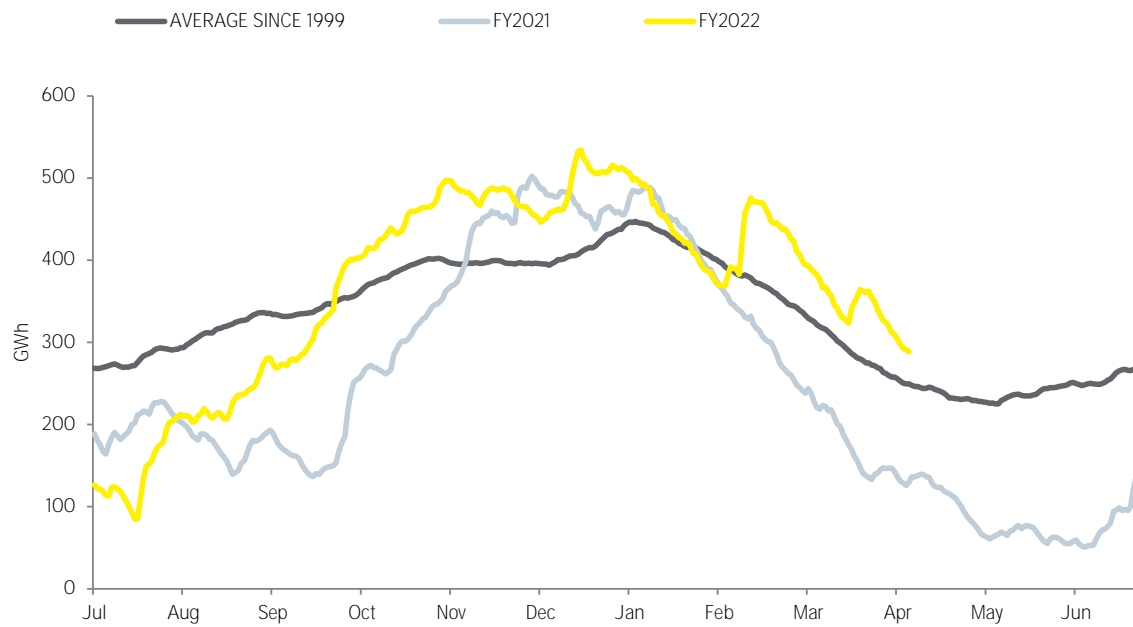
Source: Mercury Purchases and Transpower SCADA

> OTAHUHU WHOLESALE PRICE AND NATIONAL HYDRO STORAGE LEVELS



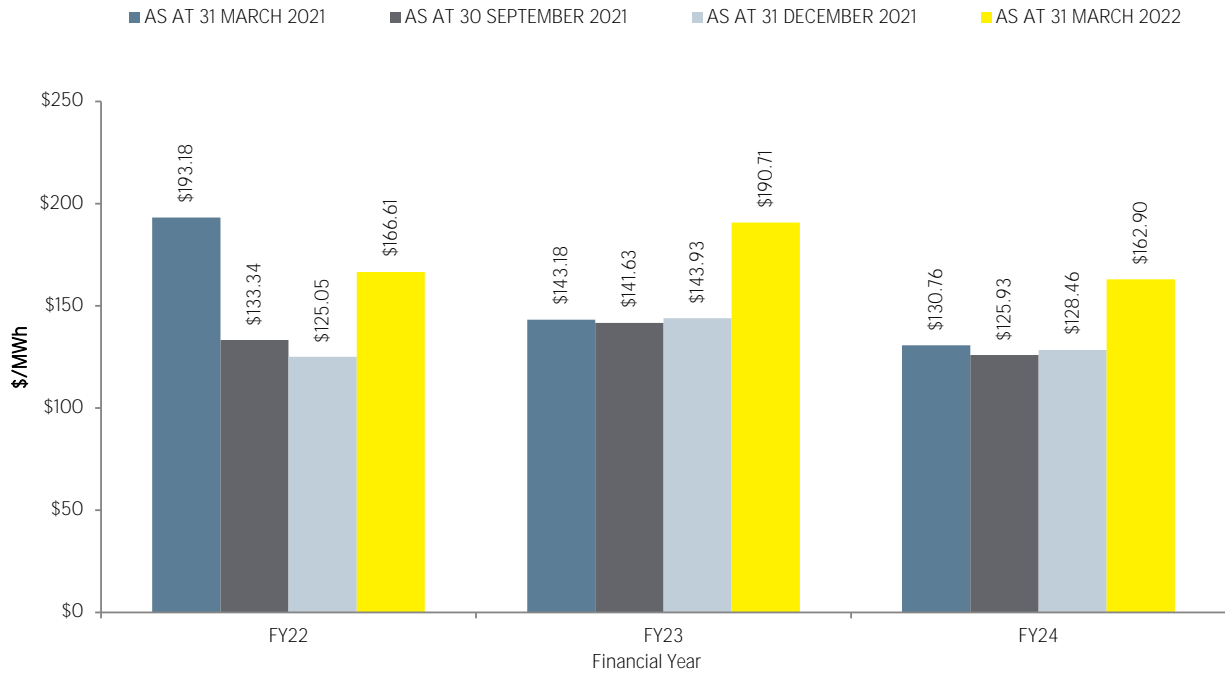
Source: NZX Hydro and NZEM Pricing Manager (NZX)

> TAUPO STORAGE



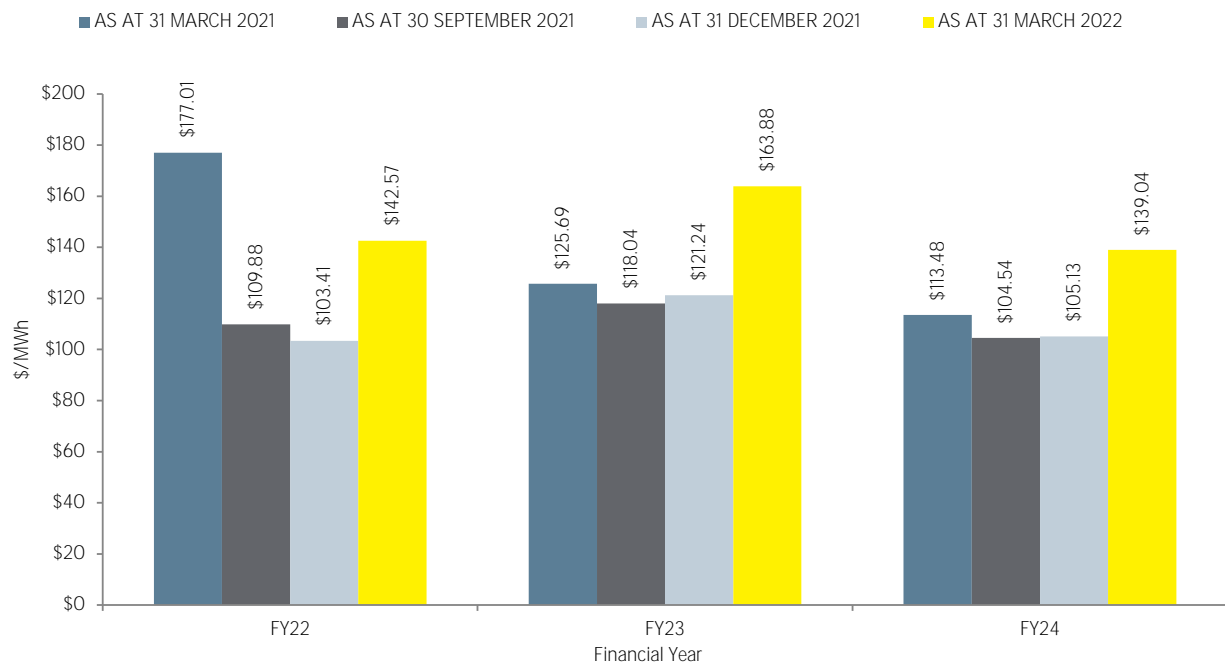
Source: NZX Hydro

> OTAHUHU ASX FUTURES SETTLEMENT PRICE



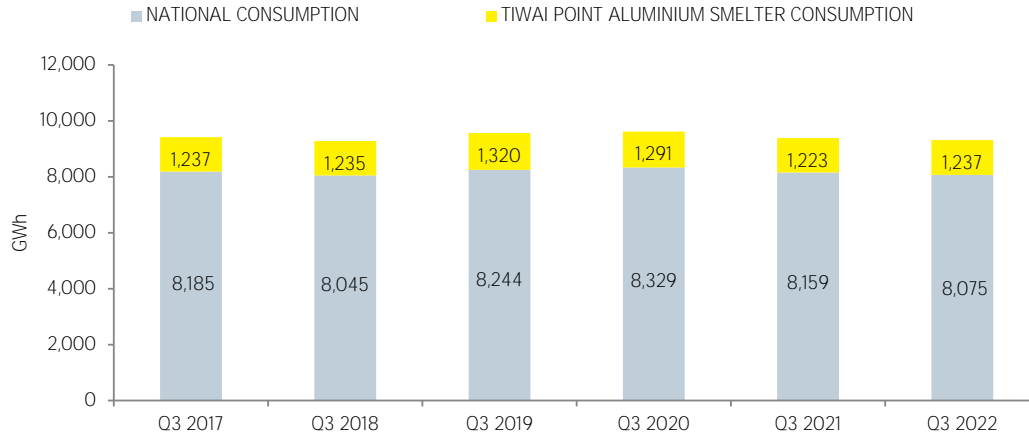
Source: ASX

> BENMORE ASX FUTURES SETTLEMENT PRICE



Source: ASX

> NATIONAL CONSUMPTION (NON-TEMPERATURE ADJUSTED)



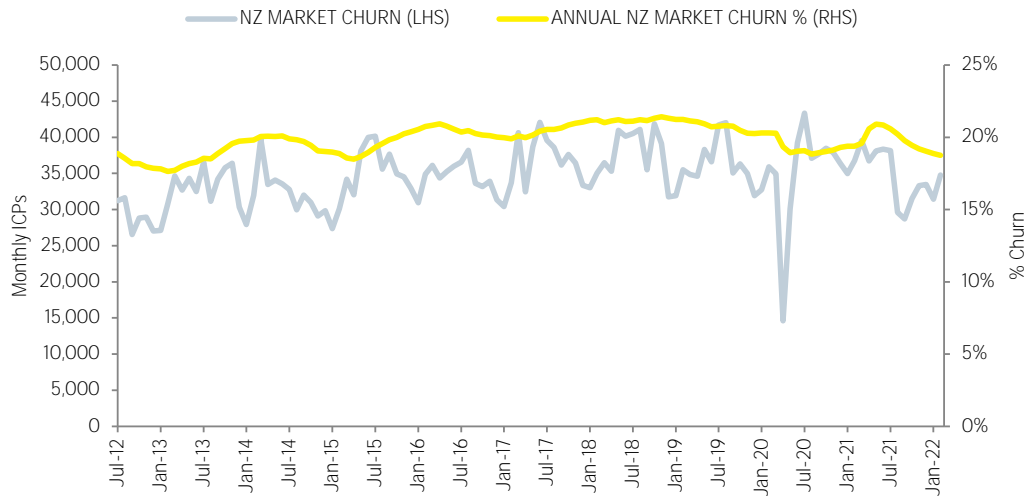
Source: Transpower Information Exchange

> AUCKLAND CLIMATE SUMMARY (°C)

FINANCIAL YEAR	Q1	Q2	Q3	Q4
2022	12.2	17.8	20.8	-
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