FINANCIAL RESULTS.

SIX MONTHS ENDED 31 DECEMBER 2021

VINCE HAWKSWORTH
Chief Executive

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22 February 2022

Mercury

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HY2022 RESULT REFLECTS SIGNIFICANT CHANGE IN THE PERIOD

TILT NZ ACQUISITION

Acquired five operating wind farms which combined with Turitea North make Mercury NZ's largest wind generator[1]

TURITEA OPERATING

All 33 turbines in Turitea North operating, generating 105GWh in HY2022; Southern section civil works underway

TRUSTPOWER RETAIL

Trustpower Retail acquisition progressing with several key milestones reached; integration team established

$242m EBITDAF

Down $48m versus HY2021 reflecting lower hydro generation, Kawerau outage impacts and Norske Skog partially offset by added wind

HYDRO STORAGE MANAGED

Hydro storage lifted despite lower inflows in preparation for expected dry conditions in 2H-FY2022

THRIVE

Evolving our culture and the way we work to deliver FY2022 continuous improvement target of $30m

FY2022 GUIDANCE

$570m reflecting HY2022 conditions and Tilt & Trustpower acquisition accounting

8cps INTERIM DIVIDEND

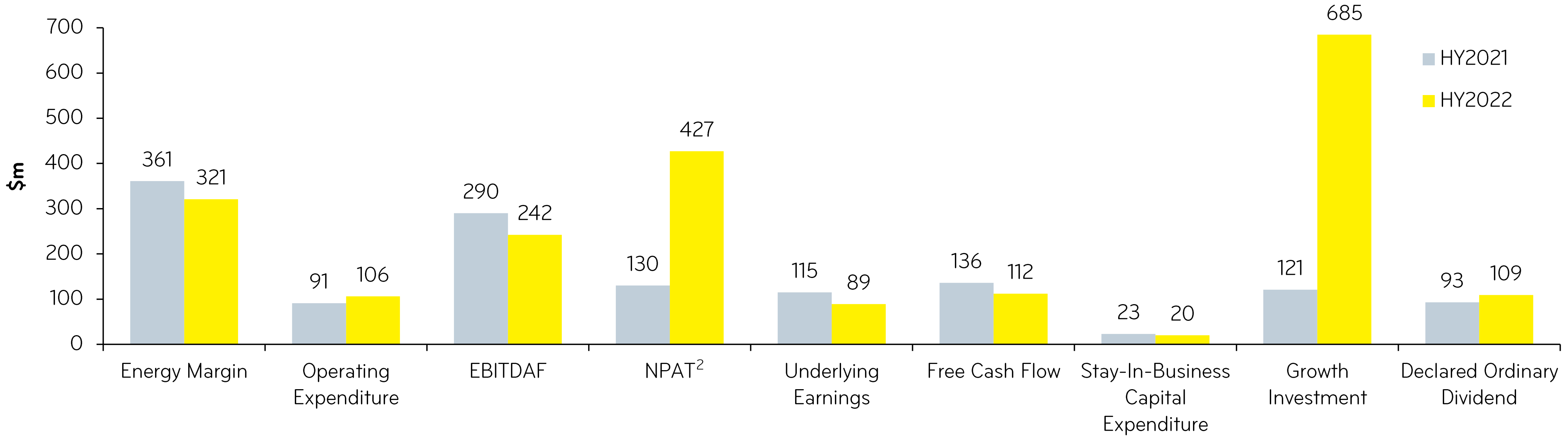
Increase of 18% versus HY2021; full-year ordinary dividend guidance maintained at 20cps

CAPITAL MANAGEMENT

Dividend Reinvestment Plan announced, intent to underwrite for interim dividend

[1] Based on grid-connected wind energy generation during December 2021 and January 2022 (with the majority of Turitea northern zone turbines operating)

HY2022 RESULT REFLECTS SIGNIFICANT CHANGE IN THE PERIOD[1]



> Energy Margin, EBITDAF and Free Cash Flow down versus HY2021 reflecting decreased hydro generation, Kawerau outage and Norske Skog transaction[3]

> Operating Expenditure up versus HY2021 mainly due to costs relating to added wind generation and inflation

> NPAT up as $367m net gain on sale of Tilt Renewables shares recognised

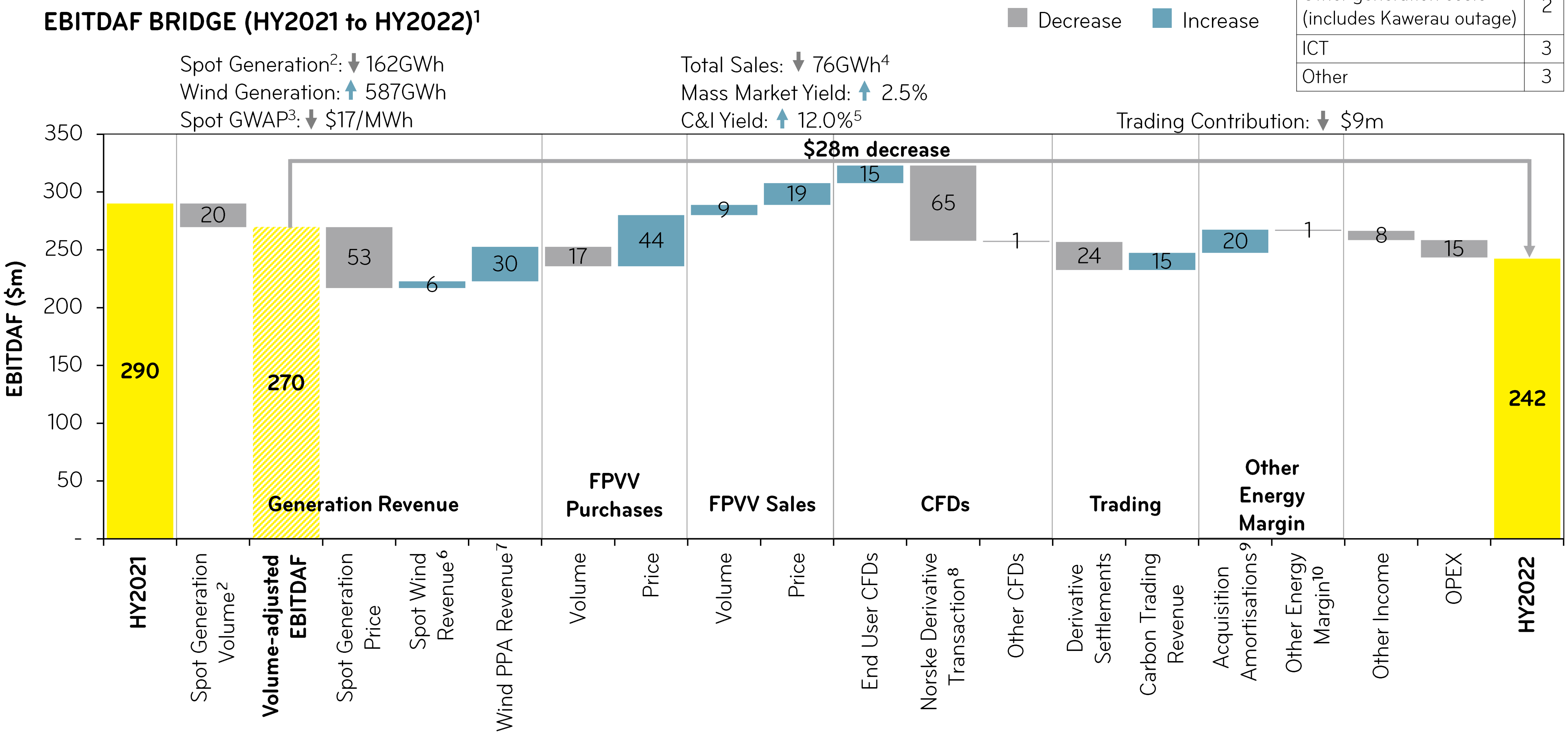
> Growth Investment increased due to acquisition of Tilt Renewables' New Zealand assets (net consideration of $634m)

[1] HY2021 figures restated due to accounting policy changes regarding SaaS (Software-as-a-Service) costs
[2] HY2022 effective tax rate of 28% after adjusting for non-taxable net gain on sale of Tilt Renewables shares
[3] For further detail on the accounting impact of the Norske Skog transaction and other transactions, see slides 21-23 in the Appendix

HY2022 REFLECTS CHANGES AND NORSKE SKOG TRANSACTION

Opex increase breakdown:	
Wind farm maintenance	7
Other generation costs (includes Kawerau outage)	2
ICT	3
Other	3

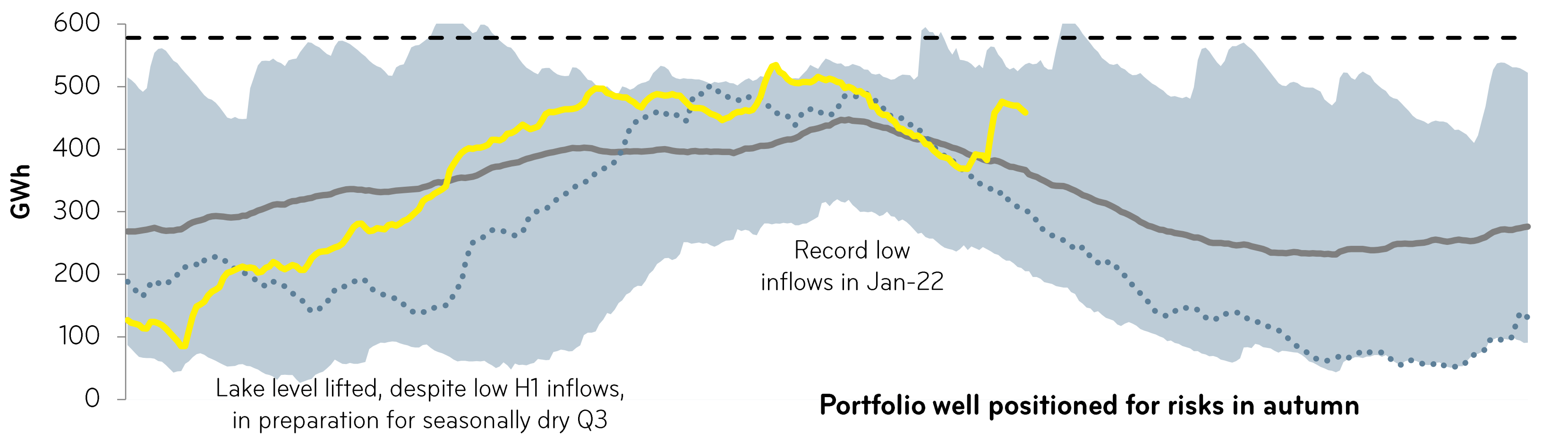
EBITDAF BRIDGE (HY2021 to HY2022)[1]



[1] Figures do not add up exactly due to rounding
[3] Generation-Weighted Average Price received for hydro and geothermal
[5] Includes Fixed Price Variable Volume (FPVV) sales and End User Contracts for Differences (CFDs)
[7] Includes generation from Tararua, Mahinerangi and Waipipi wind farms
[9] For further detail on acquisition amortisation see slides 21-22 in the Appendix
[2] Includes generation from hydro and geothermal
[4] Includes both physical and financial sales
[6] Includes generation from Turitea wind farm
[8] For further detail on this transaction see slide 21 in the Appendix
[10] Includes ancillary services & gas purchases and sales

HYDRO GENERATION REDUCED DUE TO LOW INFLOWS AND HYDRO MANAGEMENT

LAKE TAUPŌ STORAGE
(since 1 Jul 1999)



Month End	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb[5]	Mar	Apr	May	Jun
Hydro Generation - Delta to Average[2] (GWh)		-67	-74	-89	-72	-9	-8	-14	-34				
Waikato Inflows - Delta to Average[3] (GWh)		-27	-69	-27	-48	-88	18	-145	60				
Taupo Storage – Delta to Average[2] (GWh)	-145	-81	-54	45	98	61	75	-20	92				
Hydro GWAP/TWAP		1.12	1.42	1.20	1.24	1.11	1.20	1.11	1.26				
Spot Price - Otahuhu ($/MWh)		$191	$156	$97	$74	$92	$65	$163	$157				
Futures Price (M-3[4]) Otahuhu ($/MWh)		$287	$328	$182	$121	$118	$96	105	$147	$136	$177		

Winter futures prices elevated with May at $182/MWh and June at $189/MWh as at 17 Feb 2022

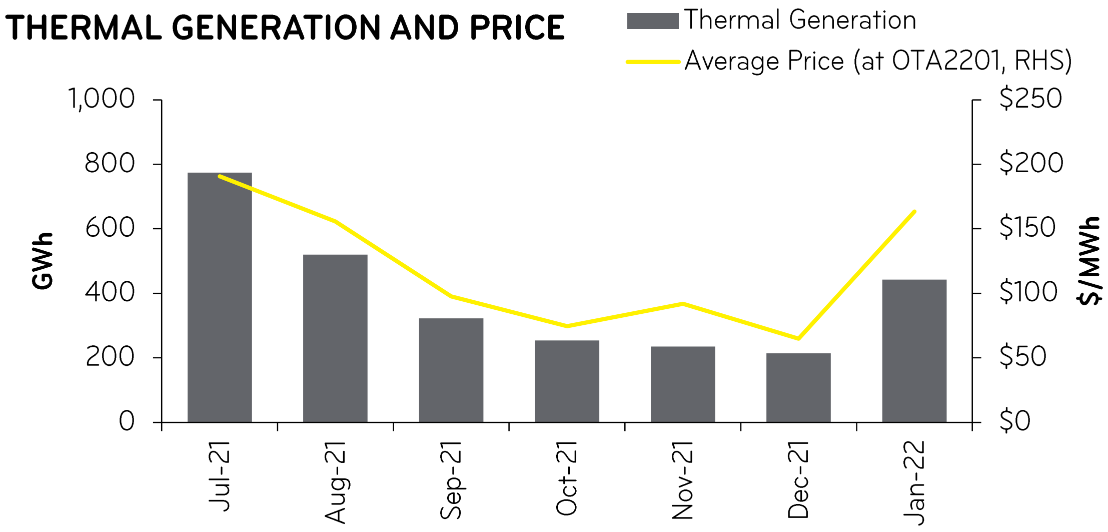
Source: NZXHydro, WITS, ASX

[1] Maximum Control Level
[2] Monthly average since July 1999
[3] Monthly average since July 1927
[4] Closing price 3 months prior
[5] To 20 Feb 2022 inclusive

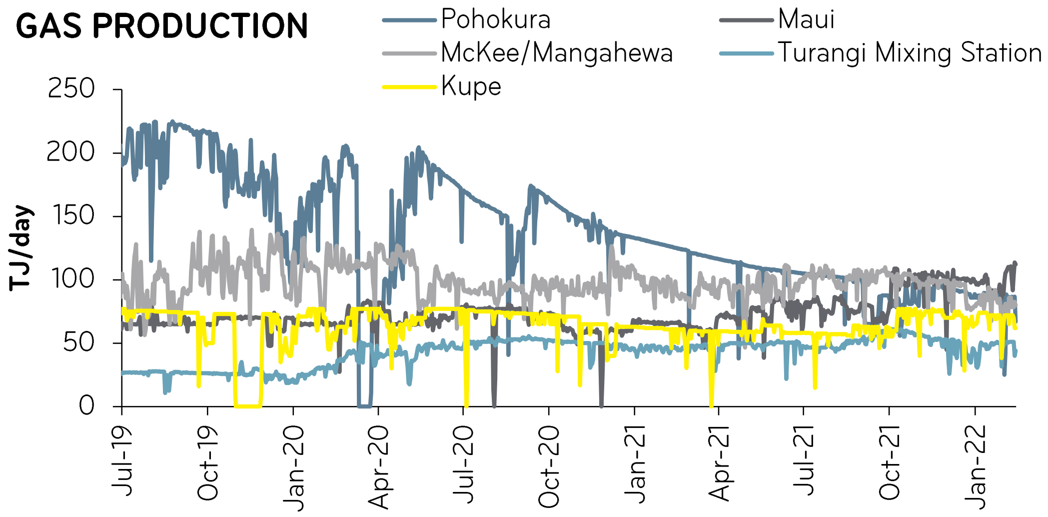
>50GWh above average
>50GWh below average
Above $100/MWh
Above $200/MWh

HIGH SPOT PRICES REFLECT THERMAL UTILISATION AND FUEL COSTS

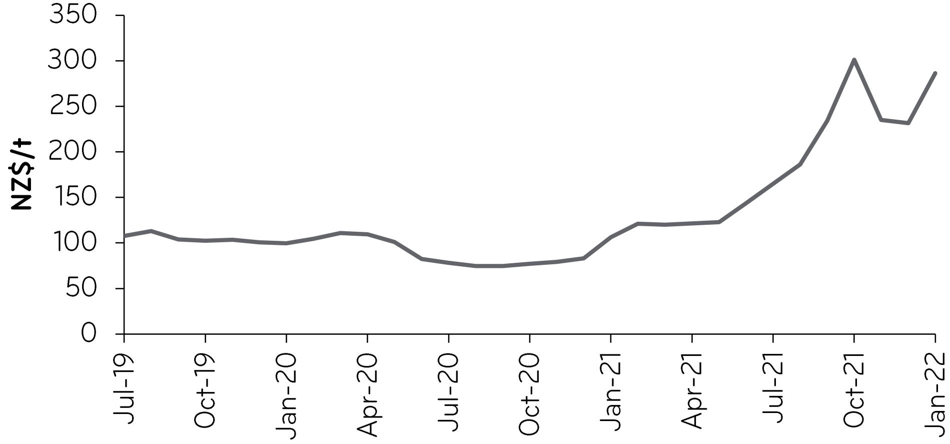
THERMAL GENERATION AND PRICE



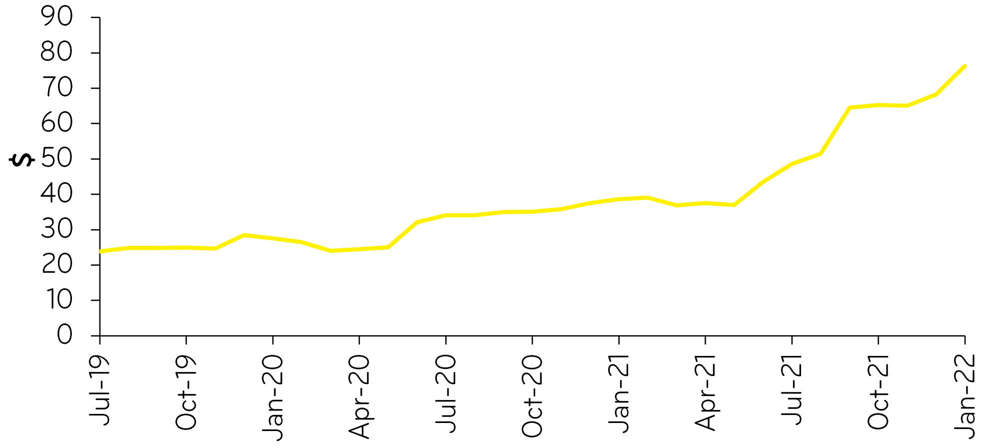
GAS PRODUCTION



COAL PRICE[1]



NZU CARBON PRICE

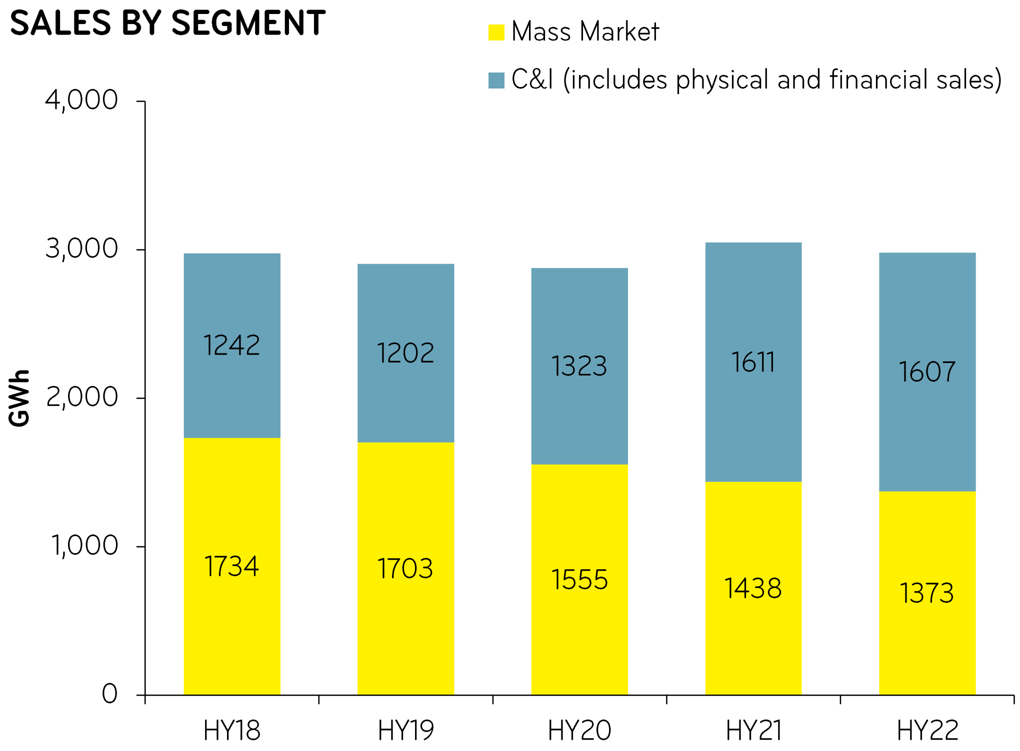


Source: TPIX, WITS, Gas Industry Company, Refinitive, Mercury

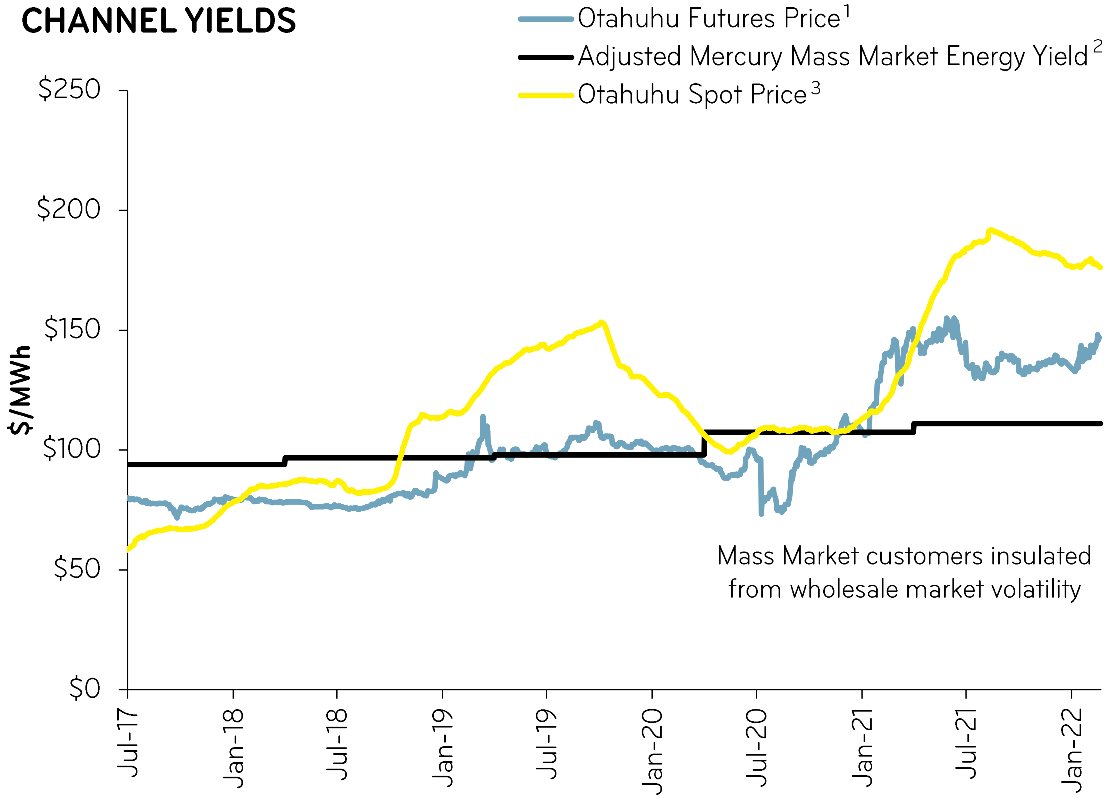
[1] HBA Indonesian FOB Coal Price

RETAIL MARKET REMAINS COMPETITIVE WITH MARGINS UNDER PRESSURE

SALES BY SEGMENT



CHANNEL YIELDS



Source: ASX, WITS, Mercury

- > Mass Market sales volumes decreased versus HY2021, but expected to stabilise across FY2022
  - > Electricity customer connections remained steady across HY2022, decreasing by 1,000 across the period to 327,000
- > Despite pressure on retail margins, as wholesale prices remain elevated, churn remains at 19%[4]

[1] Two-year forward price starting three quarters ahead
[2] Adjusted for indicative average losses, profile and cost to operate
[3] Rolling 12-monthly average
[4] 12-monthly rolling average churn from all switch types

REGULATORY DEVELOPMENTS

- Electricity Authority advice to Feb-22 select committee – integrated gentailers not the key issue behind wholesale market volatility
  - Market signaling more generation required as thermal fuel costs increase and New Zealand moves to decarbonise and electrify
  - Industry responding to price signals with ~2.8 TWh of new renewable generation under construction[1] and a further ~1.5 TWh being developed
- 2021 proposed Emissions Reductions Plan positive for electricity sector, Mercury supports focus on renewable energy transition, economy-wide targets and development of a national energy strategy
- Regulatory focus on supporting the transition to a low carbon economy, including participating in:
  - Discussions on the evolution in market design for an orderly, adaptive transition to 100% renewable electricity; and
  - New Zealand Battery Project, particularly as recent OECD report cautions Onslow could undermine least cost decarbonisation abatement
- Natural and Built Environments Act essential to support generation development work required

[1] From Turitea wind farm, Harapaki wind farm and Tauhara geothermal power plant

MERCURY ADVANCING GENERATION DEVELOPMENT OPPORTUNITIES

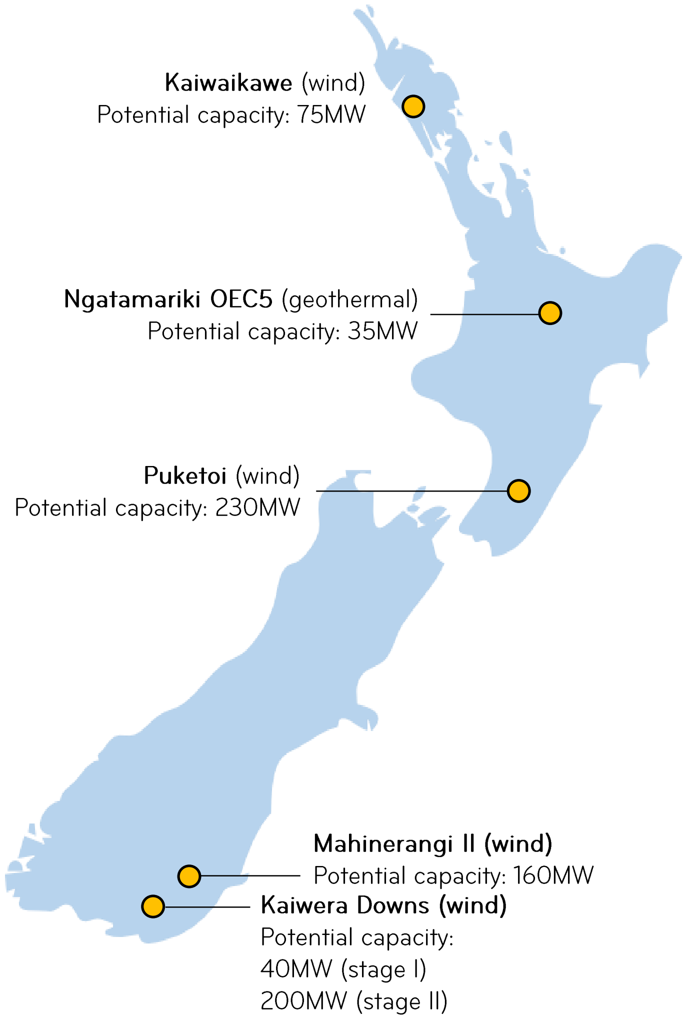
Development Options	Potential Capacity (est.)	Commentary
Puketoi	~230MW	Consented lapse period extended to 2031 Constructability work and consent enhancements being progressed
Kaiwaikawe	~70MW	Resource consent hearing complete, decision pending PPA agreed with Genesis
Mahinerangi II	~160MW	Consented
Kaiwera Downs Stage 1	~40MW	Constructability work underway
Kaiwera Downs Stage 2	~200MW	Consented
Ngatamariki	~35MW	Initial feasibility studies for 5th unit
Mercury also holds a portfolio of early stage options in addition to the above		

> Advancing development options in response to market price signals and need to support decarbonisation

  > Procurement and construction cost pressure increasingly impacting project economics

> Appropriate policy settings critical to meet decarbonisation goals

  > Need for co-ordinated policy (e.g. RMA) that recognises electricity as the platform for other industries to decarbonise



STRATEGIC FRAMEWORK LINKING THREE-YEAR OBJECTIVES WITH LONG-TERM GOALS

OUR PURPOSE

TO INSPIRE NEW ZEALANDERS TO ENJOY ENERGY IN MORE WONDERFUL WAYS

OUR THREE-YEAR OBJECTIVES

THRIVING TODAY

- Increase the value of our business to $700M EBITDAF.
- Enhance our licence to operate through collaborative work with our stakeholders.
- Unleash the full potential of our people through transforming culture.

SHARE & CONNECT • COMMIT & OWN IT • CURIOUS & ORIGINAL

SHAPING TOMORROW

- Be an adaptive and resilient organisation, responsive to future needs.
- Create executable options for new growth.
- Play a leading role in New Zealand's successful transition to a low-carbon economy.

OUR 2030 LONG-TERM GOALS

OUR MISSION: **ENERGY FREEDOM**

CUSTOMER
New Zealand's leading energy brand.

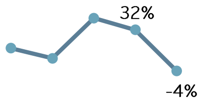
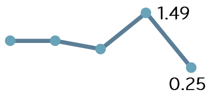
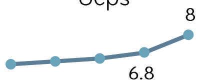
PARTNERSHIPS
Recognised as a leader within our industry, with our industry recognised as a positive contributor to New Zealand, and with Mercury's access to fuel enduring and enhanced.

COMMERCIAL
Leading our sector in terms of financial performance and shareholder returns, earning at least our cost of capital.

KAITIAKITANGA
Recognised as a leader in the ultra-long-term management of both physical and natural assets.

PEOPLE
A Zero Harm organisation that has enabled our people to adapt to the changing nature of work to deliver the highest levels of performance and productivity.

DELIVERING ON STRATEGIC FRAMEWORK

Thriving Today			Shaping Tomorrow		
Enhance our license to operate through collaborative work with our stakeholders	**Increase the value of our business to $700m EBITDAF**	**Unleash the full potential of our people through transforming culture**	**Be an adaptive and resilient organisation responsive to future needs**	**Play a leading role in New Zealand's successful transition to a low carbon economy**	**Create executable options for new growth**
Zero high severity health and safety incidents	Total Shareholder Return[1] -4% 	Culture Index[2] increased from 72% to 75%	Technology platform initial review completed	All turbines at Turitea North operating, helping to make Mercury the largest wind generator in New Zealand[4]	Advancing generation development opportunities at Kaiwaikawe, Kaiwera Downs 1, Puketoi and Ngātamariki
TRIFR[3] decreased from 1.49 to 0.25 	Interim Dividend 8cps 	Whakapuāwai program developing plan to evolve Mercury's culture	Resilient systems enabled smooth transition to different working conditions during COVID-19 lockdown	Part of Low Carbon Energy Roadmap initiative working to secure best possible energy transition outcomes	Trustpower Retail acquisition nearly complete
Completed stakeholder audit ensuring we incorporate feedback into our approach	Tilt NZ wind farms acquired generating 482GWh in HY2022		Thrive initiative looking to embed continuous improvement as part of our culture	Reducing generation emissions through CO_2 reinjection trial at Ngātamariki	Rotokawa upgrade project expected to deliver average 7MW uplift

[1] Over the 12 months to 31 December 2021
[2] Index based on five questions looking at how our culture is moving in Mercury's quarterly staff survey
[3] Total Recordable Injury Frequency Rate per 200,000 hours for the 12 months to 31 December 2021; includes employees and onsite contractors
[4] Based on grid-connected wind energy generation in December 2021 and January 2022

TURITEA NORTH OPERATING WITH SOUTH WORKS UNDERWAY

> All 33 turbines now operating at Turitea North, generating 105GWh[1] in HY2022

> Turitea South expected completion remains mid-CY2023

> Total project forecast spend increased to $480m[2], $16m above initial forecast due to increased costs associated with:

> > Transmission line ground conditions

> > COVID-19 delays

> > Other predominantly delay-related costs

> Total project spend of $368m[2] as at end of HY2022 with $48m[2] in the period

> Discussions with contractor regarding timeline, claims and liquidated damages unresolved

Turbines at Turitea North

Turitea South access road construction between turbines 36 and 37

[1] Generation volumes have been recognised in EBITDAF
[2] Excludes capitalised interest

TRUSTPOWER RETAIL ACQUISITION UPDATE

> Acquisition has passed several key milestones including Trustpower shareholder approval, Commerce Commission approval and High Court approval of TECT Trust Deed changes

> Transaction completion dependent on TECT change timing, expected to occur in Q4-FY2022

> Integration team established focusing on:

  > Integration of systems and processes

  > Change management to minimise customer impacts

  > Transition of 500+ Tauranga-based staff

> Significant amount of work delivered in a virtual environment

> Expected FY22 net EBITDAF contribution of $5m with $10m revenue being offset by $5m integration costs[1]

> Accounting adjustment upon acquisition[1] will lead to $25m EBITDAF decrease in FY2022

[1] For further detail see slide 23 in Appendix

A CULTURE OF CONTINUOUS IMPROVEMENT

- Mercury has targeted $30m of benefits in FY22 along with changes to the way we work to embed continuous improvement as part of our culture
  - Despite challenges through the year and difficulties collaborating through COVID lockdowns, Mercury remains on track to deliver on the FY22 ambition
  - Some initiatives have been delayed but others have yielded better than expected results e.g. carbon trading
- Mercury thrives with all our people living our attitudes of 'curious & original', 'share & connect' and 'commit & own it'. Examples include:
  - Commercial capability – enable our people to make good commercial decisions everyday with support, useful resources and education
  - Leveraging our data – planning tools to help best utilise water through the river chain; provide customers with high bill comms before their bill
  - Ways of working – enabling more agile ways of working with the Thrive programme and delivery
- The integration of the Trustpower Retail business provides a great opportunity to leverage and build on these changes to the way we work

OTHER ITEMS

> Mercury has committed to a drilling campaign with Iceland Drilling commencing in FY2023
  > Involves 8 wells being drilled across FY23-24 with associated increase in stay-in-business capex of ~$65m in each year

> Partial payment of insurance receipts from Kawerau outage likely in 2H-FY2022
  > Excluded from FY2022 guidance due to uncertainty around exact amount and timing
  > Additional outage will be required to install new parts in CY2023, currently estimated at 40 days duration

CAPITAL STRUCTURE FLEXIBILITY ENABLES GROWTH

> Debt / EBITDAF expected to peak in FY2022 following the acquisition of the Trustpower Retail business and prior to the full year contribution of generation development and acquisitions completed within the year

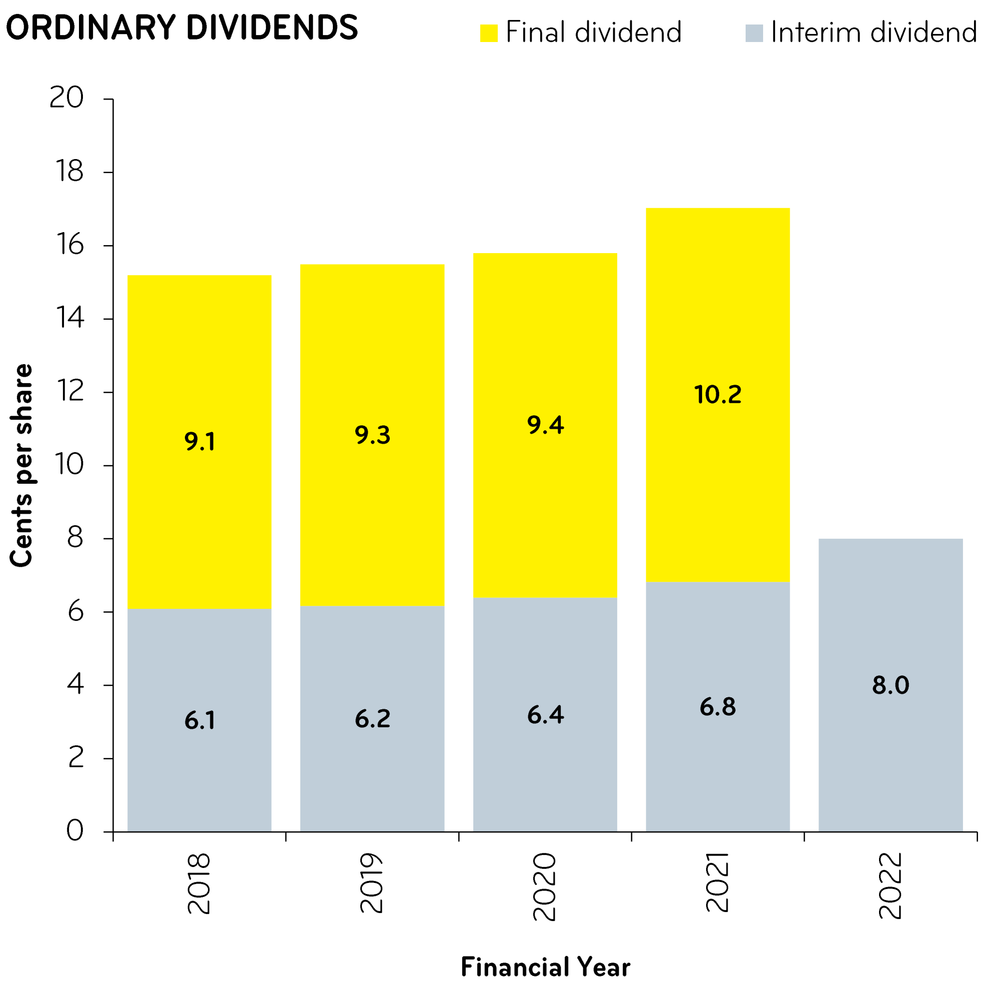
> S&P Global re-affirmed Mercury's credit rating of BBB+/stable in November 2021 acknowledging the capacity within Mercury's capital structure to fund announced investments
  > Mercury targets Debt/EBITDAF of between 2-3x, consistent with our BBB+ rating

> To provide additional flexibility going forward, Mercury:
  > has announced a Dividend Reinvestment Plan effective from the FY2022 interim dividend
  > intends to have the Dividend Reinvestment Plan underwritten for the FY2022 interim dividend
  > is considering a capital bond issue in H2-FY2022 with intermediate (50%) equity credit from S&P Global

	30 June 2021	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Net debt ($m)	1,329	1,149	1,096	1,264[2]	1,038	1,068
Debt/EBITDAF (x)[1]	2.5	2.0	1.9	1.9	1.8	2.0
Issuer Credit Rating	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable
Ordinary dividend	17.0cps	15.8cps	15.5cps	15.1cps	14.6cps	14.3cps

[1] Adjusted for S&P Global treatment of Capital Bonds
[2] Restated to reflect changes in IFRS

HY2022 DIVIDEND – DIVIDEND REINVESTMENT PLAN ANNOUNCED



Interim Dividend

> 8cps (fully-imputed), up 18% from HY2021

Dividend Reinvestment Plan (DRP)

> DRP to apply from interim dividend with a discount of 2.5%

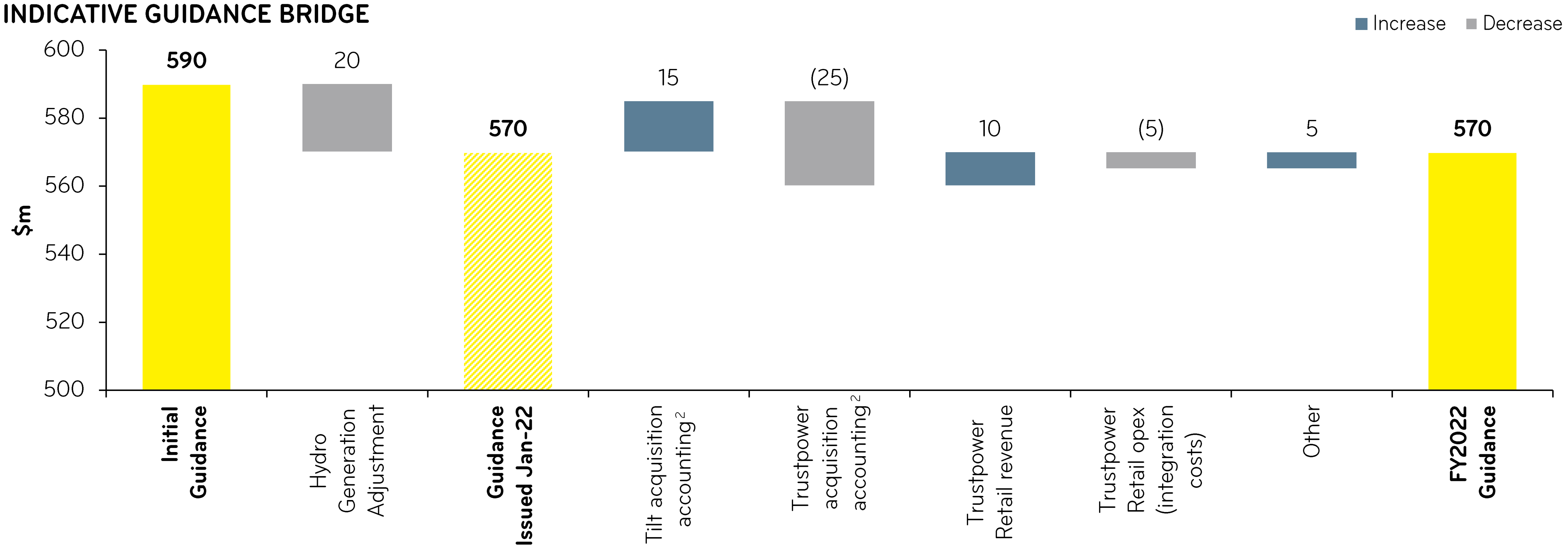
> Mercury intends for the Dividend Reinvestment Plan to be underwritten for the FY2022 interim dividend, where shares not taken up by shareholders would be placed to an underwriter on identical terms

> Shares will be sourced from Treasury Stock currently held by the company

Key Dates	
Ex-Dividend Date	Wednesday 16 March
Record Date	Thursday 17 March
Participation election closing date	Friday 18 March
AUD FX rate set	Wednesday 23 March
Pricing Period	21-25 March
Dividend paid and DRP shares issued	Friday 1 April

GUIDANCE ADJUSTMENTS REFLECT GROWTH

- FY2022 EBITDAF guidance remains $570m[1] on 3,750GWh of hydro generation subject to hydrological volatility, wholesale market conditions and any material adverse events, significant one-off expenses or other unforeseeable circumstances
- FY2022 ordinary dividend guidance maintained at 20cps (up 18% on FY2021)
- FY2022 stay-in-business capital expenditure guidance remains $70m



[1] Excludes likely interim insurance payment arising from Kawerau station unplanned outage
[2] For further detail on the accounting impact of these transactions, see slides 21-23 in the Appendix

Q&A

ACCOUNTING IMPACTS – NORSKE SKOG TRANSACTION

- Acquisition accounting principles under IFRS 9:
  - Value ascribed to each acquired derivative asset/liability at Day-1
  - Value amortised through P&L across life of asset/liability
- Norske Skog transaction involved:
  - $65m paid to close out foundation hedge; matured Sep-23
  - $33m received for acquisition of CFDs sold to third parties
  - Transaction results in net reduction in CFD sales of 375GWh in FY2022, 517GWh in FY2023 and 161GWh in FY2024 at strike price of ~$80/MWh
- Amortisation of liability from acquisition of third party CFDs will be $7m in 2H-FY2022 (total $22m in FY2022), $8m in FY2023

Norske Skog Transaction Impact ($m)	**Cash**	**Balance Sheet as at**			**HY22 EBITDAF**
		31 Jun	**13 Aug**	**31 Dec**	
Close out of foundation hedge	(64.5)	(112)[1]	0	0	(64.5)
Acquisition of CFDs with third parties	33		(33)	(18)	15
					(49.5)

[1] Decrease in foundation hedge liability offset by $112m increase in cash flow hedge reserve balance

ACCOUNTING IMPACTS – TILT RENEWABLES' NZ ASSETS ACQUISITION

> Acquisition of Tilt Renewables' NZ assets involved:

> Net consideration of $634m paid after sale of Tilt Renewables 19.9% shareholding

> Recognised $367m net gain on sale of Tilt Renewables shares

> Acquisition of existing CFD agreements

> Impacts on EBITDAF due to:

> Amortisation of liability on acquisition of CFD agreements positively impacting EBITDAF

> Decrease in 'Other Income' due to removal of share of Tilt Renewables' earnings

> Amortisation of liability from acquisition of existing CFD agreements will be $10m in 2H-FY2022 (total $15m in FY2022) and $16m in FY2023

Tilt NZ Assets Acquisition Impact ($m)	Balance Sheet as at		HY22 EBITDAF
	Day 1	31 Dec	
Acquisition of CFD agreements	(42)	(37)	5
Decrease in 'Other Income'			(8)
			(3)

ACCOUNTING IMPACTS – TRUSTPOWER RETAIL ACQUISITION

- Trustpower Retail acquisition impacts FY2022 EBITDAF guidance through:
  - Retail business EBITDAF contribution
  - Synergies realised
  - Integration costs
  - Value ascribed to the 10-year CFD with Trustpower generation business, with subsequent amortisation negatively impacting EBITDAF
    - Amortisation negative EBITDAF impact mostly in FY22-25
    - Ascribed value and amortisation dependent on CFD volume (weighted to the near-term) and futures prices
    - FY2023 amortisation forecast to be ~$(120)m

Trustpower Retail Acquisition Indicative Impact ($m)[1]	Indicative Balance Sheet as at		Indicative FY22 EBITDAF
	Q4-FY22	30 Jun 22	
Long-term CFD[2]	~260	~235	~(25)
Other net assets	~180	~180	0
Retail forecast EBITDAF			~10
Integration costs			~(5)
Synergies			-
			~(20)

[1] Assumes transaction occurs in Q4-FY2022
[2] Based on futures prices as at 14 February 2022

DEMAND STEADY DESPITE LOCKDOWN; LOWER ON INDUSTRIAL AND IRRIGATION LOAD

> National demand down 1.0%[1] versus HY2021 due to reductions in industrial and irrigation sectors

> Urban and rural sector demand lifted despite COVID-19 lockdown

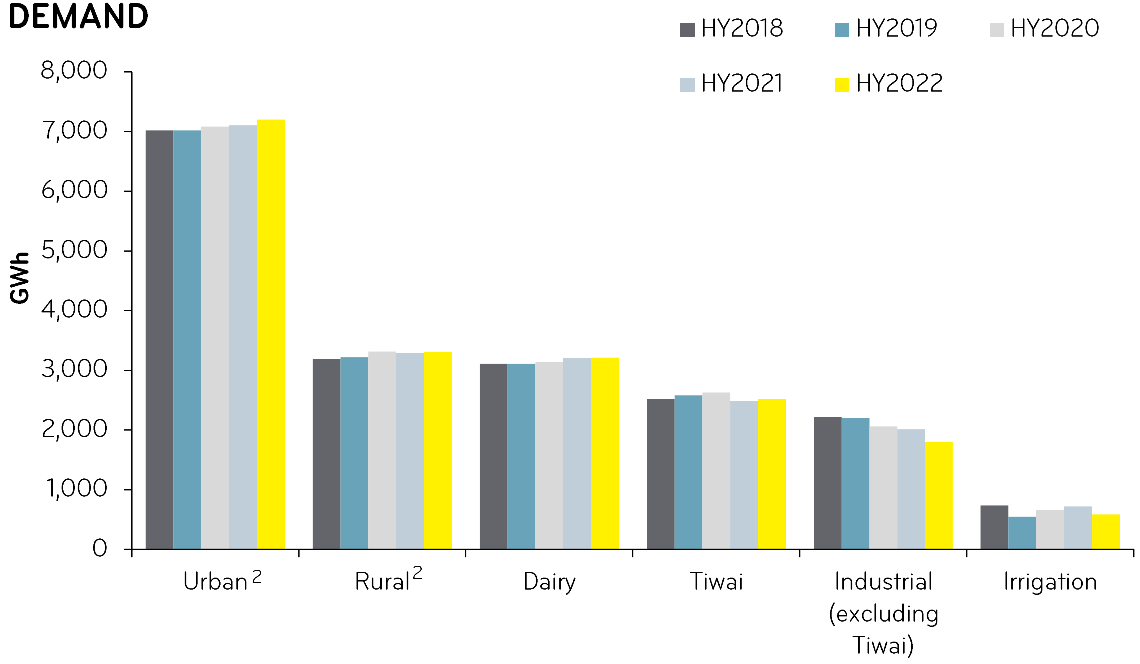
> Industrial demand decreased due to the closure of Norske Skog and reduced demand from Pan Pac mill and Glenbrook steel mill

> Tiwai Pt smelter benefiting from strong aluminium prices which lifted from ~$3,500/T to over $4,500/T in HY2022

HY2022 NORMALISED DEMAND GROWTH BY SECTOR

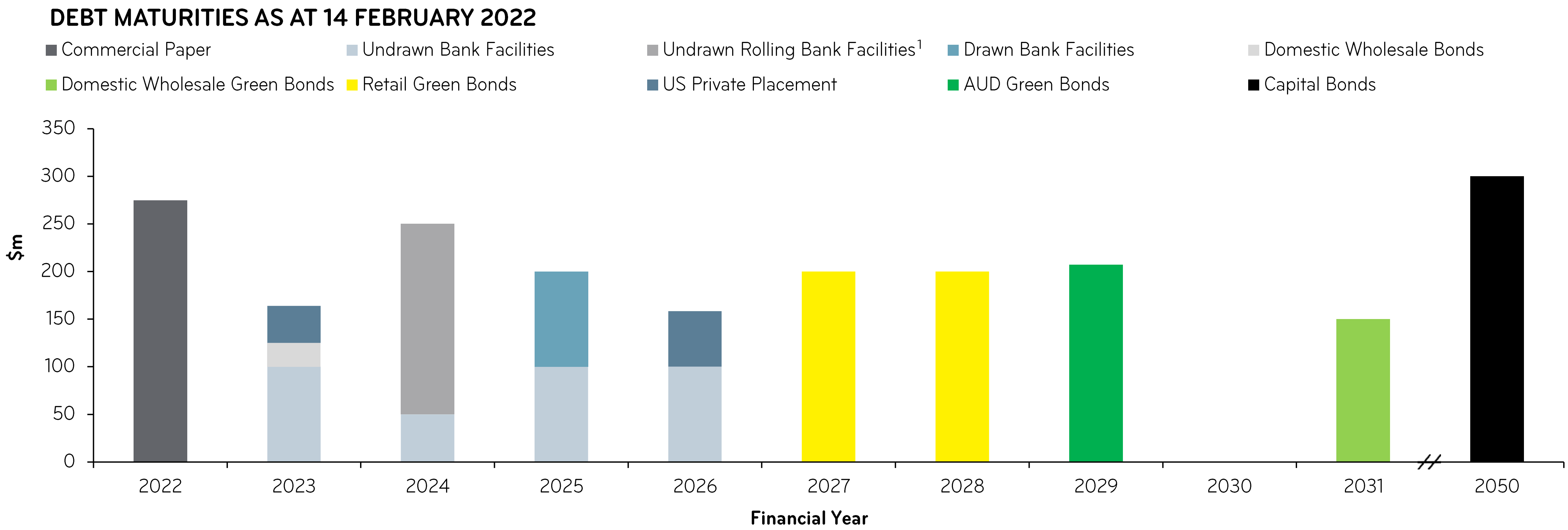
Sector	GWh	Sector %△	Total %△
Urban[1]	+98	1.2%	0.5%
Rural[1]	+15	0.4%	0.1%
Dairy processing	+11	0.3%	0.1%
Irrigation	-130	(18.1)%	(0.6)%
Industrial	-177	(3.9)%	(0.9)%
Other	-21	(6.1)%	(0.1)%
Total	**387**		**(1.0)%**

DEMAND



Source: Transpower SCADA data, Mercury
[1] Normalised for temperature
[2] Not normalised

DIVERSIFIED FUNDING PROFILE



> Diversified funding sources with balanced maturity profile: commercial paper, bank facilities, domestic wholesale bonds, retail bonds, AUD wholesale bonds, USPP and capital bonds

> AUD 200m (NZD 207m) green bonds issued in HY2022 to refinance $230m Waipipi project debt assumed by acquisition of Tilt Renewables' New Zealand assets

[1] Requires 18 months notice of termination from lender

FINANCIAL DERIVATIVES

	6 months ended 31 December 2021	6 months ended 31 December 2020
Energy Margin contribution ($m)		
Sell CFDs	(21)	(59)
Buy CFDs	(2)	22
Other Financial Derivatives[1]	(1)	23
Total Energy Margin contribution	**(24)**	**(14)**

[1] Excludes carbon trading derivatives and acquisition amortisation

NON-GAAP MEASURES

> Energy Margin is sales from electricity generation and sales to customers and derivatives, less energy costs, line charges, other direct costs of sales, and third-party metering

> Operating Expenditure represents employee compensation and benefits, maintenance expenses and other expenses

> EBITDAF (or Operating Earnings) is earnings before net interest expense, tax expense, depreciation, amortisation, change in the fair value of financial instruments, gain on sale and impairments

> Underlying Earnings After Tax is profit for the year after removing one-off and/or infrequently occurring events (exceeding $10 million of profit before tax, which represents material items), impairments, any change in the fair value of derivative financial instruments and gain on sale, all net of tax expense

> Free Cash Flow is net cash from operating activities less stay-in-business capital expenditure

> Stay-In-Business Capital Expenditure is the capital expenditure incurred by the company to maintain its assets in good working order

> Growth Investment is expenditure incurred by the company to create new assets and revenue

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