FINANCIAL RESULTS.

PERIOD ENDED 31 DECEMBER 2022

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21 February 2023

Mercury

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HY23 – THRIVING TODAY, SHAPING TOMORROW

WET WET WET!

Wettest HY ever in the Waikato, lifts hydro generation to 2,735GWh (up 45% on HY22). 675GWh of hydro generation spilled during HY23 to manage lake levels.

SCALE LIFTS EARNINGS

New wind generation from Turitea North and ex-Tilt wind farms plus Trustpower retail acquisition, power HY23 earnings lift.

NEW GENERATION

103MW Turitea South wind farm to start commissioning in April. 43MW Kaiwera Downs stage 1 wind farm, on time and budget, all turbines operational by October 2023.

NEW RENEWABLES

Kaiwaikawe, Kaiwera Downs Stage 2 and Puketoi wind farms progressing through detailed investigations and constructability.

SERVING CUSTOMERS

Customer care response to adverse weather and hardship. ICP churn at 17% across all brands. 14k new connections over HY23.[1]

RETAIL INTEGRATION

Integration delivery on-track and preparing for mass market customer migration to Gentrack in mid-2023.

BUILDING CAPABILITY

Making 'thriving' an ongoing mindset. Building a stronger and more mature H&S culture.

DIVIDENDS RISING

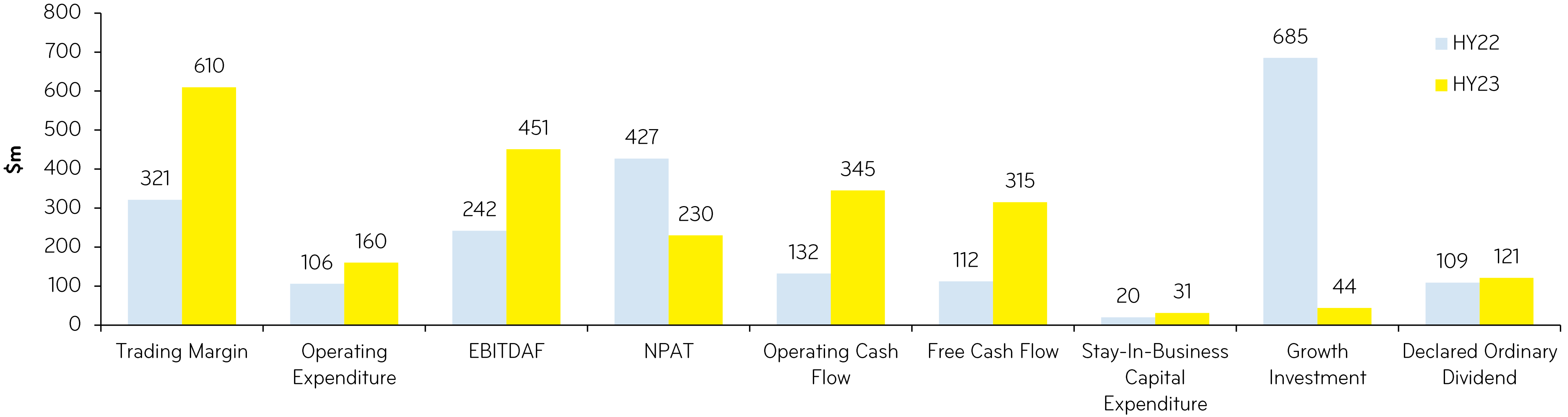
8.7cps interim dividend declared, 9% higher than HY22. DRP continued at nil discount. FY23 ordinary dividend guidance of 21.8cps (up 9%).

FY23 GUIDANCE

Earnings guidance unchanged at $795m as hydro generation lift offset by lower GWAP and advancement of integration spend. Stay-in-business capex forecast $130m (down $30m).

[1] Excludes connections from NOW Broadband acquisition in December 2022 which added 24k telco (mostly broadband) connections

HY23 FINANCIAL PERFORMANCE



> Trading Margin and EBITDAF[1] up versus HY22 reflecting Trustpower retail acquisition and full six months of generation from the northern section at Turitea and ex-Tilt wind farms. NPAT down 46% versus HY22. HY22 favourably impacted by $367m gain on sale of Tilt shares.

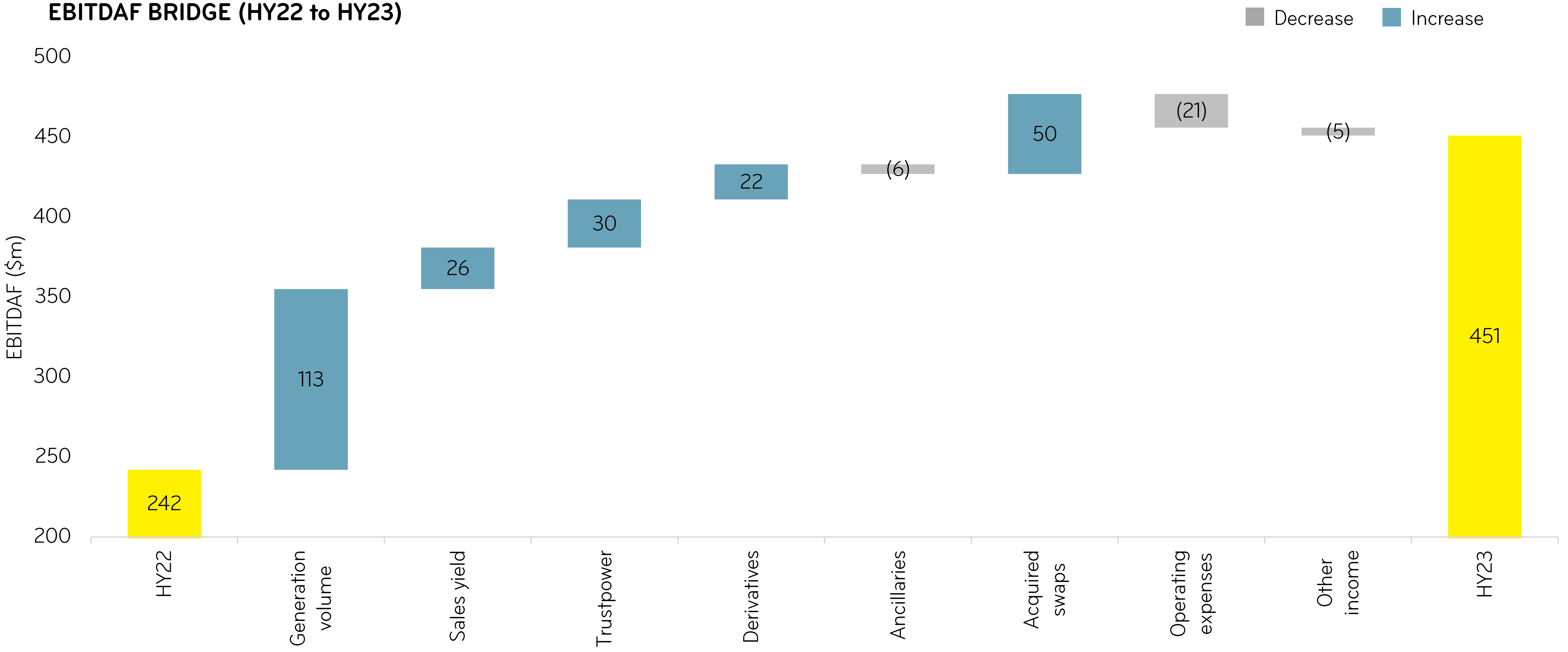
> Operating Expenditure up versus HY22 mainly due to addition of Trustpower and wind related operating costs. Inflationary pressures emerging. Opex for 2H23 expected to be higher at ~$190m largely due to integration costs.

> Stay in business capital expenditure up mostly due to preparatory drilling costs; Growth investment lower, mainly due to the Tilt NZ acquisition in HY22. HY23 growth capex mostly Kaiwera Downs, Now Broadband and Turitea.

[1] Accounting treatment for acquired swaps explained on slide 23.

RECORD WET HY23 AND INVESTMENT IN GROWTH LIFTS EARNINGS

EBITDAF BRIDGE (HY22 to HY23)

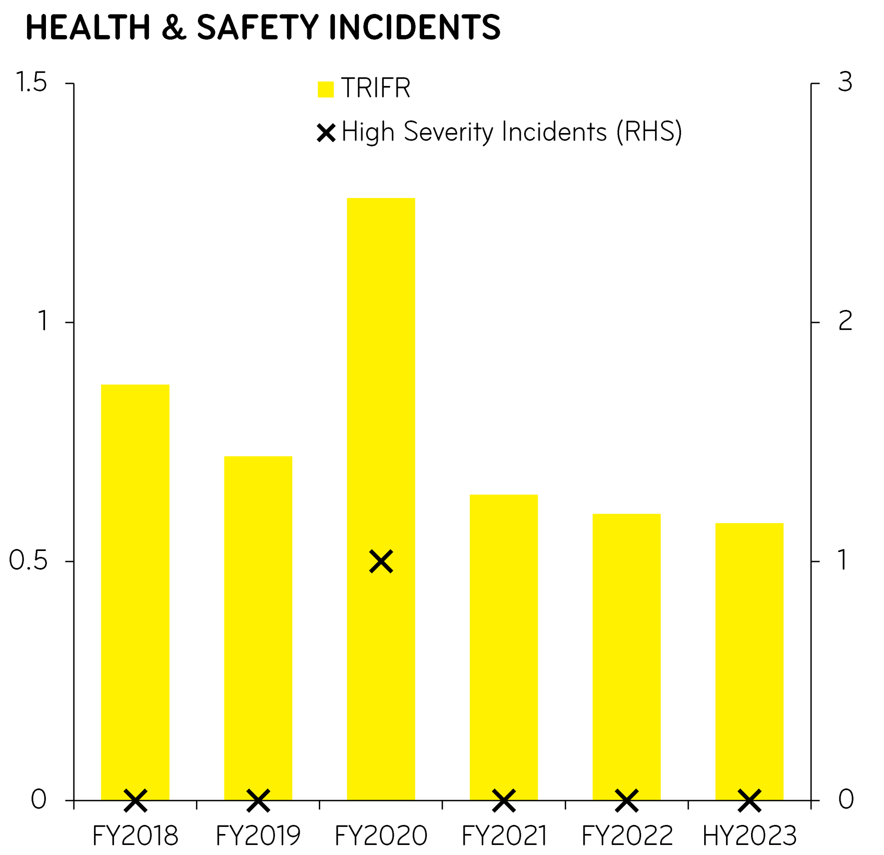


Generation volume: up 1072GWh; includes wind PPAs
Sales yield: Mercury brand mass market VWAP up $3/MWh; Commercial and industrial (including End User CFDs) VWAP up $12/MWh
Trustpower Retail: EBITDAF contribution of acquired retail business
Derivatives: includes inter-generator buy and sell deals and trading

Ancillaries: increased transmission and levy costs
Acquired swaps: see slide 23 for update on treatment
Operating expenses: excludes Trustpower, mainly due to growth in cost base from new wind assets as well as inflation
Other Income: mainly due to the $5m dividend received on Tilt investment in HY22

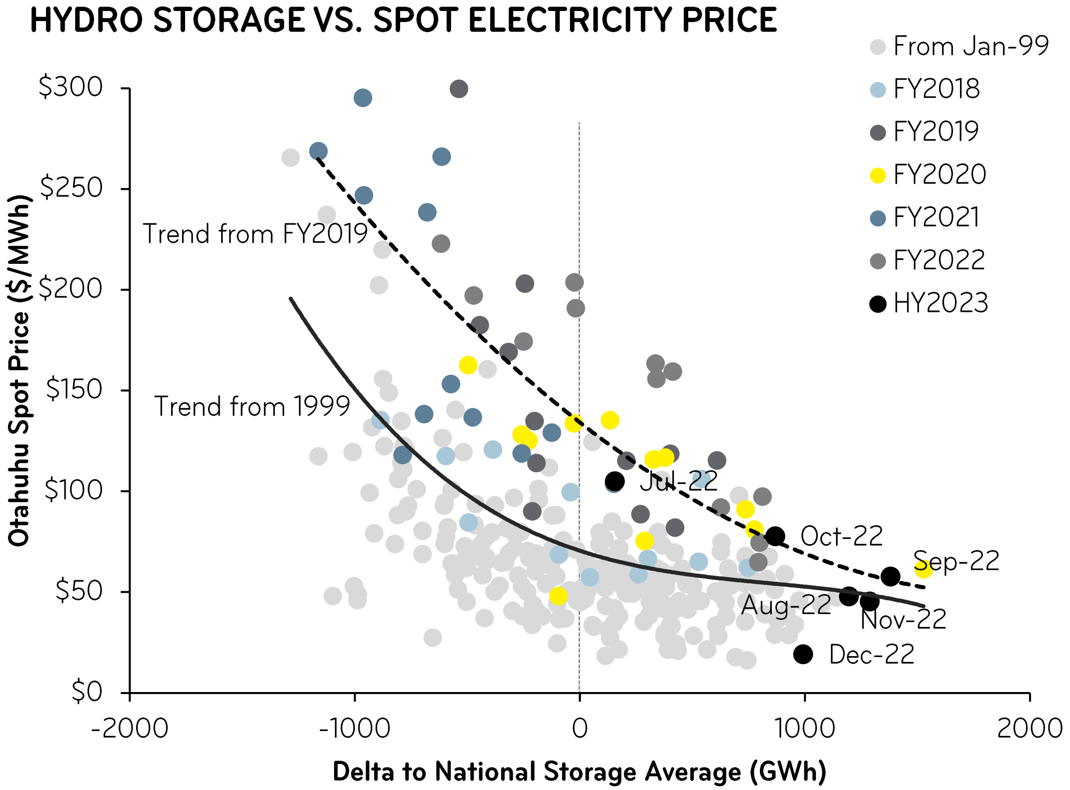
FOCUS ON WELLBEING AND HEALTH & SAFETY

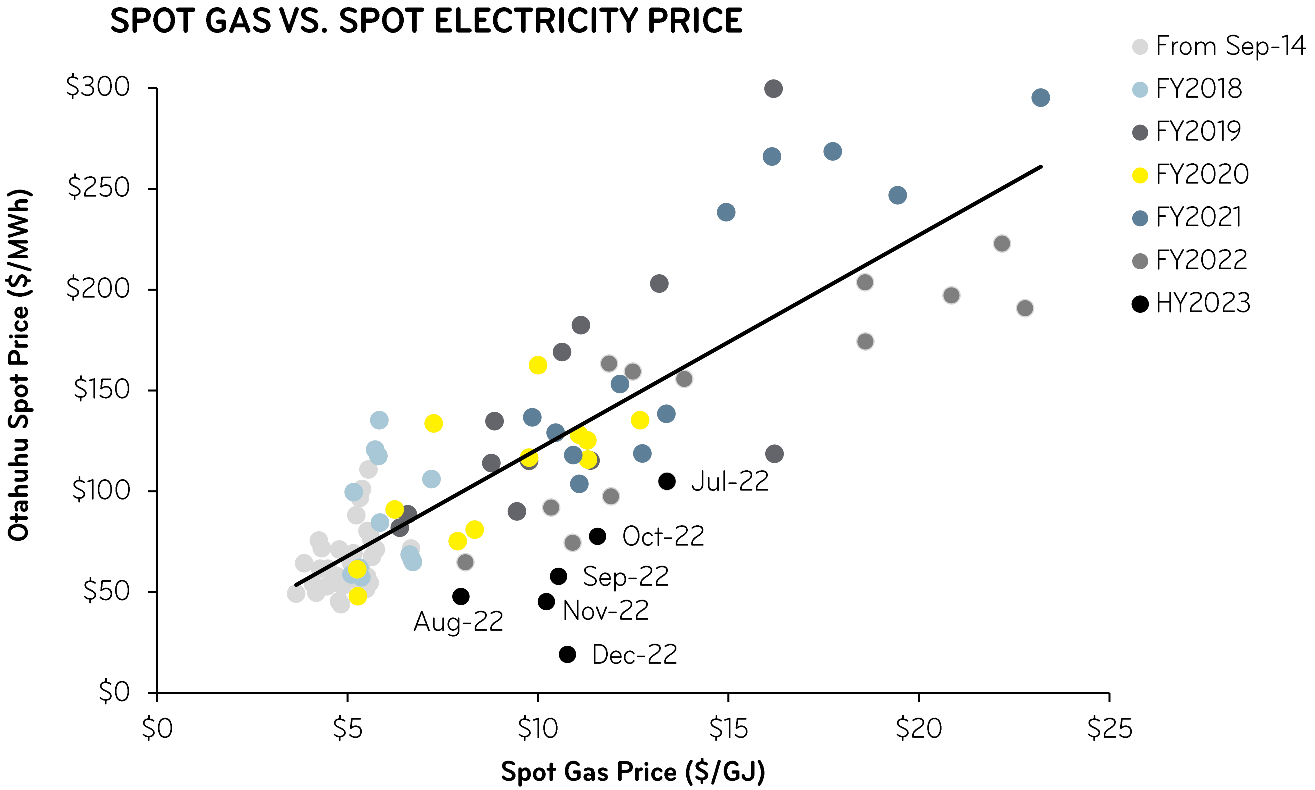
- Investing in the capability of our people and systems to build a stronger and more mature H&S culture.
- Zip (Sentis Zero Incident Program) and H&S Essentials Culture training connect outcomes of safety with personal behaviours and promote safer behaviours through learning and sharing.
- Mercury is co-operating with WorkSafe regarding H&S charges laid relating to a 'steam hammer' event at our Rotokawa station in 2021.
- Focus on process safety at our geothermal sites using pentane, classified as major hazard facilities (MHF). WorkSafe require all safety critical elements to be verified as fit for purpose to meet MHF requirements. Improvements progressing within agreed timeframes.
- Zero fatality and high severity Health & Safety incidents occurred in HY23. 6-month rolling TRIFR for HY23 slightly lower than FY21-FY22 levels at 0.58.[1]



[1] Total Recordable Injury Frequency Rate per 200,000 hours worked, includes employees and on-site contractors.

ELECTRICITY SPOT PRICE REFLECTS HYDROLOGY, GAS INFLUENCE WANING





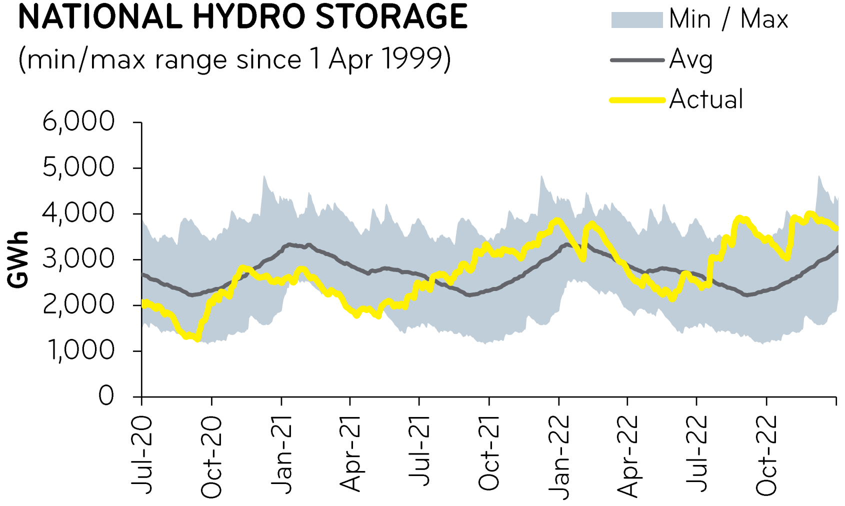
> Step change in storage delta/electricity spot price correlation from FY2019 (post 2018 Pohokura outage)

> Spot gas/spot electricity price correlation widening. Gas availability/flexibility constraints reducing link between gas and power prices.

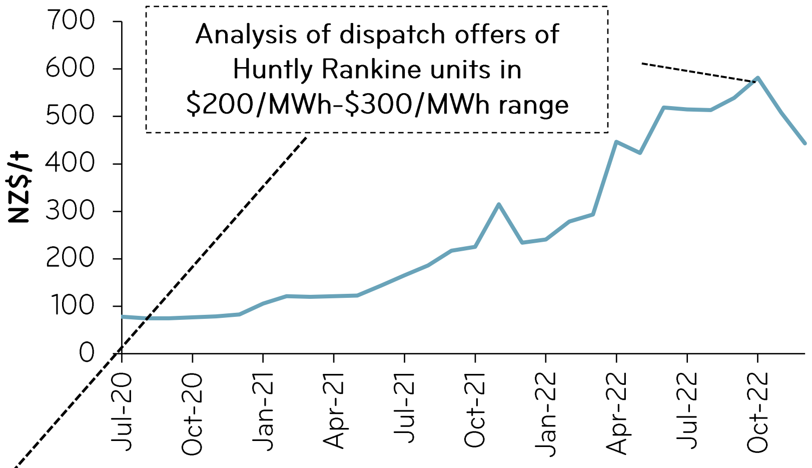
Source: Comit Hydro, WITS, BGIX, Enerlytica, Mercury

ELECTRICITY FORWARD PRICE REFLECTS COAL & CARBON PRICES

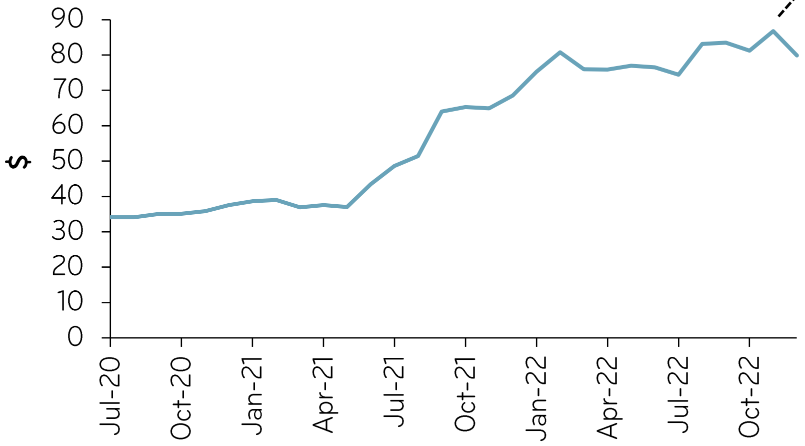
NATIONAL HYDRO STORAGE
(min/max range since 1 Apr 1999)



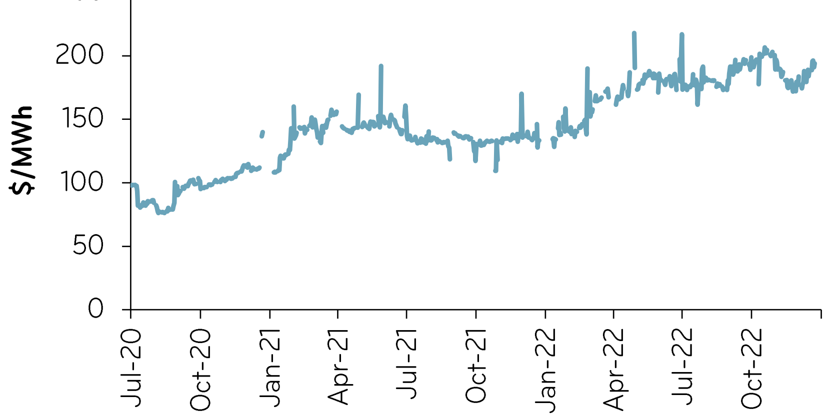
COAL PRICE[1]



NZU CARBON PRICE



ELECTRICTY FUTURES THREE YEAR FORWARD PRICE[2]



> Rising 3-year average futures prices not strongly influenced by hydrology when short-term impacts removed (exclude futures prices for first 6-months).

> Forward prices reflect market view of marginal generation costs through time and volatility; heavily influenced by likelihood of coal generation setting price.

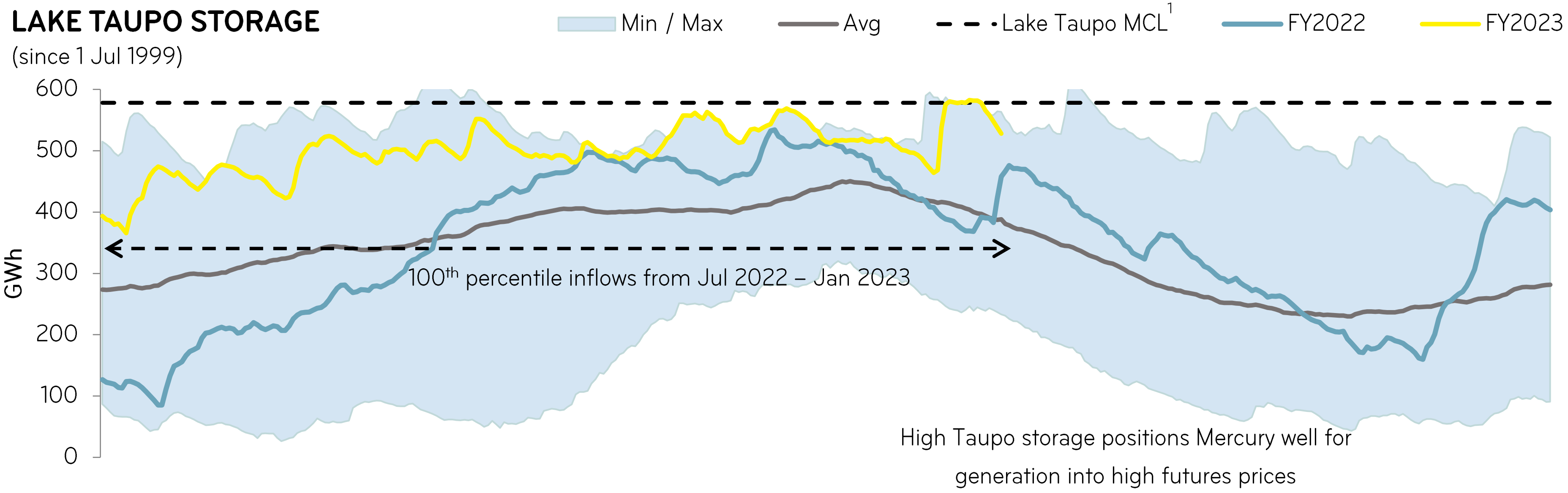
> Forward prices are affected by renewable energy intermittency and how often the most expensive generation sources set prices, not the levelised cost of energy for new capacity.

Source: Gas Industry Company, Comit Hydro, Enerlytica, Refinitive, Mercury

[1] HBA Indonesian FOB Coal Price

[2] Calculated on a two quarter ahead basis at Otahuhu, Auckland e.g. the July-20 price of $100/MWh represents the average futures price for the period Jan-2021 to Dec-23

WET, WET, WET

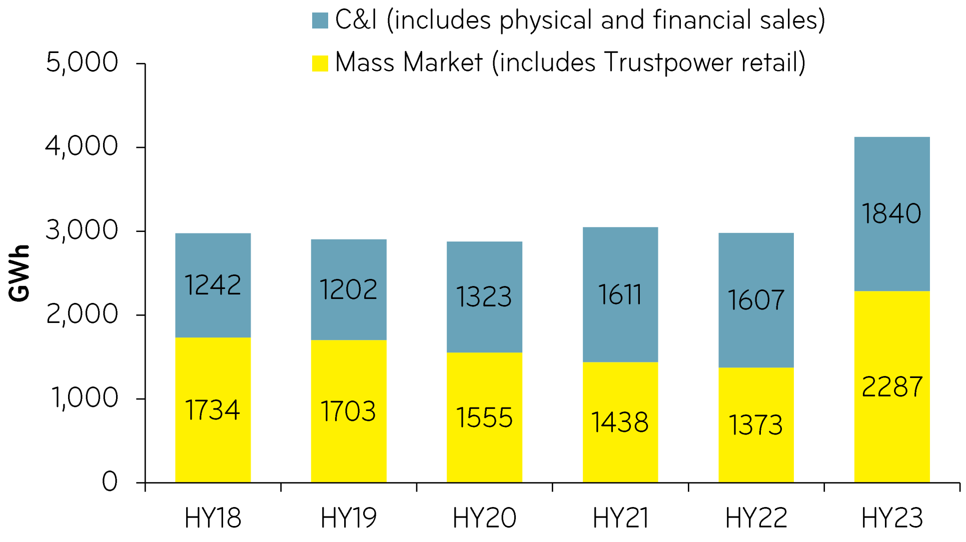


Month End	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Hydro Generation - Delta to Average[2] (GWh)	95	68	104	91	50	111	104					
Waikato Inflows - Delta to Average[3] (GWh)	213	166	193	123	168	229	223					
Taupo Storage – Delta to Average[2] (GWh)	176	165	129	110	160	72	167					
Spot Price - Otahuhu ($/MWh)	$105	$48	$58	$78	$45	$19	$120					
Futures Price (M-3[4]) Otahuhu ($/MWh)	$257	$242	$175	$124	$93	$97	$125	$173	$210	$188		

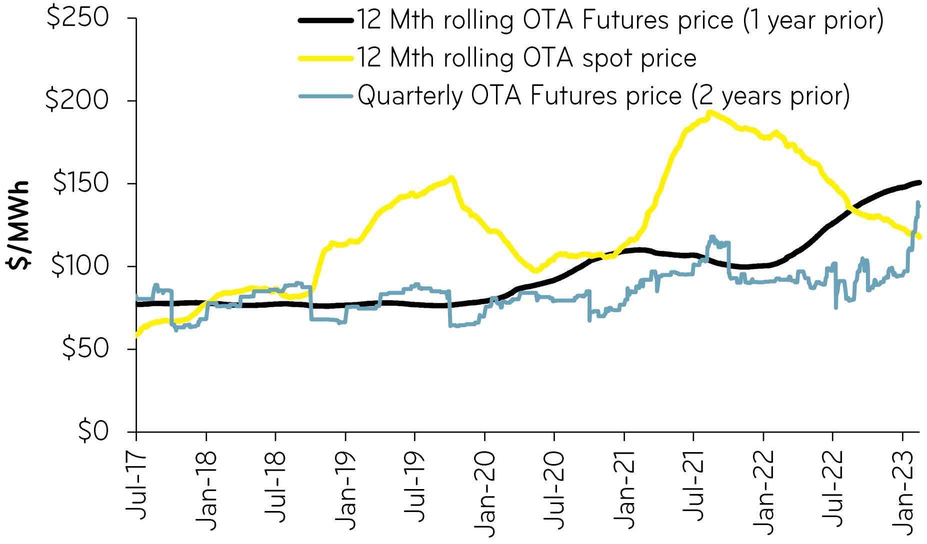
>50GWh above average
>50GWh below average
Above $100/MWh
Above $200/MWh

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

TRUSTPOWER RETAIL ACQUISITION LIFTS CONNECTIONS AND SALES



FUTURES VS SPOT PRICES



> The retail mass market segment remains highly competitive despite low margins versus futures prices. More detailed segment note in accounts provides more information on earnings composition.

> National ICP churn at 19%, Mercury at 17% on a rolling 6-month basis.

> Mass market electricity pricing changes versus pcp were 2.5%, well below general inflation of 7.2% (Dec 22 quarter).

> Total electricity connections increased through HY23 by 5,000 to 579,000. Connection growth more than 14k across all products and brands. NOW Broadband acquisition in December for adds 24k additional connections.

> Increased C&I sales following Turitea North commissioning and to sell into elevated forward prices. A continuation of trend of more longer-term contracts (5-10 years) to average down price impact.

> Sales yields higher in all segments over HY22. Mass Market (residential and small commercial segments) energy yield up $12.22/MWh (9%) mostly influenced by Trustpower retail acquisition versus price rises (2.5% on average). C&I yields (including end user CFDs) up $12.47/MWh (12%) versus pcp.

CUSTOMER CARE A KEY FOCUS

Support during recent weather events

> Mercury supporting customers affected by recent severe weather including Cyclone Gabrielle – welfare calls, financial support and on the ground assistance

Our programme of customer care

> Sponsoring joint industry research on 'hidden hardship' in a co-design process with community

> Playing active role in collective industry schemes:

- Trial with MSD connecting credit distressed customers to electricity (Power Connect)
- Free in-home energy coaching service (ERANZ EnergyMate)
- Distributing credits to clients in hardship (Power Credit schemes)

> Developing meaningful propositions for consumers:

- Securing access to basic needs (Home Sweet Home pilot)
- Capped energy bills for customers (Kainga Ora bill cap pilot)

> Building capability:

- Specialist team dedicated to our most vulnerable (Here to Help)
- Regular engagement with our communities

RETAIL INTEGRATION

> Have moved rapidly to a single retail team operating across all brands.

> Focused on efficiently moving the combined retail business to a common operating model (people, process and systems). Our change management has focused on mitigating impacts on customers and staff. Key personnel and SME's leading workstreams with backfill into business, supported by wider business, contractors and suppliers. 80 sprints to deliver change over all workstreams.

> Gentrack core transaction system selected for retail business. Key enhancements include refined proposition catalogue, improved bill, time-of-use capability, loyalty programme, usage reporting to customers, new website and mobile app.

> Integration will deliver an expanded product choice for Mercury brand customers (cross sell opportunity) and a better experience for Trustpower brand customers (loyalty and consumption insights).

> Integration programme running ahead of schedule and preparing for mass market customer migration to Gentrack in mid-2023. Integration costs incurred in HY23 were $9m. Faster delivery accelerating integration spend in FY23 by $10m to forecast $35m.

> Full-year EBITDAF contribution from Trustpower retail business of $43m forecast, and retail integration costs of $50m over next 2-years, with some synergies already secured. Sustainable forecast synergies of ~$35m pa expected following integration completion.[1]

[1] Full forecast synergies realised after expected 2-year transition period. $35m synergy represents estimated cash synergies across opex and capex.

Retail Business Big Room Planning

TURITEA WIND FARM : NORTHERN SECTION COMPLETE, SOUTH SECTION PROGRESSING

Construction

> Ten turbines (of 27) now erected in the South. Second substation at Browns Flat commissioning in March. First generation expected in April.

> All turbines expected to be operational by mid CY23.

> Discussions regarding claims, liquidated damages and programme concluded, reflected in current forecast.

> Turitea total spend of $392m as at end of HY23, $3m spent in HY23.

> Total forecast project cost now $450m[1].

Turbines at Turitea

Towers being transported to site for erection

[1] Excludes capitalised interest forecast of $28m to project completion.

KAIWERA DOWNS WIND FARM

Stage 1 Construction

> 43MW (148GWh pa), 10 turbine project, $115m project cost[1] 15kms from Gore.

> Project on time and budget.

> Civil works progressing to schedule – foundation, hardstands and cabling, roading, and network connection.

> Turbine delivery expected in May and is on target.

> Expect all turbines operational by October 2023.

> Project spend in HY23 $17m[1].

Proposed View of Kaiwera Downs from Waikana & Old Coach Road

Foundation blasting at Kaiwera Downs

[1] Excludes capitalised interest

STRONG PIPELINE OF NEW RENEWABLE GENERATION

Our Consented Projects - 636MW, 2,430GWh

> Advancing generation development options in response to market price signals and the need to support NZ's decarbonization.

> Reform of the RMA through the NBEA must recognise that ALL renewable electricity is the platform for other industries to decarbonise.

> Four consented on-shore windfarm projects (refer graphic). Balanced development options in the North and South Islands.

> Currently progressing Kaiwaikawe, Kaiwera Downs Stage 2 and Puketoi wind farms through detailed investigations, constructability and business case processes with the goal of reaching FID in the next 6-18 months.

Projects in Consenting - 37MW, 310GWh

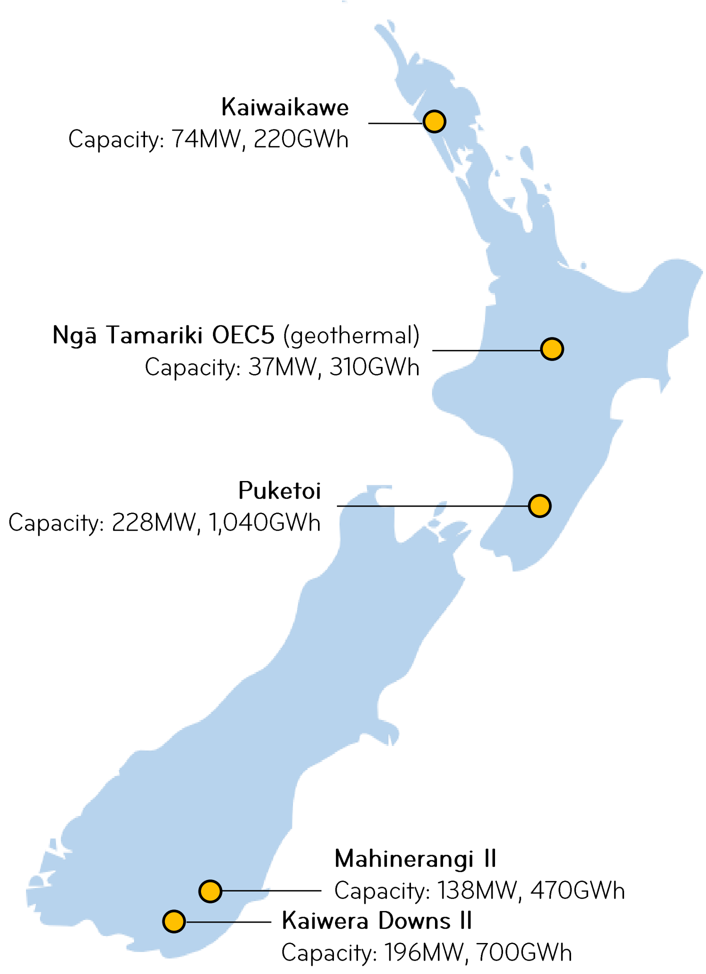
> Plans to add 5th binary unit at existing Ngā Tamariki geothermal station.

Projects being secured, investigated - >1,200MW

> Various projects in early-stage access, monitoring and feasibility assessment across wind, geothermal, BESS and solar.

Project pricing remains tight

> Development economics and timing still impacted by cost escalation including equipment supply and installation and civil/electrical construction.



MARKET & REGULATORY

> New Zealand's Emissions Reduction plan establishes the direction and targets for climate action over the next 15 years.

> The BCG report 'The Future is Electric' sets out how the electricity sector can contribute to these decarbonisation actions by navigating four key challenges:

Develop new renewable generation at pace

> ~2.9TWh of renewable generation under construction[1]

> Industry project pipeline of 10.9GW will meet forecast requirement of 4.8GW by 2030

> Improvements to resource consenting frameworks required to support pace of development

Manage reliability during peak demand

> More battery storage and fast start peakers (including gas) required to provide supply side flexibility

> Smart charging or price signals important for demand response

> Market to evolve to encourage right energy and capacity mix

[1] From wind (Turitea South, Harapaki, Kaiwera Downs), geothermal (Tauhara, Te Huka Unit 3) and solar (Kaitaia Solar Farm)

MARKET & REGULATORY

Managing dry year energy supply risk

> NZ Battery Project identifying feasibility of Project Onslow in Q1 2023

> Preferred pathway identifies the combination of:

- more renewables (wind and solar already in pipeline),
- gas generation (200MW OCGT)
- larger-scale demand response

Investment in transmission and distribution

> Regulatory changes needed to support network investment required to support a smart energy system and build resilience

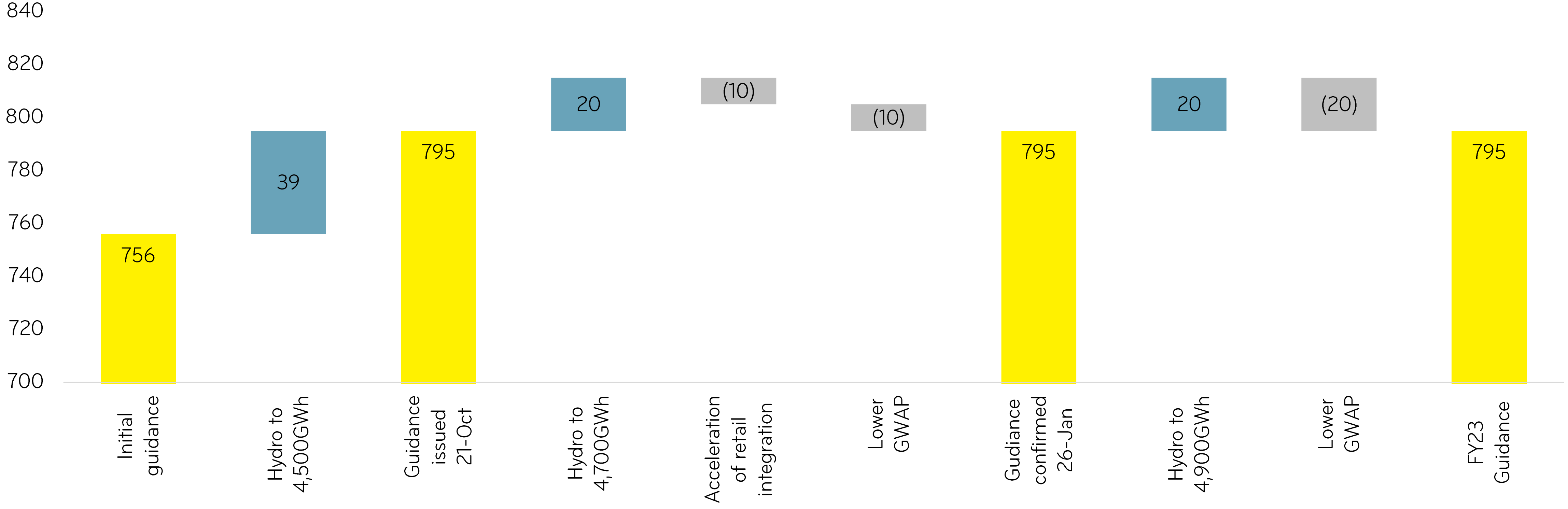
> Grid owner's Net Zero Grid Pathways - ~$8.2bn investment

> Potential for Renewable Energy Zones (REZ) to support renewables

> Mercury transmission costs $18m pa from April 23, up $13m pa

FY23 GUIDANCE

- FY23 EBITDAF guidance of $795m on 4,900GWh of hydro generation, subject to hydrological volatility, wholesale market conditions and any material adverse events, significant one-off expenses or other unforeseeable circumstances
- FY23 ordinary dividend guidance 21.8cps (up 9% on FY22)
- FY23 stay-in-business capital expenditure guidance of $130m (down $30m from original guidance) mainly due to deferred start to geothermal drilling



Lower GWAP: The additional hydro production has mostly been generated over the spring and summer months when spot electricity prices were low due to wet conditions nationally and the Lake Taupō level was being actively managed to stay within consented operating limits.

Q&A

APPENDIX

DEMAND LIFTS FOLLOWING COVID LOCKDOWN AFFECTED 2021

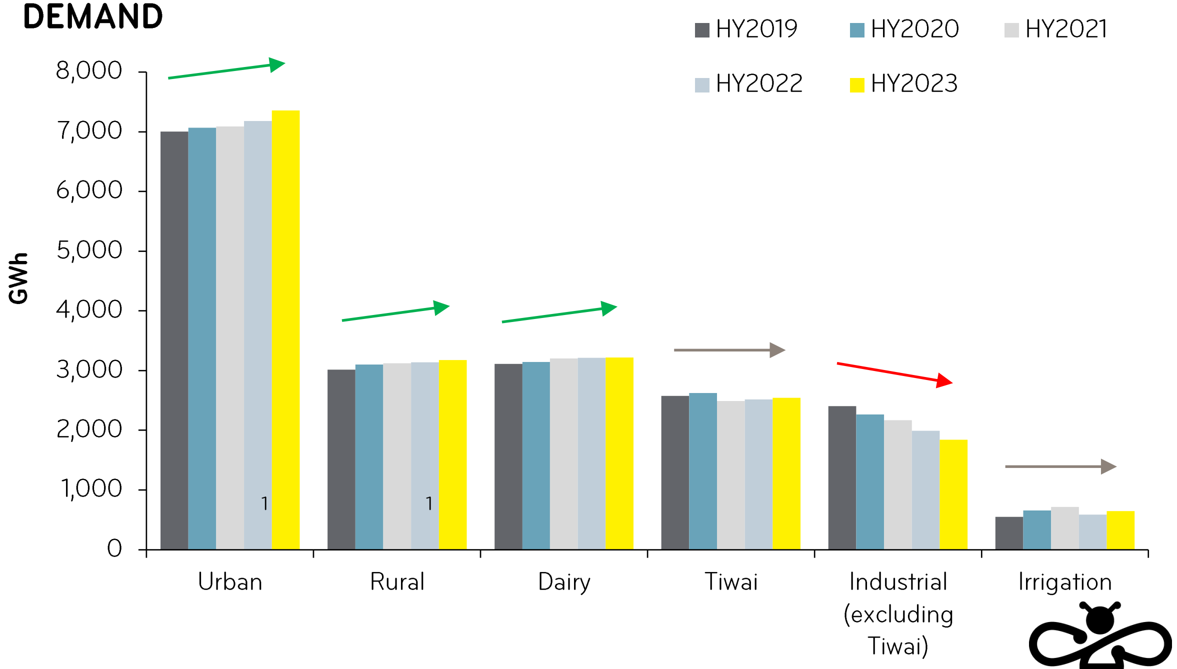
- National demand up 1.0%[1] (unadjusted 0.5%) versus HY22, but down 0.8%[1] versus HY21.
  - HY22 demand was impacted by level 4 covid lockdown, contributing to HY23 lift in urban and rural sectors
  - Industrial demand down 5.8% from HY21, having been impacted by reduced electricity consumption by Channel Infrastructure at Marsden Point from March 2022 and by Norske Skog Tasman Mill closure in June 2021.
  - Electricity demand expected to increase with circa 200MW of data centres either under construction, committed or likely to proceed.

HY23 NORMALISED DEMAND GROWTH BY SECTOR

Sector	GWh	Sector %△	Total %△
Urban[1]	+175	2.1%	0.9%
Rural[1]	+37	1.1%	0.2%
Dairy processing	+7	0.2%	0.0%
Industrial	-124	(2.7)%	(0.6)%
Irrigation	+56	9.5%	0.3%
Other	+49	14.9%	0.2%
Total	**-374**		**1.0%**

Source: Transpower SCADA data, Mercury
[1] Normalised for temperature

DEMAND



CAPITAL STRUCTURE FLEXIBILITY ENABLES GROWTH

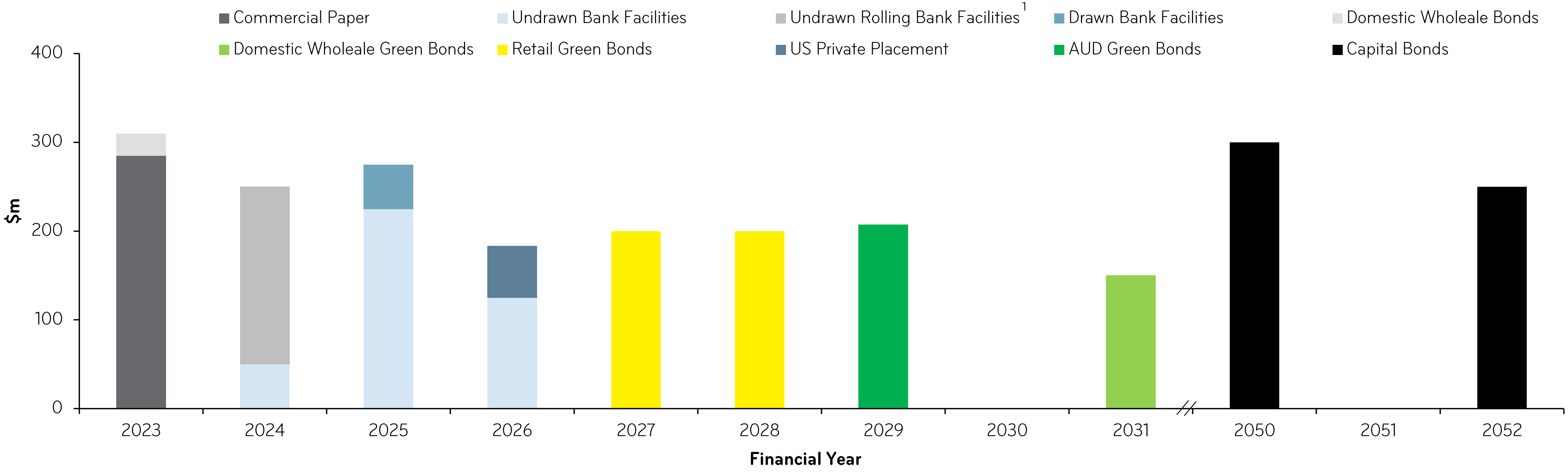
- Debt / EBITDAF peaked in FY22 and is expected to reduce to a forecast of ~2.2x[1] by the end of FY23 due to an increase in EBITDA with full year contributions from Turitea North, ex-Tilt wind farms and Trustpower Retail.
- S&P Global re-affirmed Mercury's credit rating of BBB+/stable in November 2022.
  - Mercury targets Debt/EBITDAF between 2x-3x after adjusting for S&P Global treatment, consistent with our BBB+ rating.
- Mercury commenced a Dividend Reinvestment Plan (DRP) in FY22, which remains active.

	31 Dec 2022	30 June 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Net Debt ($m)	1,870	1,961	1,329	1,149	1,096	1,264[3]
Debt/EBITDAF (x)[1]	2.0[2]	2.7	2.5	2.0	1.9	1.9
Issuer Credit Rating	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable	BBB+/stable
Ordinary Dividend	21.8cps[4]	20.0cps	17.0cps	15.8cps	15.5cps	15.1cps

1 Adjusted for S&P Global treatment of Capital Bonds
2 Based on net debt as at 31 Dec 2022 and FY23 EBITDA guidance
3 Restated to reflect changes in IFRS
4 FY23 dividend guidance

DIVERSIFIED FUNDING PROFILE

DEBT MATURITIES AS AT 13 FEBRUARY 2023



> Diversified funding sources: commercial paper, bank facilities, domestic wholesale bonds, retail bonds, AUD wholesale bonds, USPP and capital bonds.

[1] Requires 18 months notice of termination from lender

ACQUIRED SWAPS

> HY22 EBITDAF included $50m expense for:

- $64m pay-out on termination of 80MW Norske Skog transaction terminating the long term CFD and acquiring Norske Skog's short CFD position
- $14m non-cash unwind of acquired swaps for Norkse Skog and Waipipi wind farm offtake agreement

> HY23

- Accounting treatment changed going forward, with non-cash unwind of day 1 value of acquired swaps not included in EBITDAF (reclassified to change in fair value of financial instruments)
- This change means that we will no longer report "normalised" EBITDAF to adjust for non-cash unwind

Fair value of Manawa CFD	$m
Day 1 value	488
Realised settlements Unrealised fair value movements	(36) (8)
30 June 2022	444
Realised settlements Unrealised fair value movements	37 67
31 December 2022	548

FINANCIAL DERIVATIVES

	6 months ended 31 December 2022	6 months ended 31 December 2021
Energy Margin contribution ($m)		
Sell CFDs	95	(21)
Buy CFDs	(59)	(2)
Other Financial Derivatives [1]	13	(1)
Total Energy Margin contribution	49	(24)

[1] HY22 excludes $64m loss on close out of Norske Skog 80MW CFD and $14m gain from non-cash unwind of day 1 value of acquired swaps

NON-GAAP MEASURES

> Trading Margin is Energy Margin plus Telco Margin.

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

> Telco Margin is mobile and broadband sales to customers less direct costs of those sales including last mile charges.

> 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.

> Net Debt is carrying value of loans less fair value adjustments and cash and cash equivalents.

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