STOCK EXCHANGE LISTINGS: NZX (MCY) / ASX (MCY)

ANNOUNCEMENT

Mercury advances major renewable build for NZ despite 10% earnings dip

FY25 Financial Results Summary

	FY2025	FY2024	Change %
NET PROFIT AFTER TAX ($M)	1	290	-100%
EBITDAF ($M)	786	877	-10%
STAY-IN-BUSINESS CAPITAL EXPENDITURE ($M)	138	142	-3%
ELECTRICITY GENERATION (GWh)	7,906	8,780	-10%
FINAL FULLY IMPUTED ORDINARY DIVIDEND (CENTS PER SHARE)	14.4	14.0	3%
TOTAL ORDINARY DIVIDEND (CENTS PER SHARE), FULLY IMPUTED	24.0	23.3	3%

19 August 2025 – Mercury today reported reduced earnings in the face of tough generating conditions while reaffirming its commitment to delivering for New Zealanders.

"It's been a challenging year, but the team has remained focused – advancing a large-scale generation build and delivering value and care for customers, which will make a meaningful difference to the country's energy future," said Mercury Chair Scott St John.

He said global headwinds including inflation, compounded local challenges as hydro inflows and ongoing gas constraints tested supply and temporarily pushed spot prices up during periods of peak demand. Mercury was directly impacted by these challenges.

"Despite this, we remain optimistic about the long-term outlook given the sheer volume of work currently underway. New Zealand stands to benefit from a new wave of generation development – over 4TWh of new renewables is expected to be commissioned between now and 2027," said Mr St John.

"We're proud to be contributing a significant proportion of this, with 1.1TWh of new renewables under construction and plans to deliver 3.5TWh over the next five years.

"We want New Zealand to retain its status as a global energy leader with internationally comparable energy prices, and that means getting more generation built. Just over half our earnings go straight back into building and maintaining the assets powering this country. We're backing New Zealand with every dollar we spend," he said.

Mr St John said it was important to still acknowledge broader challenges: "The way we produce and use energy is changing, prompting valid questions about what the system requires to keep delivering secure, affordable electricity into the future."

"The market is developing solutions that will help bridge the gap when weather-dependent renewables fall short, such as the agreement to establish a strategic energy reserve at Huntly Power Station," he said.

"Improvements to market and policy settings are also required, including greater transparency of gas market information to support decision making. Options such as capacity mechanisms or direct government investment should see careful cost-benefit evaluation," he said.

"We acknowledge the supply challenges in winter 2024 that affected the broader sector, along with the ongoing challenges of the energy transition, have impacted confidence. We're working hard to rebuild that confidence through consistent and meaningful action."

FY25 financial overview

Total generation volume for the year was 7,906GWh, 10% lower on the prior year. This was largely driven by reduced hydro generation, 17% lower at 3,410GWh – the 4th lowest for the Waikato scheme since 1980. Wind generation was 6% lower at 1,936GWh due to lower wind speeds. Meanwhile, geothermal generation was 2% lower at 2,559GWh due to planned outages.

Mercury reported a net profit after tax of $1 million, down $289 million from the prior year, primarily due to lower EBITDAF and changes in unrealised gains/losses on unhedged electricity derivatives. EBITDAF was $786 million, down $91 million from the prior year. This was mostly driven by the short net position and high electricity prices.

Operating costs increased by $11 million on the prior year, primarily due to increases in generation maintenance and organisation change costs to enable future cost savings. Stay-in-business capital expenditure (CAPEX) was broadly consistent with the prior year, down $4 million at $138 million, with good progress made on Mercury's geothermal drilling campaign. Meanwhile, growth CAPEX was up $193 million on the prior year to $347 million with the second stage of Kaiwera Downs and Kaiwaikawe Wind Farms beginning construction.

Powering ahead on generation delivery

"Mercury is doing the heavy lifting on generation development, with $1 billion invested in three major builds, simultaneously under construction," said Mercury Chief Executive Stew Hamilton.

The Ngā Tamariki Geothermal Station expansion and the Kaiwera Downs 2 and Kaiwaikawe Wind Farm builds are all tracking to schedule and budget.

Mercury is also putting the finishing touches on its refurbishment of the Karāpiro Hydro Station. The project will be completed in September, delivering a 16.5MW capacity uplift. The upcoming upgrades to Maraetai, Ōhakuri, and Ātiamuri Hydro Stations are believed to be New Zealand's largest hydro reinvestment programme to date – a $550 million investment that is expected to increase capacity by 58MW and generation by 87GWh.

Delivering value for customers

Mr Hamilton said Mercury remained acutely aware of the pressures facing households and businesses around New Zealand, with ongoing cost-of-living challenges across the board.

"Our size and structure give us the ability to make a real difference, from keeping post-pay disconnections at zero for customers who we've identified as being in hardship, to delivering material value to social retailers Nau Mai Rā and Toast Electric to help them deliver on their goals of eliminating energy hardship," said Mr Hamilton.

Electricity price increases of approximately 9.7% on average were implemented from 1 April, largely driven by regulated lines and transmission costs (approximately 6.9% of increases on average). Residential gas prices also increased during the year, with supply constraints continuing to drive wholesale gas price increases.

"While the retail energy component of residential electricity prices has remained relatively stable in real terms over the past decade, we know the overall increase will be disproportionately felt by some customers, so we have implemented a range of measures to help those in hardship," said Mr Hamilton.

Mr Hamilton said Mercury continued to compete hard for customers in a dynamic retail environment, with total connections up 5% to 906,000. This was driven by strengthened multi-product offerings, with 38% of customers now purchasing two or more products.

In the Commercial and Industrial segment, Mercury celebrated several achievements including the commencement of a long-term contract with NZ Aluminium Smelters and the signing of long-term contracts with Fonterra and Visy.

Strategy refresh

Mercury refreshed its strategy over the year to clarify the most critical areas of focus for its future success. Immediate priorities are to deliver more generation, transform earnings, capture energy transition demand growth, rebuild confidence in the sector and build a connected and high-performing culture.

Mr Hamilton said this had provided a natural opportunity to refresh Mercury's Executive Leadership Team structure, ensuring clear accountability and alignment to strategic priorities.

"I'm pleased to welcome several new executive leaders, bringing a balance of fresh perspectives and deep industry and technical expertise," he said.

Full year dividend

The Board has declared a fully imputed final dividend of 14.4 cents per share (cps) to be paid on 30 September 2025. This brings the full-year ordinary dividend to 24.0 cps, up 3% on prior year (23.3 cps FY24).

FY26 guidance

Mercury's FY26 EBITDAF guidance has been set at $1 billion. "This ambition reflects significant reinvestment of capital with about $600 million of growth CAPEX expected to be deployed over the period on major infrastructure works for the benefit of New Zealand," said Mr Hamilton.

Guidance may change and remains subject to any material events, significant one-off expenses or other unforeseen circumstances including changes to hydrological conditions. FY26 stay-in-business CAPEX guidance is $150 million.

FY26 ordinary dividend guidance is 25.0 cps, representing a 4% increase on FY25.

Other key operational activities

> Contributions to cross-sector engagement in support of the energy transition, including the Energy Transition Framework.
> Continued rollout of an enterprise-wide programme to lift Health, Safety and Wellbeing performance, with efforts contributing to a 12-month rolling Total Recordable Injury Frequency Rate of 0.44.
> Maintenance works on the Taupō Control Gates and Arapuni Hydro Station commenced, supporting long-term sustainability and resilience.
> Governance changes including restructuring of Board committees to put a sharper focus on risk.
> Ongoing progress on climate action, including ongoing progress of Mercury's non-condensable gas reinjection trial at Ngā Tamariki and continuous improvements in climate disclosure, across Mercury's Climate Statement, Climate Action Plan and Greenhouse Gas Emissions Inventory.

ENDS

Howard Thomas
General Counsel and Company Secretary
Mercury NZ Limited

For investor relations queries, please contact:
Paul Ruediger
Head of Business Performance & Investor Relations
027 517 3470
investor@mercury.co.nz

For media inquiries, please contact:
Shannon Goldstone
Reputation and Social Impact Lead
027 210 5337
mercurycommunications@mercury.co.nz

ABOUT MERCURY NZ LIMITED

Mercury's generation assets produce electricity from 100% renewable sources: hydro, geothermal and wind. We are also a retailer of electricity, gas, broadband and mobile services. We're listed on the New Zealand Stock Exchange and the Australian Stock Exchange with the ticker symbol 'MCY', with foreign exempt listed status. The New Zealand Government holds a legislated minimum 51% shareholding of Mercury.

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