Mercury

BETTER
TODAY

BUILDING
TOMORROW

BRIGHTER
TOGETHER

MERCURY NZ LIMITED
2025 INTEGRATED REPORT

BETTER TODAY, BUILDING TOMORROW, BRIGHTER TOGETHER

This year's theme - Better Today, Building Tomorrow, Brighter Together - reflects Mercury's focus on delivering value now, investing for future growth, and partnering for long-term success.

We are committed to being Better Today, by leveraging our core and scale to lift our performance.

We are focussed on Building Tomorrow, by setting up for opportunities ahead, including through our high-quality renewable generation prospects.

We can be Brighter Together, by working collaboratively with iwi and stakeholders, recognising our trusted relationships are a major strength.

Mahinerangi Wind Farm.

CONTENTS

ABOUT THIS REPORT

Mercury is committed to providing the full picture: transparent disclosures in easily understood, comparable and engaging ways so that we meet the expectations of our many stakeholders.

This is an Integrated Report which follows the Integrated Reporting <IR> framework.

We describe Our Business Model, including inputs, outputs, and the outcomes of our strategic approach across our five FY35 aspirations that determine how we generate long-term value. We include a specific Global Reporting Initiative (GRI) Index and comprehensive climate disclosures, which align with the Aotearoa New Zealand Climate Standards.

We have grouped our reporting into six sections to help you find areas of particular interest, but they are all part of who we are, what we do and why. Across all this, our aim is to report openly and honestly on our performance in a way that shows the integrated approach we take.

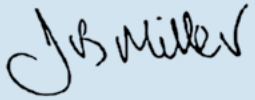
If you have any comments about this report, including things we could do better, please email investor@mercury.co.nz.

STATEMENT FROM THE DIRECTORS

The directors are pleased to present Mercury NZ Limited's Integrated Report and Financial Statements for the year ended 30 June 2025. The Auditor-General is required to be Mercury's auditor and has appointed Emma Winsloe of Ernst & Young to undertake the audit on his behalf.

This Integrated Report is dated 19 August 2025 and is signed on behalf of the Board by:

SCOTT ST JOHN
CHAIR



JAMES MILLER
DIRECTOR

WHO WE ARE

Mercury's generation assets produce electricity from 100% renewable sources: hydro, geothermal and wind. We also retail electricity, gas, broadband and mobile services.

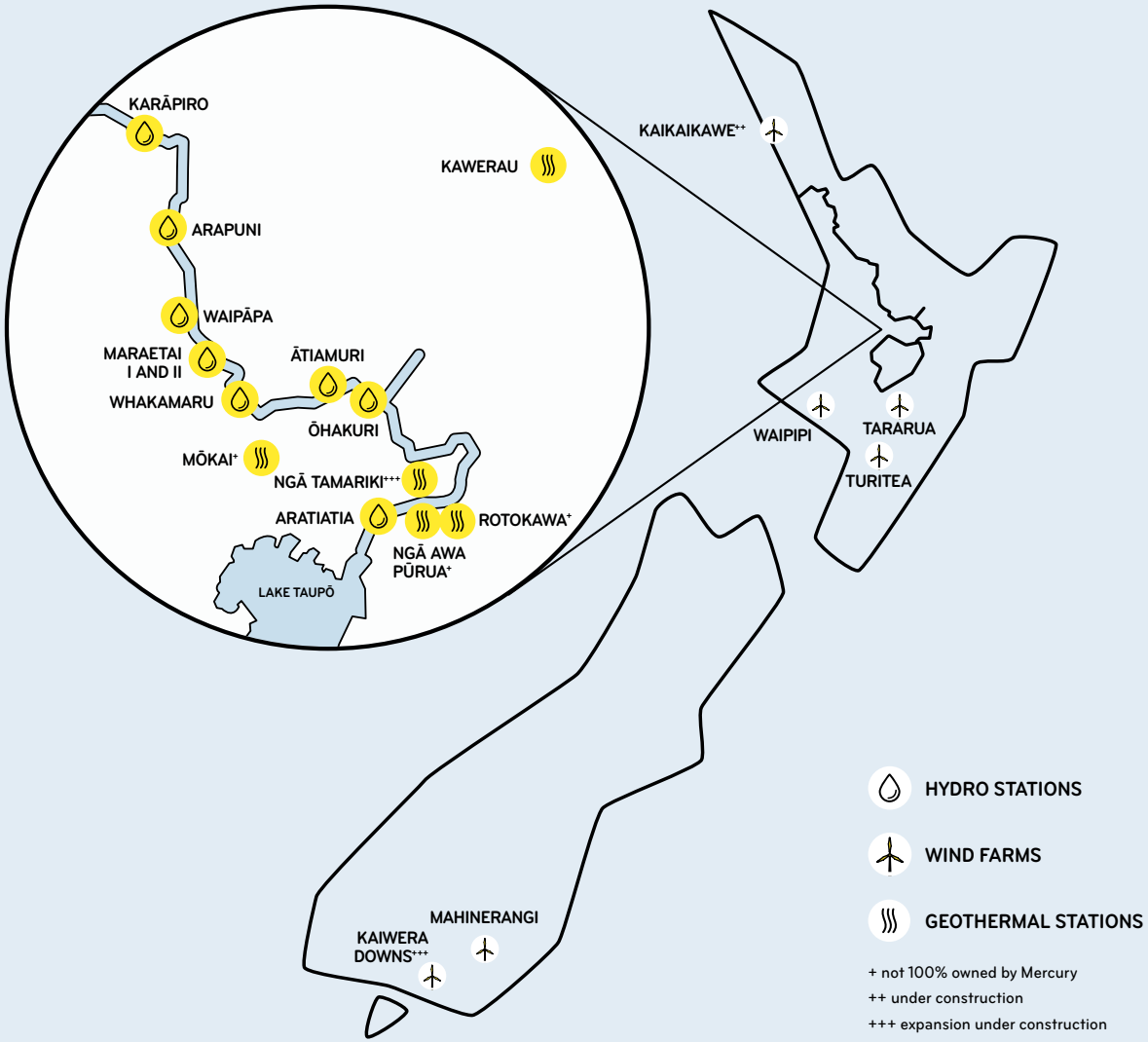
We have nine hydro power stations along the Waikato River, five geothermal stations in the northern part of the Central Plateau and five wind farms in the Manawatū, South Taranaki, Otago and Southland regions. The electricity we generate is sold on the wholesale market. Our retail arm buys electricity from this market to supply businesses and households across New Zealand.

During the year we commenced construction of our new Kaiwaikawe Wind Farm near Dargaville in Northland, and we expect full generation by the end of 2026.

We also continued construction of the second stage of our Kaiwera Downs Wind Farm near Gore and the fifth generation unit at Ngā Tamariki Geothermal Station.

We sell our multi-product utility services through our retail operations to residential and small-to-medium-sized business customers. Our commercial sales team service industrial and wholesale market customers offering electricity. Our sub-brand GLOBUG is our pre-pay electricity product for residential customers.

We are committed to building and maintaining authentic relationships with iwi/Māori and stakeholders across our business. This will be achieved through ongoing conversations and careful listening to understand where our values and aspirations align.



HOW WE CREATE VALUE

TĀ MĀTOU UARA

In this section we highlight factors that affect our ability to create value over time (Our Business Model), and show how we've performed against our FY25 objectives. We share how our strategic framework has evolved and our Chair, Scott St John and Chief Executive, Stew Hamilton then summarise our 2025 financial year.

OUR BUSINESS MODEL

This diagram shows the key inputs of our business across our five drivers of value, our business activities and outputs (products, services and byproducts).

The outcomes of our activities and outputs are covered in detail throughout the report. Our broader strategy, how we are working towards realising our purpose and achieving our FY35 aspirations is covered on pages 6 and 7.

INPUTS (As at 30 June 2025)

KAITIAKITANGA STEWARDSHIP
- 19 generation assets
- Natural resources (water, steam, wind)
- Thermal resources on-sold (gas)

KIRITAKI CUSTOMER
- 906K* total customer connections
- 581K electricity
- 110K gas
- 178K telecommunications
- 37K mobile

KŌTUITANGA PARTNERSHIPS
- 2 geothermal joint ventures with iwi
- 8 formal iwi relationships
- Extensive partnerships across customer, supplier and operating communities

NGĀ TĀNGATA PEOPLE
- 1364 permanent employees
- 415 in Auckland
- 449 in Tauranga
- 153 in Hamilton
- 84 in Rotorua
- 19 in Taupō
- 84 in Oamaru
- 160 rest of NZ

ARUMONI COMMERCIAL
- $1b current investment in renewable generation development
- 66k shareholders
- 3k bondholders

OUR BUSINESS ACTIVITIES

OUTPUTS (As at 30 June 2025)

3,410	GWh hydro generation
2,559	GWh geothermal generation
1,936	GWh wind generation
19%	generation market share
16%	customer market share (GWh)
215K	customers with two or more services
217K	tonnes CO2e Scope 1 emissions produced
5,863	tonnes CO2e Scope 1 emissions captured and reinjected
2,353	tonnes CO2e Scope 2 emissions produced
205K	tonnes CO2e Scope 3 emissions produced

OUTCOMES

KAITIAKITANGA STEWARDSHIP
See page 19.

KIRITAKI CUSTOMER
See page 21.

KŌTUITANGA PARTNERSHIPS
See page 23.

NGĀ TĀNGATA PEOPLE
See page 25.

ARUMONI COMMERCIAL
See page 27.

*Includes Commercial & Industrial and mass market connections.

DELIVERING ON OUR FY25–27 OBJECTIVES

This table shows how we have performed against our previous three-year (FY25–27) objectives over the last financial year.

As a result of changes to our strategic framework, this will be the only year that we monitor performance in this way. However, our updated measures – explained on pages 6 and 7 – retain core aspects of these measures.

FY25–27 objectives	Measures	FY25 progress	FY25 outcomes	Connection to FY35 aspirations
Providing what matters most through financial growth	EBITDAF	🟠	EBITDAF of $786m did not meet initial FY25 EBITDAF guidance. However, after the impacts of low hydrology and wind speeds are accounted for, performance within management control was better than expected - lifting EBITDAF above hydrology and wind speed normalised levels.	
Delivering more reliable and renewable energy to power Aotearoa	Generation asset performance and resilience	🟠	Operational performance improved in FY25, however did not achieve target, with geothermal availability of 94%, hydro 87.4% and wind 96.6%.	
	Economic generation pipeline	🟢	Kaiwaikawe Wind Farm, Kaiwera Downs 2 Wind Farm and Ngā Tamariki Geothermal Station expansion are tracking to plan. Whakamaru grid scale battery resource consent granted. Mahinerangi II, Waikokowai, Puketoi, and Tararua (Repower) Wind Farms listed in fast-track approvals legislation.	
Accelerating the shift to a low-carbon future	Our contribution to the Sector Framework	🟢	A Sector Framework was launched with key workstreams in progress.	
	Our own decarbonisation journey	🟢	The CO2 reinjection project at Ngā Tamariki was executed and hit all major milestones in FY25. A full unitised reinjection system has been commissioned with proven ability to reinject 70% of the gases. 20,079 tonnes of CO2 have been reinjected to date with 98% availability achieved in FY25.	
	Our contribution to our customers' decarbonisation journey (electrification)	🟠	Long-term supply arrangements were initiated to enable customer electrification, such as the supply to Fonterra to support electrification of their Edgecumbe and Waitoa operations but further opportunities remain.	
Creating success with others	Customer care	🟢	Zero post-pay disconnections for non-payment were made due to hardship. Stronger ties were formed with community organisations supporting customers in hardship.	
	Creating shared value	🟠	Refreshed relationship agreements were advanced with a range of partners and stakeholders; further advancements are underway for agreements to support development pipeline. Broader stakeholder engagement outcomes were shaped by external pressures.	
Performing with an adaptive and inclusive culture	Evolve the way we work to lift organisational performance	🟠	Delivered significant change to ways of working within the customer and technology business. While key initiatives were completed by the end of the financial year, they ran later than originally targeted.	
	Workforce of the future	🟢	A programme of work was delivered to increase employee awareness of critical risk assessment and prevention. This resulted in our Health, Safety and Wellbeing Factor score in the Employee Voice Survey remaining steady at 86% (+/- 1%).	
Innovating with technology	Technology innovation	🟢	We have actively embraced and developed innovative technologies across operations to enhance value and drive efficiency. Key innovations include Digital River (an AI-powered decision platform and digital twin of the Waikato River), an autonomous robot delivering safe real time monitoring and a new customer energy usage platform.	
	Technology productivity	🟢	We have completed our SAP exit and leveraged technology to boost productivity, streamline operations, and achieve cost reductions across the business, including using AI in software engineering and in the contact centre.	

Key: 🟢 Met expectation for FY25 🟠 Minor variance from expectation for FY25 🔴 Did not meet expectation for FY25

Maraetai Hydro Station.

INTRODUCING OUR NEW STRATEGIC FRAMEWORK

This year we have updated our strategic framework to provide clarity on the areas that matter most to our business and the work that we are currently focussed on, to ensure we are set up to succeed over the long-term.

We think about our strategic delivery over different time horizons, ensuring that our short-term areas of focus are informed by our long-term direction of travel.

Our strategic framework shows why we exist and what we are focussed on to continue to grow and create value over time.

FY35 ASPIRATIONS

Our interconnected FY35 aspirations expand on our purpose and provide a long-term direction for our business that reflects the change and growth that we aspire to achieve over the areas that matter most to our business.

FY30 PRIORITIES

Our FY30 priorities are aligned with our FY35 aspirations, reflecting the enterprise-wide focus areas we must deliver to position ourselves for long-term success.

STRATEGIC OBJECTIVES

Our strategic objectives capture the more specific areas we are focussed on now to take our business forward. These include key initiatives and results that we actively monitor to track how we are progressing.

FY35 ASPIRATIONS	FY30 PRIORITIES	STRATEGIC OBJECTIVES	KEY INITIATIVES	KEY RESULTS
KAITIAKITANGA Stewardship Our assets and the natural environment are thriving.	**Deliver more reliable and renewable energy** Taking care of our generation assets and actioning options for growth.	**Generation development uplift**	**Construct new renewables**	Plan to deliver 3.5TWh of new generation by 2030
			Grow pipeline	Grow pipeline to >8TWh by 2030
KIRITAKI Customer Customers are at the heart of what we do.	**Accelerate the shift to a low-carbon future** Leading the transition by creating solutions for customers to electrify and support the development of a smart energy system.	**Capture energy transition growth**	**Electrify C&I customers**	400GWh C&I electrification/new demand by 2027
			Increase flexibility	50MW of flexibility DER available for 2026
KŌTUITANGA Partnerships We are the trusted partner of choice.	**Create success with others** Having a deliberate focus on deepening trust with key relationships to achieve shared goals.	**Rebuild sector confidence**	**Provide constructive contributions**	Influential contributions to key regulatory processes
			Increase transparency	Increase awareness of energy transition by 2026
NGĀ TĀNGATA Our People We learn and adapt to realise our full potential.	**Perform with an adaptive culture enabled by technology** Unleashing an inclusive, curious and connected culture enabled by technology to lift business performance.	**Connected and high-performing culture**	**Cultural performance uplift**	Improve the Cultural Performance Index score from FY26 baseline
			Alignment to strategy	100% of business units are aligned to Strategic Objectives and KPIs
ARUMONI Commercial We are leaders in commercial growth.	**Achieve what matters most through financial growth** Achieving sustainable performance to invest in the future and drive value.	**Earnings transformation**	**Revenue growth**	Lift FY30 EBITDAF to $1.15-$1.25 billion
			Core optimisation	Deliver operating costs of $370m p.a. over FY26-28

SNAPSHOT

ENERGY TRANSITION COMPLEX, CONSUMER FOCUS NEEDED

We retained a clear focus on consumer outcomes, working closely with others to ensure the energy transition will deliver for all consumers, large and small.

COMMITTED TO A FAIR AND EQUITABLE ENERGY TRANSITION

We continued to demonstrate care and commitment to our customers, and did not disconnect any post-pay customers in hardship over the period.

SHARPENED FOCUS

We refreshed our strategy and evolved our leadership structure to better align to our priorities.

POWERING AHEAD ON GENERATION DELIVERY

There is a significant renewable build underway nationally. For Mercury, this currently includes three major new renewable builds and an extensive hydro refurbishment programme.

COMPETING FOR CUSTOMERS

We strengthened our product and service offerings and delivered significant support for customers in need.

EMPOWERING OUR PEOPLE

We refreshed our approach to building a workforce for the future and continued to roll out our Health, Safety and Wellbeing programme.

CHAIR LETTER

The future of energy is at an inflection point, with electrification set to reshape daily life. In a high-cost environment there are ongoing discussions about how we safeguard affordability while building renewables at pace – ensuring the transition supports economic resilience and growth.

Mercury Chair Scott St John

With a high renewable base, New Zealand is better positioned than most, but there's much to do if we are to succeed through the transition. Mercury has a key role to play, and we're committed to shaping a future that works for all New Zealanders.

Both in New Zealand and globally, delivering a fair and equitable energy transition for all consumers is becoming increasingly complex. Greater digitisation, persistent inflation, rising living costs, and changing climates are converging to create new challenges. These global pressures are compounding existing issues in our local energy landscape and reinforcing the need for resilience and adaptability.

To this end, the adequacy of New Zealand's firmed capacity supply was brought sharply into focus over the period. For the second consecutive year, we experienced stubbornly low hydro inflows for most of the period – particularly in the Taupō catchment – exacerbating longer-term challenges with gas supply not meeting expectations. This has placed considerable pressure on secure supply, contributing to elevated spot and forward prices.

Mercury's performance was impacted, with hydro generation down on the previous period. Our team worked hard to mitigate the full impact, leveraging technology to optimise the Waikato River hydro scheme and maintain reliability.

SECURING OUR ENERGY FUTURE

These challenges have prompted scrutiny of the system's ability to deliver secure, affordable energy through the transition; with multiple regulatory processes now underway.

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THIS HAS BEEN ONE OF THE MORE CHALLENGING YEARS FOR MERCURY SINCE LISTING. IT HAS ALSO DEMONSTRATED THE RESILIENCE AND ADAPTABILITY OF OUR BUSINESS AND PEOPLE.

It is entirely appropriate to ask questions of any system during a time of such fundamental change. Yet, it is also important to acknowledge New Zealand's energy system is well regarded globally. We rank in the top ten of the World Energy Council's Trilemma Index, which measures how countries balance energy security, affordability, and sustainability. Importantly, affordability remains on par with our peers, despite us being much further along the transition than many.

Balancing the trilemma is challenging, particularly with more intermittent renewables (the sustainability arm) impinging on our ability to keep security and affordability in check. The sector has taken several steps to address this, including working together to establish a strategic energy reserve centred on Huntly Power Station and securing demand flexibility options with large industrial users.

We are also developing renewable energy projects at historic scale and pace as the market responds to changing context, including certainty of Tiwai's continued operation and changes in demand outlook. An estimated $10 billion in new generation investment is projected through to 2030, with over 4TWh of new renewables expected to be commissioned between now and 2027. Mercury is proud to be a major contributor to this, as our Chief Executive Stew Hamilton notes in his update on page 11.

In short, the market is largely functioning as it should, and over time we expect to see the benefits of this new wave of infrastructure development. To retain our world-class energy system though, we must continue with thoughtful evolution of market and policy settings. We support changes that preserve what is working well while enabling a smooth and secure transition.

A key priority is getting the right settings in place to support firming, bridging the gap when intermittent renewables fall short. This should include maintaining existing thermal generation (which the market is already helping solve), improving access to key information to help decision making (for example gas price and production information) and providing clear investment signals for new firming solutions.

Equally, we must keep a clear focus on consumers, especially our most vulnerable, as we shape the next phase of New Zealand's energy journey. Mercury is actively working with the sector on whole-of-system solutions to support this.

SHARPENING OUR FOCUS

This year has brought significant challenges for our country and our customers. It's been a testing time for Mercury as well, but it has highlighted the resilience and adaptability of our business and our people – and the care and commitment our teams show toward our customers.

During the year, we refreshed our strategy to clarify the most critical areas of focus for Mercury's future success.

Our immediate priorities are:

- ↗ Deliver more generation
- ↗ Transform earnings
- ↗ Capture energy transition demand growth
- ↗ Rebuild confidence in the sector
- ↗ Build a connected and inclusive culture

The Board remains deeply attuned to our obligation to deliver sustainable value for our owners. We believe these priorities are foundational to achieving that goal.

Our Chief Executive, Stew Hamilton, also made changes to his leadership team during the year, with the Board's endorsement. We are confident the new structure and leadership strength positions Mercury well to deliver on our strategic ambitions.

GOVERNANCE CHANGES

This year also brought important changes at a governance level, including restructuring our Board committees effective 1 January 2025 to put a sharper focus on risk. The Risk Assurance and Audit Committee has been replaced with two new committees: the Audit and Financial Risk Committee, and the Safety and Enterprise Risk Committee.

We welcomed Rob Hamilton to the Board (and Audit and Financial Risk Committee) in April, bringing extensive governance, leadership, and advisory experience. At the same time, we acknowledge the upcoming departures of Lorraine Witten, James Miller, and Mike Taitoko. I want to sincerely thank each of them for their significant contributions during their tenures with Mercury.

FULL-YEAR DIVIDEND

We are pleased to declare a fully-imputed final dividend of 14.4 cents per share (cps). This brings the full-year ordinary dividend to 24.0 cps, up 3% on prior year (from 23.3 cps), marking our seventeenth consecutive year of ordinary dividend growth.

14.4CPS

FINAL DIVIDEND DECLARED

The full year ordinary dividend is consistent with Mercury's dividend policy targeting a payout of 70% – 85% of free cash flows on average over time.

Our FY26 ordinary dividend guidance is 25.0 cps, representing a 4% increase on FY25 and the eighteenth consecutive year of ordinary dividend increases.

IN CLOSING

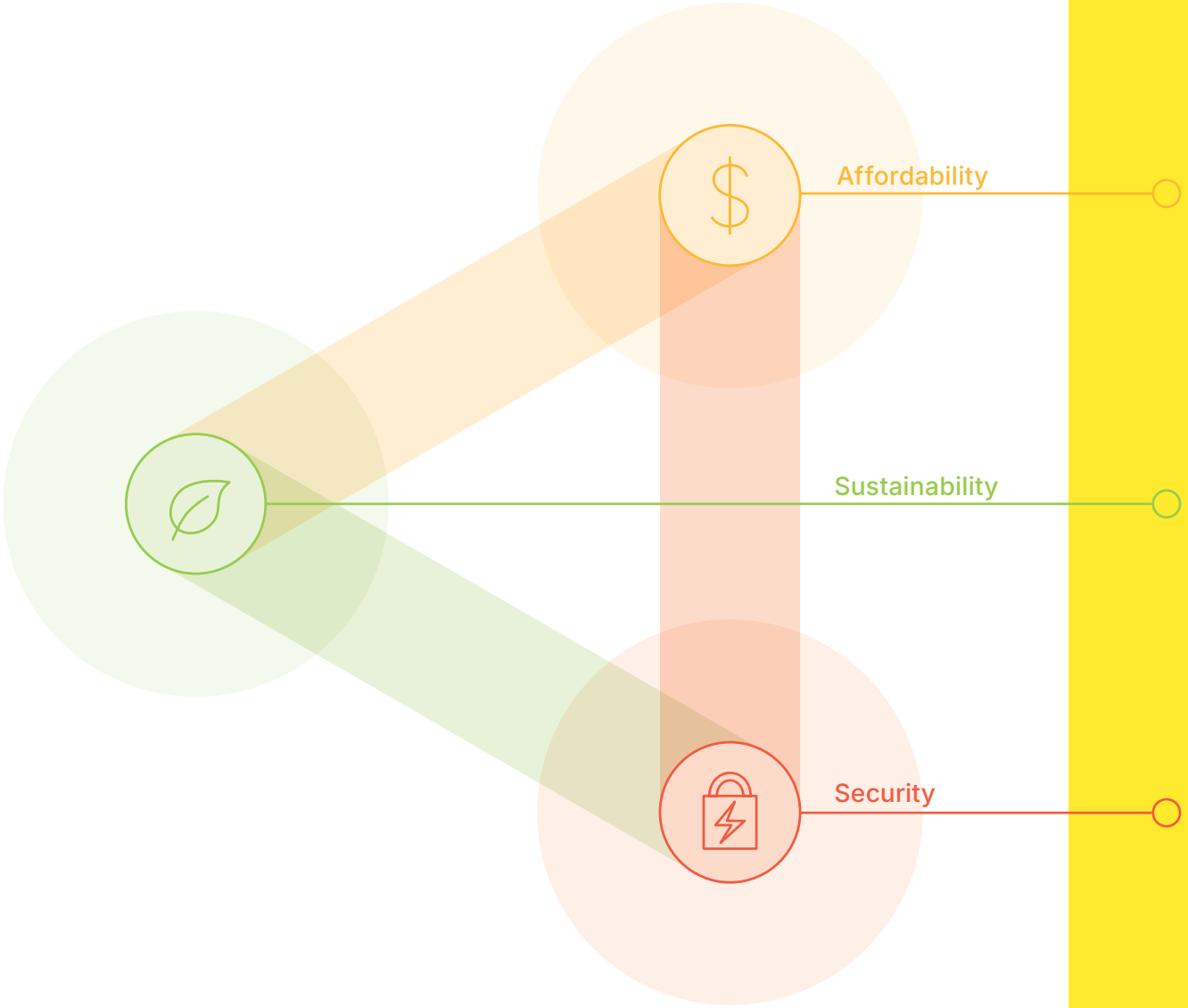
This has been a big year for Mercury. I want to close by acknowledging Stew Hamilton, who took up the role of Chief Executive on 31 August. His leadership has already made a material impact, and we look forward to the continued momentum and progress under his leadership.

I also want to thank our investors and shareholders for their continued trust. Your support enables us to think long term, invest with conviction, and navigate periods of uncertainty with confidence. Looking ahead, our refreshed strategy positions Mercury to take advantage of a once-in-a-generation energy transition — and to do so in a way that reflects our enduring commitment to commercial leadership and strong governance.

Ngā mihi nui,

SCOTT ST JOHN
CHAIR

DELIVERING TO THE ENERGY TRILEMMA



SNAPSHOT: MERCURY'S CONTRIBUTION

- **Zero** post-pay disconnections for customers in hardship (page 22)
- **Material support** for social retailers Nau Mai Rā and Toast Electric (page 22)
- Commercial & Industrial milestones – **long-term contracts** with New Zealand Aluminium Smelters, Visy and Fonterra celebrated (page 22)

- **$1b, 1.1 TWh new renewables** under construction (page 27)
- Ambitions to deliver **3.5TWh new renewables by 2030** (page 27)
- **$550m, 58MW capacity increase** for next three hydro station upgrades – NZ's biggest hydro reinvestment (page 19)
- **$147m investment on geothermal drilling** campaign (page 19)
- Continued progress on non-condensable gas reinjection trial (page 20)

- Participation in establishing a **strategic energy reserve** centred on Huntly Power Station (page 24)
- Arapuni Hydro Dam and Taupō Control Gates **enhancements** for ongoing reliability (page 19)
- Proactive engagement on **market and policy evolution** (and potential solutions) to strengthen security of supply (page 23)
- **AI optimisation** to maximise existing hydro generation output (page 28)

CHIEF EXECUTIVE LETTER

This is my first update as Chief Executive of Mercury, having stepped into the role last September.


Mercury Chief Executive Stew Hamilton.

KEY FINANCIALS

$1M
NET PROFIT

$786M
EBITDAF

$396M
OPERATING EXPENDITURE

What has stood out most to me is the strength of our foundations – a diverse generation portfolio with premium development prospects, deep partnerships, a highly engaged customer base, responsible resource management, and a talented, committed team. We have a proud legacy of bold choices, and a hunger for this to continue.

I have also had opportunities to be out in the communities we operate in, listening to our customers and partners and hearing firsthand the challenges many are facing. These insights inform how we think about the role Mercury plays in New Zealand, and where we can have an impact.

In a period of challenge, I believe our foundations give us confidence to move forward with purpose, not just for our company but New Zealand as a whole.

STEADY PERFORMANCE IN CHALLENGING CONDITIONS

Performance over the period was negatively impacted by low generation output, offset by periods of high electricity prices.

Total generation volume for the year was 7,906 GWh, down 874 GWh or 10% on the prior year, mostly driven by lower hydro and wind generation. Hydro generation was 3,410GWh, down 17% on the prior year. This was the 4th lowest for the Waikato scheme since 1980, driven by 12th percentile inflows and a lower-than-average starting level at Lake Taupō. Wind generation was 1,936GWh, down 6% from prior year from lower wind speeds. Meanwhile, geothermal generation of 2,559GWh was 2% lower than the prior year due to planned outages.

We reported a net profit after tax of $1 million, down $289 million from the prior year. This was primarily due to lower EBITDAF and changes in unrealised gains/losses on unhedged financial instruments. EBITDAF was $786 million, down $91 million from the prior year.

The reduction in EBITDAF is mostly driven by Mercury's trading margin of $1,153 million being down $75 million from the previous year, resulting from a 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 saving. Stay-in-business capital expenditure (CAPEX) was broadly consistent with the prior year, down $4 million to $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 Wind Farm continuing and Kaiwaikawe Wind Farm beginning construction.

Our FY26 EBITDAF guidance has been set at $1 billion. 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.

BETTER TODAY, BUILDING TOMORROW, BRIGHTER TOGETHER

As Scott noted, we have refreshed our strategy to sharpen our focus on the areas that matter most to Mercury's long-term value. Starting with our purpose, the strategy aligns our activity to the areas of – **Better Today, Building Tomorrow, Brighter Together:**

- We are committed to being **Better Today**, by leveraging our core and scale to lift our performance.
- We are focussed on **Building Tomorrow**, by setting up for opportunities ahead, including through our high-quality renewable generation prospects.
- We can be **Brighter Together**, by working collaboratively with iwi and stakeholders, recognising our trusted relationships are a major strength.

To bring our strategy to life, we are progressing an enterprise-wide programme to shape and activate our identity – deepening our shared sense of purpose and aligning our culture to strategy.

This provided a natural opportunity to refresh our Executive Leadership Team structure, ensuring clear accountability and strong alignment to our strategic priorities. I'm pleased to welcome several new executive leaders, bringing a balance of fresh perspectives and deep industry and technical expertise. I'm confident these changes position Mercury well to successfully navigate the next phase of our journey.

We recognise the importance of delivering not just on our strategic priorities but also on investor expectations. Our programme of generation delivery, cultural transformation, and technology enablement is designed to translate ambition into long-term shareholder value. As we progress these initiatives, execution and performance remain our focus.

POWERING AHEAD ON GENERATION DELIVERY

It is widely understood that New Zealand needs more generation. We are clear what needs to be done and we are moving forward at pace.

Mercury is doing the heavy lifting on generation development delivery, with three major builds simultaneously under construction—the Ngā Tamariki

Geothermal Station expansion and the Kaiwera Downs 2 and Kaiwaikawe Wind Farms. Together, these projects represent $1 billion in investment and will deliver 1.1TWh of renewable energy, a significant proportion of New Zealand's current generation build. All projects are tracking to schedule and budget.

Our premium development prospects are at varying stages of readiness and underpins our ambition to deliver 3.5TWh of generation by 2030. I believe we have the most capable generation development team in New Zealand, spanning geothermal, wind, and hydro. They are match fit and in a strong position to deliver.

Our assets are long-dated, and the decisions we make are across multi-decade horizons. Our development prospects extend well beyond 2030 and will be guided by technology fundamentals and leveraging our core strengths. In addition to onshore wind, we are advancing early-stage geothermal opportunities into post-2030 development options.

We also undertook significant maintenance activity, including refurbishment of the Karāpiro Hydro Station. This project will be completed in September, delivering a 16.5MW capacity uplift. We commenced the Taupō Control Gates and Arapuni Hydro Station left abutment projects, supporting long-term sustainability and resilience of these important assets. Maraetai, Ōhakuri and Ātiamuri Hydro Stations are next in line in our significant hydro refurbishment programme – representing approximately $550 million in investment that is expected to increase capacity by 58MW and generation by 87GWh.

COMPETING HARD FOR CUSTOMERS

Turning to our customers, we competed hard to grow and retain our base. Total connections were up 5% to 906,000, driven by strengthened multi-product offerings, with 38% of customers now on two or more products.

We have delivered $34 million in synergies secured from the Mercury and Trustpower retail integration as of the end of FY25, including $30 million in OPEX savings. We are on track to exceed our original $35 million synergy target, with an additional $5 million expected in FY26.

Our size and structure give us the ability to make a real difference, from keeping post-pay disconnections at zero for customers who we have 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.

From 1 April we implemented electricity price increases of approximately 9.7% on average, 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 have remained relatively stable in real terms over the past decade, we recognise that the overall increase will be disproportionately felt by some customers, so we have implemented a range of measures to further help those in hardship. Looking forward, transparency and clarity on pricing, along with tools to help customers manage their consumption and care for those in need, remain key priorities.

In the Commercial and Industrial (C&I) segment, we continued to foster a thriving industrial customer base. We celebrated several C&I achievements including the commencement of a long-term contract with NZ Aluminium Smelters and the signing of long-term contracts with Fonterra and Visy.

REBUILDING CONFIDENCE

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.

> 66 MERCURY IS DOING THE HEAVY LIFTING ON GENERATION DEVELOPMENT DELIVERY, WITH THREE MAJOR BUILDS SIMULTANEOUSLY UNDER CONSTRUCTION.

We are disappointed by this and are working extremely hard to rebuild confidence in our ability to deliver on the energy transition.

Confidence is not restored through words alone, but through consistent and meaningful action. We are prioritising tangible steps like ensuring fair and equitable access to electricity, and building the infrastructure needed to power New Zealand's future.

In parallel, we are actively engaging in broader conversations about the transition including via the Energy Transition Framework.

We want to help shape solutions that address the core challenges – including the need for firming to support intermittent renewables and enduring arrangements to support social retailers.

We remain optimistic the sector is well positioned to navigate current and future transition challenges, and help unlock a resilient, low-carbon, high growth economy and the many opportunities that come with it.

BACKED BY A STRONG, COHESIVE TEAM

This has been a big year for our team, and I'm proud of what we've achieved.

Over the period, we refreshed our approach to building a workforce of the future – one that reflects who we are today, where we want to go, and the culture that will get us there.


Ngā Tamariki Geothermal Station

We also continued the rollout of our enterprise-wide Health, Safety and Wellbeing (HSW) programme, with the goal of reaching the gold standard of safety culture by the end of calendar year 2026. Our 12-month rolling Total Recordable Injury Frequency Rate was 0.44, a reflection of the continued focus we have in this space.

CLOSING REMARKS

As we look ahead, I am optimistic about the role Mercury can play in shaping a resilient, low-carbon economy. We have great people, great opportunity, and a great plan – **Better Today, Building Tomorrow, Brighter Together.**

Thank you to our people, partners, and owners for your continued belief in our purpose and potential. Your support is what powers our progress.

Ngā mihi nui,

STEW HAMILTON
CHIEF EXECUTIVE

WHAT MATTERS MOST

TE MEA NUI

In this section we look at how we have engaged with iwi and stakeholders and then responded to what we have learned, as well as the trends we have seen in our key risk areas in FY25. We then cover how these risks and insights, as well as key opportunities and other external factors, combine to form a view of what's material to our business.

ENGAGING WITH IWI AND STAKEHOLDERS

TUHONO KI NGĀ IWI ME TE HUNGA WHAI PĀNGA

Building and maintaining relationships with iwi/Māori and stakeholders across our business is fundamental to our ability to create value and contributes to our long-term success.

KEY GROUPS WE WORK WITH:

- CUSTOMERS
- PARTNERS
- EMPLOYEES
- SUPPLIERS
- IWI
- COMMUNITY
- INVESTORS
- INDUSTRY PARTICIPANTS
- GOVERNMENT AND REGULATORS

We aim to understand the needs and priorities of iwi/Māori and key stakeholders. This guides our resource allocation to business activities and informs our strategy and business plans.

By customising engagement methods to meet specific needs and preferences, we are able to enhance accessibility and inclusivity and gather richer, more meaningful data than taking a one-size-fits-all approach.

These engagement methods include:

- Personalised one-on-one meetings in person and/or online.
- Group meetings in person, such as community co-design forums and stakeholder events.
- Online surveys and audits, such as our Employee Voice and Voice of Customer surveys.
- Regular written updates, such as project updates to local communities and quarterly operating updates to investors.

Notable activity during the year included:

- A larger programme of community engagement in line with the scale and pace of our generation development programme.
- The introduction of Executive Leadership Team roadshows, giving as many employees as possible the opportunity to interact with leaders face-to-face.
- An Investor Day, which focussed on providing insight into our refreshed strategy.
- A larger programme of government engagement, reflecting a period of heightened focus on the sector.

The feedback we have received through engagements has helped inform the business activities covered in How We Deliver Value.

These insights, shared through key relationship holders across our business, have also formed the base of our FY25 Materiality Assessment.

REFRESHING HOW WE WORK WITH SUPPLIERS

Building and maintaining enduring relationships with suppliers who share our values and can help us to deliver on our priorities is key to our success.

During the year, we updated our Supplier Code of Conduct, which sets out our expectations across social and environmental responsibility, supply chain, business integrity and speaking up. This includes clear expectations in line with our own Modern Slavery Statement, which we also include in all supplier agreements.

To support this, we have been working with suppliers to understand any modern slavery risks in their supply chains and address these appropriately. This includes ensuring their parent, subsidiaries, affiliates and subcontractors comply with applicable laws and regulations, and uphold high standards of ethical conduct in areas such as human rights, labour standards, health and safety, environmental management and anti-corruption.

In addition, we have implemented a new framework which more clearly defines the level of contribution suppliers make to our generation arm. As a result, we have changed the nature of some agreements, to be more robust and transparent around the value we each provide. The framework has also been a key input into our tender processes, helping improve clarity on both sides and drive efficiencies. We intend to roll this framework out more widely.

We've proudly supported Kāhui Whetū the past two years, which is held in Gore, near our Kaiwera Downs Wind Farm.

THE RISKS WE FACE

A comprehensive summary of our key risks and how we manage them is included in Governance at Mercury.

This page provides a summary of the trends we have seen this year in our key risk areas. We take these into account in our view of what matters most and to shape our focus for how we create value over time.

KEY RISK AREAS

- HEALTH SAFETY AND WELLBEING
- COMPLIANCE & REGULATORY
- REPUTATION
- OPERATIONAL
- FINANCIAL
- PEOPLE

FACTORS IMPACTING CURRENT TRENDS

HEALTH SAFETY AND WELLBEING

- Health, Safety and Wellbeing (HS&W) continues to be one of the major risks that could affect our employees, contractors, customers and the public.
- Our Key Risks and Lifesaving Controls (the 11 key risks that can kill or badly injure), Leadership Routines, the successful delivery of Enforceable Undertaking activities, and the uplifting of HS&W capability and maturity have been priorities for us this year.
- Our focus on process safety also continues as a priority at our generating assets. Our three Major Hazard Facility (MHF) sites have continued process safety projects to reduce risk. Safety case resubmissions to WorkSafe for our MHF sites were completed in FY25.
- We continue on our programme to meet new Dam Safety Regulations that will be implemented later in 2025.
- FY25 also saw the continuance of several large development projects relating to wells/drilling, major hydro refurbishments, wind farm construction and geothermal turnarounds.

COMPLIANCE & REGULATORY

- Compliance with resource consents, along with key generation and retail regulations, is important for our continued ability to operate.
- Possible regulatory change and intervention continues to present a significant risk. We seek to influence outcomes to ensure that any intervention does not undermine the important balance between reliability, affordability and renewable sources of supply. This balance will be a key challenge as the energy sector transition progresses.
- In FY25, several regulatory processes have progressed (e.g. Fast Track Approvals Act, EA market rules and settings, MBIE Electricity Market Performance review, Energy Competition Task Force) that have the potential for significant impact on Mercury.
- The Energy Transition Framework is a key mechanism for the sector participants to collaborate on shared challenges and opportunities related to the energy transition.
- In FY25, regulators continued to take various actions to hold businesses accountable for regulatory breaches, demonstrating a clear willingness to be actively enforcing compliance.

REPUTATION

- Maintaining the trust of Mercury investors, iwi partners, customers, policy makers and the broader community is a key priority.
- Ensuring that our fuel resources, plants and systems don't have negative impacts on others is critical.
- The level and sophistication of cyber-attacks continue to increase globally. We continue to implement a comprehensive and multi-faceted security uplift programme to improve Mercury's security maturity across our IT, Operational Technology and Internet Service Provider (ISP) environments.
- We approach the introduction of AI into our organisation with the same risk assessment and management as we apply to all our critical operational elements. We know that AI has the potential to disrupt our business in ways which are novel, while also acknowledging AI's potential for improved efficiencies, process improvement, customer satisfaction and stakeholder engagement.

OPERATIONAL

- Operational risks have a potentially significant impact on our ability to generate electricity, provide telco and ISP services and create revenue.
- The key operational risks include; asset management and availability, fuel availability, market exposure, and business interruption events (such as natural disasters or global pandemics). Our two major operational risks continue to be the risk of a significant and extended plant outage (primarily baseload geothermal) and the risk of an extended drought (impacting on lake levels, water flows and plant operations/outages).
- During FY25 we saw significantly weaker inflows than expected into our hydro scheme and, although improving later in the year, this has impacted on our financial results. Over FY25, our geothermal plants maintained strong availability and generation, which has partially offset the impact of lower hydro storage.
- In managing operational risk, we continue to progress our programme of major hydro refurbishments and significant geothermal turnarounds.
- The energy transition is driving high demand for renewable technologies and skilled labour, creating several risks to Mercury ranging from supply chain constraints, construction delays, and rising costs. These pressures are intensified by geopolitical tensions, growing global competition, and New Zealand's market remoteness.

FINANCIAL

- Managing financial risk is crucial because it helps us safeguard our assets, earnings and overall financial stability in the face of unpredictable internal and external challenges.
- Key financial risks include: climate change impacts, appropriate insurance cover and our ability to execute on projects and new growth initiatives.
- A core element of financial risk is project failure risk. This risk revolves around our ability to successfully execute significant business initiatives and thereby maintain or deliver growing financial returns.
- Increased inflation, interest rates and supply chain costs can all impact us through increased funding costs and reduced profitability. If these factors remain elevated, they can also put future generation development and new business opportunities at risk.
- Mercury faces both supply-side and demand-side financial risks and opportunities as the energy transition increases demand for additional renewable energy. Through portfolio management, we actively control these opportunities and risks.

PEOPLE

- We continue our strategy to embrace adaptive learning and challenge mindsets to lift Mercury's productivity and performance and grow enterprise value. We are focussed on having an inclusive work environment where contributions and diverse perspectives are valued and all of our people can thrive.
- Attracting, developing and retaining capable, adaptable and high performing people who can successfully deliver our strategic priorities remains critical.
- We face the challenge of an ageing workforce in several key operational areas and attracting capability and talent to ensure succession also remains a key priority.
- We take aggressive behaviours to our frontline staff very seriously and have implemented a Wellbeing Programme targeting training in de-escalation, trauma-informed care and ongoing psychological support to deal with incidents, and support our people.

PULLING IT ALL TOGETHER

Our five aspiration categories, established in 2016, represent the key drivers of material value creation for our business. These align to the six capitals of the Integrated Reporting <IR> framework.

We use these categories to understand how different resources (input capitals) can either create or erode value. It also helps us take a holistic view of our business and understand the broader environment we operate in.

When thinking about materiality, we need to consider both what matters most to our business and what matters most to iwi/Māori and stakeholders. Together, these considerations help inform the framework for our long-term strategy and near-term business planning.

Reporting on what's important to us and our stakeholders also forms the basis of this Integrated Report.

REVIEWING OUR MATERIAL TOPICS

We continuously review our strategy against a broad context and keep up to date with changes. When we consider whether our most material topics have changed, we also evaluate how our approach needs to evolve to ensure we continue to create value.

The flowchart below outlines the process we have taken to determine our most material topics.

OUR MATERIAL TOPICS

Following careful consideration of the data points noted above, we have determined our material topics and grouped them by value drivers. These will be taken into account over the next financial year as we progress activity against our strategic priorities.

The materiality topics are largely unchanged from FY24. New topics are denoted in **bold.**

Materiality assessment		
<IR> Capitals	**Our FY35 aspiration areas**	**What's important to us and our stakeholders**
Natural Manufactured	Kaitiakitanga/Stewardship	Optimising our physical assets Improving the natural environment Resilience to climate change Leading on electrification
Social and Relationship	Kiritaki/Customer	Building trust Customer experience **and value** Customer loyalty Innovative services
	Kōtuitanga/Partnerships	Building trust, mana-enhancing practices Creating shared value **and holistic outcomes** Forming strong, long-term relationships Innovation **Career pathways**
Human Intellectual	Ngā Tāngata/People	Being a learning and adaptive organisation Health, safety and wellbeing Transparency Recognition
Financial	Arumoni/Commercial	Sustainable commercial growth Renewable generation development Operational excellence

CONTINUOUS APPROACH TO EVALUATING MATERIAL TOPICS

GATHER DATA

We consider data points including:

- Iwi and stakeholder perspectives (page 14)
- External environmental considerations (pages 8-12)
- Risk assessment insights (page 15)
- Any other factors

REVIEW MATERIAL TOPICS

We review our most material topics, grouped under our five long-term aspirations:

- Kaitiakitanga/Stewardship
- Kiritaki/Customer
- Kōtuitanga/Partnerships
- Ngā Tāngata/People
- Arumoni/Commercial

UPDATE MATERIAL TOPICS

Our material topics for FY25 are outlined above and are reflected in our strategic processes and the activity we undertake during the year.

CONTINUED ENGAGEMENT AND MONITORING

We continue to engage with iwi and stakeholders and monitor the internal and external environment.

HOW WE DELIVER VALUE

TE PĒWHEA O TĀ MĀTOU TUKU HIRA

In this section, we report on material activity from the past year which has supported us to reach our FY35 aspirations.
We reflect on our progress, share successes and how we have responded to challenges we have encountered.

PERFORMANCE SNAPSHOT

DELIVERING TO OUR FY35 ASPIRATIONS

1. KAITIAKITANGA STEWARDSHIP

+ KEY TOPICS
- Looking after our assets
- Reducing our emissions

– KEY RISK AREAS
- Safety and wellbeing
- Compliance and regulatory
- Reputation
- Operational
- Financial

CONNECTIONS WITH:

2. KIRITAKI CUSTOMER

+ KEY TOPICS
- Setting households up for the future
- Evolving our Commercial and Industrial offers
- Supporting an equitable energy transition

– KEY RISK AREAS
- Safety and wellbeing
- Compliance and regulatory
- Reputation

CONNECTIONS WITH:

3. KŌTUITANGA PARTNERSHIPS

+ KEY TOPICS
- Rebuilding confidence in the energy sector
- Working collectively for better outcomes
- Our partnership with Te Roroa at Kaiwaikawe

– KEY RISK AREAS
- Compliance and regulatory
- Reputation
- Operational
- Financial

CONNECTIONS WITH:

4. NGĀ TĀNGATA PEOPLE

+ KEY TOPICS
- Accelerating performance
- Growing our people
- Continuing to pursue Safety Citizenship
- Defining our identity and culture

– KEY RISK AREAS
- Safety and wellbeing
- Operational
- People

CONNECTIONS WITH:

5. ARUMONI COMMERCIAL

+ KEY TOPICS
- Progressing our generation prospects
- Revolutionising our management of the Waikato River Hydro System
- Generating geothermal electricity more efficiently and reliably

– KEY RISK AREAS
- Operational
- Financial
- Compliance and regulatory

CONNECTIONS WITH:

1. **KAITIAKITANGA** STEWARDSHIP

The Waikato Hydro System has been helping to keep New Zealand powered for almost 100 years. Our nine hydro stations on the Waikato River play a critical firming role in our electricity supply while our five geothermal power stations generate electricity 24/7, ensuring a constant supply regardless of the weather. We are investing heavily in projects that maintain, enhance and modernise our generation assets so they can continue to supply the country with power for many years to come.

LOOKING AFTER OUR ASSETS

Our investment programmes and campaigns aimed at ensuring the longevity of our hydro and geothermal activities have made significant progress.

We are in the final stages of completing the $90 million Karāpiro Hydro Station rehabilitation project, with 80% complete on the third and final generation unit. This is part of our ongoing programme to refurbish our nine hydro stations on the Waikato River.

The entire refurbishment programme will allow our hydro stations to generate more electricity from the same volume of water. It will also ensure each station can operate for another 50 years, with a mid-life refurbishment at 25 years, so the hydro system can reliably help meet the renewable energy demands of the country.

So far, we have completed upgrades or planned work on five hydro stations to enhance their resilience and performance. That includes the Karāpiro upgrade, which will provide an additional 32GWh annually. In the coming years, we are investing $550 million on planned upgrades at Maraetai 1, Ōhakuri and Ātiamuri hydro stations which are expected to increase capacity by 58MW and generation by 87GWh.

This significant long-term investment recognises the important role the Waikato Hydro System plays in delivering renewable energy for New Zealand. The nine hydro stations were constructed from 1924 to 1970, and they have helped to keep the country powered for many decades, and we're working to ensure that legacy continues.

About 47% of the electricity we produce is generated by the Waikato Hydro System, delivering around 10% of New Zealand's electricity, an average of 4140GWh each year.

Secondly, we are progressing business cases for enhancement projects at the Arapuni Hydro Dam and at the Taupō Control Gates.

At Arapuni, we have spent almost a year completing early works investigations, which will allow us to make improvements to the left abutment of the hydro dam.

The abutment needs new, long-term seepage controls, and a team of internationally recognised experts is being assembled to lead the work. We expect the main works to start in 2026 and take about 18-24 months to complete.

At Taupō, we completed erosion repair work on the banks of the Waikato River, up and down stream of the Control Gates during 2024-2025. We continue to engage with our partners and stakeholders on the future of the gates structure and expect to develop a list of options in 2026.

Thirdly, our geothermal drilling campaign has successfully delivered three new production wells and three new reinjection wells, representing a $147 million investment.

These new wells will be used to increase fuel supply for the expansion of our Ngā Tamariki Geothermal Station and to maintain supply for our Rotokawa and Kawerau stations. We have two additional wells to be drilled in 2026, taking total investment in this drilling campaign to $175 million.

REDUCING OUR EMISSIONS

Our Climate Action Plan represents our commitment to a low-emissions, climate-resilient future. It describes the measures and targets we have set, and the actions we are taking to reduce our greenhouse gas emissions from sources that are operationally controlled by us, such as geothermal generation, company vehicle fleet, backup generators, and other equipment.

Our Carbon Reduction Programme supports the Action Plan, by focussing on reducing geothermal emissions.

We have five geothermal power stations in the Central North Island; two use flash plant technology to generate energy while the other three use a binary system.

It's simpler to reduce emissions in a binary system, so our initial focus is on our three binary system stations; Rotokawa, Mōkai and Ngā Tamariki.

Heat exchanger being lifted into position at the Ngā Tamariki Geothermal Station expansion.

We started at Ngā Tamariki where we successfully trialled a method to reinject non-condensable gases (NCGs), which are mostly from carbon dioxide, back into geothermal reservoirs, rather than releasing the gas into the atmosphere.

Ngā Tamariki has four generation units and a fifth is expected to be commissioned in early 2026.

Since 2022, we have been reinjecting NCGs from the station's fourth unit which has reduced the station's emissions by up to 25%.

During this time, we monitored the effect NCG reinjection had on the reservoir and tested scenarios to ensure that it did not have an adverse impact on the reservoir and plant.

In 2025, we were able to reinject NCGs at various quantities across all four units at Ngā Tamariki. We are now moving to commission new reinjection pumps which will allow us to reinject NCGs at higher levels for longer periods. This could reduce the station's overall geothermal emissions by 80%.

We were the first in the industry to undertake NCG reinjection at a geothermal power station.

Our results at Ngā Tamariki show we have reinjected 41% of our carbon emissions from the station since 2021. It means we have avoided releasing 20,079 tonnes of carbon emissions into the atmosphere and in turn, offset about $1 million in Emissions Trading Scheme (ETS) costs.

In FY26, we plan to introduce the reinjection workstream to the fifth generation unit at Ngā Tamariki, to complete the $3.3 million reinjection programme.

We're also planning for reinjection capability at the two other binary system stations, Rotokawa and Mōkai.

And we continue to investigate options to reduce emissions at our flash system geothermal stations, Ngā Awa Pūrua and Kawerau.

2. **KIRITAKI** CUSTOMER

We are committed to helping our customers, both small and large, navigate the energy transition. This includes driving innovation and adoption of clean energy solutions, and supporting customers' unique and changing needs.

SETTING HOUSEHOLDS UP FOR THE FUTURE

We continue to focus on enabling our residential customers to play an active role in the energy transition by providing the platforms, solutions and information that enables them to shift consumption and lower their costs. This activity is also aimed at supporting efficient use of energy across the system.

We have built our smart energy management capability in recent years through several projects and trials, and investment in technology that enables us to undertake smart energy management in partnership with customers and network companies at scale.

In late FY25, we began the phased roll out of 'time-of-use' solutions, which have pricing that better reflects the underlying costs of electricity at particular times (for example, daytime versus nighttime). These solutions give customers greater control over their energy spend and encourage them to shift their energy use away from peak periods, which, in turn, helps manage load on the national grid. We intend to mature these solutions over time.

Meanwhile, we are working to scale our smart hot water control programme, following multiple successful trials. The programme involves switching cylinders' electricity supply off for short time periods, helping customers make savings. It also helps reduce pressure on the grid at peak times.

Another key area of focus is supporting our gas customers to make well-considered decisions about their energy future. We have established an information hub about the future of gas, including the challenges ahead and actions users may wish to take.

We also continue to progress opportunities to offer solutions that will enable customers to transition to electric alternatives, beginning with the addition of heat pumps to our popular Samsung YouChoose catalogue.

More broadly, we continue to focus on enhancing value for customers with a range of smarter propositions, benefits and service features. Our efforts were recognised when we were named Retailer of the Year at the 2024 New Zealand Energy Excellence Awards for our transformative integration of the Trustpower retail business (now complete) and responsive customer solutions portfolio.

EVOLVING OUR COMMERCIAL AND INDUSTRIAL OFFERS

We recognise it has been a challenging period for some industrials, including those coming off contracts who are juggling multiple cost pressures. We have taken action to support emerging needs, and intervene early where we identify a need. We are also supportive of measures to enable large industrial consumers to further participate in the electricity system.

We have seen increased appetite for longer-term electricity supply agreements, which we see as mutually beneficial during a transitional period in the wholesale market.

In addition to avoiding market volatility, longer-term agreements provide businesses certainty of cost and a guaranteed fuel source for the operations. They also give us confidence to continue investing and building more renewables for New Zealand.

Members of our Here to Help team.
Top: Jayne Mizen, Glenata Ikitule, Talisa Reynolds.
Bottom: Deshini Senanayake, Helen Taylor, Tricia Tautali-Ah-Sei.

In January, we commenced a 20-year contract with our now largest customer, New Zealand Aluminium Smelters. This long-term agreement is broadly equivalent to the annual output of the entire Kaiwera Downs Wind Farm (658GWh p.a.), a material contribution to the aggregate 5,000GWh p.a. of electricity needs for the smelter to produce low-carbon aluminium.

We are also focussed on helping businesses to electrify (where it makes sense), and participate in demand management – helping them achieve their climate change goals and supporting the supply and demand balance of the electricity system.

During the year, we signed a long-term agreement with Fonterra to support the electrification of their Edgecumbe and Waitoa operations. These supply agreements extend for ten years for each site, with Waitoa commencing from August this year and Edgecumbe from July 2026. This represents total demand of around 260GWh per year (about the size of a large wind farm) once the electrification of both sites is completed.

We were also pleased to sign a long-term agreement with Visy, a global leader in packaging, recycling and logistics. The agreement spans 10 and 20-year terms and will see Visy purchase approximately 115GWh p.a. of electricity for the first ten years before tapering down to about half of this amount in the last ten years.

SUPPORTING AN EQUITABLE ENERGY TRANSITION

We are focussed on ensuring electricity remains affordable and accessible for households, and are taking action across our business to support this. This includes intervening early and providing tailored support to households in need.

This is one of our biggest priorities, with cost increases, such as from critical investment in lines infrastructure, flowing through to consumers.

Our approach includes providing improved clarity (on pricing and consumption), control through choice (flexible plans and tools that help customers manage consumption and payments) and care. Our comprehensive customer care programme encompasses direct support and energy-saving education, delivering through partnerships and continuously increasing our knowledge and understanding of hardship.

We have had no post-pay disconnections for non-payment due to hardship this financial year, a significant benchmark of success for our customer care programme. This is a result of both changes to our internal processes and collaboration with community partners to deliver comprehensive, wraparound support for those in most need.

At the same time, we have worked with community to improve our onboarding process for customers with adverse credit to access post-pay plans. This includes ensuring the necessary budget and financial support is available to help customers stay on top of their energy costs.

Our work with community to deliver lasting customer care was a finalist for Community Initiative of the Year at the 2025 New Zealand Energy Excellence Awards.

Looking beyond our own customers, we deliver material value to social retailers, Nau Mai Rā and Toast Electric, to help them deliver on their goals of eliminating energy hardship. This included 61GWh volume sold to them over the period.

We also continue to support industry-wide consumer care action through the Electricity Retailers' and Generators' Association, and the Energy Transition Framework, which we cover in Kōtuitanga/Partnerships, and advocate for government support of targeted, comprehensive solutions.

3. KŌTUITANGA PARTNERSHIPS

Ngā Awa Pūrua Geothermal Station.

We continue to focus on creating success with others, including providing constructive contributions to New Zealand's energy future.

REBUILDING CONFIDENCE IN THE ENERGY SECTOR

We recognise confidence in the energy sector's ability to deliver on the transition was impacted by the energy shortage and subsequent high spot and wholesale prices in August 2024. We are working hard to rebuild confidence through solutions-focussed engagement with the sector, decision makers and the wider public.

For our largely renewable electricity system to deliver on the big opportunity – shifting our broader energy system to more renewables, the system needs to be secure and affordable to give others the confidence to switch to electricity. Our focus areas include:

- Working collaboratively to enhance security of supply for winter 2025 and beyond. We expand on this in the following section.
- Actively shaping and contributing to solutions for firming to support New Zealand's increasingly renewable electricity supply, including encouraging more flexibility.
- Actively shaping and contributing to solutions for affordability, including enduring arrangements to support social retailers, and exploring other targeted, out of market arrangements. More information about our own customer care programme is available in Kiritaki/Customer.

We know market and policy settings need to evolve for the transition and have actively participated in identifying the problems underpinning current transition challenges and potential solutions to these. This includes through sector groups such as the Energy Transition Framework, covered in the following section, and by supporting industry experts to provide independent perspectives.

We are currently awaiting the Government's Ministerial Review of electricity markets, anticipated before the end of the year.

In the meantime, we continue to actively engage on this and the Energy Competition Task Force, focussing on solutions that could help further strengthen performance of the electricity market.

We recognise considerable action is needed if New Zealand is to continue to have a secure and affordable energy supply as our system transforms. However, we believe some of the Task Force's proposals could have significant knock-on effects that undermine the wider system. This includes potentially greater costs for consumers and the delay of investment in new renewable generation. This is particularly true of the level playing field measures which would require generator-retailers to provide electricity contracts on effectively the same terms as internal transfers.

Resource management reform also continues to progress, and we are actively engaging on this as a critical enabler of the transition, supporting the scale and pace of investment required in electricity infrastructure.

Northland MP Grant McCallum, Mercury Chief Executive Stew Hamilton, Mercury Chair Scott St John, Minister for Energy Hon Simon Watts, Te Roroa General Manager Snow Tane and Pāmu Chief Investment Officer Andrew Sliper at the Kaiwaikawe groundbreaking ceremony in March.

WORKING COLLECTIVELY FOR BETTER OUTCOMES

We are proud to be a signatory of the Energy Transition Framework, which brings together 32 organisations working collectively to ensure New Zealand's energy system remains secure, affordable and supports a high-growth economy as it transforms.

Launched in April, the Framework represents the sector committing to collective action and transparency as the energy system undergoes significant change. Its members include industry participants across generation, retail, transmission and distribution companies. There are also independent consumer and advisory members.

The Framework will help the sector co-ordinate, share responsibility and act with urgency on the biggest priorities. The initial priority focus areas include affordability, energy and capacity mix, and electrification.

It is also working to publish and share information about the energy transition so New Zealanders can understand its progress.

Already the Framework has opened pan-sector discussions and helped design solutions to respond to the rapidly changing energy landscape. This has included a comprehensive review of the security of supply situation for 2025 and future years.

Separate to this, we are pleased to have signed agreements with Genesis and others to support the continued operation of the Huntly Power Station's Rankine Units and a strategic fuel reserve from 2026. This will help ensure we can continue powering New Zealand as we add more renewables to the system. The arrangements cover a term of up to 10 years out to 2035.

A range of other activity is underway to help deliver secure and affordable electricity. This includes significant sector investment in new renewable generation, which we are materially contributing to, as covered in Arumoni/Commercial.

OUR PARTNERSHIP WITH TE ROROA AT KAIWAIKAWE

Our relationships with iwi are based on shared values with a long-term focus on working together in a range of ways, whether it be commercial partnerships or to support educational, environmental or ecological outcomes.

We recognise and respect the intimate connection iwi have with natural resources, including those which support our business and New Zealand's transition to renewable energy.

This approach formed the base for the way we partnered with Te Iwi o Te Roroa in the development of the Kaiwaikawe Wind Farm in Northland.

The rohe of Te Roroa stretches along the north-west coast from the Hokianga to Tokatoka maunga in the Kaipara, Maunganui Bluff, Waipoua Forest and Kai Iwi Lakes. Kaiwaikawe Wind Farm sits within this rohe, on rural land north-west of Dargaville.

Underpinning this relationship is early and transparent engagement, and we worked with Te Roroa at the initial project planning stages. This included discussing the development with their management team and running information sessions with the wider iwi as the project progressed. Te Roroa undertook cultural and archaeological studies and reviewed environmental assessments. This resulted in a set of recommendations that were included in the project's plans.

The insight that Te Roroa has provided has been deeply valuable to the project team and we were honoured to have them lead a dawn site blessing in January to clear the pathway for work to begin. In March, Te Roroa iwi member Snow Tane led the whakatau to welcome everyone at our groundbreaking event to mark the official start of construction.

Te Roroa representatives were on site daily during our initial site preparation work to ensure any archaeological or cultural finds were appropriately identified and managed. Several historical finds associated with gum digging were identified and are in the process of being documented.

It has been important to establish a strong working relationship with Te Roroa and their people which enables the exercise of kaitaikitanga and the application of mātauranga Māori to protect the natural environment.

We have established a sustainability fund and educational grants to support the work Te Roroa is leading in this space as kaitiaki for the environment. The sustainability fund will resource projects and programmes of work that support Te Roroa's intergenerational planning and sustainability, while the grant will help advance education in environmental management for iwi members.

The iwi will continue to be involved with the wind farm as it is constructed. This includes growing native plant species to be used for mitigation projects involving wetland construction and enhancement through the wind farm site.

Te Roroa takes a long-term approach to its planning, initiatives and projects for the benefit of future generations. We hope to have a long and enduring relationship with Te Roroa and look forward to the opportunities to drive shared value that it may bring.

4. NGĀ TĀNGATA PEOPLE

Brodie Cook and Benjamin Whitaker-Roberts.

At the heart of our success is our people. We are committed to establishing a culture anchored on purpose and performance where everyone can thrive and contribute. We know that when our people feel a strong sense of purpose, they are better equipped to deliver exceptional outcomes for our customers, communities, and shareholders.

ACCELERATING PERFORMANCE

Mercury is in a significant phase of growth as we accelerate the supply of reliable, renewable and affordable energy for New Zealand. As noted elsewhere, it has been a challenging year with our performance impacted by low generation output principally due to prolonged dry conditions. We are mindful that this year has also been challenging for our customers and shareholders. As we balance the need to deliver our investment for the future with the need to deliver value for our customers and shareholders, we will continue to evolve how we operate to ensure that we can lift our performance.

Over the course of the year, we have simplified our organisational structure to provide clearer accountability, enable faster decision making and ensure that our people can focus on higher value work. We have also simplified our performance scorecard to align closely with our refreshed strategy and commenced a work programme to understand how we can better link pay for performance.

In parallel, we are supporting our people to build their capability and confidence to make use of AI tools so that they can be more productive. As we roll out new tools, we can see further opportunities for our business to both accelerate delivery and improve performance through the responsible use of AI. We are focussed on ensuring that AI is used across Mercury in a systematic way that encourages a 'test and learn' approach while also appropriately ensuring risk is managed responsibly.

GROWING OUR PEOPLE

We have undertaken multiple initiatives during the year to grow and support our people to deliver on what matters most.

Internal mobility remains a cornerstone of our talent strategy with over half of roles in FY25 filled by existing team members. This reflects our belief that more often our best performers can be found and grown from within our business by providing meaningful opportunities for development and investing in their training.

In the last year we refreshed our talent strategy and completed a thorough assessment of our current and future leadership capability needs resulting in a new leadership framework. In FY26, we will continue this focus by strengthening our talent system to ensure we are equipped for the future. This includes taking a cross-functional approach to how we identify, grow, and retain high-potential talent across the organisation.

We will continue to refine our recruitment and selection processes, striking the right balance between internal development and external hiring, and build a leadership pipeline that is responsive to the demands of a rapidly evolving market.

Developing our talent pipelines begins with nurturing early career talent and drawing on diverse backgrounds. We are proud of the strides we have made through apprentice and intern programmes and other partnerships.

Maraetai Hydro Station.

We are mindful these efforts are not yet showing up in our diversity numbers and further focus is required. One of the ways we are addressing this issue is by prioritising partnerships, internships and apprenticeships.

We hosted seven interns through our continued partnership with TupuToa, 15 engineering interns, two technology interns and one direct placement. We have also welcomed four new apprentices to our Generation team who are working towards an engineering qualification. These initiatives provide hands-on learning experiences, career development opportunities for participants and strengthens our workforce resilience and helps grow capability in the sector.

CONTINUING TO PURSUE SAFETY CITIZENSHIP

Safety is a core value that underpins our performance, culture, and care for people. In FY25, we continued to embed a safety citizenship mindset in which safety is a shared responsibility and an everyday practice across all levels of the organisation.

Our approach focuses on proactive leadership, structured routines, and real-time insights to strengthen safety performance and resilience. We are shifting from a compliance-based model to one that empowers individuals and teams to take ownership of safety outcomes. This is key as we continue to move into collaboration and towards our goal of safety citizenship in late 2026. These efforts are building a culture of trust, accountability, and continuous learning.

We also strengthened our assurance framework to ensure safety systems are effective in real-world conditions. This includes the integration of our critical risk programme which provides a structured view of risk exposure and control effectiveness, enhancing decision-making and system improvements with a focus on using real time data to test and verify controls.

We continue to lead in process safety management. We apply rigorous standards across all generation sites with a focus on understanding major accident risks, strengthening critical controls, and embedding safety into frontline operations. Our commitment extends to our contractors and partners.

During the year, we launched a targeted hazard identification programme to uplift awareness and responsiveness, supporting a safer, more mindful work environment.

As we move into FY26, we're launching a safety intelligence programme to uplift health, safety and wellbeing by building a shared safety language and aligning systems, symbols, and behaviours with day-to-day attitudes and actions. This programme includes the wellbeing initiative being piloted in the Customer Services team, with the aim to expand the programme across the rest of the business.

Together, these initiatives reflect our long-term commitment to building a high-performing, safety-focussed workforce. Safety citizenship is not just about systems—it is about our environment, people, and a culture where everyone plays a role in keeping each other safe.

DEFINING OUR IDENTITY AND CULTURE

During the year we made significant progress on an enterprise-wide programme to understand and shape our identity. Rooted in the idea of going beyond the surface, Project Tuakiri is about understanding who we are, where we have come from, and where we are headed.

We have identified three cultural enablers that are essential to unlocking our full potential. These will shape how and what we do, ensuring we deliver on our focus of being Better Today, Building Tomorrow and Brighter Together:

- One powerful team – We are a business made up of many people, parts and pasts. We back each other to grow together as one.
- Leading what matters – We take pride in being a trusted industry leader. Our success is New Zealand's success.
- Enriching relationships – Relationships are foundational. We have a responsibility to build healthy internal and external relationships based on mutual respect and trust.

A full launch of our identity statement is planned for early FY26.

At the same time, we continue to drive performance by cultivating a connected and inclusive culture. Recent feedback from our people, through our Employee Voice Survey in June, tells us that a strong sense of belonging is felt within teams - supported by approachable leaders, a growth mindset, and a commitment to innovation and shared learning. These are encouraging signs that our efforts to foster an adaptive culture, one where we are flexible and can adapt quickly to change, are having a positive impact.

As we look ahead, our focus will shift towards strengthening connections and collaboration across teams through alignment with our refreshed strategy. This next phase will be underpinned by continued investment in building the capability and performance of our people through initiatives such as a new leader Induction programme and people leader interactive webinar series.

5. **ARUMONI** COMMERCIAL

Kaiwera Downs Wind Farm.

We are reinvesting our earnings into new generation development in wind, geothermal, solar and our first Battery Energy Storage System (BESS). In tandem with this, we are developing modern tools and systems that will help us manage our generation assets more efficiently and enable us to deliver more reliable energy for New Zealand.

POWERING AHEAD ON GENERATION PROSPECTS

We have delivered three wind farm projects and reached Final Investment Decision on two others in the last five years, and plan to deliver 3.5TWh of new generation by 2030, to lift our total generation by about 40% per year.

Most of that lift will come from the three new generation projects currently under construction; the Kaiwaikawe Wind Farm in Northland, the Kaiwera Downs Wind Farm stage 2 in Southland and the Ngā Tamariki Geothermal Power Station expansion near Taupō.

Construction on Kaiwaikawe began in January 2025, with first generation planned for mid-2026 and full generation by the end of 2026. The 12-turbine wind farm will have an installed capacity of 77MW, and an average annual output of 221GWh.

The first of the new 36 turbines for Kaiwera Downs stage 2 are expected to arrive on site in early 2026. First generation is planned for mid-2026 and full generation by November that year. Stage 2 will have an installed capacity of 155MW, providing an average annual output of 525GWh.

We are entering the final stage of the two-year expansion project at Ngā Tamariki. The uplift will provide an additional 46MW, generating an average annual output of 390GWh.

The three projects combined will generate an annual average of 1136GWh, enough to power the equivalent of 142,000 average homes. It also represents a $993 million investment in new, renewable energy.

We see solar playing an important role in the energy transition. We're keeping our options open by using a mix of buying, building, and partnering to access low-cost solar solutions and to scale up as market conditions change.

We recently ran an Expression of Interest (EOI) process for a 100MW solar Power Purchase Agreement (PPA) and have shortlisted two projects for due diligence. We expect to investigate more options in solar development over the coming years.

Other projects in the pipeline include our 150MW Battery Energy Storage System (BESS) project at Whakamaru, which was granted resource consent in FY25. We expect to make a financial investment decision on the BESS in FY26.

We are also advancing stage 2 of our Mahinerangi Wind Farm project in Otago. Resource consent applications (variations to existing and new) are being prepared and will be submitted to the Fast-track Approvals Bill process in Q1 FY26.

Stage 2 has the potential to provide an additional 550GWh per year, and we expect to make a financial investment decision on this project in FY26 too.

Other options for development include the Waikokowai Wind Farm west of Huntly and the Puketoi Wind Farm near Pahiatua.

We're also in the early stages of evaluating new geothermal development options, which could add up to 5TWh of baseload generation to our pipeline for development beyond 2030.

REVOLUTIONISING OUR MANAGEMENT OF THE WAIKATO RIVER HYDRO SYSTEM

Hydropower forms the backbone of the country's renewable energy infrastructure. And we know that managing our nine hydro power stations on the Waikato River is crucial to ensuring we can optimise the natural resources of the awa and provide a reliable energy supply for New Zealand.

But we also know that it is a complex operation. That's why we have developed the Digital River, a decision management platform that enhances our energy generation operation of the Waikato Hydro System.

The Digital River leverages artificial intelligence to simulate, plan, and optimise critical decisions while effectively navigating the complexities of hydrology, operations, sustainability, and our strategic partnerships.

At its core, it simulates real-world scenarios and supports smarter, faster decision-making. Unlike traditional methods that relied heavily on experience and intuition, Digital River introduced a data-driven, collaborative platform.

It brings together hydro controllers, traders, engineers, and managers, enabling them to explore complex links and constraints across hydrology, operations, sustainability, and stakeholder needs.

The heart of the system is a hybrid optimisation algorithm, blending computer science with experience and expertise of the hydro sector. It powers a simulator capable of half-hourly hydrological modelling, generates multi-day operational plans in minutes, and even full-year forecasts in just hours.

These plans integrate real-time data, inflow and price forecasts, and engineering best practices.

Hydro controllers have been involved in the Digital River's development. This has ensured the tools are not only technically robust but also intuitive and practical, tools that people responsible for looking after the hydro system wanted to use.

The Digital River is now used across Mercury for everything from unit rehabilitation planning to stakeholder engagement and generation reviews. It allows us to not only enhance our hydro operations but also set a new standard for digital transformation in the energy sector.

The Digital River was a finalist for the Innovation in Energy Award at the 2025 New Zealand Energy Excellence Awards.

GENERATING GEOTHERMAL ELECTRICITY MORE EFFICIENTLY AND RELIABLY

Learning from our Digital River, we have been trialling a Geothermal Optimisation project at our Kawerau Geothermal Station, to develop advanced tools and models to improve how geothermal power stations operate. The goal is to generate more electricity, more efficiently and reliably.

It involves using live data and machine learning to make better decisions, such as adjusting control settings, like steam pressure, in real time to get the most power out of the system. It will also identify inefficiencies quickly and continuously recommend changes needed to optimise power output.

Real-time dashboards will help operators monitor performance and make adjustments, and an app can be used for simulations, forecasts, and historical analysis. It will also detect issues like faulty flow meters early by comparing different data sources. It will help avoid power loss or prevent the power station from operating outside safe limits.

Geothermal Optimisation will be an important development tool to help generate more electricity from the same amount of geothermal steam. It will equip our people to make informed choices quickly and will work as an early problem detector, preventing bigger issues by catching sensor errors or misreadings early.

The trial sets us up for wider applications of the project to our other geothermal sites in the future.

Kawerau Geothermal Station.

LOOKING AT THE NUMBERS

TITIRO KI NGĀ TATAU

This section explains how our integrated thinking, our decisions and actions play out in financial results. We provide commentary on our financial performance for the year to the end of June 2025 compared with prior years, as well as our auditor's report and our financial statements. Segment reporting has been set out so you can clearly see the financial dynamics of our generation operations as distinct from our retail operations.

CONTENTS

Ngā Tamariki Geothermal Station.

FINANCIAL COMMENTARY

Mercury's FY2025 EBITDAF of $786 million (down 10% from $877 million) reflects the lowest hydro generation in 10 years coinciding with high pricing and market volatility. This meant that Mercury moved from a net long to a net short position for the financial year which was only partially offset by higher customer yields.

OPERATIONAL ACTIVITY

Total generation volume for the year was 7,906GWh, down 874GWh or 10% on the prior year, mostly driven by lower hydro and wind generation. At 3,410GWh, Mercury's hydro generation was down 686GWh on the prior year's generation. This generation was the 4th lowest for the Waikato scheme since 1980, driven by 12th percentile inflows and a lower than average Lake Taupō starting level. Lake Taupō ended the year with storage above average by 169GWh. Wind generation was 1,936GWh, down 125GWh from prior year due to lower wind speeds. Geothermal generation of 2,559GWh was 63GWh lower than prior year due to planned outages.

The decreased generation meant that net position decreased from 362GWh long last year to 149GWh short for FY2025. In our customer business, we again saw lifts in customer yields across all customer segments. Yields in the commercial and industrial segment (physical and financial) increased by $13/MWh over the period. Average mass market yields also increased $6/MWh.

OPERATING EARNINGS (EBITDAF)

Mercury's EBITDAF of $786 million was down $91 million from the previous year.

Mercury's trading margin of $1,153 million was down $75 million from the previous year's trading margin, 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 costs and organisation change costs to enable future cost saving.

PROFIT FOR THE YEAR

Mercury's net profit after tax of $1 million was down by $289 million from the prior year, primarily due to the lower EBITDAF (decrease of $91 million), changes in unrealised gains/losses on unhedged financial instruments ($340 million), partially offset by the tax expense ($125 million favourable to prior year).

CAPITAL STRUCTURE AND DIVIDENDS

Net debt was $2,183 million 30 June 2025, an increase of $230 million from the prior year. The increase in net debt is attributable to growth CAPEX relating to construction of a fifth generating unit at Ngā Tamariki Geothermal Station, stage 2 of the Kaiwera Downs Wind Farm and the Kaiwaikawe Wind Farm.

Treasury stock of $15 million was re-issued through FY2025 in relation to Mercury's dividend reinvestment programme (DRP). The company's gearing level is calculated at 2.5 times debt/EBITDAF after adjusting for S&P Global treatment of Mercury's hybrid debt and provisions, at the middle of Mercury's target range of 2.0x to 3.0x debt/EBITDAF supporting our S&P Global credit rating of BBB+. At year end, Mercury had exhausted all treasury stock, had available debt headroom of $570 million net of short-term commercial paper on issue and held cash and cash equivalents of $86 million. This continues to provide balance sheet flexibility for growth over and above current commitments.

A fully imputed ordinary dividend of 14.4 cents per share (cps) final dividend has been declared. This brings the full-year ordinary dividend to 24.0 cps, up 3% on prior year (from 23.3 cents per share), marking our seventeenth consecutive year of ordinary dividend growth. The full year ordinary dividend payment is consistent with Mercury's dividend policy targeting a payout of 70% – 85% of free cash flows on average over time. Under the terms of Mercury's DRP, dated 22 February 2022, shareholders may elect to receive the dividend either wholly or partially by receiving Mercury ordinary shares in lieu of cash. The Board has determined that shares issued under the DRP in respect of the 2025 final ordinary dividend will be issued at a discount of 2.0% to the daily volume weighted average share price calculated in accordance with the DRP terms and conditions.

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash provided by operating activities represents cash flows from the sale of electricity, gas and telecommunications, along with the costs associated with their sale and the cash costs of interest and taxes. Cash flows from operating activities were down $129 million this year, driven by a decreased EBITDAF and higher income tax paid.

BALANCE SHEET

Total assets of the company increased by $163 million, due mainly to higher property, plant and equipment resulting from continued investment in generation development and an uplift in fair value of $323 million. Offsetting this is a reduction in receivables and derivative financial instruments as a result of lower forward electricity prices than June of the prior period.

Stay in business CAPEX was broadly consistent with the prior year, down $4 million at $138 million, with good progress made on the drilling campaign, which will continue into the next financial year. Growth CAPEX was up $193 million on the prior year to $347 million with the second stage of Kaiwera Downs Wind Farm continuing, with completion scheduled for late FY26; and Kaiwaikawe Wind Farm beginning construction, which is expected to be fully operational in the first half of FY27.

FINANCIAL TRACK RECORD

For the year ended 30 June ($ million)	2025	2024	2023	2022	2021
Income statement					
Trading margin	1,153	1,228	1,163	745	616
EBITDAF	786	877	841	581	463
Net profit for the year	1	290	112	469	141
Balance sheet					
Total shareholders' equity	4,903	4,849	4,863	4,752	4,186
Total assets	9,958	9,795	9,419	9,631	7,978
Total liabilities	5,055	4,946	4,556	4,879	3,792
Cash flow					
Operating cash flow	483	612	578	352	338
Investing cash flow	(437)	(366)	(271)	(534)	(296)
Financing cash flow	(4)	(277)	(297)	84	42
CAPEX					
Total CAPEX	485	296	296	1,420	250
Growth CAPEX	347	154	177	1,352	194
Stay-in-business CAPEX	138	142	119	68	56
Other financial measures					
Free cash flow	345	470	459	284	282
Ordinary and special declared dividends	337	325	302	275	231
Ordinary dividends per share (cents)	24.0	23.3	21.8	20.0	17.0
Basic and diluted earnings per share	0.07	20.85	8.11	34.32	10.36
Net debt	2,183	1,953	1,907	1,961	1,329
Gearing (net debt/net debt + equity, %)	30.8	28.7	28.2	29.2	24.1
Debt/EBITDAF	2.5	2.0	2.0	2.9	2.5
Operational measures					
Total recordable injury frequency rate (TRIFR)[1]	0.44	0.43	0.49	0.60	0.64
Sales to customers (FPW, GWh)	6,340	6,669	6,749	5,105	4,522
Electricity customers ('000)	578	576	590	574	328
Electricity generation (GWh)	7,906	8,780	9,038	7,499	6,205

[1] Per 200,000 hours; includes on-site employees and contractors.

Jahmeel Nowell.

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Independent auditor's report

To the shareholders of Mercury NZ limited

The Auditor-General is the auditor of Mercury NZ Limited and its subsidiaries (the Group). The Auditor-General has appointed me, Emma Winsloe, using the staff and resources of Ernst & Young, to carry out the audit of the consolidated financial statements of the Group on his behalf.

Opinion

We have audited the consolidated financial statements of the Group on pages 36 to 64, that comprise the consolidated balance sheet as at 30 June 2025, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for our opinion

We conducted our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Auditor-General's Auditing Standards, which incorporate Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) (PES 1)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In addition to the audit we have carried out engagements in the areas of interim financial statements review, agreed-upon procedures and other assurance engagements, which are compatible with those independence requirements. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. Other than the audit and these engagements, we have no relationship with or interests in Mercury NZ Limited or any of its subsidiaries.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Valuation of generation assets

Why significant

Generation assets are recorded at $7,973 million at 30 June 2025 as set out in note B1 of the consolidated financial statements. The generation assets represent approximately 80% of the Group's total assets.

The Group engages an external valuation specialist ("valuer") to estimate the fair value of generation assets using a discounted cash flow model. The most significant inputs used to estimate this value include the forecast wholesale electricity price path, generation volumes and the discount rate as described in note B1 of the consolidated financial statements.

The forecast wholesale electricity price path and discount rate assumptions are estimated by the Group's valuer. Forecast generation volumes are based on the Group's own forecast average generation volumes and are assessed by the valuer.

We consider the valuation of generation assets to be a key audit matter given the significance of the assets to the Group and because the inputs to the valuation models are inherently subjective

How our audit addressed the key audit matter

In obtaining sufficient appropriate audit evidence we:

- met with the valuer to understand the valuation methods adopted and the significant inputs and assumptions used by the valuer to estimate the fair value of the generation assets as at 30 June 2025;
- compared forecast generation volumes to historical generation volumes;
- involved our own valuation specialists to assess the appropriateness of:
  - the forecast wholesale electricity price path; and
  - the discount rate.
- assessed the competence, capabilities and objectivity of the valuer;
- assessed whether the valuation adjustments made to the recorded asset values were in accordance with the Group's accounting policy; and
- assessed the adequacy of the related financial statement disclosures in note B1.

As a result of the above procedures, we considered the valuation techniques and key assumptions reasonable in forming our opinion on the financial statements as a whole.

Valuation of level 3 derivative financial instruments

Why significant

The Group's activities expose it to certain risks which are managed using derivative financial instruments. At 30 June 2025, the fair value of derivative assets total $271 million and derivative liabilities total $598 million as set out in note F1 of the consolidated financial statements.

These balances include certain electricity price derivatives for which the valuation inputs are not readily observable in active primary or secondary markets and require the use of more complex valuation assumptions, including the Group's internal forecast wholesale electricity price path. Derivatives for which the valuation inputs are not readily observable are referred to as 'level 3' derivatives as disclosed in note F1 of the consolidated financial statements.

We consider the valuation of level 3 derivatives to be a key audit matter as the inputs to the valuation models are inherently subjective.

How our audit addressed the key audit matter

In obtaining sufficient appropriate audit evidence we:

- involved our valuation specialists to assess, on a sample basis, the models used to estimate the fair value of the level 3 derivatives as at 30 June 2025, including the appropriateness of:
  - the valuation methodologies; and
  - the key assumptions applied in the valuation models being:
    - the forecast wholesale electricity price path with reference to the generation asset valuation procedures detailed above; and
    - the discount rate.
- on a sample basis, agreed key contract terms, including contract start and maturity dates, expected volumes and electricity strike prices applied in the valuation models to the relevant contract.
- assessed the adequacy of the related financial statement disclosures in notes F1 and F2.

As a result of the above procedures, we considered the valuation techniques and key assumptions reasonable in forming our opinion on the financial statements as a whole.

Shape the future
with confidence

Other information

The Directors are responsible on behalf of the Group for the other information. The other information comprises the information included on pages 1 to 32 and 65 to 140, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibilities for the consolidated financial statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors' responsibilities arise from the Financial Markets Conduct Act 2013.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of shareholders taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Our responsibilities arise from the Public Audit Act 2001.

Emma Winsloe
Ernst & Young
On behalf of the Auditor-General

Auckland, New Zealand
19 August 2025

GROUP FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2025

	Note	2025 $M	2024 $M
Revenue	A1, A2	3,498	3,424
Expenses	A2	(2,917)	(2,704)
Depreciation and amortisation	B1, B2	(357)	(350)
Change in the fair value of financial instruments	F1	(148)	172
Change in the fair value of carbon units held for trading	C2	11	8
Share of profit/(loss) from associates and joint ventures	E1	13	(1)
Gain on disposal of carbon units		18	-
Interest income	D3	4	6
Interest expense	D3	(121)	(140)
Profit before tax		1	415
Tax expense	A3	-	(125)
Profit for the period attributable to owners of the parent		1	290
Basic and diluted earnings per share (cents)	D1	0.07	20.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2025

	Note	2025 $M	2024 $M
Profit for the period attributable to owners of the parent		1	290
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Change in asset revaluation reserve		323	138
Change in cash flow hedge reserve transferred to balance sheet		7	(2)
Share of movements in associates' and joint ventures' reserves	E1	(9)	(6)
Tax effect		(91)	(37)
Items that may be reclassified subsequently to profit or loss			
Change in cash flow hedge reserve		101	(180)
Tax effect		(23)	50
Other comprehensive income/(loss) for the period, net of taxation		308	(37)
Total comprehensive income for the period attributable to owners of the parent		309	253

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

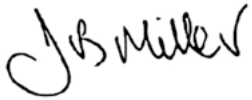
For the year ended 30 June 2025

	Note	2025 $M	2024 $M
SHAREHOLDERS' EQUITY			
Issued capital		416	378
Treasury shares	D1	-	(15)
Reserves		4,487	4,486
Total shareholders' equity		4,903	4,849
ASSETS			
Current assets			
Cash and cash equivalents		86	44
Trade and other receivables	C1	498	638
Contract assets and costs		33	35
Inventories	C2	126	120
Derivative financial instruments	F1	172	313
Total current assets		915	1,150
Non-current assets			
Property, plant and equipment	B1	8,715	8,222
Intangible assets	B2	102	132
Investment in and advances to associates and joint ventures	E1	95	69
Advances to joint operations	E2	4	4
Contract assets and costs		28	15
Derivative financial instruments	F1	99	203
Total non-current assets		9,043	8,645
Total assets		9,958	9,795

	Note	2025 $M	2024 $M
LIABILITIES			
Current liabilities			
Payables and accruals		377	462
Provisions	C3	-	3
Borrowings	D2	233	383
Derivative financial instruments	F1	234	371
Taxation payable	A3	8	73
Total current liabilities		852	1,292
Non-current liabilities			
Provisions	C3	89	82
Borrowings	D2	2,046	1,558
Derivative financial instruments	F1	364	296
Deferred tax	A3	1,704	1,718
Total non-current liabilities		4,203	3,654
Total liabilities		5,055	4,946
Net assets		4,903	4,849

The financial statements were authorised on behalf of the Mercury NZ Limited Board of Directors on 19 August 2025.

SCOTT ST JOHN
CHAIR OF THE BOARD OF DIRECTORS



JAMES MILLER
CHAIR OF THE AUDIT AND FINANCIAL RISK COMMITTEE

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

	Note	Issued capital $M	Retained earnings $M	Asset revaluation reserve $M	Cash flow hedge reserve $M	Other reserves $M	Total equity $M
BALANCE AS AT 1 JULY 2023		378	364	4,235	(80)	(34)	4,863
Movement in asset revaluation reserve, net of taxation		-	-	99	-	-	99
Movement in cash flow hedge reserve, net of taxation	F1	-	-	-	(130)	-	(130)
Share of movements in associates' and joint ventures' reserves	E1	-	-	-	(6)	-	(6)
Other comprehensive income/(loss)		-	-	99	(136)	-	(37)
Net profit for the period		-	290	-	-	-	290
Total comprehensive income for the year		-	290	-	(136)	-	253
Dividend	D1	-	(311)	-	-	-	(311)
Distribution of treasury shares for dividend reinvestment programme	D1	-	26	-	-	18	44
Balance as at 30 June 2024		378	369	4,334	(216)	(16)	4,849
BALANCE AS AT 1 JULY 2024		378	369	4,334	(216)	(16)	4,849
Movement in asset revaluation reserve, net of taxation		-	-	232	-	-	232
Movement in cash flow hedge reserve, net of taxation	F1	-	-	-	85	-	85
Share of movements in associates' and joint ventures' reserves	E1	-	-	-	(9)	-	(9)
Other comprehensive income/(loss)		-	-	232	76	-	308
Net profit for the period		-	1	-	-	-	1
Total comprehensive income for the year		-	1	232	76	-	309
Dividend	D1	-	(330)	-	-	-	(330)
Issuance of new shares for dividend reinvestment programme	D1	38	-	-	-	-	38
Distribution of treasury shares for dividend reinvestment programme	D1	-	20	-	-	15	35
Other movements		-	-	-	-	2	2
Balance as at 30 June 2025		416	60	4,566	(140)	1	4,903

The 'Other reserves' category includes treasury shares, the foreign currency translation reserve and the share based payment reserve.
The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2025

	Note	2025 $M	2024 $M
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,806	3,116
Payments to suppliers and related parties		(2,848)	(2,094)
Payments to employees		(169)	(165)
Interest received		4	6
Interest paid		(121)	(130)
Taxes paid		(189)	(121)
Net cash provided by operating activities	D5	483	612
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(437)	(295)
Payments for acquisition of intangibles		(30)	(39)
Payments for investments in associates and joint ventures		(31)	-
Proceeds from sale of intangibles		33	-
Distributions received from/(advances paid to) associates and joint ventures		9	4
Net (lodgements)/return of prudential deposits		19	(36)
Net cash used in investing activities		(437)	(366)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings*		3,085	2,332
Repayment of borrowings*		(2,816)	(2,328)
Principal repayment of lease liabilities		(17)	(13)
Dividends paid		(256)	(268)
Net cash used in financing activities		(4)	(277)
Net increase/(decrease) in cash and cash equivalents held		42	(31)
Cash and cash equivalents at the beginning of the period		44	75
Cash and cash equivalents at the end of the period		86	44
Cash and cash equivalents balance comprises:			
Cash held at bank at the end of the period		66	44
Term deposits held at the end of the period		20	-
Total cash and cash equivalents at the end of the period		86	44

The accompanying notes form an integral part of these financial statements.

* Refer to General Information.

Waipipi Wind Farm.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

GENERAL INFORMATION

General information

These consolidated financial statements ("Group financial statements") are for Mercury NZ Limited Group ("the Group"). The Group financial statements comprise Mercury NZ Limited ("the Company") as the parent, and its subsidiaries and its investments in associates and interests in joint arrangements.

The Company is incorporated in New Zealand and registered under the Companies Act 1993. It is listed on the NZX Main Board and on the ASX, with foreign exempt listed status. It also has bonds quoted on the NZX debt market. Mercury NZ Limited is an FMC reporting entity under the Financial Markets Conduct Act 2013.

The Company is a mixed ownership model company, majority owned by the New Zealand Government, and is bound by the requirements of the Public Finance Act 1989. The liabilities of the Group are not guaranteed in any way by the New Zealand Government or by any other shareholder.

Basis of preparation

The Group financial statements have been prepared:

- In accordance with the Financial Markets Conduct Act 2013 and Generally Accepted Accounting Practice in New Zealand ("GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and International Financial Reporting Standards ("IFRS") as appropriate for profit-oriented entities.
- On a historical cost basis, with the exception of certain fair value measurements.
- Using the same accounting policies for all reporting periods presented.
- With presentation in millions of New Zealand dollars, unless otherwise stated.
- Exclusive of GST, with the exception of payables and receivables that include GST invoiced.

Estimates and judgements

The preparation of financial statements requires judgements and estimates that impact the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The areas of significant estimates and judgements are as follows:

- Fair value of generation plant and equipment (refer note B1).
- Valuation of derivative financial instruments (refer note F1).

Comparative information - Consolidated Cash Flow Statement

The Group reviewed its disclosure of cash flows from financing activities. The disclosure of "Proceeds from borrowings" and "Repayment of borrowings" now includes gross cash flows for amounts drawn and repaid in the year relating to the Group's bank facilities and commercial papers. Cash flows for the year ended 30 June 2024 were also restated for comparability purposes, as these were previously disclosed on a net basis. The impact of the restatement on total cash flows from financing activities is nil.

Accounting standards, interpretations and amendments not yet effective

In May 2024, the External Reporting Board (XRB) introduced NZ IFRS 18 *Presentation and Disclosure in Financial Statements* (effective for reporting periods beginning on or after 1 January 2027). NZ IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures, and includes new requirements for the aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. This standard replaces NZ IAS 1 *Presentation of Financial Statements*. The Group has not yet assessed the impact of NZ IFRS 18.

Contracts Referencing Nature Dependent Electricity - *Amendments to NZ IFRS 9 and NZ IFRS 7* was issued in May 2025 by the XRB, effective for reporting periods beginning on or after 1 January 2026. These amendments introduce requirements addressing contracts referencing nature-dependent electricity. The amendments include clarifying the application of the 'own-use' requirements; permitting hedge accounting if these contracts are used as hedging instruments; and adding new disclosure requirements to enable investors to understand the effect of these contracts. The Group has not yet assessed the impact of these amendments.

There are no other accounting standards, that are not yet effective, that will have a material impact on the Group's financial statements.

Maraetai Hydro Station.

NOTE A1. REVENUE

Mercury earns revenue from the following sources:

Revenue stream	Description and revenue recognition
Electricity generation, net of hedging	Revenue is received from: • Electricity generated and sold through the New Zealand electricity spot market and physical power purchase agreements (PPAs). Revenue is recognised at the time of generation and at the spot price or contract price. • Net settlement of hedged energy contracts sold or bought on the futures market, and to generators, retailers and commercial and industrial customers and recognised at the time of hedge settlement.
Electricity and gas sales to customers	• Electricity and gas sales to customers are recognised when the energy is supplied for customer consumption. • Acquisition incentives such as credits and appliances are offered to new customers and treated as individual performance obligations and a portion of the expected revenue over the life of the total contract is allocated to the performance obligation based on their standalone selling price and recognised immediately. Corresponding contract assets are recognised on the balance sheet and amortised to the income statement over the contract period as the future consideration is billed. Incremental costs to obtain and retain customers are recognised on the balance sheet as contract costs and amortised to the income statement on a straight-line basis over the expected average mass market customer tenure.
Telco revenue	Customers consume mobile and broadband services which are measured and billed according to monthly billing cycles and are recognised when the service has been provided. Acquisition incentives are treated the same as above.
Other income	Income is received from: • Insurance proceeds. Income is recognised at the time the insurance proceeds are virtually certain to be received. • External management fees. Revenue is recognised at the time the services have been delivered. • Sale of emission units sold to third parties. The sale is recognised at the point in time that the emission unit is confirmed as being transferred into the acquirer's emission unit account.

NOTE A2. SEGMENT REPORTING

Identification of reportable segments

The operating segments are identified by management based on the nature of the products and services provided. Discrete financial information about each of these operating segments is reported to the Chief Executive, being the chief operating decision-maker, on a monthly basis, who assesses the performance of the operating segments on a measure of EBITDAF.

EBITDAF is a non-GAAP measure that is used internally to assess the operating performance of the Group without the impact of non-cash and one-off or infrequent transactions. Segment EBITDAF represents earnings before net interest expense, tax expense, depreciation, amortisation, unrealised change in the fair value of financial instruments, gain/(loss) on disposal and impairments by each segment inclusive of an allocation of central operating revenue and costs. Operating segments are aggregated into reportable segments only if they share similar economic characteristics.

The segment report includes a Derivatives category within the Electricity margin. This represents the settlement (realised gains or losses) of both hedged and unhedged electricity swaps, as well as premiums related to electricity options.

Realised gains or losses (settlements) on unhedged electricity swaps are reported within Electricity margin for the purposes of EBITDAF, but are reported within the change in fair value of financial instruments in the income statement. Realised gains or losses (settlements) on hedged electricity swaps and premiums on electricity options are reported within Electricity margin for the purposes of EBITDAF, and within revenue or expenses as appropriate in the income statement. Unrealised gains or losses on both hedged and unhedged electricity swaps are not included in EBITDAF and are reported in either change in fair value of financial instruments in the income statement or in other comprehensive income. A reconciliation of EBITDAF to profit before tax can be found in the summary table of the note.

Identified segments

Generation/Wholesale

The generation/wholesale market segment encompasses activity associated with electricity production, electricity trading and generation development activities and the Company's share of associates' earnings in TPC Holdings Limited (refer to note E1). It includes revenue from the sale of electricity, to both commercial and industrial customers and the customer segment, net settlement of energy hedges and sale of trading emissions units to third parties. It also includes transfer revenue from the customer segment to the generation/wholesale segment for the purchase of electricity.

Customer

The customer market segment encompasses activity associated with the sale of electricity, gas, telecommunication products and services and other related products and services to mass market customers in New Zealand.

Other

Represents corporate support services which are not directly attributable to the generation/wholesale or customer segments and the Company's share of associates' earnings in EnergySource LLC, EnergySource Minerals LLC and Forest Partners Limited Partnership (refer to note E1).

Inter-segment

Transactions between segments represent transfer charges by the generation/wholesale segment to the customer segment for the purchase of electricity.

NOTE A2. SEGMENT REPORTING CONT.

Segment results

Year ended 30 June 2025	Generation/ Wholesale $M	Customer $M	Other $M	Inter–segment $M	Total $M
Generation	1,418	-	-	-	1,418
Sales to customers	493	1,336	-	-	1,829
Inter-segment sales	638	-	-	(638)	-
Derivatives	114	-	-	-	114
Electricity purchases	(1,452)	(638)	-	638	(1,452)
Transmission and distribution	(134)	(543)	-	-	(677)
Metering	(4)	(61)	-	-	(65)
Electricity margin	1,073	94	-	-	1,167
Gas revenue	-	122	-	-	122
Gas purchases	-	(47)	-	-	(47)
Transmission and distribution	-	(43)	-	-	(43)
Metering	-	(10)	-	-	(10)
Gas margin	-	22	-	-	22
Telco revenue	-	187	-	-	187
Cost of sales	-	(131)	-	-	(131)
Telco margin	-	56	-	-	56
Other direct cost of sales	(44)	(48)	-	-	(92)
Trading margin	1,029	124	-	-	1,153
Other income	26	3	-	-	29
Employee compensation and benefits	(58)	(84)	(33)	-	(175)
Maintenance expenses	(74)	(22)	-	-	(96)
Other expenses	(48)	(38)	(39)	-	(125)
Allocation of corporate overheads	(38)	(34)	72	-	-
Total operating expenses	(218)	(178)	-	-	(396)
Segment EBITDAF	837	(51)	-	-	786

Segment results

Year ended 30 June 2024	Generation/ Wholesale $M	Customer $M	Other $M	Inter–segment $M	Total $M
Generation	1,435	-	-	-	1,435
Sales to customers	464	1,291	-	-	1,755
Inter-segment sales	615	-	-	(615)	-
Derivatives	84	-	-	-	84
Electricity purchases	(1,347)	(615)	-	615	(1,347)
Transmission and distribution	(136)	(500)	-	-	(636)
Metering	(5)	(60)	-	-	(65)
Electricity margin	1,110	116	-	-	1,226
Gas revenue	-	103	-	-	103
Gas purchases	-	(38)	-	-	(38)
Transmission and distribution	-	(39)	-	-	(39)
Metering	-	(8)	-	-	(8)
Gas margin	-	18	-	-	18
Telco revenue	-	170	-	-	170
Cost of sales	-	(121)	-	-	(121)
Telco margin	-	49	-	-	49
Other direct cost of sales	(28)	(37)	-	-	(65)
Trading margin	1,082	146	-	-	1,228
Other income	32	4	(2)	-	34
Employee compensation and benefits	(52)	(94)	(24)	-	(170)
Maintenance expenses	(67)	(20)	-	-	(87)
Other expenses	(51)	(49)	(28)	-	(128)
Allocation of corporate overheads	(23)	(29)	52	-	-
Total operating expenses	(193)	(192)	-	-	(385)
Segment EBITDAF	921	(42)	(2)	-	877

NOTE A2. SEGMENT REPORTING CONT.

Year ended 30 June 2025	Generation/ Wholesale $M	Customer $M	Other $M	Inter–segment $M	Total $M
Summary and reconciliation to net profit before tax					
Revenue	2,488	1,648	-	(638)	3,498
Expenses	(1,852)	(1,699)	-	638	(2,913)
Premiums for electricity options within derivatives	(4)	-	-	-	(4)
Realised gain/(loss) on unhedged electricity swaps	192	-	-	-	192
Share of profit/(loss) from associates and joint ventures	13	-	-	-	13
Segment EBITDAF	837	(51)	-	-	786
Gain on disposal of carbon units					18
Change in fair value of carbon units held for trading					11
Unrealised gain/(loss) on unhedged derivatives and hedge ineffectiveness through income statement					(340)
Interest income					4
Interest expense					(121)
Depreciation and amortisation					(357)
Profit before tax					1

Year ended 30 June 2024	Generation/ Wholesale $M	Customer $M	Other $M	Inter–segment $M	Total $M
Summary and reconciliation to net profit before tax					
Revenue	2,471	1,568	-	(615)	3,424
Expenses	(1,709)	(1,610)	-	615	(2,704)
Realised gain/(loss) on unhedged electricity swaps	158	-	-	-	158
Share of profit/(loss) from associates and joint ventures	1		(2)	-	(1)
Segment EBITDAF	921	(42)	(2)	-	877
Change in fair value of carbon units held for trading					8
Unrealised gain/(loss) on unhedged derivatives and hedge ineffectiveness through income statement					14
Interest income					6
Interest expense					(140)
Depreciation and amortisation					(350)
Profit before tax					415

Audit Fees

Mercury NZ Limited (the Company) is a public entity as defined in the Public Audit Act 2001. The Auditor-General is the auditor of every public entity. The Auditor-General has appointed Emma Winsloe of EY to carry out the audit on his behalf from 1 July 2023. NZX Listing Rules and Mercury's Audit Independence Policy requires that the signing partner performing the audit rotate every five years.

Audit fees	2025 $000	2024 $000
Audit of financial statements	867	756
Review of interim financial statements	83	80
Total audit or review of the financial statements	950	836
Audit of telecommunications development levy calculation schedule	6	6
Total audit related services	6	6
Limited assurance report: compliance with bond trust deed	3	3
Limited assurance report: climate-related disclosures and greenhouse gas emissions inventory	149	129
Total other assurance services	152	132
Agreed upon procedures for directors' compliance certificates	2	2
Total other services	2	2
Total fees paid to auditors	1,110	976

NOTE A3. TAXATION

	2025 $M	2024 $M
INCOME TAX		
Tax expense		
Profit before tax	1	415
Prima facie tax expense at 28% on the profit before tax	-	(116)
Adjusted for the tax effect of the following items:		
Share of associates' and joint ventures' tax paid earnings	1	(1)
Other differences	(1)	-
Removal of building depreciation	-	(8)
Tax expense attributable to profit	-	(125)
Represented by:		
Current tax expense	(128)	(152)
Deferred tax recognised in the income statement	128	27

The effective tax rate for the financial year, when not rounded in millions, is 21% (30 June 2024: 30%).

The income tax expense charged to the income statement includes both the current year's provision and the income tax effect of:

- taxable temporary differences, except those arising from initial recognition of goodwill; and
- deductible temporary differences to the extent that it is probable that they will be utilised.

The income tax charged to other comprehensive income relates to transactions or other events recognised outside of the income statement, including certain transactions relating to revaluation of assets and changes in cash flow hedge reserve.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax and accounting bases of the assets and liabilities. A deferred tax asset is only recognised to the extent that there will be future taxable profit to utilise the temporary difference.

Property, plant and equipment is held on capital account for income tax purposes. Where assets are revalued, with no similar adjustment to the tax base, a taxable temporary difference is created that is recognised in deferred tax.

OECD Global Anti-Base Erosion (GloBE) Pillar Two

The New Zealand Government has enacted legislation to implement the OECD Global Anti-Base Erosion (GloBE) Pillar Two rules which address the tax challenges arising from the digitalisation of the global economy. The Pillar Two rules seek to apply a 15% minimum tax across all jurisdictions in which the Group reports income.

The Group has applied a temporary mandatory relief from deferred tax accounting in respect of the Pillar Two rules and it will be accounted for as a current tax when it is incurred. An assessment of the Group's exposure to the Pillar Two legislation indicates that no top-up tax would have arisen for the Group using the most recent financial information for the Group. Therefore the Group has not recognised any current tax expense related to Pillar Two income taxes for the year ended 30 June 2025.

Movement in deferred tax

	Property, plant and equipment $M	Financial instruments $M	Employee entitlements $M	Other $M	Total $M
Asset/(liability) balance as at 1 July 2023	(1,756)	(29)	4	24	(1,757)
Charged/(credited) to the income statement	33	9	1	(8)	35
Charged/(credited) to other comprehensive income	(38)	50	-	-	12
Deferred tax associated with the removal of building depreciation	(8)	-	-	-	(8)
Asset/(liability) balance as at 30 June 2024	(1,769)	30	5	16	(1,718)
Asset/(liability) balance as at 1 July 2024	(1,769)	30	5	16	(1,718)
Charged/(credited) to the income statement	32	99	2	(5)	128
Charged/(credited) to other comprehensive income	(91)	(23)	-	-	(114)
Asset/(liability) balance as at 30 June 2025	(1,828)	106	7	11	(1,704)

NOTE B1. PROPERTY, PLANT AND EQUIPMENT

Year ended 30 June 2024	Generation assets at fair value $M	Other assets at cost $M	Right-of-use assets $M	Capital work in progress at cost $M	Total $M
Opening net book value	7,773	47	87	192	8,099
Additions	-	3	30	260	293
Transfers	164	11	-	(175)	-
Disposals	(1)	(1)	-	-	(2)
Gain on revaluation	137	-	-	-	137
Depreciation charge for the year	(276)	(15)	(14)	-	(305)
Closing net book value	7,797	45	103	277	8,222
Balance at 30 June 2024					
Cost or valuation	7,797	159	150	277	8,383
Accumulated depreciation	-	(114)	(47)	-	(161)
Closing net book value	7,797	45	103	277	8,222

Year ended 30 June 2025	Generation assets at fair value $M	Other assets at cost $M	Right-of-use assets $M	Capital work in progress at cost $M	Total $M
Opening net book value	7,797	45	103	277	8,222
Additions	2	3	22	465	492
Transfers	141	3	-	(144)	-
Disposals	(1)	-	(3)	-	(4)
Gain on revaluation	323	-	-	-	323
Depreciation charge for the year	(289)	(12)	(17)	-	(318)
Closing net book value	7,973	39	105	598	8,715
Balance at 30 June 2025					
Cost or valuation	7,973	165	169	598	8,905
Accumulated depreciation	-	(126)	(64)	-	(190)
Closing net book value	7,973	39	105	598	8,715

Assets carrying values

All assets, except generation plant and equipment, are recognised at cost less accumulated depreciation. Fixed assets, excluding land, are depreciated on a straight-line basis over their expected useful lives.

Generation plant and equipment is originally recognised at cost and subsequently measured at fair value less subsequent accumulated depreciation. An independent valuation is completed annually to determine the fair value of these assets. Any surplus on revaluation is recognised in the asset revaluation reserve, except where it offsets a previous decrease in value that was recognised in the income statement. Any accumulated depreciation or impairment recognised between revaluations is eliminated against the gross carrying amount of the asset at the date of the revaluation and the net amount is adjusted to the revaluated amount of the asset.

The Group's leases relate to properties, geothermal steam royalties, office equipment, and transmission equipment. These leases are recognised as a right-of-use asset and a corresponding liability. The initial value of the asset and liability represent the present value of all future lease payments. Lease payments are recorded as a repayment of the lease obligation and interest expense. Lease assets are depreciated on a straight-line basis over the term of the lease.

The most significant leases relate to office buildings in Auckland and Tauranga. The weighted average incremental borrowing rate applied to lease liabilities in 2025 was 5.62% (2024: 5.53%). The Group's lease interest was $7m (2024: $7m) and lease liability is disclosed in note D2.

As at 30 June 2025, the capital work in progress balance is largely made up of the following projects:

- The addition of a fifth generating unit at Ngā Tamariki Geothermal Station;
- Stage 2 of Kaiwera Downs Wind Farm;
- Kaiwaikawe Wind Farm;
- Karāpiro Hydro Station rehabilitation project (3rd unit);
- Geothermal drilling.

NOTE B1. PROPERTY, PLANT AND EQUIPMENT CONT.

Depreciation

Depreciation is calculated on a straight-line basis on all property, plant and equipment other than freehold land and capital work in progress, so as to write down the assets to their estimated residual value over their expected useful lives.

The annual depreciation rates are as follows:

	2025	2024
Office fixture and fittings, including fit-out	2-33%	2-33%
Generation assets	1-20%	1-20%
Computer hardware	5-33%	5-33%
Other plant and equipment	2-33%	2-33%
Vehicles	5-33%	5-33%
Right-of-use assets	2-50%	2-50%

Assets carried at fair value

All generation assets shown at valuation were revalued using a net present value methodology by PwC, an independent valuer, as at 30 June 2025. This resulted in increases of $190m, $87m and $46m to the carrying values of the geothermal, wind and hydro portfolios, respectively. As a consequence of the revaluation, accumulated depreciation on these generation assets has been reset to nil.

AREA OF KEY JUDGEMENT

Generation asset valuation

The key assumptions used in the valuation include the forecast of the future wholesale electricity price path, generation volumes, projected operational and capital expenditure and asset life assumptions and discount rates. In all cases there is an element of judgement required as valuations make use of unobservable inputs including wholesale electricity prices over time of between $89/MWh and $217/MWh (2024: $79/MWh and $192/MWh), average operational expenditure of $279m p.a. (2024: $256m p.a.), net average production volumes of 8,913GWh p.a. (2024: 9,015GWh p.a.), a post-tax discount rate of between 7.2% and 7.6% for wind assets backed by long-term Power Purchase Agreements (2024: 6.9% to 7.3%) and between 7.9% and 8.3% for other assets (2024: 7.8% to 8.2%). The valuation also assumes the on-going operation of large industrial customers, no material changes to the wholesale market regulatory regime, hydro and geothermal fuel supply being sustained over the modelled horizon and no material changes to generation consent conditions. The discounted cash flow valuation approach assumes 100% control and consequently a control premium should be applied if using an equity valuation technique to derive comparative asset values.

The risk type, time horizon, likelihood and materiality of potential climate change impacts were considered in the valuation. Only physical risks were considered relevant for the purposes of the valuation, however the expected financial impact of these risks fell within the valuation range.

Generation assets are classified as Level 3 in the fair value hierarchy due to the use of non-market observable inputs in the valuation. The following table outlines the valuation impact of changes to assumptions, keeping all other valuation inputs constant, that the valuation is most sensitive to.

	Sensitivity	Valuation impact	
		2025 $M	2024 $M
Future wholesale electricity price path	+/- 10%	$1,241/($1,238)	$1,125/($1,119)
Discount rate	+/- 0.5%	($555)/$646	($478)/$556
Operational expenditure	+/- 10%	($193)/$193	($189)/$189

The carrying amount of revalued generation assets, had they been recognised at cost, would have been $2,877m (2024: $2,783m).

NOTE B2. INTANGIBLE ASSETS

Year ended 30 June 2024	Intangible software $M	Acquired intangible assets $M	Rights $M	Carbon units $M	Work in progress $M	Total $M
Opening net book value	50	22	14	42	10	138
Additions	–	–	–	14	32	46
Transfers	25	–	–	–	(25)	–
Surrendered units	–	–	–	(7)	–	(7)
Amortisation for the year	(33)	(11)	(1)	–	–	(45)
Closing net book value	42	11	13	49	17	132
Balance at 30 June 2024						
Cost	233	46	34	49	17	379
Accumulated amortisation	(191)	(35)	(21)	-	-	(247)
Closing net book value	42	11	13	49	17	132
Year ended 30 June 2025						
Opening net book value	42	11	13	49	17	132
Additions	-	-	-	10	20	30
Transfers	13	-	-	-	(13)	-
Disposals	-	-	-	(16)	-	(16)
Surrendered units	-	-	-	(5)	-	(5)
Amortisation for the year	(27)	(11)	(1)	-	-	(39)
Closing net book value	28	-	12	38	24	102
Balance at 30 June 2025						
Cost	246	46	34	38	24	388
Accumulated amortisation	(218)	(46)	(22)	-	-	(286)
Closing net book value	28	-	12	38	24	102

Software
Acquired computer software licenses and internally developed software assets are recognised at cost and amortised over their estimated useful lives of 1 - 15 years (2024: 1 - 15 years).

Acquired intangible assets
As part of the acquisition of NOW in FY2023, the Group allocated part of the purchase price to the customer list acquired ($30m, assessed useful life of 2.5 years).

Rights
Rights, of which land access rights are the most significant, acquired to further the Group's generation development programme are stated at cost less accumulated amortisation and any accumulated impairment losses. Rights, which have a finite life, are amortised over the life of the rights, which range from 5 to 60 years (2024: 5 to 60 years).

Carbon units and emissions obligations
Purchased carbon units are recorded at cost (purchase price). At 30 June 2025, the Group held a total of 1,200,886 units within intangible assets (2024: 1,657,297 units). Carbon units, when allocated or purchased for purposes other than trading units, are recorded as intangible assets and are not revalued subsequent to initial recognition.

Carbon units that are surrendered to the government in compensation for the Group's emissions obligations are recognised as an expense in the income statement and a reduction to intangible assets in the balance sheet, based on the weighted average cost of the units surrendered.

Emissions obligations are recognised as a current liability as the obligation is incurred. Up to the level of units held, the liability is recorded at the carrying value of those units intended to settle the liability. Contracts for the purchase of carbon units are recognised when they are settled.

In 2025, the Group sold 522,650 units with an original cost of $16m, for a total of $33m (2024: nil).

NOTE C1. RECEIVABLES

	2025 $M	2024 $M
Receivables		
Trade receivables and revenue accruals	395	508
Allowance for credit loss	(9)	(6)
Net trade receivables and accruals	386	502
ASX prudential deposits	77	96
Prepayments	35	40
	498	638

Trade receivables are measured at amortised cost using the effective interest method. Customers are typically invoiced on a monthly basis. Large commercial and industrial customers are billed on a calendar month basis, while for most mass market customers billing occurs on a rolling cycle over the year. Revenue accruals for unbilled telecommunication services and unread gas and electricity meters at balance date involves an estimate of consumption for each unread meter based on past consumption history.

Generation revenue accruals are derived mostly from generation sales to the New Zealand wholesale market at the prevailing spot price at the grid injection point. Revenue is invoiced by the Wholesale Market Clearing Manager on a calendar month basis reflecting actual metered generation at the stations.

Trade receivables are non-interest bearing and are generally on 30 day terms for large commercial and industrial customers and mass market customers are on 18 day terms. For terms and conditions of related party receivables, refer to note E2.

The Group applies the simplified approach permitted under NZ IFRS 9 to measure expected credit losses (ECL) for trade receivables. This approach requires recognition of a lifetime ECL for all receivables, with the provision assessed at each reporting date. Trade receivables are grouped by ageing category and expected credit losses are calculated using historical credit loss experience, adjusted where necessary for forward-looking information and known customer-specific risks. Impairment losses are recognised in the income statement, with a corresponding loss allowance recognised on the balance sheet. No ECL is calculated on unbilled revenue accruals.

Prudential deposits act as security to cover mark-to-market movement in the ASX futures position.

The following tables detail the loss allowance at 30 June 2025:

		Not due	Less than 30 days past due	More than 30 days past due	More than 60 days past due	Total
Expected loss rate	%	0%	4%	13%	59%	
Gross carrying amount – trade receivables	$M	89	15	3	13	120
Expected credit loss	$M	-	1	-	8	9

	2025 $M	2024 $M
Movements in the allowance for impairment loss were as follows:		
Balance at beginning of the year	6	7
Charge for the year	7	3
Amounts written off	(4)	(4)
Balance at end of the year	9	6

NOTE C2. INVENTORIES

	2025 $M	2024 $M
Consumable stores	48	53
Carbon units – at fair value less cost to sell	78	67
Inventories	126	120

Carbon units – at fair value less cost to sell	2025 units 000	2025 value $M	2024 units 000	2024 value $M
Opening balance	1,229	67	954	40
Purchases	-	-	275	19
Sales	(5)	-	-	-
Revaluation movement	-	11	-	8
Closing balance	1,224	78	1,229	67

Cost of consumable stores is determined on a weighted average basis and includes expenditure incurred in acquiring consumable stores and bringing them to their final condition and location. Consumable stores include consumables held to service and repair operating plants and finished goods relating to the customer business.

Inventories also include carbon units (NZUs) which management has identified as held for trading. These are measured at fair value less cost to sell. When there is a change in fair value, the gain or loss on revaluation is recognised in the income statement. Fair value is calculated based on the CommTrade spot price at the valuation date. As a result, the units are classified as Level 1 in the fair value hierarchy.

NOTE C3. PROVISIONS

	2025 $M	2024 $M
Balance at the beginning of the year	85	84
Provisions made/(used) during the year	-	(3)
Discounting movement	4	4
Balance at the end of the year	89	85
Current	-	3
Non-current	89	82
	89	85

Provisions have been recognised for the abandonment and subsequent restoration of areas from which geothermal resources have been utilised. The provision is calculated based on the present value of management's best estimate of the expenditure required, and the likely timing of that expenditure. Changes in these estimates made during the year are reported as an increase in provisions and a reduction in revaluation reserves. The increase in provision resulting from the passage of time (the discount effect) is recognised as an interest expense. The provision will be utilised when the individual wells are abandoned. The wells are estimated to have an average useful life of 19 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

NOTE D1: SHARE CAPITAL AND DISTRIBUTION

As at 30 June 2025, the Company had 1,406,965,167 ordinary shares on issue (30 June 2024: 1,400,012,517). These shares are fully paid, do not have a par value, have equal voting rights and share equally in dividends and any surplus on winding up. The weighted average number of ordinary shares used in the earnings per share measure was 1,400,001,969 (2024: 1,390,795,153) reflecting the timing of the dividend reinvestment programme (DRP) and treasury share movements.

Treasury shares	2025 Number of shares (M)	2025 $M	2024 Number of shares (M)	2024 $M
Balance at the beginning of the period	6	15	13	34
Distribution of treasury shares for dividend reinvestment programme	(6)	(15)	(7)	(18)
Distribution of treasury shares for long-term incentive scheme	-	-	–	(1)
Balance at the end of the period	-	-	6	15

Treasury shares were distributed and fully exhausted during the financial year for the following purposes:

- A total of 66,793 treasury shares worth $171,393 were issued for management long-term incentive payments (30 June 2024: 375,302); and
- The DRP continued with the transfer of 5,889,992 treasury shares (30 June 2024: 6,887,550).

After the treasury shares were fully exhausted, the Group issued a further 6,952,650 new ordinary shares to provide the remaining number of shares to shareholders that elected to reinvest the net proceeds of cash dividends payable under the DRP.

Dividends declared and paid	Cents per share	2025 $M	2024 $M
Final dividend for 2023	13.1	-	182
Interim dividend for 2024	9.3	-	129
Final dividend for 2024	14.0	195	-
Interim dividend for 2025	9.6	135	-
		330	311

Dividends of $330m were declared during the year (2024: $311m), however only $256m was paid in cash to shareholders in 2025 (2024: $268m). The remainder relates to amounts reinvested under the DRP.

The imputation credit account was in a surplus balance at 31 March 2025, as legally required. At 30 June 2025, the imputation credit account had a surplus of $29m (2024: a deficit of $36m).

Earnings per share	2025	2024
Profit for the year attributable to owners of the parent ($M)	1	290
Weighted average ordinary shares	1,402	1,400
Less weighted average treasury shares	(2)	(9)
Weighted average ordinary shares for earnings per share (millions)	1,400	1,391
Basic and diluted earnings per share (cents)	0.07	20.85

Ngā Tamariki Geothermal Station.

NOTE D2. BORROWINGS

				2025 $M	2024 $M
	Borrowing currency denomination	Maturity	Coupon	Carrying amount	Carrying amount
Debt measured at amortised cost					
Bank facilities	NZD	Various	Floating	-	50
Commercial paper programme	NZD	< 3 months	Floating	129	307
Capital bonds – MCY020	NZD	Jul-2049	3.60%	-	302
Debt in fair value hedge relationships					
USPP - US$45m	USD	Dec-2025	4.60%	73	72
Green retail bonds - MCY040	NZD	Sep-2026	2.16%	197	186
Green retail bonds - MCY030	NZD	Sep-2027	1.56%	194	181
Green retail bonds - MCY060	NZD	Jun-2028	5.64%	160	157
Green wholesale bonds	AUD	Nov-2028	2.92%	206	197
Green wholesale bonds	NZD	Oct-2030	1.92%	138	127
Green wholesale bonds	AUD	Mar-2031	5.25%	444	-
Capital bonds - MCY050	NZD	May-2052	5.73%	256	248
Capital bonds - MCY070	NZD	Jul-2054	6.42%	368	-
Lease liabilities				125	121
Deferred financing costs				(11)	(7)
Total carrying value of loans				2,279	1,941
Current				233	383
Non-current				2,046	1,558
				2,279	1,941

Changes in borrowings from financing activities	2025 $M	2024 $M
Borrowings at the start of the year	1,941	1,898
Net cash borrowed/(repaid)	270	62
Cash paid on principal of lease liability	(18)	(13)
Cash financing costs capitalised to the balance sheet	(4)	-
Non-cash change in lease obligations	22	21
Non-cash change in fair value adjustment	66	(28)
Non-cash change in deferred financing costs	2	1
Borrowings at the end of the year	2,279	1,941

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Some borrowings are in fair value hedge relationships and have fair value adjustments to their carrying amounts, attributable to the risk being hedged through interest rate swaps (IRS) and cross currency IRS. Fair value is calculated using the discounted cash flow method, with applicable market yield curves adjusted for the Group's credit rating. Fair value adjustments as at 30 June 2025 totalled a $10m increase to carrying amount (30 June 2024: $56m decrease).

The Group is required to comply with certain financial covenants in respect of its borrowings. During the 2025 and 2024 financial years, the Group was in compliance with all of its financial covenants.

Current borrowings include all drawn bank facilities, borrowings with a contractual maturity of less than one year, accrued interest (2025: $19m, 2024: $10m) and current lease liabilities (2025: $13m, 2024: $16m). Undrawn borrowing facilities at 30 June 2025 totalled $570m, net of commercial paper on issue (2024: $340m).

Bank facilities

The Group has $700m of committed and unsecured bank loan facilities as at 30 June 2025 (30 June 2024: $700m).

Commercial paper programme

The Group has a $400m commercial paper programme which is fully backed by committed and undrawn bank facilities. Notes issued under the programme are short-term money market instruments, unsecured and unsubordinated and targeted at professional investors. The programme is rated A2 by S&P Global.

NOTE D2. BORROWINGS CONT.

Green bonds
The Group has $1,360m of green bonds (including accrued interest) as at 30 June 2025 (30 June 2024: $911m) . The green bond proceeds have been tracked in accordance with the Green Financing Framework.

USPP
The Group has $59m of United States Private Placement (USPP). The Group uses cross currency interest rate swaps (CCIRS) to manage foreign exchange and interest rate risks on the USPP notes. While the NZ dollar amount required to repay the USPP is fixed as a result of the CCIRS, the USPP is required to be translated to NZD at the spot rate at the reporting date. Any revaluation of the USPP as a result of this translation is offset by the change in the value of the CCIRS.

Deeds
The Group has entered into a Master Trust Deed and Supplementary Trust Deeds for all its NZD denominated Senior Fixed and Floating Rate Bonds, with The New Zealand Guardian Trust Company Limited acting as trustee for the holders. The Group has agreed, subject to certain exceptions, not to create or permit to exist a security interest over or affecting its assets to secure indebtedness, and to maintain certain financial covenants. There has been no breach of the terms of these deeds.

The Group has entered into a Negative Pledge Deed in favour of its bank financiers in which the Group has agreed, subject to certain exceptions, not to create or permit to exist a security interest over or affecting its assets to secure its indebtedness, and to maintain certain financial ratios in relation to the Group. These undertakings and covenants also apply to the USPP terms and conditions. There was no breach of the terms of this deed or the terms and conditions of the USPP.

Lease liabilities
The Group has entered into various lease contracts for the right to use land and buildings and office equipment and is also deemed to be a lessee of transmission equipment. The most significant leases relate to office buildings in Auckland and Tauranga. Lease payments of $24m were made in 2025, including lease interest expense of $7m (2024: payments of $19m, lease interest expense of $7m).

NOTE D3. NET INTEREST EXPENSE

Net interest expense	2025 $M	2024 $M
Interest expense on borrowings	124	135
Interest expense on lease liabilities	7	7
Unwind of discount on provisions	4	4
Less capitalised interest	(14)	(6)
Total interest expense	121	140
Interest income	(4)	(6)
Net interest expense	117	134

Interest costs related to the construction of new generation assets are capitalised. The average rate used to determine the amount of borrowing costs eligible for capitalisation as at 30 June 2025 was 5.33% (30 June 2024: 6.67%).

Turitea Wind Farm.

NOTE D4. COMMITMENTS AND CONTINGENCIES

	2025 $M	2024 $M
Within one year	545	263
One to five years	56	454
Later than five years	-	-
Capital commitments	601	717

Capital commitments

Capital commitments include purchases of both property, plant and equipment (PP&E) and intangibles. PP&E commitments include contracts for construction of Kaiwera Downs Stage II and Kaiwaikawe Wind Farms, contracts for construction of an additional geothermal OEC unit at Ngā Tamariki, and geothermal drilling campaigns at the Kawerau, Ngā Tamariki and Rotokawa fields. Intangible commitments are contracts to purchase New Zealand emissions trading scheme (NZ ETS) units. In the event the NZ ETS is terminated, the existing purchase agreements, which cover the two year period from the end of the reporting period, will also terminate.

Operating commitments

As part of its day-to-day operations, the Group enters various operating arrangements and commitments with third parties to support and enhance the Group's long-term licence to operate, provide access to land, and use of natural resources. These operating arrangements may be short-, medium-, or long-term in nature.

Contingencies

On 7 June 2021, the Kawerau geothermal power station experienced an unplanned outage as a result of a mechanical failure. An outage was completed in June 2023 to install replacement equipment. The Group received an initial payment of $26m recorded as income in 2022 and a second payment of $16m in the 2025 financial year which was recognised as income in the 2024 financial year. The Group considers it reasonably likely to receive additional insurance proceeds in the 2026 financial year once the total loss to the Group as a result of the incident has been confirmed. This will be recognised as revenue when it is virtually certain to be received.

The Group holds land and has interests in fresh water and geothermal resources that are subject to claims that have been brought against the Crown. The Group discloses these claims as contingent liabilities as the value, timing and likelihood of the claims being successful are all uncertain.

The Pouākani Claims Trust No 2 and a group of kaumātua have filed a claim in the Māori Land Court seeking a declaration that certain parts of the Waikato riverbed on which Mercury operates hydro assets are Māori customary land, including the riverbed beneath the Whakamaru, Maraetai I and II and Waipapa dams and the related power stations. The claim has been amended to include interests in the water flowing over the riverbed. Mercury holds the fee simple or beneficial title to those parts of the Waikato riverbed beneath the Whakamaru, Maraetai I and II and Waipapa dams and the related power stations, and has received advice that if the outcome of the claim adversely affects the Group's title to, or ability to access or operate its hydro assets, Mercury may bring a claim seeking compensation against the Crown. The claim is currently subject to a judicial review challenge to the Māori Land Court's decision to decline Mercury's application to strike out parts of the claim. The applicants have also filed a related claim in the Waitangi Tribunal under the Treaty of Waitangi Act 1975, but have not yet taken any further steps in relation to that claim.

A claim by the New Zealand Māori Council relating to fresh water and geothermal resources was lodged in 2012 with the Waitangi Tribunal. The inquiry was divided into three stages. In earlier stages, the Tribunal concluded that Māori have residual (but as yet undefined) proprietary rights in fresh water and geothermal resources, and it will be for the Government to determine how any such rights and interests may best be addressed. Stage three will consider law reform, including what Māori rights and interests in geothermal resources are guaranteed and protected by the Treaty of Waitangi, whether current law in respect of geothermal resources is consistent with the principles of the Treaty of Waitangi and, if not, what recommendations should be made for the reform of the current law.

Relatedly, individuals representing hapū affiliated with Ngāti Tūwharetoa have filed a claim in the Tribunal asserting customary interests in certain geothermal resources, including the Mōkai, Rotokawa and Kawerau geothermal fields. Similar claims asserting customary rights in the Rotokawa and Ngā Tamariki geothermal fields have now been filed in the Tribunal by entities associated with Ngāti Tahu- Ngāti Whāoa. The impact of these claims on the Group's operations, and consequently the amount of any claim or recourse the Group may have should that impact be adverse to the Group's interests, are unknown at this time.

From time to time the Group will issue letters of credit and guarantees to various suppliers in the normal course of business. However, there is no expectation that any outflow of resource relating to these letters of credit or guarantees will be required.

The Group has no other material contingent assets or liabilities.

NOTE D5. RECONCILIATION OF PROFIT TO OPERATING CASH FLOWS

	2025 $M	2024 $M
Profit for the year	1	290
Adjustments for non-cash movements:		
Depreciation and amortisation	357	350
Amortisation of contract assets and costs to profit or loss	50	42
Net (gain)/loss on sale of property, plant and equipment	(18)	-
Change in the unrealised fair value of financial instruments	340	(14)
Change in the fair value of carbon units held for trading	(11)	(8)
Movement in effect of discounting on long-term provisions	4	4
Share of earnings of associate and joint venture companies	(13)	1
Increase/(decrease) in deferred tax	(126)	37
Net cash provided by operating activities before change in assets and liabilities	584	702
Change in assets and liabilities during the year:		
(Increase)/decrease in trade and other receivables and prepayments	136	(199)
(Increase)/decrease in inventories	5	(21)
(Increase)/decrease in contract assets and costs, net of amortisation	(58)	(45)
Increase/(decrease) in trade payables and accruals	(120)	146
Increase/(decrease) in provision for tax	(64)	29
Net cash inflow from operating activities	483	612

NOTE E1. ASSOCIATES AND JOINT ARRANGEMENTS

The Group financial statements include the following:

			Interest held		
Name of entity	Principal activity	Type	2025	2024	Country
TPC Holdings Limited	Investment holding	Associate[1]	25.00%	25.00%	New Zealand
Rotokawa	Steamfield operation	Joint operation	64.80%	64.80%	New Zealand
Nga Awa Purua	Electricity generation	Joint operation	65.00%	65.00%	New Zealand
EnergySource LLC	Investment holding	Joint venture[1]	20.86%	20.86%	United States
EnergySource Minerals LLC	Mineral extraction	Joint venture[1]	11.37%	17.73%	United States
Forest Partners Limited Partnership	Forestry management	Associate[1]	10.00%	-	New Zealand

[1] Associates and joint ventures are equity accounted under NZ IAS 28 *Investments in Associates and Joint Ventures*.

In January 2025, the Group acquired a 10% interest in Forest Partners Limited Partnership (FPLP). The Group's ownership share in FPLP entitles it to appoint one member to the Advisory Committee with equal voting rights to all other members. The Group has determined that this results in significant influence over the financial and operational decisions of FPLP and has classified the investment as an associate under NZ IAS 28. The initial investment was measured at cost and subsequently accounted using the equity method in accordance with NZ IAS 28.

	Associates		Joint ventures	
	2025 $M	2024 $M	2025 $M	2024 $M
Balance at the beginning of the period	63	72	6	8
Additional investment during the year	31	-	-	-
Share of earnings/(losses)	13	1	-	(2)
Share of movement in other comprehensive income and reserves	(9)	(6)	-	-
Distributions received during the year	(9)	(4)	-	-
Balance at the end of the period	89	63	6	6

At the end of the year the Group had outstanding advances to its Rotokawa joint operation partner of $1m (2024: $3m) and its associate TPC Holdings Limited of $4m (2024: $4m). For terms and conditions of these related party receivables, refer to note E2.

NOTE E2. RELATED PARTY TRANSACTIONS

Majority shareholder

The majority shareholder of Mercury NZ Limited is the New Zealand Government. Transactions cover a variety of services including energy, postal, travel and tax with various other Government-owned entities.

Transactions with related parties

The Group entered into a number of contracts with other Crown-controlled entities to hedge against wholesale electricity price risk, the most significant being a contract for difference with Genesis Energy Limited for generation produced at the Waipipi Wind Farm.

Mercury NZ Limited also has investments in subsidiaries, associates and joint arrangements, all of which are considered related parties.

As these are consolidated financial statements, transactions between related parties within the Group have been eliminated. Consequently, only those transactions between entities which have some owners external to the Group have been reported below:

	Transaction value	
	2025 $M	2024 $M
Associates		
Management fees and service agreements received	22	26
Energy contract settlements (paid)/received	17	31
Joint operations		
Management fees and service fees received and paid	30	31
Energy contract settlements (paid)/received	(15)	12

An advance to TPC Holdings Limited of $4m (2024: $4m) is interest free and is repayable on demand subject to certain conditions being met.

The long-term advance to our Rotokawa joint operation partner of $1m (2024: $3m) carries a floating interest rate. Repayments under the advance are linked to the level of receipts under the geothermal energy supply agreement. There is no fixed repayment date; the agreement will terminate on receipt of any outstanding balances.

No related party balances have been written off, forgiven, or any impairment charge booked.

	Transaction value	
	2025 $000	2024 $000
Key management personnel compensation (paid and payable) comprised:		
Directors' fees	1,164	1,102
Benefits for the Chief Executive and Chief Financial Officer:		
Salary and other short-term benefits	4,271	3,211
Share-based payments	284	392
	5,719	4,705

The increase in salary and other short-term benefits compared with the prior period arises from the departures and new appointments of the Chief Executive and Chief Financial Officer during the year.

Other transactions with key management personnel

Key management personnel are those people with responsibility and authority for planning, directing and controlling the activities of the Group. Key management personnel for the Group are considered to be the Directors, the Chief Executive and the Chief Financial Officer. The table has been restated to align with the updated interpretation of Key Management Personnel.

Some Directors also provide directorship services to other third party entities.

The Chief Executive and the Chief Financial Officer provide directorship services to subsidiaries, associates and joint operations as part of their employment without receiving any additional remuneration.

The Group purchases directors and officers insurance for the benefit of key management personnel in relation to the services they provide to the Group.

NOTE F1. DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses a range of derivative contracts in order to manage risk and hedge against cash flow and fair value volatility. It is the Group's policy to apply hedge accounting to reduce volatility in profit or loss, and where possible, derivatives are designated into hedging relationships under NZ IFRS 9 *Financial Instruments* as either cash flow or fair value hedges.

The fair values of derivative financial instruments are summarised in the following table:

	2025 $M	2024 $M
CURRENT ASSETS		
Electricity price derivative	143	308
Interest rate derivative	9	4
Cross currency interest rate derivative	20	-
Foreign exchange derivative	-	1
	172	313
CURRENT LIABILITIES		
Electricity price derivative	197	327
Interest rate derivative	23	36
Cross currency interest rate derivative	5	8
Foreign exchange derivative	9	-
	234	371
NON-CURRENT ASSETS		
Electricity price derivative	83	183
Interest rate derivative	16	6
Cross currency interest rate derivative	-	14
	99	203
NON-CURRENT LIABILITIES		
Electricity price derivative	326	235
Interest rate derivative	35	54
Cross currency interest rate derivative	3	7
	364	296

Interest rate and cross currency interest rate derivatives

Interest rate and cross currency swaps are used to manage interest rate risks. Interest rate swaps where we pay-fixed, and receive-floating interest rates are designated as cash flow hedges in a relationship with a portion of floating rate debt exposure. Interest rate swaps where we receive-fixed, and pay-floating interest rates are designated as fair value hedges in a relationship with the swap rate on fixed rate bonds. Cross currency swaps are designated as both fair value and cash flow hedge relationships with the USPP and Australian denominated green wholesale bonds (refer note D2) depending on the component of the debt being hedged: the risk free (swap) rate as a fair value hedge; and the credit margin as a cash flow hedge.

Foreign exchange derivatives

Foreign exchange forward contracts are designated as cash flow hedges in a relationship with forecast purchases of inventory and capital equipment, mainly for maintenance and construction of generation assets.

Electricity contracts

Where possible, electricity price derivatives are designated as cash flow hedges in a relationship with forecast electricity sales and purchases. Exceptions are swaps and options used for trading (electricity futures, options and financial transmission rights) as well as other contracts that have been deemed not eligible for hedge accounting due to price reset mechanisms, termination options or variable volume structures (e.g. wind and solar power purchase agreements).

Change in fair value of financial instruments	2025 $M	2024 $M
Realised gain/(loss) on unhedged electricity swaps	192	158
Unrealised gain/(loss) on unhedged derivatives and hedge ineffectiveness through income statement	(340)	14
Change in fair value of derivative financial instruments per income statement	(148)	172

The unrealised changes in fair values of all financial instruments recognised in the income statement and other comprehensive income are summarised below:

	Income statement		Other comprehensive income	
	2025 $M	2024 $M	2025 $M	2024 $M
Interest rate and cross currency interest rate derivatives	2	(7)	(16)	2
Electricity price derivatives	(347)	(175)	127	211
Foreign exchange rate derivatives	-	-	(10)	(1)
Ineffectiveness of cash flow hedges recognised in the income statement	5	17	-	-
Total unrealised change in fair value of derivative financial instruments	(340)	(165)	101	212

NOTE F1. DERIVATIVE FINANCIAL INSTRUMENTS CONT.

Movement in cash flow hedge reserve on hedged unrealised gains/losses

	2025 $M	2024 $M
Opening balance	(217)	(80)
Effective portion of cash flow hedges recognised in the reserve	101	(180)
Amount transferred to balance sheet	7	(2)
Equity accounted share of associates' movement in other comprehensive income	(8)	(6)
Tax effect of movements	(23)	51
Closing balance	(140)	(217)

Unrealised gains and losses on hedged derivatives are recognised in the cash flow hedge reserve and other comprehensive income. When the gains or losses are realised, they are released from the cash flow hedge reserve to the balance sheet or profit and loss in line with the underlying hedged item.

Aratiatia Hydro Station.

NOTE F1. DERIVATIVE FINANCIAL INSTRUMENTS CONT.

AREA OF KEY JUDGEMENT

Fair value estimation

Valuation techniques
All fair value balances are assigned to a fair value hierarchy level as defined by NZ IFRS 13 *Fair Value Measurement*. No transfers occurred between hierarchy levels in the period ended 30 June 2025.

The following table provides a breakdown of the fair value of derivatives by the source of key valuation inputs:

30 June 2025	Quoted market price	Market observable inputs	Non-market observable inputs	Total
Valuation technique	Level 1 $M	Level 2 $M	Level 3 $M	$M
Financial assets				
Derivative instruments				
Electricity price derivatives	13	-	213	226
Interest rate derivatives	-	25	-	25
Cross currency interest rate derivatives	-	20	-	20
Foreign exchange rate derivatives	-	-	-	-
	13	45	213	271
Financial liabilities				
Derivative instruments				
Electricity price derivatives	97	-	426	523
Interest rate derivatives	-	58	-	58
Cross currency interest rate derivatives	-	8	-	8
Foreign exchange rate derivatives	-	9	-	9
	97	75	426	598
Net financial asset/(liability)	(84)	(30)	(213)	(327)

30 June 2024	Quoted market price	Market observable inputs	Non-market observable inputs	Total
Valuation technique	Level 1 $M	Level 2 $M	Level 3 $M	$M
Financial assets				
Derivative instruments				
Electricity price derivatives	36	–	455	491
Interest rate derivatives	–	10	–	10
Cross currency interest rate derivatives	–	14	–	14
Foreign exchange rate derivatives	–	1	–	1
	36	25	455	516
Financial liabilities				
Derivative instruments				
Electricity price derivatives	72	–	490	562
Interest rate derivatives	–	90	–	90
Cross currency interest rate derivatives	–	15	–	15
Foreign exchange rate derivatives	–	–	–	-
	72	105	490	667
Net financial asset/(liability)	(36)	(80)	(35)	(151)

NOTE F1. DERIVATIVE FINANCIAL INSTRUMENTS CONT.

Valuation of Level 1 financial instruments
Level 1 financial derivatives include ASX futures and financial transmission rights with fair values determined using quoted prices. These prices represent regularly occurring market transactions on an orderly basis.

Valuation of Level 2 financial instruments
The fair values of Level 2 derivatives are determined using discounted cash flow models. Listed below are the Level 2 derivatives and the key inputs to the valuation model.

Derivative	Valuation input
Cross Currency Interest Rate Swaps (CCIRS)	Forward interest rate price curve and foreign exchange rate curve
Interest rate swaps	Forward interest rate curve
Foreign exchange contract	Forward foreign exchange rate curves

Valuation of Level 3 financial instruments
The Group uses various methods in estimating the fair value of an electricity financial derivative. Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, there are two key inputs being used:

	2025	2024
Price path	$100/MWh to $182/MWh	$84/MWh to $221/MWh
Discount rate	12.10% to 3.2%	10.3% to 4.1%

The wide range in discount factors are driven by entering into longer term derivative contracts. Forward electricity spot prices in the front end of the curve in FY25 were lower, driven by futures prices, thus resulting in a lower maximum price of $182/MWh in FY25 compared to $221/MWh in FY24.

The selection of valuation inputs requires significant judgement, and therefore there is a range of reasonably possible assumptions in respect of these inputs that could be used in estimating the fair values of these derivatives. Maximum use is made of observable market data when selecting inputs and developing assumptions for the valuation technique.

Reconciliation of Level 3 unrealised fair value movements
The unrealised Level 3 fair value movements in the Group's Consolidated Income Statement are recognised within 'change in the fair value of financial instruments', along with realised gains/losses on financial instruments not in a hedging relationship.

	Financial instruments in a hedging relationship		Financial instruments not in a hedging relationship		Total	
	2025 $M	2024 $M	2025 $M	2024 $M	2025 $M	2025 $M
Opening balance sheet position	(271)	(78)	236	211	(35)	133
New contracts	(3)	(48)	3	(4)	-	(52)
Matured contracts	102	(12)	-	(6)	102	(18)
Gains, losses, and ineffectiveness					**-**	**-**
Through the income statement	8	(12)	(297)	35	(289)	23
Through other comprehensive income	9	(121)	-	-	9	(121)
Closing balance sheet position	(155)	(271)	(58)	236	(213)	(35)

Sensitivity of Level 3 fair value measurements
The Group uses unobservable inputs to measure the fair value of Level 3 electricity derivatives. These inputs are most sensitive to changes in electricity forward prices. These electricity price derivatives are in a net liability position on the balance sheet. The Group has a net exposure that, if there was an increase in the forward price, would likely result in an increase in fair value, and a decrease in the forward price would likely result in a decrease in fair value. Refer to note F2 for sensitivity analysis on all electricity derivatives.

	Impact on post tax profit	
	2025 $M	2024 $M
Electricity forward price increased by 10%	(73)	(28)
Electricity forward price decreased by 10%	67	23

NOTE F1. DERIVATIVE FINANCIAL INSTRUMENTS CONT.

Deferred 'inception' gains/(losses) on Level 3 derivatives

There is a presumption that, when derivative contracts are entered into at an arm's length basis, the fair value at inception is zero. The contract price of non exchange traded electricity derivative contracts are agreed on a bilateral basis, the pricing for which may differ from the prevailing derived market price curve for a variety of reasons. In these circumstances, an inception adjustment is made to bring the initial fair value of the contract to zero at inception.
This inception adjustment is amortised over the life of the contract by adjusting the future price path used to determine the fair value of the derivatives by a constant amount to return the initial fair value to zero.

The table below details the movements in inception value gains/(losses) included in the fair value of derivative financial assets and liabilities:

Electricity price derivatives	2025 $M	2024 $M
Opening deferred inception gains/(losses)	(1)	39
Deferred inception gains/(losses) on new hedges	4	(23)
Deferred inception (losses)/gains realised during the year	(20)	(17)
Closing inception gains/(losses)	(17)	(1)

NOTE F2. FINANCIAL RISK MANAGEMENT

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to proactively manage these risks with the aim of protecting shareholder wealth. Exposure to price, credit, foreign exchange, liquidity and interest rate risks arise in the normal course of the Group's business. The Group's principal financial instruments comprise cash, trade receivables and accruals (not prepayments), advances, payables and accruals, borrowings and derivative financial instruments.

(A) Market risk

Nature of risk exposure	Risk Management Policy
Electricity price The Group is exposed to movements in the spot price of electricity arising from the sale and purchase of electricity in the market.	The Group enters into electricity derivative contracts, including swaps, futures, options and PPAs that establish a fixed price at which future quantities of electricity are purchased and sold. The electricity contracts are periodically settled with any difference between the contract price and the electricity spot price settled between the parties. Cash flow hedge accounting is applied.
Foreign exchange The Group is exposed to foreign exchange risk as a result of transactions denominated in a currency other than the Group's functional currency. The currencies giving rise to this risk are primarily US Dollar, Japanese Yen, Euro, Yuan and AU Dollar.	The Group's policy is to enter into forward exchange contracts to hedge its committed foreign denominated expenditure programme.
Interest rate The Group has exposure to interest rate risk to the extent that it borrows for fixed terms at floating interest rates.	The Group uses mostly interest rate swaps and rarely interest rate options to manage this exposure.

NOTE F2. FINANCIAL RISK MANAGEMENT CONT.

Derivatives in designated hedging relationships

	Electricity		Foreign exchange		Interest rate	
	2025 $M	2024 $M	2025 $M	2024 $M	2025 $M	2024 $M
Notional amount	986	1,108	215	202	3,432	2,766
Maturity	1-9 years	1-10 years	0-1 year	0-1 year	0-15 years	0-10 years
Carrying amount – asset	44	76	-	1	45	24
Carrying amount – liability	(202)	(360)	(9)	-	(66)	(105)
Recognised in OCI	127	(171)	(6)	-	(16)	(9)
Ineffectiveness	7	(13)	-	-	(2)	(5)
Hedge Ratio	1:1	1:1	1:1	1:1	1:1	1:1

At inception, each hedge relationship is formalised in hedge documentation. Hedge accounting is discontinued when the hedge instrument expires or is terminated, exercised or no longer qualifies for hedge accounting. The Group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the amount and timing of respective cash flows, reference interest rates, currency, maturities and notional amounts. The Group assesses whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting the changes in cash flows of the hedged item using the hypothetical derivative method.

The Group's policy is to designate derivatives in hedge relationships on inception when their fair value is zero, applying a hedge ratio of 1:1. Hedge ineffectiveness for electricity derivatives arises when fair value movements in the hedged item are not fully offset by fair value movements in the hedging instrument. These differences can relate to locational price differences or price reset mechanisms.

For interest rate derivatives, the weighted average interest rate for cash flow hedges (receive floating, pay fixed rate) is 4.2% (2024: 4.0%) and for fair value hedges (pay floating, receive fixed rate) is 3.9% (2024: 3.4%).

Market risk sensitivity analysis

The following summarises the potential impact of increases or decreases in the relevant market risk exposures of the Group on profit (unhedged derivatives) and on other components of equity (hedged derivatives) from the change in the derivative valuation. The analysis does not take into account dynamic market response over time, which could be material. The electricity sensitivities disclosed below include Level 1 derivatives.

	Impact on profit		Impact on equity	
	2025 $M	2024 $M	2025 $M	2024 $M
Electricity forward price increased by 10%	(70)	(30)	(60)	(77)
Electricity forward price decreased by 10%	63	26	60	76
Forward foreign exchange rates increased by 10%	-	-	(14)	(12)
Forward foreign exchange rates decreased by 10%	-	-	17	17
Interest rates higher by 100 bps	(44)	(38)	19	11
Interest rates lower by 100 bps	46	40	(19)	(11)

(B) Credit risk

Nature of risk exposure	Risk Management Policy
The carrying amounts of financial assets recognised in the balance sheet best represent the Group's maximum exposure to credit risk at the reporting date without taking account of any collateral held by way of customer bonds.	The Group manages its exposure to credit risk under policies approved by the Board of Directors. The Group performs credit assessments on all electricity customers and normally requires a bond from commercial customers who have yet to establish a suitable credit history. In the event of a failure by a retailer to settle its obligations to the Energy Clearing House, following the exhaustion of its prudential security, a proportionate share of the shortfall will be assumed by all generator class market participants. The Group would be impacted in the event that this occurs. It is the Group's policy to only enter into derivative transactions with banks that it has signed an ISDA master agreement with, and which have a minimum long-term Moody's (or equivalent) credit rating of A- or higher.

NOTE F2. FINANCIAL RISK MANAGEMENT CONT.

(C) Liquidity risk

Nature of risk exposure	Risk Management Policy
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.	The Group manages its exposure to liquidity risk under policies approved by the Board of Directors. Policies require that prescribed headroom is available in undrawn and committed facilities to cover unplanned needs and that a limited amount of facilities mature over the immediate 12 month forward-looking period. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of various funding sources.

The following liquidity risk disclosures reflect all contractually fixed payoffs, repayments and interest from recognised non-derivative financial liabilities.

The timing of cash flows for non-derivative financial liabilities is based on the contractual terms of the underlying contract.

The information on contractual cash flows are presented on an undiscounted basis, consequently the totals will not reconcile with the amounts recognised in the balance sheet.

- Net settled derivatives include interest rate derivatives and electricity price derivatives.
- Gross settled derivatives relate to foreign exchange derivatives that are used to hedge future purchase commitments.
- Foreign exchange derivatives may be rolled on an instalment basis until the underlying transaction occurs. While the maturity of these derivatives are short-term the underlying expenditure is forecast to occur over different time periods.
- While the following tables give the impression of a liquidity shortfall, the analysis does not take into account expected future operating cash flows or committed and undrawn debt facilities that will provide additional liquidity support. The expectation of cash receipts in relation to derivative assets should also be considered when assessing the ability of the Group to meet its obligations.

30 June 2025	Less than 6 months $M	6 to 12 months $M	1 to 5 years $M	Later than 5 years $M	Total $M
Liquid financial assets					
Cash and cash equivalents	86	-	-	-	86
Receivables	498	-	-	-	498
Non derivative financial liabilities					
Payables and accruals	(377)	-	-	-	(377)
Borrowings	(233)	(44)	(1,051)	(2,231)	(3,559)
Lease liabilities	(12)	(12)	(79)	(86)	(189)
Derivative financial liabilities					
Derivative liabilities – net settled					
Electricity price derivatives	(85)	(124)	(346)	(114)	(669)
Interest rate derivatives	(11)	(12)	(36)	(3)	(62)
Cross currency interest rate derivatives	(2)	(1)	-	-	(3)
Derivative liabilities - gross settled					
Foreign exchange derivatives inflows	207	-	-	-	207
Foreign exchange derivatives outflows	(215)	-	-	-	(215)
Net outflows	(144)	(193)	(1,512)	(2,434)	(4,283)

NOTE F2. FINANCIAL RISK MANAGEMENT CONT.

30 June 2024	Less than 6 months $M	6 to 12 months $M	1 to 5 years $M	Later than 5 years $M	Total $M
Liquid financial assets					
Cash and cash equivalents	44	-	-	-	44
Receivables	638	-	-	-	638
Non derivative financial liabilities					
Payables and accruals	(462)	-	-	-	(462)
Borrowings	(341)	(33)	(1,041)	(1,794)	(3,209)
Lease liabilities	(11)	(11)	(74)	(56)	(152)
Derivative financial liabilities					
Derivative liabilities - net settled					
Electricity price derivatives	(166)	(147)	(343)	39	(616)
Interest rate derivatives	(19)	(14)	(54)	(8)	(94)
Cross currency interest rate derivatives	(4)	(4)	(6)	-	(13)
Derivative liabilities - gross settled					
Foreign exchange derivatives inflows	202	-	-	-	202
Foreign exchange derivatives outflows	(202)	-	-	-	(202)
Net outflows	(320)	(208)	(1,517)	(1,819)	(3,865)

(D) Capital risk management

The Board policy is to maintain a sustainable financial structure for the Group, recognising Mercury's targeted long-term credit rating of BBB+ assigned by S&P Global and the risks from predicted short- and medium-term economic, market and hydrological conditions along with estimated financial performance. Capital is managed to provide sufficient funds to undertake required asset reinvestment as well as to finance new generation development projects and other growth opportunities to increase shareholder value at a rate similar to comparable private sector companies.

Consistent with other companies in the industry, the Group uses the gearing ratio as one of its metrics to monitor capital. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (both current and non-current) less cash. Total capital is calculated as shareholders' equity plus net debt.

The gearing ratio is calculated below:

	2025 $M	2024 $M
Borrowings at carrying value	2,279	1,941
Add back: fair value adjustments	(10)	56
Less cash and cash equivalents	(86)	(44)
Net debt	2,183	1,953
Total equity	4,903	4,849
Total capital	7,086	6,802
Gearing ratio	30.8%	28.7%

Under the Negative Pledge Deed in favour of its bank financiers the Group must, in addition to not exceeding its maximum gearing ratio, exceed minimum interest cover ratios and a minimum shareholder equity threshold.

The Group seeks to maintain a debt to EBITDAF ratio of between 2.0 and 3.0 times, on average through time, to maintain credit metrics sufficient to support its credit rating on an on-going basis. For the purpose of calculating this ratio and consistent with the rating agency treatment, adjustments are made to net debt and EBITDAF based on the definitions provided by the rating agency. For the year ended 30 June 2025, the Group had a debt to EBITDAF ratio of 2.5 times (2024: 2.0 times).

NOTE G1. SHARE-BASED PAYMENTS

Long-term incentive plan

The Group operates an equity-settled share based long-term incentive (LTI) plan for senior management. The plan is designed to enhance the alignment between shareholders and those senior managers most able to influence the performance of the Group.

Under the plan senior managers are granted the shares at nil cost if certain market performance conditions are met. Performance is measured against a combination of: (i) other electricity generators who are listed on the NZX; and (ii) out-performance against the Group's internal return on capital hurdles.

Each LTI plan represents the grant of in-substance nil-price options to senior managers. The cost of the share-based payment is recognised over the period in which the performance or service conditions are fulfilled. The total amount expensed is based on the Group's best estimate of the number of equity instruments that will ultimately vest, taking into consideration the likelihood that service conditions will be met, multiplied by the initial fair value of each share. Performance is measured over a three-year period, with vesting occurring in July following the performance period.

For the FY23–FY25 grant, performance was assessed at 30 June 2025 as 0%, and testing completed in July 2025 confirmed that performance conditions were not met. Accordingly, no shares will vest for this tranche. In accordance with NZ IFRS 2 *Share Based Payments*, the cumulative expense recognised for this tranche remains in equity, and no further expense will be recognised in future periods.

During the year the Group expensed $637,518 in relation to equity-settled share based payment transactions (2024: $779,312).

Movements in the number of share options are as follows:

	2025	2024
Balance at the beginning of the year	827,556	930,241
Options granted	207,091	255,843
Options forfeited	(413,552)	-
Options exercised	(241,339)	(358,528)
Balance at the end of the year	379,756	827,556

No options were exercisable at the end of the year (2024: 241,339) with the remaining options under the plan having a weighted average life of 1.5 years (2024: 1 year).

NOTE G2. SUBSEQUENT EVENTS AND OTHER MATTERS

The Board of Directors has approved a fully imputed final dividend of 14.4 cents per share to be paid on 30 September 2025. The Group plans to continue with its dividend reinvestment programme, with a strike price to be determined by the average of daily volume weighted average sale price for a share, calculated on all price setting trades of shares that took place through the NZX Main Board over a period of five trading days starting on 8 September 2025, less a 2% discount.

There are no other material events subsequent to balance date that would affect the fair presentation of these financial statements.

Waipipi Wind Farm.

CLIMATE STATEMENT 2025

TE TAUĀKI ĀHUARANGI

In this section we cover how we consider climate change, across our strategy, risk management, and metric and targets, and how our governance bodies oversee and manage the associated climate-related risks and opportunities.

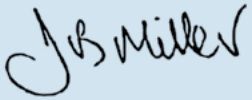
CONTENTS

MERCURY AND CLIMATE CHANGE

Mercury NZ Limited is a Climate Reporting Entity under the Financial Markets Conduct Act 2013. This Climate Statement has been prepared in compliance with the Aotearoa New Zealand Climate Standards (NZ CS) and is for the 2025 Financial Year.

FY25 Climate Statement

SCOTT ST JOHN
CHAIR



JAMES MILLER
CHAIR, AUDIT AND FINANCIAL RISK COMMITTEE

19 AUGUST 2025

IMPORTANT INFORMATION FOR READERS

Mercury has used best efforts in the preparation of this Climate-Related Disclosure to provide accurate information as at 19 August 2025 but cautions reliance being placed on representations that are necessarily subject to significant risks, uncertainties or assumptions.

This Climate-Related Disclosure contains forward looking statements, including climate-related metrics, climate scenarios, estimated climate projections, targets, assumptions, forecasts and statements of Mercury's future intentions. These statements necessarily involve assumptions, forecasts and projections about Mercury's present and future strategies and the environment in which Mercury will operate in the future, which are inherently uncertain and subject to limitations, particularly as to inputs, available data and information which is likely to change. Mercury has used its best efforts to provide a reasonable basis for forward looking statements but is constrained by the novel and developing nature of this subject matter. Climate-related forward-looking statements may therefore be less reliable than other statements Mercury may make in its annual reporting.

Descriptions of the qualitative and quantitative current and anticipated financial and other impacts of climate change draw on and/or represent estimated figures only. In particular, the risks and opportunities described in this report, and the forecast emissions reductions, may not eventuate or may be more or less significant than anticipated. There are many factors that could cause Mercury's actual results, performance or achievement of climate-related metrics (including targets) to differ materially from that described, including climatic, government, consumer, and market factors outside of Mercury's control.

Nothing in this Climate-Related Disclosure should be interpreted as capital growth, earnings or any other legal, financial tax or other advice or guidance.

INTRODUCTION

OUR PURPOSE

Tiakina te anamata, mā te tūhono i ngā tāngata me ngā wāhi o te inamata.

Taking care of tomorrow: connecting people and place today.

This Climate Statement outlines how we're delivering on our purpose in the face of climate change, by identifying and responding to climate-related risks and opportunities (CRROs) across our business.

We see ourselves as a key enabler of the transition to a low-carbon future. Climate change is integrated into our purpose and strategy, influencing our investment decisions, risk management, and the way we work with our customers, partners, and other stakeholders. The transition requires a transformation of the energy system, and we are playing a leading role in building that future through our renewable generation pipeline, demand-side innovation, and partnerships.

Since our 2024 Climate Statement, the environment that we operate within has evolved. There is growing evidence that the world has already surpassed a 1.5°C future, with significant changes required at pace to bring activity in line with this future. We are also seeing rapid growth in artificial intelligence, with opportunities across our business as we understand the potential requirement for more electricity and explore opportunities to improve our operations. The regulatory and policy landscape is also changing, with increased focus on ensuring that security of supply and access to affordable energy is maintained while the sector navigates the transition to a low-carbon future.

As we transition to a low carbon future and introduce more renewables into the broader New Zealand energy system, we are conscious that electricity supply needs to stay reliable and affordable. In the near-term, our energy system faces challenges to security of supply, including a shortage in domestic natural gas and a risk of prolonged dry weather leading to lower hydro lake levels. This means that thermal fuel, such as coal, is likely to continue to play a supporting role to ensure the security of the broader energy system in the near-term, particularly in those dry years when our hydro lakes are low.

While the energy Mercury's generation assets produce is from 100% renewable sources, we may from time-to-time support system-wide initiatives to ensure security and resilience of supply from a range of sources which may include non-renewable sources. To play our part in supporting the broader New Zealand energy system security and affordability, we have signed agreements with Genesis and others to support the continued operation of the Huntly Power Station's Rankine Units and establishment of a strategic fuel reserve from 2026. Solutions like these, and others, will enable New Zealand to transition to a low-carbon future in a more confident and affordable way.

We are also focussed on ensuring that our business is resilient and successful through the transition. This means actively identifying and managing the climate-related risks we face, while pursuing the opportunities that the energy transition unlocks.

This Climate Statement outlines our approach across strategy, risk, governance, and metrics, in line with the Aotearoa New Zealand Climate Standards, and reflects our evolving understanding of climate change on our business.

SUMMARY OF KEY POINTS

Key changes since our FY24 climate statement

- We have reordered our Climate Statement to improve the flow of information.
- We introduced a new Purple scenario (replacing our previous Blue scenario), reflecting a decarbonising world that is geopolitically fragmented, undergoing rapid technological advancement, and rising inequality.
- We expanded our scope 3 emissions reporting to include capital goods, purchased goods and services, and investments.
- We progressed quantifying the financial impact of our CRROs, including initial estimates and assessment methodologies.

Our scenarios have four different pathways

- Teal where global temperature increase is limited to 1.5°C (after an overshoot to 1.6°C).
- Purple where global temperature increase is limited to 2.5°C.
- Amber where global temperature increase is limited to 3°C.
- Maroon where global temperature increase is greater than 3°C.

Based on these scenarios

- We identified material CRROs that could affect our business and captured our view of material climate-related current impacts to us.

Our material climate-related risks are those arising from

- Greater variability in weather patterns (including more frequent high inflow events and droughts) that reduces hydro generation flexibility and profitability and heightens trading risk.
- Growing intensity of atmospheric conditions (including storm events) that cause asset damage.
- Market and policy settings failing to balance the energy trilemma as we transition to a low-carbon future.
- Global decarbonisation causing supply chain and labour constraints delaying development.

Our material climate-related opportunities are those arising from

- The low-carbon transition lifting electricity demand.
- Capital markets tilting towards investing in low-carbon operations.
- The low-carbon transition driving demand for smart energy solutions and new products and services.

We are continuing to explore our activity to reduce our own emissions and mitigate climate change. Further details are outlined in our FY25 Climate Action Plan.

STRATEGY

Our strategy is shaped by the risks and opportunities of climate change. As we transition to a low-carbon future, our focus is on delivering reliable and affordable renewable energy while supporting customers, communities, and shareholders through this change.

TRANSITION PLAN ASPECTS OF OUR STRATEGY

We are well set up to navigate the energy transition, and our business model and strategy are resilient to our climate-related risks and set us up well to pursue our climate-related opportunities.

Our 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 serve over 906,000 customer connections across electricity, gas, telecommunications, and mobile, supported by 1,364 permanent employees and 19 power stations nationwide. For more information on Our Business Model see page 4 of our FY25 Integrated Report.

Climate change considerations have shaped the development of key aspects of our strategy – our purpose, FY35 Aspirations, FY30 Priorities and our strategic objectives. Our strategy is aligned to our key value drivers, namely, Kaitiakitanga/Stewardship, Kiritaki/Customer, Ngā Tāngata/Our People, Kōtuitanga/Partnerships and Arumoni/Commercial. These areas guide our transition plan, by focussing action on the area's most critical to our business as we navigate the low-carbon transition.

We are aware that the most significant contributions we can make to the energy transition is to deliver more reliable and renewable energy to power Aotearoa, and to accelerate the shift to a low-carbon future by working with our customers and supporting them in their efforts to decarbonise. We also need to play our part in reducing our own emissions, ensuring our approach to financial growth is aligned with the transition, and developing a high-performing workforce with the right capabilities we need to successfully deliver.

FY35 ASPIRATIONS	FY30 PRIORITIES	STRATEGIC OBJECTIVES
Kaitiakitanga/Stewardship Our assets and the natural environment are thriving.	**Deliver more reliable and renewable energy** Taking care of our generation assets and actioning options for growth.	**Generation development uplift**
Kiritaki/Customer Customers are at the heart of what we do.	**Accelerate the shift to a low-carbon future** Leading the transition by creating solutions for customers to electrify and support the development of a smart energy system.	**Capture energy transition growth**
Kōtuitanga/Partnerships We are the trusted partner of choice.	**Create success with others** Having a deliberate focus on deepening trust with key relationships to achieve shared goals.	**Rebuild sector confidence**
Ngā Tāngata/Our People We learn and adapt to realise our full potential.	**Perform with an adaptive culture enabled by technology** Unleashing an inclusive, curious and connected culture enabled by technology to lift business performance.	**Connected and high-performing culture**
Arumoni/Commercial We are leaders in commercial growth.	**Achieve what matters most through financial growth** Achieving sustainable performance to invest in the future and drive value.	**Earnings transformation**

THE TRANSITION PLAN ASPECTS OF OUR STRATEGY ARE:

KAITIAKITANGA STEWARDSHIP

Delivering more reliable and renewable energy.

Delivery of more renewable generation is one of the most meaningful ways we can contribute to a low-carbon economy. We are focussed on developing a diverse pipeline of wind, solar, and geothermal projects to support future demand and electrification, while continuing to invest in existing assets that remain critical to reliable energy supply.

Bringing large-scale projects to market involves navigating consenting challenges, policy and regulatory change, supply chain constraints, demand, and global competition for renewable technology. Our decisions are also guided by our emissions reduction targets and include initiatives such as non-condensable gases re-injection at our geothermal sites.

Examples of how our strategy and business model are evolving include:

- Building a project pipeline that is diverse in both location and renewable energy source. In FY25, this included starting development of Kaiwaikawe Wind Farm, which will generate up to 77MW once complete in 2026.
- Offering Power Purchase Agreements (PPAs) to support electrification and attract new load.
- Upgrading our assets, such as the ~$90 million Karāpiro Hydro Station refurbishment and climate-informed dam safety improvements.
- Capturing and re-injecting non-condensable gases at Ngā Tamariki Geothermal Station, to reduce our scope 1 emissions. To date we have invested approximately $4.5 million on this initiative, with an estimated 13,000 tCO2e abated in the last two years.
- Building workforce and asset management capability to support long-term sustainable performance.
- Strengthening supply chain resilience through supplier collaboration.
- Working with regulators and sector partners to improve consenting processes and align renewable development with environmental and planning standards.

In FY25, 100% of our growth capital expenditure (CAPEX) i.e. $347 million, was allocated to renewable generation development, demonstrating our commitment to building more renewable generation in New Zealand. We have dedicated teams focussed on generation development and the management of our portfolio.

KIRITAKI CUSTOMER

Accelerating the shift to a low-carbon future.

We are committed to supporting customers through the energy transition, recognising that electrification, affordability, and access to new technologies affect people in different ways. As demand increases, particularly from electric vehicles and new electricity uses, we focus on empowering customers with the tools, information, and support they need to successfully navigate this shift.

Examples of how our strategy and business model are evolving include:

- Delivering a retail gas strategy that supports the reduction of our scope 3 emissions by providing customers with information about their energy options.
- Developing customer energy management capabilities by enabling smart control of household appliances, beginning with hot water cylinders to optimise energy use, maintain network stability, and unlock future demand flexibility.
- Entering long-term electricity supply agreements with industrial customers, including Fonterra, to support their electrification of process heat and contribute to industrial emissions reductions.
- Providing usage monitoring tools and tips, empowering customers to make informed decisions about their energy consumption.
- Strengthening customer care through increased understanding of hardship, direct support, and partnerships with others.
- Collaborating across the sector provide transparency around price changes during the transition and participating in sector wide initiatives to provide solutions to the affordability challenge.

We have dedicated teams focussed on new propositions, hardship support, and community engagement to ensure our services meet evolving needs.

NGĀ TĀNGATA OUR PEOPLE

Performing with an adaptive and inclusive culture enabled by technology.

Developing a capable, resilient, high performance and inclusive workforce is essential to our long-term success in a low-emissions future. As CRROs evolve, so must our people, through the development of future skills, climate literacy, and strong engagement with our Identity, Attitude and Purpose. We are committed to attracting and growing talent from the widest possible pool to build the workforce of the future, one that reflects the communities we serve and brings a diversity of perspectives to guide and deliver meaningful change.

Examples of how our strategy and business model are evolving include:

- Investing in learning and development to grow climate-related capability across roles and functions.
- Supporting the wellbeing, inclusion, and adaptability of our people through targeted programmes.
- Embedding our climate priorities through ongoing education and engagement.
- Creating pathways to attract, retain and grow talent, with a focus on leadership and high performance.

We have dedicated teams focussed on talent development, organisational capability, and internal engagement, working to ensure people are empowered to deliver a resilient, low-carbon future.

KŌTUITANGA PARTNERSHIPS

Creating success with others.

Strong partnerships are essential to our climate transition. We work closely with iwi, regulators, communities, and industry to navigate the complexity of the energy transition. By working together, we aim to enable effective policy, maintain social licence, and ensure the benefits of decarbonisation are shared – ultimately supporting long-term value creation for our shareholders and broader stakeholders.

Examples of how our strategy and business model are evolving include:

- ↗ Deepening engagement with iwi and hapū across our asset footprint to support long-term, values-aligned relationships.
- ↗ Advocating for policy settings that enable renewable development, operational flexibility and equitable transition outcomes.
- ↗ Participating in sector forums to support resilience, security of supply and system-level planning.
- ↗ Strengthening partnerships with community providers that support customers.
- ↗ Supporting new and existing customers with decarbonisation opportunities as well as new demand sources.

We have dedicated teams focussed on building and maintaining trusted partnerships. This includes teams focussed on iwi relationships, regulatory affairs, and community engagement, working across the business to deliver outcomes aligned to our strategy that benefit both our shareholders and the communities we serve.

ARUMONI COMMERCIAL

Achieving what matters most through financial growth.

Our commercial strategy reflects shifting market dynamics and growing demand for sustainable, low-emissions operations. Our long-term earnings growth is driven by investments in new renewable generation to meet growing electricity demand, while actively managing risks such as market volatility, weather-related variability, and policy uncertainty. We observe capital markets' preference for climate-aligned investments, which is expanding access to green finance and reinforcing the value of sustainable operations.

Examples of how our strategy and business model are evolving include:

- ↗ Exploring green financing options to support eligible projects and aligning with evolving investor expectations.
- ↗ Considering CRROs when making investment decisions and evaluating our portfolio.
- ↗ Strengthening financial management to better address weather, regulatory, and market volatility.
- ↗ Building commercial capability to identify revenue opportunities from new and emerging sources of electricity demand.

We are investing in the tools and processes needed to manage climate-related financial risks and capture emerging opportunities. We have commercial teams focussed on pricing and forecasting, contributing toward our long-term financial resilience and ability to thrive in a low-carbon economy.

Ground breaking with Ngāti Tahu-Ngāti Whaoa in preparation for a Pou (carving) to be erected near Ohakuri Hydro Station.

OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

The tables on the following pages detail material CRROs and their anticipated unmitigated impacts. The term unmitigated refers to the potential financial impact if no management actions are taken, and the risk materialises without additional interventions. The likelihood and anticipated impact of these is based upon our risk matrix. We have calculated the reasonably expected anticipated financial impact of each material CRRO, considering a range of factors outlined in the following tables. Where an impact pathway would be material but not reasonably expected to occur, or if the information available is highly uncertain, we have provided commentary to explain what we have considered. The anticipated impact range for our CRROs have been aligned to the financial impact ranges in our Risk Management Framework to support consistency across reporting periods. These ranges are less than $75k, $75k-$750k, $750k-$7.5m, $7.5m-$75m, $75m-$750m, greater than $750m. This approach reflects indicative estimates intended to show the general quantum of impact, rather than precise forecasts, helping to inform decision-making while avoiding a false sense of accuracy. For more information on risks, please see the Risk section of this Climate Statement. CRROs have been identified by considering our four scenarios over a 30-year time horizon; in doing this, we considered all parts of our value chain – including upstream, operation and downstream activities (without any exclusions).

CRROs influence strategic business decisions across multiple functions and are reflected into our planning processes through:

- the setting of strategic objectives and performance incentives in the Executive Scorecard each financial year;
- the application of our Risk Management Framework to assess physical risks to generating plant and assets and prioritising any required mitigation work in business plans;
- the deployment of capital and funding for the development of new renewable generation; and
- the consideration of portfolio risks when progressing new generation development.

When allocating capital, we consider climate-related transition impacts, such as decarbonisation initiatives and emissions reductions pathways, given their significance on future electricity demand growth. We also account for CRROs over multiple time horizons in developing our capital investment plans. All of our material CRROs are relevant to the energy sector in New Zealand.


Kaiwera Downs Wind Farm.

OUR TIME HORIZONS FOR SCENARIO ANALYSIS AND CRROS ALIGN WITH OUR BUSINESS PLANNING AND STRATEGY PROCESSES:

CURRENT: LESS THAN 1 YEAR	**SHORT-TERM:** 1 TO 3 YEARS	**MEDIUM-TERM:** 3 TO 10 YEARS	**LONG-TERM:** 10 TO 30 YEARS
Aligning to immediate planning and operational considerations.	Aligning with our 3-year business planning cycle.	Aligning with our strategy and strategic scenarios.	Aligning with the expected useful life of new generation development.

OUR CLIMATE-RELATED RISKS

GREATER VARIABILITY IN WEATHER PATTERNS (INCLUDING MORE FREQUENT HIGH INFLOW EVENTS AND DROUGHTS) REDUCES HYDRO GENERATION FLEXIBILITY AND PROFITABILITY AND HEIGHTENS TRADING RISK

IMPLICATIONS:
More volatile catchment inflows from changing and increasingly extreme weather patterns makes it more difficult to optimally manage hydro storage. This manifests through increased risk of spill during high inflow events and reduced generation volumes during low inflow periods and droughts and potential biosecurity and water quality challenges (e.g., algal blooms or invasive species). During low inflow periods and droughts this is further heightened as other stakeholders along the catchment may also seek access to water. More volatile catchment inflows may also have an impact on spot prices in a highly renewable market. Volatile and high prices heighten our trading risk.

LIKELIHOOD: This risk is assessed as being probable (1–10% probability in any given year) to materialise.

RISK TYPE: Chronic Physical.

TIME HORIZON: Current, short, medium, long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Short to long-term (1–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM

ASSESSMENT METHODOLOGY:
We considered two impact pathways - drought and extreme wet events. For droughts, our methodology estimated lost revenue from reduced hydro generation due to projected increases in dry days (<1mm rainfall) around Taupō, based on NIWA's RCP 4.5 climate projections. Generation loss is calculated against precipitation projection and using national average wholesale electricity prices from EA data (2004–2025).

For extreme wet events (>25mm rainfall), our approach considered both potential increased short-term generation energy margin impacts and associated increased spillway repair, maintenance and spillway upgrade costs. Inputs included projected rainfall from NIWA's Zone 1 data, historical price trends, and internal CAPEX and maintenance estimates.

Both approaches assumed nominal impacts using average prices, which may have masked intra-year volatility. Limitations included reliance on regional RCP data (rather than SSPs), internal assumptions, and a lack of granularity, making outputs more suitable for sensitivity analysis and indicative planning than precise forecasting.

FINANCIAL METRICS: An aggregate of:
Net decrease in energy margin, increase in spillway repairs, maintenance and upgrade costs.

ANTICIPATED IMPACT RANGE:
Significant: $7.5m-75m annualised over the short to long-term.

MANAGEMENT RESPONSE:
- We manage our peak customer sales commitments by adopting a portfolio approach that integrates generation development, existing operations and financial hedging, aiming to balance sales with our physical generation and financial contract purchases.
- Our environmental and planning teams engage with governing and consenting bodies to manage the operational impacts of lake storage levels and ensure we have the operational flexibility that we need on the Waikato Hydro System. We also maintain close relationships with iwi to understand their view and work together on solutions.
- We are collaborating with other sector participants to explore options to improve security of supply and grid flexibility.

MATERIAL CURRENT IMPACTS:
- The recent dry year sequence reduced inflows across key catchments, limiting hydro generation output and resulting in an estimated ~$100 million impact on energy margin. We note however, that dry year sequences have always occurred and it is not feasible to determine the extent attributable to climate change.
- Low inflows and increased reliance on renewables have heightened market volatility, leading to elevated trading risk and pricing uncertainty as well as a reliance on thermal back-up across the electricity market.
- There were no material impacts on repairs and maintenance or additional upgrade capital costs related to this event for the year.

GROWING INTENSITY OF ATMOSPHERIC CONDITIONS (INCLUDING STORM EVENTS) THAT CAUSE ASSET DAMAGE

IMPLICATIONS:
Increasing intensity of storm events, floods and high wind events may lead to physical damage to generation assets and telco assets resulting in costs to repair and lost generation revenue. Increasing storm intensities and/or higher likelihood of heating and fires and/or other extreme atmospheric conditions may lead to severe damage to electricity transmission and distribution systems resulting in us being unable to export from stations.

LIKELIHOOD: This risk is assessed as being probable (1–10% probability in any given year) to materialise.

RISK TYPE: Acute Physical.

TIME HORIZON: Current, short, medium, long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Medium to long-term (3–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM

ASSESSMENT METHODOLOGY:
We considered several impact pathways to assess the risk based on internal data and historical climate events - transmission line failure, transformer failure, compromised units or stations, and catastrophic cascade dam failure.

For transmission line failure, we modelled the impact of the transmission line connecting to our largest hydro station failing. Lost generation revenue was calculated by multiplying average output by wholesale prices and a 1.5-month outage period.

For transformer failure due to flooding, we used a similar approach, extending the outage period to 3.5 months for conservatism, as well as considering additional spillway capital reinvestment required as a result of increased spilling during high flow events.

We also considered compromised units or stations, and catastrophic cascade dam failure. However, these pathways were not reasonably expected and deemed too rare for financial quantification but underscore the criticality of maintenance and compliance with safety standards. These are not included in our anticipated impact range.

Across all pathways, outputs are directionally indicative, relying heavily on internal data due to limited external benchmarks.

FINANCIAL METRICS: An aggregate of:
Decrease in energy margin, increase in spillway repairs and maintenance and increase in CAPEX reinvestment (frequency).

ANTICIPATED IMPACT RANGE: Significant: $7.5m-75m annualised over the medium to long-term.*

MANAGEMENT RESPONSE:
- We regularly assess physical risks to generating plant and assets as a reasonable and prudent asset owner/operator and will mitigate risks of damage as they arise.
- We have a dam safety programme, including annual and 5-yearly (external) reviews, and continue to work to gain insight into the impacts of climate change on flood risks.
- We maintain a geographically dispersed and fuel diverse generation fleet which reduces impacts arising from locational-specific storm events that could cause asset damage.
- We carry insurance cover that mitigates some of the financial impacts of replacing damaged assets and for significant business interruption events.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

*This year the anticipated impact range has been updated and is an annualised figure, rather than per event as previously disclosed in FY24.

OUR CLIMATE-RELATED RISKS CONT.

MARKET AND POLICY SETTINGS FAIL TO BALANCE THE ENERGY TRILEMMA AS WE TRANSITION TO A LOW-CARBON FUTURE

IMPLICATIONS:
Without clear and considered policy settings, the rate of electrification of industrial process heat and transport could fall behind projections or other policy reforms could adversely impact our ability to progress our generation pipeline, such as RMA reforms could favour other environmental protection over mitigating climate impacts. Specifically, this could include declining demand growth, loss of investor confidence, increased costs, delayed or declined renewable generation consents, delayed renewable electricity generation capacity development, security of supply issues, and market intervention that negatively impacts asset valuations. We also recognise the role that we and the broader market have to play in contributing to balancing the energy trilemma as we navigate the transition.

LIKELIHOOD: This risk is assessed as being highly likely (10-30% probability in any given year) to materialise.

RISK TYPE: Transition.

TIME HORIZON: Short, medium and long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Short to long-term (1-30years).

CURRENT	SHORT	MEDIUM	LONG-TERM

ASSESSMENT METHODOLOGY:
We considered the following impact pathways - constrained demand from electrification, delays in consenting new renewable generation projects, and government-imposed price caps.

For constrained demand from electrification, lost revenue was estimated by modelling reduced electricity uptake across transport and industrial sectors, using internal demand forecasts and national electrification scenarios. The impact was expressed as a range, reflecting uncertainty in demand outcomes and price responses.

For delays in consenting new renewable generation projects, we used qualitative insights due to limitations in quantifying the financial impact. Directionally, the potential cost was assessed by estimating foregone revenue from delayed project commissioning using internal forecasts of generation output and wholesale price assumptions. However, this result is shared for information only, given the high uncertainty around timing, project prioritisation, and regulatory outcomes. It is not included in our anticipated impact range.

For government-imposed price caps, we used qualitative insights as quantification was limited by the unpredictability of price cap levels and duration. We note that price caps would likely reduce market revenues and undermine investment signals. This result is shared for information only, given the high uncertainty of information available and would not be reasonably expected to occur. It is not included in our anticipated impact range.

Across all impact pathways, financial outcomes are indicative only, subject to evolving policy direction and market responses, and best used for stress testing and strategic planning.

FINANCIAL METRICS: Net decrease in energy margin.

ANTICIPATED IMPACT RANGE: Significant: $7.5m-75m annualised over the short to long-term.*

MANAGEMENT RESPONSE:
- Engage on policy settings that will support a successful transition for New Zealand.
- Supporting decarbonisation opportunities with existing and new commercial and industrial (C&I) customers as well as new demand sources, such as data centres.
- Maintain a broad range of renewable electricity generation development options that can be brought to market in different demand scenarios.
- Actively engage with regulators and other external stakeholders to increase the understanding that renewable electricity is a key enabler of the transition to a low-carbon economy and promote regulatory settings that support the development of renewable electricity.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

* The disclosed financial impact range for this risk was revised between FY24 and FY25 from $75–$750 million to $7.5–$75 million. The change in FY25 is because we financially quantified reasonably expected pathways only. We provided information only on pathways where there was high uncertainty of information and/or were not reasonably expected to occur.

GLOBAL DECARBONISATION CAUSING SUPPLY CHAIN AND LABOUR CONSTRAINTS DELAYING DEVELOPMENT

IMPLICATIONS:
Constrained global supply of renewable generation technology (i.e. wind turbines, substation equipment and solar panels) and skilled labour shortage causes construction delays and capital cost overruns. This may be exacerbated by geopolitical tensions and the recent uptick in renewable generation investment globally making it challenging for manufacturers to meet that demand. In this context, the NZ market is unattractive compared to larger countries due to its relatively small market and remoteness. On a local level, grid constraints may impact our ability to connect new renewable generation.

LIKELIHOOD: This risk is assessed as being probable (1–10% probability in any given year) to materialise.

RISK TYPE: Transition.

TIME HORIZON: Short, medium, long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Short to long-term (1–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM

ASSESSMENT METHODOLOGY:
We considered the following impact pathways - longer lead times to commission projects and constraints in transmission and distribution infrastructure by third parties.

For longer lead times to commission projects, we calculated the foregone revenue and delayed capital expenditure from postponed generation due to global supply shortages and long-lead times, constraints in skilled labour and geopolitical tensions. Generation volumes were based on internal forecasts, while wholesale prices were derived from historical demand-weighted averages published by the Electricity Authority. Capital overruns were informed by industry reports and historical project performance.

For constraints in transmission and distribution infrastructure by third parties, our methodology similarly estimated the revenue loss from delayed grid connections, factoring in timing assumptions from regulatory approvals and infrastructure investment commitments (e.g. Transpower's $392.9 million grid investment). However, this result is shared for information only given insufficient information available, and is not included in our anticipated impact range.

Our pathways considered the financial impact of inflationary pressures on capital expenditure. Limitations included reliance on internal data, variability in delay duration, and lack of granular external data on future infrastructure readiness, making outputs indicative for strategic planning rather than precise forecasting.

FINANCIAL METRICS: An aggregate of: Net decrease in energy margin, potential repairs and maintenance for existing assets and increase capital expenditure due to overruns.

ANTICIPATED IMPACT RANGE: Significant: $7.5m-75m p.a.

MANAGEMENT RESPONSE:
- Manage our generation development pipeline to time procurement and development at favourable periods and with sufficient lead time to minimise unplanned delays.
- Key supplier relationship planning and management.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

OUR CLIMATE-RELATED OPPORTUNITIES

THE LOW-CARBON TRANSITION LIFTS ELECTRICITY DEMAND

IMPLICATIONS:
Increased demand for renewable electricity due to decarbonisation of transport and process heat and increased data centres in New Zealand, may provide greater opportunities to build renewable generation capacity and increase sales volumes.

LIKELIHOOD: This opportunity is assessed as being almost certain (>30% probability in any given year) to materialise.

OPPORTUNITY TYPE: Transition.

TIME HORIZON: Medium and long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Medium to long-term (3–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM
		■	■

ASSESSMENT METHODOLOGY:
We considered four key impact pathways: process heat electrification, demand stimulation (including from data centres), uptake of biogas and biomass, and low-emissions solutions.

For process heat, we used Transpower growth forecasts alongside expected average wholesale electricity prices to estimate incremental revenue.

For demand stimulation, we considered the additional demand from electrification and the increase in data centres in a highly electrified scenario.

For biomass, our modelling focussed on industrial uptake (EECA projection) and their potential to either supplement or compete with electricity demand, depending on policy and technology developments. For biogas, our modelling focused on transitioning mass market gas customers to biogas.

For low emissions solutions, we considered the increased uptake of renewable energy certificates (RECs), and the evolution of carbon markets.

Across these pathways, we have leveraged on internal price path assumptions, and strategic insights from external and internal analysis. Limitations include forward-looking nature of assumptions, uncertainties in demand timing, pace of technology adoption, and future pricing dynamics, making outputs most suitable for directional planning and investment prioritisation directional planning and investment prioritisation.

FINANCIAL METRICS: Increase in electricity margin.

ANTICIPATED IMPACT RANGE:
Major: $75m-750m p.a.

MANAGEMENT RESPONSE:
- We look to secure resource consents for generation development projects ahead of expected increases in demand.
- Ensure a broad pipeline of development opportunities and maintain strong relationships with generation equipment suppliers.
- We continue to explore additional sources of demand, actively partnering with existing and new stakeholders to support our social licence to operate and develop.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

CAPITAL MARKETS TILT TOWARDS INVESTING IN LOW-CARBON OPERATIONS

IMPLICATIONS:
Our profile as a renewable electricity generator leads to reduced capital costs and favourable valuation premium as capital markets reflect societal desire to invest in the transition to a low-carbon economy.

LIKELIHOOD: This opportunity is assessed as being likely (1-10% probability in any given year) to materialise.

OPPORTUNITY TYPE: Transition.

TIME HORIZON: Short, medium and long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Long-term (10–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM
	■	■	■

ASSESSMENT METHODOLOGY:
We considered two impact pathways as to how our renewable energy profile could positively influence investor sentiment, namely, lower capital costs, and a favourable valuation premium.

For lower capital costs, we modelled a reduction in basis points for bond issuances and loans, reflecting investor preference for low-emissions-aligned investments. This assumption was based on internal assessments of market trends and stakeholder engagement. Our modelling calculated the savings from these basis point reductions over our expected debt portfolio.

For a favourable valuation premium from stronger climate positioning, our Enterprise Value (EV)/EBITDAF multiple was benchmarked against peers with higher renewable exposure and stronger ESG alignment. EV was calculated using market capitalisation and net debt, and EBITDAF was sourced from public disclosures and analyst consensus. The resulting multiple gap (e.g., 1.5x–2.0x) was applied to our EBITDAF to estimate the potential uplift in enterprise value. A conservative realisation factor (e.g., 10–30%) has been applied to reflect execution risk and market variability and is anticipated to materialise medium to long-term horizon.

However, our assessment was limited by the lack of consistent external benchmarks, structural business differences and broader market factors unrelated to ESG strategy and relies heavily on internal data and judgement.

FINANCIAL METRICS: An aggregate of: decrease in cost of capital and favourable valuation premium.

ANTICIPATED IMPACT RANGE:
Major: $75m-750m - prolonged impact.

MANAGEMENT RESPONSE:
- We have looked to leverage our renewable profile in issuing Green Bonds and promote our low-carbon generation profile to research analysts and sustainability rating agencies.
- We continue to engage with investors, research analysts, and sustainability rating agencies to ensure our low-carbon profile remains relevant in evolving capital markets.
- We monitor developments in sustainable finance to identify new funding mechanisms beyond Green Bonds.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

OUR CLIMATE-RELATED OPPORTUNITIES CONT.

THE LOW-CARBON TRANSITION DRIVES DEMAND FOR SMART ENERGY SOLUTIONS AND NEW PRODUCTS AND SERVICES

IMPLICATIONS:
The electrification of industry and growing demand for smart energy solutions is driving demand for tailored energy solutions and creating opportunities for new products and services that help customers optimise their electricity use. Solutions for our industrial customers can create new business models, increase electricity sales, and support further renewable generation development, strengthening collaboration between energy providers and industrial users.

Enabling demand-side flexibility for customers can reduce cost of sales, enhance customer value, and support a more efficient, renewables-based electricity system.

LIKELIHOOD: This opportunity is assessed as being almost certain (>30% probability in any given year) to materialise.

OPPORTUNITY TYPE: Transition.

TIME HORIZON: Medium and long-term.

TIME HORIZON OVER WHICH RISK BECOMES MATERIAL: Long-term (10–30 years).

CURRENT	SHORT	MEDIUM	LONG-TERM

ASSESSMENT METHODOLOGY:
We considered two impact pathways: energy management services from electric vehicles (EVs), and distributed energy resources (DERs).

For EVs, we projected the growth rate for EVs based on government adoption targets and historical uptake rates. Our analysis considered load shifting benefits, vehicle-to-grid solutions and accelerated EV customer growth.

For DERs - such as energy management solutions, and flexible demand - our analysis considered the load shifting benefits of these.

Across the pathways, we have leveraged on internal estimates, price path assumptions, and external and internal analysis. Key limitations include forward-looking nature of assumptions, uncertainties in policy incentives and technology uptake, customer adoption rates, DER integration costs, and evolving regulatory frameworks, making this assessment most suitable for scenario testing and strategic planning.

FINANCIAL METRICS: Increase in energy margin.

ANTICIPATED IMPACT RANGE: Significant: $7.5m-75m p.a.

MANAGEMENT RESPONSE:
- We are developing an electrification strategy for our C&I customers.
- We are investing in capability to manage energy/demand-side flexibility.
- We are actively seeking out new innovation opportunities.

MATERIAL CURRENT IMPACTS:
- There have been no material current impacts in FY25.

Ngā Tamariki Geothermal Station.

OUR CLIMATE TARGETS

We have committed to setting both near-term and long-term company-wide emissions reduction targets in line with science-based net-zero, using the Science Based Targets initiative (SBTi). These targets were developed using SBTi tools and approved by the Board. The SBTi framework applies a sectoral decarbonisation approach, aligning emissions reductions across industries with a global pathway that limits warming to 1.5°C above pre-industrial levels. It is our view that by meeting SBTi criteria we are playing our part in contributing to the global effort to limit warming to 1.5°C.

Our Climate Action Plan outlines in detail the actions that we are taking to work towards a 1.5-degree future and play our part in reducing greenhouse gas emissions by reaching Net Zero by 2040.

Our targets cover emissions across our value chain. This includes:

- Scope 1: direct GHG emissions from sources that are operationally controlled by Mercury
- Scope 2: indirect emissions from the generation of electricity consumed at Mercury's facilities
- Scope 3: indirect emissions that occur from gas we sell to customers

In FY25, we completed a full materiality assessment of our scope 3 emissions categories, in line with the New Zealand Climate Standards. This led to the inclusion of emissions from capital goods, purchased goods and services, and investments in our inventory. These additions have improved the completeness and transparency of our reporting, resulting in an increase in disclosed scope 3 emissions for the year. This broader view will support a more informed approach to managing emissions across our value chain.

We are currently in the process of verifying our targets with SBTi. We anticipate that our targets may change because of this verification process as well as our efforts to expand the scope 3 emissions that we report on. As we navigate this process, we will continue to ensure we are playing our part in contributing to a successful transition.

IMPACT OF ADDITIONAL SCOPE 3 EMISSIONS

		FY22 Tonnes CO2e	FY23 Tonnes CO2e	FY24 Tonnes CO2e
Total Scope 3	Original	138,591	137,159	136,335
	Updated	165,746	183,396	174,597

	SCOPE 1	SCOPE 2	SCOPE 3 Use of Sold Products (Natural Gas Sales)
Near-term/ Interim Target FY30	70% reduction in emissions intensity (in kgCO2e/kWh) from base year*	42% absolute reduction from base year	42% absolute reduction from base year
Long-term Target FY40	70% reduction** in emissions intensity (in kgCO2e/kWh) from base year	90% absolute reduction from base year	90% absolute reduction from base year

*Base year for our emissions is FY22.

**Our 2040 scope 1 emissions intensity target is equivalent to our 2030 scope 1 emissions intensity target as the targeted 2030 emissions reduction will already reduce our Scope 1 emissions intensity to the level required by the SBTi for our 2040 target.

Note: These targets are subject to change through the validation process with SBTi. We do not currently use emissions offsets and, in alignment with the SBTi framework, we do not intend to use offsets to achieve interim targets. Offsets may be used for persistent emissions that are unable to be abated for final targets, or for broader purposes outside of achieving interim targets.

In the last three years, our progress against these targets was:

	SCOPE 1	SCOPE 2	SCOPE 3 Use of Sold Products (Natural Gas Sales)
FY23	• 4.7 tCO2e/GWh decrease from base year • 18.39% decrease in emissions intensity from base year	• 747 tCO2e decrease from base year • 35.19% absolute reduction from base year	• 2,369 tCO2e decrease from base year • 1.71% absolute reduction from base year
FY24	• 1.7 tCO2e/GWh decrease from base year • 6.45% decrease in emissions intensity from base year	• 11 tCO2e decrease from base year • 0.52% absolute reduction from base year	• 3,168 tCO2e decrease from base year • 2.29% absolute reduction from base year
FY25	• 2.3 tCO2e/GWh decrease from base year • 8.90% decrease in emissions intensity from base year	• 230 tCO2e increase from base year • 10.83% absolute increase from base year	• 14,418 tCO2e decrease from base year • 10.43% absolute reduction from base year

Please see our FY25 Climate Action Plan for more information on the actions we are taking to reduce our emissions.

SCENARIO ANALYSIS

We recognise the importance of scenario analysis in assessing CRROs and testing the resilience of our strategy across different time horizons, our scenarios can be found below. To support transparency and informed decision-making, we update our scenarios quarterly and conduct an annual in-depth review of climate-related aspects.

OUR SCENARIOS

	1 TEAL SCENARIO	2 PURPLE SCENARIO*	3 AMBER SCENARIO	4 MAROON SCENARIO
	Global temperature increases are limited to 1.5 degrees by 2100 (after an overshoot to 1.6 degrees)	**Global temperature increases are limited to 2.5 degrees by 2100**	**Global temperature increases are limited to 3 degrees by 2100**	**Global temperature increases by 3+ degrees by 2100**
Scenario narrative	A globally coordinated push for climate action has managed to limit warming to below 1.5°C, after an overshoot to 1.6°C. Historic inaction, and increasing climate impacts, forced rapid emissions cuts, driven by strong-handed policy. This policy fuelled tensions over equity and social licence, as well as significant innovation. A global carbon price accelerated renewable investment, with early demand-driven equipment cost spikes eventually giving way to better access and affordability as supply caught up. While the path has not been smooth, New Zealand gradually built a more sustainable and socially supported energy system through electrification and the adoption of smart demand technologies.	A fractured world and rising inequality shaped a polarised transition. New Zealand initially balanced East–West tensions but ultimately aligned with Western powers, impacting trade. Rapid tech advances benefited wealthier nations and households, while energy volatility and grid instability deepened inequity. Deindustrialisation accelerated as fossil fuels exited and Methanex closed by 2030. AI-driven energy optimisation cut costs for some, but others faced price shocks, prompting rushed government intervention. Job losses from automation fuelled distrust in AI and social unrest. Climate impacts were widely felt, especially in poorer areas lacking access to new technologies. Though the energy system transformed, its benefits were uneven, shaped by fragmentation and division.	Global climate cooperation continued, but technological progress slowed, driving a costly, strained path to a low-carbon future. A global carbon market lifted prices and drove action but surging global demand triggered supply shortages and cost blowouts, slowing New Zealand's renewables rollout. Capital retreated and opposition grew, so the government underwrites offshore wind, built large-scale batteries, and restructures the market. Intensifying storms strained ageing infrastructure. High living costs pushed skilled workers offshore, while climate refugees arrived. Rising inequity shifted power - co-governance partners gained ground, while those without iwi relationships faltered. The transition ground forward, shaped by intervention, disruption, and growing social and economic divides.	Global cooperation unravelled as war and protectionism stalled climate action. Emissions climbed, pushing warming beyond 3°C. New Zealand was hit hard - trade shrank, climate shocks battered infrastructure, and food and energy insecurity rose. With multilateralism gone, governments acted alone. NZ centralised energy assets like large-scale batteries to manage volatility, but political fragmentation blocked long-term planning. Affordability dominated policy, not emissions. Workforce tensions and unresolved iwi rights added pressure. Vulnerable customers became the majority. The energy system adapted reactively - not through innovation or strategy, but through crisis response - as worsening climate impacts outpaced fragmented, short-term governance.
Key datapoints – global impacts				
Temperature increase (2081 – 2100, relative to 1850 – 1900)[1]	1.4°C (after an overshoot to 1.6 °C)	2.2°C	2.7°C	3.6°C
Technology change[2]	Fast	Fast	Slow	Slow
Negative emissions technologies	Medium–high use	Medium use	Low–medium use	Low use
Key datapoints – New Zealand impacts				
Average number of hot days (above 25°C) (for the period 2031 – 50, average across regions)[3]	25 hot days	27 hot days	27 hot days	30 hot days
Renewable energy percentage of total consumption in 2050[4]	89%	87%	74%	46%
Reference scenarios/ data sources	SSP1-1.9 RCP2.6 CCC Tailwinds NGFS Net Zero 2050	SSP4-3.4 RCP4.5 CCC Further Technology Change NGFS Delayed Transition	SSP2-4.5 RCP4.5 CCC Headwinds NGFS Nationally Determined Contributions	SSP3-7.0 RCP8.5 CCC Current Policy Representation NGFS Current Policies

[1] Shared Socioeconomic Pathways (SSP) information sourced from IPCC, 2021: Summary for Policymakers. In: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V. et al (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, p. 14. (ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf) and SSP Public Database, Version 2.0 (tntcat.iiasa.ac.at/SspDb/dsd?Action=htmlpage&page=welcome)

[2] Network for Greening the Financial System (NGFS) scenario information from the Scenarios Portal (ngfs.net/ngfs-scenarios-portal/explore)

[3] RCP (Representative Concentration Pathways) information applied to New Zealand by Ministry for the Environment 2018. Climate Change Projections for New Zealand: Atmosphere Projections Based on Simulations from the IPCC Fifth Assessment, 2nd Edition. Wellington: Ministry for the Environment (environment.govt.nz/assets/Publications/Files/Climate-change-projections-2nd-edition-final.pdf)

[4] CCC (Climate Change Commission) as in 'Chapter 12:Long Term Scenarios to meet the 2050 target' (climatecommission.govt.nz/public/Evidence-21/Evidence-CH-12-Long-term-scenarios-to-meet-the-2050-target.pdf)

* For more information on the change of this scenario from Blue to Purple, please see the Scenario Development Process section of this Climate Statement.

OUR SCENARIOS	1 TEAL SCENARIO	2 PURPLE SCENARIO	3 AMBER SCENARIO	4 MAROON SCENARIO
Climate impacts	Extreme weather is more frequent, causing damage and loss of life. New technologies have helped adaptation, but disruption persists. Pre-emptive relocation is underway, but it is politically sensitive. Climate-resilient housing contributes to densification as communities move from high-risk zones. Insurance retreat and affordability concerns rise in vulnerable areas. Communities shape retreat plans, but the pace of causes tension.	We have been able to navigate to a less than 2.5-degree future and new technologies have emerged to help mitigate disruption caused by climate change. However, the impacts of climate change are widely felt, particularly in poorer areas where these technologies are not in use. Insurers increasingly withdraw from high-risk areas. Investment occurs in well-planned, resilient areas, driving growth and wealth creation for those positioned to benefit. There is increased water scarcity as the hydrological cycle changes, leading to contestability for uses.	We have been able to navigate to a less than 3 degrees future, however, significant climate events are expensive and disruptive as technological solutions are not adequate and there is little government support. There is greater water scarcity as the hydrological cycle changes, leading to contestability for uses. Investors pull back from at-risk areas, resulting in a decline in property values and deteriorating housing stock. Poor land use regulation results in energy shortages in rural areas, where renewable generation and network support is limited. Insurer withdrawals and costly managed retreat place economic stress on communities, increasing pressure on the Government to respond.	Highest physical climate risk, with warming on track for a 3+ degree future. Disruptive and expensive events that damage infrastructure are frequent. The retreat from the ocean has begun, and wealthier individuals move to climate-resilient areas, driving up housing costs due to limited planning and coordination from the government. Extreme weather events are very common, with worsening drought and flooding conditions, which puts the resilience of natural capital and energy systems under stress. Insurance is no longer available in high-risk areas. Those who could afford to move have relocated, while others are left behind. Hydrological changes cause water scarcity, increasing competition for non-hydro uses and reducing year-round hydro generation.
Energy pathways: Grid demand	High demand is driven from industry, transport decarbonisation and AI adoption (including increase in data centres). Peak shaving and demand response (smart Distributed Energy Resources (DER)) are used efficiently to help manage the grid effectively.	Grid electricity use is down (despite AI uptake driving additional grid demand) due to an increase in DER and loss of industry. Smart grid management optimises supply and demand, reducing reliance on centralised power generation.	High demand is driven by transport decarbonisation. Demand-side flexibility is minimal and only used in emergencies (much like today).	Electricity demand has been stagnant-to-declining due to a lack of industry decarbonisation, slow EV uptake and low adoption of AI. Gas is still used quite extensively.
Energy pathways: Grid supply	Fossil fuels are phased out, but the energy transition in New Zealand is initially tempered as high global demand drives up the cost of renewable energy equipment. As equipment costs rise, large-scale storage projects become more economically viable and attract renewed interest. The lights stay on, but wholesale prices remain volatile until storage solution technology catches up to requirements and then prices level off to become internationally competitive.	Fossil fuels and thermal generation have been retired. The system is under resourced and unreliable, with security of supply remaining a concern in dry years. Retail prices are moderate to low due to price regulation, however wholesale price volatility has increased and adds to the cost to supply customers. This keeps New Zealand prices internationally competitive, however, has a negative impact on competition.	A low-carbon energy system has been achieved with grid scale wind and other renewable solutions enabling this. Blended fossil and bio-gas is used to help manage extreme peaks and security, though security of supply remains a concern in dry years. Wholesale volatility increases with intermittent renewables resulting in wholesale pricing increasing in excess of global trends and New Zealand becoming increasingly less competitive.	Fossil fuels remain with limited growth in renewables. Security of supply is undermined by global conflict and extreme weather, which disrupt supply chains, delay new generation and maintenance, and increase the risk of outages. Wholesale volatility remains, Government funded large-scale storage will be used to help meet peak demand and cover dry years once they have been built. Prices are low and managed through long-term central buyer contracts. Average wholesale prices rise with uncertainty around delivery of new supply and increasing thermal fuel cost. This increase and uncertainty around the future state of the market sees industry close and move offshore.
Macroeconomic trends: Resource and technology constraints	Global competition and supply chain pressures increase costs. New Zealand faces skills shortages, infrastructure bottlenecks, and cost-of-living pressures, though long-term investment continues. In response, New Zealand begins to innovate, developing local capabilities and smarter deployment strategies to mitigate supply chain constraints and build greater resilience into the transition.	There are significant supply chain disruptions, limiting access to critical materials for clean energy technologies. Access to natural resources is often contested and involves a drawn-out process. Adaptation through technology is prioritised over emissions mitigation, progressing steadily but nearing its limits.	Physical resources were challenging to access due to global demand, however, are now available from global sources, but are still costly. Strong focus on iwi rights and interests makes co-governance essential to accessing water or steam. Limited technology reduces the ability to adapt to climate events effectively.	Access to knowledge and technology is difficult and expensive. Physical resources are challenging to access due protectionism, war-time supply chain constraints and global demand, and take longer to arrive at higher prices. Limited technology reduces the ability to adapt to climate events at pace.
Policy and socioeconomic assumptions: Consumer needs	Consumers value climate solutions, but cost-of-living pressures dominate decision-making. Demand exists, but affordability leads to slow widespread adoption of green products.	Significant wealth divide in society between rich and poor, with vastly different needs. Demand for green products is divided.	As the wealth gap increases, demand for green products is divided.	Financial hardship has created a large price sensitive segment focussed on the basics. There is a culture of conserving, repairing, and reusing limited resources. Demand for green products is low, and only adopted by those that can afford it.

Continued over page

OUR SCENARIOS	1 TEAL SCENARIO	2 PURPLE SCENARIO	3 AMBER SCENARIO	4 MAROON SCENARIO
Policy and socioeconomic assumptions: International climate commitments	Off the back of delayed implementation countries are coordinating and increasing their ambition to achieve net zero targets.	Some global agreements and commitments are achieved, but not all. Coordination across nations faces challenges. New Zealand Emissions Budgets are met but involve additional costs or delays.	Countries are working towards agreements and commitments, but progress is slower than expected. New Zealand Emissions Budgets are met at considerable expense, with significant trade-offs required.	Countries work individually without a globally coordinated response. Progress is slow or non-existent, and commitments may have been abandoned. New Zealand Emissions Budgets are not met or have been revised to the point of losing significance.
Policy and socioeconomic assumptions: Government and policy settings for renewable energy	Governments introduce strong handed policies to achieve a 1.5-degree future, creating uncertainty for industry and communities. In New Zealand, rapid regulatory shifts drive emissions reductions, including enabling fast-track renewable energy development. Social licence is impacted as a result.	International and New Zealand regulatory settings for renewable energy somewhat constrain development and further drive uptake of DER. Wealthier nations invest in energy research and renewable technology. New Zealand's government introduced price caps in the energy sector to help the growing vulnerable segment. Government policy drives technology uptake to increase electrification in select areas, but costs are impacting customers at an uncontrolled rate.	International and New Zealand regulatory settings for renewable energy delay development. Large-scale batteries and underwritten offshore wind are operated to achieve government objectives, and government has forcibly split gentailers. Supply chains are impacted by uncoordinated international incentives to invest in clean energy. Emissions Trading Scheme (ETS) policy settings fail to reward decarbonisation, and government policy is slow to enable a cost-effective and coordinated transition.	International regulatory settings for renewable energy obstruct development. There is a lack of coordination and cooperation internationally. Geopolitical tensions increase driving protectionism, impacting supply chains and the development of renewable technology. Government centralises ownership of key infrastructure, including energy and telecommunications. Reactive, poorly executed regulation generates unintended consequences. Limited alternatives for gas within the sector exacerbate challenges, prompting government intervention to ensure New Zealand's security of supply.
Policy and socioeconomic assumptions: Energy sector social licence	Relationships between iwi, communities, the energy sector, and government are tested by the pace and scale of change. While Indigenous rights and input remain a focus, engagement processes are sometimes rushed, leading to contested outcomes and challenges to social licence. Consenting becomes more politicised as pressure to meet climate targets grows, and trust is challenging to maintain. Social licence varies across projects and regions, requiring increased investment in relationship building and transparency.	Input from iwi, local community and other stakeholders are considered, though not fully integrated into decision making processes. This partial engagement leads to challenges in navigating consenting processes, requiring trade-offs. Social licence is partially established, but lingering concerns limit the pace of progress in the energy transition.	Stakeholder engagement is fragmented and inconsistent, with limited coordination across diverse groups, including iwi, local communities, and regulatory bodies. Frequent reforms to consenting processes create uncertainty. However, as inequity rises, Iwi influence strengthens and co-governance partners move ahead, while others lose social licence. As a result, electrification and renewable development is slow and costly, with ongoing effort required.	Engagement with stakeholders such as local community and iwi, is minimal and often contentious. A lack of recognition for diverse rights and perspectives contributes to adversarial relationships. Consenting processes are disrupted, highly contested, and prone to repeal. The absence of social licence, results in widespread opposition delaying renewable generation development.
Carbon sequestration from afforestation	Carbon sequestration from afforestation is used extensively to offset emissions during the transition, with a heavy reliance on fast-growing exotic species. While this provides a quick fix for meeting short-term targets, it raises growing concerns about negative impacts on biodiversity, water systems, and rural communities.	Carbon sequestration from afforestation has been utilised for emissions reduction, along with technological and nature-based solutions as they become available.	Carbon sequestration from afforestation has been widely deployed, being gradually superseded by technological and nature-based solutions.	Carbon sequestration from afforestation is utilised at a local level, without effective global coordination and certification.
Nature-based solutions	Nature-based solutions have been developed and form part of a broad portfolio of emissions reduction solutions.	Nature-based solutions have been developed and form part of a broad portfolio of emissions reduction solutions.	Nature-based solutions have been developed and form part of a broad portfolio of emissions reduction solutions.	Nature-based solutions will be neither reliable nor scalable for meaningful climate mitigation. They become fragile, reactive tools with localised benefits, not dependable levers for global decarbonisation.
Negative emissions technology	Effective negative emissions technology has been developed and widely deployed.	Effective negative emissions technology has been developed and deployed.	The development of negative emissions technology was slower than expected, leading to its delayed deployment.	Negative emissions reduction technology has not been developed.

SCENARIO DEVELOPMENT PROCESS

We have a single, integrated set of scenarios to explore a range of plausible futures in order to assess the resilience of our business model and strategy to climate-related risks and opportunities. In line with NZ CS, we consider four scenarios: one limiting global temperature increase to 1.5˚C, one exceeding 3˚C, and two that assess alternative pathways for New Zealand's transition to a low-carbon future. These are reviewed annually and monitored quarterly to reflect new developments and signals. These scenarios have been selected to reflect a range of plausible futures across macro drivers, such as geopolitical tensions, technology advancements and inequity within New Zealand. We have chosen to have four scenarios so that we do not default to a central or 'most likely' pathway when considering what could occur in the future.

The climate aspects of these scenarios were initially developed with support from third party consultants and continue to be refined by our Climate Working Group. We collaborated with external stakeholders, including through the Energy and Telecommunications Sector climate-related scenarios development, to test and validate our scenarios, risks and opportunities and identify any gaps in our analysis.

Our scenario analysis is guided by the focal question: "What climate-related risks and opportunities are affecting Mercury now and could plausibly affect Mercury over the short, medium and long terms?"

We apply the STEEP (Social/Technological/Economic/Environmental/Political) framework to structure thinking, supported by external data, published reference scenarios and models to enrich our scenarios (captured in the Datasets and Models Used section on the following page). We did not undertake our own modelling in the construction of our scenarios.

The boundary for our scenario analysis includes all of our New Zealand operations, subsidiaries, joint ventures and investments. Our investment in Energy Source LLC and ES Minerals LLC was not considered to meet our materiality threshold. We assess upstream and downstream value chain impacts, including key suppliers, partners, and customers.

Each year, we undertake a comprehensive review of the climate-related aspects of our scenarios as part of our annual scenario cycle. This is led by the Sustainability Team and involves a cross-functional Climate Working Group, which includes representatives from Finance, Wholesale Markets, People Experience and Technology, Customer, Generation, and Generation Development. It also includes the strategy function, ensuring that the fundamental objective of climate-related scenario analysis to bolster the resilience of our strategy is achieved, and includes team members who engage externally with suppliers, customers, iwi partners, councils, and industry groups. Insights from this process can inform and influence strategic investments and operational decisions.

This process included multiple workshops with internal subject matter experts across business units to:

- ↗ Review and update our driving forces and make amendments to our scenarios.
- ↗ Assess and revise CRROs including identifying new ones.
- ↗ Sense-check time horizons, initial materiality assessments, and management actions with risk and opportunity owners.
- ↗ Reflect on real-world events and whether any anticipated impacts have begun to materialise (current impacts).
- ↗ Conduct financial quantification of material risks, opportunities and impacts with the Finance team to inform final materiality assessment.

This process also saw the replacement of the FY24 Blue scenario with a new Purple scenario to better capture a plausible future where geopolitical fragmentation, rapid technology advancement, and rising inequity occur. This decision was based on observed shifts in global trends.

Waikato River.

OUR TIME HORIZONS FOR BOTH SCENARIO ANALYSIS AND CRROS ALIGN WITH OUR BUSINESS PLANNING:

CURRENT:
LESS THAN 1 YEAR

Tying to immediate planning and operational considerations.

SHORT-TERM:
1 TO 3 YEARS

Aligning with our 3-year business planning cycle.

MEDIUM-TERM:
3 TO 10 YEARS

Corresponding to our long-term strategy and strategic scenarios.

LONG-TERM:
10 TO 30 YEARS

Aligning with the expected useful life of new generation development.

DATASETS AND MODELS USED

In undertaking scenario analysis, we considered several external data sources and models to inform our understanding of CRROs. These datasets supported both qualitative insights and quantitative assessments, including financial quantification. Key sources included:

- Shared Socioeconomic Pathways (SSPs) in the IPCC Sixth Assessment Report on Climate Change to inform our consideration of global socioeconomic changes and data points such as global temperature changes.
- Representative Concentration Pathways (RCPs) in the IPCC Fifth Assessment Report on Climate Change and Ministry for the Environment and NIWA Climate Change Projections for New Zealand to inform our consideration of New Zealand-specific impacts under different pathways. These provided data points such as the increased number of hot days and were a key input to our financial quantification.
- Climate Change Commission Long Term Scenarios to meet the 2050 target to inform our consideration of how different scenarios could play out in New Zealand, including the role of renewable energy.
- Network for Greening the Financial System (NGFS) Scenarios and analysis to inform our consideration of global physical climate risks and policy and technology trends in different scenarios.
- Climate Change Projections for New Zealand from NIWA, the Ministry for the Environment and Stats NZ, including localised precipitation and wet day projections, which supported the identification and assessment of CRROs.
- Historical wholesale price trends from the Electricity Authority New Zealand and economic modelling from BERL (Business and Economic Research Limited) on the economic impact of electricity price changes, which informed our understanding of market and customer-related risks.
- Research commissioned by the Parliamentary Commissioner for the Environment on the economics of electricity pathways, which provided insights into long-term system costs and transitions.
- Global analysis of renewable energy project commissioning timelines from ScienceDirect to inform expectations around average delivery durations and common causes of delay across technologies and jurisdictions.
- Challenges impacting the delivery of renewable energy projects from McCullough Robertson to support our understanding of current infrastructure constraints and external risks to timely project delivery.
- The impact of planning and regulatory delays for major energy infrastructure from Econstor to highlight system-wide consenting and regulatory barriers that affect infrastructure rollout.

OUR APPROACH TO ASSESSING MATERIALITY

Under NZ CS3, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users (existing and potential investors, lenders and other creditors) make on the basis of an entity's Climate-Related Disclosures (CRDs).

The principle of considering the impact of information on capital allocation decisions of end users is broadly consistent with the materiality principle applicable to preparing financial statements and the continuous disclosure rules under the NZX Listing Rules.

Our approach to assessing the materiality of information included in this Climate Statement, including CRROs, is to consider whether the information or the way in which information is presented, could influence the decisions of users of our Climate Statement. When assessing materiality, we evaluate both quantitative and qualitative factors using our risk matrix:

- Quantitative assessment: any quantitative impact using 2% of EBITDAF (Earnings before net interest expense, tax expense, depreciation and amortisation, unrealised change in the fair value of financial instruments, gain on sale and impairments) (rounded up, this equates to $20 million), as a threshold figure for materiality. This is the same quantitative materiality threshold used for preparing our financial statements.
- Qualitative assessment: whether the information could influence the decisions of primary users, regardless of its quantitative impact, due to the nature of the information and/or our circumstances. Aligned to our risk framework, we consider impacts to:
  - Health and safety
  - Legal requirements
  - Regulatory and environmental compliance
  - Our reputation
  - Operations and people

And more broadly, we consider the general interpretation of the type of information and whether the lack of information could be material.

We follow a four-step process to assess materiality of information in the preparation of Climate-Related Disclosures:

1. Identify: information that is potentially material using our risk matrix, considering both requirements of the NZ CS and knowledge and information needs of primary users.
2. Assess: both qualitative and quantitative factors.
3. Organise: prepare clear and concise disclosures.
4. Review: internally (and externally if useful).

METRICS AND TARGETS

MEASURING OUR IMPACT – EMISSIONS

We produce an annual Greenhouse Gas Emissions Inventory Report in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, which are available on our website. This provides further information on the methods, assumptions, and limitations used in calculating our emissions, including the uncertainties inherent in our approach.

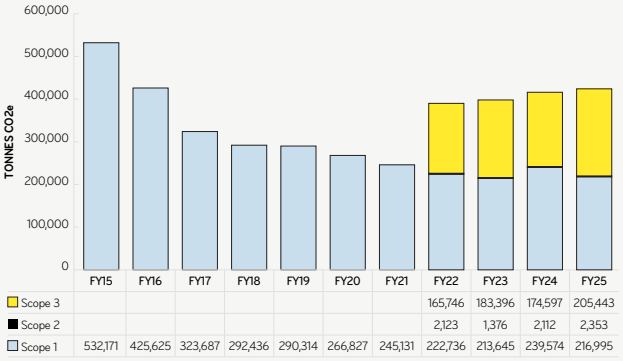
A summary of our FY25 emissions, with comparisons to our base year, is shown below:

	SCOPE 1	SCOPE 2 (Location-based)	SCOPE 3
Base year FY22 (tCO2e)	222,736	2,123	165,746
FY23 (tCO2e)	213,645	1,376	183,396
FY24 (tCO2e)	239,574	2,112	174,597
FY25 (tCO2e)	216,995	2,353	205,443

Our gross emissions continue to be primarily driven by scope 1 emissions, which represent approximately 51% of our total emissions profile. In FY25, our gross emissions were 424,791 tCO2e and our scope 1 emissions were 216,995 tCO2e. Over the past decade, our gross emissions have declined significantly, driven by the closure of our Southdown gas-fired power station in FY16, the natural decline in fugitive geothermal emissions, and our continued investment in our geothermal non-condensable gas reinjection.

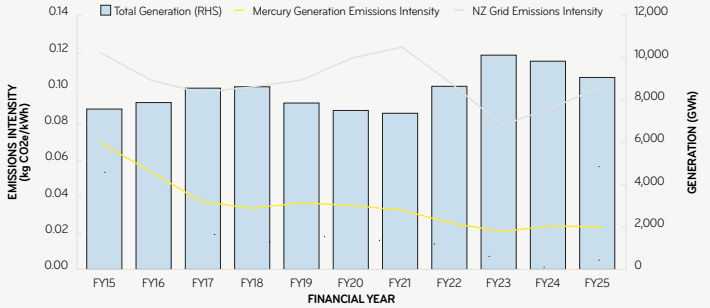
A summary of our FY25 and previous years' GHG emissions and emissions intensity are shown in the graphs below:

EMISSIONS



Data from FY2015 to FY2021 presented in this graph has not been subject to assurance procedures.

EMISSIONS INTENSITY



Data from FY2015 to FY2021 presented in this graph has not been subject to assurance procedures.

Our emissions intensity for FY25 was 0.023kg CO2e/kWh, representing an 8.9% decrease compared to our base year, and 66.5% decrease since FY15. As in previous years, our emissions intensity has continued to trend downward, supported by a growing share of wind generation from both newly constructed and acquired sites.

FY25 data also reflects the completion of our scope 3 materiality assessment and an updated methodology for calculating scope 2 emissions. These changes have led to revisions in our reported emissions and improved the accuracy of our overall greenhouse gas inventory.

FY24 scope 3 emissions increased by 38,262 tCO2e, representing a change of approximately 28% on our previous scope 3 inventory. This is primarily due to the inclusion of emissions from purchased goods and services, and capital goods following our completed scope 3 materiality assessment under the New Zealand Climate Standards (NZCS). Capital goods alone now accounts for 66,192 tCO2e of our scope 3 emissions, capturing the embodied emissions from the development of Mercury's renewable generation assets, supporting infrastructure, and other major capital projects.

Scope 3 emissions from total gas sales now make up approximately 29% of our total gross emissions. In FY25, scope 3 emissions from total gas sales were 123,861 tCO2e, representing a year-on-year decrease of 8.33% from FY24.

Under the New Zealand Emissions Trading Scheme (NZ ETS), we surrender certified forestry-backed New Zealand Units (NZUs) to cover our geothermal emissions. These units have historically been sourced through long-term agreements with forestry owners, which are now nearing the end of their term and will be phased out. To support future NZU supply, we have invested in Forest Partners, a forestry investment fund. Gas sales-related emissions are covered through NZU surrender by our gas suppliers.

METHODS, ASSUMPTIONS AND LIMITATIONS

- Our emissions intensity calculation is based on gross scope 1 emissions and total generation output across all sites under our operational control. We do not adjust for part-ownership of geothermal stations or for any carbon credit surrenders or trading under the NZ ETS.
- In FY25, emissions from capital goods and purchased goods and services were calculated for the first time, and previous years' emissions were restated to include these categories. A spend-based method was used for purchased goods and services, while a hybrid approach was applied to capital goods, combining financial data with supplier-provided emissions estimates. While these methods provide valuable insights, they carry a higher degree of uncertainty. We are continuing to refine our approach by improving data quality and increasing the use of supplier or quantity-based information where possible.

For full details of our emissions data, methodology, consolidation approach, emission factors, global warming potentials, and exclusions, please refer to Sections 10 to 14 of our FY25 Greenhouse Gas Emissions Inventory Report.

MEASURING OUR IMPACT – CROSS INDUSTRY MEASURES AND OTHER ACTIVITY METRICS

In addition to emissions metrics, we continue to use the International Sustainability Standards Board (ISSB) sector metrics for Electric Utilities and Power Generators to guide how we report on activity metrics relevant to the management of CRROs. These metrics have been assessed for their materiality to us, and the relevant metrics are disclosed in the table below.

Our geothermal generation relies on the careful management of geothermal fluid, extracting it for electricity generation and reinjecting it underground to help sustain the resource.

In FY25, we updated how we measure geothermal water use to improve accuracy and better align with how we report under our resource management consents. We now use measured flow data for each geothermal field. Water take and injection volumes are derived from flow meter data at station separators and individual injection wells, measured in tonnes. Previously, these figures were based on estimates from emissions data, measured in Mm^3.

This update also addresses a gap in the previous method, which excluded brine, resulting in under reporting volumes. Additionally, we switched to a mass-based unit of measurement to provide a more accurate view of geothermal water use, especially given the varying temperatures and two-way nature of the flows.

We are a non-consumptive user of water through our hydro power stations. Water passes through turbines or is spilled, continuing its journey downstream. The first half of 2023 saw significant rainfall across parts of the North Island, resulting in a temporary increase in hydro water use in FY23. Since FY23, non-consumptive water use has returned to typical levels, with FY25 usage falling below FY22.

Hydro water flow is measured using a combination of turbine flow and spill flow. Turbine flow is calculated based on megawatt output and flow ratings, while spill flow is estimated using water level measurements and the position of spill gates when water bypasses the turbines. Both are combined to report total non-consumptive water use.

We do not extract water from regions with High or Extremely High Baseline Water Stress, and there were no incidents of non-compliance with water quantity permits from operational sites during FY25.

FUGITIVE EMISSIONS

Fugitive emissions are unplanned gas releases, mainly from our geothermal operations and small amounts of sulphur hexafluoride (SF6) and refrigerant gases used in equipment. We report these emissions each year through our greenhouse gas inventory, which follows the Greenhouse Gas Protocol to make sure we're consistent and transparent.

Most of our fugitive emissions come from geothermal activity. These can vary depending on how our stations are running, especially during maintenance or changes in the geothermal field. SF6 and refrigerant gas emissions are much smaller.

The numbers below show the total fugitive emissions from all sources and our focus remains on finding ways to reduce them over time. Note the fugitive emissions table below doesn't include emissions from refrigerant gases between FY22 - FY24.

Fugitive emissions	FY22 (tCO2e)	FY23 (tCO2e)	FY24 (tCO2e)	FY25 (tCO2e)
Scope 1	222,397	212,785	236,312	212,558

EXPOSURE OF OUR ASSETS AND ACTIVITIES TO CLIMATE RISKS AND OPPORTUNITIES

We acknowledge the impact of physical risks, transition risks, and climate-related opportunities on our assets and therefore business activities. Unless otherwise stated, these impacts have not changed over the preceding two years.

All, i.e. 100%, of our generation assets and related business activities are vulnerable to the physical risks of climate change such as extreme rainfall and flooding, which may impact access to sites and asset performance. Assets may also be affected by extreme wind events, drought, fire risk (including electrical faults or surrounding vegetation), and damage to transmission infrastructure. We are continuing to enhance our understanding of how these risks may evolve over time. Details on identified material risks are disclosed in the Strategy section of this Climate Statement.

Our assets and business activities are vulnerable to transition risks as described below:

- All of our geothermal generation assets, comprising 22% of our generation assets recognised in our FY25 financial statements, produce fugitive emissions that are vulnerable to transition risks in the form of rising NZU carbon prices in the event that geothermal emissions are unable to be captured and/or reinjected.
- All of our generation portfolio is vulnerable to climate transition risk from regulatory settings impacting the energy trilemma, e.g. through influencing carbon pricing in the NZ ETS which directly impacts the spot price of electricity. Our generation development portfolio is vulnerable to risks arising from regulatory settings constraining renewable electricity development.
- All of our gas sales activities, comprising ~3% of FY25 revenue, are vulnerable to transition risks in changes in regulatory settings and/or changes in consumer preferences away from fossil fuels. This impact increased in FY22 following the acquisition of the Trustpower retail business, including its gas customer base.

All, i.e. 100%, of our existing electricity generation assets are considered aligned with climate-related opportunities as enablers in New Zealand's low-carbon transition. Increasing demand for renewable electricity has been identified as a material climate-related opportunity from which 100% of our renewable generation assets stand to benefit.

Water use	FY22	FY23	FY24	FY25
Geothermal				
Total take (tonnes)	77,525,296	73,333,716	80,693,877	81,372,706
Total injection (tonnes)	65,738,230	62,505,566	68,195,047	68,761,444
Hydro				
Non-consumptive water use (Mm^3)	6,527	10,785	7,200	6,075

The majority of our capital deployment is aligned with climate-related opportunities. Growth capital expenditure allocated to new renewable generation development totalled $155 million in FY23, $153 million in FY24, and $347 million in FY25 (100% of growth CAPEX in FY25). We are also pursuing climate-related opportunities to reduce emissions through developing reinjection of geothermal non-condensable gases.

We use the Carbon NZU spot price to value our inventory of carbon units. The monthly prices as of 30 June were FY25: 59/t, FY24: $50/t, FY23: $41/t. We also have an internal emissions price forecast – a metric representing the cost per metric tonne of CO2e, which guides decision-making within our operations. This forecast informs strategic decisions related to buying and selling carbon units and serves as an input for business cases where they impact our GHG profile. We assess opportunities across various carbon forward curve scenarios for up to 15 years into the future. These ranges, adjusted for inflation, were FY25: $46/t - $130/t, FY24: $44/t - $127/t, FY23: $41/t - $117/t.

The volatile carbon prices over the past years have been primarily due to heightened regulatory measures and balancing market demand and supply for carbon units. Long term, the carbon price is expected to increase, reflecting a growing emphasis on reducing greenhouse gas emissions.

The alignment of management remuneration to our CRROs is discussed in the Governance section of this Climate Statement.

Waikato River.

GOVERNANCE

BOARD OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Board's responsibilities include approving clear strategic goals and the associated capital allocation, monitoring management's successful delivery against the strategy, ensuring there is integrity in the statutory reporting and establishing and overseeing effective audit, risk management and compliance processes.

The Board oversees our scenarios and discusses the scenarios, external environment developments (including relevant climate-related changes) and progress towards our FY30 Priorities. This happens on a quarterly basis with reference to Strategic Monitoring Reports prepared by management and in more detail at bi-annual Strategy Days. The Board also receives quarterly updates from the Chief Sustainability Officer, covering progress against our scope 1, 2 and 3 emissions reduction targets. For more detail on these targets, refer to the Metrics and Targets section of this Climate Statement.

Quarterly, management reviews our strategic framework with oversight from the Board. In doing so, they consider climate change trends, including our CRROs. These reviews are a key mechanism for assessing significant market changes, leading to the identification of new strategic risks and opportunities or a re-assessment of existing ones, and reflecting those appropriately into our strategy. Climate considerations informed the reset of our long-term aspirations in FY23, and our three-year objectives in FY24. In FY25, we reset our strategy, introducing strategic objectives that reflect the current areas of focus for the organisation. Our climate-related opportunities are reflected in our FY30 Priorities to "Deliver more reliable and renewable energy", and "Accelerate the shift to a low-carbon future".

As outlined below, two committees of the Board assist with Board oversight of CRROs and CRDs: the Audit and Financial Risk Committee and the Safety and Enterprise Risk Committee. The Board approves charters for the AFRC and SERC to govern their annual programme of work. The AFRC and SERC are required to confirm to the Board annually that they have fulfilled the requirements set out in their Charter. In addition, at each Board meeting, the Board receives verbal updates from Committee Chairs on relevant discussions and decisions reached at committee meetings, and the minutes of each committee meeting are provided to all directors.

BOARD COMMITTEES

The Audit and Financial Risk Committee (AFRC) and the Safety and Enterprise Risk Committee (SERC) assist with Board oversight of CRROs and CRDs. This is a change from FY24, when the previous Risk Assurance and Audit Committee (RAAC) oversaw CRROs and CRDs. The SERC and AFRC were established and replaced the RAAC effective on 1 January 2025.

The AFRC plays a key role in overseeing CRROs and CRDs. The AFRC has delegated authority from the Board to oversee all CRDs, considering compliance with the NZ Climate Standards. The AFRC considers the CRROs identified by management when it reviews the CRDs. The AFRC also oversees the establishment and maintenance by management of a suitable system of controls for managing climate-related risks, including the keeping of proper CRD records. While the Board has responsibility for climate-related opportunities in connection with its wider strategic oversight, the AFRC has delegated authority to oversee the identification of climate-related opportunities in connection with the CRDs.

Members of the Sustainability Team attend quarterly AFRC meetings, where necessary, to provide updates on CRROs, support discussion on CRDs, and facilitate feedback and discussion.

The SERC more widely oversees and monitors our Risk Management Framework and risk assurance and internal audit activity. Climate-related risks are incorporated into our risk registers and are reviewed by the SERC as part of its oversight of our top enterprise risks. In FY25, climate-related risks were considered by the SERC at its May meeting as part of the annual Risk Management Framework review and management's Consolidated Risk Reporting.

We do not currently see a need for a separate sustainability sub-committee of the Board as Sustainability and Kaitiakitanga/Stewardship are embedded in our operating model and strategy and addressed within existing governance structures.

SKILLS AND COMPETENCIES TO PROVIDE OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Board Skills Matrix includes 'Climate Change and natural resource management (including water)' as a key skill of the Board. Through the Nominations and Corporate Governance Committee, the Board regularly assesses its skills and competencies and monitors skills required for succession planning purposes. In FY25, 3 directors were assessed as having 'substantial' competency in this area as well as 2 directors with 'medium' competency and 3 directors with 'some' competency.

In FY21, when we first began reporting against Task Force on Climate-related Financial Disclosures (TCFD) framework, the Board held an externally facilitated deep dive into the regulatory, economic, and legal aspects of CRROs.

The Board draws on internal and external expertise and advice as required to stay up to date with current information to enable appropriate and informed oversight of CRROs. In FY25, management engaged PwC to support the financial quantification of climate-related risks and to build internal capability in assessing their potential organisational impacts. This work was reported back to directors and the Board through the AFRC.

Management also includes updates on climate-related trends, data and information as part of quarterly Strategic Monitoring Reports presented to the Board. This aims to ensure that the Board receives and discusses key changes in this area and stays abreast of the latest information and trends.

Currently, one director holds the Institute of Directors Climate Governance Credential, demonstrating commitment to climate governance learning. Additionally, two of our directors have previously served on the steering committee of Chapter Zero New Zealand, a global network of directors committed to climate action. Two directors have also completed the Governing Natural Capital Course hosted by hosted Deloitte and the Aotearoa Circle.

MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Board delegates responsibility for developing and recommending strategies to identify, assess and manage CRROs to the Chief Executive and the ELT. The ELT also focuses on improving climate-related reporting and disclosure, including identifying proposed metrics and targets. These processes are facilitated by the Chief Sustainability Officer and their team.

Management is responsible for ensuring that CRROs and their current impacts are effectively identified, assessed, and managed across the business. Our annual CRDs are prepared by management with a primary governance pathway, via the AFRC, to the Board.

The key inputs this year were:

- analysis by the cross-functional Climate Working Group, which conducted workshops to update and refine our scenarios, risks, opportunities and current impacts; and
- financial quantification of our risks and opportunities, supported by independent third-party advice and guidance.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) is accountable for implementing the Board approved Risk Management Policy. The RMC's mandate is to establish and promote risk awareness among all staff, implement and communicate effective risk management and internal control frameworks, regularly monitor, report, and review risk activities, and ensure sufficient business resources for effective risk management. Where material, risks and issues are escalated to the RMC.

The RMC includes the ELT, the Risk Assurance Officer and the General Counsel and is chaired by the Chief Executive. The RMC meets approximately 10 times per year, including prior to each AFRC and SERC meeting, the relevant meetings are on the following page.

MANAGEMENT REMUNERATION IS LINKED TO MANAGEMENT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The remuneration of the Chief Executive and the ELT is linked to our strategic objectives, purpose and goals. The Short-Term Incentive (STI) component of remuneration is set as a percentage of the executive's base salary and for FY25 was set at 50% for the Chief Executive and up to 40% for other ELT members. This compares to 60% and 35% respectively in FY24 and FY23. A proportion (70% for the Chief Executive and 50% for other ELT members in FY25) of the STI is related to a shared set of Group Key Performance Indicators (KPIs) that form our scorecard and are aligned with our three year objectives. Climate-related KPIs have been a consistent component of this scorecard, comprising 15% of the total STI weighting in FY23 and FY24, and 10% in FY25. This change was due to an increased STI weighting on Commercial initiatives reflecting the Board's focus for FY25, of which climate remains a priority.

The approach to executive remuneration, including the incorporation of climate-related KPIs in the STI scorecard, is overseen by a committee of the Board, the People and Performance Committee (PPC). Progress against the scorecard is monitored by the Finance team and reported to the PPC quarterly. The PPC reviews annual STI performance appraisal outcomes for all members of the ELT, including the Chief Executive, and endorses these for Board approval.


Turitea Wind Farm.

FY22 – 24 Three-Year Objective	FY24 KPI
Play a leading role in New Zealand's successful transition to a low carbon economy	Role in electricity sector transition progress
Create executable options for new growth	Progress on non-condensable gas reinjection

FY25 – 27 Three-Year Objective	FY25 KPI	FY26 KPI
Delivering more reliable and renewable energy to power Aotearoa	Generation availability target met	Delivery of generation development projects
Accelerating the shift to a low-carbon future	Deliver two of three outcomes of: • advancements of new demand or Commercial and Industrial electrification • Progress emission reduction • Sector and Government Energy Transition Framework	CO_2e emissions, firming and demand capacity from electricity and energy system

MANAGEMENT AND GOVERNANCE MEETINGS IN FY25

	AUG 24	OCT 24	NOV 24	JAN 25	FEB 25	APR 25	MAY 25	JUN 25	AUG 25
BOARD	Board Meeting; discuss scenarios, external changes and progress toward our three-year objectives, approve FY24 Climate Statement		Strategy Day; discuss scenarios, external changes and progress toward our three-year objectives, discuss strategic opportunities, including climate-related ones		Board Meeting; discuss scenarios, external changes and progress toward our three-year objectives	Board Meeting; discuss sustainability quarterly update	Strategy Day; discuss scenarios, external changes and progress toward our three-year objectives, discuss strategic opportunities, including climate-related ones		Board Meeting; approval of the FY25 Climate Statement, GHG Inventory and Climate Action Plan
RAAC	Review and endorsement of the FY24 Climate Statement		Review of our approach to CRDs against market practice	**AFRC**	Update on FY25 Climate Scenario Analysis and risk and opportunity identification		Initial review of the FY25 Climate Statement and Climate Action Plan	Further review of the FY25 Climate Statement and Climate Action Plan	Final review and endorsement of the FY25 Climate Statement, GHG Inventory and Climate Action Plan
RMC		Review of our approach to CRDs against market practice		Update and endorsement of the FY25 Climate Scenario Analysis and risk and opportunity identification		Initial review of the FY25 Climate Statement and Climate Action Plan		Further review of the FY25 Climate Statement and Climate Action Plan	Final review of the FY25 Climate Statement, GHG Inventory and Climate Action Plan

OVERVIEW AND RELATIONSHIP BETWEEN RESPONSIBILITIES OF OUR BOARD, SUB-COMMITTEES AND MANAGEMENT

BOARD

OUR BOARD

- Approves scenarios, strategy, Risk Management Policy and targets.
- Receives quarterly updates on progress against emissions reductions targets
- Receives updates from Committee Chairs
- Approves statutory reporting, including Climate-related Disclosures (CRDs)
- Approves management STI outcomes

COMMITTEES

AUDIT AND FINANCIAL RISK COMMITTEE (AFRC)

- Oversees CRROs and CRDs
- Oversees controls for managing climate-related risks and keeping of CRD records

SAFETY AND ENTERPRISE RISK COMMITTEE (SERC)

- Oversees Risk Management Framework and risk assurance and internal audit activity
- Oversees enterprise risks

PEOPLE AND PERFORMANCE COMMITTEE

- Oversees climate-related KPIs in the management STI scorecard
- Endorses STI outcomes for Board approval

MANAGEMENT

CHIEF EXECUTIVE AND EXECUTIVE LEADERSHIP TEAM (ELT)

- Embeds climate change into risk management, business strategy and planning, budgeting processes and frameworks
- Identify, consider, and monitor CRROs, reporting to the AFRC, SERC and the Board
- Ensures business areas identify, manage, and escalate risks appropriately
- Implement risk mitigation strategies
- Reviews quarterly sustainability updates
- Monitors emerging risks and opportunities
- Prepares and presents climate-related risk reports to the SERC and AFRC (as appropriate), including actions taken to mitigate risks

RISK MANAGEMENT COMMITTEE (RMC)

- Committee of the ELT and Risk Assurance Team, General Counsel, chaired by the Chief Executive
- Oversees risk reporting from the Risk Assurance Team (reports to the Chief Financial Officer)
- Promotes risk awareness and appropriate risk management
- Monitors and reviews risk activities at approximately 10 meetings each year
- Reporting of business risk is coordinated through the Risk Assurance Team and Risk Assurance Officer. Climate-related risks and opportunities are reported to the RMC by the Sustainability Team
- Engages third-party experts for services such as auditing, specific climate research or strategic management consulting when appropriate

OPERATIONS

STAFF

Identification and day-to-day management of climate-related risks is dispersed throughout Mercury

RISK MANAGEMENT

PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

Risk management is integral to our business. Our Risk Management Policy, supported by a suite of risk management tools and practices, embeds risk management competence across the enterprise. This ensures a consistent method of identifying, assessing, controlling, monitoring and reporting on potential risks to our business and to the achievement of its plans.

Our Climate Working Group supports the identification of climate-related risks through scenario analysis, internal stakeholder engagement, and external data reviews (see the Scenario Analysis section in this Climate Statement) as well as the relevant business owners of these risks. The risk owners then assess risks using defined enterprise impact and likelihood criteria, and relevant data to understand whether potential risks are material and to inform our view of the likelihood and impact of these risks. In FY25, we made progress towards a more detailed financial quantification process, which informed the assessment of our CRROS. The anticipated financial impacts ranges disclosed for our CRROs, are aligned to the financial ranges in our Risk Management Framework.

Annually, climate-related risks are classified and assessed alongside other types of risks using a common methodology (our risk matrix, which assigns risk levels based on a combination of likelihood and impact scoring – shown below). Our risk matrix requires consideration of both estimated quantitative impacts, such as loss of revenue or increases in costs, and qualitative impacts, such as loss of social licence, or reputational impacts. The likelihood is measured against the probability of a risk taking place in any given year.

To determine materiality of CRROs, we assess whether the information or the way in which information is presented, could influence the decisions of users of our Climate Statement, considering both quantitative (financial impacts) and qualitative factors (non-financial impacts).

Climate-related risks disclosed in our Climate Statement are integrated into our enterprise risk management framework via the risk register. These are assigned to relevant business units, which are responsible for developing mitigation strategies and reporting on progress.

		IMPACT					
		Insignificant	**Minor**	**Moderate**	**Significant**	**Major**	**Fundamental**
LIKELIHOOD	**Almost Certain**						
	Highly Likely						
	Probable						
	Possible						
	Unlikely						
	Rare						

RISK MANAGEMENT FRAMEWORK

Our Board approved Risk Management Framework aligns with Aotearoa New Zealand standard AS/NZS ISO 31000 Risk Management – Principles and Guidelines. It helps us to identify different categories of risk – health, safety and wellbeing, compliance, operational, reputational, financial and people risks.

Climate-related risks are fully integrated into our enterprise Risk Management Framework with oversight from the Risk Management Committee, AFRC and SERC, this ensures they are actively monitored and managed across the business. These risks are monitored using our risk register and are reassessed on an ongoing basis to reflect changes in external factors, regulatory developments, and business conditions. More information on our risk management approach can be found in the Assurance and Managing Risk section of our Corporate Governance Statement.

MANAGING CLIMATE-RELATED RISKS

The day-to-day management of climate-related risk occurs across various business units such as Wholesale Markets, Generation, Generation Development, Customer, Finance and Sustainability with escalating responsibilities up to the RMC. The SERC and AFRC oversee the appropriate management of our climate-related risks and the implementation of effective systems of control, assurance, reporting, policies and procedures in place.

In relation to markets, our Wholesale Markets and Finance teams manage risks and opportunities presented by:

- ↗ the electricity market – we continually model scenarios of resource availability, electricity market supply and demand and adjust our approach accordingly.
- ↗ the carbon market – we are involved in forest carbon investments and have long-term contracts in place.

Regulatory risks and opportunities are managed by the Sustainability team. In FY25, we made a submission to the Ministry for the Environment regarding the government's proposals for the second Emissions Reduction Plan. We have engaged in broader Electricity Authority work programmes to transition the existing market arrangements to enable a more renewable future. Alongside this, we maintain active involvement in ongoing government processes to create a framework for climate adaptation.

Physical risks and opportunities from climate change fall into acute (event-driven, such as increased severity of extreme weather events) and chronic (longer-term shifts in precipitation and temperature and increased variability in weather patterns, such as sea level rise). We continue to monitor proposed methodologies for climate change risk assessment and adaptation planning, both nationally and internationally.

We have models of storm events experienced within the Waikato Hydro System (WHS) and we work in partnership with the Waikato Regional Council to engage in training exercises and flood simulations to educate and familiarise our staff and council staff on the management of storms and flood risks.

We continue to refine and mature our climate-related scenario analysis to assess the impacts of our changing climate on our assets and business while working with research organisations to improve the quality of our climate data including potential future inflows to the WHS.

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Independent limited assurance report

To the Shareholders of Mercury NZ Limited

Under section 461ZH(3) of the Financial Markets Conduct Act 2013, the Auditor-General is the assurance practitioner of Mercury NZ Limited (the Company) and its subsidiaries (the Group). The Auditor-General has appointed me, Matthew Cowie, using the staff and resources Ernst & Young Limited, to carry out a limited assurance engagement, on his behalf, on the greenhouse gas (GHG) emissions information disclosed in the Group's Climate Statement (GHG disclosures) and additional disclosures (as described in 'scope of the engagement' section below), for the year ended 30 June 2025.

Scope of the engagement

The GHG disclosures below are within the scope of our mandatory limited assurance engagement:

- The gross emissions, in metric tonnes of carbon dioxide equivalent, classified as Scope 1, Scope 2 (calculated using the location-based method) and Scope 3, on page 82 of the Climate Statement.
- The statement describing that GHG emissions have been measured in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard on page 82 of the Climate Statement.
- The approach used to consolidate GHG emissions (operational control) on page 7 of the GHG Emissions Inventory report.
- The sources (or references to sources, where applicable) of emission factors and the global warming potential rates used, on pages 11 to 12 and pages 15 to 16 of the GHG Emissions Inventory report.
- The summary of specific exclusions of Scope 1, Scope 2 (calculated using the location-based method) and Scope 3 emissions sources, including facilities, operations or assets with a justification for their exclusion, on page 13 of the GHG Emissions Inventory report.
- The description of the methods and assumptions used (including the rationale for doing so, where applicable) to calculate or estimate Scope 1, Scope 2 (calculated using the location-based method) and Scope 3 GHG emissions, and the limitations of those methods, on page 82 of the Climate Statement and pages 11 to 12 and page 14 of the GHG Emissions Inventory report.
- The description of any uncertainties relevant to the Group's quantification of its Scope 1, Scope 2 (calculated using the location-based method) and Scope 3 GHG emissions, including the effects of these uncertainties on GHG disclosures, on page 82 of the Climate Statement and pages 11 to 12 and page 14 of the GHG Emissions Inventory report.
- The explanation for base year GHG emissions restatements (where applicable) relating to Scope 1, Scope 2 (calculated using the location-based method) and Scope 3 emissions, on page 76 and 82 of the Climate Statement and page 4 of the GHG Emissions Inventory report.

As agreed in accordance with our letter of engagement on 09 June 2025, the scope of our limited assurance engagement also includes the following disclosures on pages 65 to 89 of the Climate Statement ('additional disclosures'):

- The disclosures in Mercury's Climate Statement required by NZ CS which are not subject to mandatory assurance.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Group's GHG disclosures and additional disclosures within the scope of our limited assurance engagement for the year ended 30 June 2025, are not fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards, issued by the External Reporting Board.

Other matter

The comparative information, being the restated 2022 – 2024 GHG disclosures Scope 3, Category 1 – Purchased Goods and Services and Category 2 – Capital Goods on page 76, has not been subject to assurance. As such, it is not covered by our assurance conclusion.

Key matters

Key matters are those matters that, in our professional judgement, were of most significance in carrying out this limited assurance engagement on the GHG disclosures and the additional disclosures for the current year.

Key matters were addressed in the context of our limited assurance engagement on the GHG disclosures and the additional disclosures, and in forming our conclusion thereon. We do not provide a separate conclusion on these matters.

The key matters are described on the following page:

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Spend-based methods used in measurement of Scope 3 purchased goods and services and capital goods

Description of key matter

As disclosed on page 76 and 82 of the Climate Statement and page 4 of the GHG Emissions Inventory report, the Group measured the GHG emissions from Scope 3 – Purchased goods and services and Capital goods, in part, using the spend-based calculation method per the GHG Protocol. These Scope 3 components make up approximately 19% of the Group's total GHG emissions and approximately 39% of Scope 3 emissions for the period ended 30 June 2025. This method estimates emissions by multiplying the value of purchased goods and services and capital good with relevant emission factors.

This approach carries an inherent uncertainty which may result in significant differences between estimated and actual emissions.

Future changes to the calculation method or assumptions could lead to material changes and restatements of previously reported amounts.

How we addressed this matter

In reviewing the Group's measurement and disclosure of Scope 3 emissions using spend-based methods, we:

- Gained an understanding of the spend-based calculation method, assumptions and estimation uncertainties through enquiries of management.
- Considered the alignment of the Group's methodology with the GHG Protocol.
- Considered the reasonableness of the selected emission factors and their application.
- Reviewed the categorisation of the Group's expenditures on goods and services and capital goods.
- Reviewed the adequacy of the disclosures related to the calculation method, assumptions and uncertainties in estimating this emission source, included on page 12 and 14 of the GHG Emissions Inventory report.

Scope 1 – Geothermal emissions

Description of key matter

Geothermal generation is a material source of electricity generation for the Group and accounts for approximately 50% of the Group's total GHG emissions for the period ended 30 June 2025. These emissions are calculated by measuring the volume of steam flows by plant and applying a Unique Emissions Factor (UEF) for each plant.

Since the Group owns and operates the geothermal plant infrastructure, it conducts the steam flow measurements.

The UEFs used are calculated internally based on the properties of the geothermal steam for each plant. The steam properties are determined by testing of samples taken throughout the year by a third party. Where the properties of a plant's geothermal steam deviates more than 5% from the prior year, these emissions factors are externally assured by a third party.

How we addressed this matter

In reviewing the Group's measurement and disclosure of Scope 1 – geothermal emissions, we:

- Gained an understanding of the calculation method, assumptions and estimation uncertainties through enquiries of management.
- Performed analytical review procedures on the steam flow data which is collated from meters at each relevant plant.
- Compared the relationship between external electricity generation volumes to the steam flow data and obtained explanation from management on any unexpected patterns or anomalies.
- Considered the UEFs used, including reviewing any changes in the properties of the geothermal steam.
- Reviewed the capabilities, competence and objectivity of the third party which performs the testing of the geothermal steam properties.
- Reviewed the adequacy of the disclosures related to the calculation method, assumptions and uncertainties in estimating this emission source, included on page 11 and 14 of the GHG Emissions Inventory report.

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The board of directors' responsibilities

Subparts 2 to 4 of the Financial Markets Conduct Act 2013 set out requirements for a climate reporting entity in preparing a climate statement, which includes proper record keeping, compliance with the climate-related disclosure framework and subjecting it to assurance.

The Aotearoa New Zealand Climate Standards have been issued by the External Reporting Board as the framework that applies for preparing and presenting a climate statement. The board of directors of the Group is therefore responsible for preparing and fairly presenting a climate statement for the year ended 30 June 2025, in accordance with those standards.

The board of directors is also responsible for the design, implementation, and maintenance of internal control relevant to preparing the climate statement that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Section 461ZH of the Financial Markets Conduct Act 2013, requires the GHG disclosures included in the Group's Climate Statement to be the subject of an assurance engagement.

NZ CS1 *Climate-related disclosures*, paragraph 25 requires such an assurance engagement at a minimum to be a limited assurance engagement, and paragraph 26 specifies the scope of the assurance engagement on GHG disclosures. We also agreed to provide limited assurance on the additional disclosures in accordance with our letter of engagement on 09 June 2025.

To meet these responsibilities, we planned and performed procedures (as summarised below), to provide limited assurance in accordance with New Zealand Standard on Assurance Engagements 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*, International Standard on Assurance Engagements (ISAE) (NZ) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and International Standard on Assurance Engagements (NZ) 3410 *Assurance Engagements on Greenhouse Gas Statements*, issued by the New Zealand Auditing and Assurance Standards Board.

Summary of Work Performed

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above:

- We obtained, through enquiries, an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Scope 1, Scope 2, Scope 3 and additional disclosures. We did not evaluate the design of particular control activities or obtain evidence about their implementation.
- We evaluated whether the Group's methods for developing estimates are appropriate and had been consistently applied. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Group's estimates.
- We evaluated whether the assumptions applied when developing estimates are appropriate and had been consistently applied.
- We performed analytical procedures on particular emission categories and additional disclosures by comparing the expected GHG emissions and additional disclosures to recorded GHG emissions and additional disclosures and made inquiries of management to obtain explanations for any significant differences we identified.
- We evaluated the appropriateness of a limited number of emission factors applied in the Scope 1, Scope 2 and Scope 3 measurement process.
- We evaluated the overall presentation and disclosure of the Scope 1, Scope 2, Scope 3 and additional disclosures against the requirements of the Aotearoa New Zealand Climate Standards.
- Obtained director representation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Inherent limitations

As outlined on page 82 of the Climate Statement and pages 11 to 12 and page 14 of the GHG Emissions Inventory report, GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

As discussed on page 66 of the Climate Statement, climate-related risk management is an emerging area, and often uses data and methodologies that are developing and uncertain. The Climate Statement contains forward looking statements, including climate-related scenarios, targets, assumptions, climate projections, forecasts, statements of future intentions and estimates and judgements that have not yet occurred and may never occur. We do not provide assurance on the achievability of this prospective information.

Other information

The Integrated Report contains information other than the GHG disclosures and additional disclosures and the assurance report thereon. The board of directors is responsible for the other information.

Our assurance engagement does not extend to any other information included, or referred to, in the Integrated Report on pages 01 to 64 and 94 to 142 and therefore, no conclusion is expressed thereon apart from our opinion on the financial statements. We read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the GHG disclosures and additional disclosures, or our knowledge obtained in the assurance engagement, or otherwise appears to be materially misstated.

Where such an inconsistency or misstatement is identified, we are required to discuss it with the board of directors and take appropriate action under the circumstances, to resolve the matter. There are no inconsistencies or misstatements to report.

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Independence and quality management

We complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. These principles for example, do not permit us to be involved in the preparation of the current year's GHG information as doing so would compromise our independence.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) and Professional and Ethical Standard 4 *Engagement Quality Reviews* issued by the New Zealand Auditing and Assurance Standards Board (PES 4). PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. PES 4 deals with an engagement quality reviewer's appointment, eligibility, and responsibilities.

In addition to this engagement, we have carried out assignments in the areas of financial statement audit, interim financial statements review, agreed-upon procedures and other assurance engagements which are compatible with those independence requirements. Other than this engagement and these assignments, we have no relationship with or interests in the Group.

Matthew Cowie
Ernst & Young Limited
On behalf of the Auditor-General

Auckland, New Zealand
19 August 2025

LEADERSHIP AND GOVERNANCE

MANA WHAKAHAERE

In this section we introduce our Board and Executive Leadership Team and present our corporate governance statement.
We also share our remuneration policy and report, directors and other disclosures, information for security holders, sustainability index, directory information and a glossary.

YOUR BOARD OF DIRECTORS

SCOTT ST JOHN (A) (N) (P) (S)
CHAIR

Tenure:

First appointed: 1 Sep 2017
(Chair since Jan 2024)

Last elected: 19 Sep 2023

Key skills*: M&A and capital structure; stakeholder relationships; commercial experience; people leadership.

Scott has an extensive background in investment advisory and capital markets. Scott is Chair of ANZ New Zealand and a director of ANZ Group and Next Foundation. He was formerly a director of Fonterra Cooperative Group, Chair of Fisher & Paykel Healthcare Corporation, a member of the Capital Markets Development Taskforce and the Financial Markets Authority Establishment Board and was Chancellor of the University of Auckland. He was the Chief Executive of First NZ Capital from 2002 to 2017.

MARK BINNS (S)
DIRECTOR

Tenure:

First appointed: 1 Sep 2023

Last elected: 19 Sep 2023

Key skills*: Energy industry; wholesale markets trading; commercial experience; major project investment.

Mark was CEO of Meridian Energy from 2012 – 2017 and before that spent 22 years with Fletcher Building, including 15 years as CEO of the Construction and Infrastructure division. He currently chairs Crown Infrastructure Partners and Hynds Limited and is a director of Auckland International Airport.

ROB HAMILTON (A)
DIRECTOR[1]

Tenure:

First appointed: 1 Apr 2025

Key skills*: M&A and capital structure; investment analysis; audit and risk management; commercial experience.

Rob is an experienced business leader and director and an experienced chair of audit and risk committees. He is currently a director of Westpac New Zealand, Oceania Healthcare, Tourism Holdings and Cyprus Enterprises. Rob has more than three decades' experience in finance and capital markets, including as a Managing Director and Head of Investment Banking at Jarden, and Chief Financial Officer for SkyCity Entertainment Group. Rob's experience includes advising several major New Zealand energy companies.

HANNAH HAMLING (A) (S)
DIRECTOR

Tenure:

First appointed: 1 Feb 2020

Last elected: 19 Sep 2023

Key skills*: Natural resource management (including water and climate change); health and safety; risk management.

Hannah is an environmental scientist with a particular interest in sustainable development and resilience. Until January 2020, she was President of the Asia Pacific Region and Global Sustainable Development Leader for Golder, a Canadian global ground engineering and environmental science company. Before joining Golder, Hannah was Managing Director of New Zealand environmental consultancy firm Kingett Mitchell. Hannah has extensive background in consulting, management and board roles across various sectors including electricity, construction and water management.

ADRIAN LITTLEWOOD (P) (S)
DIRECTOR

Tenure:

First appointed: 1 Aug 2023

Last elected: 19 Sep 2023

Key skills*: Commercial experience; large organisation and cultural leadership experience; major project investment; stakeholder relationships.

Adrian has deep executive experience including 12 years at Auckland International Airport, nine of these as CEO. Before that he held senior roles across strategy, operations, product and marketing with Telecom New Zealand. Previous governance roles include acting as the New Zealand Chair of the Australia/New Zealand Leadership Forum, Chair of the NZ Airports Association and a director of North Queensland Airports and Tourism Industry Aotearoa.

Committee Membership key:

- (A) Audit and Financial Risk Committee
- (N) Nominations and Corporate Governance Committee
- (P) People and Performance Committee
- (S) Safety and Enterprise Risk Committee
- ● Chair of the committee

Tenure key:

- < 3 years
- 3-6 years
- 6+ years

*Key Skills are defined as the particular skills each director brings to the Mercury Board, and which we consider in our succession planning.

[1] Rob Hamilton joined the Board on 1 April 2025 and will stand for election at the 2025 ASM in September.

YOUR BOARD OF DIRECTORS CONT.

JAMES MILLER (A) (N)
DIRECTOR[2]

Tenure:

First appointed: 2 May 2012

Last elected: 22 Sep 2022

Key skills*: M&A and capital structure; investment analysis; audit and risk management; energy industry.

James is an experienced non-executive director and chair and an experienced chair of Audit and Risk Committees. He has specialist expertise in utility economics and 15 years' experience in capital markets. He is currently Chair of Channel Infrastructure NZ and is a director of Vista Group, Ryman Healthcare and Fletcher Building. James' prior roles have included Chair of NZX, Deputy Chair of Accident Compensation Corporation and board positions with Auckland International Airport, the Financial Markets Authority and Vector.

James is a qualified Chartered Accountant and is a Fellow of the Institute of Chartered Accountants and Institute of Finance Professionals.

SUSAN PETERSON (A) (N) (P)
DIRECTOR

Tenure:

First appointed: 1 Sep 2022

Last elected: 22 Sep 2022

Key skills*: Large organisation and people leadership; AI; data and digitisation; customer relationships; governance.

Susan is an experienced non-executive director, board chair and chair of People and Remuneration and Audit and Risk Committees. As a business leader, Susan has helped companies to drive growth through technology, innovative customer solutions and organisational culture. She currently chairs Vista Group and is an independent director of Xero. Susan is also an independent director of Craigs Investment Partners.

Susan was previously a member of the New Zealand Markets Disciplinary Tribunal and a past director of Trustpower, ASB Bank, Arvida and Property for Industry. Susan also served on the Board of Global Women and has been a past Ministerial appointee to the National Advisory Council for the Employment of Women.

MIKE TAITOKO (P)
DIRECTOR[3]

Tenure:

First appointed: 28 Aug 2015

Last elected: 19 Sep 2024

Key skills*: Iwi and other stakeholder relationships; natural resource management (including water and climate change); digitisation.

Mike is a leading advisor on Māori economic development and has well-established networks in Māoridom. Mike has strong commercial skills in the application of digital technologies. He is the co-founder and CEO of Takiwā NZ Limited and a co-founder and director of Toha Foundry Limited, technology companies commercialising cloud-based geospatial analytics services. He was formerly a director of Auckland Tourism Events and Economic Development (ATEED).

LORRAINE WITTEN (A)
DIRECTOR[4]

Tenure:

First appointed: 1 Sep 2022

Last elected: 22 Sep 2022

Key skills*: Governance; commercial experience; audit and risk management; innovation.

Lorraine is an experienced non-executive director, chair and chair of Audit and Risk Committees. She is a business leader with an extensive background in the telco, technology, and ICT sectors. Lorraine currently chairs Rakon and her prior roles include director and chair of the Audit and Risk Committees for Department of Corrections, Horizon Energy Group, Pushpay Holdings and WREDA, and director and chair of MOVE Logistics Group and Kordia Group.

Lorraine is a Chartered Accountant and is a Fellow of the Institute of Chartered Accountants and Institute of Directors.

NICOLE ROSIE
PAST FUTURE DIRECTOR

Term: 1 May 2024 to 13 May 2025

Key skills*: Networked infrastructure (delivery and operation), regulation, public and private sector, cultural change, health and safety and sustainability/climate change.

Nicole is an experienced Chief Executive and director. Nicole completed her term as Chief Executive of Waka Kotahi NZ Transport Agency in February 2025. She has over 20 years of experience in executive and senior leadership roles including senior executive roles in Fonterra, KiwiRail, Vector and Fletcher Challenge Forests, and 3 years as Chief Executive of WorkSafe. Nicole has expertise across the public and private sectors including in cultural change, transformation, health and safety and climate change.

As a Future Director, Nicole was invited to attend and participate in Mercury Board and Committee meetings, although she did not participate in decision making.

Committee Membership key:

- (A) Audit and Financial Risk Committee
- (N) Nominations and Corporate Governance Committee
- (P) People and Performance Committee
- (S) Safety and Enterprise Risk Committee
- ● Chair of the committee

Tenure key:

- < 3 years
- 3-6 years
- 6+ years

*Key Skills are defined as the particular skills each director brings to the Mercury Board, and which we consider in our succession planning.

[2] James Miller will resign as a director following the 2025 ASM on 19 September 2025.

[3] Mike Taitoko will resign as a director following the 2025 ASM on 19 September 2025.

[4] Lorraine Witten will resign as a director on 15 September 2025.

YOUR EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team leads our business to deliver on strategy, ensuring we continue to succeed while also positioning us for future opportunities and challenges. The team bring enterprise-wide leadership capability, together with deep subject knowledge expertise. Together, they provide leadership for our people and more widely, in a changing environment.

STEW HAMILTON
CHIEF EXECUTIVE

RICHARD HOPKINS
CHIEF FINANCIAL OFFICER

CRAIG NEUSTROSKI
CHIEF STRATEGY AND TRANSFORMATION OFFICER

FIONA SMITH
CHIEF PEOPLE EXPERIENCE OFFICER

KEVIN TAYLOR
CHIEF OPERATING OFFICER – GENERATION

CATHERINE THOMPSON*
CHIEF SUSTAINABILITY OFFICER

TIM THOMPSON
EXECUTIVE GENERAL MANAGER – WHOLESALE

MATT TOLCHER
EXECUTIVE GENERAL MANAGER GENERATION DEVELOPMENT

*Catherine Thompson joined Mercury after FY25 year end.

CORPORATE GOVERNANCE FRAMEWORK

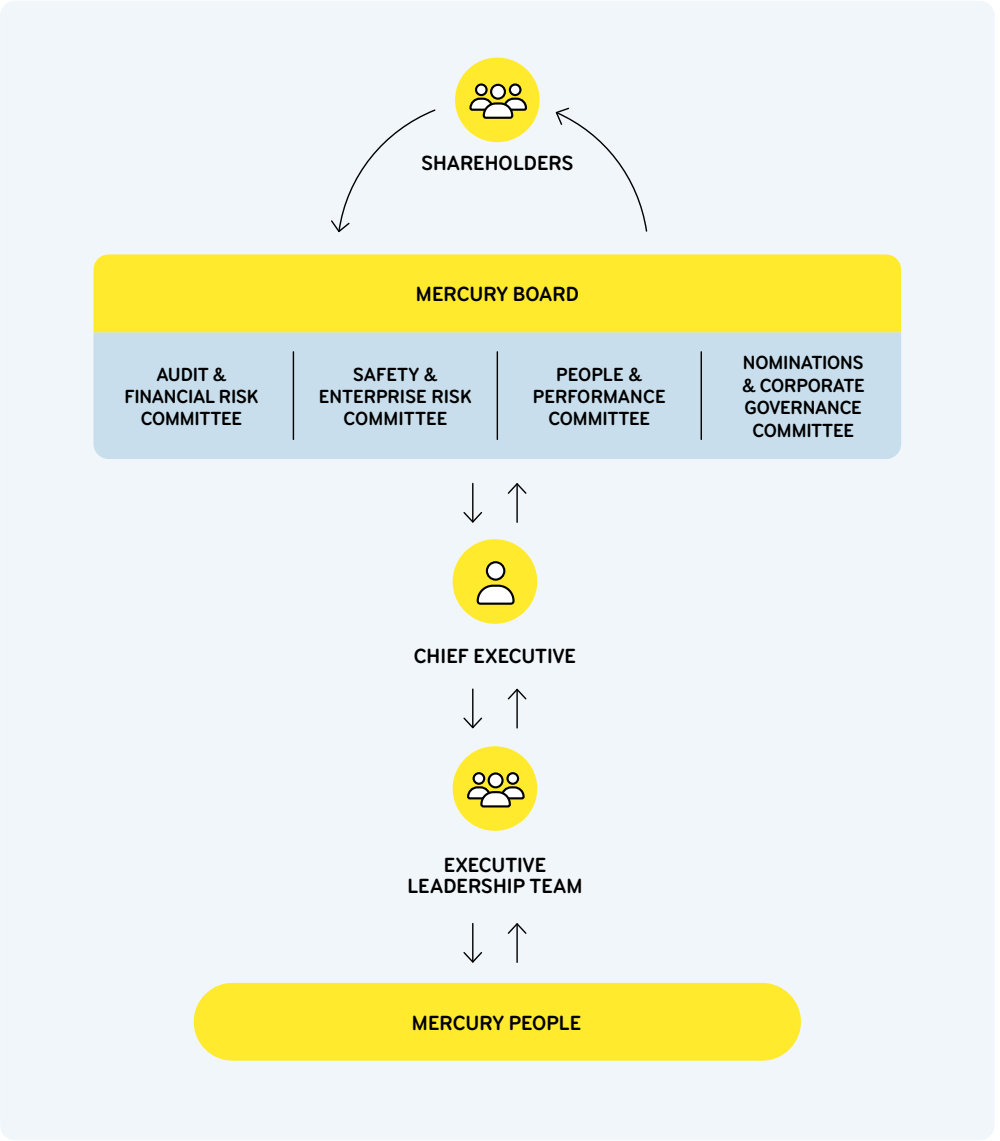
This corporate governance statement (comprising pages 94 to 112 of this report) has been prepared in accordance with NZX Listing Rule 3.8.1 and was approved by the Board of Mercury NZ Limited on 19 August 2025. The information contained in this corporate governance statement is current as at that date. Some information in the corporate governance statement is expressed to be current at another date, for example the FY25 balance date of 30 June 2025. This corporate governance statement reports against the NZX Corporate Governance Code dated 31 January 2025.

At Mercury, we are committed to the highest standards of corporate governance, business behaviour and transparency to protect and enhance the interests of our owners. Our corporate governance framework includes robust policies and processes which are fundamental to all of Mercury's foundational pillars. Our corporate governance framework underpins the maintenance of strong relationships with our stakeholders and our ability to create long-term value. It also ensures Board accountability to our shareholders and provides for an appropriate delegation of responsibilities to our people.

The Board regularly reviews our corporate governance policies and practices to ensure compliance with NZX and ASX standards (Mercury is an ASX Foreign Exempt Listed company) as well as reflecting positive contemporary corporate governance trends in New Zealand and Australia.

Over the reporting period, our corporate governance practices were in substantial compliance with the NZX Corporate Governance Code. The only exception relates to Recommendation 3.3 (Remuneration Committee), where the governance of remuneration at Mercury is split between the People and Performance Committee and the Nominations and Corporate Governance Committee (see the Board Committees section of this report for a full explanation of this exception).

While not required due to our ASX foreign exempt listing status, we also endeavour to comply with ASX Corporate Governance Principles and Recommendations (fourth edition).



MERCURY'S BOARD

BOARD COMPOSITION AND CHARACTERISTICS

Structure of the Board

The Board typically comprises eight directors although this number may vary as required to ensure effective succession. To enable Mercury to achieve its strategic goals, the Board strives to include an effective combination and diversity of skills, backgrounds and experiences. The Board also focusses on ensuring that its culture reflects Mercury's values, to foster alignment with the wider business.

There is a brief bio of each director at the beginning of this section.

Chair

Scott St John is the Chair of the Board. First appointed as a director in 2017, he was appointed as Chair in 2024. Scott is an independent, non-executive director. The Chair's overarching responsibilities are to provide leadership to the Board and to ensure the Board is well informed and effective. More information about the role of the Chair is contained in the Mercury Board Charter (found on the Corporate Governance section of our website).

Future Director

The Institute of Directors' Future Directors Programme provides people with governance potential and ambition with mentorship and the opportunity to participate on a board. It aims to increase the next generation of board-ready directors in New Zealand. The Mercury Board is a supporter and active participant in the programme, having welcomed five future directors. Nicole Rosie was Mercury's latest future director, with her term ending on 13 May 2025. Mercury is currently undertaking a future director search.

Future Directors are invited to attend, and actively participate in, Mercury Board and Committee meetings, although they do not participate in decision making.

INDEPENDENCE

All of Mercury's directors, including the Chair, are considered by the Board to be 'independent' directors, in that they are non-executive directors who are not substantial shareholders and who are free of any interest, business or other relationship that would materially interfere with, or could reasonably be seen to materially interfere with, the independent exercise of their judgement.

The Mercury Board takes director tenure into account in considering independence. The NZX recommends that issuers consider the effect of tenure on independence after 12 years' service. The Board has determined James Miller to be independent. Mercury values the experience and deep understanding of Mercury's business, energy markets and major capital investment which James brings to the Board. James has been on the Board since 2012, but in light of the considerable value that he provides to the Board, his ability to challenge and hold management to account and the fact that he has been Chair of the Audit and Financial Risk Committee (previously the Risk Assurance and Audit Committee) only since 2022, the Board has determined that James' independence is not affected by his tenure. James will retire from Mercury following the 2025 Annual Shareholders' Meeting.

RESPONSIBILITIES

The Board is responsible for Mercury's strategic direction and operation and has delegated certain responsibilities to the Chief Executive and the Executive Leadership Team (ELT).

The Board's responsibilities are set out in the Board Charter, which is reviewed at least every two years, and include:

Strategy and Planning

- Establishing clear strategic goals with appropriate supporting business plans and resources.
- Monitoring strategy implementation.

Environmental and Health, Safety and Wellbeing

- Establishing Mercury's environmental and health, safety and wellbeing culture and practices comply with all legal requirements, reflect best practice in New Zealand and are recognised by employees and other stakeholders as key priorities.

Financial Performance and Integrity

- Monitoring financial performance and the integrity of reporting.

Executive Oversight

- Appointing the Chief Executive and overseeing the appointment of ELT.
- Setting delegated authority levels for the Chief Executive and ELT.

Risk and Audit

- Approving Mercury's Risk Management Framework, including the Risk Appetite Statements.
- Overseeing that effective audit, risk management and compliance systems are in place and monitored to protect Mercury's assets and to minimise the possibility of Mercury operating beyond legal or regulatory requirements or beyond acceptable risk parameters as determined by the Board.

Ethics, Culture and Corporate Behaviour

- Setting the expectations for a healthy, inclusive and high performance culture.
- Mercury's adherence to high standards of corporate behaviour, responsibility and ethics.

The Chief Executive and ELT are responsible for:

- Developing and making recommendations to the Board on Mercury strategies and associated initiatives.
- Managing and implementing strategies approved by the Board.
- Formulating and implementing policies and reporting procedures for management.
- Decision making compatible with Mercury's Delegations Policy.
- Managing business risk.
- The day-to-day management of Mercury.

The Chief Executive and ELT have appropriate employment agreements setting out their roles and conditions of employment. Chief Executive and ELT performance are reviewed regularly against objectives and measures set by the Board in annual performance scorecards. The Chief Executive's and each ELT member's performance were evaluated during the reporting period on this basis. Further details are contained in the Remuneration Report.

CONFLICTS

Mercury maintains a directors' interests register. The interests register is reviewed at each Board meeting to ensure it is up to date and to determine if any directors are interested in any current or proposed transaction in which Mercury is or may become involved. If a director is interested in a transaction, this is discussed with the Chair and the Company Secretary and actively managed. A management plan is established and periodically reviewed as necessary. More details on the Board's approach to conflicts of interest can be found in Mercury's Board Charter.

MERCURY'S BOARD CONT.

Information on current directors' interests can be found under Directors' Disclosures.

ACCESS TO ADVICE AND COMPANY SECRETARY

Directors may access such information and seek such independent advice as they consider necessary or desirable, individually or collectively, to fulfil their responsibilities and permit independent judgement in decision making. They are entitled to have access to internal and external auditors without management present and, with the Chair's consent, seek independent professional advice at Mercury's expense.

All directors have access to the advice and services of the Company Secretary for the purposes of the Board's affairs. The Company Secretary is appointed on the recommendation of the Chief Executive and must be approved by the Board. The Company Secretary is accountable to the Board, through the Chair, on all governance matters. As at the date of this Corporate Governance Statement, Howard Thomas is the Company Secretary.

SELECTION, NOMINATION AND APPOINTMENT

All directors are elected by Mercury's shareholders (other than directors appointed by the Board to fill casual vacancies, who must retire and stand for election at the next meeting of shareholders) with rotation and retirement determined in line with the NZX Listing Rules. The Board is responsible for considering and appointing directors to the Board after candidates have been identified by the Nominations and Corporate Governance Committee (see Board Committees).

Mercury notifies shareholders of their right to nominate a candidate for election as a director by notice on the NZX and ASX. Where any director election or re-election is to occur at a shareholder meeting, the Notice of Meeting includes all information on candidates for director election or re-election that the Board considers may be useful to shareholders. Directors must retire every three years and, if desired, seek re-election.

Susan Peterson, having served for three years since her last re-election, will retire at the September 2025 Annual Shareholders' Meeting (ASM) and stand for re-election in accordance with the NZX Listing Rules. Scott St John will also step down as a director at the 2025 ASM and stand for re-election. James Miller, Mike Taitoko and Lorraine Witten will retire as directors in September 2025.

The Board and Nominations and Corporate Governance Committee carry out appropriate due diligence before appointing a director or nominating a candidate for election as a director in accordance with our governance processes.

Mercury has a written agreement with each director set out in a letter of appointment containing the terms and conditions of their appointment. A copy of the standard form of this letter is available in the Corporate Governance section of our website. In addition, Mercury also indemnifies, and effects insurance for, directors to cover acts or omissions of those persons in carrying out their duties and responsibilities as directors in accordance with the Companies Act 1993.

INDUCTION AND DEVELOPMENT

All new directors participate in a comprehensive induction programme to familiarise them with Mercury's business and the energy and telecommunications industries. The induction programme covers key Mercury policies and internal frameworks and includes sessions run by ELT members on their business areas and important projects happening within Mercury. New directors may request further induction training as needed.

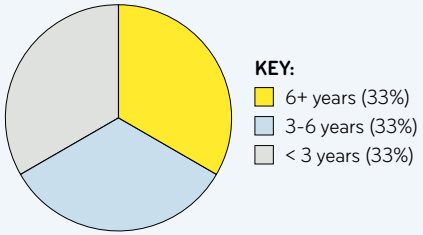
The Board receives regular briefings on Mercury's business operations from senior managers. Regular Board strategy days are held to consider matters of strategic importance to Mercury, and Board and management run scenario thinking sessions for key issues. Visits to Mercury's facilities keep the Board informed of Mercury's assets and operations and in particular with respect to health, safety and wellness matters.

The Board has an ongoing programme to enhance the effectiveness of directors. This involves both deep-dives into aspects of Mercury's business, and sessions focussing on the broader environment including future trends and innovation. During FY25 there were sessions run on geothermal fuel, price paths and pricing, treasury, AI and insurance.

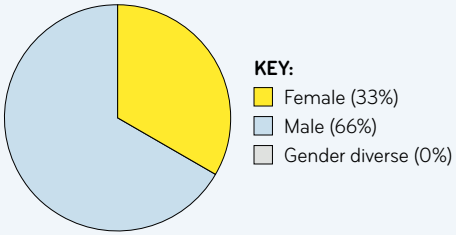
Directors are also encouraged and supported to continue their own professional development through individual learning opportunities. It is essential to Mercury that directors commit sufficient time to prepare and perform their duties properly and effectively. The Board has considered this issue during the reporting period and is satisfied that, taking into account all of their commitments, each director had sufficient time to perform their duties for Mercury.

KEY BOARD STATS [1]

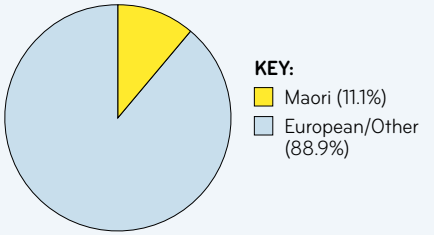
TENURE



GENDER



ETHNICITY



[1] As at 30 June 2025. Nicole Rosie (past Future Director) is not included in this data.

MERCURY'S BOARD CONT.

BOARD SKILLS MATRIX

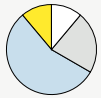
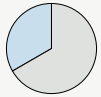
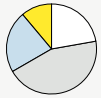
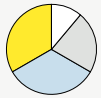
Through the Nominations and Corporate Governance Committee, the Board regularly assesses its skills and competencies in the context of key outputs required, including:

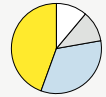
- Setting risk parameters for both value creation and value protection.
- Cultural leadership to reflect our values, environmental kaitiakitanga and social licence to operate.
- Strategy development in an environment of disruption, requiring courage to challenge, resilience and agility to respond.

During the reporting period, the Nominations and Corporate Governance Committee has considered and reviewed the skills of the Board and updated the Board skills matrix. The skills matrix has been reviewed in FY25 to align with Mercury's updated strategic framework. Recognising that how well the Board performs is a function of the skills and experience of individual directors and how the directors work together as a whole, we consider that addressing the level of skills and experience collectively is a better indicator of overall Board capability.

Although the Board fosters collaborative and open discussion and each director is expected to contribute broadly, the key skills which individual directors contribute to the Mercury Board are indicated in the director profiles. The purpose of identifying key skills at an individual level is to signal the skills which would need to be considered when a director retires. This is important for succession planning purposes.

Skill and experience category	Collective Board
Strategy and risk settings	
Significant commercial experience across different industries and economic cycles	
Major project investment and experience	
M&A and capital structure experience	
AI, automation and digitisation	
Disruption and innovation in energy and other sectors	
Climate Change and natural resource management (including water)	
Retail	
Understanding and maximising value in retail distribution networks at scale	

Skill and experience category	Collective Board
Stakeholders	
Community relationships across market segments and demographics	
Partner relationships	
Government relationships	
Shareholder/investment community relationships	
Iwi relationships/connectivity	
Energy industry	
Energy industry experience	
Wholesale markets trading (energy and/or other commodities)	

Skill and experience category	Collective Board
Governance and risk management	
Governance experience, including listed companies	
Finance/accounting/audit committee experience	
Risk management process and experience, including cyber security, climate related, structural asset integrity	
People leadership	
Health, safety and wellbeing governance	
Large organisation and cultural leadership experience	

KEY:

- None
- Some
- Medium
- Substantial

The skills matrix presented here includes data for all current directors as at 30 June 2025.

MERCURY'S BOARD CONT.

REVIEWING PERFORMANCE

The performance of the directors (individually and collectively), and the effectiveness of Board processes and committees, are regularly evaluated using a variety of techniques including external consultants, questionnaires and Board discussion. A performance review was carried out by an external facilitator during 2024. A performance review led by the Chair will be carried out during the 2025 calendar year.

DIRECTORS' MERCURY SHAREHOLDINGS

The Board encourages the alignment of directors' interests with those of shareholders and with Mercury's strategic aims. Non-executive directors are encouraged, within three years of the date the Non-executive Director Remuneration Policy was first approved or three years of their appointment (whichever is later), to purchase and hold Mercury shares equivalent to the non-executive director's fixed annual base fee after tax. Further details of directors' shareholdings in Mercury are set out in Directors' Disclosures.

BOARD COMMITTEES

The Board has four standing committees: the Audit and Financial Risk Committee (AFRC), the Safety and Enterprise Risk Committee (SERC) the People and Performance Committee, and the Nominations and Corporate Governance Committee. The previous Risk Assurance and Audit Committee was replaced by the AFRC and SERC effective 1 January 2025. Each committee focusses on specific areas of governance. Together, they strengthen the Board's oversight of Mercury.

Committee meetings are scheduled to coordinate with the Board meeting cycle. Each committee reports to the Board at the subsequent Board meeting and makes recommendations to the Board for consideration as appropriate. The minutes of each committee meeting are provided to all directors.

As an exception to the NZX Corporate Governance Code, Mercury does not comply with Recommendation 3.3 because it does not have a separate remuneration committee. This exception has been approved by the Board. The functions that would ordinarily be allocated to a remuneration committee are shared between the People and Performance Committee in respect of the Chief Executive and the ELT, and the Nominations and Corporate Governance Committee in respect of the directors. These responsibilities are reflected in the Committee Charters.

Each standing Committee operates in accordance with a written Charter approved by the Board and reviewed as required and at least every two years. Each committee is required to confirm to the Board annually that they have fulfilled the requirements set out in their Charter. The Committee Charters are available in the Corporate Governance section of our website.

ADDITIONAL COMMITTEES

Mercury assesses on a regular basis whether additional standing or ad hoc committees are required. Additional temporary committees are established from time to time, including as required to provide governance oversight on short-term projects. As at the date of this statement, Mercury has considered that no other standing committees are required.

COMMITTEE ATTENDANCE TABLE

(P) People and Performance Committee

Membership and Meetings

Members as at 30 June 2025: At least three directors, majority independent non-executives.	**Meetings in FY25:** At least 3 annually				
	Aug 24	Nov 24	Apr 25	Jun 25	Out of cycle[1]
Susan Peterson (Chair)	●	●	●	●	1
Mike Taitoko	●	-	●	●	1
Adrian Littlewood	●	●	●	●	1
Scott St John	●	●	●	●	1
Rob Hamilton	N/A	N/A	Observer	N/A	N/A

Purpose

Assist the Board to fulfil its responsibilities relating to:

- Mercury's people and culture strategy and plan.
- The remuneration and performance of the Chief Executive.
- People and culture policies and practices.

In addition, the Committee will monitor and provide guidance to management on human resources related matters.

[1] There was one out of cycle People and Performance Committee meeting during the period in relation to executive remuneration.

(N) Nominations and Corporate Governance Committee

Membership and Meetings

Members as at 30 June 2025: At least three directors, majority independent non-executives.	**Meetings in FY25:** At least annually			
	Dec 24	Apr 25	Jun 25	Out of cycle[2]
Scott St John (Chair)	●	●	●	1
James Miller	●	●	●	1
Susan Peterson	●	●	●	1
Adrian Littlewood	N/A	N/A	Observer	N/A

Purpose

Assist the Board to ensure that:

- the Board and its committees are structured appropriately and composed of suitably qualified individuals to support the Board's effectiveness in discharging its duties and responsibilities; and
- the Board adheres to high standards of corporate governance, reflecting governance principles and best practice.

While directors are elected by shareholders, the NCGC has an important role to identify people with the necessary range of skills, experience, knowledge and perspectives for selection as candidates for shareholder vote.

[2] There was one out of cycle Nominations and Corporate Governance Committee meeting during the period in relation to the new committee structure.

MERCURY'S BOARD CONT.

(R) Risk Assurance and Audit Committee (disestablished 1 January 2025)

Membership and Meetings

Members as at 30 June 2025: At least three directors, all independent non-executives. At least one with accounting/ financial background. Board Chair not eligible to be RAAC Chair.	**Meetings in FY25:** *At least 3 annually*	
	Aug 24	Nov 24
James Miller (Chair)	●	●
Hannah Hamling	●	●
Mark Binns	●	●
Lorraine Witten	●	●
Scott St John	●	●
Susan Peterson	Observer	N/A

Purpose

Until 1 January 2025: Oversee, review and advise the Board on Mercury's:

- Risk management policy and processes (which include oversight of health and safety assurance and climate-related risks and opportunities).
- Internal control mechanisms and internal and external audit functions.
- Compliance with legislation and regulation.
- Financial information prepared by management for publication.

Management only attend RAAC meetings by invitation.

Lalicia Kok and Rahul Sharma.

(S) Safety and Enterprise Risk Committee (established 1 January 2025)

Membership and Meetings

Members as at 30 June 2025: At least three directors, all independent non-executives.	**Meetings in FY25:** *At least 3 annually*	
	Feb 25	May 25
Hannah Hamling (Chair)	●	●
Adrian Littlewood	●	●
Mark Binns	●	●
Scott St John	●	●
Rob Hamilton	N/A	Observer

Purpose

From 1 January 2025: Assist the Board to fulfil its corporate governance role and responsibilities relating to health and safety and enterprise risks, including overseeing and monitoring Mercury's Risk Management Framework and risk assurance and internal audit activity as it relates to non-financial risk.

(A) Audit and Financial Risk Committee (established 1 January 2025)

Membership and Meetings

Members as at 30 June 2025: At least three directors, all independent non-executives. At least one with accounting/financial background. Board Chair not eligible to be AFRC Chair.	**Meetings in FY25:** *At least 3 annually*		
	Feb 25	May 25	Out of cycle[3]
James Miller (Chair)	●	●	1
Hannah Hamling	●	●	1
Lorraine Witten	●	●	1
Susan Peterson	●	●	1
Scott St John	●	●	1
Rob Hamilton	N/A	●	1
Mark Binns	Observer	N/A	N/A

Purpose

From 1 January 2025: Assist the Board to fulfil its corporate governance role and responsibilities relating to external audit, integrated reporting (including financial statements and climate-related disclosures) and risk assurance and internal audit as it relates to financial and climate-related risk.

Management only attend AFRC meetings by invitation.

[3] There was one out of cycle Audit and Financial Risk Committee meeting during the period in relation to climate-related disclosures.

ASSURANCE AND MANAGING RISK

AUDIT PLAN AND ROLE OF AUDITOR

As a public entity under the Public Audit Act 2001, the Auditor-General is the independent auditor of Mercury and each of our subsidiaries (together, the 'Group'). The Auditor-General appointed Emma Winsloe of Ernst & Young (EY) to conduct the FY25 audit on his behalf. The NZX Listing Rules require rotation of the key audit partner at least every five years. Ernst & Young were first appointed as auditors in May 1999, with Emma being appointed as the key audit partner for the FY24 audit. The provision of external audit services is guided by the Audit Independence Policy available on the Corporate Governance section of our website. The external auditor attends the Annual Shareholders' Meeting and is available to shareholders to answer questions relevant to the audit.

INTERNAL AUDIT AND RISK ASSURANCE

Mercury has a comprehensive internal audit and risk assurance plan, which takes a holistic view of Mercury's culture, practices and procedures and includes periodic reviews of relevant areas of Mercury's operations. The internal audit plan is designed, updated and approved by the Safety and Enterprise Risk Committee (SERC) and the Audit and Financial Risk Committee (AFRC) in consultation with the Risk Assurance Officer and the Internal Audit function. The Internal Audit function (currently made up of an internal team, Deloitte and other internal audit and process specialists appointed on an outsourced basis) reports on progress and the results of internal audit reviews at each SERC or AFRC meeting (as applicable). The Internal Audit function has access to management and the right to seek information and explanations.

The SERC and AFRC meets with the Internal Audit function as required without management present.

During FY25, the audit and risk assurance focus of the SERC and AFRC was compliance (regulatory), reputation, financial (including climate), operational and health, safety and wellbeing. Assurance reviews were undertaken for the following areas: Dam Safety, Process Safety, Key Financial Controls, Environmental Resource Compliance, Nature-based reporting and Cyber Security.

The SERC and AFRC meet quarterly to undertake their respective programmes of internal review and risk assurance work. The SERC has its meetings on site to facilitate its oversight of operational and safety risks.

TIMELY AND BALANCED DISCLOSURE

Shareholders and markets

Mercury is committed to maintaining a fully informed market through effective communication with the NZX and ASX, our shareholders and investors, analysts, media and other interested parties. Mercury provides all stakeholders with equal and timely access to material information that is accurate, balanced, meaningful and consistent. Where Mercury provides a new and substantive investor and analyst presentation, these materials are released to the NZX and ASX ahead of the presentation.

The Market Disclosure Policy is designed to ensure this occurs in compliance with Mercury's continuous disclosure obligations under the NZX Listing Rules. The Policy is available in the Corporate Governance section of our website.

The Board has appointed the Company Secretary as the Disclosure Officer who is responsible for administering the Policy. The Disclosure Committee (made up of the Board Chair, AFRC Chair, Chief Executive, Chief Financial Officer and Disclosure Officer) is responsible for ensuring that Mercury complies with its disclosure obligations.

The Chief Executive and ELT are responsible for providing the Disclosure Officer with all material information relating to their areas of responsibility. Information which, in the opinion of the Disclosure Officer, may require disclosure is provided to the Disclosure Committee for decision.

Disclosures relating to the annual and interim financial statements must be reviewed by the AFRC before being approved by the Board. Once approved for disclosure, the Disclosure Officer is responsible for releasing material information to the market.

Directors consider at each Board meeting whether there is any material information which should be disclosed to the market.

Integrity of reporting

The Chief Executive and the Chief Financial Officer are required each half year and full year to provide a letter of representation to the Board confirming that the financial statements have been prepared in accordance with legal requirements, comply with generally accepted accounting practice, and present fairly, in all material respects, the financial position of Mercury and the results of its operations and its cash flows.

A letter of representation confirming those matters was received by the Board with respect to the Group's FY25 financial statements. The Board has provided a similar letter of representation to EY as the Auditor.

Mercury's Integrated Report follows the Integrated Reporting <IR> framework. It covers financial and non-financial information, including material environmental, social and governance matters. Mercury includes a specific Global Reporting Initiative (GRI) Index and comprehensive climate-related disclosures, that are aligned with the Aotearoa New Zealand Climate Standards. We obtained an independent limited assurance opinion from EY on our FY25 Climate Statement and Greenhouse Gas Emissions Inventory.

RISK MANAGEMENT FRAMEWORK AND COMMITTEE RESPONSIBILITIES

Risk management is an integral part of our business. Responsibility starts with the Board who oversee that effective audit, risk management, and compliance frameworks and policies are in place and operating effectively. These frameworks and policies are monitored to protect Mercury's assets and earnings, and to mitigate the possibility of operating beyond legal or regulatory requirements or beyond acceptable risk parameters. The Board delegates this oversight responsibility to the SERC, AFRC and People and Performance Committee (PPC). The SERC and AFRC oversee the overall audit, risk management, and compliance systems and responsibility for certain people-related risks is delegated to the PPC (e.g. culture and psychological safety).

The SERC, AFRC and PPC Charters set out the role, responsibilities, composition, structure, and procedures of each Committee. The Charters provide guidance for the effective oversight of risk assurance and audit matters by the Committees on behalf of the Board. Mercury has an overarching Risk Management Policy in place (see the Corporate Governance section of our website) supported by a suite of risk management tools appropriate for our business, including our Risk Appetite Statement, the Mercury Code, an Energy Markets Risk Management Policy, a Treasury Policy and a Delegations Policy.

The purpose of the Risk Management Policy is to embed a comprehensive, holistic, Group-wide capability in risk management, which provides a consistent method of identifying, assessing, controlling, monitoring, and reporting existing and potential risks to our business and its plans. The Policy sets out the risk management objectives and requirements of Mercury within which management is expected to operate. The Policy applies to all business activities of the Group including Mercury-controlled joint ventures and is reviewed annually by the SERC and approved by the Board.

The risk management framework supports a comprehensive approach to risk, encompassing financial, strategic, environmental, operational, regulatory, reputational, social and governance risks. This approach includes assessing and managing climate-related risks.

The framework involves actively identifying and managing risk and taking measures to reduce the likelihood of risk, contain potential hazards and take mitigating action to reduce impacts in line with risk tolerances. This approach is consistent with the precautionary principle whereby, when an action has the potential to cause serious harm and there is reasonable uncertainty about the risks involved, it is prudent to take preventive measures to avoid harm.

Underpinning all of Mercury's risk management committees, frameworks, policies and process is a strong culture based on integrity, transparency, and accountability. The Board explicitly links culture to the organisation's capacity to identify, escalate, and mitigate risk, embedding this connection within its governance framework. The Risk Management Policy further assigns clear responsibility to every employee to observe, report, and control potential threats across the business. When these values are enacted through open information-sharing, issues surface promptly, constructive challenge is encouraged, and decisions remain aligned with Mercury's defined risk appetite.

We must accept some risks to achieve our strategic objectives and to deliver shareholder value. Our tolerance for risks is embodied in our Risk Appetite Statement which are set and regularly reviewed by the Board. As part of the current Risk Appetite Statement, Mercury targets a long-term credit profile of BBB+ (bbb on a stand-alone basis) from S&P Global (or its equivalent).

We have a Risk Assurance Officer who has the independence to determine the effectiveness of risk management, assurance and internal audit. The Risk Assurance Officer has multiple reporting lines to the Chief Financial Officer, the SERC Chair and the AFRC Chair. Both the SERC and AFRC task the Risk Assurance Officer to ensure healthy and robust debate and interaction between management, risk assurance and audit providers.

The Chief Executive operates a Risk Management Committee, whose mandate is to establish, promote and implement risk awareness and adequate risk management controls to all staff. It also aims to monitor and review risk activities as circumstances and our strategic and operational goals change. Membership of the Risk Management Committee is made up of representatives from the Executive Leadership Team and is chaired by the Chief Executive. The Risk Management Committee meets up to 10 times a year.

In addition to these risk management processes, several measures are employed to manage risks. These include employee awareness, incident training, due diligence, financial risk mitigation tools, active involvement in the regulatory environment and established whistle blower policy and procedures.

As noted above, the SERC is responsible for overseeing, reviewing and providing advice to the Board on Mercury's risk management frameworks, policies and processes. The Risk Assurance Officer reports regularly to the SERC on the effectiveness of our management of material business risks. In addition, the SERC annually reviews the risk management framework. The last review of the risk management framework took place in May 2025.

Mercury's Constitution, and relevant Charters and Policies are available in the Corporate Governance section of Mercury's website.

OUR KEY RISKS

Mercury's key risks are categorised as safety and wellbeing, compliance, reputation, operational, financial and people risks.

SAFETY AND WELLBEING

Mercury undertakes activities that potentially involve significant safety risks. When we think about safety and wellbeing risks at Mercury we focus on our 11 critical safety risks: driving, electricity, confined spaces, stored energy, working around water, mental wellbeing, dropped or falling objects, hazardous substances, mobile plant and equipment, working alone, and working at heights. A critical safety risk is something that has the potential to kill or seriously hurt our people, our partners or a member of the public.

There are several factors that can create wellbeing risk for our people and our customers. Mercury has implemented specific internal and external initiatives (e.g. a suite of staff wellbeing tools, Customer Care programme for Vulnerable and Medically Dependent customers, Here to Help programme for affordability issues) to address this risk and alleviate impacts.

Mercury operates three stations (Rotokawa, Mokai and Ngā Tamariki) that are designated as Upper-Tier Major Hazard Facilities (MHF) which have unique safety risks beyond those found in our other generation plants. As an operator of a designated MHF, we work closely with WorkSafe and Fire and Emergency NZ and have regular contact with local councils and communities. We have a strong focus on Process Safety management and our Safety Cases demonstrate how we manage and operate safely to ensure that risks to personnel are reduced and that any potential damage to property, the environment and the community is minimised.

COMPLIANCE

Legislative and regulatory changes

Managing the energy trilemma (reliability, affordability and renewability) is a key challenge as the energy sector transition progresses and this in turn creates an increased risk of possible regulatory intervention.

Fuel constraints arising from reduced gas availability at times of extremely low hydro storage can result in high energy market volatility which in turn impacts the price that New Zealand businesses pay for their energy. When energy prices are high, there is an increased risk of regulatory intervention by policy makers. Regulatory intervention has the potential to impact on Mercury's wholesale/commercial sales and profitability.

Regulatory changes to the wholesale and retail market structure and pricing regimes may also affect how Mercury manages its integrated business model of generation and retailing electricity, gas and telco service and could adversely impact on Mercury's ability to create long-term, sustainable value. Legislative or regulatory changes, relating to Treaty of Waitangi claims and iwi-related litigation with the Government, changes to consent conditions, or levies on the use of natural resources, may result in Mercury facing significant direct or indirect restrictions, conditions or additional costs on Mercury's access to freshwater or geothermal resources and its hydro, wind and geothermal generation activities.

REPUTATION

Maintaining the trust of Mercury's investors, iwi partners, customers, policy makers and the broader community is a key priority. In addition to the risks mentioned elsewhere in this statement, the following circumstances could threaten Mercury's reputation and could lead to a loss of business revenues and an associated reduction in Mercury's enterprise value:

- Errors in customer connections, billing or general customer communications.
- Mistakes by directors, management, contractors or related industry operators.
- Adverse environmental impact caused by, or perceived to be caused by, Mercury's operations.
- Health and safety incidents under the operational control of Mercury.
- A reduction in standards of the respect that we show to the communities that we operate in.

Many of these reputational risks have the potential to impact on the maintenance of Mercury's social licence to operate.

OPERATIONAL

Fuel security and supply

Mercury's generation depends upon the availability of water for hydro generation, wind for wind generation, and geothermal fluid for geothermal generation. The principal risks relating to fuel security and supply include the inability to generate expected levels of electricity due to either temporarily or permanently reduced fuel supplies, loss of access to supply, or increased costs to secure the necessary fuel, all of which may adversely affect Mercury's earnings.

Supply chain

Mercury is exposed to both international and domestic supply chain risks (e.g. wind turbines, geothermal turbines, generators, transformers) that can impact on our ability to successfully deliver our generation development pipeline projects and major plant refurbishment programme.

Electricity market exposure

In the short run, our ability to manage our electricity portfolio risk depends upon our ability to purchase and sell electricity in the wholesale electricity market which could be impacted by:

- ↗ Short-term changes in supply and demand.
- ↗ National fuel availability based on hydrological and thermal conditions (including extended national drought).
- ↗ Competitor behaviour.
- ↗ Significant reduction or ceasing of electricity consumption (e.g. by large industrial companies).
- ↗ Constrained transmission and distribution of electricity.

In the long run, wholesale prices are determined by the level of national demand relative to supply from power generation. Prices can be affected by levels of activity in the industrial sector, population size, economic conditions, competitor behaviour, generation build and retirement, technological changes and new sources of energy, and regulatory changes. We could also be adversely impacted if a large group of customers, one or more major customers, or a New Zealand market participant were to default on payment for electricity provided or for hedge settlements.

Broadband and mobile services

Mercury retails broadband and mobile telecommunication services to residential and commercial customers. Broadband and mobile both introduce different operational challenges (e.g. network availability, cyber-security) that if not well managed can jeopardise Mercury's capacity to supply telecommunication services to customers.

Power station availability

Our ability to generate electricity depends upon the continued efficient operation of our power stations. The viability, efficiency or operability of our power stations could be adversely affected by a range of factors including:

- ↗ Catastrophic events such as a major earthquake, volcanic eruption, or other natural perils that could cause failure of one or more of our power stations.
- ↗ Material failure of turbines, transformers, key infrastructure or geothermal wells that results in unplanned power station outages that require replacement or repair and could be influenced by supply chain delays.
- ↗ Unexpected events impacting the short-term availability of key people required to operate stations, provide hydro control or trading oversight.
- ↗ Cyber-attacks upon our power stations that could result in a plant failure or sustained loss of control.

Information security

We depend on many different IT systems for our continued operations. There is a risk that the security of critical systems may be compromised and/or information accessed, copied, deleted or corrupted, impacting on our ability to operate critical systems. Such an event could result in costs to resolve or repair; potential downtime of operations; potential breaches of our customers' and our people's privacy, including unauthorised access and disclosure of their personal information; and reputational impacts from any loss of service, or resulting impacts on safety, our environment or community.

FINANCIAL

Insurance

Mercury is insured through a comprehensive programme including cover for generation property, plant and equipment and business interruption with a combined limit of $1 billion. Some catastrophic events are uninsurable, or we have chosen not to insure against them as the cost of cover is prohibitive and the likelihood of occurrence is extremely rare. This is a common approach in our industry.

In the event of a severe catastrophic event, it is possible that the insurance portfolio will not provide sufficient cover, impacting future operational performance and the financial condition of Mercury. We estimate that the maximum foreseeable loss to which the Group could potentially be exposed to (cascade dam failure causing significant flooding, business interruption, direct reinstatement costs and potential loss of life) is approximately $13 billion with an assessed likelihood of occurrence of 1 in 100,000 years.

We review the level and nature of our insurance cover annually. Following a third-party risk tolerance analysis which considered several key financial metrics specific to Mercury, the decision was previously made to retain additional financial risk (e.g. deductibles, shared primary level cover, caps, waiting periods, etc.) in the event of an insurable loss to our generation assets. Side C cover, which insures the company against liabilities arising out of securities market conduct breaches, was also previously removed from our directors' and officers' insurance policy.

Climate change

For details of our key climate-related risks and how we manage them, please refer to our Climate Statement.

Growth and development

Growth and development projects are subject to risks that may affect expected financial returns or outcomes:

- ↗ Major generation development projects during construction give rise to risks including cost overruns, commissioning delays, environmental impacts and employee/contractor safety.
- ↗ Political and regulatory uncertainty, high interest rates and poor economic conditions may limit our development choices or adversely affect the viability or costs of future developments.

Liquidity and access to capital

A deterioration of our financial condition or instability in capital markets could increase our cost of capital, affect our ability to raise debt, or reduce our cash liquidity thereby impacting our financial performance, pursuit of our strategic objectives or result in insolvency. The Crown's shareholding and the provisions of the Public Finance Act limits our ability to raise equity capital.

PEOPLE

Attracting, developing, and retaining capable, adaptable and high performing people who can contribute to our strategic priorities remains a focus for Mercury. Mercury also faces the challenge of an aging workforce in several key operational areas and attracting capability and talent to provide succession remains a key priority.

ASSURANCE AND MANAGING RISK CONT.

BOARD APPROVED RISK MANAGEMENT FRAMEWORK

RISK MANAGEMENT POLICY	RISK APPETITE STATEMENTS
CONSOLIDATED RISK REPORT	RISK MATRIX

BOARD

BOARD

Accountable for governing risk

COMMITTEES

AUDIT AND FINANCIAL RISK COMMITTEE (AFRC)

SAFETY AND ENTERPRISE RISK COMMITTEE (SERC)

PEOPLE AND PERFORMANCE COMMITTEE

Oversees and monitors risk management

MANAGEMENT

CHIEF EXECUTIVE AND EXECUTIVE LEADERSHIP TEAM (ELT)

- Chief Executive accountable to the Board, SERC and AFRC and responsible for managing risk
- ELT oversees and owns Business Unit risks and controls

RISK ASSURANCE OFFICER

- Oversees implementation of risk management framework, promotes risk awareness and mitigations, and tests key controls

RISK MANAGEMENT COMMITTEE

- Establishes, promotes and implements risk management (processes, controls, systems and awareness)

OPERATIONS

BUSINESS UNITS

Owns and manages day to day risks and controls

Mahinerangi Wind Farm.

ENGAGING WITH INVESTORS

OUR INVESTOR RELATIONS PROGRAMME

We are committed to open and effective communication with our stakeholders and owners by providing comprehensive relevant information. We take the steps set out in our Market Disclosure Policy to achieve this.

We communicate with our investors in various ways, including the Investor section of our website, annual shareholders' meetings (ASM) and webcasts, our annual and interim reports, regular information disclosures, and analyst and investor briefings and road shows. Our aim is to clearly communicate our strategic direction, including articulating our strategic priorities and how these leverage our competitive advantages.

We also run a programme to build understanding and appropriate measurement of our performance among investors and research analysts. That programme aims to be responsive, clear, timely, consistent, even-handed and accurate, and is designed to ensure appropriate access to management and directors.

Summary records of matters discussed at meetings with investors and analysts are kept for internal use, unless a recording or transcript of the presentation is published on our website.

WEBSITE

Our website contains a comprehensive set of investor-related information and data including stock exchange and media releases, interim and annual reports, investor presentations and webcasts, and shareholder meeting materials. We will continue to build environmental, social and governance (ESG) website content to meet the increasing demand for transparent disclosures of its performance across these areas and the management of long-term risks and opportunities.

Shareholders can direct questions and comments to Mercury through the website or contact: investor@mercury.co.nz

MERCURY INVESTOR DAY 2025

Mercury hosted a two-day investor event for institutional investors in Rotorua on 10 and 11 June 2025.

Day one included presentations from management on Mercury's strategy refresh and how Mercury will be Better Today, Building Tomorrow and Brighter Together. Day two included a visit to Mercury's Ngā Tamariki OEC5 geothermal site. Mercury's Chair, Scott St John, and directors Adrian Littlewood and Susan Peterson attended the investor event.

Feedback from the event was positive and Mercury intends to hold another Investor Day in FY27.

GOVERNANCE ROADSHOW

Mercury held a series of investor meetings during August 2025, primarily with institutional investors. The governance roadshow aims to provide an overview of Mercury's activities and significant governance matters during the year. Materials from the roadshow can be found on our website.

ANNUAL SHAREHOLDERS' MEETING AND WEBCAST

An ASM is held in New Zealand at a time and location which aims to maximise participation by shareholders. Mercury's 2025 ASM will be held in Auckland on 19 September 2025 and once again will be held in a hybrid format (in person and online). This approach was successful at the 2022-24 ASMs and is considered by the New Zealand Shareholders' Association as the most effective approach to enable meaningful shareholder participation.

ELECTRONIC COMMUNICATIONS

We encourage shareholders to provide email addresses to enable them to receive shareholder materials electronically. Communicating electronically is faster and more cost effective. Most of our shareholders receive information electronically. However, we understand that this does not suit everyone. We also provide a hard copy Integrated Report to shareholders who wish to receive it.

Mokai Geothermal Station.

ACTING ETHICALLY AND RESPONSIBLY

TIKANGA MATATIKA ME TE TAKOHANGA

The Mercury Code and the policy framework described below support our promises to each other and define our commitment to our customers, our people and community, and our investors. The Mercury Code, Modern Slavery Statement, and all Policies referred to in the table on the following page are available on the Corporate Governance section of our website.

THE MERCURY CODE

Mercury people strive to do what's right. We have put in place the Mercury Code to ensure that our people know what the 'right thing to do' is. The Mercury Code is our version of a code of conduct and ethics and documents the behaviours we require to embed and sustain our culture to successfully deliver our strategy and achieve our Purpose of taking care of tomorrow: connecting people and place today.

The Mercury Code underpins everything we do. It requires all Mercury people, including directors and employees, to act honestly and with integrity and fairness at all times, and to strive to foster those standards within Mercury.

A Mercury employee is expected to apply the Mercury Attitude. This attitude shapes our decisions, our actions and our interactions with each other. Our Mercury Attitude aligns our direction to achieve our Purpose.

The Mercury Code is reviewed by our Board at least every two years. All Mercury employees are required to complete an annual re-certification training on applying the Mercury Code. This is an interactive e-learning module which tests employees on their understanding of applying the Mercury Code in different situations. A 100% score is required to pass the module.

Directors are required, in the performance of their duties, to give proper attention to the matters before them and to act in the best interests of Mercury at all times.

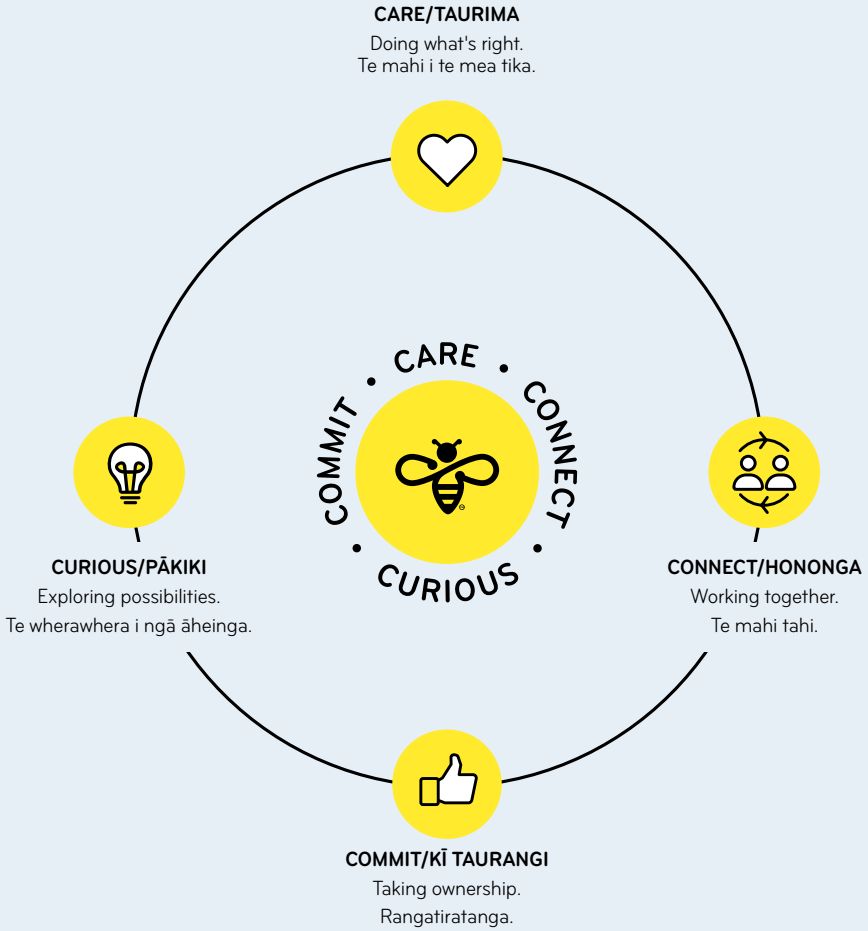
SUPPLIER CODE OF CONDUCT

We also want to ensure that we work with suppliers who share our commitment to acting ethically and doing the right thing. Our Supplier Code of Conduct describes the way we work with our suppliers and what we expect in return. The Supplier Code of Conduct includes our commitments and our expectations in relation to social responsibility, health and safety, compliance with all applicable modern slavery laws, environmental responsibility, and business integrity.

MODERN SLAVERY

Mercury acknowledges the importance of assessing and addressing the risk of modern slavery in our operations and supply chain. We continue to publish a modern slavery statement, in line with our obligations under the Australian Modern Slavery Act 2018. Our FY24 statement outlines the work undertaken during FY24 to assess and address the risk of modern slavery in our operations and supply chain and identified the following key focus areas for FY25.

The areas set out in the table on the following page are of fundamental importance to Mercury to ensure good governance and responsible business practices are followed.



ACTING ETHICALLY AND RESPONSIBLY CONT.

Our governance and responsible business practices	
Conflicts	Conflicts of interest must be avoided, except with the prior consent of Mercury. Mercury people are required to declare conflicts of interest and are encouraged to proactively discuss potential conflicts with their manager. Mercury takes practical, preventative action wherever possible—for example, by substituting project managers in circumstances of possible conflict with contractors and suppliers. Our directors declare all potential conflicts of interest prior to appointment and, if applicable, at each Board meeting in relation to specific agenda items.
Bribery and corruption	The acceptance of bribes, including gifts or personal benefits of material value which could reasonably be perceived as influencing decisions, is prohibited under the Mercury Code. Under Mercury's Delegations Policy, donations to political parties are prohibited. Anti-corruption awareness is also covered in finance training required to be completed by all Mercury employees and contractors, with further in-depth training required for anyone holding commitment authority on behalf of Mercury. In addition, we hold fraud and corruption awareness training for finance and key procurement staff and in FY25 we held our first Mercury fraud awareness week education campaign. Our Risk Assurance plan approved by the SERC and AFRC also includes periodic internal finance-related assurance reviews designed to identify any areas of fraud and corruption risk.
Use of Mercury assets	The Mercury Code places restrictions on the use of corporate information, assets and property. All persons covered by the Mercury Code are encouraged to report any breach or suspected breach of the Code.
Whistleblowing	We provide a framework for the protection of employees wishing to disclose serious wrongdoing. This is described in Mercury's Whistleblowing Policy. In FY25 we updated the Whistleblowing Policy and engaged Deloitte to provide an external and independent disclosure reporting platform and supporting services. Employees are also encouraged to voice concerns with their manager, the HR team, the General Counsel, other managers or directors regarding any ethical or irresponsible behaviour, even if it does not meet the threshold of serious wrongdoing.
Trading in company securities	Mercury's Trading in Company Securities Policy sets out the rules and restrictions relating to trading in Mercury securities by directors, employees and contractors, including the prohibition on insider trading. The Policy is closely monitored by the Company Secretary and overseen by the SERC. The Chief Executive and ELT members are prohibited, by the Trading in Company Securities Policy, from entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under Mercury's Long-Term Incentive Plans.

Our governance and responsible business practices	
Market disclosures	Our Market Disclosure Policy ensures we maintain a fully informed market through communication with the markets, investors and stakeholders and by giving them equal and timely access to material information.
Privacy	We are committed to the safeguarding and proper use of personal information. We have a comprehensive Privacy Policy, which is reviewed every two years, and a robust privacy framework. Privacy is afforded significant consideration within Mercury and is managed in accordance with our risk management framework. Our General Counsel is Mercury's Privacy Officer and is responsible for implementing our Privacy Policy, promoting awareness of privacy matters, monitoring matters on a day-to-day basis, and escalating matters as required to our Chief Executive, with notification to our Risk Management Committee. Privacy issues are reported to the Risk Management Committee on a quarterly basis. We also have a Group Information Security Manager who is responsible for ensuring that appropriate systems and processes are in place for the storage and security of personal information.
Sustainability and Environmental Policy	Our Sustainability and Environmental Policy sets out the core principles and values that we apply to ensure sustainable decision-making across the business. We recognise that we operate in a complex environment where strong, enduring relationships with partners and stakeholders are essential to achieving our business objectives and creating long-term value. It is through deep understanding of what matters materially to these stakeholders that informs our approach. Under the Policy, we commit to integrating sustainability through principles relating to our five-pillar strategy: Kaitiakitanga | Stewardship, Kiritaki | Customer, Ngā Tāngata | Our People and Kōtuitanga | Partnerships, Arumoni | Commercial.
Takeover Response Policy	We have a Takeover Response Policy to guide the Board and management if the Company receives a takeover notice or the Company becomes aware that a takeover offer in respect of the Company (or an analogous scheme of arrangement) is, or is likely to be, proposed by another person.

Gemma Smith.

WORKFORCE OF THE FUTURE

We are proud to be building a future-ready workforce grounded in inclusivity, belonging, purpose and performance. Research shows that diverse perspectives drive innovation, strengthen decision-making, and enhance performance. This knowledge underpins our strategic commitment to attracting, retaining, and developing talent that reflects the communities we serve, to build our workforce resilience.

Our approach is guided by our Workforce of the Future Policy and Framework, available in the Corporate Governance section of our website. This framework supports our long-term ambition to access, grow, and retain the best talent and create a workplace where everyone can thrive.

To deliver on our workforce of the future roadmap, we have identified three key priorities:

- Inclusive Leadership – Equipping our leaders with the mindset and capabilities to foster inclusive environments and lead diverse teams.
- Evolving Our Talent Ecosystem – Creating pathways that support growth, representation, and development at all levels.
- A Connected and Inclusive Culture – Cultivating a workplace where people feel seen, heard, and valued.

These priorities inform how we design our people systems, taking a systemic approach to realise the long-term benefits of our framework. In addition, we are progressing a range of specific initiatives. These include forming new partnerships (i.e. Toi Ki Tua to support Māori interns in the Bay of Plenty), updating our policies (i.e. domestic violence-free), targeted leadership development and mentoring for underrepresented groups, cultural recognition, employee-led groups, engagement and education. We actively participate in cross-sector initiatives to scale diversity efforts and drive industry-wide progress.

Our progress is governed by measurable objectives set and reviewed by the Board, including specific targets and industry benchmarks to ensure transparency and accountability. Where appropriate, we set aspirational goals to drive performance.

Our key priority for next year is to ensure our workforce is representative of New Zealand. This will be achieved through focussed actions to enhance our young talent pathways (interns, apprentices, early careers, and graduates), developing inclusive leaders and talent acquisition practices to ensure that our workforce representation is reflective of our long-term targets. We recognise that this an aspirational goal for the future.

We maintain a zero-tolerance approach to harassment and discrimination, guided by our comprehensive Anti-Bullying, Harassment and Discrimination Policy.

As we continue to invest in our people and culture, our focus remains on building a workforce that reflects New Zealand and creates long-term value for all our stakeholders.

WORKFORCE OF THE FUTURE CONT.

Objectives	Future years - targets				
Gender We have clear and simple targets for gender diversity of 40:40:20 at all levels. This means we aim for a minimum of 40% female and 40% male, with the balance being any gender. **Pay equity** We ensure that everyone is rewarded fairly for their work.	**Employee group**	**Our long-term targets**	**June 2024 actuals (female/male)**	**June 2025 actuals (female/male)**	**Progress against targets**
	All employees	40:40:20	49% / 51%	51% / 49%	🟢
	People leaders	40:40:20	46% / 54%	45% / 55%	🟢
	ELT	40:40:20	29% / 71%	25% / 75%	🔴
	Board	40:40:20	37.5% / 62.5%	33% / 67%	🔴
	Gender pay equity	Our target is 100% pay equity	96.7%	97.5%	🟡
Ethnicity Aligned to our goal of having clear and simple targets, we have simplified long-term targets for ethnicity of 15:15:10. This means we aim for a minimum of 15% Māori, 15% Asian and 10% Pasifika at all levels (these are closely aligned to our population demographics and are minimums).	**Ethnicity**	**Our long-term targets**	**June 2024 actuals**	**June 2025 actuals**	
	Māori Employees People leaders	 15% 15%	 7% 7%	 7% 8%	 🔴 🔴
	Asian Employees People leaders	 15% 15%	 19% 11%	 20% 10%	 🟢 🟡
	Pasifika Employees People leaders	 10% 10%	 5% 2%	 4% 2%	 🔴 🔴
Age To ensure our business is diverse in a range of ways, we monitor our age profile to check that we are aligned to the national median.	The median age of the NZ workforce is 41 years (National Labour Force projections, 2024). Benchmark against national median age of the labour force in New Zealand National Labour Force projections.		41.9	42.2	🟢

At 30 June 2025, the proportion of women on the ELT (who represent Mercury's Officers, including the Chief Executive) was 25% or two out of eight (as at 30 June 2024 this was 28.6% or two out of seven). The proportion of women on the Board at balance date was 33.3%, or three out of nine, including the Chair (as at 30 June 2024 this was 37.5%, or three out of eight). No Directors or ELT/Officers self-identify as gender diverse (also the case as at 30 June 2024).

In order to maintain consistency of measurement against our targets, we have adopted the Stats NZ prioritised ethnic groups. This involves each person being allocated to a single ethnic group based on the groups they have identified with, which are, in order of priority: Māori, Pacific, Asian and European/Other.

At 30 June 2025, our gender pay equity was 97.5% (as at 30 June 2024 this was 96.7%). Gender pay equity is calculated as the average position in range (relative to the role's band midpoint) of female fixed remuneration compared with the average position in range of male fixed remuneration. Our gender pay gap which compares the median hourly rate between males and females was 34.4% (as at 30 June 2024 this was 37%).

Pay equity by ethnicity compared to "other" ethnicity was Māori 98.2%; Asian 98.8% and Pasifika 97.4% (as at 30 June 2024 this was Māori 98.8%; Asian 98.2% and Pasifika 96.7%). The ethnicity pay gap which compares the median hourly rate between each ethnicity and "other" ethnicity was Māori 25.4%; Asian 9.1% and 38.5% for Pasifika (as at 30 June 2024 this was Māori 22.2%; Asian 2% and Pasifika 37.9%).

The Board believes that for this reporting period Mercury has continued to make progress towards achieving our Workforce of the Future objectives. However, the Board notes that continued focus is required.

REMUNERATION REPORT

Dear Shareholder

It is my pleasure to present our Remuneration Report on behalf of Mercury's People and Performance Committee (PPC).

Mercury is in a significant phase of growth, building and expanding critical national infrastructure to support New Zealand's electrification ambitions and economic prosperity. Our committee is focused on ensuring that Mercury can attract, retain and develop a high-performance workforce who has the capability to successfully deliver on our purpose.

PERFORMANCE AND PAY

It has been a challenging year for Mercury, with performance impacted by low generation output. This was particularly pronounced for hydro generation, with prolonged dry conditions in the Taupō catchment for much of the period. Despite this, our people have delivered value by optimising our generation capability. Through their commitment and expertise, we've been able to maximise performance and efficiency, ensuring reliable output even with the tough year of weather.

As noted elsewhere in this report, we reported a net profit after tax of $1 million, down $289 million from the prior year. EBITDAF was $786 million, down $91 million on the prior year.

Operating costs increased by $11 million on the prior year, reflecting increases in generation maintenance and organisation change costs which will deliver future cost saving.

The remuneration outcomes across our short-term incentive (STI) and long-term incentive (LTI) plans reflect our performance against ambitious targets. The FY25 Group Scorecard outcome was assessed at 94% of target (58.75% of maximum opportunity). Following his individual performance assessment, this resulted in the Chief Executive (CE) being awarded 58.9% of his STI target opportunity.

The remuneration outcome for the FY23-FY25 LTI was assessed at 0% as a result of the performance hurdles not being met. As a result, there was no vesting of Share Rights for our CE, Executives and senior managers under this grant.

The Board did not consider it appropriate to exercise any discretion in respect of the FY25 STI and LTI outcomes. More detailed information can be found on pages 116-119.

LEADERSHIP APPOINTMENTS

As Scott noted in his letter, the Board was delighted to appoint Stew Hamilton as CE in September 2024. We said farewell to William Meek as our CFO, Philip Gibson as our Executive GM Strategic Affairs and Lucie Drummond as our Chief Sustainability Officer. William, Philip and Lucie have each made significant contributions to the success of Mercury. We thank them for their passion and commitment and wish them well for their future.

We were delighted to appoint Richard Hopkins as our new CFO this year. Richard brings over 25 years' experience across finance and industry, including more than a decade as CFO for significant New Zealand companies. In order to secure a CFO of Richard's calibre, the Board agreed to pay $190,000 as his FY25 STI.

In addition, we welcomed several new executive leaders. It was pleasing to see the strength of our internal succession planning, which saw the promotions of Matt Tolcher and Tim Thompson to the Executive Leadership Team (ELT) as Executive GM Generation Development and Executive GM Wholesale, respectively.

We also welcomed Kevin Taylor as our Chief Operating Officer - Generation and Catherine Thompson as Chief Sustainability Officer. Both bring deep industry and leadership experience to our team.

EXECUTIVE REMUNERATION

During the year, the committee engaged an external and independent review on compensation and pay levels at Mercury and the connection between pay and performance. The review highlighted areas of opportunity for improvement. We are therefore, reviewing our executive remuneration construct to ensure it incentivises the level of performance needed to deliver our refreshed strategy and long-term shareholder value. Over the coming months we plan to seek investor input ahead of making any changes. Any Board approved changes will be reflected in our FY26 Remuneration Report.

The remuneration review for both the CE and CFO will occur after Stewart Hamilton and Richard Hopkins have been in their roles for a year. The outcome of these reviews will be included in our FY26 Remuneration Report.

FY26 GROUP SCORECARD

The committee has undertaken a review of the Group Scorecard for FY26 to ensure that it aligns more closely with our top five strategic priorities. By focusing on what matters most, we've reduced the number of KPIs to ensure greater clarity, sharper focus, and stronger alignment across Mercury. More detailed information can be found on page 115.

Turitea Wind Farm.

FUTURE OF WORK

At Mercury, we recognise that a diverse and inclusive workforce is essential to successfully delivering on our purpose.

We are focused on three key priorities: adaptive leadership, evolving our talent ecosystem, and a connected and inclusive culture, as outlined in the Ngā Tangata/People section. Through our sustained commitment, we aim to shape a future-ready organisation where every individual has the opportunity to contribute and thrive in the future. We recognise that there is more work to be done to deliver the results that we need, and we've outlined some of the actions we are taking in Ngā Tangata/People.

We are excited about our programme of work underway to systematically support our people with the tools necessary to enable them to focus on the highest value work. Recent advances in AI will help our people to be significantly more productive. We will leverage AI to enhance our internal processes and find new ways to generate value.

PAY EQUITY

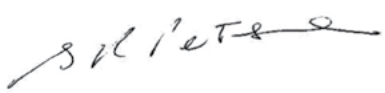
As part of our continued dedication to fostering a fair and equitable workplace, the committee oversaw a comprehensive review of Mercury's gender pay equity. This review resulted in minor compensation adjustments for approximately 60 employees. We are also providing greater support to our leaders so they may make more informed salary decisions during recruitment and promotions.

DIRECTORS' REMUNERATION

Mercury's directors are remunerated in accordance with our Non-Executive Director Remuneration Policy. Following an independent and external review from PwC, and shareholder approval at the 2024 Annual Shareholders meeting, the Directors' Fee Pool was increased on 1 October 2024. Fees were adjusted during FY25 to reflect our new committee structure (the Risk Assurance and Audit Committee having been replaced by the Audit and Financial Risk Committee and Safety and Enterprise Risk Committee from 1 January 2025). However, the total fees paid to Non-Executive Directors remained within the limit of the shareholder approved Directors' Fee Pool. More detail can be found on page 122.

NOTE OF APPRECIATION

I want to thank everyone at Mercury for their continued commitment and support throughout the year. It is warmly appreciated and it is a privilege to work with you all as we seek to deliver sustainable long-term value for our shareholders.



SUSAN PETERSON
CHAIR, PEOPLE AND PERFORMANCE COMMITTEE

EXECUTIVE REMUNERATION

EXECUTIVE REMUNERATION GOVERNANCE

Mercury's Board is committed to a remuneration framework that promotes a high-performance culture and that aligns executive reward to the achievement of strategies and objectives to create sustainable value for our shareholders. The Board is committed to demonstrating transparency in its remuneration policy and practice.

The purpose of the People and Performance Committee (PPC) is to assist Mercury's Board in fulfilling its responsibilities relating to Mercury's People Experience strategy, policies and practices and the remuneration and performance plan of the Chief Executive and executives. More information on the responsibilities of the PPC and members of the Committee can be found in the 'Board Committees' section of our Corporate Governance Statement on page 102 of this report. The PPC operates under a written charter, which is available to view on our website.

The PPC reviews the annual performance appraisal outcomes for all members of the Executive Leadership team and recommends the outcomes for approval by the Board. Annual remuneration reviews take into account external benchmarking to ensure competitiveness with comparable market peers, along with consideration of an individual's performance, skills, expertise and experience.

USE OF DISCRETION

The Board retains 100% discretion in the assessment of performance based remuneration, including in respect of whether performance hurdles for short-term Incentives (STI) and long-term incentives (LTI) have been met. This includes malus provisions should an adverse event occur, enabling the Board to reduce or extinguish STI or LTI outcomes. The Board also retains 100% discretion on how to treat variable remuneration in a cessation of employment scenario. The Board did not apply discretion with respect to either the FY25 STI or FY23-25 LTI outcomes. All outcomes reflect the performance results of the FY25 STI Group Scorecard and the FY23-25 LTI plan.

Mercury did not pay any sign on bonuses for Stewart Hamilton going into the CE role. Previous CE, Vince Hawksworth, agreed to remain available for 4 months following Stew Hamilton's appointment, as required, to ensure a smooth CE transition process. Other than annual leave entitlements, no other severance payments were made to Vince on his departure.

The Board agreed that the remuneration package for the new CFO, Richard Hopkins, would include $190,000 as his FY25 STI. Departing CFO, William Meek, was paid $603,500 in contractual entitlements. Other than annual leave entitlements, no other severance payments were made to William on his departure.

EXTERNAL AND INDEPENDENT ADVICE

During FY25, Mercury sought external and independent advice from PricewaterhouseCoopers (PwC) to support elements of a comprehensive review of executive remuneration at Mercury.

EXECUTIVE REMUNERATION CONT.

EXECUTIVE REMUNERATION POLICY

Mercury's Executive Remuneration Policy is available to view on our website.

Mercury's current Executive Remuneration Policy is founded on three guiding principles:

1

SIMPLICITY
Design is kept simple and easy to understand

2

ALIGNMENT TO PERFORMANCE
Remuneration for ELT reflects the level of performance and delivery of successful outcomes

3

SUSTAINABLE SHAREHOLDER VALUE
Remuneration is aligned to long-term sustainable shareholder value

We are currently reviewing this policy as part of the Remuneration Framework review that is currently underway.

	Fixed remuneration	Short-term incentive	Long-term incentive
Purpose	Attract and retain Executives with the experience and leadership capability required to deliver our strategy.	To motivate and reward performance against the Group Scorecard together with individual performance over the financial year.	Equity opportunity in the form of Performance Share Rights to incentivise and reward the delivery of long-term shareholder value.
FY25 approach	Fixed remuneration consists of base salary and benefits including insurance and KiwiSaver/ Superannuation as applicable.	Performance assessed against a Group Scorecard based on business priorities for the next 12 months.	Performance measured by total shareholder return against (1) an industry peer group and (2) the cost of equity plus 1%, in each case over the three year vesting period.

In addition, PwC provided independent executive benchmarking data and undertook LTI volume weighted average share price calculations to support the determination of grant date allocations, and LTI vesting outcomes.

This Remuneration Report contains disclosure of the employees who received remuneration and any other benefits in their capacity as employees, the value of which was or exceeded $100,000 per annum, in brackets of $10,000, as required by the Companies Act 1993. This can be found on page 121.

REMUNERATION BENCHMARKING

As part of our work to link pay to performance appropriately and to attract talent to enable Mercury to execute on strategy, the PPC engaged PwC to help identify an appropriate comparator group of companies on which to benchmark performance and pay.

PwC provided Mercury with benchmark remuneration data from this core comparator group which encompassed Australasian listed companies. The comparator group primarily reflects companies of a comparable scale and complexity and/or industry to Mercury, and is comprised of Australasian energy sector companies, utility companies and companies with a retail customer focus. The peer group of companies include: AGL Energy; APA Group; Auckland International Airport; Channel Infrastructure; Chorus; Contact Energy; Genesis Energy; Meridian Energy; Origin Energy; Spark and Vector. PwC's approach in selecting proposed role comparators for Mercury within the comparator group was to match each Mercury executive role with roles in the comparator group with broadly similar accountabilities to the Mercury roles. PwC also provided benchmarking data from other selected NZX companies to ensure broad alignment.

EXECUTIVE REMUNERATION COMPONENTS

Total remuneration for all ELT members is made up of three components: fixed remuneration, short-term performance incentive and long-term performance incentive. Mercury's remuneration philosophy is to align pay with performance.

SHORT-TERM PERFORMANCE INCENTIVE

The STI is an at-risk payment designed to motivate and reward for delivery against the Group Scorecard and individual performance fairly in that financial year.

The target value of an STI payment is set annually as a percentage of the ELT member's base salary.

The relevant FY25 target percentage for the CE was 50% and 30% for other ELT members. The CFO had a seperate arrangement for his FY25 STI, as noted elsewhere.

A proportion (70% for the CE and 50% for other ELT members) of the STI is related to the Group Scorecard which includes the business priorities for the next 12 months, with the objective of aligning the ELT's focus with the company's priorities. The balance of the STI for the CE is related to individual performance assessment by the Board. In the case of other ELT members, the balance is related to business unit and individual performance measures. Consistent with our pay for performance philosophy, the minimum STI opportunity is 0%, the target STI opportunity is 100% and maximum STI opportunity is 160%.

No STI payment will be made if there is a fatality or the normalised hydrology adjusted EBITDAF does not reach 80%.

FY25 STI GROUP SCORECARD OUTCOMES

Key Performance Indicators (KPIs) aligning to our FY25-27 three year goals were selected for the FY25 Group Scorecard. The Scorecard consisted of on-target KPIs (aligned to 100% of the KPI) and maximum KPIs (aligned to 160% of the KPI) and were appropriately weighted in terms of value. The Board carefully considered delivery and achievement against each KPI.

The Board approved Group Scorecard outcome for FY25 was 94% of target which equates to 58.75% of maximum opportunity.

The Board determined that the Commercial, Climate and Adaptive Organisation targets were met, the Technology stretch target was met, the Relationship target was partially met, and the Generation Growth target was not met. The Board did not exercise any discretion in determining the FY25 Group Scorecard outcomes.

FY25	KPIs	Alignment to 3 year objectives	KPI outcome
Commercial 50%	1. EBITDAF target achieved[1] 2. EBITDAF target exceeded	Providing what matters most through financial growth	EBITDAF target achieved, however stretch target not achieved. OUTCOME 100% of target; 62.5% of maximum.
Generation growth 10%	3. Generation availability target met 4. Advancement of pipeline activity exceeded	Delivering more reliable and renewable energy to power Aotearoa	Not achieved. Geothermal target availability of 95% not met. OUTCOME 0% of target; 0% of maximum.
Climate 10%	5. Deliver two of three outcomes of: – Advancement of new demand or commercial and industrial electrification – Progress emission reduction – Sector and Government Energy Transition Framework in place 6. Deliver all three outcomes above	Accelerating the shift to a low-carbon future	Two out of three outcomes delivered. OUTCOME 100% of target; 62.5% of maximum.
Relationships 10%	7. Deepening of iwi relationships 8. Broadening of iwi relationships	Creating success with others	Partially achieved. Key milestones met however further work remains. OUTCOME 80% of target; 50% of maximum.
Adaptive organisation 10%	9. Maintain health, wellbeing and safety employee voice scores; and deliver integration synergies 10. Progress operational excellence and productivity	Performing with an adaptive and inclusive culture	Maintained top quartile results for Health, Wellbeing and Safety scores. More progress required against the operational excellence and productivity stretch targets. OUTCOME 100% of target; 62.5% of maximum.
Technology 10%	11. Deliver enhanced technology solutions 12. Deliver performance improvement use cases	Innovating with technology	Core operational solutions delivered on target. Performance improvement use cases met stretch target. OUTCOME 160% of target; 100% of maximum.

[1] EBITDAF normalised for positive and negative annual variations in hydrology and wind. For FY25 normalised EBITDAF was $909 million.

FY26 GROUP SCORECARD

We have undertaken a review of the FY26 Group Scorecard to ensure that it aligns to our refreshed strategy. We have reduced the number of KPIs to five to ensure greater clarity, sharper focus and stronger alignment to those things that create the most value. In the event there is a fatality or the normalised hydrology adjusted EBITDAF does not reach 80% then no STI payment will be made. The Stay in Business CAPEX target will not be to the material detriment of quality or safety outcomes.

The Board retains 100% discretion to ensure the final outcome of STI payments fairly reflects performance over the relevant financial year.

STI outcomes can range between 0% and 160% depending on performance.

FY26 GROUP SCORECARD

GOAL	WEIGHTING	KPI
Financial growth	50%	1 EBITDAF[2] 2 TOTEX (OPEX + Stay in Business CAPEX)
Deliver more reliable and renewable energy	20%	3 Delivery of generation development projects
Accelerate shift to low-carbon future	10%	4 CO2e emissions, firming and demand capacity from electricity and energy system
Rebuild sector and customer confidence	10%	5 Perceived confidence in the sector's ability to meet NZ's energy transition needs
Our people	10%	6 Safety and culture performance

[2]EBITDAF normalised for positive and negative annual variations in hydrology and wind.

EXECUTIVE REMUNERATION CONT.

LONG-TERM PERFORMANCE INCENTIVES

Long-term performance incentives (LTIs) provide an equity opportunity designed to incentivise ELT members to deliver shareholder value.

Under the LTI plan, grants of Performance Share Rights are made annually and performance is measured over a three-year period. The LTI plan is a dividend protected share rights plan and ELT members are granted a number of Performance Share Rights determined by dividing the face value of the grant by the value of one Mercury share at the date of the grant.

Subject to meeting the performance hurdles, each Performance Share Right is converted to one ordinary share at the time of vesting. The LTI outcome opportunity is capped at 100%, though ELT members may also receive additional shares representing the value of dividends paid over the vesting period as applicable. The Executive is responsible for all personal tax obligations on the shares received at this point.

For the FY25 grant period commencing 1 July 2024 (or 1 September 2024 for the CE), the value represented 40% of the CE's base salary and between 25-35% of base salary for other ELT members.

Richard Hopkins, CFO, was not included in this grant as he joined Mercury after the grant was made.

The Board retains 100% discretion over the final outcome of the LTI plan to enable appropriate adjustments where unanticipated circumstances may impact performance, positively or negatively, over a three-year period.

The FY25-FY27 grant under the LTI plan has two tranches with different performance hurdles:

Tranche	Performance hurdle
Tranche 1	50% of the grant is based on Mercury's Total Shareholder Return (TSR) relative to the performance of an industry peer group comprising Meridian Energy, Genesis Energy, Contact Energy and Manawa Energy. There is no positive TSR performance gate on this tranche but Mercury's TSR must be at the 50th percentile of the comparator group for any award to be made on this component.
Tranche 2	50% of the grant is based on Mercury's absolute TSR against the company's cost of equity over the vesting period, plus 1%.

KEY TERMS OF CHIEF EXECUTIVE'S EMPLOYMENT AGREEMENT

Item	Individual conditions
Employment agreement	Ongoing individual employment agreement
Base salary	Subject to annual review
Performance pay	Eligible to participate in Mercury's STI and LTI schemes
Notice period	6 month notice period
Termination of employment	6 months' notice
Post employment restraint of trade	6 months

CHIEF EXECUTIVE'S REMUNERATION

Chief Executive's remuneration (FY24 and FY25)

Chief Executive	Salary[3] $	Benefits[4] $	Subtotal $	Pay for performance $			Total remuneration $
				STI	LTI	Subtotal	
Stewart Hamilton							
FY25	1,129,180	44,384	1,173,564	456,106	0[5]	456,106	1,629,670
Vince Hawksworth (departed)							
FY25	1,172,258	66,648	1,238,906	0	0[5]	0	1,238,906
FY24	1,371,002	79,221	1,450,223	773,241	358,015[6]	1,131,256	2,581,479

[3] Actual salary paid includes holiday pay paid as per NZ legislation. FY25 actual salary for Vince Hawksworth includes approximately four months notice in lieu paid out on termination as agreed by the Board. As part of ensuring a smooth CE transition process, Vince agreed to be available during this four month period as required. The base salary for Stewart Hamilton for FY25 in the CE role was $1,100,000 and the base salary for Vince Hawksworth for FY24 and FY25 was $1,349,460. Stewart Hamilton started in the CE role from 31 August 2024.

[4] Benefits include KiwiSaver and insurance.

[5] The FY25 LTI value relates to the grant for the FY23 – FY25 performance period ending 30 June 2025. Performance against the LTI measures for FY23 – FY25 was assessed as 0%. No share rights will transfer to Stewart or Vince for the FY23-FY25 grant.

[6] The FY24 LTI value relates to the grant for the FY22 – FY24 performance period ending 30 June 2024. The value shown is the market value of the vested shares at the 22 August 2024 transfer date. The value was calculated using the number of vested share rights including dividend shares multiplied by the volume weighted average price over the 5 trading days prior to the share transfer date. This value has been updated following the FY24 integrated report as the market value could not be calculated until the transfer date. Total Chief Executive remuneration reported in the FY24 integrated report was $2,544,762, with the LTI value reported as $321,298, being the value of the share rights issued to Vince at the time of the grant on 9 September 2021. The value of share rights on the grant date is calculated using the volume weighted average price of Mercury shares over the 10 trading days from the commencement date of the grant.

EXECUTIVE REMUNERATION CONT.

Five-year summary – Chief Executive's remuneration

Chief Executive		Total remuneration paid $	Percentage STI against maximum[8] %	Percentage vested LTI against maximum %	Span of LTI performance period
Stewart Hamilton	FY25	1,629,670	58.9	0	2022 – 2025
Vince Hawksworth (departed)	FY25	1,238,906	0	0	2022 - 2025
	FY24	2,581,479[7]	60	35	2021 – 2024
	FY23	3,846,111	81	100	2020 – 2023
	FY22	2,072,443	77	Not eligible	Not eligible
	FY21	1,799,515	50	Not eligible	Not eligible

[7] Total remuneration paid including salary, benefits, STI and LTI payments. The FY24 value has been updated following the FY24 integrated report as the market value of LTI could not be calculated until transfer date. Total Chief Executive remuneration reported in the FY24 integrated report was $2,544,762.

[8] For FY22 to FY25 the maximum STI was 160% of 'on-target' performance pay. For FY21 the maximum STI was 178% of 'on-target' performance pay. For FY25, Stewart Hamilton's STI includes a combined assessment against the maximum he could achieve for the two months that he was in the Executive GM Generation role and ten months in the Chief Executive role.

Breakdown of Chief Executive's pay for performance (FY25)

	Description	Performance measures	Percentage achieved by Stewart Hamilton
STI[9]	Set at 50% of base salary. Based on a combination of key financial and non- financial performance measures	70% based on the six company shared goals (weighted 10-50%)	94%
		30% based on individual measures	94%
LTI[10]	FY23-FY25 grant set at 25% of base salary. Share rights issued at 16 September 2022 with value of $122,247. Volume weighted average price (VWAP)[11] of $5.768	50% relative TSR performance against peer group	0%
		50% absolute TSR against the company's cost of equity over the vesting period, plus 1%	0%

[9] The above STI percentages achieved by Stewart Hamilton is the percentage STI against target. The percentage achieved by Stewart Hamilton against the maximum STI percentage of 160% for both measures is 58.75%. The above STI for FY25 will be paid in FY26. The performance achieved by Stewart Hamilton against the individual measures is for the period in the CE role.

[10] The above LTI outcome for FY23-FY25 was assessed as 0%. Therefore, no share rights transferred to Stewart under this grant.

[11] The volume weighted average price calculated across the 10 trading days from the Commencement Date of 1 July 2022.

Chief Executive's long-term performance incentives

LTI[12]	Performance period	Grant year	Share rights issued date	Number of share rights issued on grant	Value of share rights on grant date $[13]	Number of share rights vested including dividend shares[14]	Value of shares on transfer date $[15]	Share transfer date
FY22-FY24	1 July 2021 to 30 June 2024	FY22	9 September 2021	17,723	118,744	6,990	46,309	22 August 2024
FY23-FY25	1 July 2022 to 30 June 2025	FY23	16 September 2022	21,194	122,247	0	0	Not applicable
FY24-FY26	1 July 2023 to 30 June 2026	FY24	25 September 2023	19,570	127,000	To be determined after vesting date	To be determined on transfer date	August 2026
FY25-FY27	1 September 2024 to 30 June 2027	FY25	22 October 2024	69,730	439,996	To be determined after vesting date	To be determined on transfer date	August 2027
FY26-FY28	1 July 2025 to 30 June 2028	FY26	To be determined on issue	To be determined on issue	To be determined on issue	To be determined after vesting date	To be determined on transfer date	August 2028

[12] The above table includes the LTI grants made to Stewart Hamilton both during and prior to his appointment as Chief Executive. The grant for the FY26-28 LTI will be made during the course of FY26. Details will be included in the FY26 Remuneration Report.

[13] The value of share rights on the grant date is calculated using the volume weighted average price of Mercury shares over the 10 trading days from the commencement date of the grant.

[14] Vesting is subject to the performance hurdles being met. See page 118 for the performance hurdles.

[15] The value of share rights on the transfer date is calculated using the number of vested share rights including dividend shares multiplied by the volume weighted average price of Mercury shares over the 5 days prior to the share transfer date.

EXECUTIVE REMUNERATION CONT.

KIWISAVER

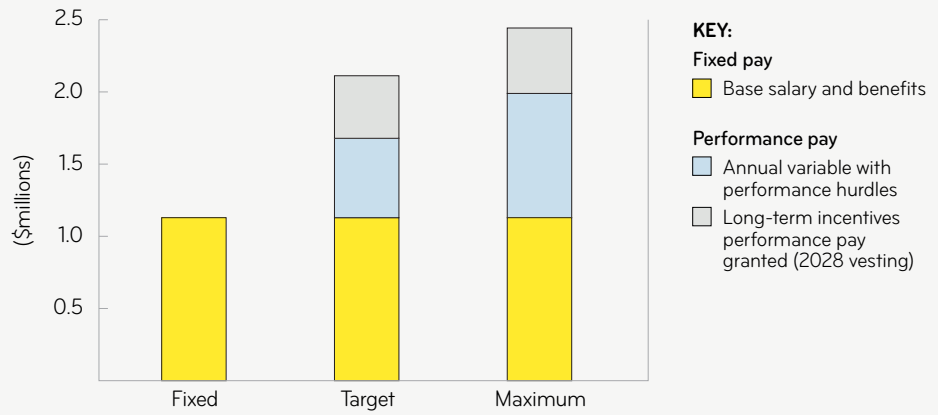
The Chief Executive is a member of KiwiSaver. As a member of this scheme, the Chief Executive is eligible to contribute and receive a company contribution of 3% of gross taxable earnings (including short-term incentives). For FY25, the company's contribution for Stewart Hamilton was $38,104.

FY26 CHIEF EXECUTIVE'S REMUNERATION REVIEW

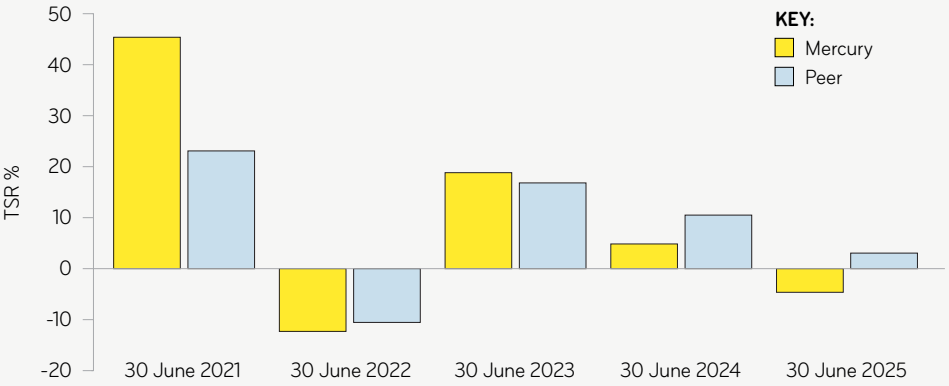
The Board will undertake a review of the Chief Executive's remuneration package once he has been in the role for 12 months.

Ohakuri Hydro Station.

FIXED VS PERFORMANCE PAY FOR CHIEF EXECUTIVE



FIVE-YEAR SUMMARY – TSR PERFORMANCE (COMPANY VS PEER GROUP)



EXECUTIVE REMUNERATION CONT.

CHIEF FINANCIAL OFFICER'S REMUNERATION

In the interests of providing greater transparency of executive remuneration, the Board has elected to provide details regarding total remuneration paid to the Chief Financial Officer in FY25. During FY25, Richard Hopkins was CFO from 14 April 2025 to 30 June 2025 and William Meek was CFO from 1 July 2024 to 31 March 2025.

FY25	Salary[18] $	Benefits[19] $	Subtotal $	Pay for performance[20] $			Total remuneration $
				STI	LTI	Subtotal	
Chief Financial Officer – Richard Hopkins	134,615	4,438	139,053	190,000	Not applicable	190,000	329,053
Chief Financial Officer – William Meek (departed)	1,008,440	44,458	1,052,899	149,100	0[21]	149,100	1,201,999

[18] Actual salary paid includes holiday pay paid as per NZ legislation. Departed CFO William Meek's salary amount includes $603,500 in contractual entitlements. Other than annual leave entitlements, no other severance payments were made to William on his departure.

[19] Benefits for William Meek include superannuation and insurance. Benefits for Richard Hopkins include KiwiSaver and a one-off home office set up payment (as is offered to all permanent employees).

[20] The STI payment for Richard Hopkins relates to FY25 but paid in FY26. William Meek's STI payment relates to FY25 and paid in FY25 on his exit.

[21] Performance against the LTI measures for FY23-FY25 was assessed at 0%. No share rights will transfer to William Meek for the FY23-FY25 grant.

SHARE OWNERSHIP

The Chief Executive and Chief Financial Officer's ownership of Mercury shares as at 30 June 2025 are:

Executive	Number of shares owned (excludes shares held in trust for the LTI scheme)	Change in shares owned since 30 June 2024
Chief Executive – Stewart Hamilton[22]	7,823	+7,823
Chief Financial Officer – Richard Hopkins[23]	0	N/A
Balance of ELT[24]	46,457	-49,544

[22] Stewart Hamilton became Chief Executive on 31 August 2024. Mercury's former Chief Executive, Vince Hawksworth, owned 296,276 shares (including shares held in trust) as at 13 September 2024 (the date of his last NZX Ongoing Disclosure Notice), which reflects a change of +32,964 shares owned since 30 June 2024. Vince also had a beneficial interest in 100,000 MCY040 bonds and 30,000 MCY060 bonds held in trust as at 13 September 2024 (the date of his last NZX Ongoing Disclosure Notice), which reflects no change since 30 June 2024.

[23] Richard Hopkins became Chief Financial Officer on 14 April 2025. Mercury's former Chief Financial Officer, William Meek did not hold any Mercury shares or bonds as at 31 March 2025 (his final day as Chief Financial Officer), which reflects no change since 30 June 2024. William Meek disclosed in an NZX Ongoing Disclosure Notice to the market dated 12 September 2024 a transfer of 10,301 shares to Tracey Meek, the Chief Financial Officer's wife. The Chief Financial Officer ceased to have a relevant interest in these shares upon transfer to Tracey Meek.

[24] Balance of shares owned by other ELT members as at 30 June 2025, excluding shares owned by the Chief Executive and Chief Financial Officer. This includes shares in which a beneficial interest is held and includes shares owned by Phil Gibson who left Mercury in April 2025.

EMPLOYEE REMUNERATION

During the FY25 year the Group paid remuneration in excess of $100,000 including benefits to 794 employees (not including directors) in the following remuneration bands:

Remuneration band[25]	Currently employed	No longer employed	Total
$100,001-$110,000	62	13	75
$110,001-$120,000	63	6	69
$120,001-$130,000	82	10	92
$130,001-$140,000	95	8	103
$140,001-$150,000	69	10	79
$150,001-$160,000	53	5	58
$160,001-$170,000	54	6	60
$170,001-$180,000	37	10	47
$180,001-$190,000	34	9	43
$190,001-$200,000	17	5	22
$200,001-$210,000	13	4	17
$210,001-$220,000	17	6	23
$220,001-$230,000	11	4	15
$230,001-$240,000	5	3	8
$240,001-$250,000	6	2	8
$250,001-$260,000	14	1	15
$260,001-$270,000	11	1	12
$270,001-$280,000	2		2
$280,001-$290,000	3		3
$290,001-$300,000	4	2	6
$300,001-$310,000	7		7

Remuneration band[25]	Currently employed	No longer employed	Total
$310,001-$320,000	3		3
$320,001-$330,000	3	1	4
$340,001-$350,000	2	2	4
$350,001-$360,000	1		1
$360,001-$370,000	1	1	2
$370,001-$380,000	2		2
$380,001-$390,000	1		1
$390,001-$400,000	2		2
$410,001-$420,000	2		2
$420,001-$430,000	1		1
$560,001-$570,000		1	1
$630,001-$640,000	1		1
$740,001-$750,000	1		1
$980,001-$990,000		1	1
$1,360,001-$1,370,000	1		1
$1,450,001-$1,460,000		1	1
$1,460,001-$1,470,000		1	1
$2,360,001-$2,370,000		1	1
Total	680	114	794

[25] The remuneration bands above include 82 employees who received redundancy payments in FY25.

TOTAL REMUNERATION RATIO

The total remuneration ratio for FY25 between employee (median) and Chief Executive was 1:17. This is based on, for employees, actual remuneration paid in FY25 (employee median was $93,810) and for the Chief Executive, the amount specified in the table on page 118, $1,629,670.

1:17

DIRECTOR REMUNERATION

DIRECTOR REMUNERATION

Mercury has a Non-Executive Director Remuneration Policy which can be found on the Corporate Governance section of our website.

The directors' remuneration is paid in the form of directors' fees. Additional fees are paid to the Chair and in respect of work carried out by directors on various Board committees to reflect the additional time involved and responsibilities of these positions. The total pool of directors' fees includes headroom which may be used to pay ad hoc compensation to directors for significant additional work performed outside usual Board and committee responsibilities (e.g. special projects). No additional compensation was paid in FY25.

The total pool of fees able to be paid to directors is subject to shareholder approval and currently stands at $1,231,450. Directors' fees were last reviewed in 2024, with the increase taking effect from 1 October 2024. These fees are set following consultation with key stakeholders and having considered independent remuneration benchmarking advice provided by PwC. The comparator group used by PwC in 2024 is summarised in PwC's summary report which can be found on the Investor section of our website. Under the NZX Listing Rules, the size of the total pool of directors' fees may increase from time to time as the number of directors on the Board increases.

Mercury meets directors' reasonable travel and other costs associated with Mercury business. Mercury does not pay any retirement benefits and does not offer share incentives or share options to directors.

The following people held office as directors during the year to 30 June 2025 and the remuneration set out in the table was received during the period. The number of meetings and attendance rate by directors during the year to 30 June 2025 was as follows:

Director	Board		Risk Assurance & Audit Committee (disestablished 1 January 2025)		Audit & Financial Risk Committee (established 1 January 2025)		Safety & Enterprise Risk Committee (established 1 January 2025)		People & Performance Committee		Nominations & Corporate Governance Committee		Total[1]
No. of meetings	9		2[2]		3[3]		2		5[4]		4[5]		
	Fees $	Meetings attended	Fees $	Meetings attended	Fees $	Meetings attended	Fees $	Meetings attended	Fees $	Meetings attended	Fees $	Meetings attended	Fees $
Scott St John[6]	221,250 (Chair)	9	–	2	–	3	–	2	–	5	–	4	221,250
Mark Binns	110,250	9	6,500	2	–	1 (observer)	5,000	2	–	–	–	–	121,750
Robert Hamilton Joined as a director on 1 April 2025. Fees are representative of part-year payments.	28,500	3	–	–	1,625	2	–	1 (observer)	–	1 (observer)	–	–	30,125
Hannah Hamling	110,250	9	6,500	2	6,500	3	10,000 (Chair)	2	–	–	–	–	133,250
Adrian Littlewood	110,250	9	–	–	–	–	5,000	2	10,500	5	–	1 (observer)	125,750
James Miller	110,250	9	14,000 (Chair)	2	14,000 (Chair)	3	–	–	–	–	6,000	4	144,250
Susan Peterson	110,250	9	–	1 (observer)	6,500	3	–	–	21,200 (Chair)	5	6,000	4	143,950
Mike Taitoko	110,250	9	–	–	–	–	–	–	10,500	4	–	–	120,750
Lorraine Witten	110,250	9	6,500	2	6,500	3	–	–	–	–	–	–	123,250
Total	1,021,500		33,500		35,125		20,000		42,200		12,000		1,164,325[7]

For reference: Future Director Nicole Rosie was paid $20,000 in relation to her role as future director in FY25. Nicole Rosie's position as future director ended on 13 May 2025.

[1] Disclosure Committee is not reported on as these occur as ad-hoc and on an as required basis.

[2] This includes two regular Risk Assurance and Audit Committee meetings. The Risk Assurance and Audit Committee was disestablished effective 1 January 2025.

[3] This includes two regular Audit and Financial Risk Committee meetings and one out of cycle meeting relating to climate-related disclosures.

[4] This includes four regular People and Performance Committee meetings and one out of cycle meeting relating to executive remuneration.

[5] This includes three regular Nominations and Corporate Governance Committee meetings and one out of cycle meeting relating to the new committee structure.

[6] Scott St John's fees cover attendance at all Committee meetings.

[7] The total directors' fee pool as at 30 June 2025 was $1,231,450. Under NZX Listing Rule 2.11.3, the Board may, without shareholder approval, proportionately increase the total pool of directors' fees to accommodate an increase in the number of directors from the number of directors in office when the fee pool was last approved by shareholders (on 19 September 2024). During FY25, the number of directors on the Board increased from eight to nine when Robert Hamilton became a director. The total directors' fee pool, as adjusted for the changing number of directors throughout FY25, was not fully exhausted.

NZX CORPORATE GOVERNANCE CODE INDEX

NZX CGC Recommendation		Section title	Location
Principle 1 – Ethical Standards			
1.1	Code of ethics	Acting Ethically and Responsibly	The Mercury Code and Our Governance and Responsible Business Practices, p109-110
1.2	Financial product dealing policy	Acting Ethically and Responsibly	Our Governance and Responsible Business Practices, p110
Principle 2 – Board Composition and Performance			
2.1	Board charter	Mercury's Board	Responsibilities, p99
2.2	Board nomination and appointment	Mercury's Board	Selection, Nomination and Appointment, p100
2.3	Director agreements	Mercury's Board	Selection, Nomination and Appointment, p100
2.4	a. Director profiles, tenure and ownership interests	Your Board of Directors Directors' Disclosures	p95-96 Interests register, p124
	b. Director meeting attendance	Remuneration Report	Director Remuneration, p122
	c. Director independence	Mercury's Board	Independence, p99
2.5	Diversity policy	Workforce of the Future	p111
2.6	Director training	Mercury's Board	Induction and Development, p100
2.7	Director performance	Mercury's Board	Board Skills Matrix, p101 Reviewing Performance, p102
2.8	Majority independent directors	Mercury's Board	Independence, p99
2.9	Independent chair	Mercury's Board	Independence, p99
2.10	Chair/CEO separation	Your Board of Directors Your Executive Management Team	p95-96 p97
Principle 3 – Board Committees			
3.1	Audit committee	Mercury's Board	Board Committees, p102-103
3.2	Attendance at audit committee by employees by invitation	Mercury's Board	Board Committees, p103
3.3	Remuneration committee	Mercury's Board	Board Committees, p102
		As an exception to the NZX Corporate Governance Code, Mercury does not comply with Recommendation 3.3 because it does not have a separate remuneration committee. *See the Board Committees section of this report for a full explanation of this exception.*	
3.4	Nomination committee	Mercury's Board	Board Committees, p102
3.5	Other standing committees	Mercury's Board	Board Committees, p102
3.6	Takeover protocol	Acting Ethically and Responsibly	Our Governance and Responsible Business Practices, p110
Principle 4 – Reporting and Disclosure			
4.1	Continuous disclosure policy	Acting Ethically and Responsibly	Our Governance and Responsible Business Practices, p110
4.2	Code of ethics, charters and policies on website	Acting Ethically and Responsibly www.mercury.co.nz/investors/corporate-governance	The Mercury Code and Our Governance and Responsible Business Practices, p109-110
4.3	Balanced, clear and objective financial reporting	Notes to the Consolidated Financial Statements	p40-64
4.4	Non-financial disclosure	Climate Statement	p65-93
Principle 5 - Remuneration			
5.1	Director remuneration policy	Remuneration Report	Director Remuneration, p122
5.2	Executive remuneration policy	Remuneration Report	Director Remuneration, p113-121
5.3	CEO remuneration	Remuneration Report	Chief Executive's Remuneration, p118-121
Principle 6 – Risk Management			
6.1	Risk management	Assurance and Managing Risk The Risks We Face	Our Key Risks, Risk Management Framework and Committee Responsibilities, p104-106 The Risks We Face, p15
6.2	Health and safety risks	The Risks We Face 4. Ngā Tāngata/People	The Risks We Face, p15 Continuing to Pursue Safety Citizenship, p26
Principle 7 - Auditors			
7.1	Audit framework	Assurance and Managing Risk	Audit Plan and Role of Auditor, p104
7.2	External auditor attends annual meeting	Assurance and Managing Risk	Audit Plan and Role of Auditor, p104
7.3	Internal audit	Assurance and Managing Risk	Internal Audit and Risk Assurance, p104
Principle 8 – Shareholder Rights and Relations			
8.1	Investor website	www.mercury.co.nz/investors	
8.2	Shareholder communications	Engaging With Investors	p108
8.3	Right to vote	Other Disclosures	Information About Mercury NZ Limited Ordinary Shares, p131
8.4	Pro rata offers	N/A during the reporting period	
8.5	Notice of meeting	The Notice of Meeting for 2025 will be released on NZX and posted on our website	

DIRECTORS' DISCLOSURES

INTERESTS REGISTER

Disclosure of directors' interests

Section 140(1) of the New Zealand Companies Act 1993 requires a director of a company to disclose certain interests. Under subsection (2) a director can make disclosure by giving a general notice in writing to the Company of a position held by a director in another named company or entity. The following are particulars included in the Company's Interests Register as at 30 June 2025:

Mark Binns	
Crown Infrastructure Partners Limited	Chair
Hynds Limited	Chair
Auckland International Airport Limited	Director
Meridian Energy Limited	Shareholder
Manawa Energy Limited	Shareholder
Contact Energy Limited	Shareholder
Genesis Energy Limited	Shareholder
Vector Limited	Shareholder
Robert Hamilton	
Westpac New Zealand Limited	Director[1]
Tourism Holdings Limited	Director[1]
Oceania Healthcare Limited	Director[1]
Cyprus Enterprises Limited	Director[1]
Hannah Hamling	
ArcActive Limited	Shareholder
Adrian Littlewood	
Craigs Investment Partners Limited	Director/Shareholder[1]
CIP Holdings Limited	Director/Shareholder
Contact Energy Limited	Shareholder
Spark New Zealand Limited	Shareholder
James Miller	
Channel Infrastructure NZ Limited	Chair
Vista Group International Limited	Director
Ryman Healthcare Limited	Director
Fletcher Building Limited	Director[1]

Susan Peterson	
Vista Group International Limited	Chair/Shareholder
Craigs Investment Partners Limited	Director/Shareholder[1]
CIP Holdings Limited	Director/Shareholder
Xero Limited	Director/Shareholder
Arvida Group Limited	Director[2]/Shareholder[2]
Scott St John	
Next Foundation (and associated vehicles)	Director
ANZ Bank New Zealand Limited	Chair
Australia and New Zealand Banking Group Limited	Director
ANZ Group Holdings Limited	Director
Nominating Committee of the Climate Change Commission	Member[1]
Fisher & Paykel Healthcare Corporation Limited	Chair[2]
Mike Taitoko	
Waiora Consulting Limited	Director/Shareholder
Toha Foundry Limited	Director/Shareholder
Takiwā NZ Limited	Director/Shareholder
Toha Network Limited	Director/Shareholder
Toha Aotearoa 2030 Limited	Director/Shareholder
Lorraine Witten	
Rakon Limited	Chair/Shareholder
Rakon PPS Trustee Limited	Director/Shareholder
VWORK Limited	Director[2]/Shareholder[2]
MOVe Logistics Group Limited (and other group entities)	Director[2]/Shareholder[2]

[1] Entries added by notices given by the directors during the year ended 30 June 2025.

[2] Entries removed by notices given by the directors during the year ended 30 June 2025.

DIRECTORS' DISCLOSURES CONT.

DIRECTORS' AND OFFICERS' INDEMNITIES

Indemnities have been given to, and insurance has been effected for, directors and senior managers of the Group to cover acts or omissions of those persons in carrying out their duties and responsibilities as directors and senior managers.

DISCLOSURE OF DIRECTORS' INTERESTS IN SHARE AND BOND TRANSACTIONS

Directors disclosed, pursuant to section 148 of the New Zealand Companies Act 1993, the following acquisitions and disposals of relevant interests in Group shares and bonds during the period to 30 June 2025:

Name of director	Date of acquisition/ disposal of relevant interest	Nature of transaction and relevant interest	Consideration (NZD)	Securities in which a relevant interest was acquired/ (disposed)
James Miller	15 July 2024	Acquisition of beneficial interest in 20,000 MCY070 capital bonds upon allotment	$20,000	20,000
Scott St John	2 October 2024	Acquisition of beneficial interest in ordinary shares as a result of participation in Mercury's Dividend Reinvestment Plan	$6,849.74	1,168
Susan Peterson	14 April 2025	Acquisition of beneficial interest in ordinary shares as a result of participation in Mercury's Dividend Reinvestment Plan	$482.40	86

DISCLOSURE OF DIRECTORS' INTERESTS IN SHARES AND BONDS

Directors disclosed the following relevant interests in Group shares and bonds as at 30 June 2025:

Director	Number of shares in which a relevant interest is held	Nature of relevant interest	Number of bonds in which a relevant interest is held	Nature of relevant interest	Change since 30 June 2024
Mark Binns	28,240	Beneficial	150,000 MCY050 Capital Bonds	Beneficial	-
Robert Hamilton	-	-	-	-	-
Hannah Hamling	16,300	Beneficial	-	-	-
Adrian Littlewood	4,160	Beneficial	-	-	-
James Miller	40,320	Beneficial	20,000 MCY070 Green Bonds	Beneficial	+20,000 MCY070 Green Bonds
Susan Peterson	5,486	Beneficial	-	-	+86 shares
Scott St John	50,099	Beneficial	-	-	+1,168 shares
Mike Taitoko	2,200	Beneficial	-	-	-
Lorraine Witten	-	-	-	-	-

DISCLOSURE OF SUBSIDIARY DIRECTORS' INTERESTS

The following are particulars included in the interests Register for Mercury's subsidiary companies as at 30 June 2025:

Director	Interest	Entity
Stewart Hamilton[1]	Chief Executive Officer	Mercury NZ Limited
Richard Hopkins[1]	Chief Financial Officer	Mercury NZ Limited
Howard Thomas[1]	Nil	
Kevin Taylor	Nil	
Craig Neustroski	Nil	

[1] This person is a Director of more than one subsidiary of Mercury NZ Limited, please refer to Company Disclosures.

SECURITY HOLDER INFORMATION

SHAREHOLDER INFORMATION

Twenty largest registered shareholders as at 30 June 2025[1]

Name	Number of shares	% of shares[2]
The Sovereign in right of New Zealand acting by and through their Minister Of Finance And Minister For State Owned Enterprises	719,696,978	51.15
HSBC Nominees (New Zealand) Limited	66,044,975	4.69
HSBC Nominees (New Zealand) Limited A/C State Street	57,624,072	4.10
Custodial Services Limited	47,907,258	3.41
BNP Paribas Nominees (NZ) Limited	38,472,047	2.73
JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct	32,693,241	2.32
Citibank Nominees (New Zealand) Limited	32,073,209	2.28
Forsyth Barr Custodians Limited	31,622,508	2.25
Tea Custodians Limited Client Property Trust Account	30,365,582	2.16
Accident Compensation Corporation	24,454,100	1.74
FNZ Custodians Limited	14,833,207	1.05
New Zealand Depository Nominee Limited	14,532,018	1.03
JBWere (NZ) Nominees Limited	12,153,571	0.86
PT (Booster Investments) Nominees Limited	10,188,299	0.72
ANZ Wholesale Australasian Share Fund	8,919,298	0.63
HSBC Nominees A/C NZ Superannuation Fund Nominees Limited	8,850,083	0.63
Generate Kiwisaver Public Trust Nominees Limited	8,228,981	0.58
Simplicity Nominees Limited	7,831,098	0.56
BNP Paribas Nominees (NZ) Limited	4,417,032	0.31
Forsyth Barr Custodians Limited	3,936,419	0.28
Total	1,174,843,976	83.50

[1] As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.

[2] Percentage calculated on the basis of Mercury having 1,406,965,167 ordinary shares on issue as at 30 June 2025.

Distribution of shareholders and holdings as at 30 June 2025

Size of holding	Number of shareholders	% of shareholders[1]	Number of shares	Holding quantity %[1]
1 to 1,000	26,205	39.55	17,671,365	1.26
1,001 to 5,000	31,853	48.08	74,234,655	5.28
5,001 to 10,000	5,130	7.74	37,599,425	2.67
10,001 to 100,000	2,955	4.46	60,960,593	4.33
100,001 and above	110	0.17	1,216,499,129	86.46
Total	66,253	100	1,406,965,167	100

[1] Rounding applied.

Substantial product holders as at 30 June 2025

	Class of securities	Number of securities in substantial holding	Total number of securities in class
The Sovereign in Right of New Zealand	Ordinary shares	728,615,061[1]	1,406,965,167[2]

[1] This comprises (a) 719,696,978 shares held by the Crown on its own account; (b) 8,850,083 shares forming part of the New Zealand Superannuation Fund which are the property of the Crown; and (c) 68,000 shares held by Public Trust on trust for the Crown and certain iwi.

[2] As at 30 June 2025, Mercury had 1,406,965,167 ordinary shares on issue.

BONDHOLDER INFORMATION

Twenty largest registered holders of MCY030 green bonds (1.56%) as at 30 June 2025[1]

Name	Number of MCY030 green bonds	% of MCY030 green bonds[2]
Custodial Services Limited	36,840,000	18.42
Tea Custodians Limited Client Property Trust Account	26,619,000	13.31
HSBC Nominees (New Zealand) Limited	15,000,000	7.50
Forsyth Barr Custodians Limited	12,297,000	6.15
ANZ Wholesale NZ Fixed Interest Fund	12,250,000	6.13
BNP Paribas Nominees (NZ) Limited	12,166,000	6.08
FNZ Custodians Limited	9,678,000	4.84
JBWere (NZ) Nominees Limited	7,222,000	3.61
Citibank Nominees (New Zealand) Limited	6,331,000	3.17
Adminis Custodial Nominees Limited	6,080,000	3.04
HSBC Nominees (New Zealand) Limited A/C State Street	5,611,000	2.81
FNZ Custodians Limited	5,399,000	2.70
MT Nominees Limited	4,448,000	2.22
NZX WT Nominees Limited	4,199,000	2.10
JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct	3,200,000	1.60
Forsyth Barr Custodians Limited	3,028,000	1.51
Forsyth Barr Custodians Limited	2,212,000	1.11
BGLIR Trustee Limited	2,000,000	1.00
Mint Nominees Limited	1,551,000	0.78
Bank Of New Zealand - Treasury Support	1,520,000	0.76
Total	177,651,000	88.83

[1] As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.

[2] Percentage calculated on the basis of Mercury having 200,000,000 MCY020 green bonds on issue as at 30 June 2025.

Twenty largest registered holders of MCY040 green bonds (2.16%) as at 30 June 2025[1]

Name	Number of MCY040 green bonds	% of MCY040 green bonds
Custodial Services Limited	45,548,000	22.77
FNZ Custodians Limited	25,998,000	13.00
BNP Paribas Nominees (NZ) Limited	14,998,000	7.50
Westpac Banking Corporate NZ Financial Markets Group	14,101,000	7.05
Forsyth Barr Custodians Limited	10,237,000	5.12
Bank Of New Zealand - Treasury Support	9,331,000	4.67
Southland Building Society	9,250,000	4.63
Commonwealth Bank of Australia	9,240,000	4.62
Citibank Nominees (New Zealand) Limited	8,473,000	4.24
NZX WT Nominees Limited	5,794,000	2.90
Accident Compensation Corporation	5,000,000	2.50
Dunedin City Council	3,000,000	1.50
MT Nominees Limited	3,000,000	1.50
Forsyth Barr Custodians Limited	2,930,000	1.47
JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct	2,807,000	1.40
Forsyth Barr Custodians Limited	2,588,000	1.29
ANZ Bank New Zealand Limited	2,327,000	1.16
JBWere (NZ) Nominees Limited	2,013,000	1.01
Investment Custodial Services Limited	1,786,000	0.89
FNZ Custodians Limited	1,684,000	0.84
Total	180,040,000	90.02

[1] As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.

[2] Percentage calculated on the basis of Mercury having 200,000,000 MCY040 green bonds on issue as at 30 June 2025.

Distribution of MCY030 (1.56%) green bondholders and holdings as at 30 June 2025

Size of holding	Number of MCY030 green bondholders	% of MCY030 green bonds	Number of MCY030 green bonds	Holding quantity %[1]
1,001 to 5,000	15	5.88	75,000	0.04
5,001 to 10,000	53	20.78	493,000	0.25
10,001 to 100,000	135	52.94	4,937,000	2.47
100,001 and above	52	20.39	194,495,000	97.25
Total	255	100	200,000,000	100

1 Rounding applied.

Distribution of MCY040 (2.16%) green bondholders and holdings as at 30 June 2025

Size of holding	Number of MCY040 green bondholders	% of MCY040 green bonds	Number of MCY040 green bonds	Holding quantity %[1]
1,001 - 5,000	18	7.41	90,000	0.05
5,001 - 10,000	56	23.05	535,000	0.27
10,001 - 100,000	124	51.03	4,820,000	2.41
100,001 and above	45	18.52	194,555,000	97.28
Total	243	100	200,000,000	100

[1] Rounding applied.

BONDHOLDER INFORMATION CONT.

Twenty largest registered holders of MCY050 capital bonds (5.73%) as at 30 June 2025[1,3]

Name	Number of MCY050 capital bonds	% of MCY050 capital bonds
Forsyth Barr Custodians Limited	81,869,000	32.75
JBWere (NZ) Nominees Limited	33,001,000	13.20
HSBC Nominees (New Zealand) Limited	22,108,000	8.84
Custodial Services Limited	17,484,000	6.99
Citibank Nominees (New Zealand) Limited	11,550,000	4.62
Forsyth Barr Custodians Limited	8,413,000	3.37
FNZ Custodians Limited	6,998,000	2.80
Generate Kiwisaver Public Trust Nominees Limited	5,686,000	2.27
Forsyth Barr Custodians Limited	5,464,000	2.19
Adminis Custodial Nominees Limited	3,800,000	1.52
CML Shares Limited	3,655,000	1.46
Millar Capital Fund Limited	3,000,000	1.20
NZX WT Nominees Limited	2,198,000	0.88
Masfen Securities Limited	2,000,000	0.80
PIN Twenty Limited	1,713,000	0.69
Investment Custodial Services Limited	1,546,000	0.62
Best Farm Limited	1,500,000	0.60
Forsyth Barr Custodians Limited	1,324,000	0.53
Fletcher Building Educational Fund Limited	1,000,000	0.40
JBWere (NZ) Nominees Limited	1,000,000	0.40
Robert William Bentley Morrison & Andrew James Stewart & Anthony James William Howard	1,000,000	0.40
Total	216,309,000	86.52

[1] As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.
[2] Percentage calculated on the basis of Mercury having 250,000,000 MCY050 capital bonds on issue as at 30 June 2025.
[3] The table above reports the top 21 bondholders as there are three holders sharing the 19th position.

Twenty largest registered holders of MCY060 green bonds (5.64%) as at 30 June 2025[1]

Name	Number of MCY060 green bonds	% of MCY060 green bonds
Custodial Services Limited	66,067,000	44.04
HSBC Nominees (New Zealand) Limited	20,600,000	13.73
Forsyth Barr Custodians Limited	11,885,000	7.92
FNZ Custodians Limited	10,595,000	7.06
BNP Paribas Nominees (NZ) Limited	8,114,000	5.41
JBWere (NZ) Nominees Limited	3,642,000	2.43
ANZ Fixed Interest Fund	2,750,000	1.83
NZPT Custodians (Grosvenor) Limited	2,500,000	1.67
Forsyth Barr Custodians Limited	2,454,000	1.64
Investment Custodial Services Limited	2,165,000	1.44
JBWere (NZ) Nominees Limited	1,000,000	0.67
JPMorgan Chase Bank NA NZ Branch-Segregated Clients Acct	842,000	0.56
Custodial Services Limited	705,000	0.47
Fletcher Building Educational Fund Limited	670,000	0.45
Forsyth Barr Custodians Limited	665,000	0.44
ANZ Custodial Services New Zealand Limited	627,000	0.42
HSBC Nominees (New Zealand) Limited A/C State Street	600,000	0.40
Omega Investments Limited	550,000	0.37
Tea Custodians Limited Client Property Trust Account	546,000	0.36
NZX WT Nominees Limited	514,000	0.34
Total	137,491,000	91.66

[1] As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.
[2] Percentage calculated on the basis of Mercury having 150,000,000 MCY060 green bonds on issue as at 30 June 2025.

Distribution of MCY050 (5.73%) capital bondholders and holdings as at 30 June 2025

Size of holding	Number of MCY050 capital bondholders	% of MCY050 capital bonds	Number of MCY050 capital bonds	Holding quantity %[1]
1,001 - 5,000	109	44.86	545,000	0.22
5,001 - 10,000	219	90.12	2,090,000	0.84
10,001 - 100,000	600	246.91	20,144,000	8.06
100,001 and above	66	27.16	227,221,000	90.89
Total	994	100	250,000,000	100

[1] Rounding applied.

Distribution of MCY060 (5.64%) green bondholders and holdings as at 30 June 2025

Size of holding	Number of MCY060 green bondholders	% of MCY060 green bonds	Number of MCY060 green bonds	Holding quantity %[1]
1,001 - 5,000	25	8.71	125,000	0.08
5,001 - 10,000	52	18.12	493,000	0.33
10,001 - 100,000	167	58.19	5,286,000	3.52
100,001 and above	43	14.98	144,096,000	96.06
Total	287	100	150,000,000	100

[1] Rounding applied.

BONDHOLDER INFORMATION CONT.

Twenty largest registered holders of MCY070 CAPITAL bonds (6.42%) as at 30 June 2025[1]

Name	Number of MCY070 capital bonds	% of MCY070 capital bonds
Forsyth Barr Custodians Limited	156,754,000	44.79
Custodial Services Limited	45,898,000	13.11
JBWere (NZ) Nominees Limited	41,552,000	11.87
Forsyth Barr Custodians Limited	16,106,000	4.60
HSBC Nominees (New Zealand) Limited	15,000,000	4.29
FNZ Custodians Limited	14,104,000	4.03
Generate Kiwisaver Public Trust Nominees Limited	3,962,000	1.13
Masfen Securities Limited	3,100,000	0.89
Cassington Holdings Limited	2,868,000	0.82
Forsyth Barr Custodians Limited	2,052,000	0.59
Best Farm Limited	2,000,000	0.57
Investment Custodial Services Limited	1,851,000	0.53
Garrett Smythe Limited	1,743,000	0.50
Richard Barton Adams & Allison Ruth Adams	1,000,000	0.29
Forsyth Barr Custodians Limited	763,000	0.22
JBWere (NZ) Nominees Limited	750,000	0.21
Fletcher Building Educational Fund Limited	675,000	0.19
NZX WT Nominees Limited	554,000	0.16
Tea Custodians Limited Client Property Trust Account	550,000	0.16
Dunedin Diocesan Trust Board	500,000	0.14
JBWere (NZ) Nominees Limited	500,000	0.14
Richard Mcrae Hanna & Amanda Hanna	500,000	0.14
Total	312,782,000	89.37

[1] As required by the NZX Listing Rules, New Zealand Central Securities Depository (NZCSD) holdings are included above and not detailed separately.
[2] Percentage calculated on the basis of Mercury having 350,000,000 MCY070 capital bonds on issue as at 30 June 2025.
[3] The table above reports the top 22 bondholders as there are three holders sharing the 20th position.

Distribution of MCY070 (6.42%) capital bondholders and holdings as at 30 June 2025

Size of holding	Number of MCY070 capital bondholders	% of MCY070 capital bonds	Number of MCY070 capital bonds	Holding quantity %[1]
1,001 - 5,000	56	5.85	280,000	0.08
5,001 - 10,000	152	15.88	1,459,000	0.42
10,001 - 100,000	667	69.70	23,298,000	6.66
100,001 and above	82	8.57	324,963,000	92.85
Total	957	100	350,000,000	100

[1] Rounding applied.

Ngā Awa Purua Geothermal Station.

COMPANY DISCLOSURES

STOCK EXCHANGE LISTINGS

Mercury NZ Limited (referred to in this section as "Mercury" or "the Company") is listed on the New Zealand stock exchange and as an ASX Foreign Exempt Listing on the Australian stock exchange.

In New Zealand, Mercury is listed with a "non-standard" (NS) designation. This is due to particular provisions of the Constitution, including the requirements regulating ownership and transfer of Ordinary Shares.

ASX approved a change in Mercury NZ Limited's ASX admission category from an ASX Listing to an ASX Foreign Exempt Listing, effective from the commencement of trading on 19 February 2016.

The Company continues to have a full listing on the NZX Main Board, and the Company's shares are still quoted on the ASX. The Company is primarily regulated by the NZX, complies with the NZX Listing Rules, and is exempt from complying with most of the ASX Listing Rules (based on the principle of substituted compliance).

MERCURY NZ LIMITED

The following persons held office as Directors of Mercury NZ Limited during the 2025 financial year and as at the end of the 2025 financial year, being 30 June 2025: Scott St John (Chair), Mark Binns, Rob Hamilton[2], Hannah Hamling, Adrian Littlewood, James Miller, Susan Peterson, Mike Taitoko and Lorraine Witten.

SUBSIDIARY COMPANIES

The following persons held office as directors of subsidiaries of Mercury NZ Limited during FY25:

Company name	Directors
Blockchain Energy Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Bosco Connect Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Glo-Bug Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Kawerau Geothermal Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Mercury Energy Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Mercury Geothermal Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Mercury Solar Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Mercury SPV Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Mercury Wind Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]

Company name	Directors
Mighty Geothermal Power International Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Mighty Geothermal Power Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Mighty River Power Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Ngātamariki Geothermal Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
NOW New Zealand Limited	Craig Neustroski Howard Thomas[2] Hamish White Timothy Aynsley[1] Vincent Hawksworth[1]
Rotokawa Generation Limited	Stewart Hamilton Richard Hopkins[2] Kevin Taylor[2] William Meek[1] Philip Gibson[1]
Rotokawa Geothermal Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Special General Partner Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Tararua Wind Power Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]

Company name	Directors
Waverley Wind Farm (NZ) Holding Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Waverley Wind Farm Limited	Stewart Hamilton[2] Richard Hopkins[2] Howard Thomas William Meek[1] Vincent Hawksworth[1]
Subsidiaries removed during FY25	
Mercury Drive Limited	Stewart Hamilton[2] Richard Hopkins[2] Vincent Hawksworth[1] William Meek[1] Howard Thomas
Mercury ESPP Limited	William Meek Howard Thomas
Mercury LTI Limited	Mike Taitoko Howard Thomas
What Power Crisis (2016) Limited	Vincent Hawksworth William Meek Howard Thomas

[1] Directors who resigned during FY25.

[2] Directors appointed during FY25.

OTHER DISCLOSURES

WAIVERS FROM THE NEW ZEALAND AND AUSTRALIAN STOCK EXCHANGES

NZX

Mercury NZ Limited (referred to in this section as "Mercury" or "the Company") has a waiver in respect of NZX Listing Rule 8.1.5. This waiver permits Mercury's Constitution (Constitution) to contain provisions allowing:

- the Crown and Mercury to enforce the 10% limit; and
- Mercury to suspend dividend and voting rights attached to Mercury ordinary shares where the 10% limit is breached.

ASX

ASX has granted the Company waivers in respect of the ASX Listing Rules to allow the Constitution to contain provisions reflecting the ownership restrictions imposed by the New Zealand Public Finance Act 1989 (Public Finance Act) and to allow the Crown to cancel the sale of shares to applicants who acquire shares under the General Offer and are not New Zealand applicants.

The majority of the waivers that ASX previously granted to Mercury are no longer relevant following the change of the Company's admission category to an ASX Foreign Exempt Listing in February 2016.

The waivers from ASX Listing Rules 8.10 and 8.11 continue to apply. These waivers permit the Constitution to contain provisions:

- allowing the Crown and Mercury to enforce the 10% limit; and
- enabling Mercury to prevent shareholders who acquired shares under the General Offer and are not New Zealand applicants from transferring those shares and to enable Mercury to sell those shares.

INFORMATION ABOUT MERCURY NZ LIMITED ORDINARY SHARES

This statement sets out information about the rights, privileges, conditions, and limitations, including restrictions on transfer, that attach to shares in Mercury.

Rights and privileges

Under the Constitution and the New Zealand Companies Act 1993 (Companies Act), each share gives the holder a right to:

- attend and vote at a meeting of shareholders, including the right to cast one vote per share on a poll on any resolution, such as a resolution to:
  - appoint or remove a director;
  - adopt, revoke or alter the Constitution;
  - approve a major transaction (as that term is defined in the Companies Act);
  - approve the amalgamation of the Company under section 221 of the Companies Act; or
  - place the Company in liquidation;
- receive an equal share in any distribution, including dividends, if any, authorised by the Board and declared and paid by the Company in respect of that share;
- receive an equal share with other shareholders in the distribution of surplus assets in any liquidation of the Company;
- be sent certain information, including notices of meeting and the Company reports sent to shareholders generally; and
- exercise the other rights conferred upon a shareholder by the Companies Act and the Constitution.

Restrictions on ownership and transfer

The Public Finance Act includes restrictions on the ownership of certain types of securities issued by Mercury and consequences for breaching those restrictions. The Constitution incorporates these restrictions and mechanisms for monitoring and enforcing them.

A summary of the restrictions on the ownership of shares under the Public Finance Act and the Constitution is set out below. If Mercury issues any other class of shares, or other securities which confer voting rights, in the future, the restrictions summarised below would also apply to those other classes of shares or voting securities.

51% Holding

The Crown must hold at least 51% of the shares on issue.

The Company must not issue, acquire or redeem any shares if such issue, acquisition or redemption would result in the Crown falling below this 51% holding.

On 10 December 2018, Mercury entered into an agreement with the Crown, under which the Crown agrees to participate in any future dividend reinvestment plan or share buyback of the Company, in each case only to the extent required to maintain the Crown's proportionate shareholding following the dividend reinvestment plan or share buyback. A copy of the Crown Participation Agreement is available on the Treasury's website.

10% Limit

No person (other than the Crown) may have a 'relevant interest' in more than 10% of the shares on issue (10% Limit).

The Company must not issue, acquire or redeem any shares if it has actual knowledge that such issue, acquisition or redemption will result in any person other than the Crown exceeding the 10% Limit.

Ascertaining whether a breach has occurred

If a holder of shares breaches the 10% Limit or knows or believes that a person who has a relevant interest in shares held by that holder may have a relevant interest in shares in breach of the 10% Limit, the holder must notify Mercury of the breach or potential breach.

Mercury may require a holder of shares to provide it with a statutory declaration if the Board knows or believes that a person is, or is likely to be, in breach of the 10% Limit. That statutory declaration is required to include, where applicable, details of all persons who have a relevant interest in any shares held by that holder.

Determining whether a breach has occurred

Mercury has the power to determine whether a breach of the 10% Limit has occurred and, if so, to enforce the 10% Limit. In broad terms, if:

- Mercury considers that a person may be in breach of the 10% Limit; or
- a holder of shares fails to lodge a statutory declaration when required to do so or lodges a declaration that has not been completed to the reasonable satisfaction of the Company,

then Mercury is required to determine whether or not the 10% Limit has been breached and, if so, whether or not that breach was inadvertent. Mercury must give the affected shareholder the opportunity to make representations to the Company before it makes a determination on these matters.

Effect of exceeding the 10% Limit

A person who is in breach of the 10% Limit must:

- comply with any notice received from Mercury requiring them to dispose of shares or their relevant interest in shares, or take any other steps that are specified in the notice, for the purpose of remedying the breach; and
- ensure that they are no longer in breach within 60 days after the date on which they became aware, or ought to have been aware, of the breach. If the breach is not remedied within that timeframe, Mercury may arrange for the sale of the relevant number of shares on behalf of the relevant holder. In those circumstances, the Company will pay the net proceeds of sale, after the deduction of any other costs incurred by the Company in connection with the sale (including brokerage and the costs of investigating the breach of the 10% Limit), to the relevant holder as soon as practicable after the sale has been completed.
- if a relevant interest is held in any shares in breach of the 10% Limit then, for so long as that breach continues:
  - no votes may be cast in respect of any of the shares in which a relevant interest is held in excess of the 10% Limit; and
  - the registered holder(s) of shares in which a relevant interest is held in breach of the 10% Limit will not be entitled to receive, in respect of the shares in which a relevant interest is held in excess of the 10% Limit, any dividend or other distribution authorised by the Board in respect of the shares.

However, if the Board determines that a breach of the 10% Limit was not inadvertent, or that it does not have sufficient information to determine that the breach was not inadvertent, the registered holder may not exercise the votes attached to, and will not be entitled to receive any dividends or other distributions in respect of, any of its shares.

An exercise of a voting right attached to a share held in breach of the 10% Limit must be disregarded in counting the votes concerned. However, a resolution passed at a meeting is not invalid where votes exercised in breach of the voting restriction were counted by the Company in good faith and without knowledge of the breach.

The Board may refuse to register a transfer of shares if it knows or believes that the transfer will result in a breach of the 10% Limit or where the transferee has failed to lodge a statutory declaration requested from it by the Board within the prescribed timeframe.

Crown directions

The Crown has the power to direct the Board to exercise certain of the powers conferred on it under the Constitution (for example, where the Crown suspects that the 10% Limit has been breached but the Board has not taken steps to investigate the suspected breach).

Trustee corporations and nominee companies

Trustee corporations and nominee companies (that hold securities on behalf of a large number of separate underlying beneficial holders) are exempt from the 10% Limit provided that certain conditions are satisfied.

Share cancellation

In certain circumstances, shares could be cancelled by the Company through a reduction of capital, share buy-back or other form of capital reconstruction approved by the Board and, where applicable, the shareholders.

Sale of less than a Minimum Holding

Mercury may, at any time, give notice to a shareholder holding less than a Minimum Holding of shares (as that term is defined in the NZX Listing Rules) that if, at the end of three months after the date the notice is given, shares then registered in the name of the holder are less than a Minimum Holding, Mercury may sell those shares on market (including through a broker acting on Mercury's behalf), and the holder is deemed to have authorised Mercury to act on behalf of the holder and to sign all necessary documents relating to the sale.

For the purposes of the sale and of Rule 5.12 of the ASX Settlement Operating Rules, where the Company has given a notice that complies with Rule 5.12.2 of the ASX Settlement Operating Rules, the Company may, after the end of the time specified in the notice, initiate a Holding Adjustment to move the relevant shares from that CHESS Holding to an Issuer Sponsored Holding (as those terms are defined in the ASX Settlement Operating Rules) or to take any other action the Company considers necessary or desirable to effect the sale.

The proceeds of the sale of any shares sold for being less than a Minimum Holding will be applied as follows:

- First, in payment of any reasonable sale expenses.
- Second, in satisfaction of any unpaid calls or any other amounts owing to the Company in respect of the shares.
- The residue, if any, must be paid to the person who was the holder immediately before the sale or his or her executors, administrators or assigns.

Cancellation of sale of shares

The Crown may cancel the sale of shares to an applicant under the offer of shares by the Crown (the Offer) in the Mighty River Power Share Offer Investment Statement and Prospectus if the applicant misrepresented its entitlement to be allocated shares under the Offer as a 'New Zealand Applicant' (as that term is defined in the Share Offer Investment Statement and Prospectus). If the Crown cancels a sale of shares on those grounds:

- Mercury must sell shares held by that applicant, up to the number of shares sold to it under the Offer, irrespective of whether or not those shares were acquired by the applicant under the Offer (unless the applicant had previously sold, transferred or disposed of all of its shares to a person who was not an associated person of the applicant); and
- the applicant will receive from the sale the lesser of:
  - the sale price for the shares less the costs incurred by the Crown and the Company; and
  - the aggregate price paid for the shares less those costs, with any excess amount being payable to the Crown.

If an applicant who misrepresented their entitlement to shares has sold, transferred or otherwise disposed of shares to an associated person, then the power of sale will extend to shares held by that associated person, up to the number of shares transferred, sold or otherwise disposed of to the associated person by the relevant applicant.

Public entity

Mercury is a public entity under the Public Audit Act 2001, and the Group's independent auditor is the Auditor-General.

DONATIONS

Donations of $262,187 were made by the Group during the year ended 30 June 2025 ($155,285 during the year ended 30 June 2024).
Under Mercury's Delegations Policy, donations to political parties are prohibited.

OTHER DISCLOSURES

Mercury NZ Limited is incorporated in New Zealand and is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Australia). Mercury will not acquire any classified assets in circumstances in which

OTHER DISCLOSURES CONT.

the ASX Listing Rules would require the issue of restricted securities, without the written consent of ASX.

On 19 August 2025 the Board declared a fully imputed final dividend of 14.4 cents per share to all shareholders who are on the Company's share register at 5pm on the record date of 4 September 2025. The dividends will be imputed at a corporate tax rate of 28%, which amounts to an imputation credit of 5.6 cents per share for the final dividend. Mercury will also pay a supplementary dividend of 2.54 cents per share relating to the final dividend to non-resident shareholders. The Company will receive from the New Zealand Inland Revenue Department a tax credit equivalent to supplementary dividends.

These dividends, together with the interim dividend of $134 million (9.6 cents per share) paid to shareholders on 1 April 2025, brings the total declared dividends to $337 million (or 24.0 cents per share).

As at the date of this annual report, the Company has a S&P Global BBB+ rating with a stable outlook.

The Company benefits from a one-notch uplift due to the Crown's majority ownership.

Mercury's Net Tangible Assets per Share (excluding treasury stock) as at 30 June 2025 was $3.41, compared with $3.38 at 30 June 2024.

Waipipi Wind Farm.

GLOBAL REPORTING INITIATIVE (GRI) INDEX

Standard core reporting

GRI standard	Disclosure title	Location	Comments
GENERAL DISCLOSURES			
Organisational Profile			
GRI 2: General Disclosures 2021			
2-1	Organisational details	Front cover, Who We Are, p2 Our Business Model, p4 Company Disclosures, p130 Directory, p138	
2-2	Entities included in the organisation's sustainability reporting	Notes to the Consolidated Financial Statements, p40	
2-3	Reporting period, frequency and contact point	Front Cover, Directory p138	
2-4	Restatements of information		Restatements of greenhouse gas emissions in prior years are described in our FY25 GHG Emissions Inventory Report
2-5	External assurance		Our FY25 Climate Statement has had limited assurance
2-6	Activities, value chain and other business relationships	Who We Are, p2 Our Business Model, p4	
2-7	Employees	Our Business Model p4	
2-8	Workers who are not employees		Information unavailable
2-9	Governance structure and composition	Climate Statement p85-88 Governance at Mercury p98-112	
2-10	Nomination and selection of the highest governance body	Governance at Mercury, p100	
2-11	Chair of the highest governance body	Your Board of Directors p95-96	
2-12, 2-13, 2-14	Role of the highest governance body in overseeing the management of impacts Delegation of responsibility for managing impacts Role of the highest governance body in sustainability reporting	Climate Statement p85-88	
2-15	Conflicts of interest	Directors' Disclosures p124-125	

GRI standard	Disclosure title	Location	Comments
2-16	Communication of critical concerns	The Risks We Face p15 Climate Statement p67-89 Governance At Mercury p104-107	
2-17	Collective knowledge of the highest governance body	Governance at Mercury p101	
2-18	Evaluation of the performance of the highest governance body	Governance at Mercury p99-103	
2-19, 2-20, 2-21	Remuneration policies Process to determine remuneration Annual total compensation ratio	Remuneration Report p113-121	
2-22	Statement on sustainable development practices	Chair and Chief Executive Update p8-12 Governance at Mercury p109-110	
2-23	Policy commitments	Governance at Mercury p109-110 The Mercury Code Supplier Code of Conduct Sustainability Policy	These policies can be found in the Corporate Governance section of our company website.
2-24	Embedding policy commitments	Governance at Mercury p109-110	
2-25	Processes to remediate negative impacts	Governance at Mercury p109-110	
2-26	Mechanisms for seeking advice and raising concerns	Governance at Mercury p109-110	
2-27	Compliance with laws and regulations	Performance Snapshot p18 Climate Statement p89	
2-28	Membership associations	Company website - Partnerships	
2-29	Approach to stakeholder engagement	What Matters Most p13-16	
2-30	Collective bargaining agreements		Information unavailable
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	What Matters Most p13-16	
3-2	List of material topics	What Matters Most p13-16 Climate Statement p72-75	
3-3	Management of material topics	What Matters Most p13-16 Climate Statement p68-75	

GLOBAL REPORTING INITIATIVE (GRI) INDEX CONT.

Topic Standards

GRI Standard	Description	Location	Comments
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Our Business Model p4 Looking At The Numbers p29-32	
201-2	Financial implications and other risks and opportunities due to climate change	Climate Statement p72	
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Company website - Corporate Governance - Modern Slavery Statement	
GRI 207: Tax 2019			
207-1	Approach to tax	Looking At The Numbers, Note A3: Taxation p44	
GRI 303: Water and Effluents 2018			
303-3, 303-4, 303-5	Water withdrawal Water discharge Water consumption	Climate Statement p83	Mercury extracts and reinjects geothermal water for geothermal generation (some of which is consumed during the generation process) and is a non-consumptive user of water through its hydro power stations.
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Climate Statement p82	For further detail, see our FY24 GHG Emissions Inventory Report available from our company website
305-2	Energy indirect (Scope 2) GHG emissions	Climate Statement p82	
305-3	Other indirect (Scope 3) GHG emissions	Climate Statement p82	
305-4	Emissions intensity	Climate Statement p82	

GRI Standard	Description	Location	Comments
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover		Mercury had 149 new permanent employees commence employment in FY25. Voluntary turnover for permanent employees was 11.4%.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Company website - Careers	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Company website - Health, Safety & Wellbeing	
403-4	Worker participation, consultation, and communication on occupational health and safety		Workers' representatives hold a range of positions on health and safety committees including joint chair of the generation committee.
403-9	Work-related injuries	Delivering on Our FY25-27 Objectives p5 Chair and Chief Executive Letters, p8-12	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Workforce of the Future, p111-112	
405-2	Ratio of basic salary and remuneration of women to men	Workforce of the Future, p111-112	

GLOBAL REPORTING INITIATIVE (GRI) INDEX CONT.

Sector specific: Electric utilities

GRI Standard	Description	Location	Comments
Sector Specific Generation Standard Disclosures			
EU1	Installed capacity	Our Business Model, p4	Mercury owns or has interests in power stations with installed capacity of: Hydro 1,119.5MW, Geothermal 479MW, Wind 594MW
EU2	Net energy output	Our Business Model, p4	
EU3	Number of residential, industrial, institutional and commercial customer accounts	Our Business Model, p4	
EU5	Allocation of CO2e allowances	Climate Statement, p82-83	
Access			
EU27	Number of disconnections for non-payment due to hardship	Chief Executive Letter, p11	Zero post-pay disconnections for nonpayment

INFORMATION FOR SHAREHOLDERS

SHAREHOLDER ENQUIRIES

You can view your investment portfolio, change your address, supply your email, update your details or payment instructions online: investorcentre.com/nz

You will need your CSN and FIN to access this service.

Enquiries may also be addressed to the Share Registrar (see Directory for contact details).

INVESTOR INFORMATION

Our website at mercury.co.nz is an excellent source of information about what's happening within the company.

Our Investor Centre allows you to view all regular investor communications, information on our latest operating and financial results, dividend payments, news and share price history.

ELECTRONIC SHAREHOLDER COMMUNICATION

It is quick and easy to make the change to receiving your reports electronically. This can be done either:

- Online at www.investorcentre.com/nz by using your CSN and FIN (when you log in for the first time). Select 'My Profile' and 'Communication Preferences' to update your details; or
- By contacting Computershare Investor Services Limited (see Directory for contact details).

PAPER AND INK INFORMATION

Our Integrated Report is printed on Eco-100 Natural paper. This environmentally-responsible, carbon-neutral paper is produced using FSC® (Forest Stewardship Council) certified 100% Post Consumer Recycled, Process Chlorine Free (PCF) pulp from Responsible Sources - and manufactured under the strict ISO14001 Environmental Management System. It carries the internationally-recognised Blue Angel, Nordic Swan, Austrian Environmental Label and the NAPM (National Association of Paper Merchants) Recycled Mark.

The inks used are mineral-oil-free and are manufactured from vegetable oils and fatty acid alkyl-esters (modified vegetable oils) which are all derived from renewable resources. They all conform to the EuPIA (European Printing Ink Association) exclusion list, so do not contain any carcinogenic, mutagenic, or toxic substances according to the Dangerous substances directive 67/548/EEC. They therefore are biodegradable and will break down when disposed of in suitable waste streams with extremely minimal effect on the environment.

As you're reading, you may notice some specks and imperfections - these are natural attributes of non-chlorine-bleached, recycled paper. When you're finished with this report, please recycle it responsibly.

DIRECTORY

BOARD OF DIRECTORS

Scott St John, Chair
Mark Binns
Robert Hamilton
Hannah Hamling
Adrian Littlewood
James Miller
Susan Peterson
Mike Taitoko
Lorraine Witten

EXECUTIVE LEADERSHIP TEAM

Stew Hamilton
Chief Executive

Richard Hopkins
Chief Financial Officer

Craig Neustroski
Chief Strategy and Transformation Officer

Fiona Smith
Chief People Experience Officer

Kevin Taylor
Chief Operating Officer - Generation

Catherine Thompson
Chief Sustainability Officer

Tim Thompson
Executive General Manager Wholesale

Matt Tolcher
Executive General Manager Generation Development

COMPANY SECRETARY

Howard Thomas
General Counsel and Company Secretary

INVESTOR RELATIONS AND SUSTAINABILITY ENQUIRIES

Paul Ruediger
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ASB Bank
Bank of China
Bank of New Zealand
China Construction Bank
Commonwealth Bank of Australia
Industrial and Commercial Bank of China
MUFG Bank
Mizuho Bank
Westpac

CREDIT RATING (RE-AFFIRMED DECEMBER 2024)

Long-term: BBB+
Outlook: Stable

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GLOSSARY

Mercury presents certain non-GAAP (Generally Accepted Accounting Practice) financial information throughout this integrated report. This is provided where we believe it will provide greater clarity to users of the information. It also provides consistency across reporting periods and comparability amongst industry peers.

CO2e
The universal unit of measurement to indicate the global warming potential of each greenhouse gas (GWP), expressed in terms of the GWP of one unit of carbon dioxide.

CPS
Cents per share.

EBITDAF (or Operating Earnings)
Earnings before net interest expense, tax expense, depreciation, amortisation, change in the fair value of financial instruments, gain/(loss) on disposal and impairments.

Free Cash Flow
Net cash flow from operating activities less stay-in business capital expenditure.

Fugitive Emissions
Direct discharges of greenhouse gases that occur during geothermal electricity generation processes.

Growth Capital Expenditure (CAPEX)
Capital expenditure incurred by the company to create new assets and revenue.

TWh
Terawatt hour. One terawatt hour is equal to one thousand gigawatt hours.

GWh
Gigawatt hour. One gigawatt hour is equal to one million kilowatt hours.

MWh
Megawatt hour. One megawatt hour is equal to one thousand kilowatt hours.

Net Debt
Total borrowings (both current and non-current) less cash and cash equivalents.

Operating Expenses (OPEX)
Represents employee compensation and benefits, maintenance expenses and other expenses.

Other Income
Earnings of associates and other revenue, less direct costs of other revenue.

Stay-in-Business (SIB) Capital Expenditure (CAPEX)
Capital expenditure incurred by the company to maintain its assets in good working order.

Total Recordable Injury Frequency Rate (TRIFR)
A record of the number of reported medical treatment, restricted work, lost time and serious harm injuries per 200,000 hours, including employees and on-site contractors.

Total Shareholder Return (TSR)
The financial gain or loss resulting from the change in share price plus any dividends paid expressed as a percentage of the initial share price.

Trading Margin
Sales from electricity generation, derivatives and sales of electricity, gas and telco services to customers, less energy costs, lines charges, telco and other direct costs of sales and third party metering.


Kawerau Geothermal Station.

RĀRANGI INGOA LIST OF NAMES

OUR POWER STATIONS AND WIND FARMS

The power stations and wind farms generating renewable energy for New Zealand homes and businesses have names reflecting past stories and histories.

Arapuni
"Ara" means path and "puni" means either blocked up or campsite. The meaning may be either "pathway to campsite" or "blocked path".

Aratiatia
Aratiatia means a series of pegs stuck into a steep ascent in a zig-zag pattern to make climbing easier.

It may also refer to the travels of the ancestral explorer Tia of the Arawa canoe who made his way to these rapids while exploring the Waikato River.

Ātiamuri
A-Tia-Muri literally means turned back and refers to Tia of the Arawa canoe. This intrepid traveller had to turn back at the Ātiamuri Rapids in his early explorations of the Waikato River. Legend also says that Tia was petrified into a large stone in the river rapids.

Karāpiro
The name Karāpiro is 'karā' meaning rock, and 'piro' meaning putrid smell. In the 1820s the Ngāti Maru tribe from the Hauraki Gulf were driven south by Northland's Ngāpuhi tribe. Ngāti Maru were given refuge in the Waikato by the Ngāti Haua tribe, but tensions mounted between them. This culminated in the battle of Taumatawīwī in 1830. The cremation of dead warriors took place on rocks beside the Waikato River.

Kaiwaikawe
Named for the area around the wind farm. Kaiwaikawe refers to food or drink with a vinegar taste, or preserved food, as some delicacies like toheroa and crabs were left in water for some time before eating.

Kaiwera Downs
Named for nearby Kaiwera Downs farmland.

Kawerau
The name Kawerau means "carrier of leaves" (and was the name of an ancient Māori chief).

Mahinerangi
Named after Lake Mahinerangi, the adjacent Manawa hydro asset lake.

Maraetai
The name means meeting place by the sea, from "Marae" (meeting place) and "Tai" (tide or shore). This name was possibly transplanted from somewhere on the coast.

Mōkai
Meaning slave or captive (i.e. captured in battle).

Nga Awa Pūrua
The station was named after the rapids, located nearby on the Waikato River. Ngā Awa Pūrua means "where the waters meet".

Ngā Tamariki
"The children".

Ōhakuri
"Oha" means keepsake or relic and "kuri" means dog. This name may refer to a prized dogskin cloak.

Rotokawa
From "kawa" meaning bitter and "roto" meaning lake or wetlands/swamp.

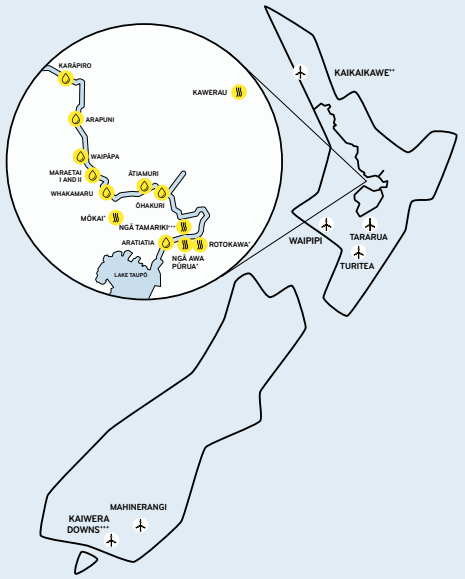
Tararua
The name is taken from the range where the wind farm is located. The metaphorical union between people and the land, Papatūānuku, is seen in places named after parts of the human body. The Tararua Range was declared to be Te Tuarātapu-o-Te Rangihaeata (the sacred back of Te Rangihaeata) to commemorate a peace arrangement between Ngāti Toa and Ngāti Kahungunu. The range became a dividing line between Ngāti Toa on the west side and Ngāti Kahungunu on the east.

Turitea
"Bright clear water."

Waipāpa
"Wai" means water, "papa" means flat or flat rock. The name possibly means the "stream across the plain" or "stream of the flat rock".

Waipipi
Waipipi Stream runs through the site and the Iwi land is known as Waipipi.

Whakamaru
Whakamaru means to give shelter to or safeguard.



HYDRO STATIONS

WIND FARMS

GEOTHERMAL STATIONS

+ not 100% owned by Mercury
++ under construction
+++ expansion under construction

Arapuni Hydro Station.


Mercury