A shift in energy

Meridian.

DIVIDEND DATES

7 March 2025
Record date

6–12 March 2025
Dividend Reinvestment Plan price determination period

25 March 2025
Dividend paid and new shares issued under the Dividend Reinvestment Plan

Meridian has announced an interim financial result that reflects the costs of its major role in maintaining security of supply in the face of historically low lake levels and an unexpected and unprecedented shortage of gas during winter 2024.

We have reported operating cash flows of $50 million for the six months ending 31 December 2024, down from $303 million in the same period last year, with net profit after tax at -$121 million compared to $191 million in last year's interim result. These results reflect the $200 million cost required to replace hedge contracts for winter 2024 following the shortage of gas and calling the largest demand response option with New Zealand's Aluminium Smelter (NZAS).

EBITDAF[1] fell from $443 million to $257 million and underlying net profit[2] from $175 million to -$5 million. Both of these are non-GAAP measures.

The Board has announced an interim ordinary dividend of 6.15 cents per share, the same level as last year's interim dividend. The interim ordinary dividend will be 85% imputed and Meridian's Dividend Reinvestment Plan will apply to this interim ordinary dividend at a 2% discount to the average market price over a five-day period ending on 12 March 2025.

The interim dividend will be paid and new shares issued under the reinvestment plan on 25 March 2025.

Meridian's balance sheet remains in a strong position, with the company maintaining a BBB+ credit rating as defined by the agency Standard & Poor's.

Some key highlights of the first six months of this financial year are outlined below. If you'd like more information about our financial performance during this period, the full financial commentary is available at **meridianenergy.co.nz/about-us/investors/reports/interim-results-and-reports**

1 Earnings before interest, tax, depreciation, amortisation, unrealised changes in fair value of hedges, and asset related adjustments. EBITDAF is a non-GAAP financial measure but is commonly used within the electricity industry as a measure of performance as it shows the level of earnings before impact of gearing levels and non-cash charges such as depreciation and amortisation. Market analysts use the measure as an input into company valuation and valuation metrics used to assess relative value and performance of companies across the sector.

2 Net profit after tax adjusted for the effects of changes in fair value of unrealised hedges, electricity option premiums and other non-cash items and their tax effects. Underlying net profit after tax is a non-GAAP financial measure. Because they are not defined by GAAP or IFRS, Meridian's calculation of such measures may differ from similarly titled measures presented by other companies and they should not be considered in isolation from, or construed as an alternative to, other financial measures determined in accordance with GAAP. Although Meridian believes they provide useful information in measuring the financial performance and condition of Meridian's business, readers are cautioned not to place undue reliance on these non-GAAP financial measures.

Hydrology

During the six months ended 31 December 2024, Meridian experienced one in 90 year, record low inflows from May to mid-August. Calm and dry conditions followed, which meant cumulative inflows were below average for much of 2024. Dry conditions in the lower South Island once again see catchment storage levels at the end of January 2025 below average.

Gas scarcity

As a renewable energy business we know the role that mother nature plays. While Meridian experienced historically low lake levels and a severe shortage of wind in winter 2024, the most telling factor for the system was the acute shortage of gas, reflected in high wholesale electricity prices during August 2024.

However, despite media reports, the risk of an energy shortage was very low and the electricity market responded by ensuring security was maintained, which reduced wholesale prices. Meridian played a significant role in this; we incentivised NZAS to reduce demand and made energy available to other users.

We also underwrote gas purchases from Methanex through hedge contracts with other generators, playing a significant role in maintaining security of supply for New Zealand homes and businesses, at a significant cost to the business.

Regulatory focus

The impacts of the low hydro levels and gas shortages last winter prompted both the government and regulator to announce initiatives focused on the wider energy sector. Many of these are part of existing work or policy programmes. We are supportive of these and the Government Policy Statement on electricity, which reinforces current market settings and the role of the Government and regulator.

However, most of what has been announced doesn't address the immediate issue of fuel scarcity. We believe the fundamental issue is how the electricity sector responds to the gas supply decline and the low confidence in the future of the gas industry.

We believe the most immediate and logical solution to help address the fuel supply issues ahead of future winters is to use the contingent hydro storage that exists today.

Contingent storage

Contingent storage is something that Meridian has been working on since 2012 as a way to ensure that we have as much energy available as we possibly can. Access to contingent storage is likely impossible in many situations even if New Zealand's actual risk of energy shortage is significant, as was the case last winter.

We believe that New Zealand's security of supply regime is not fit for purpose, as it doesn't give participants confidence that contingent storage will be available when it is needed. This ongoing uncertainty as to whether contingent storage will be granted will see a more cautious approach, requiring hydro generators to conserve water in case access to additional storage isn't available. This leads to greater reliance on thermal generation, increased greenhouse gas emissions and potentially higher wholesale market prices both in the lead up to and during winter.

We remain focused on improving access to contingent storage as it's a source of fuel the country already has and should be used to mitigate the gas shortage.

Transmission and distribution costs

The Commerce Commission has now finalised regulatory revenues for the next five years. While there is investment in the resilience and growth of networks, a significant amount of the cost increases customers will face relate to past levels of inflation and interest rates. Due to the significant impact that this could have on customers, the Commerce Commission has applied an element of smoothing to moderate the cost increases over the next year and push some of that out to later years.

With the future network investment, which is likely around $100 billion needed to decarbonise this country ultimately being paid for by customers, we believe we need to question whether the existing regulatory model for transmission and distribution is fit for purpose. Currently, the average household bill will increase 5% on average in the next year from regulated cost increases. That's before any energy price changes are considered. Our newly developed customer propositions will be used to help mitigate the impact of price changes for customers, along with further use of our energy wellbeing programme.

Transformers replaced

Meridian has been operating at reduced capacity at our Manapōuri Hydro Station for around two years now, due to faults in two of the seven transformers. In October we successfully received a replacement transformer on site which has taken a couple of months to be installed and commissioned.

We were delighted to bring unit 6 at Manapōuri back into service just before Christmas. This means that 128 more MWs are now available, lifting station capacity from a restricted limit of 640MW to around 768MW.

While we are still down a unit, we are now able to generate close to the maximum 800MW allowed at Manapōuri under its current consent conditions.

Our West Wind Farm, just outside of Wellington, returned to full capacity in October, following installation of a leased transformer. A permanent replacement transformer will be installed later this year.

Renewable construction and development

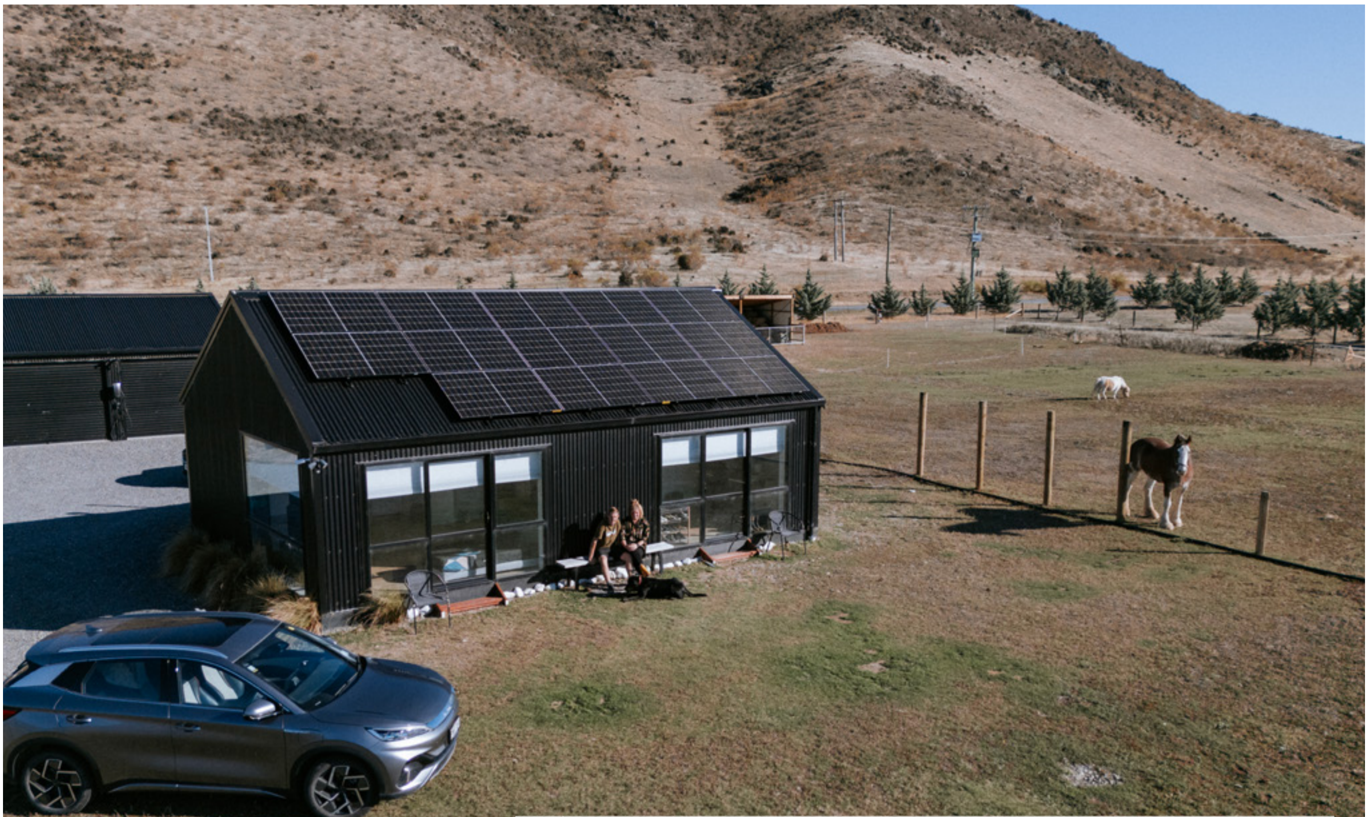
We continue to accelerate our renewable construction and development programme.

Ruakākā Battery Energy Storage System officially connected to the grid on 16 January. We have a few things to finalise along with a required commissioning period and are looking at being fully operational by April 2025.

We recently announced a finalised consent for our 120MW Ruakākā Solar Farm and our 90MW Mt Munro Wind Farm. We have entered a Scheme Implementation Agreement as part of our bid to acquire the remaining shares in NZ Windfarms. In January we signed a Power Purchase Agreement with Harmony Energy / First Renewables in respect of their joint venture to build the 150MW Tauhei Solar Farm in the Waikato. These followed December's announcement of Meridian's intent to form a 50-50 joint venture with Nova Energy Limited to build the 400MW Te Rahui Solar Farm at Rangitāiki near Taupō.

This year we expect to commit over $1 billion of capital to these new development projects.


Undertaking work at Manapōuri Hydro Station, Fiordland.



Meridian customers embracing solar generation for their home and EV, Waitaki Valley.

Customers

The last six months has seen tremendous progress in Meridian's Retail business. Having completed a strategic reset and restructuring to enable the business to meet changing technology and consumer needs, the company has launched three new products (Smart Hot Water, Smart EV Charging and the Four Hours Free Plan), with more to come over the remainder of the financial year.

We achieved our highest ever market share of electricity connections, with 16.6% across the Meridian and Powershop brands. Our brands also led the industry rankings for new connections in December, with Powershop first and Meridian second, and more than 4,000 connections that month across both brands. In total across the six months ended 31 December 2024, customer numbers have grown by 4%.

Thank you for your support

We continue to deliver on our strategy and help decarbonise Aotearoa's economy.

We are moving forward on our new customer approach that focuses on energy wellbeing and new solutions in transport, distributed generation and storage (e.g. rooftop solar with batteries), process heat and demand flexibility. A supportive regulatory approach, strong partnerships and timely investment in transmission and distribution are critical to this country's future success.

We are working hard to have assets and fuel available for when they are needed most and delivering new renewable generation projects from our development pipeline.

On behalf of the Board and the Executive Team, ngā mihi to our customers, the communities we work in, our partners and our investors. And to our talented Meridian team, thanks for doing the mahi to ensure we continue to deliver on our purpose of 'clean energy for a fairer and healthier world'.

WINTER INFLOWS

1 IN 90 YEAR LOW WINTER INFLOWS

CUSTOMERS

+4%

CUSTOMERS SINCE JUNE

RETAIL

+5%

RETAIL REVENUE
V 1H FY24

HEDGES

V 1H FY25

$200M

OF HEDGE COVER COSTS

RUAKĀKĀ BESS

COMMISSIONING COMMENCED AT RUAKĀKĀ BESS

RUAKĀKĀ SOLAR & MT MUNRO WIND

FINAL CONSENTS FOR RUAKĀKĀ SOLAR AND MT MUNRO WIND

EBITDAF

-$186M

-42% EBITDAF
V 1H FY24

DIVIDEND

6.15cps flat

INTERIM DIVIDEND

NZ HOUSEHOLDS

NEW RETAIL PROPOSITIONS NOW AVAILABLE TO HALF OF NZ HOUSEHOLDS

JOINT VENTURE

WITH NOVA FOR 400MW TE RAHUI SOLAR FARM

SIGNED

SIA WITH NZ WINDFARMS, PPA FOR 150MW TAUHEI SOLAR FARM OFFTAKE

REPLACEMENT

TRANSFORMERS AT MANAPŌURI AND WEST WIND